**FAST RETAILING CO., LTD.**
迅 銷 有 限 公 司

# Year-end Report 2023/24

2023.9.1–2024.8.31

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
Naotake Ono
Kathy Mitsuko Koll (aka Kathy Matsui)
Joji Kurumado
Yutaka Kyoya

Audit & Supervisory Board
Masaaki Shinjo (Retired on November 28 2024)
Masumi Mizusawa
Tomohiro Tanaka
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 Accounting Standards") | | | | |
|---|---|---|---|---|---|
| | 59th Year | 60th Year | 61st Year | 62nd Year | 63rd Year |
| Accounting Period | Year ended 31 August 2020 | Year ended 31 August 2021 | Year ended 31 August 2022 | Year ended 31 August 2023 | Year ended 31 August 2024 |
| Revenue (Millions of yen) | 2,008,846 | 2,132,992 | 2,301,122 | 2,766,557 | 3,103,836 |
| Operating profit (Millions of yen) | 149,347 | 249,011 | 297,325 | 381,090 | 500,904 |
| Profit before income taxes (Millions of yen) | 152,868 | 265,872 | 413,584 | 437,918 | 557,201 |
| Profit attributable to owners of the Parent (Millions of yen) | 90,357 | 169,847 | 273,335 | 296,229 | 371,999 |
| Comprehensive income attributable to owners of the Parent (Millions of yen) | 110,134 | 215,309 | 554,833 | 423,601 | 414,540 |
| Equity attributable to owners of the Parent (Millions of yen) | 956,562 | 1,116,484 | 1,561,652 | 1,821,405 | 2,016,535 |
| Total assets (Millions of yen) | 2,411,990 | 2,509,976 | 3,183,762 | 3,303,694 | 3,587,565 |
| Equity per share attributable to owners of the Parent (Yen) | 9,368.83 | 10,930.42 | 5,093.97 | 5,939.33 | 6,574.11 |
| Basic earnings per share for the year (Yen) | 885.15 | 1,663.12 | 891.77 | 966.09 | 1,212.88 |
| Diluted earnings per share for the year (Yen) | 883.62 | 1,660.44 | 890.43 | 964.48 | 1,210.81 |
| Ratio of equity attributable to owners of the Parent to total assets (%) | 39.7 | 44.5 | 49.1 | 55.1 | 56.2 |
| Ratio of profit to equity attributable to owners of the Parent (%) | 9.5 | 16.4 | 20.4 | 17.5 | 19.4 |
| Price earnings ratio (times) | 71.5 | 43.6 | 30.6 | 34.7 | 38.5 |
| Net cash generated by operating activities (Millions of yen) | 264,868 | 428,968 | 430,817 | 463,216 | 651,521 |
| Net cash (used in) / generated by investing activities (Millions of yen) | (75,981) | (82,597) | (212,226) | (574,402) | (82,231) |
| Net cash (used in) / generated by financing activities (Millions of yen) | (183,268) | (302,985) | (213,050) | (364,562) | (269,003) |
| Cash and cash equivalents at end of year (Millions of yen) | 1,093,531 | 1,177,736 | 1,358,292 | 903,280 | 1,193,560 |
| Number of employees: | 57,727 | 55,589 | 57,576 | 59,871 | 60,454 |
| (Separate, average number of temporary employees) | (70,765) | (63,136) | (56,113) | (54,349) | (52,145) |

(Notes) 1. FAST RETAILING CO., LTD and its consolidated subsidiaries (the "Group") prepare the consolidated financial statements in accordance with IFRS Accounting Standards.

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share, and diluted earnings per share have been calculated assuming this stock split was conducted at the beginning of 61st year.

B. Non-Consolidated Financial Summary

| Term | 59th Year | 60th Year | 61st Year | 62nd Year | 63rd Year |
|---|---|---|---|---|---|
| Accounting period | Year ended 31 August 2020 | Year ended 31 August 2021 | Year ended 31 August 2022 | Year ended 31 August 2023 | Year ended 31 August 2024 |
| Operating revenue (Millions of yen) | 156,356 | 278,605 | 283,165 | 327,932 | 438,206 |
| Ordinary profit (Millions of yen) | 78,211 | 208,221 | 295,957 | 251,097 | 335,553 |
| Net income (Millions of yen) | 62,422 | 175,286 | 258,203 | 209,145 | 306,135 |
| 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 | 318,220,968 | 318,220,968 |
| Total net assets (Millions of yen) | 538,954 | 667,569 | 877,273 | 1,012,475 | 1,215,597 |
| Total assets (Millions of yen) | 1,063,356 | 1,100,398 | 1,362,278 | 1,392,070 | 1,611,968 |
| Equity per share (Yen) | 5,207.74 | 6,463.08 | 2,836.19 | 3,279.26 | 3,940.87 |
| Dividends per share<br>(Figures in parentheses indicate interim dividends) (Yen) | 480.00<br>(240.00) | 480.00<br>(240.00) | 206.67<br>(93.33) | 290.00<br>(125.00) | 400.00<br>(175.00) |
| Basic earnings per share (Yen) | 611.50 | 1,716.37 | 842.40 | 682.08 | 998.14 |
| Diluted earnings per share (Yen) | 610.44 | 1,713.61 | 841.14 | 680.95 | 996.43 |
| Equity ratio (%) | 50.0 | 60.0 | 63.8 | 72.2 | 75.0 |
| Earnings on equity (%) | 11.9 | 29.4 | 33.8 | 22.3 | 27.6 |
| Price earnings ratio (Times) | 103.5 | 42.3 | 32.4 | 49.1 | 46.7 |
| Dividend ratio (%) | 78.5 | 28.0 | 24.5 | 42.5 | 40.1 |
| Number of employees:<br>(Separate, average number of temporary employees) (Persons) | 1,589<br>(8) | 1,617<br>(10) | 1,698<br>(12) | 1,707<br>(13) | 1,601<br>(14) |
| Total shareholder return (%)<br>(Compared with TOPIX Total Return Index) (%) | 102.4<br>(109.8) | 118.1<br>(135.9) | 134.2<br>(139.3) | 165.3<br>(170.1) | 230.7<br>(202.4) |
| Highest share price (Yen) | 70,180 | 110,500 | 88,230 | 37,550<br>(86,920) | 48,040 |
| Lowest share price (Yen) | 39,910 | 62,860 | 54,310 | 26,410<br>(71,070) | 31,140 |

(Notes) 1. 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).

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share, dividends per share (figures in parentheses indicate interim dividends), basic earnings per share, and diluted earnings per share have been calculated assuming this stock split was conducted at the beginning of 61th year. Highest and lowest share price of 62nd Year are after stock split, and the number in () indicate highest and lowest share price before stock split.

## 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).<br>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 head office 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 LTD). |
| 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 (closed in 2023). |
| 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. |

| 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. |
| 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 head office. |
| November 2021 | UNIQLO global flagship store, UNIQLO Beijing Sanlitun, opens in Mainland China. |
| December 2021 | Establishes FY 2030 sustainability targets and action plan. |
| April 2022 | Company listing moves to the Tokyo Stock Exchange Prime Market. |
| April 2023 | UNIQLO opens a new roadside store, the "UNIQLO Maebashi Minami Inter Store" |
| October 2023 | UNIQLO opens its first store in Luxembourg |
| September 2024 | GU opens its first store in the United States, GU NY SOHO, in New York. |
| September 2024 | The first UNIQLO Poland store opens in Warsaw. |
| October 2024 | The UNIQLO Shinjuku HONTEN global flagship store opens in Tokyo. |

B. Our Business

The Group consists of FAST RETAILING CO., LTD. (the “Company”, the “Parent”, or the “Reporting entity”), 104 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.”

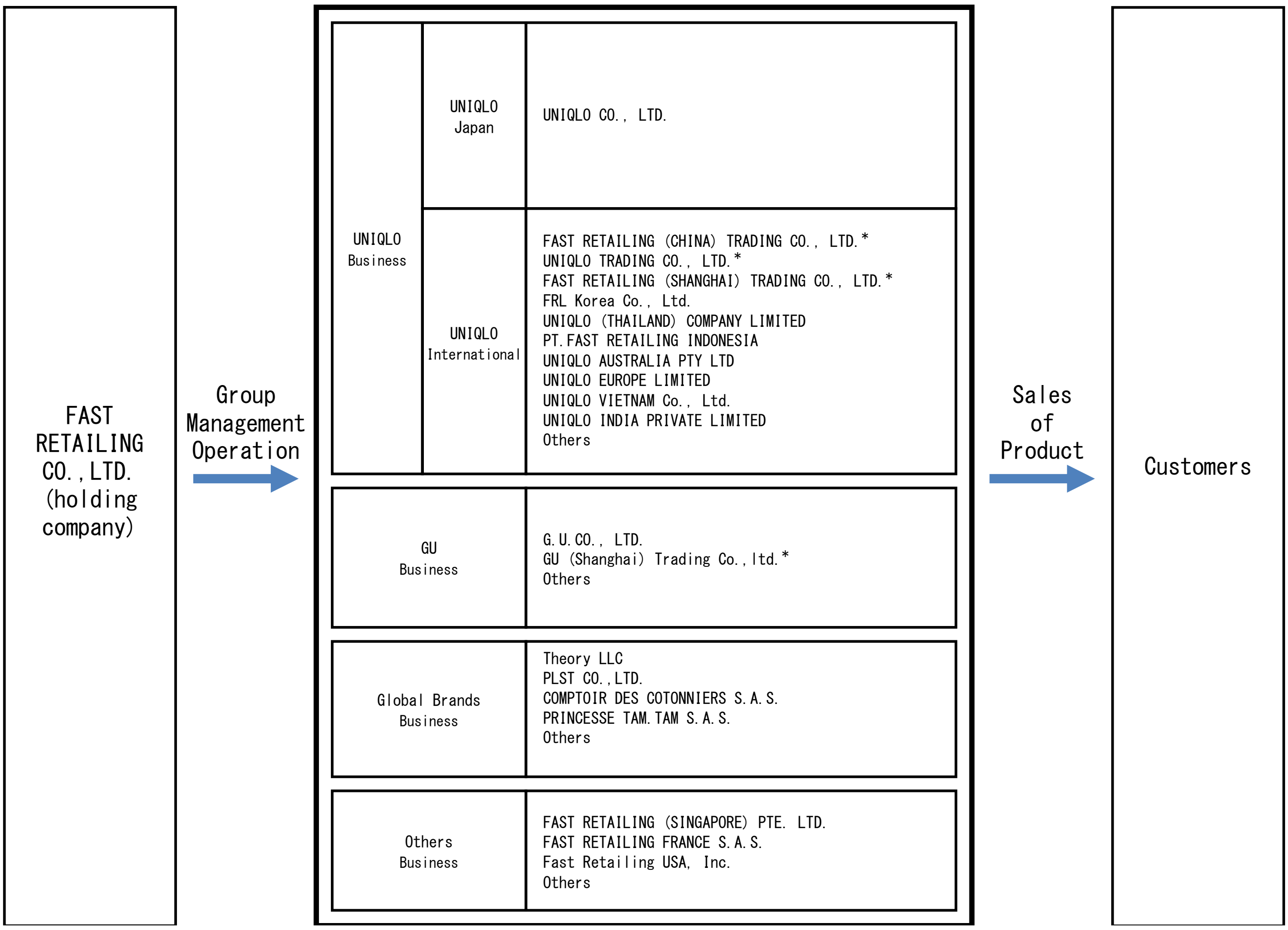
| Category | Company name | Reportable Segment |
|---|---|---|
| Holding company | FAST RETAILING CO., LTD. | Others |
| Major Consolidated subsidiaries | UNIQLO CO., LTD. | UNIQLO Japan |
| | FAST RETAILING (CHINA) TRADING CO., LTD.* | UNIQLO International |
| | UNIQLO TRADING CO., LTD.* | UNIQLO International |
| | 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 LTD | 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 84 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)<br>UNIQLO CO., LTD. | Yamaguchi City, Yamaguchi Prefecture | JPY1,000,000 | UNIQLO Japan | 100.0% | Concurrent directorships<br>Lending and borrowing of funds<br>Receipt of service fee etc.<br>Receipt of lease payments |
| FAST RETAILING (CHINA) TRADING CO., LTD.* | Shanghai, PRC | USD20,000 | UNIQLO International | 100.0% | Concurrent directorships<br>Receipt of service fee etc. |
| UNIQLO TRADING CO., LTD.* | Shanghai, PRC | USD30,000 | UNIQLO International | 100.0% | Concurrent directorships<br>Receipt of service fee etc. |
| FAST RETAILING (SHANGHAI) TRADING CO., LTD.* | Shanghai, PRC | USD35,000 | UNIQLO International | 100.0% | Concurrent directorships<br>Receipt of service fee etc. |
| FRL Korea Co., Ltd. | Seoul, South Korea | KRW24,000,000 | UNIQLO International | 51.0% | Concurrent directorships<br>Receipt of service fee etc. |
| FAST RETAILING (SINGAPORE) PTE. LTD. | Republic of Singapore | SGD86,000 | Others | 100.0% | Concurrent directorships<br>Receipt of service fee etc. |
| UNIQLO (THAILAND) COMPANY LIMITED | Bangkok, Kingdom of Thailand | THB1,820,000 | UNIQLO International | 75.0%<br>(75.0%) | Receipt of service fee etc. |
| PT. FAST RETAILING INDONESIA | Jakarta, Republic of Indonesia | IDR115,236,000 | UNIQLO International | 75.0%<br>(75.0%) | Concurrent directorships<br>Receipt of service fee etc. |
| UNIQLO AUSTRALIA PTY LTD | Melbourne, Australia | AUD21,000 | UNIQLO International | 100.0%<br>(100.0%) | Receipt of service fee etc. |
| Fast Retailing USA, Inc. | New York, United States of America | USD 5,241,621 | Others | 100.0% | Concurrent directorships<br>Guarantees<br>Receipt of service fee etc. |
| UNIQLO EUROPE LTD | London, United Kingdom | GBP40,000 | UNIQLO International | 100.0% | Concurrent directorships<br>Receipt of service fee etc. |
| UNIQLO VIETNAM Co., Ltd. | Ho Chi Minh, Vietnam | USD15,800 | UNIQLO International | 75.0%<br>(75.0%) | Receipt of service fee etc. |
| UNIQLO INDIA PRIVATE LIMITED | New Delhi, Republic of India | INR2,000,000 | UNIQLO International | 100.0% | Lending of funds<br>Receipt of service fee etc. |
| G.U. CO., LTD. | Yamaguchi City, Yamaguchi Prefecture | JPY10,000 | GU | 100.0% | Concurrent directorships<br>Lending and borrowing of funds<br>Receipt of service fee etc.<br>Receipt of lease payments |
| GU (Shanghai) Trading Co.,Ltd.* | Shanghai, PRC | USD20,000 | GU | 100.0% | Concurrent directorships<br>Lending of funds<br>Receipt of service fee etc. |
| FAST RETAILING FRANCE S.A.S. | Paris, France | EUR2,000 | Others | 100.0% | Concurrent directorships<br>Lending of funds<br>Guarantees<br>Receipt of service fee etc. |
| Theory LLC | New York, United States of America | USD116,275 | Global Brands | 100.0%<br>(100.0%) | Concurrent directorships<br>Receipt of service fee etc. |
| PLST CO., LTD. | Yamaguchi City, Yamaguchi Prefecture | JPY10,000 | Global Brands | 100.0% | Concurrent directorships<br>Lending and borrowing of funds<br>Receipt of service fee etc.<br>Receipt of lease payments |
| COMPTOIR DES COTONNIERS S.A.S. | Paris, France | EUR24,593 | Global Brands | 100.0%<br>(100.0%) | Guarantees |
| PRINCESSE TAM.TAM S.A.S. | Paris, France | EUR20,464 | Global Brands | 100.0%<br>(100.0%) | Guarantees |
| Other consolidated subsidiaries (84 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 LTD, UNIQLO VIETNAM Co., Ltd., UNIQLO INDIA PRIVATE LIMITED, G.U. CO., LTD., GU (Shanghai) Trading Co., Ltd., COMPTOIR DES COTONNIERS S.A.S., and PRINCESSE TAM. TAM S.A.S. are specified subsidiaries. At a meeting of the Board of Directors held on November 21, 2024, the Company resolved to increase the capital of Fast Retailing USA Technologies LLC through its wholly owned subsidiary, Fast Retailing USA, Inc. As a result of the capital increase, Fast Retailing USA Technologies LLC will become a principal subsidiary of the Company.

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 fiscal year ended 31 August 2024 are as below.

UNIQLO CO., LTD.

| | |
|---|---|
| (1) Revenue | 932,227 million yen |
| (2) Profit before income taxes | 219,864 million yen |
| (3) Profit for the year | 152,697 million yen |
| (4) Total equity | 242,711 million yen |
| (5) Total assets | 839,858 million yen |

FAST RETAILING (CHINA) TRADING CO., LTD.

| | |
|---|---|
| (1) Revenue | 483,119 million yen |
| (2) Profit before income taxes | 73,484 million yen |
| (3) Profit for the year | 54,946 million yen |
| (4) Total equity | 144,316 million yen |
| (5) Total assets | 323,920 million yen |

D. Employees

(a) The Group

As at 31 August 2024

| Name of segment | Number of employees | |
|---|---|---|
| UNIQLO Japan | 12,374 | (19,703) |
| UNIQLO International | 36,800 | (19,498) |
| GU | 5,441 | (12,375) |
| Global Brands | 3,138 | (493) |
| Total for reportable segments | 57,753 | (52,069) |
| Others | 1,100 | (62) |
| All companies (shared) | 1,601 | (14) |
| Total | 60,454 | (52,145) |

(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 2024

| Number of employees | | Average age | Average number of years with the Company | Average annual wages (thousands of yen) |
|---|---|---|---|---|
| 1,601 | (14) | 38 years old and 6 months | 5 years and 5 months | 11,792 |

(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 number of years with the company 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.

(d) Diversity-related indicators

The diversity-related indicators for the current fiscal year are as follows.

| | Percentage of female workers in management positions (%) | Percentage of males employees taking childcare leave, etc. (%) | Gender wage gap (%) | | |
|---|---|---|---|---|---|
| | | | All workers | Full-time employment workers | Part-time and fixed-term workers |
| FAST RETAILING CO., LTD. | 22.4 | 51.6 | 61.6 | 67.0 | 57.1 |

Subsidiaries

| | Percentage of female workers in management positions (%) | Percentage of male employees taking childcare leave, etc. (%) | Gender wage gap (%) | | |
|---|---|---|---|---|---|
| | | | All workers | Full-time employment workers | Part-time and fixed-term workers |
| UNIQLO CO., LTD. | 34.8 | 68.0 | 79.1 | 60.6 | 106.1 |
| G.U. CO., LTD. | 34.1 | 75.6 | 87.5 | 73.6 | 116.5 |
| LINK THEORY JAPAN CO., LTD. | 66.7 | 66.7 | 74.8 | 76.7 | 71.2 |
| PLST CO., LTD. | 27.8 | 100.0 | 62.0 | 68.1 | 67.3 |
| INNOVATION FACTORY CO., LTD. | - | - | 82.4 | 87.2 | 86.3 |

(Notes)1. The percentage of female workers in managerial positions and the gender wage gap are calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

2. Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers (excluding directors), general managers and leaders at headquarters.

3. Full-time employment workers are executive officers (excluding directors), national employees and regional regular employees.

4. Part-time and fixed-term workers are associate employees, part-time employees, contract employees and temporary employees. The number of employees who work shorter hours is not converted and calculated based on working hours.

5. All workers include full-time employment workers and part-time and fixed-term workers.

6. The percentage of eligible male employees taking childcare leave, etc. is the ratio of the number of male employees who have taken childcare leave or who have taken paid vacation for childcare purposes to the number of male employees whose partner has given birth in the current period, calculated based on the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991) and Article 71(4)(1) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991).

7. “-“ indicates that there is no population.

Supplementary explanation on differences

1. Management position ratio

In order to realize an environment in which female employees can play a more active role, we are reforming our personnel system and conducting training for management and female management candidates to dispel unconscious bias.

2. Percentage of males taking childcare leave

In order to ensure that leave can be taken more flexibly by males who wish to take leave, we collect and provide examples of our own employees taking childcare leave and paternity leave after becoming parents, and also conduct training on childcare leave and paternity leave, etc.

3. Gender wage gap

Each group company has adopted a grading system that defines the skills and requirements sought for each position level, and conducts evaluations and promotions based on individual abilities, regardless of attributes such as gender. We apply a fair wage system in which the same wage is given to both males and females of the same grade; there are no gender-based differences in wages within the same grades. However, due to there being a large number of female local full-time employees who support store operations, as well as there being fewer females at the higher grades, there is a gender wage gap caused by differences in the proportion of males and females in each respective grade.

## 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 (29 November 2024).

The Fast Retailing Group aims to provide all people around the world with the joy, happiness, and satisfaction of wearing great clothes based on our corporate philosophy: Changing clothes. Changing conventional wisdom. Change the world.

Our LifeWear epitomizes our clothes creation concept for simple, high-quality clothing that enriches people's lives and is carved from an earnest desire to satisfy everyday life needs. Support for LifeWear is growing worldwide as customers look to purchase clothes that fit well, are pleasant to wear, and don't waste precious resources. Fast Retailing revenue surpassed the three trillion yen mark in the fiscal year ending August 2024 (FY 2024). Our confidence in the Group's medium- to long-term growth has been further boosted by growing affinity toward LifeWear clothing and rapidly expanding customer bases in Europe, the United States, and other regions with highly developed clothing cultures. As the world becomes increasingly globalized and digitalized, consumers around the world share the same information and consumer behaviors are fueled by the same common values. Customers naturally choose the very best products and services that the world has to offer, and the world's most competitive brands enjoy overwhelming support in all markets. This environment provides us with huge growth opportunities. We uphold our fundamental commitment to our customers as the core focus of everything that we do, and will continue to generate high growth in order to become a truly global company.

Our ultimate aim is to become an essential brand for everyday life that is trusted by customers over the world. That means striving to become a leading global brand not only by expanding operations, but also by improving the quality of our business and corporate culture. We positioned FY2023 as the start of the fourth stage of our company's creative development, which includes a targeted expansion in revenue to 10 trillion yen. As an interim target, we will seek to expand revenue to five trillion yen by FY2028 by channeling management resources in the following areas and continuing to generate double-digit annual sales growth.

Issues We Need to Address

(1) Strengthen Human Capital Investment and Management Training

We will build environments that enable diverse human resources to play an active role and fully demonstrate their abilities. Whatever their attributes, we will give all employees the opportunity to grow, conduct fair evaluations, and offer a high level of compensation. We will strive to acquire and develop talent in specific focus areas, namely store salespeople who truly satisfy customer needs, global management talent, and world-class specialist talent. We will focus particular effort on nurturing employees with a managerial mindset who are capable of implementing their own ideas based on high standards and ideals, and also developing an organization that is managed by an elite group of people.

Strengthen Human Capital Investment and Management Training

(2) Develop a Business Model Whose Operational Development Promotes Sustainability

We commit to only make the products that customers truly need, protect the environment and human rights across clothing manufacture, transportation and sale, and establish a circular business that promotes product reuse and recycling after sale. Our ultimate quest is to conduct ideal business activities in which the development of the Fast Retailing Group also enriches societies and people's lives around the world. With that aim in mind, we have set various 2030 targets for reducing greenhouse gases, establishing greater traceability, promoting product recycling and reuse and employee diversity, and pursuing various social contribution activities, and are accelerating our efforts on all fronts.

(3) Satisfy Customer Needs, Create New Customers

■Strengthen customer-oriented product manufacturing

We are accelerating efforts to develop products that customers truly desire and that reflect their changing lifestyles by collecting customer feedback through our global app membership base and store network and incorporating analysis findings into future product development. We also aim to strengthen our global research and development bases so we can compile the very best product ranges as a truly global brand.

■Facilitate make-as-you-sell business

We can improve the accuracy of our quantitative plans and facilitate agile production and sales that dovetail perfectly with demand by enhancing coordination between planning, production, marketing, distribution, and stores and strategically assembling our business.

■Evolve local store management

We are enhancing training of store employees and transforming work styles to facilitate coordinated problem solving by our headquarters and stores so we can develop product mixes that meet the needs of local customers, refine our local store management, and develop an essential presence in local communities.

■Facilitate new purchasing experiences

We are creating new purchasing experiences that fuse the benefits of both our physical stores and e-commerce network. This involves not only establishing a system that offers various purchase and delivery options according to customer needs, but also strengthening the ability of our e-commerce operation to transmit information and serve as a customer communication platform.

(4) Diversify Our Global Earnings Pillars

■Accelerate growth of UNIQLO International

We aim to generate high growth by expanding same-store sales and e-commerce sales and accelerating the opening of new global flagship stores and large-format stores in North America and Europe. In the Southeast Asia, India & Australia region, we will promote further sales growth while also establishing the foundations for accelerating future growth in terms of store operations, product mixes, and human resource development. We will seek to restore our growth trajectory in the Greater China region by promoting structural reforms, including pursuing our scrap and build policy on stores as well as stronger branding and local store management.

■Continued stable growth for UNIQLO business in Japan

Aim to ensure stable growth by increasing the size of our stores through our scrap and build policy and turning our stores into effective media channels for our products, while also strengthening e-commerce operations and enhancing local store management to help develop local product mixes and services that satisfy local demand.

■Transforming operational management at global bases

Ensure all national and regional operations and global headquarters remain organically connected at all times, and encourage a global approach to the discovery and resolution of issues and the making of decisions. We plan to strengthen the functions of our New York global headquarters as part of our effort to create globally driven frameworks for products, e-commerce operations, and customer service.

(5) Expand Group Brands

■GU

Build a solid brand position by providing GU's unique value as a label that offers fashion at low prices. Seek to establish the foundations that will facilitate GU's global expansion by forging ahead with a full-scale entry into the U.S. market, building a product mix that would appeal to customers around the world, and strengthening organizational frameworks.

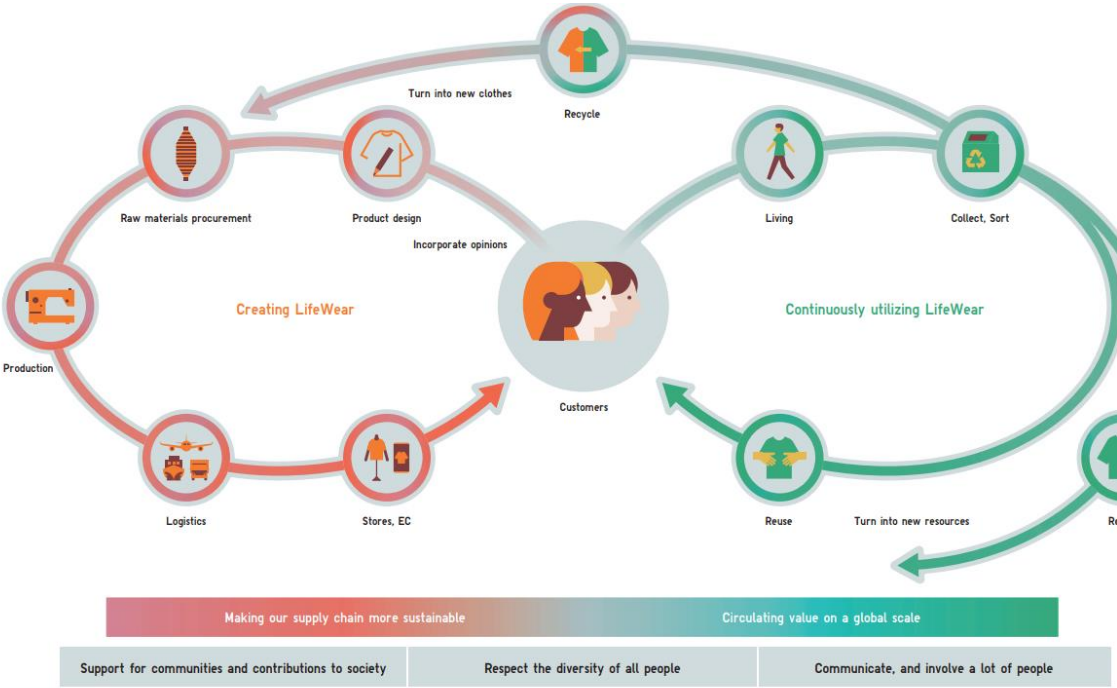
■Global Brands

Aim to improve the management capabilities of each business and establish a solid brand position in each country and region by leveraging business principles cultivated at UNIQLO and platforms developed for the digital consumer retailing industry.

## B. Sustainability Approach and Initiative

Fast Retailing's corporate philosophy is to "Changing clothes, Changing conventional wisdom, Change the world." We continue our business activities with the aim of changing the world for the better by creating and selling good clothing. When we say, "good clothing," we mean clothes that are simple, high quality, long-lasting, and can enrich the lives of all people. This phrase also refers to clothes that are made using revolutionary technologies to facilitate our co-existence with the natural world and do not impose an undue burden on the Earth. These clothes are hand-made by a diverse array of people working energetically in environments that carefully protect their health, safety, and human rights. LifeWear is a brand that gives form to these ideas.

The apparel industry has been criticized for its negative impact on the environment caused by issues like increased use of resources, energy and water stemming from mass production and mass consumption, the shortening of clothing life cycles, and the production of large quantities of industrial waste, as well as issues with work environments due to long and complicated supply chains. Fast Retailing has been engaged in a variety of sustainability activities for quite some time: in 2001 we established our Social Contributions Office (now the Sustainability Department) and started to provide support for refugees, in 2004 we implemented our Production Partner Code of Conduct as well as work environment monitoring, and in 2006 we engaged in recycling activities for all of our products. We believe that the LifeWear concept is sustainability itself, and we promote sustainability activities as an integral part of our business. Below is a diagram of our entire business model in this way."




The LifeWear creation process seeks to reduce waste wherever possible by making and selling only the items that customers really need. We aim to establish a manufacturing framework with low environmental impact by reducing greenhouse gas emissions and waste in all processes, from production through transportation and retail. We are also strengthening our commitment to human rights throughout our supply chain, and we hope that doing so will bring our customers greater peace of mind. In addition, we take responsibility for clothes even after they are sold by promoting reuse, recycling, and upcycling activities, donating clothing collected from customers to refugees, selling pre-owned clothes, and utilizing innovative services and technologies such as clothes-to-clothes recycling to ensure the LifeWear is continuously utilized over a long period. To help solve increasingly complex social issues, we will globally expand contributions to society through our clothing business and diversity initiatives. We intend to create a new industry through these initiatives that not only deals with clothing as products, but also manages the clothing manufacturing process, sales methods, and post-sale clothing projects. We intend to pursue tandem goals of contributing to a sustainable society and growing our business by presenting an unprecedented form of fashion to the world.

Below, we will be discussing the ① governance, ② strategy, ③ risk management, and ④ metrics and targets associated with (1) sustainability in general, (2) climate change, and (3) human capital and diversity.

**(1) Sustainability in general**

**(i) Governance**

Fast Retailing has established a Sustainability Committee to promote sustainability activities in tandem with our business operations. Sustainability Committee meetings are attended by our internal directors (including our representative director as the chairperson of the committee), external directors, audit & supervisory board members, external experts, and relevant executive officers, and involve discussions regarding various sustainability policies, measures plans, targets and issues and directions of individual activities from a variety of different perspectives, and also, based on progress reports on each area, including environment, human rights, and social contribution, serve as opportunities to provide advice, recommendations, and supervision to departments executing business operations . Meetings for the Committee were held four times this consolidated fiscal year, and were host to discussions regarding sustainability activities pertaining to matters like climate change, biodiversity, circular economy, respect for human rights, social contribution, communication, and EU regulatory compliance. The Committee also discussed how best to communicate with customers and other stakeholders in order to solicit their participation in our social contribution activities.

