



## FAST RETAILING

### NOTICE OF 2016 General Meeting of Shareholders

(Year from 1 September 2015 to 31 August 2016)

**Date and time:** 11.00 JST,  
Thursday, November 24, 2016

**Location:** Main Conference Room, Head Office  
Conference Building 717-1 Sayama,  
Yamaguchi City, Yamaguchi, Japan

Matters for Resolution

Proposal 1:

**Election of six directors**

Proposal 2:

**Election of three statutory auditors**



## FAST RETAILING CO., LTD.

Stock Code

Tokyo Stock Exchange: 9983

Hong Kong Stock Exchange (Main Board): 6288

# Changing the Way we Change

To stay ahead of today's fast-changing retail business models, we are transforming Fast Retailing into a leading digital retailer. Entire work processes can now be globally synchronized by linking customers, business partners and corporate functions via the internet. We are looking to harness that capability and create a revolutionary new supply chain that unifies all elements of clothes-creation from planning to design, manufacture and retail.

Quintessentially customer-centric, a digital retailer is able to instantly incorporate customer desires in new products. It explores the fundamental question, "Why do we get dressed?", channeling pertinent information into creating clothes that enrich people's lives, and directly conveying information to customers on changing lifestyles, fashion trends, high-function materials and comfort, and suggestions for contemporary outfits to suit today's world.

Fast Retailing plans to use Big and Small Data to analyze customer opinion and translate that opinion into new products. We are instigating new projects that involve transforming our current factories and manufacturing processes, installing factory-based distribution platforms to help slash production and delivery lead times, and launching new next-generation distribution centers in Japan and other regions worldwide. In fact, every day is committed to the determined challenge of revolutionizing our business structure, and building a new industry.

Over the medium-term, we will be looking to expand UNIQLO International by accelerating store openings in high-growth markets such as Greater China, and Southeast Asia and Oceania. We are also focused on expanding e-commerce by launching exciting new services in anticipation of a future surge in online shopping. We are aiming to build GU into a 1 trillion yen company, as a second pillar brand alongside UNIQLO. For the Group as a whole, we will be looking to expand revenue to 3 trillion yen and boost operating profit margin to 15% by 2020. All part of our quest to build Fast Retailing into the world's No.1 digital retailer.

The more we grow as a global company, the more significant our responsibility to society becomes. We recently collected 12.81 million items of used clothing to donate to refugees and displaced persons through our All-Product Recycling Initiative 10 Million Ways to HELP Project. I want to use our clothing manufacture and retail business and our numerous clothes-related CSR activities to deliver joy and happiness, and help make the world a better place.

**Tadashi Yanai**  
Chairman, President and CEO



**NOTICE OF 2016 GENERAL MEETING OF SHAREHOLDERS**

**Date and time:** 11.00 JST, Thursday, November 24, 2016

**Location:** Main Conference Room, Head Office  
Conference Building 717-1 Sayama,  
Yamaguchi City, Yamaguchi, Japan

**Items to be dealt with at the Meeting:**

- Matters for Reporting**
1. Reports on the business report, consolidated financial statements and non-consolidated financial statements for the fiscal 2016 (1 September 2015 to 31 August 2016)
  2. Results of the audit of the consolidated financial statements by the Accounting Auditors and the Board of Statutory Auditors for fiscal 2016 (1 September 2015 to 31 August 2016)

- Matters for Resolution**
- Proposal 1: **Election of six directors**  
Proposal 2: **Election of three statutory auditors**

**Information Disclosed Online**

- Amendments to AGM reference materials, the business report, consolidated financial statements and non-consolidated financial statements will be displayed on the Fast Retailing company website.
- As stipulated by law and article 15 of the articles of incorporation, the following documents are not included in this notice because they are already displayed on the Fast Retailing company website:

**Business report**

Items relating to External Officers, the Accounting Auditors, share subscription rights and Ensuring Proper Business Operations (Corporate Governance)

**Consolidated financial statements**

Consolidated statement of changes in equity, notes to consolidated financial statements

**Non-consolidated financial statements**

Statement of changes in net assets, notes to non-consolidated financial statements

Documents displayed on the company website relating to the Board of Auditors and the Accounting Auditor are all subject to audit.