We engage in debate, offer advice, and provide supervision regarding risks associated with key matters such as the environment and human rights during meetings of committees attended by internal and external directors, audit & supervisory board members, external experts, and executive officers, such as the Risk Management Committee, the Human Resources Committee, the Human Rights Committee, the Code of Conduct Committee, and the Corporate Transaction Ethics Committee. Furthermore, the Audit & Supervisory Board recognizes various issues pertaining to sustainability as risks, and requests reports from departments executing business operations as appropriate.

At Fast Retailing, the Company Chairman and President, who occupies the highest position of authority in terms of sustainability, appoints directors and executive officers in charge of sustainability. To enable them to evaluate and manage the impacts, risks, and opportunities presented by their specific areas of responsibility, those directors and executive officers supervise relevant departments, receive reports on a regular basis, and make management decisions. Additionally, evaluation standards of variable remuneration for directors and executive officers in charge of sustainability-related matters include the evaluation of results pertaining to quantitative and qualitative goals set for the matters for which they are responsible.

Managers of each operation and company play a central role in implementing initiatives in cooperation with the Sustainability Department in order to facilitate the steady and integrated pursuit of sustainability activities and business growth. For example, we have positioned sustainability activities as a priority issue within Fast Retailing’s transformative Ariake Project*. Each department involved in supply chain management, including in-store and e-commerce sales, production, and distribution, appoints a person in charge of individual sustainability issues ranging from reducing greenhouse gas emissions, eliminating waste, developing products using recycled materials, and establishing traceability. Metrics and targets have been set, and various initiatives are being pursued.

*The Ariake Project is tasked with transforming Fast Retailing into a digital consumer retailing company that connects directly with its customers, turns customer feedback and global information into superior products, and delivers those products in the most efficient and effective way. The project also seeks to use digital and other technologies to change the structure of the supply chain and the way the Company and its employees operate, and to expand global business while creating a business model that makes, transports, and sells only what is necessary, because we believe this is the way to improve customer satisfaction and solve sustainability issues, such as reducing environmental impact.

**(ii) Strategy**

As part of our management strategy, Fast Retailing has identified six priority areas (materialities) in our sustainability activities. To specify these priority areas, we identified key issues by referencing the Sustainable Development Goals (SDGs) announced by the United Nations as well as the indicators defined by evaluation organizations for Environment, Social and Governance (ESG), extracted the most critical factors in light of their importance to the Company, and the impact they would have on our customers and other stakeholders (as well as their expectations regarding those factors), and engaged in deliberations within the Sustainability Committee. These six priority areas (materialities) and their primary initiatives are as follows.

| Priority Areas (Materialities) | Primary Initiatives |
|---|---|
| 1. Creating new value through products and services | -Defining LifeWear as the concept underpinning our clothing production, we will pursue timeless designs from the design stage, and create finished clothing that is simple, high quality, highly functional, and will enjoy preferential use for a long period of time.<br>-In addition to pursuing functionality and quality of clothing, we will work to resolve social issues and environmental problems, and create new value.<br>-UNIQLO is promoting its RE.UNIQLO clothing repair and remake service to encourage the continuous utilization of clothing and help propel the transition to a circular society. It is also conducting REDUCE (offering clothing repair and remake and other services, REUSE (donating clothing and selling pre-owned clothes), and RECYCLE activities (developing products using recycling materials and other initiatives) to help customers experience the joy of wearing clothes for a long time and to reduce environmental impact. |

| | |
|---|---|
| 2. Respecting human rights and working environments in our supply chain | -As we respect the human rights of all individuals who work in our supply chain, and believe that preparing proper working environments is a core responsibility of our company, we are working to both ensure traceability and enhance transparency.<br>-We ask that our business partners observe our "Production Partner Code of Conduct" at their factories, and implement regular monitoring of their work environments in accordance with this Code.<br>-We have also established a hotline for employees at our main sewing and material factories, and are working with our production partners to quickly identify and correct issues. |
| 3. Respecting the environment | -We have set the following priority areas: "address climate change," "improve energy efficiency," "address biodiversity," "mana water resources," "manage chemical substances," and "manage waste, maximize resource efficiency," along with targets for each area, and are now engaged in relevant initiatives.<br>-At our core garment factories and fabric mills, we utilize the Sustainable Apparel Coalition's environmental evaluation tool (the Higgs Index) to measure environmental impacts and risks in seven areas, including energy, water, and waste, and use this information to work alongside these factories to reduce our impact on the environment.<br>-For information on our climate change initiatives, please see "(2) Climate Change."<br>-We aim to achieve a net positive impact* on biodiversity over the long term. We are currently striving to avoid or minimize the impact of our business on biodiversity throughout our value chain and to promote the conservation and restoration of biodiversity<br>*A state in which positive impact on biodiversity exceeds negative impact |
| 4. Coexisting and mutually prospering with communities | -We continue to provide support for people around the world placed in difficult situations, such as refugees, by donating clothes, providing employment, and supporting their efforts to become self-reliant.<br>-We are donating all profits obtained through our "PEACE FOR ALL" charity t-shirt project to international humanitarian organizations.<br>-We are providing educational and social advancement support in order to help empower the children and youth who will lead in the future. |
| 5. Supporting employee fulfillment | -We are engaging in diversity and inclusion efforts at the global level, centered around gender equality, diversity of race, ethnicity, and nationality, promotion of active participation by people with disabilities, and promoting the understanding of sexual diversity (LGBTQ+).<br>-We provide all of our employees with growth opportunities, and are engaged in efforts to develop personnel who are capable of playing an active role at the global stage.<br>-See "(3) Human capital and diversity" for our human capital initiatives. |
| 6. Managing correctly | -We are enhancing the independence and supervisory functions of the Board of Directors by ensuring that a majority of the directors are from outside the Company.<br>-The Board of Directors is supported by various committees that supplement the functions of the Board, and these committees engage in open and vibrant deliberations.<br>-See IV. [Status of Submitting Companies], 4. [Status of Corporate Governance, etc.], and (1) [Corporate Governance Overview] for details. |

**(iii) Risk management**

Fast Retailing has established a Risk Management Committee to regularly identify potential risks that may befall our business activities, identify important risks, and strengthen the systems intended to manage them. See C. Risk for details on risk management, including individual risks.

**(ix) Metrics and targets**

Fast Retailing has established fiscal 2030 targets and action plans for key sustainability areas. Our targets and the progress we have made on primary initiatives are as follows.

| Items | Targets | Progress on primary initiatives |
|---|---|---|
| Making clothes that cares for the environment | | |
| Reducing greenhouse gas emissions | Our Company's areas:<br>-Reduce greenhouse gas emissions by 90% compared to their fiscal 2019 levels by fiscal 2030<br>-Increase ratio of renewable energy used at our stores and main offices of Fast Retailing group to 100% by fiscal 2030 | - Reduced greenhouse gas emissions by 69.4% compared to fiscal 2019 (45.7% reduction in the previous year) *1<br>- In fiscal 2023, the renewable energy usage ratio stood at 67.6% (compared to 42.4% in fiscal 2022). Achieved substantively 100% renewable energy use at UNIQLO in Europe (excluding certain countries),Canada, and Singapore*1 |
| | Supply chain areas:<br>Reduce greenhouse gas emissions by 20% compared to their fiscal 2019 levels by fiscal 2030 | - Reduced greenhouse gas emissions by 10.0% compared to fiscal 2019 (6.2% reduction in the previous year) *1 |
| | Product areas:<br>Increase the proportion of recycled materials and materials with low greenhouse gas emissions to approximately 50% by fiscal 2030 | - Proportion of recycled materials and materials with low greenhouse gas emissions for all 2024 products has risen to 18.2% (compared to 8.5% for 2023 products). Recycled polyester accounts for 47.7% of all polyester usage (compared to 30.0% in the previous year) |
| Net positive impact on biodiversity | Achieve a net positive impact on biodiversity throughout the value chain over the long term by avoiding or minimizing the impact of our business on biodiversity and promoting the conservation and restoration of biodiversity | -Formulated and published our Biodiversity Conservation Policy in November 2023<br>-Conducted biodiversity risks assessments in the value chain and promoted initiatives starting with cashmere, which has a large impact |
| Reduced water use | Reduce per-unit water usage by 10% at the end of 2025 compared to 2020 levels at each of the major garment and materials factories accounting for 80% of the water used to make our products | As at the end of December 2022, 49% of the target factories achieved their targets (32% in the previous year) *2 |
| Waste reduction | Realize zero operational waste from our facilities to landfills or incineration without energy recovery in earlier stages by reducing, replacing, reusing, and recycling materials (product packaging, cardboard during shipping, plastic bags, hangers etc.) used in the process of delivering clothes to our customers | - Made the reduction of single-use plastics a top priority. Working to formulate a policy for the procurement of materials containing plastics.<br>-Promoted projects to reduce and recycle plastic used to package products during delivery<br>-Took initiatives to reduce plastic use, such as investigating switching to alternative materials like paper for hangers and other items made of plastic. Also, beginning to look at switching to recycled and easily recyclable materials.” |
| Elimination of hazardous chemical emissions | Eliminate emissions of hazardous chemicals in products and in production processes by the end of 2030 | As of the end of 2023, the ZDHC wastewater standard compliance rate for major sewing and fabric factories was 99.7 % (99.9% in the previous year) |

| Making clothes that cares for people and society | | |
|---|---|---|
| Improving transparency and traceability in the supply chain | -Enhance transparency in the supply chain and ensure traceability to the raw materials level<br>-Identify and definitively address human rights, working environments, and environmental problems in the supply chain as a whole<br>-By 2025, identify and sequentially disclose the information necessary for customers to make an informed decision when closing products | -Published a list of major garment factories in 2017, and expanded this publication of the scope. Disclosed all garment factories, with which we have ongoing transactions in Augst 2024, subcontractors for a part of production processes and material plants that produce our product materials on an ongoing basis.<br>-Established a mechanism to ascertain and confirm the supply chain plans and results for each product, and systematically put this mechanism into operation in partnership with the factories starting in the fall and winter seasons of 2022. From the 2023 spring/summer season, understand traceability of all UNIQLO products down to country of origin of raw materials.<br>-Executed a Code of Conduct with major spinning mills in addition to garment factories and fabric mills, and advanced regular working environment audits and confirmed traceability information<br>-By the end of August 2024, the country of origin was listed on individual product pages at UNIQLO and GU online stores in Japan and some other countries. In addition, considering listing other items of information, including the use of recycled materials and where materials are manufactured |
| Procure raw materials in an ethical and responsible manner | Advance procurement of raw materials in an ethical and responsible manner by defining procurement policies for plant-based materials and animal-based materials | Defined recommended and prohibited materials for each plant-based and animal-based material. Updating these guidelines based on international trends, new scientific findings, and societal demands. |
| Global promotion of social contribution activities | -In collaboration with Fast Retailing, the Fast Retailing Foundation, and the Yanai Tadashi Foundation, further expand social contribution activities through clothing business on a global scale<br>-Invest at a scale of 10 billion yen in social contribution activities by fiscal 2025. -Implement community contribution activities at all stores around the globe to support 10 million refugees and other socially vulnerable people, people of the next generation, and those in the areas of culture, the arts, and sports. Expand clothing support to 10 million articles of clothing per year | -In fiscal 2024, we spent 8.2 billion yen*1 on social contribution activities, and provided support in the form of 4.77 million*2 articles of clothing. A total of 2.34 million people benefited from our efforts (Fiscal 2023 figures: 5.4 billion yen, 5.3 million items, and 1.82 million people respectively)<br>*1 Includes activities by the FR Group, the FR Foundation, and the Tadashi Yanai Foundation, as well as activities by individuals<br>*2 Includes clothes collected from customers<br>- UNIQLO's proceeds from PEACE FOR ALL activities totaled 1,668 million yen from the start of June 2022 to fiscal 2024 (697 million yen in total at the end of the previous year). |

| | | |
|---|---|---|
| Promotion of diversity and inclusion | -Increase the ratio of women in all management positions globally to 50% (30% executive officers) by fiscal 2030<br>-Increase the ratio of non-Japanese nationals to 80% of all managers across the Group including international operating companies (of which 40% of which are executive officers) and 50% of Global HQ (GHQ) function managers by fiscal 2030 | -The ratio of women in management positions throughout the Group increased to 46.1% (9.4% executive officers) as of the end of August 2024, (44.7% (9.6%) in the previous year).<br>-The ratio of non-Japanese managers reached 55.5% across the Group including international operating companies as of the end of August 2024 (18.9% executive officers) (56,4% 19.2% in the previous year). The ratio of non-Japanese managers of GHQ functions stood at 32.8% (35.3% in the previous year) |

(Notes 1)We plan to publish the results of the fiscal year ended August 2024 on the Company's Sustainability Website by April 2025.
(Notes 2)We plan to publish the results as of December 2023 on the Company's Sustainability Website by around December 2024.
https://www.fastretailing.com/eng/sustainability/environment/

### (2) Climate Change (Initiatives with Respect to TCFD Recommendations)

In order to reduce our impact on climate change, we are working 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.

#### (i) Governance and (iii) risk management

See (1) Sustainability in general (i) Governance and (iii) Risk management.

#### (ii) Strategy

In order to achieve the standards of the Paris Agreement, we are enhancing our initiatives to curb the rise in global average temperatures. We also understand the impact of climate-related risks and opportunities on our business, and are formulating and executing relevant strategies.

**(Initiatives to Reduce Greenhouse Gas Emissions)**

| | |
|---|---|
| Advancement of the Ariake Project | -By promoting the Ariake Project and executing it at a greater level, we will realize the goal of "neither creating, delivering, nor selling wasteful things," increase customer satisfaction, and reduce our impact on the environment.<br>-We create products based on customer needs by analyzing a vast amount of information, including customer demands gathered through stores and e-commerce around the world. |
| Our Company's areas (Stores and Primary Offices) | -At our stores, we are working to save energy by directly reducing the use of electricity and to create energy that generates its own electricity. We will also continue to verify and open stores that conserve and create energy by, for example, opening roadside stores (UNIQLO Maebashi Minami Inter Store) that reduce energy consumption through the application of various energy conserving technologies and generate energy using solar panels.<br>-In order to achieve our target of using 100% renewable energy, we are, among other efforts, installing solar power generation facilities, purchasing renewable energy menus provided by electric power companies, and purchasing renewable energy certificates. |
| Supply chain areas | -At UNIQLO and G.U.'s main plants, which account for approximately 90% of UNIQLO and G.U. production, we are steadily promoting energy-saving measures, decarbonization, and the introduction of renewable energy by understanding individual issues that vary by country, region and plant characteristics, and by carefully responding and working to resolve them. Having now completed the formulation of plans to reduce greenhouse gas emissions at major factories, we are working closely with those factories by confirming progress every three months and reviewing plans where necessary. We also give advice on introducing renewable energy in ways that suit the needs of individual factories and introduce institutions that can help procure the necessary funding to implements the plans |

| | |
|---|---|
| Product areas | - We are currently working to switch to materials with low greenhouse gas emissions, with our initiatives being focused on polyester at the present. As recycling technology for chemical fibers is relatively advanced, we are moving forward with efforts to switch to recycled materials. We are also working on research and development for natural materials like cotton and wool with our business partners, and are engaged in the development of materials that can offer the same quality and comfort as our existing products.<br>- Specifically, we use recycled polyester in UNIQLO Dry-EX and Fluffy Fleece product groups, and recycled nylon in our waist bags |
| Advancement of RE.UNIQLO | -UNIQLO conducts REDUCE, REUSE, AND RECYCLE activities as part of its RE.UNIQLO initiative designed to promote the transition to a circular society by making the very most of its clothes<br>-The REDUCE component involves providing product customization services such as clothing repair, remake, and upcycling options at RE.UNIQLO STUDIO to encourage customers to wear their favorite clothes with loving care. As of the end of August 2024, we offered RE.UNIQLO STUDIO services in 45 stores in 20 countries and regions, and we plan to expand that number to over 60 stores by the end of December 2024<br>-REUSE activities focus on providing clothing aid to refugees and internally displaced persons. We also trialed the sales of pre-owned clothes under the UNIQLO Pre-owned Clothes Project at four stores in Japan in fiscal 2024<br>-The RECYCLE element involves initiatives to revive collected clothing items into new clothes and materials that we can then deliver back to our customers. For example, we extract the down and feathers from collected down jackets and use them as raw material for new down jackets. For the first time, we made the official clothing for the Swedish national team at the Paris games in Summer 2024 from chemically recycled materials taken from secondhand products made from a high polyester blend material collected in our stores |

**(Scenario Analysis of Risks and Opportunities Related to Climate Change)**

At Fast Retailing, we believe that the key to ensuring sustainable business operations is anticipating, preventing, appropriately managing, and responding to existing and potential business risks. We evaluated the risks and opportunities that climate change poses to the Company and our supply chain, along with possible countermeasures, for scenarios where the average temperature increase by 2100 is under 2°C, and scenarios where the average temperature increase by 2100 is 4°C compared to pre-industrial levels, up to the year 2030.

| |
|---|
| -International Energy Agency (IEA) "Sustainable Development Scenario" and "Below 2°C Scenario (B2DS)"<br>-Intergovernmental Panel on Climate Change (IPCC) "Fifth Assessment Report (RCP8.5)" |

**(Risks and Opportunities Related to Climate Change)**

| Items | | Risks | Opportunities |
|---|---|---|---|
| Below 2°C Scenario | | | |
| Regulations | Carbon tax, carbon pricing, and regulations | The risk of cost increases in the supply chain caused by stronger carbon tax and other taxation systems or tighter regulations, which would result in higher production costs | Control cost rises in the supply chain by promoting energy conservation and introducing renewable energy, which would result in lower production costs |
| | | The risk of higher costs at Fast Retailing stores caused by stronger carbon tax and other taxation systems or tighter regulations | -Control cost rises at Fast Retailing stores by introducing renewable energy and promoting energy conservation, which would result in lower costs<br>-Improve brand image by improving reputation among customers |

| | | | |
|---|---|---|---|
| | | The risk of an increase in distribution costs relating to EU fuel economy and emissions regulations, or a tightening in regulations in the markets where our production bases are located, such as China, Vietnam, Bangladesh, and Indonesia, or the markets where we retail clothing, such as Japan, Southeast Asia, and the EU | Realize more efficient distribution through the promotion of our Ariake Project business model transition |
| Markets | Changing customer values | The risk of a decline in sales and reputation if Fast Retailing customers start to prefer materials, products, and services that have a low environmental impact and we are not able to meet those changing needs | -Create new demand and improve our reputation among customers by developing new materials with low GHG emissions<br>-Accelerate RE.UNIQLO activities to create fresh demand and improve our reputation among customers<br>-Strengthen the communication of information on sustainability activities to improve our reputation among customers |
| 4°C Scenario | | | |
| Acute and chronic | More frequent natural disasters | The emergence of production stoppages or delays and distribution delays caused by the impact of natural disasters on raw materials production, damage to production facilities, or supply chain disruptions, resulting in a decrease in sales and rise in procurement costs | -Fast Retailing has the capacity to mount a strong response as a specialty retailer of private-label apparel (SPA) that manages the whole clothes-making process from materials procurement through planning, production, distribution, sales and inventory management, etc. That enables us to minimize and reduce risk, and to maintain and potentially create demand<br>-Minimize damage in the event of a disaster (build a resilient business) by building strong partnerships with suppliers and business partners and seeking to strengthen our adaptation strategies |
| | Increasing temperatures | A decline in sales caused by the suspension of store operations in the wake of natural disaster | -Create new demand with new functional materials<br>-Boost demand for products designed to address environmental changes |

**(Strategies for Addressing Risks and Opportunities Related to Climate Change)**

-We believe that demand for our clothing, especially LifeWear, will remain the same regardless of whether the less-than 2 °C temperature increase scenario or the 4°C temperature increase scenario is realized. By developing products that meet customer needs, such as materials with lower greenhouse gas emissions, recyclable products, and climate-friendly products (such as HEATTECH and Airism), we believed that we will be able to improve our market superiority and expand our sales.

-If the below 2°C scenario is realized, we face risks of increase production and store prices, including increased taxes such as carbon taxes, tightened regulations, and increased electricity prices, but we can decrease these risks by promoting energy conservation and renewable energy use. Although there is a risk that logistics costs will rise if regulations such as fuel efficiency and exhaust gas regulations for automobiles and trucks are tightened in the European Union (EU) and other countries around the world, we can reduce these risks by promoting the transition to environmentally friendly vehicles such as hybrid vehicles and electric vehicles, and increasing logistics efficiency via the Ariake Project, among other efforts.

- If the 4°C scenario becomes a reality, the number of extreme weather events such as droughts and heavy rains, as well as physical risks such as water shortages may have an overwhelming impact on the overall supply chain for production, logistics, and sales. However, we can reduce these risks by diversifying suppliers such as raw materials suppliers and production factories, and engaging in long-term agreements and partnerships. With regard to logistics and stores, physical risks can be minimized through regional dispersion, location selection from a Business Continuity Plan (BCP) perspective, and disaster training. Furthermore, we can secure enough inventory of year-round staple products to enable us to respond flexibly to any sudden changes in temperature and prolonged hot summer weather.

- As Fast Retailing is an Specialty store retailer of Private label Apparel (SPA), we can flexibly address both potential and existing risks. We are implementing various responsive measures in anticipation of scenarios where temperature increase is not contained due to a failure to implement countermeasures against climate change, such as creating clothing that addresses changes to customer needs, dispersing suppliers of raw materials and production factories, diversifying transportation methods, and incorporating BCP perspectives in our selection of logistics bases and the locations of our existing stores.
- By engaging in appropriate information disclosures and holding discussions with our institutional investors and other stakeholders regarding the appropriateness of and our progress on these strategies, and addressing various ESG evaluation indicators, we believe we will be able to sustainably increase our corporate value.

**(ix) Metrics and Targets**

Fast Retailing has established the following FY 2030 targets and action plan with respect to climate change.

- 90% reduction (compared to fiscal 2019 levels) of greenhouse gas emissions stemming from energy use at our operating facilities, such as our stores ad primary offices (Scope 1 and Scope 2) by fiscal 2030
- 20% reduction (compared to fiscal 2019 levels) of greenhouse gas emissions stemming from raw materials production, materials production, and sewing associated with UNIQLO and G.U. products (Scope 3, Category 1) by fiscal 2030

The international Science Based Targets initiative approved these goals as science-based targets (SBTs) — greenhouse-gas emissions reduction targets based on the targets set in the Paris Agreement. In addition, we will be strengthening our efforts toward realizing substantively zero greenhouse gas emissions by 2050.

Our greenhouse gas emissions have been calculated in accordance with the "GHG Protocol," and the actual levels up through fiscal 2023 are as follows.

The actual levels for fiscal 2024 will be published on our Company's Sustainability Website by April 2025.

https://www.fastretailing.com/eng/sustainability/environment/climatechange.html

**Our Company (Stores, Offices, etc.)**

Unit: t-CO2e, Range: Fast Retailing Group

| Scope | Items | | Fiscal 2019 (September 2018 to August 2019) | Fiscal 2021 (September 2020 to August 2021) | Fiscal 2022 (September 2021 to August 2022) | Fiscal 2023 (September 2022 to August 2023) |
|---|---|---|---|---|---|---|
| Scope 1 (directly emitted by the Company) | Gas | | 12,295 | 10,029 | 9,738 | 9,558 |
| Scope 2 (indirectly emitted by the Company) | Electricity | By location | 308,691 | 291,190 | 286,113 | 297,180 |
| | | By market | 298,566 | 275,419 | 159,047 | 85,502 |
| Comparison with fiscal 2019 (progress in reducing total Scope 1 and Scope 2 market-based values) | | | - | -8.2% | -45.7% | -69.4% |

Our Scope 1 and Scope 2 emissions have received third-party verification by SGS Japan Inc. for further credibility.
Scope of verification: Only main offices and UNIQLO and GU stores in Japan for fiscal 2019, but the whole Fast Retailing Group from fiscal 2021 onward

**Outside of Our Company (Supply Chain, etc.)**

Unit: t-CO2e, Range: Fast Retailing Group

| Categories in Scope 3 | Fiscal 2019 (September 2018 to August 2019) | Fiscal 2021 (September 2020 to August 2021) | Fiscal 2022 (September 2021 to August 2022) | Fiscal 2023 (September 2022 to August 2023) |
|---|---|---|---|---|
| 1. Purchased Products and Services | 4,694,117 | 4,161,926 | 4,243,676 | 3,977,760 |
| Category 1 emissions related to raw material production, material production, and sewing for products (UNIQLO and G.U., target range for fiscal 2030) | 4,165,738 | 3,883,960 | 3,906,500 | 3,749,320 |
| Compared to fiscal 2019 | - | -6.8% | -6.2% | -10.0% |
| 2. Capital Goods (not applicable) | - | - | - | - |
| 3. Fuel and Energy-related Activities (those not in Scope 1 or Scope 2) | 43,836 | 42,546 | 24,815 | 15,536 |
| 4. Upstream Transportation and Distribution | 355,654 | 378,114 | 552,711 | 503,393 |
| 5. Waste Generated in the Course of Business | 120,006 | 107,578 | 83,335* | 97,879 |
| 6. Business Trips | 6,655 | 7,060 | 14,822* | 14,891 |
| 7. Employee Commutes | 61,120 | 56,402 | 54,554 | 54,809 |
| 8. Upstream Leased Assets (recorded in Scope 1 and 2) | - | - | - | - |
| 9. Downstream Transportation and Distribution | - | - | - | – |
| 10. Processing of Sold Products (not applicable) | - | - | - | – |
| 11. Use of Sold Products (not applicable) | - | - | - | – |
| 12. Post-use Processing of Sold Products | 438,926 | 429,219 | 764,228* | 750,291 |
| 13. Downstream Leased Assets (not applicable) | - | - | - | - |
| 14. Franchises | 10,086 | 3,405 | 2,731 | 1,391 |
| 15. Investments (not applicable) | - | - | - | - |

(Note) Changes have been made to the emissions units or activity level boundaries.
Our Scope 3 emissions have received third-party verification by SGS Japan Inc. for further credibility.
Scope of verification: Only Category 1 emissions for UNIQLO and GU product raw materials production, materials production, and sewing through fiscal 2021. All applicable categories for the Fast Retailing Group from fiscal 2022 onward

**(3) Human capital and diversity**

**(i) Governance and (iii) risk management**

See (1) sustainability in general (i) Governance and (iii) Risk management.

**(ii) Strategy**

Fast Retailing operates under the "One Globe: All Managers" policy where all employees, regardless of attributes such as gender, nationality, religion, race, age, affiliation, and period of employment are provided growth opportunities. We also contribute more broadly to society by realizing our corporate philosophy of "Changing clothes. Changing conventional wisdom. Change the world" through the creation of a work environment that allows a diverse array of personnel to shine and make full use of their capabilities.

**Priority Areas for Securing and Developing Human Resources**

Fast Retailing's growth is driven by employees who are active around the world. We believe that personnel who can think for themselves under high standards and ideals based on the common values of "trust, goodness, and beauty" and "customers first" are the people who will help us achieve our goal of becoming the most beloved brand among customers throughout the world by continuously challenging themselves, taking action, and realizing accomplishments. To this end, we will strengthen our efforts to acquire and develop human resources in the following three areas.

◇ **In-store salespeople who meet the true needs of our customers**

In-store salespersons who think for themselves and provide truly pleasant service that best fit the realities of the community and the true needs of customers

◇ **Global management personnel**

Global management personnel, including store managers, who exercise global leadership that transcends the boundaries of countries, communities, and business areas to achieve tangible results and contribute to society

◇ **World-class, highly specialized human resources**

Personnel who, in addition to possessing world-class expertise in the digital, IT, creative, and global supply chain areas, among others, are capable of developing new functions and mechanisms at a global standard meant to forge the future without being restricted by existing concepts

**Initiatives to secure personnel**

◇ **Promotion of Diversity**

■ To continue creating LifeWear that fits into the lifestyles of all people, we will promote the development of a diverse organization that unifies individuals with a rich array of unique characteristics and talents. We actively recruit women and non-Japanese people who can become executive members of the Group, appoint employees who seek challenges and bring new ideas into management and key roles regardless of their nationality or experience, and proactively support their growth through appropriate evaluations and helping them as necessary.

■ We are advancing various measures to ensure that diverse human resources can work with peace of mind.

-Held regular female personnel development meetings, and career sessions with female executives and officers as initiatives meant to help promote women in the workplace

-Implemented human resource systems and measures that will allow all employees to choose work styles and form careers that fit their stage in life, such as babysitter subsidy systems and childcare support systems

-Implemented mentoring systems and intimate roundtable discussions with executive officers to support the career development of foreign employees stationed at Tokyo head office

-To better respect diversity in sexual orientation and gender identity, formed a partner registration system in 2019, formed the LGBTQ+ network organization "Symphony," and published an in-house magazine to promote understanding of LGBTQ+ issues

■ We are actively hiring employees with disabilities and seeking to ensure that, by working together with other employees, everyone can grow and help improve customer service, regardless of their degree of ability or disability.

- Promote the active employment of people with disabilities based on our commitment, started in 2001, to employ at least one person with disabilities at each UNIQLO store in Japan

- Provide the required support to expand their scope of work so that employees with disabilities can tackle diverse tasks that best suit the nature of their disability, their aptitudes, and their experience.

- Conduct training on the importance of employing people with disabilities and any accommodations that need to be made

- The employment rate of people with disabilities at the Fast Retailing Group reached 4.91% in Japan in 2024 (the ratio required by law in Japan is 2.5%). These employment efforts are currently expanding globally, including in Southeast Asia and Europe, and roughly 1,600 employees across the Group (as of August 2024) are people with disabilities

◇ **Advancement and Diversification of New Graduate Recruitment**

■ By changing our hiring system from systems that differed by brand or sales division to one that is uniform across the Group, we have secured the level of personnel demanded by the Company that transcend the boundaries of brands. We will also hire high-level professionals in digital, IT, creative, global supply chain management, and other positions from among new graduates, and train them regardless of nationality.

■ We promote the recruitment of talented personnel who are motivated to work at our stores on a global scale. We will deepen students' understanding of and identification with our business model and the essence of our trade by providing internships and workshops in collaboration with universities around the world. Through these measures, we will identify talented personnel who can play an active role in the field and develop them as candidates for management.

◇ **Strengthening Mid-career Recruitment of Highly Skilled Professionals**

We will strengthen our recruitment of world-class, highly specialized human resources. We will hire administrative personnel from around the world who will lead the development of new functions and expansions of business in the digital, IT, creative, and global supply chain management areas, among others.

◇ **Securing Talented In-store Salespeople**

We will work to secure talented sales personnel who can embody the "digital customer retailing industry" on-site, meaning that they strive to connect with customers, convert their opinions into products, and deliver those products in an optimal manner. By raising compensation levels to draw in superior and driven personnel, and preparing diverse career paths that match their capabilities and growth, we intend to retain a staff of superior personnel.