Fast Retailing website <http://www.fastretailing.com/eng/ir/stockinfo/meeting.html>

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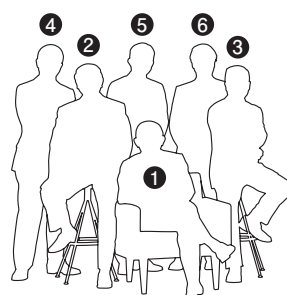
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# THE REFERENCE MATERIALS FOR THE 2016 GENERAL MEETING OF SHAREHOLDERS



- ① Chairman, President and CEO  
Tadashi Yanai
- ② Director  
Toru Hambayashi
- ③ Director  
Nobumichi Hattori

- ④ Director  
Toru Murayama
- ⑤ Director  
Masaaki Shintaku
- ⑥ Director  
Takashi Nawa



## Proposal 1 Election of Six Directors

The term of office of all six current Directors expires as of the end of this Ordinary General Meeting of Shareholders, so the Company proposes that six Directors be elected. The candidates for Directors are as follows.

Candidate number	Name		Position	No. of years as a board director	Board of directors' meeting attendance
1	<b>Tadashi Yanai</b> (67 years old)	Reappointment	Representative Director; Chairman, President & CEO	44 years	100% (13 of 13)
2	<b>Toru Hambayashi</b> (79 years old)	Reappointment External Director Independent Officer	Director	11 years	85% (11 of 13)
3	<b>Nobumichi Hattori</b> (58 years old)	Reappointment External Director Independent Officer	Director	11 years	100% (13 of 13)
4	<b>Toru Murayama</b> (62 years old)	Reappointment External Director	Director	9 years	100% (13 of 13)
5	<b>Masaaki Shintaku</b> (62 years old)	Reappointment External Director Independent Officer	Director	7 years	100% (13 of 13)
6	<b>Takashi Nawa</b> (59 years old)	Reappointment External Director	Director	4 years	100% (13 of 13)

- Outline of Non-Executive Directors limited liability agreement  
To enable Non-Executive Directors to fulfill their roles to the best of their ability and meet the expectations of the Board and shareholders, Article 29 of the Company's Articles of Incorporation stipulates that the Company may enter into agreements with Non-Executive Directors to limit their liabilities to compensate for damages suffered due to their negligence in the execution of duties. Accordingly, the Company signed limited liability agreements with Toru Hambayashi, Nobumichi Hattori, Toru Murayama, Masaaki Shintaku, and Takashi Nawa. These agreements shall be extended in the event these five persons are re-elected as Non-Executive Directors. An outline of the said agreement is detailed below.  
The limited liabilities agreement is 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. The agreement states that liabilities for damages shall be limited to the higher amount of either 5,000,000 yen or the amount stipulated by law.
- The Tokyo Stock Exchange has been notified that Toru Hambayashi, Nobumichi Hattori and Masaaki Shintaku serve as independent officers.
- Director Toru Murayama is the representative director of Office Murayama. FAST RETAILING CO., LTD. currently has a consulting subcontract with Office Murayama relating to the training of management personnel.
- FAST RETAILING CO., LTD. has no specific interests or agreements with any of the other candidates for director.

# 1 Tadashi Yanai

Reappointment



- **DOB:** 7 February 1949
- **No. of years as a Board Director:**  
44 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:**  
100% (13 of 13)
- **No. of Fast Retailing shares held:**  
22,987,284 shares
- **Career profile and Fast Retailing positions held:**
  - Aug. 1972 Joined FAST RETAILING CO., LTD.
  - Sep. 1972 Director, FAST RETAILING CO., LTD.
  - Aug. 1973 Senior Managing Director, FAST RETAILING CO., LTD.
  - Sep. 1984 President & CEO, FAST RETAILING CO., LTD.
  - Jun. 2001 External Director, SOFTBANK GROUP CORP. (current)
  - Nov. 2002 Chairman and CEO, FAST RETAILING CO., LTD.
  - Sep. 2005 Chairman, President and CEO, FAST RETAILING CO., LTD. (current)
  - Nov. 2005 Chairman, President and CEO, UNIQLO CO., LTD. (current)
  - Sep. 2008 Director and Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.) (current)
  - Jun. 2009 External Director, Nippon Venture Capital Co., Ltd. (current)
  - Nov. 2011 Director, LINK THEORY JAPAN CO., LTD. (current)
- **Major concurrent offices:**
  - External Director, SOFTBANK GROUP CORP.
  - Chairman, President and CEO of UNIQLO CO., LTD.
  - Director of 22 other subsidiaries of the Company
  - External Director, Nippon Venture Capital Co., Ltd.

## Selection for Chairman, President and CEO

Tadashi Yanai founded and built Fast Retailing into a successful corporate Group. Appointed President and CEO in 1984, he has established UNIQLO's global operations, built GU into a second pillar brand, and expanded the Group into one of the world's leading Specialty store retailers of Private-label Apparel. His impressive management experience, broad operational knowledge and consistent commitment to improving corporate value is vital to the Group's continued growth. We highly recommend Mr. Yanai's appointment.