◇ **Offering Globally Competitive Remuneration**

We keep a constant eye on human resource markets and salary levels in many countries worldwide, and we review our remuneration frameworks to maintain a sufficient competitive advantage not only in the retail industry, but across all industries. This strategy helps us recruit and retain the above-mentioned talented in-store salespeople, global management talent, and world-class highly specialized personnel as part of our drive nurture a small number of elite human resources through a series of pertinent initiatives.

**Initiatives for Personnel Development and Fair Evaluation**

◇ **Providing Global Growth Opportunities, Optimizing Staffing, and Promoting Organizational Diversity**

■ **Global Job Rotation**

Our goal is to enhance our management structures in each country by optimizing our allocation of administrative personnel at the global level. In addition, talented personnel in each country will be strategically provided with growth opportunities at a global scale that transcends the boundaries of their affiliated business operations and countries, and those who achieve results will be appointed to the administrative management of each country.

■ **Global Internal Recruitment**

The internal recruitment system, which was previously operating within each country, shall be expanded to the Group and global scale. We have established a global open recruitment system that clearly indicates the positions required at the Group and global scale in which employees can apply for positions regardless of the employee's brand, country, or department of affiliation. This system thus expands opportunities for employees to develop their careers at the global level.

■ **Expanding Training Dispatches to Japan**

Motivated and talented personnel overseas working at our stores throughout the world will be afforded opportunities to be dispatched to Japan for training after they are hired. This will help them gain a first-hand understanding of the standards of customer satisfaction achieved by Japanese store managers and salespeople, as well as the Fast Retailing philosophies and Japanese culture that underly those standards, thereby helping train them as management candidates for the Company at the global level.

◇ **Dynamic and Fair Personnel Evaluations and Promotions**

The Company has adopted a grading system that defines the skills and requirements sought for each position level, and conducts evaluations and promotions every six months based on individual abilities, regardless of personal attributes. We will help bolster the growth of our employees by giving them significant promotions that may involve skipping grades depending on their growth as employees. Furthermore, in order to ensure the fairness and transparency of evaluations, evaluations will not just be conducted by direct supervisors to the employee in question, and will instead be conducted at a department-based evaluation meeting that will also include HR personnel, while evaluations of employees of certain grades and above will be conducted at a global evaluation meeting that is comprised of all executive officers of the Group.

◇ **Training Salespeople and Preparing Diverse Career Paths**

Our salespeople are provided fair evaluations, and can take advantage of promotion systems and career paths that accommodate their capabilities. We also provide training essential to their growth as salespeople, such as "Fast Retailing Philosophy and Values Training" and "Training to Develop Product Proposal Capabilities that Fit the Needs of Customers and Go Beyond Knowledge of Existing Products," at appropriate times in order to make sure that our employees can work in environments that foster growth and long careers. Furthermore, if an employee is sufficiently motivated and capable, they can advance their career from salesperson to store manager, and even into becoming management-level personnel. This availability of diverse career paths has been a strength of the Company since our founding, and our policy is to expand on this even further.

**Bolstering Our Internal Environment**

◇ **FR Management & Innovation Center**

At the FR Management & Innovation Center, we promote the creation of an organization where diverse human resources understand Fast Retailing's management philosophy and business principles, and can demonstrate their abilities in day-to-day business activities based on these ideas. Specifically, Mr. Tadashi Yanai, Representative Director, Chairman, and President of the Company, conducted training sessions using "Notes for Becoming a Corporate Executive," "The Spirit and Execution of FR," and "What Has FR Changed?" In addition, we also offer opportunities for direct sessions with executive officers, such as the CEOs of each nation including Mr. Yanai himself, and various educational and training programs. Also, we are expanding our company-wide education platform, which aggregates management philosophy, management approach, product information, and exemplary practices in the form of short videos that can be used by all global employees in their daily work. In addition, we hold "FR Conventions" twice a year for all global store managers, headquarter employees, and talented store salespeople, in order to disseminate company-wide strategies and important management messages.

◇ **Expanding Global Headquarters Functions**

By expanding Global Headquarters functions outside of Japan and into the United States and Europe, etc., among other locations, we will establish a system where a diverse array of personnel can work in optimal locations while connected to the Company's core functions and the world.

◇ **Implementing Employee Engagement Surveys**

In order to promote the creation of an environment in which each and every employee can work enthusiastically and grow with urgency, we conduct an annual engagement survey of employees around the world. The survey results are analyzed by business and by department, and issues are identified to establish KPIs for improvement measures, and promote initiatives to improve the working environment. We also measure the progress and results of these efforts in order to connect them to further improvements.

◇ **Creating Work Environments Where Each Employee Can Actively Contribute in a Healthy and Safe Manner**

■ Fast Retailing Group Health and Safety Declaration

In order to become the world's safest and healthiest company for our employees, we have established eight basic health and safety policies and action guidelines (Fast Retailing Group Health and Safety Declaration)

■ Occupational health and safety management system

We have established the Fast Retailing Wellness Center, and are working with industrial physicians, public health nurses, industrial counselors and related departments to implement various safety and hygiene measures, provide mental healthcare, and otherwise support our employees. In addition to our efforts to expand these functions globally, we are also striving to develop appropriate operations and systems for these functions by managing and operating them in a manner separate from business management.

■ Reducing working hours

We keep comply with international standards and local laws and regulations regarding working hours, rest periods, and holidays, and advance work styles that presume there will be no overtime work. In addition to having managerial staff in each department oversee the monthly working hours of their employees, we are working to eliminate long working hours by enhancing cross-departmental management and supervision of working hours through the human resource departments of each country and each business.

**(ix) Metrics and Targets**

The main indicators to measure our progress on the above policies (targets and results for fiscal 2030) are as follows.

**Ratio of Women in Management Positions (as of the end of August 2024)**

| | Ratio of Women | | Results Breakdown | |
|---|---|---|---|---|
| | Targets | Results | Total Number of Promotees | Of Which are Women |
| Management (Global) (Note) | 50% | 46.1% | 2,139 | 987 |
| Of Which are Executive Officers (Global) | 30% | 9.4% | 53 | 5 |

(Note) Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

**Ratio of Non-Japanese Individuals in Management Positions (as of the end of August 2024)**

| | Ratio of Foreign Individuals | | Results Breakdown | |
|---|---|---|---|---|
| | Targets | Results | Total Number of Promotees | Of Which are Non-Japanese Individuals |
| Management (Global) (Note) | 80% | 55.5% | 2,139 | 1,187 |
| Percentage of Global HQ function managers | 50% | 32.8% | 586 | 192 |
| Of Which are Executive Officers (Global) | 40% | 18.9% | 53 | 10 |

(Note) Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

**FR Group Engagement Survey Scores (for 2024)**

Looking at the fiscal 2024 survey results, the composite index was 74.7% (see below for the details). Based on these results, we are working to investigate issues and improve them from the perspective of engagement. We plan to continue issuing this survey in the future.

| | |
|---|---|
| Number of Eligible Potential Respondents | 38,770 |
| Number of Respondents | 34,556 |
| Response Rate | 89% |
| Composite Index(*) | 74.7% |

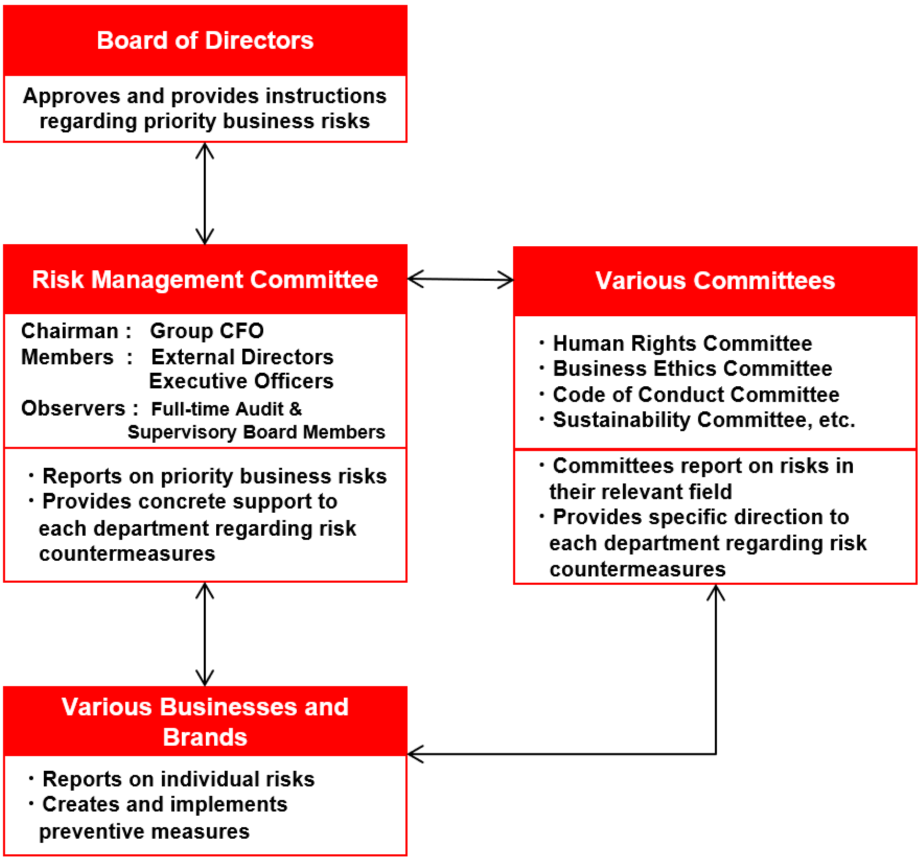
(Note) The percentage of employees who responded positively to engagement-related questions

C. 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 systems for managing those 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 and risks for which systems are not yet fully in place, with the aim of keeping those risks 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.<br>・ In each business, the managers themselves personally train the management personnel who will be their successors in those positions.<br>・ 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 infrastructure for the production, supply, and sale of products 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, floods, and infectious diseases on a global scale. | · 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.<br>· 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.<br>· 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 | · A delay in the Group’s response to climate change by, for instance, reducing greenhouse gas emissions or switching to renewable energies, a delayed response to biodiversity, managing water resources, managing chemical substances, reducing waste emissions, and shifting to a circular business model, among other issues, or the failure to appropriately implement the above responses may result in losing the public trust in the Group brand.<br>· 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. | · We continually implement concrete and highly effective initiatives under our Environmental Policy in six priority areas: addressing climate change, improving energy efficiency, addressing biodiversity, managing water resources, managing chemical substances, and improving waste management and resource efficiency.<br>· In order to reduce our climate change impact, we will work to identify and reduce greenhouse gas emissions in our business activities across the board, including every stage from product production to disposal. We are also working to reduce the risks associated with abnormal weather events caused by climate change by dispersing suppliers of raw materials and production factories and incorporating BCP perspectives when selecting locations for our facilities. For more information on specific initiatives, please see: 2. Our Sustainability Approach and Initiatives (2) Climate Change (ii) Strategy.<br>· We will strengthen our efforts based on our Biodiversity Conservation Policy in order to avoid or minimize any negative impact on biodiversity throughout our value chain and to conserve and restore biodiversity. |

| 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 established frameworks for sourcing reasonably priced raw materials at appropriate prices without having to rely on specific suppliers. We do this by diversifying our raw materials suppliers across regions and identifying excellent producers in each region. We are also developing alternative materials. |
| 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.<br>· 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.<br>· The Board of Directors deliberates on the viability of the currencies in which our financial assets are held. |

| Risk Item | Risks and their Effects | Main Initiatives |
|---|---|---|
| Information security risks | · If sensitive information such as customer information (including personal information) and trade secrets, etc. were to be leaked or lost, we would need to respond by recovering the information, and apologizing and paying damages. This may adversely affect our business performance and lead to loss of trust among our customers.<br>· 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. | · To ensure that confidential information and personal 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.<br>· The Information Security Office builds and improves systems to ensure the appropriate management of sensitive information and personal information in anticipation of external attacks, internal fraud and various other incidents. This is done by organizing and updating regulations for each business segment, developing information management systems, ensuring all necessary infrastructure is in place, evaluating our administrative processes and our contractors, and conducting incident management and regular educational and awareness-building activities. |
| Intellectual property risks | ·If the intellectual property rights relating to the Group's products and the latest technologies used in all kinds of areas, including product management, store operations, and e-commerce websites were found to be owned by an outside party, this could present difficulties regarding our use of these technologies or supplying products.<br>· 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.<br>· 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.<br>· 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.<br>· 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.<br>In Europe, the United States, and other countries and regions, our response to tighter regulations and legislation aimed at protecting human rights in the supply chain may impact the production, transportation and sales frameworks 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.<br>・ 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.<br>・ 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.<br>・ 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.<br>・ 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.<br>・ 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.<br>・ 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.<br>・ 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.<br>・ To better respond to 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 standby 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. In addition, we have standardized our contracts for warehouse operators and require all operators to comply with the Fast Retailing Code of Conduct and cooperate on human rights audits, and we have also established systems to facilitate uniform operations across all our global operations. Furthermore, we engaged external organization specialists to conduct regular audits of our warehouse operators and their subcontractors, and work hard to strengthen frameworks and initiatives designed to prevent the materialization of significant risks. |
| 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.<br>・ 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 Group businesses operate, changes in the business environment, such as inclement weather, climate change or changes in consumption trends, may result in a decline in product sales or an 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. |

D. 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 fiscal year ended 31 August 2024**

The Fast Retailing Group reported a record high performance in fiscal 2024, or the twelve months from 1 September 2023 to 31 August 2024, with revenue rising considerably to 3.1038 trillion yen (+12.2% year-on-year) and operating profit expanding significantly to 500.9 billion yen (+31.4% year-on-year). This performance was underpinned by an accelerated diversification of major earnings pillars and the determined establishment of frameworks for facilitating higher potential earnings across the globe. We recorded 56.2 billion yen in finance income net of costs, consisting primarily of 55.6 billion yen in interest income. As a result, profit before income taxes increased to 557.2 billion yen (+27.2% year-on-year) and profit attributable to owners of the parent expanded to 371.9 billion yen (+25.6% year-on-year) in the twelve months to 31 August 2024.

Capital expenditure increased by 10.0 billion yen year-on-year in fiscal 2024 to 112.1 billion yen. That figure can be broken down into 12.0 billion yen for UNIQLO Japan, 57.6 billion for UNIQLO International, 6.7 billion yen for GU, 1.6 billion yen for Global Brands, and 33.9 billion yen for systems, etc. We are establishing a solid global operational base by investing in new store openings, while also continuing to invest in automated warehousing.

The Fast Retailing Group is focusing on a number of areas as part of its endeavor to become a global No.1 brand that is essential to daily living and is trusted by all customers around the world. Those measures include (1) Investing in human capital and strengthening the training of management talent, (2) Pursuing a business model in which the development of business contributes to sustainability, (3) Further progressing the development of a digital consumer retailing industry, (4) Diversifying global earnings pillars, and (5) Expanding the GU business segment, as well as Theory and other Global brands. We aim to continue to open high-quality new stores and enhance our product development and branding at UNIQLO International in particular as the growth pillar of the Fast Retailing Group. We are also committed to creating LifeWear, simple and high-quality everyday clothing, in order to help build a sustainable society. Our aim is to create high-quality clothing that lasts a long time, clothing that exerts a lower impact on the planet and is made in healthy and safe working environments, and circular clothing that can ultimately be recycled or reused.

**UNIQLO Japan**

UNIQLO Japan reported an increase in revenue and a considerable increase in profits in fiscal 2024, which resulted in a record annual performance for the business segment. Revenue totaled 932.2 billion yen (+4.7% year-on-year) and operating profit expanded to 155.8 billion yen (+32.2% year-on-year). Full-year same-store sales (including e-commerce) expanded by 3.2% year-on-year. In the first half from 1 September 2023 through 29 February 2024, same-store sales contracted by 3.4% year-on-year as a result of the warm winter weather. However, same-store sales subsequently increased by 11.7% year-on-year in the second half from 1 March through 31 August 2024 thanks to consistently high temperatures and successful efforts to accurately capture customer demand by maintaining strategic inventory of core summer ranges through the end of the summer season and by enhancing marketing initiatives. Buoyant demand from overseas visitors also contributed to the increase in UNIQLO Japan revenue as UNIQLO brand recognition continues to rise worldwide. The gross profit margin improved by 2.9 points year-on-year. This was due to successful efforts to ensure production orders closely reflected latest sales trends in order to reduce the impact of spot exchange rates used for additional production orders, thereby improving cost of sales and consequently reducing the second-half discounting rate. The UNIQLO Japan selling, general and administrative expense ratio improved by 0.5 point in fiscal 2024 as strong sales helped improve component cost ratios such as personnel and advertising and promotion.

**UNIQLO International**

UNIQLO International reported a record high performance in fiscal 2024 on the back of significant increases in both revenue and profit, with revenue rising to 1.7118 trillion yen (+19.1% year-on-year) and operating profit expanding to 283.4 billion yen (+24.9% year-on-year). Operating profit margins improved significantly in both North America and Europe, bringing operating profit margins across all regions to 15% or higher.

Breaking down the UNIQLO International performance into individual regions and markets, the Greater China region reported higher revenue and a slight increase in profit in fiscal 2024, with revenue rising to 677.0 billion yen (+9.2% year-on-year) and operating profit totaling 104.8 billion yen (+0.5% year-on-year). In local currency terms, full-year revenue increased while profit contracted slightly in the Mainland China and Hong Kong markets. While sales in those two markets proved strong in the first half of the business year, second-half revenue declined and profit contracted considerably as sales proved sluggish in comparison with the high bar set in the previous year and in the face of a slowdown in consumer appetite, unseasonal weather, and product lineups that did not fully satisfy the needs of local customers. By contrast, the Taiwan market reported increases in both full-year revenue and profit. UNIQLO South Korea and UNIQLO Southeast Asia, India & Australia reported significantly higher full-year revenue and profits, with combined revenue for those markets rising to 540.5 billion yen (+20.2% year-on-year) and operating profit totaling 97.6 billion yen (+24.8% year-on-year). Within that grouping, UNIQLO South Korea reported year-on-year increases in revenue and profit in fiscal 2024, while UNIQLO Southeast Asia, India & Australia reported significant full-year revenue and profit gains on strong sales of HEATTECH, fleece, Bra Tops, UV protection parkas, and other ranges. Meanwhile, UNIQLO North America achieved a significant increase in revenue and profit in fiscal 2024, with revenue totaling 217.7 billion yen (+32.8% year-on-year) and operating profit totaling 34.8 billion yen (+65.1% year-on-year). Same-store sales increased sharply on the back of continued efforts to convey pertinent product-related information, especially relating to core products. UNIQLO Europe also reported substantial increases in revenue and profit in fiscal 2024, with revenue totaling 276.5 billion yen (+44.5% year-on-year) and operating profit expanding to 46.5 billion yen (+70.1% year-on-year) on the back of extremely strong sales at new stores and significantly stronger, double-digit growth in same-store sales.

**GU**

GU reported an increase in revenue and a significant expansion in profits in fiscal 2024, with revenue reaching 319.1 billion yen (+8.1% year-on-year) and operating profit expanding to 33.7 billion yen (+28.9% year-on-year). GU same-store sales expanded as the brand witnessed strong sales of Heavy Weight Sweatshirts, Sweat Look T-shirt, Barrel Leg Jeans, and several other items that incorporated global mass fashion trends. Strong demand from overseas visitors also contributed to the strong revenue figures. The considerable expansion in profits was underpinned by efforts to improve cost of sales, which resulted in a higher gross profit margin.

**Global Brands**

In fiscal 2024, the Global Brands segment reported a decline in revenue to 138.8 billion yen (−2.0% year-on-year). Business profit, a measure that illustrates pure business profitability by deducting cost of sales and selling, general and administrative expenses from the revenue total, contracted to 0.1 billion yen (−76.2% year-on-year). These declines were the result of a reduction in store numbers associated with structural reforms at PLST and Comptoir des Cotonniers operations, and sluggish sales at the Theory label. Operating profit moved back into the black to the tune of 0.6 billion yen (compared with a loss of 3.0 billion yen in fiscal 2023) but that was due to the recording of impairment losses relating to the closure of unprofitable stores. Our Theory operation reported a decline in revenue in local currency terms on the back of sluggish sales growth in the United States and lackluster sales in Asia due to depressed consumer appetite. While the PLST label reported significantly lower revenue from fewer stores, same-store sales increased and continue to show signs of a steady recovery. The PLST gross profit margin improved significantly and operating profit moved into the black as the label continued its shift toward a new business model that does not rely on discounting. Finally, while Comptoir des Cotonniers reported a decline in revenue on the back of fewer store numbers, the brand also reported a contraction in operational losses as restructuring measures helped improve cost structures.

**Sustainability**

Fast Retailing is advancing its LifeWear concept—the ultimate in everyday clothing, designed to make everyone's life better—to create apparel that emphasizes quality, design and price, in addition to being environmentally friendly, protecting human rights and contributing to society. We have identified six priority areas (materialities) for our sustainability activities. The main company activities during the current consolidated fiscal year are as follows.

■ Creating new value through products and sales:

UNIQLO is promoting its "RE.UNIQLO" initiative to transition to a recycling-based society by extending the lifespan of clothes, as part of its REDUCE, REUSE, RECYCLE activities. For REDUCE activities, as of the end of August 2024, RE.UNIQLO Studio, which offers clothing repair, remake and upcycle services, has been rolled out to 45 UNIQLO stores across 20 countries and regions (at the end of the previous fiscal year it was 25 stores across 13 countries and regions). For REUSE activities, we conducted trial sales of pre-owned clothing at four UNIQLO stores in Japan as part of the UNIQLO Pre-Owned Clothes Project. After analyzing the feedback and concerns expressed by customers, we plan to start selling pre-owned clothing at multiple stores in the next fiscal year. For RECYCLE activities, we have been developing and adopting recycled materials, and among UNIQLO 2024 spring/summer products the ratio of materials with low greenhouse gas emissions such as recycled materials was 18.2% (8.5% for 2023 products), and the ratio of recycled polyester to total polyester usage was 47.4% (30.0% for 2023 products).

■ Respecting human rights and labor environment in the supply chain:

We are also continually strengthening our efforts to improve transparency and traceability, and respect human rights and labor environments. Relating to our commitment to responsible recruitment of migrant workers, in September 2023, we updated the Code of Conduct for Production Partners and the Standards and Guidelines on Responsible Recruitment of Foreign Migrant Workers for Production Partners to clarify our policies to protect the rights of migrant workers. In addition, our efforts and disclosures so far relating to respecting human rights have been evaluated, and in the 2023 ratings from Corporate Human Rights Benchmark and KnowTheChain, which are major human rights benchmarks, we received a high ranking of 4th out of 55 companies and 4th out of 65 companies, respectively, among the world's leading apparel companies.

■ Consideration for the environment:

We have set ourselves the goal of reducing greenhouse gas emissions at our stores and offices by 90% by the fiscal year ending August 2030 compared to the fiscal year ended August 2019, and by 20% in our supply chains. In addition to implementing renewable energy within the company, we are strengthening our efforts to reduce greenhouse gas emissions together with UNIQLO and GU's main factories. In recognition of these efforts and disclosures, for the second consecutive year we have been recognized as an "A-List" company for climate change by international non-profit organization CDP.

We are also aiming to achieve a net positive impact on biodiversity throughout the value chain over the long-term. In November 2023, we formulated and announced the Fast Retailing Group Policy on Biodiversity in order to minimize the impact of our business on biodiversity and to promote the conservation and restoration of biodiversity. We are accelerating concrete initiatives in collaboration with external partners.

■ Community co-existence and mutual support:

As of June 2022, UNIQLO has launched the PEACE FOR ALL project, which involves selling graphic T-shirts designed by celebrities who share our desire to take action for world peace. All profits (equivalent to 20% of the sale price per shirt) are donated to three humanitarian aid organizations to support refugees, women and children suffering from poverty, discrimination, violence, conflict and war. Our donations since the start of the initiative totaled 1.668 billion yen by the end of August 2024.

In addition, as an emergency disaster relief measure, by the end of August 2024 we had donated a total of 100 million yen to the areas affected by the Noto Peninsula earthquake that occurred in January 2024, provided approximately 90,000 clothing items, and set up stores at evacuation centers.

■ Supporting employee fulfillment:
We are implementing various initiatives to promote diversity in four priority areas of gender, Global One Team, disabilities and LGBTQ+, including the introduction of systems and training programs to support relevant parties. The Human Rights Committee discussed reports on issues such as improving the ratio of women in managerial positions, reducing the gender pay gap and tackling customer harassment, along with measures to address them. Based on the committee's meetings, development plans and skill enhancement support for female management candidates, and other measures to promote the appointment of female managers, were discussed at women's human resources development meetings. In addition, we are expanding measures to support the balancing of life events in various countries, including the introduction of new support measures relating to childcare in Japan and the United States.

■ Implementing good corporate governance:
To enable rapid and transparent management, we have a number of committees engaged in open and active discussions. The Human Rights Committee reported the results of hotline consultations and human rights and communication surveys targeting UNIQLO Japan and UNIQLO International employees, as well as on hotline consultations for factory workers at our partner factories, and discussed how to resolve each issue. The Nomination and Remuneration Advisory Committee discussed and made resolutions on the nomination policy and appointment proposals for directors and corporate auditor candidates, as well as the remuneration of internal directors. The Risk Management Committee discussed measures to minimize the impact on the company in the event of a business partner's unexpected business suspension and other occurrences, in addition to strengthening internal controls and internal information security, with the aim of strengthening management systems.

(b) Cash Flow Information
Cash and cash equivalents as at 31 August 2024 had increased by 290.2 billion yen from the end of the preceding fiscal year to 1.1935 trillion yen.

(Operating Cash Flows)
Net cash generated by operating activities for the fiscal year ended 31 August 2024 was 651.5 billion yen (463.2 billion yen was generated during the fiscal year ended 31 August 2023). The principal factors were cash inflow from profit before tax for 557.2 billion yen and depreciation and amortization for 204.3 billion yen, and cash outflow from income taxes paid for 156.3 billion yen.
(Investing Cash Flows)
Net cash used in investing activities for the fiscal year ended 31 August 2024 was 82.2 billion yen (574.4 billion yen was used during the fiscal year ended 31 August 2023). The principal factors were 73.7 billion yen of payments for property, plant and equipment and 30.2 billion yen in payments for intangible assets.

(Financing Cash Flows)
Net cash used in financing activities for the fiscal year ended 31 August 2024 was 269.0 billion yen (364.5 billion yen was used during the fiscal year ended 31 August 2023). The principal factors were 104.2 billion yen in payment of dividends and 146.4 billion yen in repayments of lease liabilities.

**(2) Summary of Revenue and Purchasing**

(a) Revenue by division

| Division | Year ended 31 August 2023 (From 1 September 2022 to 31 August 2023) | | Year ended 31 August 2024 (From 1 September 2023 to 31 August 2024) | |
|---|---|---|---|---|
| | Revenue (Millions of yen) | Percentage of total (%) | Revenue (Millions of yen) | Percentage of total (%) |
| Men's clothing | 387,194 | 14.0 | 415,253 | 13.4 |
| Women's clothing | 392,864 | 14.2 | 405,260 | 13.1 |
| Children's & babies' clothing | 65,434 | 2.4 | 67,288 | 2.2 |
| Goods and other items | 37,596 | 1.4 | 36,983 | 1.2 |
| Total sales of UNIQLO Japan | 883,090 | 31.9 | 924,785 | 29.8 |
| Franchise-related income & alteration charges | 7,337 | 0.3 | 7,441 | 0.2 |
| Total UNIQLO Japan operations | 890,427 | 32.2 | 932,227 | 30.0 |
| UNIQLO International operations | 1,437,147 | 51.9 | 1,711,833 | 55.2 |
| Total UNIQLO operations | 2,327,575 | 84.1 | 2,644,060 | 85.2 |
| GU operations | 295,206 | 10.7 | 319,162 | 10.3 |
| Global Brands operations | 141,685 | 5.1 | 138,837 | 4.5 |
| Other operations | 2,090 | 0.1 | 1,776 | 0.1 |
| Total | 2,766,557 | 100.0 | 3,103,836 | 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).
5. "Other operations" includes the real estate leasing business, etc.
6. E-commerce revenue from UNIQLO Japan
Fiscal year ended 31 August 2023: 133,894 million yen;
Fiscal year ended 31 August 2024: 136,961 million yen.

(b) Sales per unit

| Summary | | Year ended 31 August 2024 (From 1 September 2023 to 31 August 2024) | Year-on-year change (%) |
|---|---|---|---|
| Revenue | | 2,220,215 million yen | 113.8 |
| Sales per $m^2$ | Sales floor area (average) | 2,935,510 $m^2$ | 102.5 |
| | Sales per $m^2$ (yearly) | 756 thousand yen | 110.9 |
| Sales per employee | Number of employees (average) | 88,652 persons | 99.2 |
| | Sales per employee (yearly) | 25,044 thousand yen | 114.7 |

(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 the average number of the sales floor area as at current fiscal year end and previous year end.

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 2024 (From 1 September 2023 to 31 August 2024) | | |
|---|---|---|---|
| | Purchases (Millions of yen) | Year-on-year change (%) | Percentage of total (%) |
| Men's clothing | 209,109 | 112.5 | 14.4 |
| Women's clothing | 201,588 | 101.3 | 13.8 |
| Children's & babies' clothing | 35,237 | 113.2 | 2.4 |
| Goods and other items | 19,414 | 115.0 | 1.3 |
| Total UNIQLO Japan operations | 465,350 | 107.5 | 32.0 |
| UNIQLO International operations | 774,446 | 120.4 | 53.2 |
| Total UNIQLO operations | 1,239,796 | 115.2 | 85.2 |
| GU operations | 164,134 | 102.8 | 11.3 |
| Global Brands operations | 52,039 | 90.2 | 3.6 |
| Total | 1,455,971 | 112.6 | 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).

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) Material policies and estimations

The Group's consolidated financial statements were prepared in accordance with IFRS Accounting Standards. 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 fiscal year ended 31 August 2024

Please see "D. 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 infection, 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 1.1935 trillion yen at the end of the consolidated fiscal year under review, against revenue of 3.1038 trillion yen for the consolidated fiscal year under review. We believe the current on-hand liquidity is adequate.

(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).

(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 corporate bonds (past cumulative total of 500 billion yen) to raise capital. We will continue to consider procuring corporate bonds in a timely and appropriate manner, while also investing the funds into expansion of our overseas business and promotion of various projects.

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.

E. Major Contracts

Not applicable.

F. Research and Development

Not applicable.

## 5. Capital Expenditures

A. Capital Expenditures

UNIQLO Japan opened 37 new stores. UNIQLO International opened 54 stores in the Greater China, 10 in South Korea, 3 in Singapore, 14 in Malaysia, 7 in Thailand, 7 in the Philippines, 9 in Indonesia, 5 in Australia, 6 in Vietnam, 3 in India, 13 in United States of America, 5 in Canada, 2 in United Kingdom, 3 in France, 2 in Italy and 1 in Luxembourg. GU opened 38 new stores. In addition, Global Brands opened 46 new stores.

As a result, the Group's capital expenditure increased by 10.0 billion yen year-on-year in fiscal 2024 to 112.1 billion yen. That figure can be broken down into 12.0 billion yen for UNIQLO Japan, 57.6 billion for UNIQLO International, 6.7 billion yen for GU, 1.6 billion yen for Global Brands, and 33.9 billion yen for systems, etc. In addition to store openings, we are establishing a global business foundation by continuing to invest in automated warehouses.

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 2024, 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 | 738 | - | - | 82 | 1,868 | 34 |
| | Commercial establishments | Chuo-ku, Fukuoka City, etc. | - | - | 158 | 7,916 | 2,672 | 3,761 | 14,509 | - |
| | Others | | 29,308.87 | 76 | 17,002 | 94,703 | 3,423 | 5,306 | 120,511 | 1,567 |

(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 | 471 | 21,396 | 53,474 | 25,997 | 4,627 | 105,967 | 8,527 |
| | UNIQLO Japan, others | | 19,960.76 | 353 | 6,215 | 25,701 | 4,276 | 26,497 | 63,044 | 3,847 |
| | Total for UNIQLO Japan | | 22,551.82 | 825 | 27,612 | 79,175 | 30,274 | 31,124 | 169,012 | 12,374 |
| G.U. CO., LTD. | Stores in Japan, etc. | Yamaguchi City, Yamaguchi Prefecture, etc. | - | - | 14,648 | 25,618 | 10,037 | 2,599 | 52,903 | 4,885 |
| LINK THEORY JAPAN CO., LTD. | Stores in Japan, etc. | Yamaguchi City, Yamaguchi Prefecture, etc. | - | - | 297 | 263 | 197 | 59 | 818 | 847 |
| PLST CO., LTD. | Stores in Japan, etc. | Yamaguchi City, Yamaguchi Prefecture, etc. | - | - | 294 | 325 | 403 | 94 | 1,116 | 387 |

(3) Overseas subsidiaries

| Company name | Type of facility | Location | Area (m$^2$) | Capital expenditure (Millions of yen) | | | | | | Number of employees |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Land | Land | Buildings | Right-of-use assets | Deposits / Guarantees | Others | Total | |
| FAST RETAILING (CHINA) TRADING CO., LTD | UNIQLO International store, etc. | Shanghai, PRC | - | - | 22,268 | 11,018 | 5,183 | 9,607 | 48,078 | 12,774 |
| UNIQLO TRADING CO., LTD. | UNIQLO International store, etc. | Shanghai, PRC | - | - | 976 | 581 | 469 | 366 | 2,393 | 825 |
| FAST RETAILING (Shanghai) TRADING CO., LTD | UNIQLO International store, etc. | Shanghai, PRC | - | - | 897 | 710 | 377 | 148 | 2,132 | 448 |
| FRL Korea Co., Ltd. | UNIQLO International store, etc. | Seoul, South Korea | - | - | 2,785 | 6,281 | 5,115 | 1,444 | 15,625 | 1,734 |
| FAST RETAILING (SINGAPORE) PTE. Ltd. | Office, etc. | Republic of Singapore | - | - | - | 31 | 13 | 0 | 45 | 2 |
| UNIQLO (THAILAND) COMPANY LIMITED | UNIQLO International store, etc. | Bangkok, Kingdom of Thailand | - | - | 1,800 | 2,688 | 1,668 | 1,072 | 7,230 | 1,703 |
| PT. Fast Retailing Indonesia | UNIQLO International store, etc. | Jakarta, Indonesia | - | - | 2,826 | 2,322 | 723 | 1,712 | 7,586 | 1,896 |
| UNIQLO Australia Pty Ltd. | UNIQLO International store, etc. | Melbourne, Australia | - | - | 3,120 | 13,147 | 14 | 4,744 | 21,026 | 910 |
| Fast Retailing USA, Inc. | Office, etc. | New York, U.S.A. | - | - | 9,909 | 65,397 | 574 | 15,389 | 91,270 | 2,640 |
| UNIQLO EUROPE LTD | UNIQLO International store | London, United Kingdom | - | - | 17,809 | 37,596 | 1,094 | 14,317 | 70,819 | 4,343 |
| UNIQLO VIETNAM CO., LTD. | UNIQLO International store, etc. | Ho Chi Minh, Vietnam | - | - | 4,085 | 4,165 | 334 | 930 | 9,515 | 911 |
| UNIQLO INDIA PRIVATE LIMITED | UNIQLO International store, etc. | New Delhi, Republic of India | - | - | 1,622 | 1,153 | 289 | 433 | 3,498 | 554 |
| GU (Shanghai) Trading Co., Ltd. | International store, etc. | Shanghai, PRC | - | - | 61 | 174 | 53 | 10 | 298 | 69 |
| Fast Retailing France S.A.S. | Office, etc. | Paris, France | - | - | 54 | - | 24 | 273 | 352 | 0 |
| COMPTOIR DES COTONNIERS S.A.S. | International store, etc. | Paris, France | - | - | 161 | 411 | 279 | 48 | 900 | 310 |
| PRINCESSE TAM.TAM S.A.S. | International store, etc. | Paris, France | - | - | 106 | 594 | 163 | 36 | 902 | 137 |

(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 2024. 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 2025 (1 September 2024 – 31 August 2025) are as follows.

| Segment | Capital investment (Millions of yen) | Details of investment |
|---|---|---|
| UNIQLO Japan | 8,100 | New store openings (approx. 30 stores) |
| UNIQLO International | 101,200 | New store openings (approx. 150 stores)<br>Acquisition of store real estate, construction of new automated warehouse |
| GU | 5,600 | New store openings (approx. 32 stores) |
| Global Brand Business | 1,400 | New store openings (approx. 27 stores) |
| Others | 32,200 | IT-related investments, warehouses, etc. |
| Total | 148,500 | |

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

Also, the main new facility plans to be completed within three months from August 2024 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 store | Uniqlo Shinjuku-HONTEN | Japan Tokyo | 1,595 | 98 | May 2024 | October 2024 | 3,983 | Lease Hold |

(Notes) 1. Assets are not allocated among business segments.

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

(2) Planned removals of important facilities

There were no planned removals of important facilities as at 31 August 2024.

## 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 | 900,000,000 |
| Total | 900,000,000 |

(b) Shares issued

| Type | Shares issued as at 31 August 2024 (shares) | Number of shares issued as at submission date (shares) (29 November 2024) | Name of financial instrument exchange of listing or authorized financial instruments firms association | Details |
|---|---|---|---|---|
| Common stock | 318,220,968 | 318,220,968 | 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 | 318,220,968 | 318,220,968 | - | - |

(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 2024).

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 2024) on the submission date are shown in brackets [ ]. In addition to the below-listed items, the Board of Directors resolved at its meeting's held on 21 November 2024 to issue share subscription rights as share-based compensation stock options to 40 Company executive officers in accordance with the provisions stipulated in Articles 236, 238, and 240 of the Companies Act of Japan. The allotment date for the share subscription rights is scheduled for 20 December 2024.

(i) Share subscription rights A type

| | 5th | 6th | 7th |
|---|---|---|---|
| Resolution date | 9 October 2014 | 8 October 2015 | 13 October 2016 |
| Class and number of recipients | Employees of the Company: 36<br>Employees of the Group subsidiaries: 16 | Employees of the Company: 15<br>Employees of the Group subsidiaries: 19 | Employees of the Company: 16<br>Employees of the Group subsidiaries: 23 |
| Number of stock options (Shares) | 4,984 [4,868] | 301 [235] | 693 [621] |
| 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) | 14,952 [14,604] | 903 [705] | 2,079 [1,863] |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. | Same as left | Same as left |
| Exercise period of share subscription rights | From 14 November 2017<br>to 13 November 2024 | From 13 November 2018<br>to 12 November 2025 | From 11 November 2019<br>to 10 November 2026 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 14,125<br>Paid-in capital: 7,062 | Issue price: 15,219<br>Paid-in capital: 7,609 | Issue price: 11,561<br>Paid-in capital: 5,780 |
| 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 1) | Same as left | Same as left |

| | 8th | 9th | 10th |
|---|---|---|---|
| Resolution date | 12 October 2017 | 11 October 2018 | 10 October 2019 |
| Class and number of recipients | Employees of the Company: 19<br>Employees of the Group subsidiaries: 27 | Employees of the Company: 17<br>Employees of the Group subsidiaries: 32 | Employees of the Company: 11<br>Employees of the Group subsidiaries: 46 |
| Number of stock options (Shares) | 2,325 [2,053] | 2,050 [1,864] | 1,610 [1,503] |
| 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) | 6,975 [6,159] | 6,150 [5,592] | 4,830 [4,509] |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. | Same as left | Same as left |
| Exercise period of share subscription rights | From 10 November 2020<br>to 9 November 2027 | From 9 November 2021<br>to 8 November 2028 | From 8 November 2022<br>to 7 November 2029 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 12,549<br>Paid-in capital: 6,274 | Issue price: 19,425<br>Paid-in capital: 9,712 | Issue price: 22,019<br>Paid-in capital: 11,010 |
| 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 1) | Same as left | Same as left |

| | 11th | 12th | 13th |
|---|---|---|---|
| Resolution date | 15 October 2020 | 14 October 2021 | 15 December 2022 |
| Class and number of recipients | Employees of the Company: 18<br>Employees of the Group subsidiaries: 47 | Employees of the Company: 19<br>Employees of the Group subsidiaries: 47 | Officers of the Company: 37 |
| Number of stock options (Shares) | 1,181 [1,101] | 2,439 [2,425] | 7,579 [7,579] |
| 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) | 3,543 [3,303] | 7,317 [7,275] | 22,737 [22,737] |
| 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 2023 to 12 November 2030 | From 12 November 2024 to 11 November 2031 | From 20 January 2026 to 19 January 2033 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 25,853<br>Paid-in capital: 12,926 | Issue price: 24,391<br>Paid-in capital: 12,195 | Issue price: 23,605<br>Paid-in capital: 11,803 |
| 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 1) | Same as left | Same as left |

| | 14th |
|---|---|
| Resolution date | 21 December 2023 |
| Class and number of recipients | Officers of the Company: 37 |
| Number of stock options (Shares) | 16,643 [16,643] |
| 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) | 16,643 [16,643] |
| 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 19 January 2027<br>to 18 January 2034 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 36,888<br>Paid-in capital: 18,444 |
| 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 1) |

(Note 1) 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.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(ii) Share subscription rights B type

| | 5th | 6th | 7th |
|---|---|---|---|
| Resolution date | 9 October 2014 | 8 October 2015 | 13 October 2016 |
| Class and number of recipients | Employees of the Company: 223<br>Employees of the Group subsidiaries: 785 | Employees of the Company: 274<br>Employees of the Group subsidiaries: 921 | Employees of the Company: 339<br>Employees of the Group subsidiaries: 1,096 |
| Number of stock options (Shares) | 2,060 [597] | 3,604 [3,170] | 5,758 [5,404] |
| 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) | 6,180 [1,791] | 10,812 [9,510] | 17,274 [16,212] |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. | Same as left | Same as left |
| Exercise period of share subscription rights | From 14 December 2014 to 13 November 2024 | From 13 December 2015 to 12 November 2025 | From 11 December 2016 to 10 November 2026 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 14,266<br>Paid-in capital: 7,133 | Issue price: 15,382<br>Paid-in capital: 7,691 | Issue price: 11,722<br>Paid-in capital: 5,861 |
| 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 1) | Same as left | Same as left |

| | 8th | 9th | 10th |
|---|---|---|---|
| Resolution date | 12 October 2017 | 11 October 2018 | 10 October 2019 |
| Class and number of recipients | Employees of the Company: 395<br>Employees of the Group subsidiaries: 1,152 | Employees of the Company: 419<br>Employees of the Group subsidiaries: 1,267 | Employees of the Company: 528<br>Employees of the Group subsidiaries: 1,389 |
| Number of stock options (Shares) | 10,855 〔10,601〕 | 10,078 〔9,902〕 | 12,736 〔12,504〕 |
| 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) | 32,565 〔31,803〕 | 30,234 〔29,706〕 | 38,208 〔37,512〕 |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. | Same as left | Same as left |
| Exercise period of share subscription rights | From 10 December 2017 to 9 November 2027 | From 9 December 2018 to 8 November 2028 | From 8 December 2019 to 7 November 2029 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 12,711<br>Paid-in capital: 6,355 | Issue price: 19,630<br>Paid-in capital: 9,815 | Issue price: 22,244<br>Paid-in capital: 11,122 |
| 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 1) | Same as left | Same as left |

| | 11th | 12th |
|---|---|---|
| Resolution date | 15 October 2020 | 14 October 2021 |
| Class and number of recipients | Employees of the Company: 694<br>Employees of the Group subsidiaries: 1,435 | Employees of the Company: 736<br>Employees of the Group subsidiaries: 1,521 |
| Number of stock options (Shares) | 8,160 [7,988] | 13,861 [13,594] |
| Type of shares to be issued upon exercise of share subscription rights | Common stock | Same as left |
| Number of shares to be issued upon exercise of share subscription rights (Shares) | 24,480 [23,964] | 41,583 [40,782] |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. | Same as left |
| Exercise period of share subscription rights | From 13 December 2020<br>to 12 November 2030 | From 12 December 2021<br>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: 26,079<br>Paid-in capital: 13,039 | Issue price: 24,616<br>Paid-in capital: 12,308 |
| Exercise conditions of share subscription rights | If a holder of share subscription rights waives the right to acquire shares, the share subscription rights shall be forfeited and may not be exercised. | Same as left |
| Matters pertaining to transfer of share subscription rights | Any acquisition of share subscription rights by transfer shall require an authorizing resolution from the Board of Directors. | Same as left |
| Matters pertaining to issuing of share subscription rights in conjunction with reorganization | (Note 1) | Same as left |

(Note 1) 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.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(iii) Share subscription rights C type

| | 12th |
|---|---|
| Resolution date | 14 October 2021 |
| Class and number of recipients | Employees of the Company: 39 |
| Number of stock options (Shares) | 2,500 [2,500] |
| 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) | 7,500 [7,500] |
| Amount to be paid upon exercise of share subscription rights (Yen) | Number of shares allocated times ¥1 exercise price per share for all shares to be obtained through exercise of the share subscription rights. |
| Exercise period of share subscription rights | 12 November 2024 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 24,934<br>Paid-in capital: 12,467 |
| 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 1) |

(Note 1) 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.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(iv) 13th share subscription rights F type

| | |
|---|---|
| Resolution date | 15 December 2022 |
| Class and number of recipients | Officers of the Company: 2 |
| Number of stock options (Shares) | 18,305 [18,305] |
| 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) | 54,915 [54,915] |
| 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 20 January 2028<br>to 19 January 2033 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 23,410<br>Paid-in capital: 11,705 |
| 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 1) |

(Note 1) 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.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(v) 13th share subscription rights G type

| | |
|---|---|
| Resolution date | 15 December 2022 |
| Class and number of recipients | Officers of the Company: 7 |
| Number of stock options (Shares) | 48,815 [48,815] |
| 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) | 146,445 [146,445] |
| 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 20 January 2028 to 19 January 2063 |
| Fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights (Yen) | Issue price: 20,670<br>Paid-in capital: 10,335 |
| 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 1) |

(Note 1) 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.

(Note 2) Based on the resolution of the Board of Directors meeting held on 15 December 2022, our common stock has been split on a 3-to-1 basis, effective 1 March 2023. As a result, the number of shares to be issued upon exercise of share subscription rights, the fair value on the grant date and amount of paid-in capital per share upon exercise of share subscription rights have been adjusted.

(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) |
|---|---|---|---|---|---|---|
| 1 March 2023 (Note) | 212,147,312 | 318,220,968 | - | 10,273 | - | 4,578 |

(Note) The increase in total number of shares issued is due to our common stock being split on a 3-to-1 basis on 1 March 2023 based on a resolution at the Board of Directors meeting held on 15 December 2022.

(5) Status by Type of Holder

As at 31 August 2024

| 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) | - | 63 | 35 | 184 | 971 | 47 | 8,434 | 9,734 | - |
| Number of shares held (trading units) | - | 1,010,882 | 109,069 | 254,157 | 766,542 | 106 | 1,039,793 | 3,180,549 | 166,068 |
| Percentage of shares held (%) | - | 31.78 | 3.43 | 7.99 | 24.10 | 0.00 | 32.69 | 100.00 | - |

(Notes) 1. The 11,481,781 shares of treasury stock are included in shares held by individuals and others by 114,817 units and Shares less than one unit (shares) by 81 shares.

2. Figures shown in the columns “Other corporations” and “Shares less than one unit” include 83 units of shares and 52 shares, respectively, in the name of Japan Securities Depository Center, Inc.

(6) Major Shareholders

As at 31 August 2024

| 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. | 1-8-1 Akasaka, Minato-ku, Tokyo | 66,701 | 21.75 |
| Tadashi Yanai | Shibuya-ku, Tokyo | 53,391 | 17.41 |
| Custody Bank of Japan, Ltd. | 1-8-11 Harumi, Chuo-ku, Tokyo | 32,446 | 10.58 |
| TTY Management B.V. | De Entree 99, 1101 HE Amsterdam, The Netherlands | 15,930 | 5.19 |
| Kazumi Yanai | New York, U.S.A. | 14,345 | 4.68 |
| Koji Yanai | Shibuya-ku, Tokyo | 14,344 | 4.68 |
| Fight & Step Co., Ltd. | 1-4-3 Mita, Meguro-ku, Tokyo | 14,250 | 4.65 |
| 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) | 10,946 | 3.57 |
| MASTERMIND, LLC | 1-4-3 Mita, Meguro-ku, Tokyo | 10,830 | 3.53 |
| JP MORGAN CHASE BANK (Standing proxy Mizuho Bank, Ltd.) | 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo) | 8,528 | 2.78 |
| Total | - | 241,715 | 78.80 |

(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 9 November 2023 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 1 November 2023. However, since the Company has not been able to confirm the number of shares actually held as at 31 August 2024, 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 | 276 | 0.09 |
| Nomura International PLC | 1 Angel Lane, London EC4R 3AB, United Kingdom | 385 | 0.12 |
| Nomura Asset Management Co., Ltd. | 2-2-1 Toyosu, Koto-ku, Tokyo | 31,868 | 10.01 |

4. In addition to the above 11,481,781 shares of treasury stock are held by the Company.

(7) Voting Rights

(a) Shares issued

As at 31 August 2024

| 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 11,481,700 | - | - |
| Shares with full voting rights (others) | Common stock 306,573,200 | 3,065,732 | (Note) |
| Shares less than one unit | Common stock 166,068 | - | (Note) |
| Total number of shares issued | 318,220,968 | - | - |
| Total number of voting rights of all Shareholders | - | 3,065,732 | - |

(Note) The columns for the number of shares of “Shares with full voting rights (others)” and “Shares less than one unit” include, 8,300 shares and 52 shares, respectively, held in the name of Japan Securities Depository Center, Inc.

(b) Treasury Stock

As at 31 August 2024

| 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 | 11,481,700 | - | 11,481,700 | 3.61 |
| Total | - | 11,481,700 | - | 11,481,700 | 3.61 |

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 2024 | 124 | 5,158 |
| Treasury stock purchased from 1 September 2024 to the submission date | 66 | 2,985 |

(Note) "Treasury stock purchased from 1 September 2024 to the submission date" does not include shares of less than one unit purchased between 1 November 2024 and the submission date of this report.

(4) Status of treasury stock purchased

| Class | Fiscal year ended 31 August 2024 | | From 1 September 2024 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) | 71,043 | 90,493 | 12,753 | 16,251 |
| Number of Treasury shares held | 11,481,781 | - | 11,469,094 | - |

(Note) The breakdown of figures for the fiscal year ended 31 August 2024 reflects the exercise of 70,995 share subscription rights, a share disposal value of 90,432 thousand yen and requests of sales of 48 shares for shares less than one unit, a share sales value of 61 thousand yen. The breakdown of figures for the current fiscal year reflects the exercise of share subscription rights, and does not include shares of less than one unit purchased between 1 November 2024 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 225 yen per share and the interim dividend was 175 yen per share, so the annual dividend was 400 yen per share. Note that our common stock was split on a 3-to-1 basis, effective March 1, 2023. Taking into account the stock split, the dividend increased by 110 yen from the previous fiscal year. We intend to effectively utilize internal reserves and free cash flow for financial investment and loans to strengthen the operational base of the Group companies, and we will endeavor to achieve continual and stable growth.

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

Dividends for the current fiscal year are as follows:

| Resolution date | Total dividends (Millions of yen) | Dividends per share (Yen) |
|---|---|---|
| Board of Directors resolution made at the meeting held on 11 April 2024 | 53,764 | 175 |
| Board of Directors resolution made at the meeting held on 7 November 2024 | 69,016 | 225 |

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 fiscal year ended 31 August 2024.

## 7. Corporate Governance Report

A. Basic Thinking on Corporate Governance

Fast Retailing is more determined than ever to pursue business expansion and sustainability initiatives in tandem as part of our aim to become a global No.1 brand that is essential to daily living and trusted by all customers around the world based on our corporate statement: Changing clothes. Changing conventional wisdom. Change the world.

To achieve these aims, we are working hard to establish an effective corporate governance structure. Fast Retailing is a company with an Audit & Supervisory Board. To enhance the independence of the Board of Directors and strengthen its surveillance ability, the majority of the directors on the Board are external directors. Fast Retailing has introduced a corporate officer system to separate decision-making and business-execution functions and facilitate fast management decisions and business implementation. In addition, the company has established a variety of committees to complement the effective functioning of the Board, including the Human Resources, Sustainability, Disclosure, IT Investment, Code of Conduct, Business Ethics, Risk Management, Nomination and Remuneration Advisory, and Human Rights committees. Each committee encourages prompt, open debate and decision-making to fulfill its designated purpose and responsibilities. We use these frameworks to help respond to the needs and demands of our customers, business partners, shareholders and all other stakeholders.

B. Details of Company organization and internal control systems

(1) Details of company organization

The Company has built a corporate governance system consisting of the Board of Directors, the Audit & Supervisory Board, 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 and other fields. In accordance with internal regulations regarding matters to be discussed in and reported to the Board, the Board of Directors resolves, or receives reports, on Company management policy and matters relating to the execution of important business or items examined by resolution of the General Meeting of Shareholders as well as matters stipulated by laws and regulations or the Company's Articles of Incorporation. In FY 2024, the Board of Directors resolved or discussed a range of items including approving the annual budget and financial results, executive appointments, funding plans, and fund management policy

The majority of the Directors on the Board are external in order to heighten the Board's independence and strengthen its supervisory function. The external Directors all participate actively in Board discussions and offer their opinions without reservation.

The Board of Directors meets at least once a month. In FY 2024, the Board met 13 times. The attendance rate of each Director is listed below.

| Name | Held | Attendance |
|---|---|---|
| Tadashi Yanai | 13 | 13 |
| Nobumichi Hattori | 13 | 13 |
| Masaaki Shintaku | 13 | 13 |
| Naotake Ono | 13 | 13 |
| Kathy Mitsuko Koll | 13 | 13 |
| Joji Kurumado | 13 | 13 |
| Yutaka Kyoya | 13 | 13 |
| Takeshi Okazaki | 13 | 13 |
| Kazumi Yanai | 13 | 13 |
| Koji Yanai | 13 | 13 |

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members, including three external Audit & Supervisory Board Members, with a full-time Audit & Supervisory Board Member acting as chairperson. The external Audit & Supervisory Board Members are fully independent and they have ample knowledge and experience as attorneys, certified public accountants, and corporate managers. Through their participation in the Board of Directors, the Audit & Supervisory Board Members are fully aware of the decision-making process of the Board of Directors and are 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 Audit & Supervisory Board 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. In FY 2024, the Audit & Supervisory Board met 15 times. The attendance rate of each Audit & Supervisory Board Member is listed below.

| Name of Audit & Supervisory Board Member | Number of Meetings | Number of Attendances |
|---|---|---|
| Masaaki Shinjo | 15 | 15 |
| Masumi Mizusawa | 15 | 15 |
| Tomohiro Tanaka | 10 | 10 |
| Keiko Kaneko | 15 | 15 |
| Takao Kashitani | 15 | 14 |
| Masakatsu Mori | 15 | 15 |

* Masaaki Shinjo retired at the Annual General Meeting of Shareholders for the fiscal year ended August 31, 2024 held on November 28, 2024.

The various committees complement the work of the Board of Directors. The External Directors and External Audit & Supervisory Board Members 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 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 three times during FY 2024.

Sustainability Committee
The Sustainability Committee discusses and determines Fast Retailing's overall sustainability strategy, environmental protection, social responsibility, response to human rights issues, diversity, public relations and other considerations. The head of the Sustainability Department chairs the committee and committee members are made up of Outside Experts, Directors, Audit & Supervisory Board Members, and Executive Officers. The committee met four times during FY 2024.

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 twelve times during FY 2024.

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 Executive Officers. The committee met three times during FY 2024.

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 External Audit & Supervisory Board Members qualified as lawyer and Executive Officers. The committee met thirteen times during FY 2024.

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 Audit & Supervisory Board Members (including External Audit & Supervisory Board Members) and Executive Officers. The committee met eleven times during FY 2024.

Risk Management Committee

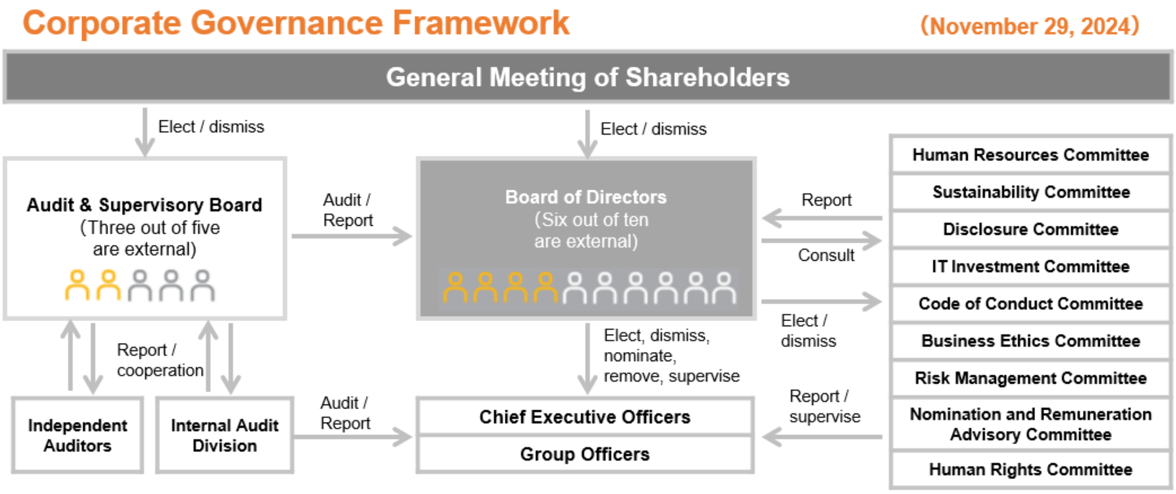
In order to identify latent risks in business activities on a regular basis and to strengthen systems for detecting and managing material risks, this committee analyzes and assesses the impact and frequency of risks on business, and discusses countermeasures for high-risk business areas to prevent any 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 External Directors and Executive Officers. The committee met four times during FY 2024.

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 nominated by the Board. All the Company’s independent external directors and some of the external Audit & Supervisory Board Members serve as committee members. We believe that Fast Retailing’s corporate statement and corporate spirit represent vital sources of growth and that it is important to pass on those commitments and values. For that reason, the Company’s representative director also serves on the committee. The committee met three times in FY 2024, to discuss and resolve on the nomination policy and election agenda for Director and Audit & Supervisory Board Member candidates, as well as remuneration for Internal Directors. All committee members attended all of the meetings.

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 seven times during FY 2024.

Below is a diagram of our corporate governance system.



The members and chairs of the Board of Directors, Audit & Supervisory Board and other committees are as follows:

| Title | Name | Board of Directors | Audit & Supervisory Board | 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 | ○ | | ○ | | | | | | | ○ | |
| Audit & Supervisory Board Members | Masumi Mizusawa | △ | ○ | ○ | ○ | △ | | ○ | | △ | | ○ |
| | Tanaka Tomohiro | △ | ○ | | ○ | △ | △ | | ○ | △ | | |
| External Audit & Supervisory Board Members | Keiko Kaneko | △ | ○ | ○ | | | | ○ | | | | ○ |
| | Takao Kashitani | △ | ○ | | | | | | ○ | | ○ | |
| | Masakatsu Mori | △ | ○ | | | | | | | △ | | |
| Senior Executive Directors | John C Jay | | | △ | ○ | | | | | | | |
| | Noriaki Koyama | △ | | ○ | ○ | | | ○ | | ○ | | ○ |
| | Shuichi Nakajima | | | | ○ | | | | ○ | ○ | | ○ |
| | Takahiro Wakabayashi | | | ○ | ○ | | | | | | | |
| | Daisuke Horikoshi | | | | | | | | | | | ○ |
| | Takahiro Kinoshita | | | | ○ | | | | | | | |
| Executive Directors | Hidetsugu Asada | | | | | | | | | ○ | | |
| | Alisha | | | | | | | | | | | ○ |
| | Yukihiro Nitta | | | | ○ | | | ○ | Chair | ○ | | ○ |
| | Shimpei Otani | | | | | | ○ | | | | | |
| | Serena Peck | | | | | | | | | | | ○ |
| | Takahiro Tambara | | | | | | ○ | | | ○ | | |
| | Dai Tanaka | | | | | | ○ | | | | | |
| | Yasuyuki Terashi | | | | | | | ○ | | | | |
| | Xiaozhou Wang | | | | | | | | | ○ | | |
| | Masahiro Yubisui | | | | | | | | △ | | | |
| | Tomohiko Sei | | | | | | | | | ○ | | |
| | Masanobu Kusaka | | | | | | | | | ○ | | |

| Title | Name | Board of Directors | Audit & Supervisory Board | 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) 1. ○: Member △: Non-member attendee (including observers)
2. As of 29 November 2024

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

The Company has entered into agreements with its Non-Executive Directors, External Audit & Supervisory Board Members, 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, Audit & Supervisory Board Members, 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. Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board, the President, and the compliance officer, and request appropriate improvements.

(h) Employee Assistants Requested by Audit & Supervisory Board Members and Ensuring the Independence and Effectiveness of Audit & Supervisory Board Members' Instructions to Employee Assistants

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

2. Assistants shall report directly to the Audit & Supervisory Board Members and may not hold concurrent positions that involve the execution of Company business.

(i) Director and Employee Reporting to Audit & Supervisory Board Members 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 Audit & Supervisory Board Members. Irrespective of these rules, the Audit & Supervisory Board Members may request reports from Directors or employees of the Company, or Directors, employees, and Audit & Supervisory Board Members 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 Audit & Supervisory Board Members. If the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members to penalize the submitter is forbidden. Submitted reports are protected by strict information management systems.

4. Audit & Supervisory Board Members communicate closely with the Independent Auditor, the Internal Audit Department, and Audit & Supervisory Board Members at Group companies through regular meetings and information exchange.

(j) Policy on Prepayment or Reimbursement of Expenses for Audit & Supervisory Board Members

If Audit & Supervisory Board Members 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 Audit & Supervisory Board Member's duties.

(k) Other Matters Ensuring Efficient Audits by Audit & Supervisory Board Members

1. Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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.

3 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 Audit & Supervisory Board Members

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 Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liabilities for actions described in Article 423-1 of the Companies Act, to the extent allowed by law. The purpose of this action is to create an environment where Directors and Audit & Supervisory Board Members 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 | Joined FAST RETAILING CO., LTD. | Note 4 | 53,391 |
| | | | | September 1972 | Director, FAST RETAILING CO., LTD. | | |
| | | | | August 1973 | Senior Managing Director, FAST RETAILING CO., LTD. | | |
| | | | | September 1984 | President & CEO, FAST RETAILING CO., LTD. | | |
| | | | | June 2001 | External Director, SOFTBANK GROUP CORP. （Retired Dec. 31, 2019） | | |
| | | | | November 2002 | Chairman and CEO, FAST RETAILING CO., LTD. | | |
| | | | | September 2005 | Chairman, President, and CEO, FAST RETAILING CO., LTD. (current) | | |
| | | | | November 2005 | Chairman, President, and CEO, UNIQLO CO., LTD. | | |
| | | | | September 2008 | Director and Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.) (current) | | |
| | | | | June 2009 | External Director, Nippon Venture Capital Co., Ltd. (current) | | |
| | | | | November 2011 | Director, LINK THEORY JAPAN CO., LTD. (current) | | |
| | | | | November 2018 | Representative Director, the Fast Retailing Foundation (current) | | |
| | | | | September 2023 | Chairman and CEO, UNIQLO CO., LTD. (current) | | |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Director | | Nobumichi Hattori | 25 December 1957 | April 1981 | Joined NISSAN MOTOR CO.,LTD. | Note 4 | - |
| | | | | June 1989 | Joined Goldman Sachs and Company, Headquarters (New York) | | |
| | | | | November 1998 | Managing Director of Goldman Sachs and Company, Headquarters (New York), and M&A Advisory of Goldman Sachs Japan Co., Ltd. | | |
| | | | | October 2003 | Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University | | |
| | | | | June 2005 | External Director, Miraca Holdings Inc. (currently H.U. Group Holdings, Inc.) | | |
| | | | | November 2005 | External Director, FAST RETAILING CO., LTD. (current) | | |
| | | | | April 2009 | Visiting Professor, Waseda Graduate School of Finance, Accounting and Law (current) | | |
| | | | | March 2015 | External Auditor, Frontier Management Inc. | | |
| | | | | June 2015 | External Director, Hakuhodo DY Holdings Inc. (current) | | |
| | | | | July 2016 | Visiting Professor, Graduate School of Business Administration, Keio University (current) | | |
| | | | | July 2024 | External Director, Ain Holdings Inc. (current) | | |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Director | | Masaaki Shintaku | 10 September 1954 | April 1978<br>December 1991<br><br>August 2000<br><br>January 2001<br><br>April 2008<br><br><br><br>June 2008<br><br>November 2009<br><br><br>March 2019<br><br>June 2020<br><br>June 2021<br><br><br>April 2023 | Joined IBM Japan, Ltd.<br>Joined Oracle Corporation Japan<br>President & CEO, Oracle Corporation Japan<br>Executive Vice President, Oracle Corporation<br>Vice Chairman, Special Olympics Nippon (currently Special Olympics Nippon Foundation)<br>Chairman, Oracle Corporation Japan<br>External Director, FAST RETAILING CO., LTD. (current)<br>Counselor, Special Olympics Nippon Foundation<br>External Director, NTT DOCOMO, INC. (current)<br>External Director, NTT Communications Corporation (current)<br>External Audit Committee, Juntendo University School of Medicine Juntendo Clinic (current) | Note 4 | - |
| Director | | Naotake Ono | 28 October 1948 | April 1971<br><br>June 2000<br><br>April 2004<br><br><br><br>April 2007<br><br><br><br>April 2011<br><br><br>November 2017<br><br><br>June 2018<br><br><br>November 2018<br><br><br>April 2021<br><br><br>May 2021 | Joined Daiwa House Industry Co., Ltd.<br>Director, Daiwa House Industry Co., Ltd .<br>Senior Managing Director, Deputy Director, Sales Division, Daiwa House Industry Co., Ltd.<br>Representative Director and Vice President, Director, Sales Division, Daiwa House Industry Co., Ltd.<br>Representative Director and President, Daiwa House Industry Co., Ltd.<br>Special Consultant, Daiwa House Industry Co., Ltd. (retired as of March 2021)<br>Part-time Director, Nomura Management School Foundation (current)<br>External Director, FAST RETAILING CO., LTD. (current)<br>Special Advisor, ASAI KEN ARCHITECTUAL RESEARCH INC. (current)<br>Special Advisor, PATIENCE CAPITAL GROUP (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. (retired as of October 2021) | | |
| | | | | 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 (Retired 26 March 2023) | | |
| | | | | September 2022 | Adjunct and part-time teacher, Architecture Course of WASEDA UNIVERSITY (current) | | |
| | | | | November 2022 | External Director, FAST RETAILING CO., LTD. (current) | | |
| | | | | July 2024 | Executive Adviser, Pacific Century Hotel Co., Ltd (current) | | |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| 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 (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<br>July 1998<br>January 2005<br>August 2011<br>August 2011<br>September 2012<br>November 2018<br>November 2018<br>June 2023 | Joined Long Term Credit Bank of Japan, Limited<br>Joined McKinsey & Company<br>Partner, McKinsey & Company<br>Joined FAST RETAILING Co., Ltd.<br>Group Executive Officer & CFO, Group Senior Executive Officer & CFO, FAST RETAILING Co., Ltd. (current)<br>Council member, the Fast Retailing Foundation (current)<br>Director, FAST RETAILING CO., LTD. (current)<br>Representative Director, PLST CO., LTD. (current) | Note 4 | 5 |
| Director | | Kazumi Yanai | 23 April 1974 | September 1997<br>July 2004<br>September 2009<br>January 2012<br>November 2012<br>November 2013<br>November 2015<br>July 2017<br>November 2018<br>June 2020<br>August 2022 | Joined Goldman Sachs and Company<br>Joined Link Theory Holdings (US) Inc. (currently Theory LLC), Headquarters (New York)<br>Joined FAST RETAILING Co., Ltd.<br>Chairman, Theory LLC (current)<br>Group Executive Director, FAST RETAILING Co., Ltd.<br>UNIQLO USA LLC COO<br>Chairman, UNIQLO USA LLC<br>CEO, Chairman and President, J BRAND HOLDINGS, LLC<br>Director, FAST RETAILING CO., LTD (current)<br>Executive Officer, FAST RETAILING CO., LTD (current)<br>Chairman, President, and CEO, LINK THEORY JAPAN CO., LTD. (current) | Note 4 | 14,345 |
| Director | | Koji Yanai | 19 May 1977 | April 2001<br>September 2012<br>May 2013<br>September 2013<br>November 2018<br>June 2020 | Joined Mitsubishi Corporation<br>Joined FAST RETAILING Co., Ltd., responsible for UNIQLO Sports Marketing<br>Director, UNIQLO Global Marketing<br>Group Executive Officer, FAST RETAILING Co., Ltd.<br>Director, FAST RETAILING CO., LTD (current)<br>Executive Officer, FAST RETAILING CO., LTD (current) | Note 4 | 14,344 |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Standing Audit & Supervisory Board Member | | Masumi Mizusawa | 22 July 1959 | November 1981<br>March 1988<br>October 2001<br>February 2004<br>November 2019<br>November 2020 | Joined the International Department of Yamaichi Securities Co., Ltd.<br>Joined the Research Department of Kleinwort Benson Securities (the Tokyo branch of Dresdner Kleinwort Wasserstein (Japan) Ltd.)<br>Joined the Investor Relations Department of FAST RETAILING CO., LTD.<br>General Manager, Global Corporate Management and Control Investor Relations Division, FAST RETAILING CO., LTD.<br>Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)<br>Audit & Supervisory Board Member, LINK THEORY JAPAN CO., LTD. (current) | Note 7 | 1 |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Standing Audit & Supervisory Board Member | | Tomohiro Tanaka | 13 March 1991 | April 2013<br>September 2015<br>February 2017<br>July 2018<br>March 2020<br>November 2021<br>March 2023<br>November 2023<br>July 2024<br>November 2024 | Joined Ernst & Young ShinNihon LLC (current EY Ernst & Young ShinNihon LLC)<br>Qualification of Certified Public Accountants<br>Joined PwC Advisory LLC<br>Joined FAST RETAILING CO., LTD. Corporate Management and Control Dept.<br>Manager, FAST RETAILING CO., LTD. Global Corporate Management and Control Consolidated Accounting<br>General Manager, Finance department UNIQLO TAIWAN LLC<br>CFO, UNIQLO TAIWAN<br>Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)<br>Auditor of FR Health Insurance Association (current)<br>Auditor of FAST RETAILING (CHINA) TRADING CO., LTD and other subsidiaries (current) | Note 7 | 0 |
| Audit & Supervisory Board Member | | Keiko Kaneko | 11 November 1967 | April 1991<br>April 1999<br>April 1999<br>January 2007<br>April 2007<br>November 2012<br>November 2012<br>June 2013<br>June 2019 | Joined Mitsubishi Corporation<br>Registered as a member of Japan Federation of Bar Associations<br>Joined Anderson, Mori & Tomotsune LPC<br>Partner, Anderson, Mori & Tomotsune LPC<br>Guest associate professor, Tokyo University Graduate School of Law<br>External Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)<br>External Audit & Supervisory Board Member, UNIQLO CO., LTD. (current)<br>External Audit & Supervisory Board Member, The Asahi Shimbun Company (current)<br>External Director, Daifuku Co., Ltd. (current) | Note 6 | - |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Audit & Supervisory Board Member | | Takao Kashitani | 7 November 1948 | February 1975<br>January 1986<br><br><br><br>April 1986<br><br><br>March 1989<br><br><br>April 2002<br><br><br><br><br><br><br>June 2012<br><br><br><br>June 2012<br><br><br>November 2018<br><br><br><br>July 2024 | Kashitani Public Accountant Office (current)<br>Representative, CENTURY Audit Corporation (currently Ernst & Young ShinNihon LLC)<br>Representative Director & CEO, Brain Core Co., Ltd. (current)<br>Representative Director & CEO, F P Brain Co., Ltd. (current)<br>Specially appointed professor, Chuo University Graduate School of International Accounting Department of Research (professional graduate school)<br>External Director, Tokyo Electric Power Company (currently Tokyo Electric Power Company Holdings)<br>External Director, Japan Freight Railway Company (current)<br>External Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current)<br>Kaneshime Holdings Co., Ltd (current) | Note 5 | - |

| Position | Responsibilities | Name | Date of birth | Brief biography | | Term of office | Number of shares held (Thousand shares) |
|---|---|---|---|---|---|---|---|
| Audit & Supervisory Board Member | | 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 Audit & Supervisory Board Member, FAST RETAILING CO., LTD. (current) | | |
| Total | | | | | | | 82,089 |

(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 Audit & Supervisory Board Members 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 28 November 2024.

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 28 November 2024.

7. For a four-year term beginning at the conclusion of the Ordinary General Meeting of Shareholders on 30 November 2023.

B. External Directors and External Audit & Supervisory Board Members

(1) Functions, roles and selection of External Directors and External Audit & Supervisory Board Members

The Company has six External Directors and three External Audit & Supervisory Board Members.

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 Audit & Supervisory Board Members 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.

Audit & Supervisory Board Member 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members.

The External Directors and External Audit & Supervisory Board Members receive reports at the Board of Directors meeting regarding internal audits, the operation of internal controls, audits by Audit & Supervisory Board Members, and the results of accounting audits.

With regard to the selection of External Directors and External Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members in various fields.

(2) Independent Officers

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 Officer 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 Audit & Supervisory Board Members; mutual cooperation between internal auditing, Audit & Supervisory Board Member auditing, and accounting audits; and relationship with the Internal Control Department

At meetings of the Board of Directors, the Audit & Supervisory Board, and various committees, etc., External Directors and External Audit & Supervisory Board Member receive reports about the operating status of internal auditing and internal control systems, the results of Audit & Supervisory Board Members 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 Audit & Supervisory Board, various committees, etc., Audit & Supervisory Board Members cooperate with external directors and External Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members' Audit

Audit & Supervisory Board Members always attend Board of Directors meetings and audit the status of management execution. The Audit & Supervisory Board consists of two Internal Full-time Audit & Supervisory Board Members and three External Audit & Supervisory Board Members. Audit & Supervisory Board Members receive reports about important matters related to auditing on a regular and on-demand basis from the Internal Audit Department and accounting auditors, and they discuss those important matters and always maintain a state of cooperation. Both Audit & Supervisory Board Member Tomohiro Tanaka and Audit & Supervisory Board Member Takao Kashitani hold the qualification of certified public accountant and Audit & Supervisory Board Member Masakatsu Mori holds the qualification to be certified public assistant. These members have substantial knowledge related to finance and accounting.

In FY 2024, the Audit & Supervisory Board discussed the effectiveness of global internal reporting systems and the current status and challenges facing our global logistics and e-commerce divisions.

In addition, the role of Full-time Audit & Supervisory Board Members includes attending subsidiary company board meetings and other important meetings, hearing accounts from directors and executive officers on the status of execution of their duties, inspecting and confirming important documents, visiting overseas subsidiaries, visiting stores and warehouses, and attending briefings given by the Internal Audit Department.

(2) Status of internal auditing

The Company's Internal Audit Department audits the operations and management of the Company and Group companies based on internal regulations and audit plans. The department also establishes internal control systems and processes including internal control of financial reporting based on the Financial Instruments and Exchange Act, and evaluates the operational status of those systems. Meanwhile, the department discloses any points discovered during its audits to the relevant audited target and requests and monitors corrective measures.

In FY 2024, the Internal Audit Department conducted audits of operating companies in Southeast Asia, China, Hong Kong, Taiwan, the United States, and Europe, as well as our IT function in Japan.

The head of the Internal Audit Department does not report directly to the Board of Directors, but instead reports the audit results and details of any corrective measures to the Representative Director when required, reports monthly to full-time Audit & Supervisory Board Members, and reports once every six months to the Audit & Supervisory Board.

As at 31 August 2024, the Internal Audit Department had 52 dedicated staff members across the Group.

(3) Accounting audits

(a) Name of audit firm

Deloitte Touche Tohmatsu LLC

(b) Continuous auditing period

7 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 16 CPAs, 4 successful Certified Public Accountant applicants and 59 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; 21 December, 2023), the Audit & Supervisory Board 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 Audit & Supervisory Board will pass a resolution to the effect that the Audit & Supervisory Board will dismiss the accounting auditor based on the consent of all Audit & Supervisory Board Members, 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 Audit & Supervisory Board will pass a resolution to the effect that the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board

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 Audit & Supervisory Board conducts evaluations by receiving reports from the accounting auditor on the status of performing its duties and requesting explanations when necessary.

(4). Details of Independent Auditor's remuneration

(a) Details of remuneration for Independent Auditor

| Class | Year ended 31 August 2023<br>Remuneration for audit and certification duties (Millions of yen) | Year ended 31 August 2024<br>Remuneration for audit and certification duties (Millions of yen) |
|---|---|---|
| Reporting Entity | 251 | 299 |
| Consolidated subsidiaries | 45 | 44 |
| Total | 297 | 343 |

(b) Details of remuneration for member firms of the Deloitte global network (except (a))

| Class | Year ended 31 August 2023 | | Year ended 31 August 2024 | |
|---|---|---|---|---|
| | 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 | - | 324 | - | 257 |
| Consolidated subsidiaries | 417 | 62 | 455 | 75 |
| Total | 417 | 386 | 455 | 333 |

Year ended 31 August 2023 (1 September 2022 - 31 August 2023)
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 2024 (1 September 2023 - 31 August 2024)
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.

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

(d) 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 Audit & Supervisory Board.

(e) Reasons for agreement of the Audit & Supervisory Board to the remuneration of the Independent Auditor
The Audit & Supervisory Board 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 fiscal year ended 31 August 2024 were reasonable, based on the practical guidelines relating to independent auditor published by the Japan Audit & Supervisory Board Members Association.

D. Directors' Remuneration

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

The maximum annual remuneration for Directors has been capped at 2,000 million yen (including an annual figure of 200 million yen for external Directors) as 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members).

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 and other participants, 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 the 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. This delegation of responsibility is based on the judgement that Chairman, President & CEO Tadashi Yanai is the appropriate person to evaluate the duties and responsibility of each Director while also taking a comprehensive view of the Company's overall performance. Individual remuneration is determined based on the discussions of the Nomination and Remuneration Advisory Committee, which consists of all external Directors and other participants, so the Company believes that its authority is exercised appropriately.

The amount of remuneration for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members within the confines of the maximum amount of remuneration for Audit & Supervisory Board Members 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 | 761 | 361 | 220 | 179 | 4 |
| | the subsidiaries | 215 | 163 | 30 | 22 | |
| External directors | the Company | 90 | 90 | - | - | 6 |
| Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members) | the Company | 48 | 48 | - | - | 3 |
| External Audit & Supervisory Board Members | the Company | 45 | 45 | - | - | 3 |

1. The performance-related remuneration figures are provisional calculations made prior to the evaluation of results for FY 2024 after accounting for costs. The actual amounts paid are calculated and decided based on performance evaluations of individual directors.
2. Remuneration for internal directors whose mainly serve as officers of consolidated subsidiaries is paid by the consolidated subsidiary companies.
3. Remuneration for external directors is fixed at an annual amount of 15 million yen.
4. The remuneration for individual Directors for the current fiscal year is determined according to the process described in (4) Details of methods for determining director remuneration amounts. The Board of Directors judges whether the details of remuneration, etc. for directors in the current fiscal year is in line with the above-determined policy.

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 Remuneration | Short-term performance-linked remuneration (Note 1) | Long-term performance-linked remuneration (Note 2) |
| Executive Director Tadashi Yanai | 400 | the Company | 240 | 160 | - |
| Director Takeshi Okazaki | 359 | the Company | 120 | 60 | 179 |
| Director Kazumi Yanai | 138 | the Company | 1 | - | - |
| | | Theory LLC, etc. | 113 | 15 | 8 |

(Note 1) As stated below, short-term performance-linked compensation will be calculated based on performance evaluations from the previous fiscal year.

(Note 2) Long-term performance-linked remuneration is a lump-sum remuneration to be paid at a future date, which is reflected by its price of shares issued by the Company and will be paid when eligible directors satisfy the pre-determined conditions for exercising the variable remuneration program. At the current point in time, a lump-sum remuneration to be paid at a future date is yet to be determined, so the remuneration amount for the current fiscal year presented here is an amount allocated based on the valuation unit price (e.g., share price) at the time of the program's grant date. At the end of the current fiscal year, a lump-sum of current and all previous of amounts allocated for all eligible directors calculated based on current share prices as at the end of fiscal year is exceeding the amount calculated based on the share price at the time of grant by 244 million (including 220 million yen for Takeshi Okazaki and 8 million yen for Kazumi Yanai).

(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 Audit & Supervisory Board Members is calculated within the total amount approved by the General Meeting of Shareholders as explained above and then discussed and decided by Audit & Supervisory Board Members.

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

(c) Remuneration for internal Directors is made up of (1) a basic remuneration 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 target amount of long-term variable Remuneration is determined based on the long-term variable remuneration table established for each grade.
Target long-term variable remuneration will be granted as phantom stock, a stock-linked remuneration, to link up with the Fast Retailing Group's corporate value. Phantom stock is a cash-settled remuneration linked to the Company's share price. The stock can be exercised three years after the grant date, and an amount of cash equivalent to the Company's share price as of the date of exercise will be paid. Dividends or amounts equivalent to dividends will not be paid.

E. 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 | - | - |

(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)

No applicable matters

(c) Information on the number of shares and balance sheet amounts for “specified investment shares” and “deemed sharess”.

Specified investment shares: Not applicable

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 Accounting Standards 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 20–3 - 31 August 2024 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 Accounting Standards.

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 Accounting Standards. 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 Accounting Standards, 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 Accounting Standards, we drafted the Group guidelines for accounting practices based on IFRS Accounting Standards, 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 2023 | As at 31 August 2024 |
|---|---|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 8,30 | 903,280 | 1,193,560 |
| Trade and other receivables | 9,30 | 66,831 | 83,929 |
| Other financial assets | 11,30 | 576,194 | 470,554 |
| Inventories | 10 | 449,254 | 474,460 |
| Derivative financial assets | 30 | 132,101 | 111,658 |
| Income taxes receivable | | 23,660 | 2,210 |
| Other assets | 12 | 25,372 | 26,897 |
| Total current assets | | 2,176,695 | 2,363,271 |
| Non-current assets | | | |
| Property, plant and equipment | 13,15 | 221,877 | 245,742 |
| Right-of-use assets | 15,17 | 389,183 | 416,712 |
| Goodwill | 14 | 8,092 | 8,092 |
| Intangible assets | 14,15 | 87,300 | 92,568 |
| Financial assets | 11,30 | 240,363 | 336,302 |
| Investments in associates accounted for using the equity method | 16 | 18,974 | 19,559 |
| Deferred tax assets | 18 | 38,208 | 32,432 |
| Derivative financial assets | 30 | 114,151 | 66,995 |
| Other assets | 12,15 | 8,846 | 5,888 |
| Total non-current assets | | 1,126,998 | 1,224,294 |
| Total assets | | 3,303,694 | 3,587,565 |
| | | | |
| Liabilities and equity | | | |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 19,30 | 338,901 | 388,656 |
| Other financial liabilities | 11,28,30 | 61,913 | 104,770 |
| Derivative financial liabilities | 30 | 3,600 | 12,716 |
| Lease liabilities | 17,28,30 | 126,992 | 130,744 |
| Current tax liabilities | | 65,428 | 65,525 |
| Provisions | 20 | 2,642 | 1,774 |
| Other liabilities | 12 | 129,782 | 148,201 |
| Total current liabilities | | 729,260 | 852,390 |
| Non-current liabilities | | | |
| Financial liabilities | 11,28,30 | 241,068 | 211,147 |
| Lease liabilities | 17,28,30 | 338,657 | 347,318 |
| Provisions | 20 | 50,888 | 52,652 |
| Deferred tax liabilities | 18 | 67,039 | 31,896 |
| Derivative financial liabilities | 30 | 1,410 | 21,385 |
| Other liabilities | 12 | 2,007 | 2,521 |
| Total non-current liabilities | | 701,072 | 666,920 |
| Total liabilities | | 1,430,333 | 1,519,310 |

***(continued)***

(Millions of yen)

| | Notes | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|---|
| EQUITY | | | |
| Capital stock | 21 | 10,273 | 10,273 |
| Capital surplus | 21 | 28,531 | 29,712 |
| Retained earnings | 21 | 1,498,348 | 1,766,073 |
| Treasury stock, at cost | 21 | (14,714) | (14,628) |
| Other components of equity | 21 | 298,965 | 225,104 |
| Equity attributable to owners of the Parent | | 1,821,405 | 2,016,535 |
| Non-controlling interests | | 51,955 | 51,718 |
| Total equity | | 1,873,360 | 2,068,254 |
| Total liabilities and equity | | 3,303,694 | 3,587,565 |

(2) Consolidated statement of profit or loss

(Millions of yen)

| | Notes | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|---|
| Revenue | 22 | 2,766,557 | 3,103,836 |
| Cost of sales | | (1,330,196) | (1,430,764) |
| Gross profit | | 1,436,360 | 1,673,071 |
| Selling, general and administrative expenses | 23 | (1,054,368) | (1,187,713) |
| Other income | 15,24 | 12,197 | 20,384 |
| Other expenses | 15,24 | (14,238) | (6,256) |
| Share of profit and loss of associates accounted for using the equity method | 16 | 1,139 | 1,417 |
| Operating profit | | 381,090 | 500,904 |
| Finance income | 25 | 66,716 | 67,399 |
| Finance costs | 25 | (9,888) | (11,101) |
| Profit before income taxes | | 437,918 | 557,201 |
| Income tax expense | 18 | (122,746) | (163,596) |
| Profit for the year | | 315,171 | 393,605 |
| | | | |
| Profit for the year attributable to: | | | |
| Owners of the Parent | | 296,229 | 371,999 |
| Non-controlling interests | | 18,941 | 21,605 |
| Total | | 315,171 | 393,605 |
| | | | |
| Earnings per share | | | |
| Basic (Yen) | 27 | 966.09 | 1,212.88 |
| Diluted (Yen) | 27 | 964.48 | 1,210.81 |

(3) Consolidated statement of comprehensive income

(Millions of yen)

| | Notes | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|---|
| Profit for the year | | 315,171 | 393,605 |
| Other comprehensive income / (loss), net of income tax | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Financial assets measured at fair value through other comprehensive income / (loss) | 26 | (11) | (46) |
| Total items that will not be reclassified subsequently to profit or loss | | (11) | (46) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translating foreign operations | 26 | 47,587 | (5,695) |
| Cash flow hedges | 26 | 80,997 | 47,345 |
| Share of other comprehensive income / (loss) of associates | 26 | 172 | 2 |
| Total items that may be reclassified subsequently to profit or loss | | 128,756 | 41,653 |
| Other comprehensive income / (loss), net of income tax | | 128,745 | 41,607 |
| Total comprehensive income for the year | | 443,916 | 435,212 |
| Attributable to: | | | |
| Owners of the Parent | | 423,601 | 414,540 |
| Non-controlling interests | | 20,315 | 20,672 |
| Total comprehensive income for the year | | 443,916 | 435,212 |

## (4) Consolidated statement of changes in equity

### For the fiscal year ended 31 August 2023

(Millions of yen)

| | Notes | Capital stock | Capital surplus | Retained earnings | Treasury stock, at cost | Other components of equity: Financial assets measured at fair value through other comprehensive income / (loss) | Other components of equity: Foreign currency translation reserve | Other components of equity: Cash-flow hedge reserve | Other components of equity: Share of other comprehensive income of associates | Other components of equity: Total | Equity attributable to owners of the Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 1 September 2022 | | 10,273 | 27,834 | 1,275,102 | (14,813) | 131 | 100,587 | 162,407 | 129 | 263,255 | 1,561,652 | 53,750 | 1,615,402 |
| Net changes during the year | | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | | |
| Profit for the year | | - | - | 296,229 | - | - | - | - | - | - | 296,229 | 18,941 | 315,171 |
| Other comprehensive income / (loss) | 26 | - | - | - | - | (11) | 45,444 | 81,766 | 172 | 127,371 | 127,371 | 1,373 | 128,745 |
| Total comprehensive income / (loss) | | - | - | 296,229 | - | (11) | 45,444 | 81,766 | 172 | 127,371 | 423,601 | 20,315 | 443,916 |
| Transactions with the owners of the Parent | | | | | | | | | | | | | |
| Acquisition of treasury stock | 21 | - | - | - | (27) | - | - | - | - | - | (27) | - | (27) |
| Disposal of treasury stock | 21 | - | 1,650 | - | 127 | - | - | - | - | - | 1,778 | - | 1,778 |
| Dividends | 21 | - | - | (73,074) | - | - | - | - | - | - | (73,074) | (21,648) | (94,723) |
| Share-based payments | 21 | - | (953) | - | - | - | - | - | - | - | (953) | - | (953) |
| Transfer to non-financial assets | | - | - | - | - | - | - | (91,570) | - | (91,570) | (91,570) | (775) | (92,346) |
| Transfer to retained earnings | | - | - | 90 | - | (90) | - | - | - | (90) | - | - | - |
| Changes in ownership interests in subsidiaries without losing control | | - | - | - | - | - | - | - | - | - | - | 314 | 314 |
| Total transactions with the owners of the Parent | | - | 696 | (72,983) | 99 | (90) | - | (91,570) | - | (91,661) | (163,848) | (22,109) | (185,958) |
| Total net changes during the year | | - | 696 | 223,246 | 99 | (102) | 45,444 | (9,804) | 172 | 35,710 | 259,752 | (1,794) | 257,958 |
| As at 31 August 2023 | | 10,273 | 28,531 | 1,498,348 | (14,714) | 28 | 146,031 | 152,602 | 302 | 298,965 | 1,821,405 | 51,955 | 1,873,360 |

For the fiscal year ended 31 August 2024

(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 2023 | | 10,273 | 28,531 | 1,498,348 | (14,714) | 28 | 146,031 | 152,602 | 302 | 298,965 | 1,821,405 | 51,955 | 1,873,360 |
| Net changes during the year | | | | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | | | | |
| Profit for the year | | - | - | 371,999 | - | - | - | - | - | - | 371,999 | 21,605 | 393,605 |
| Other comprehensive income / (loss) | 26 | - | - | - | - | (46) | (5,284) | 47,868 | 2 | 42,540 | 42,540 | (933) | 41,607 |
| Total comprehensive income / (loss) | | - | - | 371,999 | - | (46) | (5,284) | 47,868 | 2 | 42,540 | 414,540 | 20,672 | 435,212 |
| Transactions with the owners of the Parent | | | | | | | | | | | | | |
| Acquisition of treasury stock | 21 | - | - | - | (5) | - | - | - | - | - | (5) | - | (5) |
| Disposal of treasury stock | 21 | - | 1,233 | - | 90 | - | - | - | - | - | 1,323 | - | 1,323 |
| Dividends | 21 | - | - | (104,274) | - | - | - | - | - | - | (104,274) | (19,443) | (123,718) |
| Share-based payments | 21 | - | (51) | - | - | - | - | - | - | - | (51) | - | (51) |
| Transfer to non-financial assets | | - | - | - | - | - | - | (116,401) | - | (116,401) | (116,401) | (1,465) | (117,867) |
| Total transactions with the owners of the Parent | | - | 1,181 | (104,274) | 85 | - | - | (116,401) | - | (116,401) | (219,409) | (20,909) | (240,318) |
| Total net changes during the year | | - | 1,181 | 267,725 | 85 | (46) | (5,284) | (68,533) | 2 | (73,861) | 195,130 | (236) | 194,893 |
| As at 31 August 2024 | | 10,273 | 29,712 | 1,766,073 | (14,628) | (17) | 140,747 | 84,069 | 305 | 225,104 | 2,016,535 | 51,718 | 2,068,254 |

(5) Consolidated statement of cash flows

(Millions of yen)

| | Notes | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income taxes | | 437,918 | 557,201 |
| Depreciation and amortization | | 186,872 | 204,388 |
| Impairment losses / (Reversal of impairment losses) | 15 | 3,958 | (1,700) |
| Interest and dividend income | | (41,330) | (66,751) |
| Interest expenses | | 9,791 | 11,078 |
| Foreign exchange losses / (gains) | | (25,385) | (621) |
| Share of profit and loss of associates accounted for using the equity method | | (1,139) | (1,417) |
| Losses on disposal of property, plant and equipment | | 917 | 1,397 |
| (Increase) / Decrease in trade and other receivables | | (7,535) | (17,394) |
| (Increase) / Decrease in inventories | | 46,908 | (23,540) |
| Increase / (Decrease) in trade and other payables | | (15,909) | 47,320 |
| (Increase) / Decrease in other assets | | 8,354 | (876) |
| Increase / (Decrease) in other liabilities | | (3,700) | 31,520 |
| Others, net | | 10,617 | (878) |
| Cash generated from operations | | 610,338 | 739,726 |
| Interest and dividend income received | | 22,613 | 56,454 |
| Interest paid | | (9,861) | (11,099) |
| Income taxes paid | | (160,368) | (156,361) |
| Income taxes refunded | | 493 | 22,800 |
| Net cash generated by operating activities | | 463,216 | 651,521 |
| | | | |
| **Cash flows from investing activities** | | | |
| Amounts deposited into bank deposits with original maturities of three months or longer | | (387,720) | (441,156) |
| Amounts withdrawn from bank deposits with original maturities of three months or longer | | 182,882 | 460,241 |
| Payments for property, plant and equipment | | (61,764) | (73,728) |
| Payments for intangible assets | | (33,542) | (30,260) |
| Payments for acquisition of right-of-use assets | | (1,851) | (2,015) |
| Payments for investment securities | | (481,399) | (399,523) |
| Proceeds from sale and redemption of investment securities | | 209,662 | 403,845 |
| Payments for lease and guarantee deposits | | (4,865) | (6,108) |
| Proceeds from collection of lease and guarantee deposits | | 5,578 | 6,302 |
| Others, net | | (1,381) | 171 |
| Net cash generated by / (used in) investing activities | | (574,402) | (82,231) |

*(continued)*

(Millions of yen)

| | Notes | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from short-term loans payable | 28 | 6,511 | 4,835 |
| Repayment of short-term loans payable | 28 | (7,314) | (4,887) |
| Repayment of redemption of bonds | 28 | (130,000) | - |
| Dividends paid to owners of the Parent | 21 | (73,064) | (104,263) |
| Dividends paid to non-controlling interests | | (20,460) | (18,369) |
| Repayments of lease liabilities | 28 | (140,646) | (146,403) |
| Others, net | | 413 | 85 |
| Net cash generated by / (used in) financing activities | | (364,562) | (269,003) |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | 20,735 | (10,007) |
| Net increase / (decrease) in cash and cash equivalents | | (455,011) | 290,279 |
| Cash and cash equivalents at the beginning of year | 8 | 1,358,292 | 903,280 |
| Cash and cash equivalents at the end of year | 8 | 903,280 | 1,193,560 |

(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 Accounting Standards

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

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

B. Approval of the Consolidated Financial Statements

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

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. Material 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 Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

## 3. Material Accounting Policies

### A. Basis of Consolidation

#### (1) Subsidiaries

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

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

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

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

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

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

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

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

The number of consolidated subsidiaries as at 31 August 2024 is 104.

#### (2) Investments in associates

An associate is an entity in which the Group has significant influence over the financial and operating policies.

If the Group holds 20% or more of the voting rights of another enterprise, it is presumed that the Group has a significant influence over the other enterprise. Investments in associates are accounted for applying the equity method, and measured at historical cost at the time of acquisition.

Thereafter, the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since acquisition date. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The number of associates as at 31 August 2024 is 3.

B. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregation of the acquisition date fair values of assets transferred, liabilities assumed, and equity interests issued by the Company in exchange for control of the acquired company.

If the cost of an acquisition exceeds the fair value of the identifiable assets and liabilities, the excess is recorded as goodwill on the consolidated statement of financial position. If it is below the fair value, the difference is immediately recorded as gains on the consolidated statement of profit or loss.

Acquisition-related costs are expensed as incurred. Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

Contingent liabilities of acquired companies are recognized in a business combination only if they are present obligations, were incurred as a result of a past event, and their fair value can be reliably measured.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the reporting date of the fiscal year in which the business combination occurs, the items for which the acquisition accounting is incomplete are reported using provisional amounts. Those amounts provisionally recognized on the acquisition date are retrospectively adjusted to reflect new information as if the acquisitions took place during the measurement period, had facts and circumstances that existed at the acquisition date been known at that time, they would have affected the amounts recognized on that date. Additional assets and liabilities are recognized if new information results in the recognition of additional assets or liabilities. The measurement period should be within one year.

C. Foreign Currencies

(1) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising from settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

(2) Foreign Operations

Upon consolidation, the assets and liabilities of foreign operations are translated into yen at the rate of exchange prevailing at each reporting date and their statements of profit or loss are translated at average exchange rates during the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

D. Financial Instruments

(1) Non-derivative financial assets

(a) Initial recognition and measurement

The Group classifies financial assets as “financial assets measured at fair value through profit or loss”; “financial assets measured at fair value through other comprehensive income” or “financial assets measured at amortized cost”; and that classification is determined at the time of initial recognition.

The Group carries out initial recognition on the date of the transaction, when it becomes party to the contract related to the financial asset(s).

All financial assets are measured by adding directly linked transaction costs to fair value, except those in the category classified as measured at fair value through profit or loss.

Financial assets are classified as financial assets measured at amortized cost, if the following requirements are satisfied:

• Assets are held based on a business model that requires them to be held to collect contractual cash flow
• Cash flow, made up solely of payment of the principal and interest on the balance of principal, is generated on a specified day under the contractual terms of the financial asset.

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value. Apart from equity instruments held for trading purposes, which must be measured at fair value through Profit or Loss, other equity instruments measured at fair value are designated as either being measured at fair value through Profit or Loss or alternatively measured at fair value through Other Comprehensive Income; this is done for each individual equity instrument and the designation is continuously applied to the instrument thereafter.

(b) Subsequent measurement

Measurement after the initial recognition of financial assets is carried out as follows in accordance with the classification

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value

The fluctuation in the fair value of financial assets measured at fair value is recognized as profit or loss. However, any fluctuation in the fair value of equity financial instruments designated as instruments to be measured at fair value through other comprehensive income, is recognized as other comprehensive income; and if recognition is suspended or if the fair value significantly drops, then it is transferred to Retained earnings. Note that dividends from the financial assets are recognized as profit or loss as part of finance income.

(c) Impairment of financial assets

For financial assets measured at amortized cost, expected credit losses pertaining to the financial assets are recognized as allowances for doubtful accounts.

On each reporting date, the credit risk pertaining to each financial asset is evaluated to see if it has increased significantly since initial recognition and, if it has, then the expected credit losses for the entire period are recognized as an allowance for doubtful accounts; whereas if it has not, then the expected credit losses for a 12-month period are recognized as an allowance for doubtful accounts.

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

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

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

(d) Derecognition of financial assets

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

(2) Non-derivative financial liabilities

(a) Initial recognition and measurement

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

(b) Subsequent measurements

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

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when it is extinguished, which is when the obligation specified in the contract is either discharged, cancelled, or expired.

(3) Presentation of financial assets and financial liabilities

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

(4) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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

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

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

E. Cash and cash equivalents

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

F. Inventories

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

G. Property, plant and equipment

(1) Recognition and measurement

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

(2) Depreciation

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

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

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

H. Goodwill and intangible assets

(1) Goodwill

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

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

(2) Intangible assets

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

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

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

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

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

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

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

I. Leases

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

J. Impairment

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

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

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

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

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

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

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

K. Provisions

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

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

Provision is described below:

Asset retirement obligations

The obligations to restore property to its original state under real estate leasing agreements for offices, such as corporate head offices and stores, are estimated and recorded as a provision. The expected length of use is estimated as the time from acquisition to the end of useful life.

L. Employee benefits

(1) Defined contribution system

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

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

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

(2) Short-term employee benefits

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

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

(3) Share-based payments

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

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

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

M. Revenue recognition

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

N. Income taxes

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

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

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

•Temporary differences arising from goodwill;

• Temporary differences arising from the initial recognition of an asset or liability which, at the time of the transaction, does not affect either the accounting profit or the taxable income ; and does not give rise to equal taxable and deductible temporary differences (other than in a business combination); or

•Taxable temporary differences associated with investments in subsidiaries, but only to the extent that it is possible to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

The group tax sharing system is applied for the Company and 100% owned subsidiaries in Japan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the temporary difference is realized or settled, based on tax laws that have been enacted or substantively enacted by each reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when income taxes are levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

O. Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shareholders of the Parent by the weighted-average number of common stocks outstanding during the period, adjusted for treasury stock. Diluted earnings per share is calculated by adjusting for all dilutive potential ordinary shares having a dilutive effect.

4. Newly applied standards and interpretation guidelines

Since the current consolidated fiscal year, the Group has adopted the below standards.

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

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

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

New written standards and new interpretation to existing standards guidelines that were either newly established or revised by the date the consolidated financial statements were approved, the main standards that the Company has not applied, as of 31 August 2024, are stated below.

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

The Company is in the process of assessing the impact of the adoption of the above standards on the Group’s consolidated financial statements.

## 6. Segment Information

### A. Description of reportable segments

The Group's reportable segments are components for which discrete financial information is available and which are reviewed regularly by the Board of Directors (the "Board") to make decisions about the allocation of resources and to assess performance.

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

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

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

### B. Method of accounting for segment revenue and results

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

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

### C. Segment information

Year ended 31 August 2023

(Millions of yen)

| | Reportable segments | | | | Total | Others (Note 1) | Adjustments (Note 2) | Consolidated Statement of Profit or Loss |
|---|---|---|---|---|---|---|---|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | | | | |
| Revenue | 890,427 | 1,437,147 | 295,206 | 141,685 | 2,764,466 | 2,090 | - | 2,766,557 |
| Operating profit / (loss) | 117,881 | 226,999 | 26,139 | (3,022) | 367,998 | 21 | 13,070 | 381,090 |
| Segment income / (loss) (i.e., profit / (loss) before income taxes) | 130,547 | 228,084 | 25,813 | (3,940) | 380,505 | 39 | 57,372 | 437,918 |
| Other disclosure: | | | | | | | | |
| Depreciation and amortization | 49,551 | 79,281 | 18,931 | 8,205 | 155,969 | 401 | 30,501 | 186,872 |
| Impairment losses (Note 3) | - | 1,087 | 150 | 2,122 | 3,360 | - | 597 | 3,958 |

(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 and reversal of impairment losses".

Year ended 31 August 2024

4(Millions of yen)

| | Reportable segments | | | | Total | Others (Note1) | Adjustments (Note2) | Consolidated Statement of Profit or Loss |
|---|---|---|---|---|---|---|---|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | | | | |
| Revenue | 932,227 | 1,711,833 | 319,162 | 138,837 | 3,102,060 | 1,776 | - | 3,103,836 |
| Operating profit / (loss) | 155,805 | 283,412 | 33,701 | 671 | 473,590 | 355 | 26,957 | 500,904 |
| Segment income / (loss) (i.e., profit / (loss) before income taxes) | 170,544 | 285,295 | 33,975 | (671) | 489,143 | 355 | 67,701 | 557,201 |
| Other disclosure: | | | | | | | | |
| Depreciation and amortization | 50,754 | 92,658 | 19,280 | 8,303 | 170,996 | 406 | 32,984 | 204,388 |
| Impairment losses (Note 3) | 353 | 895 | 632 | 221 | 2,102 | - | 276 | 2,379 |
| Reversal of impairment losses (Note 3) | (425) | (3,273) | (306) | (73) | (4,079) | - | - | (4,079) |

(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 and reversal of impairment losses”.

D. Geographic Information

Year ended 31 August 2023

(1) External revenue

(Millions of yen)

| Japan | PRC | Overseas (Others) | Total |
|---|---|---|---|
| 1,208,261 | 503,909 | 1,054,386 | 2,766,557 |

(2) Non-current assets (excluding financial assets, investments in associates accounted for using the equity method and deferred tax assets)

(Millions of yen)

| Japan | United States of America | Overseas (Others) | Total |
|---|---|---|---|
| 386,314 | 77,957 | 251,029 | 715,301 |

Year ended 31 August 2024

(1) External revenue

(Millions of yen)

| Japan | PRC | Overseas (Others) | Total |
|---|---|---|---|
| 1,266,479 | 542,823 | 1,294,533 | 3,103,836 |

(2) Non-current assets (excluding financial assets, investments in associates accounted for using the equity method and deferred tax assets)

(Millions of yen)

| Japan | United States of America | Overseas (Others) | Total |
|---|---|---|---|
| 390,366 | 108,319 | 270,318 | 769,004 |

7. Business Combination

In the Group, there are no significant transactions both individually and in the aggregate, and the information is omitted.

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents as at each year end is as follows:

(Millions of yen)

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

(Note) Cash and Cash Equivalents is classified as financial assets measured at amortized cost.

9. Trade and Other Receivables

The breakdown of trade and other receivables as at each year end is as follows:

(Millions of yen)

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

See note “30. Financial Instruments” for credit risk management and the fair value of trade and other receivables.

The above classifications of financial assets are all financial assets measured at amortized cost.

The above Accounts receivable − trade are mainly recognized as revenue at the time of delivery of the clothing because the customer is deemed to have gained control of the clothing and the performance of obligations to have been fulfilled upon delivery. The Group receives payment within a short period of time after fulfilling the performance of obligations based on separately specified payment conditions. Because the period from fulfillment of the performance obligations to receipt of consideration is normally within one year, the receivables are not adjusted as material financial elements using the convention method.

10. Inventories

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

(Millions of yen)

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

(Note) As at 31 August 2023 and 31 August 2024, the Group had inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments aggregated to 417,347 million yen and 445,122 million yen, respectively.

No inventories were pledged as collateral to secure debt.

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

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Write-down of inventories to net realizable value | 8,678 | 8,964 |

(Note) As at 31 August 2023 and 31 August 2024, the Group had written down inventories to net realizable value for the amount of 8,254 million yen and 8,299 million yen, respectively, related to UNIQLO Japan, UNIQLO International and GU business segments.

As the valuation of inventories may be affected by external environments such as economic conditions, weather or trends of competitors, if these factors may be differed from the estimates, it may have a significant impact on the valuation of inventories in the consolidated financial statements for the next consolidated fiscal year.

11. Other Financial Assets and Other Financial Liabilities

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

(Millions of yen)

| | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|
| Other financial assets: | | |
| Financial assets measured at amortized cost | | |
| Bonds | 440,738 | 443,338 |
| Security deposits / guarantees | 69,446 | 70,348 |
| Bank deposits | 294,620 | 281,264 |
| Others | 11,827 | 11,874 |
| Allowance for doubtful accounts | (262) | (158) |
| Financial assets measured at fair value through other comprehensive income | | |
| Stocks | 189 | 189 |
| Total | 816,558 | 806,856 |
| Other current financial assets total | 576,194 | 470,554 |
| Other non-current financial assets total | 240,363 | 336,302 |

(Millions of yen)

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

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

Stocks are principally held to strengthen medium-term relationships with strategic partners, and are therefore designated as financial assets at fair value through other comprehensive income and are not material in value.

The fair value and cumulative gains or losses (before tax effects) as at the date of derecognition of financial assets measured at fair value through other comprehensive income that were derecognized during the period are as follows for the fiscal year ended 31 August 2023. No financial assets were derecognized for the fiscal year ended 31 August 2024.

(Millions of yen)

| | As at 31 August 2023 |
|---|---|
| Fair value | 279 |
| Cumulative gains / (losses) | 95 |

(Notes) 1. The Group sells off (derecognizes) equity instruments measured at fair value through other comprehensive income based on the efficient utilization of assets and reviews of business relationships.

2. If equity instruments measured at fair value through other comprehensive income are derecognized, cumulative gains or losses (after tax effects) recognized in other comprehensive income are transferred to retained earnings.

Dividend income from financial assets measured at fair value through other comprehensive income is as follows for the fiscal year ended August 31 2023. Dividend income from financial assets measured at fair value through other comprehensive income are not material in value for the fiscal year ended August 31, 2024.

(Millions of yen)

| | As at 31 August 2023 |
|---|---|
| Derecognized financial assets | 5 |
| Financial assets held at the end of the fiscal year | 3 |

12. Other Assets and Other Liabilities

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

(Millions of yen)

| | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|
| Other assets: | | |
| Prepayments | 9,692 | 10,435 |
| Long-term prepayments | 1,586 | 1,897 |
| Accrued interest receivable | 8,380 | 7,484 |
| Prepaid consumption tax | 4,527 | 5,844 |
| Others | 10,033 | 7,123 |
| Total | 34,219 | 32,785 |
| Current | 25,372 | 26,897 |
| Non-current | 8,846 | 5,888 |

(Millions of yen)

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

13. Property, Plant and Equipment

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

(Millions of yen)

| Acquisition costs | Buildings and structures | Machinery and equipment | Furniture, fixtures and vehicles | Land | Construction in progress | Total |
|---|---|---|---|---|---|---|
| At 1 September 2022 | 373,403 | 33,671 | 93,455 | 1,962 | 11,575 | 514,069 |
| Additions | 2,723 | 313 | 1,076 | - | 61,619 | 65,734 |
| Disposals | (24,321) | - | (11,862) | - | (951) | (37,134) |
| Transfers | 35,211 | 19,728 | 10,401 | - | (65,341) | - |
| Effect of change in exchange rate | 15,355 | 494 | 5,059 | - | 2,237 | 23,146 |
| At 31 August 2023 | 402,373 | 54,208 | 98,130 | 1,962 | 9,139 | 565,815 |
| Additions | 3,136 | - | 774 | - | 72,567 | 76,478 |
| Disposals | (14,671) | (92) | (4,914) | - | (39) | (19,717) |
| Transfers | 40,823 | 344 | 13,699 | 21 | (54,888) | - |
| Effect of change in exchange rate | 928 | 215 | 474 | - | (726) | 892 |
| At 31 August 2024 | 432,589 | 54,676 | 108,165 | 1,984 | 26,053 | 623,469 |

(Millions of yen)

| Accumulated depreciation and impairment | Buildings and structures | Machinery and equipment | Furniture, fixtures and vehicles | Land | Construction in progress | Total |
|---|---|---|---|---|---|---|
| At 1 September 2022 | (247,456) | (3,960) | (67,390) | (34) | - | (318,842) |
| Depreciation | (28,693) | (4,777) | (9,523) | - | - | (42,995) |
| Impairment losses | (537) | (77) | (214) | - | - | (829) |
| Disposals | 20,978 | - | 10,521 | - | - | 31,499 |
| Effect of change in exchange rate | (9,717) | (90) | (2,962) | - | - | (12,770) |
| At 31 August 2023 | (265,427) | (8,906) | (69,569) | (34) | - | (343,937) |
| Depreciation | (31,668) | (5,782) | (11,558) | - | - | (49,009) |
| Impairment losses /(reversal of impairment losses) | (172) | - | (176) | - | - | (349) |
| Disposals | 13,205 | 92 | 4,421 | - | - | 17,719 |
| Effect of change in exchange rate | (1,418) | (171) | (559) | - | - | (2,149) |
| At 31 August 2024 | (285,480) | (14,768) | (77,442) | (34) | - | (377,726) |

(Millions of yen)

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

(Notes) 1. Property, plants and equipment mainly consists of store assets attributable to UNIQLO Japan, UNIQLO International and GU business segments.

2. There are no restrictions on ownership rights and no pledges on the Group’s property, plant and equipment.

14. Goodwill and Intangible Assets

A. The increase / (decrease) in acquisition costs, accumulated amortization, and impairment of goodwill and intangible assets are as follows:

(Millions of yen)

| Acquisition costs | Goodwill | Intangible assets other than goodwill | | | | Goodwill and Intangible assets total |
|---|---|---|---|---|---|---|
| | | Software | Trademarks | Other intangible assets | Total | |
| At 1 September 2022 | 15,885 | 160,798 | 11,387 | 10,106 | 182,291 | 198,176 |
| External purchase | - | 28,521 | - | 37 | 28,559 | 28,559 |
| Internal development | - | 4,967 | - | - | 4,967 | 4,967 |
| Disposals | - | (4,366) | (0) | (520) | (4,886) | (4,886) |
| Effect of change in exchange rate | - | 516 | 591 | 1,668 | 2,776 | 2,776 |
| At 31 August 2023 | 15,885 | 190,437 | 11,978 | 11,291 | 213,707 | 229,592 |
| External purchase | - | 25,986 | - | - | 25,986 | 25,986 |
| Internal development | - | 4,266 | - | - | 4,266 | 4,266 |
| Disposals | - | (1,967) | (6) | (2,544) | (4,517) | (4,517) |
| Effect of change in exchange rate | - | 89 | (103) | 788 | 775 | 775 |
| At 31 August 2024 | 15,885 | 218,812 | 11,869 | 9,536 | 240,218 | 256,103 |

(Millions of yen)

| Accumulated amortization and impairment | Goodwill | Intangible assets other than goodwill | | | | Goodwill and Intangible assets total |
|---|---|---|---|---|---|---|
| | | Software | Trademarks | Other intangible assets | Total | |
| At 1 September 2022 | (7,792) | (97,852) | (3,768) | (4,048) | (105,670) | (113,462) |
| Amortization | - | (22,562) | - | (28) | (22,591) | (22,591) |
| Impairment losses | - | (595) | - | (665) | (1,260) | (1,260) |
| Disposals | - | 3,775 | 0 | 473 | 4,249 | 4,249 |
| Effect of change in exchange rate | - | (287) | (184) | (662) | (1,134) | (1,134) |
| At 31 August 2023 | (7,792) | (117,522) | (3,953) | (4,931) | (126,407) | (134,199) |
| Amortization | - | (24,748) | - | (25) | (24,774) | (24,774) |
| Impairment losses | - | (300) | (24) | (2) | (327) | (327) |
| Disposals | - | 1,842 | 6 | 2,111 | 3,959 | 3,959 |
| Effect of change in exchange rate | - | (35) | 409 | (475) | (100) | (100) |
| At 31 August 2024 | (7,792) | (140,764) | (3,561) | (3,323) | (147,649) | (155,441) |

(Note) Amortization of intangible assets is included in “selling, general and administrative expenses” on the consolidated statement of profit or loss.

(Millions of yen)

| Net carrying amount | Goodwill | Intangible assets other than goodwill | | | | Goodwill and Intangible assets total |
|---|---|---|---|---|---|---|
| | | Software | Trademarks | Other intangible assets | Total | |
| At 31 August 2023 | 8,092 | 72,915 | 8,025 | 6,360 | 87,300 | 95,393 |
| At 31 August 2024 | 8,092 | 78,047 | 8,307 | 6,213 | 92,568 | 100,661 |

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

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Software | 7,705 | 10,842 |

B. Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets recorded in the consolidated statement of financial position are primarily for goodwill and trademarks related to the Theory business.

Trademarks and certain other intangible assets will continue to be used as long as the business remains viable; therefore, management estimated the useful lives as indefinite.

The carrying amount of the goodwill and intangible assets with indefinite useful lives by CGU is as follows:

(Millions of yen)

| Net carrying amount | Goodwill | | | | Intangible assets with indefinite useful lives | | | |
|---|---|---|---|---|---|---|---|---|
| | UNIQLO Japan | UNIQLO International | GU | Global Brands | UNIQLO Japan | UNIQLO International | GU | Global Brands |
| At 31 August 2023 | - | - | - | 8,092 | - | - | - | 13,244 |
| At 31 August 2024 | - | - | - | 8,092 | - | - | - | 13,126 |

15. Impairment Losses and reversal of impairment losses

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

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

(Millions of yen)

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

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

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

(Millions of yen)

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

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

Year ended 31 August 2023

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

Of the impairment losses amounting to 3,958 million yen, 2,698 million yen represented write downs of the carrying amounts of store assets to the recoverable amounts, primarily due to a reduction in profitability of certain stores, including flagship stores.

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

The value in use is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 13.4 % (weighted-average rate). Theoretically, the projected cash flows cover a five-year period at most, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

| Operating segment | CGU | Type |
|---|---|---|
| UNIQLO international; | FAST RETAILING (CHINA) TRADING CO., LTD., etc., stores | Buildings, structures and Right-of-use assets |
| GU | GU (Shanghai) Trading Co.,Ltd. etc., stores | Buildings, structures and Right-of-use assets |
| Global Brands | PLST CO., LTD., PRINCESSE TAM TAM S.A.S., COMPTOIR DES COTONNIERS S.A.S., etc., stores | Buildings, structures and Right-of-use assets |

(Note) The total of property, plants and equipment and right-of-use assets associated with UNIQLO Japan stores, UNIQLO international stores, and GU stores for the fiscal year ended August 2023 are 96,179 million yen, 244,092 million yen, and 33,870 million yen, respectively.

Year ended 31 August 2024

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

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

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

The value in use for measurement of impairment losses is calculated based on the cash flow projections with estimates and growth rates approved by management, applying a discount rate of 9.6 % (weighted-average rate). Theoretically, the projected cash flows cover a five-year period at most, and do not use a growth rate that exceeds the long-term average market growth rate. The pre-tax discount rate calculation is based on the weighted-average cost of capital.

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

| Operating segment | CGU | Type |
|---|---|---|
| UNIQLO Japan | UNIQLO CO., LTD. Stores | Buildings, structures and Right-of-use assets |
| UNIQLO international; | FAST RETAILING (CHINA) TRADING CO., LTD and UNIQLO EUROPE LIMITED, etc., stores | Buildings, structures and Right-of-use assets |
| GU | GU (Shanghai) Trading Co.,Ltd. etc., stores | Buildings, structures and Right-of-use assets |
| Global Brands | COMPTOIR DES COTONNIERS S.A.S., etc., stores | Buildings, structures and Right-of-use assets |

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

| Operating segment | CGU | Type |
| --- | --- | --- |
| UNIQLO Japan | UNIQLO CO., LTD. Stores | Buildings, structures and Right-of-use assets |
| UNIQLO international; | UNIQLO EUROPE LIMITED, etc., stores | Buildings, structures and Right-of-use assets |
| GU | GU CO., LTD., stores | Buildings, structures and Right-of-use assets |

(Note) The total of property, plants and equipment and right-of-use assets associated with UNIQLO Japan stores, UNIQLO international stores, and GU stores for the fiscal year ended August 2024 are 112,410 million yen, 276,196 million yen, and 36,388 million yen, respectively.

16. Investments in Associates Accounted for Using the Equity Method

A. Information on associates accounted for using the equity method

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

(Millions of yen)

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

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

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

The Company's maximum exposure to losses due to its investments in the associates is limited to the amount of the investments by the Company and is included in the consolidated statement of financial position as "Investments in associates," which amounted to 17,127 million yen as at 31 August 2023 and 17,054 million yen as at 31 August 2024, respectively. The Group's share of profit and comprehensive income of the associates was 727 million yen during the fiscal year ended 31 August 2023 and 788 million yen during the fiscal year ended 31 August 2024, which was included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively.

Total assets of the associates amounted 87,830 million yen as at 31 August 2023 and 87,460 million yen as at 31 August 2024 respectively, which mainly comprised non-current assets such as warehouse, etc. The Company invested in the associates at the time of incorporation and no goodwill is recognized.

The Company received dividends from the associates amounting to 868 million yen during the fiscal year ended 31 August 2023 and 860 million yen during the fiscal year ended 31 August 2024, respectively.

The Group has entered into lease contracts with one of the associates relating to warehouse rental, etc.

17. Leases

(1) Lessee

As a lessee, the Group mainly leases real estate for store use (land, buildings and structures).

A. Lease liabilities

(Millions of yen)

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

Interest expenses on lease liabilities

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Interest expenses on lease liabilities | 5,187 | 6,507 |

Cash outflow for leases

Cash outflow for leases is as follows:

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Total Cash outflow for leases | 254,914 | 272,369 |

B. Right-of-use assets

A breakdown of right-of-use assets is as follows:

(Millions of yen)

| | Real estates | Machinery and equipment | Furniture, fixtures and vehicles | Total |
|---|---|---|---|---|
| At 1 September 2022 | 355,711 | 25,321 | 14,601 | 395,634 |
| Additions due to new lease contracts, reassessment of lease liabilities, etc. | 107,847 | - | 3,674 | 111,521 |
| Depreciation | (115,171) | (4,642) | (5,976) | (125,790) |
| Impairment losses | (1,833) | - | (35) | (1,868) |
| Expiration, cancellation, etc. | (977) | - | (9) | (987) |
| Others | 10,328 | (33) | 378 | 10,673 |
| At 31 August 2023 | 355,905 | 20,645 | 12,632 | 389,183 |
| Additions due to new lease contracts, reassessment of lease liabilities, etc. | 158,649 | - | 4,089 | 162,739 |
| Depreciation | (125,268) | (3,478) | (3,907) | (132,654) |
| Impairment losses /(reversal of impairment losses | 2,390 | - | - | 2,390 |
| Expiration, cancellation, etc. | (3,202) | - | (742) | (3,945) |
| Others | 5,356 | 3 | (6,361) | (1,001) |
| At 31 August 2024 | 393,831 | 17,170 | 5,710 | 416,712 |

C. Expenses relating to Leases

A breakdown of expenses relating to Leases is as follows:

(Millions of yen)

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

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

D. Others

The future cash outflows to which the lessee is potentially exposed that are not yet commenced to which the lessee is committed during the fiscal year ended 31 August 2024 amounted to 43,993 million yen*, compared with 10,239 million yen during the fiscal year ended 31 August 2023.

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

The Group's leased properties are granted a termination option for the purposes of flexible decision-making regarding store closures.

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

(2) Lessor

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

A. Finance leases

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

(i)Analysis of changes of lease receivables

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

(Millions of yen)

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

(ii) Maturity analysis of the lease payments receivables to be reconciled to the net investment in the lease

A maturity analysis of lease payments in relation to finance leases is as follows;

(Millions of yen)

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

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

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Finance income from net investment in the lease | 40 | 50 |

B. Operating leases

The Group subleases property to its tenants under operating leases for each commercial establishment it operates.

(i) Lease income

A breakdown of income on operating leases is as follows;

(Millions of yen)

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

(ii) Maturity analysis of lease payments to be received

A maturity analysis of lease payments to be received in relation to operating leases is as follows;

(Millions of yen)

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

18. Deferred Taxes and Income Taxes

A. Deferred taxes

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

(Millions of yen)

| | As at 1 September 2022 | Recognized in profit or loss (Note) | Recognized in other comprehensive income | Recognized directly in equity | As at 31 August 2023 |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Accrued business tax | 2,551 | 34 | - | - | 2,585 |
| Accrued for bonuses | 5,068 | 1,414 | - | - | 6,483 |
| Allowance for doubtful accounts | 6 | 90 | - | - | 97 |
| Impairment losses on non-current assets | 2,115 | 5,984 | - | - | 8,100 |
| Unrealized gains / (losses) on available-for-sale securities | (15) | - | 2 | - | (12) |
| Depreciation | 9,195 | 801 | - | - | 9,996 |
| Net gains / (losses) on revaluation of cash flow hedges | (72,976) | - | (38,891) | 41,759 | (70,107) |
| Temporary differences on shares of subsidiaries | (1,893) | - | - | - | (1,893) |
| Right-of-use assets | (102,914) | 3,411 | - | - | (99,503) |
| Lease liabilities | 119,784 | (3,334) | | | 116,449 |
| Undistributed earnings of foreign subsidiaries | (16,202) | (22,477) | - | - | (38,680) |
| Others | 14,564 | 4,686 | - | - | 19,250 |
| Subtotal | (40,714) | (9,389) | (38,889) | 41,759 | (47,233) |
| Tax losses carried forward | 4,962 | 13,439 | - | - | 18,402 |
| Net deferred tax assets / (liabilities) | (35,751) | 4,050 | (38,889) | 41,759 | (28,830) |

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

For the fiscal year ended August 2023, 26,275 million yen of deferred tax assets for the US business that were not previously recognized are recognized to the extent that the recoverability of deferred tax assets in future taxable income has increased due to improvements in the economic environment.

In addition, for the fiscal year ended August 2023, it was resolved that the dividend policy of its overseas subsidiaries would be changed in order to make more effective use of the Group's internal funds. As a result of the revised possibility that the reversal of taxable temporary differences associated with investments in subsidiaries may not be occurred within the foreseeable period, 22,388 million yen was added to deferred tax liabilities.

(Millions of yen)

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

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

Tax effects of unrecognized tax losses carried forward and deductible temporary differences for which deferred tax assets were not recognized is as follows:

(Millions of yen)

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

Tax effects of unrecognized tax losses carried forward of which no deferred tax asset is recognized in the consolidated statement of financial position, if unutilized, will expire as follows:

(Millions of yen)

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

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

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

The aggregate amounts of taxable temporary differences associated with undistributed retained earnings of subsidiaries for which deferred tax liabilities have not been recognized as at 31 August 2023 and 31 August 2024 were 407,747 million yen and 465,086 million yen, respectively.

Deferred tax liabilities are not recognized as the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse it in the foreseeable future.

B. Income taxes

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Current tax expense | 125,389 | 161,513 |
| Deferred tax expense | (2,643) | 2,082 |
| Total | 122,746 | 163,596 |

Of the benefits arising from tax losses or temporary differences in prior periods that were previously unrecognized, the amount used to reduce current tax expense was 12,116 million yen in the previous consolidated fiscal year, and 10,226 million yen in the current consolidated fiscal year, which are included in current tax expense.
Additionally, the amount used to reduce deferred tax expense was 28,372 million yen in the previous consolidated fiscal year. The amount used to reduce deferred tax expense was not material in value in the current consolidated fiscal year. In the Group, these are included in deferred tax expense.

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

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

C. Global minimum tax

The Act for the Partial Revision of the Income Tax Act (Act No. 3 of 2023) was enacted on 28 March 2023 in Japan, where the Company is located, to facilitate the implementation of a global minimum tax system in accordance with international tax reform Pillar Two model rules. The new act will be applied to the Company accounts from the consolidated fiscal year starting 1 September 2024.
The impact of the application of the global minimum tax system on the Group’s consolidated financial statement has been judged immaterial after assessing the potential impact of the new system based on the most recent financial statements of each entity to which the system will apply. That conclusion was drawn despite the possibility that the Company located in Japan may be required to pay a top-up tax until its tax burden in countries where some subsidiary firms are located rises to the basic tax rate.
Furthermore, the Group will apply exceptions to the recognition and information disclosure requirements surrounding deferred tax assets and liabilities relating to income tax arising from any tax laws fully or substantially enacted in conjunction with the introduction of Pillar Two model rules.

19. Trade and Other Payables

The breakdown of trade and other payables as at each year end is as follows:

(Millions of yen)

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

20. Provisions

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

(Millions of yen)

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

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

(Millions of yen)

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

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

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

21. Equity and Other Equity Items

A. Share Capital

| | 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 2022 | 300,000,000 | 106,073,656 | 102,189,683 | 10,273 | 27,834 |
| Increase / (decrease) (Note) | 600,000,000 | 212,147,312 | 204,478,585 | - | 696 |
| Balances as at 31 August 2023 | 900,000,000 | 318,220,968 | 306,668,268 | 10,273 | 28,531 |
| Increase / (decrease) (Note) | - | - | 70,919 | - | 1,181 |
| Balances as at 31 August 2024 | 900,000,000 | 318,220,968 | 306,739,187 | 10,273 | 29,712 |

(Notes) 1. The primarily factors for the increase / (decrease) in number of outstanding shares in circulation were the increase / (decrease) in the number of treasury stock as indicated below and stock split in (Notes) 2.

2. The increase in total number of authorized shares and issued shares are due to our common stock being split on a 3-to-1 basis on 1 March 2023 based on a resolution at the Board of Directors meeting held on 15 December 2022.

B. Treasury Stock and Capital Surplus

(1) Treasury Stock

| | Number of shares (Shares) | Amount (Millions of yen) |
|---|---|---|
| Balances as at 1 September 2022 | 3,883,973 | 14,813 |
| Acquisition of treasury stock less than one unit (Note) | 974 | 27 |
| Exercise of stock options (Note) | (51,557) | (127) |
| Stock split | 7,719,310 | - |
| Balances as at 31 August 2023 | 11,552,700 | 14,714 |
| Net increase of treasury stock less than one unit | 76 | 5 |
| Exercise of stock options | (70,995) | (90) |
| Balances as at 31 August 2024 | 11,481,781 | 14,628 |

(Note) Our common stock has been split on a 3-to-1 basis, effective from 1 March 2023. The 974 shares of acquisition of treasury stock less than one unit during the previous fiscal year consist of 35 shares before the stock split and 939 shares after the stock split. The 51,557 shares of exercise of stock options during the previous fiscal year consist of 24,353 shares before the stock split and 27,204 shares after the stock split.

(2) Capital surplus

(Millions of yen)

| | Capital reserve | Gain / (loss) on disposal of treasury stock | Stock options | Others | Total |
|---|---|---|---|---|---|
| Balances as at 1 September 2022 | 4,578 | 11,906 | 7,789 | 3,559 | 27,834 |
| Disposal of treasury stock | - | 1,650 | - | - | 1,650 |
| Increase / (decrease) by share-based payment transactions | - | - | (953) | - | (953) |
| Balances as at 31 August 2023 | 4,578 | 13,556 | 6,836 | 3,559 | 28,531 |
| Disposal of treasury stock | - | 1,233 | - | - | 1,233 |
| Increase / (decrease) by share-based payment transactions | - | - | (51) | - | (51) |
| Balances as at 31 August 2024 | 4,578 | 14,790 | 6,784 | 3,559 | 29,712 |

Please refer to “29. Share-based Payments” for details of share-based payment transactions (stock options).

C. Other components of equity

The breakdown of other comprehensive income included in non-controlling interests is as follows:

(Millions of yen)

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

D. Dividends

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

The total amount of dividends paid was as follows:

Year ended 31 August 2023

| Resolution | Total dividends (Millions of yen) | Dividends per share (Yen) |
|---|---|---|
| Meeting of the Board on 1 November 2022 | 34,744 | 340 |
| Meeting of the Board on 13 April 2023 | 38,330 | 375 |

Our common stock was split on a 3-to-1 basis, effective 1 March 2023. However, the dividend per share is listed as it was prior to the stock split because the dividends that were resolved by the Board of Directors on 13 April 2023 were paid on 28 February 2023 (as the record date).

Year ended 31 August 2024

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

Dividend effective after fiscal 2024 is as follow:

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

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

22. Revenue

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

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

Year ended 31 August 2023

| | Revenue (Millions of yen) | Percent of Total (%) |
|---|---|---|
| Japan | 890,427 | 32.2 |
| Greater China | 620,232 | 22.4 |
| South Korea, Southeast Asia, India & Australia | 449,852 | 16.3 |
| North America | 163,996 | 5.9 |
| Europe | 203,065 | 7.3 |
| UNIQLO (Note 1) | 2,327,575 | 84.1 |
| GU (Note 2) | 295,206 | 10.7 |
| Global Brands (Note 3) | 141,685 | 5.1 |
| Others (Note 4) | 2,090 | 0.1 |
| Total | 2,766,557 | 100.0 |

(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 |
| South Korea, Southeast Asia, India & Australia: | South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India |
| North America | United States of America, Canada |
| Europe: | United Kingdom, France, Russia, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland |

(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 2024

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

(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 |
| South Korea, Southeast Asia, India & Australia: | South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia, Australia, Vietnam, India |
| North America | United States of America, Canada |
| Europe: | United Kingdom, France, Germany, Belgium, Spain, Sweden, the Netherlands, Denmark, Italy, Poland, Luxembourg |

(Note 2) Main national and regional market: Japan

(Note 3) Main national and regional markets: North America, Europe, Greater China, 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 2023 | Year ended 31 August 2024 |
|---|---|---|
| Contractual liabilities | | |
| Advances received from customers | 2,356 | 2,453 |
| Refund liabilities | 2,236 | 2,732 |

Consideration for anticipated refunds to customers is reasonably estimated and recognized as a refund liability.

In the consolidated statement of financial position, liabilities pertaining to advances received and refunds from customers are included in "Other current liabilities."

C. Transaction prices allocated to existing performance obligations

In the Group, there are no significant transactions for which the individual forecast contract period exceeds one year. Therefore, the practical short-cut method is used, and information related to remaining performance obligations is omitted. Furthermore, in the consideration arising from contracts with customers, there are no significant monetary amounts that are not included in the transaction price.

D. Assets recognized from costs for acquiring or performing contracts with customers

In the Group, there are no assets recognized from costs for acquiring or performing contracts with customers.

23. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses for each year is as follows:

(Millions of yen)

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

24. Other Income and Other Expenses

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

(Millions of yen)

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

(Millions of yen)

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

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

25. Finance Income and Finance Costs

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

(Millions of yen)

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

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Finance costs | | |
| Interest expenses | 9,791 | 11,078 |
| Others | 96 | 23 |
| Total | 9,888 | 11,101 |

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

26. Other Comprehensive Income

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

Year ended 31 August 2023

(Millions of yen)

| | Amount recorded during the year | Reclassification adjustment | Amount before income taxes | Income taxes | Amount after income taxes |
|---|---|---|---|---|---|
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Financial assets measured at fair value through other comprehensive income / (loss) | (14) | - | (14) | 2 | (11) |
| Total | (14) | - | (14) | 2 | (11) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | 47,587 | - | 47,587 | - | 47,587 |
| Cash flow hedges | 119,925 | (37) | 119,888 | (38,891) | 80,997 |
| Share of other comprehensive income of associates | 172 | - | 172 | - | 172 |
| Total | 167,685 | (37) | 167,648 | (38,891) | 128,756 |
| Total comprehensive income for the year | 167,671 | (37) | 167,634 | (38,889) | 128,745 |

(Note) The cash flow hedge reclassification adjustment of (37) million yen is the amount transferred to profit or loss after hedge accounting was suspended as a forecast transaction eligible for hedge accounting was no longer expected to occur.

Year ended 31 August 2024

(Millions of yen)

| | Amount recorded during the year | Reclassification adjustment | Amount before income taxes | Income taxes | Amount after income taxes |
|---|---|---|---|---|---|
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Financial assets measured at fair value through other comprehensive income / (loss) | (53) | - | (53) | 6 | (46) |
| Total | (53) | - | (53) | 6 | (46) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | (5,695) | - | (5,695) | - | (5,695) |
| Cash flow hedges | 71,260 | (96) | 71,163 | (23,818) | 47,345 |
| Share of other comprehensive income of associates | 2 | - | 2 | - | 2 |
| Total | 65,568 | (96) | 65,471 | (23,818) | 41,653 |
| Total comprehensive income for the year | 65,515 | (96) | 65,418 | (23,811) | 41,607 |

(Note) The cash flow hedge reclassification adjustment of (96) million yen is the amount transferred to profit or loss after hedge accounting was suspended as a forecast transaction eligible for hedge accounting was no longer expected to occur.

27. Earnings per Share

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

(Note) 1. The basis for calculation of basic earnings per share and diluted earnings per share for the year is as follows:

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Basic earnings per share for the year | | |
| Profit for the year attributable to owners of the Parent (Millions of yen) | 296,229 | 371,999 |
| Profit not attributable to common shareholders (Millions of yen) | - | - |
| Profit attributable to common shareholders (Millions of yen) | 296,229 | 371,999 |
| Average number of common stock during the year (Shares) | 306,628,124 | 306,707,010 |
| Diluted earnings per share for the year | | |
| Adjustment to profit (Millions of yen) | - | - |
| Increase in number of common stock (Shares) | 510,746 | 524,794 |
| (share subscription rights) | (510,746) | (524,794) |

2. Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. Equity per share attributable to owners of the Parent, basic earnings per share for the year and diluted earnings per share for the year have been calculated assuming this stock split was conducted at the beginning of the previous fiscal year.

28. Cash Flow Information

A. Liabilities of financing activities

Liabilities of financing activities are as follows:

Year ended 31 August 2023

(Millions of yen)

| | Balances as at 1 September 2022 | Variation with cash flow | Variation without cash flow | | | Balances as at 31 August 2023 |
|---|---|---|---|---|---|---|
| | | | Foreign currency translation reserve | New lease contracts | Others | |
| Short-term borrowings | 1,764 | (803) | 159 | - | - | 1,119 |
| Corporate bonds | 369,589 | (130,000) | - | - | 96 | 239,686 |
| Lease liabilities | 480,725 | (140,646) | 10,284 | 112,168 | 3,117 | 465,650 |
| Total | 852,079 | (271,450) | 10,443 | 112,168 | 3,214 | 706,456 |

Year ended 31 August 2024

(Millions of yen)

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

B. Important non-cash transactions

Year ended 31 August 2023

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

Year ended 31 August 2024

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

C. Information on corporate bonds as at 31 August 2023 and 2024 is as follows:

(Millions of yen)

| Company name | Name of bonds | Date of issuance | As at 31 August 2023 | As at 31 August 2024 | Interest rate (%) | Date of maturity |
|---|---|---|---|---|---|---|
| FAST RETAILING CO., LTD. | 4th non-collateralized corporate bonds | 18 December 2015 | 69,955 | 69,975 | 0.749 | 18 December 2025 |
| FAST RETAILING CO., LTD. | 6th non-collateralized corporate bonds | 6 June 2018 | 29,979 | 29,991 | 0.220 | 6 June 2025 |
| FAST RETAILING CO., LTD. | 7th non-collateralized corporate bonds | 6 June 2018 | 99,869 | 99,896 | 0.405 | 6 June 2028 |
| FAST RETAILING CO., LTD. | 8th non-collateralized corporate bonds | 6 June 2018 | 39,883 | 39,891 | 0.880 | 4 June 2038 |
| Total | - | - | 239,686 | 239,753 | ― | - |

## 29. Share-based Payments

The Group has a program for issuing share subscription rights as share-based compensation stock options for employees of the Company and its subsidiaries as a means of recognizing their contribution to the Group's profit. By linking the Company's stock price to the benefits received by personnel, this program aims to boost staff morale and motivation, improve Group performance, and enhance shareholder value by strengthening business development with a focus on shareholder return.

A. Details, scale, and changes in stock options

(1) Description of stock options

| | 4th share subscription rights<br>A type | 4th share subscription rights<br>B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 19<br>Employees of Group subsidiaries: 11 | Employees of the Company: 180<br>Employees of Group subsidiaries: 706 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 22,692 shares | Common stock:<br>maximum 89,409 shares |
| Grant date | 3 December 2013 | 3 December 2013 |
| Vesting conditions | To serve continuously until the vesting date (2 December 2016) after the grant date (3 December 2013) | To serve continuously until the vesting date (2 January 2014) after the grant date (3 December 2013) |
| Eligible service period | From 3 December 2013 to<br>2 December 2016 | From 3 December 2013 to<br>2 January 2014 |
| Exercise period | From 3 December 2016 to<br>2 December 2023 | From 3 January 2014 to<br>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<br>Employees of Group subsidiaries: 16 | Employees of the Company: 223<br>Employees of Group subsidiaries: 785 |
| Number of stock options by type of shares (Note 1, 2) | Common stock: maximum 65,196 shares | Common stock: maximum 99,186 shares |
| Grant date | 14 November 2014 | 14 November 2014 |
| Vesting conditions | To serve continuously until the vesting date (13 November 2017) after the grant date (14 November 2014) | To serve continuously until the vesting date (13 December 2014) after the grant date (14 November 2014) |
| Eligible service period | From 14 November 2014 to 13 November 2017 | From 14 November 2014 to 13 December 2014 |
| Exercise period | From 14 November 2017 to 13 November 2024 | From 14 December 2014 to 13 November 2024 |
| Settlement | Equity settlement | Equity settlement |

| | 6th share subscription rights A type | 6th share subscription rights B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 15<br>Employees of Group subsidiaries: 19 | Employees of the Company: 274<br>Employees of Group subsidiaries: 921 |
| Number of stock options by type of shares (Note 1, 2) | Common stock: maximum 8,541 shares | Common stock: maximum 76,167 shares |
| Grant date | 13 November 2015 | 13 November 2015 |
| Vesting conditions | To serve continuously until the vesting date (12 November 2018) after the grant date (13 November 2015) | To serve continuously until the vesting date (12 December 2015) after the grant date (13 November 2015) |
| Eligible service period | From 13 November 2015 to 12 November 2018 | From 13 November 2015 to 12 December 2015 |
| Exercise period | From 13 November 2018 to 12 November 2025 | From 13 December 2015 to 12 November 2025 |
| Settlement | Equity settlement | Equity settlement |

| | 7th share subscription rights A type | 7th share subscription rights B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 16<br>Employees of Group subsidiaries: 23 | Employees of the Company: 339<br>Employees of Group subsidiaries: 1,096 |
| Number of stock options by type of shares (Note 1, 2) | Common stock: maximum 8,463 shares | Common stock: maximum 95,178 shares |
| Grant date | 11 November 2016 | 11 November 2016 |
| Vesting conditions | To serve continuously until the vesting date (10 November 2019) after the grant date (11 November 2016) | To serve continuously until the vesting date (10 December 2016) after the grant date (11 November 2016) |
| Eligible service period | From 11 November 2016 to 10 November 2019 | From 11 November 2016 to 10 December 2016 |
| Exercise period | From 11 November 2019 to 10 November 2026 | From 11 December 2016 to 10 November 2026 |
| Settlement | Equity settlement | Equity settlement |

| | 8th share subscription rights A type | 8th share subscription rights B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 19<br>Employees of Group subsidiaries: 27 | Employees of the Company: 395<br>Employees of Group subsidiaries: 1,152 |
| Number of stock options by type of shares (Note 1, 2) | Common stock: maximum 16,362 shares | Common stock: maximum 144,534 shares |
| Grant date | 10 November 2017 | 10 November 2017 |
| Vesting conditions | To serve continuously until the vesting date (9 November 2020) after the grant date (10 November 2017) | To serve continuously until the vesting date (9 December 2017) after the grant date (10 November 2017) |
| Eligible service period | From 10 November 2017 to 9 November 2020 | From 10 November 2017 to 9 December 2017 |
| Exercise period | From 10 November 2020 to 9 November 2027 | From 10 December 2017 to 9 November 2027 |
| Settlement | Equity settlement | Equity settlement |

| | 9th share subscription rights A type | 9th share subscription rights B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 17<br>Employees of Group subsidiaries: 32 | Employees of the Company: 419<br>Employees of Group subsidiaries: 1,267 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 12,171 shares | Common stock:<br>maximum 108,825 shares |
| Grant date | 9 November 2018 | 9 November 2018 |
| Vesting conditions | To serve continuously until the vesting date (8 November 2021) after the grant date (9 November 2018) | To serve continuously until the vesting date (8 December 2018) after the grant date (9 November 2018) |
| Eligible service period | From 9 November 2018 to<br>8 November 2021 | From 9 November 2018 to<br>8 December 2018 |
| Exercise period | From 9 November 2021 to<br>8 November 2028 | From 9 December 2018 to<br>8 November 2028 |
| Settlement | Equity settlement | Equity settlement |

| | 10th share subscription rights A type | 10th share subscription rights B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 11<br>Employees of Group subsidiaries: 46 | Employees of the Company: 528<br>Employees of Group subsidiaries: 1,389 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 10,644 shares | Common stock:<br>maximum 112,272 shares |
| Grant date | 8 November 2019 | 8 November 2019 |
| Vesting conditions | To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019) | To serve continuously until the vesting date (7 December 2019) after the grant date (8 November 2019) |
| Eligible service period | From 8 November 2019 to<br>7 November 2022 | From 8 November 2019 to<br>7 December 2019 |
| Exercise period | From 8 November 2022 to<br>7 November 2029 | From 8 December 2019 to<br>7 November 2029 |
| Settlement | Equity settlement | Equity settlement |

| | 10th share subscription rights<br>C type | 11th share subscription rights<br>A type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 40 | Employees of the Company: 18<br>Employees of Group subsidiaries: 47 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 10,998 shares | Common stock:<br>maximum 6,525 shares |
| Grant date | 8 November 2019 | 13 November 2020 |
| Vesting conditions | To serve continuously until the vesting date (7 November 2022) after the grant date (8 November 2019) | To serve continuously until the vesting date (12 November 2023) after the grant date (13 November 2020) |
| Eligible service period | From 8 November 2019 to<br>7 November 2022 | From 13 November 2020 to<br>12 November 2023 |
| Exercise period | 8 November 2022 | From 13 November 2023 to<br>12 November 2030 |
| Settlement | Equity settlement | Equity settlement |

| | 11th share subscription rights<br>B type | 11th share subscription rights<br>C type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 694<br>Employees of Group subsidiaries: 1,435 | Employees of the Company: 41 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 66,918 shares | Common stock:<br>maximum 11,331 shares |
| Grant date | 13 November 2020 | 13 November 2020 |
| Vesting conditions | To serve continuously until the vesting date (12 December 2020) after the grant date (13 November 2020) | To serve continuously until the vesting date (12 November 2023) after the grant date (13 November 2020) |
| Eligible service period | From 13 November 2020 to<br>12 December 2020 | From 13 November 2020 to<br>12 November 2023 |
| Exercise period | From 13 December 2020 to<br>12 November 2030 | 13 November 2023 |
| Settlement | Equity settlement | Equity settlement |

| | 12th share subscription rights<br>A type | 12th share subscription rights<br>B type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 19<br>Employees of Group subsidiaries: 47 | Employees of the Company: 736<br>Employees of Group subsidiaries: 1,521 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 8,721 shares | Common stock:<br>maximum 92,271 shares |
| Grant date | 12 November 2021 | 12 November 2021 |
| Vesting conditions | To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021) | To serve continuously until the vesting date (11 December 2021) after the grant date (12 November 2021) |
| Eligible service period | From 12 November 2021 to<br>11 November 2024 | From 12 November 2021 to<br>11 December 2021 |
| Exercise period | From 12 November 2024 to<br>11 November 2031 | From 12 December 2021 to<br>11 November 2031 |
| Settlement | Equity settlement | Equity settlement |

| | 12th share subscription rights<br>C type | 13th share subscription rights<br>A type |
|---|---|---|
| Category and number of grantees | Employees of the Company: 39 | Officers of the Company: 37 |
| Number of stock options by type of shares (Note 1, 2) | Common stock:<br>maximum 9,324 shares | Common stock:<br>maximum 23,961 shares |
| Grant date | 12 November 2021 | 20 January 2023 |
| Vesting conditions | To serve continuously until the vesting date (11 November 2024) after the grant date (12 November 2021) | To serve continuously until the vesting date (19 January 2026) after the grant date (20 January 2023) |
| Eligible service period | From 12 November 2021 to<br>11 November 2024 | From 20 January 2023 to<br>19 January 2026 |
| Exercise period | 12 November 2024 | From 20 January 2026 to 19 January 2033 |
| Settlement | Equity settlement | Equity settlement |

| | 13th share subscription rights F type | 13th share subscription rights G type |
|---|---|---|
| Category and number of grantees | Officers of the Company: 2 | Officers of the Company: 7 |
| Number of stock options by type of shares (Note 1, 2) | Common stock: maximum 54,915 shares | Common stock: maximum 146,445 shares |
| Grant date | 20 January 2023 | 20 January 2023 |
| Vesting conditions | To serve continuously until the vesting date (19 January 2028) after the grant date (20 January 2023) | To serve continuously until the vesting date (19 January 2028) after the grant date (20 January 2023) |
| Eligible service period | From 20 January 2023 to 19 January 2028 | From 20 January 2023 to 19 January 2028 |
| Exercise period | From 20 January 2028 to 19 January 2033 | From 20 January 2028 to 19 January 2063 |
| Settlement | Equity settlement | Equity settlement |

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

(Note 1) The number of stock options is equivalent to the number of shares.
(Note 2) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of stock options by type of shares is disclosed after conversion to the number of shares after the stock split.

Expenses recognized as share-based payments are as follows:

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Expenses recognized | | |
| Share-based payments | 920 | 1,321 |

(2) Scale of stock options program and changes

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

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

Stock options

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

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

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

(Note) Our common stock has been split on a 3-to-1 basis, effective 1 March 2023. The number of shares is disclosed after conversion to the number of shares after the stock split.

(b) Stock price on exercise date

Stock options exercised during the fiscal year ended 31 August 2024 are as follows:

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

(c) Expected life of stock options

The weighted-average expected life of outstanding stock options as at 31 August 2024 was 15.15 years.

In addition, the weighted-average expected life of outstanding stock options as at 31 August 2023 was 14.25 years.

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

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

(1) Valuation model: Black-Scholes model

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

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

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from August 2017 to January 2024).
2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.
3. Expected dividends are projected with reference to the historical actual dividends declared in prior years.
4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.
5. The variables and assumptions used in computing the fair value of the share options are based on the Group’s best estimate. The value of an option varies with different variables of certain subjective assumptions.

Also, the methods of estimating fair value of 13th share subscription rights A type, F type, and G type granted during the fiscal year ended 31 August 2023, were as follows:

(1) Valuation model: Black-Scholes model

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

| | 13th share subscription rights A type | 13th share subscription rights F type |
|---|---|---|
| Fair value | 70,816 yen | 70,231 yen |
| Share price | 74,740 yen | 74,740 yen |
| Exercise price | 1 yen | 1 yen |
| Stock price volatility (Note 1) | 31 % | 34 % |
| Expected life of options (Note 2) | 6.5 years | 7.5 years |
| Expected dividends (Note 3) | 620 yen / share | 620 yen / share |
| Risk-free interest rate (Note 4) | 0.376% | 0.4645% |

| | 13th share subscription rights G type |
|---|---|
| Fair value | 62,009 yen |
| Share price | 74,740 yen |
| Exercise price | 1 yen |
| Stock price volatility (Note 1) | 35 % |
| Expected life of options (Note 2) | 22.51 years |
| Expected dividends (Note 3) | 620 yen / share |
| Risk-free interest rate (Note 4) | 1.40089% |

Notes: 1. Stock price volatility is computed based on the actual results of 6.5 years for A type (from August 2016 to January 2023), 7.5 years for F type (from August 2015 to January 2023), and 22.51 years for G type (from August 2000 to January 2023).
2. Expected life of options is estimated to be the reasonable period from the grant date until the exercise date.
3. Expected dividends are projected with reference to the historical actual dividends declared in prior years.
4. Risk-free interest rate refers to the yield of Japanese government bonds corresponding to the expected life of options.
5. The variables and assumptions used in computing the fair value of the share options are based on the Group's best estimate. The value of an option varies with different variables of certain subjective assumptions.

C. Estimation method of the number of share subscription rights which have already been vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the method reflecting actual numbers of forfeiture is adopted.

## 30. Financial Instruments

### A. Capital risk management

The Group engages in capital management to achieve continuous growth and maximize corporate value.

The ratio of the Group's net interest-bearing borrowings to equity is as follows:

(Millions of yen)

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

Interest-bearing borrowings includes corporate bonds and loans payable. As at 31 August 2023 and 2024, the Group maintained a position where the carrying amount of cash and cash equivalents exceeded the total amounts of interest-bearing borrowings and lease liabilities.

As at 31 August 2024 the Group is not subject to any externally imposed capital requirement.

### B. Material accounting policies

See Note "3. Material accounting policies" for material accounting policies regarding standards for recognizing financial assets, financial liabilities, equity financial instruments, as well as the fundamentals of measurement and recognition of profit or loss.

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

C. Categories of financial instruments

(Millions of yen)

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

No items in the above categories are included in discontinued operations or disposal groups held-for-sale. Also, there are no financial assets or liabilities valued using the fair value option to measure fair value.
On the consolidated statement of financial position, financial assets measured at fair value through other comprehensive income are included under “non-current financial Assets.”

D. Financial risk management

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

The Group enters into foreign currency forward contracts to hedge risk arising from fluctuations in foreign currency exchange rates and did not conduct any speculative trading in derivatives.

E. Market risk management

The Group conducts its business on a global scale, and is therefore exposed to the price fluctuation risk of currencies and equity and debt financial instruments.

(1) Foreign currency risk

(a) Foreign currency risk management

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

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

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

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

The Group's notional amount of foreign currency forward contracts was 2,200,471 million yen as at 31 August 2024.

(b) Foreign currency sensitivity analysis

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

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

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

(c) Currency derivatives and hedges

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

Cash flow hedges

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

The monetary value of ineffective hedges is immaterial.

The details of foreign currency forward contract are as follows:

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

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

(ii) Derivative transactions to which hedge accounting is applied

| | Average exchange rates | | Contract amount (Millions of contract currency) | | Contract principal (Millions of yen) | | Fair value (Millions of yen) | |
|---|---|---|---|---|---|---|---|---|
| | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 |
| Foreign currency forward contracts | | | | | | | | |
| Over 1 year | | | | | | | | |
| Buy USD (sell JPY) | 116.62 (¥/$) | 128.20 (¥/$) | 7,287 | 7,306 | 849,846 | 936,681 | 112,515 | 49,532 |
| Buy USD (sell EUR) | 0.89 (EUR/$) | 0.89 (EUR/$) | 401 | 392 | 57,344 | 56,155 | 73 | (398) |
| Buy USD (sell GBP) | 0.81 (£/$) | 0.79 (£/$) | 135 | 130 | 17,442 | 16,473 | (352) | (558) |
| Buy USD (sell KRW) | 1,280.35 (KRW/$) | 1,305.64 (KRW/$) | 374 | 139 | 53,003 | 19,709 | 15 | (38) |
| Buy USD (sell SGD) | 1.30 (SGD/$) | 1.31 (SGD/$) | 10 | 62 | 1,413 | 9,100 | 21 | (261) |
| Buy USD (sell THB) | 33.46 (THB/$) | 34.61 (THB/$) | 69 | 118 | 9,760 | 17,414 | 55 | (892) |
| Buy USD (sell MYR) | 4.41 (MYR/$) | 4.57 (MYR/$) | 8 | 92 | 1,182 | 14,134 | 87 | (946) |
| Buy USD (sell AUD) | 1.50 (AUD/$) | 1.50 (AUD/$) | 18 | 157 | 2,580 | 23,287 | 13 | (432) |
| Buy USD (sell CAD) | 1.34 (CAD/$) | 1.35 (CAD/$) | 27 | 80 | 4,009 | 11,685 | 18 | (97) |
| Buy USD (sell PHP) | 56.24 (PHP/$) | 58.09 (PHP/$) | 106 | 44 | 15,511 | 6,624 | 173 | (180) |
| Buy USD (sell SEK) | 10.31 (SEK/$) | 10.30 (SEK/$) | 17 | 16 | 2,477 | 2,396 | 92 | (76) |
| Non-deliverable forward contracts (NDF) | | | | | | | | |
| Over 1 year | | | | | | | | |
| Buy USD (sell TWD) | 28.86 (TWD/$) | 30.67 (TWD/$) | 1 | 126 | 132 | 17,559 | 8 | (40) |

| | Average exchange rates | | Contract amount (Millions of contract currency) | | Contract principal (Millions of yen) | | Fair value (Millions of yen) | |
|---|---|---|---|---|---|---|---|---|
| | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 | 31 August 2023 | 31 August 2024 |
| Foreign currency forward contracts | | | | | | | | |
| Within 1 year | | | | | | | | |
| Buy USD (sell JPY) | 112.67 (¥/$) | 121.04 (¥/$) | 4,332 | 4,874 | 488,137 | 590,005 | 123,157 | 100,485 |
| Buy USD (sell EUR) | 0.88 (EUR/$) | 0.90 (EUR/$) | 473 | 565 | 66,918 | 82,011 | 2,114 | (643) |
| Buy USD (sell GBP) | 0.78 (£/$) | 0.80 (£/$) | 157 | 210 | 19,590 | 32,090 | 326 | (1,559) |
| Buy USD (sell KRW) | 1,242.63 (KRW/$) | 1,291.08 (KRW/$) | 267 | 419 | 36,695 | 58,846 | 1,894 | 1,354 |
| Buy USD (sell SGD) | 1.36 (SGD/$) | 1.33 (SGD/$) | 89 | 107 | 13,253 | 15,896 | (195) | (425) |
| Buy USD (sell THB) | 34.49 (THB/$) | 34.68 (THB/$) | 127 | 299 | 18,361 | 44,223 | (83) | (1,285) |
| Buy USD (sell MYR) | 4.36 (MYR/$) | 4.59 (MYR/$) | 100 | 190 | 13,760 | 29,316 | 247 | (1,965) |
| Buy USD (sell AUD) | 1.48 (AUD/$) | 1.51 (AUD/$) | 150 | 175 | 21,081 | 26,095 | 205 | (682) |
| Buy USD (sell CAD) | 1.33 (CAD/$) | 1.35 (CAD/$) | 103 | 138 | 14,899 | 20,170 | 90 | (151) |
| Buy USD (sell IDR) | 13,585.19 (IDR/$) | 15,983.50 (IDR/$) | 203 | 113 | 26,570 | 16,984 | (40) | (476) |
| Buy USD (sell PHP) | 56.99 (PHP/$) | 56.70 (PHP/$) | 124 | 197 | 18,379 | 28,836 | (69) | (253) |
| Buy USD (sell SEK) | 9.42 (SEK/$) | 10.34 (SEK/$) | 13 | 24 | 1,762 | 3,555 | 258 | (71) |
| Buy USD (sell INR) | — (INR/$) | 84.31 (INR/$) | — | 7 | — | 1,020 | — | 0 |
| Buy EUR (sell USD) | 1.10 ($/EUR) | 1.10 ($/EUR) | 84 | 4 | 14,908 | 708 | (159) | 6 |
| Buy GBP (sell USD) | 1.27 ($/£) | 1.29 ($/£) | 23 | 7 | 4,697 | 1,444 | (11) | 30 |
| Buy IDR (sell USD) | 0.00 ($/IDR) | 0.00 ($/IDR) | 796,104 | 366,628 | 7,739 | 3,282 | (97) | 159 |
| Buy SEK (sell USD) | 0.09 ($/SEK) | 0.09 ($/SEK) | 21 | 5 | 319 | 67 | (5) | 3 |
| Buy JPY (sell USD) | — ($/JPY) | 0.01 ($/JPY) | — | 53,408 | — | 50,870 | — | 2,764 |
| Buy SGD (sell USD) | — ($/SGD) | 0.75 ($/SGD) | — | 9 | — | 1,059 | — | 24 |
| Buy THB (sell USD) | — ($/THB) | 0.03 ($/THB) | — | 3,855 | — | 15,727 | — | 793 |
| Buy MYR (sell USD) | — ($/MYR) | 0.22 ($/MYR) | — | 150 | — | 4,831 | — | 249 |
| Buy AUD (sell USD) | — ($/AUD) | 0.67 ($/AUD) | — | 61 | — | 5,931 | — | 102 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Buy CAD (sell USD) | ― ($/CAD) | 0.74 ($/CAD) | ― | 47 | ― | 5,084 | ― | 46 |
| Non-deliverable forward contracts (NDF) | | | | | | | | |
| Within 1 year | | | | | | | | |
| Buy USD (sell TWD) | 29.57 (TWD/$) | 30.97 (TWD/$) | 108 | 191 | 14,672 | 26,868 | 884 | 340 |

(2) Interest rate risk management

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

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

(3) Price risk management in equity and debt instruments

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

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

(4) Risk management in debt instruments

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

F. Credit risk management

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

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

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

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

Financial assets and other credit risk exposure

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

(1) Credit risk exposure

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

Year ended 31 August 2023

(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 | 379,421 | 61,965 | 25 | - | 441,412 |
| Within 90 days | 204 | 1,110 | - | - | 1,315 |
| Over 90 days but within one year | 65 | 200 | 1 | - | 266 |
| Over one year | 46 | 178 | 68 | - | 293 |
| Term-end balance | 379,739 | 63,455 | 94 | - | 443,288 |

Year ended 31 August 2024

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

(2) Allowances for Doubtful Accounts

Changes in allowances for doubtful accounts for trade receivables and other financial assets are as stated below.

Year ended 31 August 2023

(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 | 99 | 526 | 13 | 26 | 666 |
| Increase during period | 60 | 574 | 62 | - | 697 |
| Decrease during period (intended use) | - | (238) | (15) | - | (254) |
| Decrease during period (reversals) | (33) | (272) | (3) | (26) | (335) |
| Other changes | 18 | 36 | 0 | - | 54 |
| Term-end balance | 144 | 626 | 57 | - | 828 |

Year ended 31 August 2024

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

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

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

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

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

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

G. Liquidity risk management

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

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

(Millions of yen)

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 to 2 years | More than 2 years but within 3 years | More than 3 years but within 4 years | More than 4 years but within 5 years | Over 5 years |
|---|---|---|---|---|---|---|---|---|
| As at 31 August 2023 | | | | | | | | |
| Non-derivative financial Liabilities | | | | | | | | |
| Trade and other payables | 338,901 | 338,901 | 338,901 | - | - | - | - | - |
| Short-term borrowings | 1,119 | 1,119 | 1,119 | - | - | - | - | - |
| Corporate bonds | 239,686 | 240,000 | - | 30,000 | 70,000 | - | 100,000 | 40,000 |
| Long-term finance lease Liabilities | 338,657 | 357,382 | - | 91,493 | 64,280 | 43,351 | 36,518 | 121,738 |
| Short-term finance lease Liabilities | 126,992 | 132,457 | 132,457 | - | - | - | - | - |
| Deposits | 60,793 | 60,793 | 60,793 | - | - | - | - | - |
| Derivative financial liabilities | | | | | | | | |
| Foreign currency forward contracts | 5,010 | 5,010 | 3,600 | 1,376 | 34 | - | - | - |
| Total | 1,111,161 | 1,135,665 | 536,872 | 122,869 | 134,315 | 43,351 | 136,518 | 161,738 |
| As at 31 August 2024 | | | | | | | | |
| Non-derivative financial Liabilities | | | | | | | | |
| Trade and other payables | 388,656 | 388,656 | 388,656 | - | - | - | - | - |
| Short-term borrowings | 1,110 | 1,110 | 1,110 | - | - | - | - | - |
| Corporate bonds | 239,753 | 240,000 | 30,000 | 70,000 | - | 100,000 | - | 40,000 |
| Long-term finance lease Liabilities | 347,318 | 372,948 | - | 96,949 | 60,504 | 49,196 | 41,684 | 124,613 |
| Short-term finance lease Liabilities | 130,744 | 133,669 | 133,669 | - | - | - | - | - |
| Deposits | 73,669 | 73,669 | 73,669 | - | - | - | - | - |
| Derivative financial liabilities | | | | | | | | |
| Foreign currency forward contracts | 34,101 | 34,101 | 12,716 | 8,941 | 12,443 | - | - | - |
| Total | 1,215,354 | 1,244,155 | 639,821 | 175,891 | 72,947 | 149,196 | 41,684 | 164,613 |

(Note) Guaranteed obligations are not included in the above, as the probability of having to act on those guarantees is remote.

H. Fair value of financial instruments

(Millions of yen)

| | As at 31 August 2023 | | As at 31 August 2024 | |
|---|---|---|---|---|
| | Carrying amounts | Fair value | Carrying amounts | Fair value |
| Financial assets | | | | |
| Bonds | 440,738 | 438,995 | 443,338 | 444,647 |
| Security deposits / guarantees | 69,446 | 68,891 | 70,348 | 69,812 |
| Total | 510,184 | 507,887 | 513,687 | 514,459 |
| Financial liabilities | | | | |
| Corporate bonds | 239,686 | 236,826 | 239,753 | 234,727 |
| Total | 239,686 | 236,826 | 239,753 | 234,727 |

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

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

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

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

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

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

I. Fair value hierarchy of financial instruments

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

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

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

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

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

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

(Millions of yen)

| As at 31 August 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | - | - | 189 | 189 |
| Net financial assets and financial liabilities measured at fair value through profit or loss | - | 3 | - | 3 |
| Net financial assets and financial liabilities designated as hedging instruments − Fair value | - | 241,238 | - | 241,238 |
| Net amount | - | 241,242 | 189 | 241,432 |

| As at 31 August 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income | - | - | 189 | 189 |
| Net financial assets and financial liabilities measured at fair value through profit or loss | - | 96 | - | 96 |
| Net financial assets and financial liabilities designated as hedging instruments − Fair value | - | 144,455 | - | 144,455 |
| Net amount | - | 144,552 | 189 | 144,741 |

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

Financial instruments categorized as Level 3 consist of unlisted shares. The fair values of unlisted shares are measured by the division responsible in the Group's accounting policy, etc., using latest figures available for each quarter.

There were no significant changes due to the purchase, sale, issuance and settlement of Level 3 financial instruments, and no transfers between Levels 1, 2 and 3.

31. Related Party Disclosures

Remuneration of key management personnel

Remuneration of the Group's key management personnel is as below:

(Millions of yen)

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

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

Consolidated accounting year (From 1 September 2022, through 31 August 2023)

| Type | Name of Company, etc., or personal name | Location | Capital Stock or Money Invested (Millions of yen) | Business Content or Occupation | Percentage of voting right, etc. held (being held) | Relation with Associated Party | Transaction Details | Transaction Amount (millions of yen) | Item | Term-end Balance (millions of yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Company in which officers and close relatives hold a majority of voting rights | TTY Management B.V. | Amsterdam, Netherlands | 71,826 | Assets holdings, managing, etc. | 5.2% are directly held | Rent of store properties by our subsidiary<br>Serves concurrently as an officer | Store renting | 874 | Lease liabilities | 6,433 |
| 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<br>Serves concurrently as an officer | Store renting | 554 | Lease liabilities | 4,359 |

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

Current consolidated accounting year (From 1 September 2023, through 31 August 2024)

| Type | Name of Company, etc., or personal name | Location | Capital Stock or Money Invested (Millions of yen) | Business Content or Occupation | Percentage of voting right, etc. held (being held) | Relation with Associated Party | Transaction Details | Transaction Amount (millions of yen) | Item | Term-end Balance (millions of yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Company in which officers and close relatives hold a majority of voting rights | TTY Management B.V. | Amsterdam, Netherlands | 71,826 | Assets holdings, managing, etc. | 5.2% are directly held | Rent of store properties by our subsidiary<br>Serves concurrently as an officer | Store renting | 1,309 | Lease liabilities | 8,801 |
| 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<br>Serves concurrently as an officer | Store renting | 603 | Lease liabilities | 3,781 |

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

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

34. Contingent Liabilities

Year ended 31 August 2023

Not applicable

Year ended 31 August 2024

Not applicable

35. Subsequent Events

Not applicable

E. Others

Quarterly information for the fiscal year ended 31 August 2024

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

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

## 10. Non-Consolidated Financial statements

### (1) Balance Sheet

(Millions of yen)

| | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 498,193 | 699,243 |
| Operating accounts receivable | *1 42,579 | *1 108,854 |
| Securities | 20,000 | 20,000 |
| Short-term loans receivable from subsidiaries and associates | 35,961 | 2,509 |
| Accounts receivable from subsidiaries and associates | 6,608 | 8,079 |
| Others | 33,246 | 14,839 |
| Allowance for doubtful accounts | (1,031) | - |
| Total current assets | 635,557 | 853,526 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 32,561 | 35,120 |
| Accumulated depreciation | *3 (15,381) | *3 (17,221) |
| Buildings, net | 17,179 | 17,899 |
| Structures | 464 | 715 |
| Accumulated depreciation | *3 (305) | *3 (350) |
| Structures, net | 158 | 365 |
| Machinery, vehicle, furniture and fixtures | 8,492 | 8,576 |
| Accumulated depreciation | *3 (2,794) | *3 (3,646) |
| Machinery, vehicle, furniture and fixtures, net | 5,697 | 4,930 |
| Land | 1,123 | 1,123 |
| Leased assets | 182 | 173 |
| Accumulated depreciation | *3 (134) | *3 (146) |
| Leased assets, net | 48 | 26 |
| Construction in progress | 691 | 403 |
| Total property, plant and equipment | 24,900 | 24,749 |
| Intangible assets | | |
| Software | 50,979 | 65,151 |
| Software in progress | 17,387 | 9,341 |
| Others | 9 | 0 |
| Total intangible assets | 68,377 | 74,493 |
| Investments and other assets | | |
| Investment securities | 143 | 143 |
| Shares of subsidiaries and associates | 622,796 | 628,946 |
| Investments in capital of subsidiaries and associates | 7,567 | 7,213 |
| Long-term loans receivable from subsidiaries and associates | 45,230 | 10,471 |
| Leases and guarantee deposits | 5,777 | 5,878 |
| Deferred tax assets | 4,680 | 5,477 |
| Lease receivables | 12,665 | 11,174 |
| Others | 1 | 134 |
| Allowance for doubtful accounts | (35,628) | (10,239) |
| Total investments and other assets | 663,235 | 659,199 |
| Total non-current assets | 756,513 | 758,442 |
| Total assets | 1,392,070 | 1,611,968 |

(Millions of yen)

| | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|
| LIABILITIES | | |
| Current liabilities | | |
| Current portion of corporate bonds | - | 30,000 |
| Accounts payable | 10,187 | 8,592 |
| Accrued expenses | 5,660 | 6,448 |
| Deposits received | ※1 96,582 | ※1 110,588 |
| Provision for bonuses | 4,092 | 4,205 |
| Income taxes payable | - | 962 |
| Others | 2,898 | 2,530 |
| Total current liabilities | 119,422 | 163,328 |
| Non-current liabilities | | |
| Corporate bonds payable | 240,000 | 210,000 |
| Lease obligations | 12,694 | 11,097 |
| Guarantee deposits received | 3,337 | 3,398 |
| Provision for loss on business of subsidiaries and associates | - | 1,446 |
| Others | 4,141 | 7,100 |
| Total non-current liabilities | 260,173 | 233,042 |
| Total liabilities | 379,595 | 396,371 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 10,273 | 10,273 |
| Capital surplus | | |
| Legal capital surplus | 4,578 | 4,578 |
| Other capital surplus | 13,313 | 14,540 |
| Total capital surplus | 17,892 | 19,119 |
| Retained earnings | | |
| Legal retained earnings | 818 | 818 |
| Other retained earnings | | |
| General reserve | 185,100 | 185,100 |
| Retained earnings brought forward | 806,273 | 1,008,134 |
| Total retained earnings | 992,191 | 1,194,053 |
| Treasury stock | (14,714) | (14,628) |
| Total shareholders' equity | 1,005,644 | 1,208,817 |
| Share subscription rights | 6,831 | 6,779 |
| Total net assets | 1,012,475 | 1,215,597 |
| Total liabilities and net assets | 1,392,070 | 1,611,968 |

(2) Statement of Income

(Millions of yen)

| | Year ended 31 August 2023 | Year ended 31 August 2024 |
|---|---|---|
| Operating revenue | | |
| Management income from operating companies | ※1 90,935 | ※1 101,301 |
| Dividends income from subsidiaries and associates | ※1 236,997 | ※1 336,904 |
| Total operating revenue | 327,932 | 438,206 |
| Operating expenses | | |
| Selling, general and administrative expenses | | |
| Salaries | 9,400 | 10,213 |
| Bonuses | 1,529 | 1,980 |
| Allowance for bonuses | 3,849 | 3,985 |
| Rental expenses | 10,011 | 10,072 |
| Depreciation | 23,788 | 26,361 |
| Outsourcing expenses | 36,289 | 41,024 |
| Others | 17,145 | 20,974 |
| Total operating expenses | ※1 102,014 | ※1 114,612 |
| Operating profit / (loss) | 225,918 | 323,593 |
| Non-operating income | | |
| Interest income | 10,218 | 22,912 |
| Interest on securities | 11 | 3 |
| Foreign exchange gain | 18,914 | - |
| Others | 45 | 132 |
| Total non-operating income | ※1 29,189 | ※1 23,049 |
| Non-operating expenses | | |
| Interest expenses | 3,948 | 5,877 |
| Foreign exchange losse | - | 5,018 |
| Others | 61 | 193 |
| Total non-operating expenses | ※1 4,010 | ※1 11,089 |
| Ordinary profit / (loss) | 251,097 | 335,553 |
| Extraordinary income | | |
| Gain on sale of investment securities | 2,985 | - |
| Reversal of provision of allowance for doubtful accounts for subsidiaries and associates | - | 197 |
| Reversal of provision for loss on business of subsidiaries and associates | 1,324 | - |
| Total extraordinary income | 4,309 | 197 |
| Extraordinary losses | | |
| Losses on retirement of non-current assets | 17 | 10 |
| Loss on valuation of shares of subsidiaries and associates | 4,177 | 6,262 |
| Provision of allowance for doubtful accounts for subsidiaries and associates | 25,207 | 10,665 |
| Provision for loss on business of subsidiaries and associates | - | 1,446 |
| Impairment losses | 201 | 276 |
| Advance pricing arrangement tax adjustment | - | 629 |
| Total extraordinary losses | 29,604 | ※1 19,290 |
| Income/(loss) before income taxes | 225,803 | 316,460 |
| Income taxes － current | 15,607 | 11,120 |
| Income taxes － deferred | 1,050 | (796) |
| Total income taxes | 16,657 | 10,324 |
| Net income / (loss) | 209,145 | 306,135 |

(3) Statement of changes in net asset

Year ended 31 August 2023

(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 | 11,668 | 16,247 | 818 | 185,100 | 670,202 | 856,120 |
| Changes during the year | | | | | | | | |
| Dividends | - | - | - | - | - | - | (73,074) | (73,074) |
| Net income | - | - | - | - | - | - | 209,145 | 209,145 |
| Acquisition of treasury stock | - | - | - | - | - | - | - | - |
| Disposal of treasury stock | - | - | 1,645 | 1,645 | - | - | - | - |
| Net changes of items other than those in shareholders' equity | - | - | - | - | - | - | - | - |
| Net changes during the year | - | - | 1,645 | 1,645 | - | - | 136,071 | 136,071 |
| Balance at the end of year | 10,273 | 4,578 | 13,313 | 17,892 | 818 | 185,100 | 806,273 | 992,191 |

| | 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 | (14,813) | 867,828 | 1,660 | 1,660 | 7,784 | 877,273 |
| Changes during the year | | | | | | |
| Dividends | - | (73,074) | - | - | - | (73,074) |
| Net income | - | 209,145 | - | - | - | 209,145 |
| Acquisition of treasury stock | (27) | (27) | - | - | - | (27) |
| Disposal of treasury stock | 127 | 1,772 | - | - | - | 1,772 |
| Net changes of items other than those in shareholders' equity | - | - | (1,660) | (1,660) | (953) | (2,613) |
| Net changes during the year | 99 | 137,816 | (1,660) | (1,660) | (953) | 135,202 |
| Balance at the end of year | (14,714) | 1,005,644 | - | - | 6,831 | 1,012,475 |

Year ended 31 August 2024

(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 | 13,313 | 17,892 | 818 | 185,100 | 806,273 | 992,191 |
| Changes during the year | | | | | | | | |
| Dividends | - | - | - | - | - | - | (104,274) | (104,274) |
| Net income | - | - | - | - | - | - | 306,135 | 306,135 |
| Acquisition of treasury stock | - | - | - | - | - | - | - | - |
| Disposal of treasury stock | - | - | 1,227 | 1,227 | - | - | - | - |
| Net changes of items other than those in shareholders' equity | - | - | - | - | - | - | - | - |
| Net changes during the year | - | - | 1,227 | 1,227 | - | - | 201,861 | 201,861 |
| Balance at the end of year | 10,273 | 4,578 | 14,540 | 19,119 | 818 | 185,100 | 1,008,134 | 1,194,053 |

| | Shareholders' equity | | Share subscription rights | Total net assets |
|---|---|---|---|---|
| | Treasury stock | Total shareholders' equity | | |
| Balance at the beginning of year | (14,714) | 1,005,644 | 6,831 | 1,012,475 |
| Changes during the year | | | | |
| Dividends | - | (104,274) | - | (104,274) |
| Net income | - | 306,135 | - | 306,135 |
| Acquisition of treasury stock | (5) | (5) | - | (5) |
| Disposal of treasury stock | 90 | 1,317 | - | 1,317 |
| Net changes of items other than those in shareholders' equity | - | - | (51) | (51) |
| Net changes during the year | 85 | 203,173 | (51) | 203,121 |
| Balance at the end of year | (14,628) | 1,208,817 | 6,779 | 1,215,597 |

(4) Notes

(Material 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 | 5-35 years |
| Machinery, vehicle, furniture, and fixtures | 5 years |

(b) Intangible 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) 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. Application of tax effect accounting in connection with the transition from the consolidated taxation system to the group tax sharing system.

The Company applies a group tax sharing system. The Company complies with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021) for corporate tax and local corporation tax accounting and related tax effect accounting.

(Changes in accounting policy)

Not applicable

(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 2023 | As at 31 August 2024 |
|---|---|---|
| Trade accounts receivable | 42,568 | 108,711 |
| Deposits received | 96,268 | 110,263 |

2. Contingent liabilities

(Millions of yen)

| | As at 31 August 2023 | As at 31 August 2024 |
|---|---|---|
| Guarantees for office and retail store leases | 16,103 | 10,492 |
| Guarantees on loans payable to financial institutions | 6,483 | 5,663 |

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 2023 | Year ended 31 August 2024 |
|---|---|---|
| Ordinary revenue: | | |
| Management income from operating companies | 89,382 | 99,120 |
| Dividends income from subsidiaries and associates | 236,997 | 336,904 |
| Ordinary expense | 3,814 | 5,796 |
| Non-operating transaction | 2,259 | 6,492 |

(Note) Non-operating transactions for the current fiscal year include gains and losses of 629 million yen from transfer pricing adjustments made in previous years between the Company and South Korea subsidiary based on an agreement on advance pricing arrangement tax adjustment.

(Investment securities)

As at 31 August 2023

The fair values of the shares of subsidiaries and associates (subsidiaries 605,027 million yen and associates 17,768 million yen on the balance sheet) are not described as they do not have a market price.

As at 31 August 2024

The fair values of the shares of subsidiaries and associates (subsidiaries 611,427 million yen and associates 17,519 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 when the net realizable value is significantly lower than the acquisition 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 2023 | As at 31 August 2024 |
|---|---|---|
| Deferred tax assets: | | |
| Provisions for bonuses | 1,330 | 1,341 |
| Depreciation | 1,607 | 2,050 |
| Loss on shares of subsidiaries and associates | 58,119 | 71,280 |
| Impairment losses | 241 | 269 |
| Allowance for doubtful accounts | 11,225 | 3,135 |
| Unused tax losses carried forward | 199 | - |
| Software | 2,123 | 1,332 |
| Asset retirement obligation | 1,355 | 1,531 |
| Others | 6,155 | 7,921 |
| Subtotal | 82,358 | 88,862 |
| Valuation allowance pertaining to tax loss carried forward | (199) | - |
| Valuation allowance pertaining to total of future deductible temporary difference | (74,523) | (80,452) |
| Valuation allowance subtotal | (74,722) | (80,452) |
| Total deferred tax assets | 7,635 | 8,410 |
| Deferred tax liabilities: | | |
| Temporary differences on shares of subsidiaries | (1,893) | (1,893) |
| Expenses for asset retirement obligation | (839) | (1,010) |
| Others | (221) | (29) |
| Total deferred tax liabilities | (2,954) | (2,933) |
| Net deferred tax liabilities | 4,680 | 5,477 |

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 2023 | As at 31 August 2024 |
|---|---|---|
| Statutory income tax rate | 30.6% | 30.6% |
| (adjustments) | | |
| Non-taxable dividend income | (31.1) | (31.5) |
| Increase/(decrease) in valuation allowance | 4.5 | 1.8 |
| Foreign withholding tax | 4.0 | 2.8 |
| Others | (0.6) | (0.4) |
| Effective tax rates after applying tax effect accounting | 7.4 | 3.3 |

(Revenue recognition)

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

(Business Combination)

Not applicable.

(Notes on Significant Subsequent Events)

Not applicable.

(5) Supplementary schedule

Details of fixed asset

(Millions of yen)

| Types of assets | Balances as at 1 September 2023 | Increase | Decrease | Depreciation, amortization during the year | Balances as at 31 August 2024 | Accumulated depreciation or amortization as at 31 August 2024 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | | | | | | |
| Buildings | 17,179 | 3,493 | 0 | 2,774 | 17,899 | 17,221 |
| Structures | 158 | 251 | - | 44 | 365 | 350 |
| Tools, furniture, and equipment | 5,697 | 102 | 1 | 869 | 4,930 | 3,646 |
| Land | 1,123 | - | - | - | 1,123 | 34 |
| Leased assets | 48 | - | - | 21 | 26 | 146 |
| Construction in progress | 691 | 2,553 | 2,841 | - | 403 | - |
| Total property, plant and equipment | 24,900 | 6,400 | 2,842 | 3,709 | 24,749 | 21,399 |
| Intangible assets | | | | | | |
| Software | 50,979 | 36,824 | - | 22,652 | 65,151 | - |
| (Impairments) | - | - | - | - | - | - |
| Software in progress | 17,387 | 29,054 | 37,100 | - | 9,341 | - |
| (Impairments) | - | - | 276 | - | - | - |
| Others | 9 | - | 9 | - | 0 | - |
| Total intangible assets | 68,377 | 65,879 | 37,110 | 22,652 | 74,493 | - |

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

| Types of assets | Amount (Millions of yen) | Contents |
|---|---|---|
| Software | 36,824 | Construction cost for new system |
| Software in progress | 29,054 | 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 | 37,100 | Construction cost for new systems (transferred to software as the new system was launched) |

Details of provisions

(Millions of yen)

| Categories | Balance as at 1 September 2023 | Increase | Decrease | Balance as at 31 August 2024 |
|---|---|---|---|---|
| Allowance for doubtful accounts (current) | 1,031 | - | 1,031 | - |
| Allowance for doubtful accounts (non-current) | 35,628 | 11,697 | 37,086 | 10,239 |
| Provision for bonuses | 4,092 | 4,205 | 4,092 | 4,205 |
| Allowances for Affiliated Company Operating Losses | - | 1,446 | - | 1,446 |

(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 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

**Basis for Opinion**

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

**Key Audit Matters**

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

<table>
<tr><th colspan="2">Valuation of inventories at the lower of cost or net realizable value</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As disclosed in Note 10 to the consolidated financial statements, the Group’s total inventories attributable to UNIQLO Japan, UNIQLO International and GU business segments as at 31 August 2024 were JPY 445,122 million, in the aggregate, representing 12.4% of the Group’s total assets. In addition, the amount of write-down of inventories to net realizable value was JPY 8, 299 million for these segments.</td><td>Our audit procedures related to this key audit matter included the following, among others:<br><br>• Evaluation of the cost measurement techniques and inventory valuation approaches established by management, including compliance with IFRS Accounting Standards.</td></tr>
</table>

| | |
|---|---|
| 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.<br><br>Given the nature of the Group's businesses, changes to inventory, such as adjustments to selling prices, are frequently made to large volumes of inventory at a Stock Keeping Units ("SKUs") level. Therefore, inventory management is highly dependent on the IT systems. In addition, the accuracy of the inventory valuation reports is also dependent upon the IT systems. As such, due to the potential impact it may have on the accounting for the write-down of inventories to net realizable value, there are increased risks around the appropriateness of the system configurations (e.g., report logic, parameters, etc.), in addition to the overall maintenance of the IT systems.<br><br>We identified this matter as a key audit matter given that the value of inventories is material and the valuation of inventories is highly dependent on the IT systems. | ▪ 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.<br><br>▪ Involvement of our professionals with expertise in information technology ("IT experts") to evaluate the accuracy and completeness of inventory valuation reports by testing the system interface controls, the report logic and input parameters, as well as general IT controls over the IT systems, including testing of user access controls, change management controls and IT operations controls.<br><br>▪ 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 or reversal of impairment indicators on store assets** | |
|---|---|
| **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 GU business segments amounting to JPY 112,410 million, JPY 271,236 million and JPY 36,388 million, respectively, which in the aggregate represent 11.7% of the Group's total assets as at 31 August 2024. In addition, the impairment losses attributable to store assets for each segment were JPY 353 million, JPY 895 million and JPY 632 million, and the reversal of impairment losses was JPY 425 million, JPY 3,273 million and JPY 306 million, respectively, for the year ended 31 August 2024.<br><br>Each segment operated 787, 1,698 and 472 stores as at 31 August 2024, respectively, and the performance results of each store are maintained in an IT system. In principle, each store is considered as an individual cash-generating unit ("CGU"). Management uses the performance results of stores (IT system-generated reports) as a key input when assessing whether there is any indication that store assets may be impaired, or impairment losses recognized in prior periods may no longer exist or may have decreased ("Impairment or Reversal of Impairment Indicators"). As such, due to the potential impact it may have on the assessment of the Impairment or Reversal of Impairment Indicators, there are increased risks around the appropriateness of the system configurations (e.g., report logic, parameters, etc.), in addition to the overall maintenance of the IT system.<br><br>We identified this matter as a key audit matter given that the value of store assets is material, and the creation of information used in assessment of the Impairment or Reversal of Impairment Indicators is highly dependent on the IT system. | Our audit procedures related to this key audit matter included the following, among others:<br><br>▪ Evaluation of management's assessment of Impairment or Reversal of Impairment Indicators, identification of CGUs and allocation method of relevant headquarter costs to each CGU used by management, including compliance with IFRS Accounting Standards.<br><br>▪ Assessment of the design and operating effectiveness of relevant controls in place for assessing Impairment or Reversal of Impairment Indicators.<br><br>▪ Involvement of our IT experts to evaluate the accuracy and completeness of the Impairment or Reversal of Impairment Indicators identification reports by testing source data of store performance results along with the report logic to allocate headquarter costs, report logic used to identify Impairment or Reversal of Impairment Indicators, and input parameters, as well as the general IT controls over the IT system, including testing of user access controls, change management controls and IT operations controls.<br><br>▪ Examination of the Impairment or Reversal of Impairment Indicators identification report for the completeness of stores for proper inclusion. |

**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 Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements**

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

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

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

Deloitte Touche Tohmatsu LLC
29 November 2024

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

29 November 2024

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 2024, and the nonconsolidated statement of income, and nonconsolidated statement of changes in net asset for the 63rd fiscal year from 1 September 2023 to 31 August 2024, 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 2024, 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 104 consolidated subsidiaries and 3 associates accounted for using the equity method.<br>The shares of subsidiaries and associates were JPY 628,946 million, represented 39.0% of the Company's total assets on the balance sheet as at 31 August 2024.<br><br>The shares of subsidiaries and associates do not have a market price and the valuation method is described in "Notes (Investment securities)".<br><br>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 | Our audit procedures related to this key audit matter included the following, among others:<br><br>▪ 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.<br><br>▪ Evaluation of the reliability of the financial information of significant subsidiaries used as a basis of calculating the net |

| | |
|---|---|
| share of respective subsidiaries and associates. An impairment loss is recognized if the net realizable value significantly decreases compared to the cost .<br><br>We identified the valuation of shares of subsidiaries and associates as a key audit matter given that the value of the shares without market price is material on the balance sheet. | assets per share, by examining the audit procedures and audit results of respective subsidiaries performed by their auditors.<br><br>▪ 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. Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

Audit & Supervisory Board members and the Audit & Supervisory Board 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 Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the nonconsolidated 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.

**<Fee-Related Information>**

Fee-related information are disclosed in independent auditor’s report on the consolidated financial statements as of and for the year ended 31 August 2024

**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.

Notes to the Readers of Independent Auditor's Report

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.

The independent auditor’s report on Consolidated Financial Statements is not translated.

## 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 2024, 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 63rd fiscal year (1 September 2023 – 31 August 2024), and confirm they are true, based on the Financial Instruments and Exchange Law.

2. Special items
   None