## Candidate Message

At this vital stage in our growth as a global company, I believe it is important to boost our corporate value by challenging new innovation, and to strive for increasingly swift, decisive and transparent management. Under our corporate mission to change clothes, change conventional wisdom and change the world, I want us to continue to enrich people's lives through clothes, and to grow as a company that uses clothes to conduct meaningful, pertinent CSR activities that deliver joy and happiness to people around the world.

# 2 Toru Hambayashi

Reappointment

External Director

Independent Officer



- **DOB:** 7 January 1937
- **No. of years as a Board Director:**  
11 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:**  
85% (11 of 13)
- **No. of Fast Retailing shares held:** — shares
- **Career profile and Fast Retailing positions held:**
  - Apr. 1959 Joined Nichimen Company Limited (currently Sojitz Corporation)
  - Oct. 2000 President, Nichimen Corporation (currently Sojitz Corporation)
  - Apr. 2003 Chairman and Representative Director, Sojitz Holdings Corporation (currently Sojitz Corporation)
  - Jun. 2004 External Auditor, UNITIKA LTD.
  - Nov. 2005 External Director, FAST RETAILING CO., LTD. (current)
  - Jun. 2007 External Director, MAEDA CORPORATION (current)
  - Apr. 2009 Adviser, The Association for the Promotion of International Trade, Japan (current)
  - Jun. 2011 External Director, DAIKYO INCORPORATED (current)
  - Jun. 2015 External Director, UNITIKA Ltd. (current)
- **Major concurrent offices:**
  - External Director, UNITIKA LTD.
  - External Director, MAEDA CORPORATION
  - Adviser, The Association for the Promotion of International Trade, Japan
  - External Director, DAIKYO INCORPORATED

## Selection for External Director

Toru Hambayashi is well versed in overall trends in the apparel industry having worked in senior management first as president of Nichimen Corp. general trading company (currently Sojitz Corp.) and then as chairman and co-CEO of Nissho Iwai-Nichimen Holdings Corp. (currently Sojitz Corp.). His global perspective and superior management experience is vital to us as a company looking to expand our apparel-related operations. We highly recommend Mr. Hambayashi is an appropriate candidate for external director.

## Candidate Message

Tadashi Yanai has a strong sense of morality, but it is important that the company transitions from a 'my company' under Mr. Yanai, to a more public 'your company.' As an external director, I closely monitor and evaluate Fast Retailing growth on behalf of company stakeholders to ensure all achievements are healthy and correct, and offer candid advice to aid FR's quest to become the world's No.1 brand.

# 3 Nobumichi Hattori

Reappointment External Director Independent Officer



- **DOB:** 25 December 1957
- **No. of years as a Board Director:** 11 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** — shares
- **Career profile and Fast Retailing positions held:**

- Apr. 1981 Joined Nissan Motor Co., Ltd.
- Jun. 1989 Joined Goldman Sachs and Company, Headquarters (New York)
- Nov. 1998 Managing Director and M&A Advisory of Japan for Goldman Sachs and Company Headquarters (New York)
- Oct. 2003 Visiting Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- Jun. 2005 External Director, Miraca Holdings Inc.
- Nov. 2005 External Director, FAST RETAILING CO., LTD. (current)
- Oct. 2006 Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- Apr. 2009 Visiting Professor, Waseda Graduate School of Finance, Accounting and Law (current)
- Mar. 2015 External Auditor, Frontier Management Inc. (current)
- Jun. 2015 External Director, Hakuhodo DY Holdings Inc. (current)
- Jul. 2016 Special Invited Professor, Graduate School of Business Administration, Keio University (current)

## ■ Major concurrent offices:

Visiting Professor, Waseda Graduate School of Finance, Accounting and Law  
 External Auditor, Frontier Management Inc.  
 External Director, Hakuhodo DY Holdings Inc.  
 Special Invited Professor, Graduate School of Business Administration, Keio University

## Selection for External Director

Nobumichi Hattori presided over M&A projects in Japan as managing director of major US bank Goldman Sachs' New York head office. He currently researches M&A and corporate valuation. Well versed in how companies operate in capital markets, he also serves as visiting professor and special invited professor at the graduate schools of Waseda and Keio universities in Tokyo. We believe Mr. Hattori's knowledge and experience is invaluable for our company, and we highly recommend him as a candidate for external director.

## Candidate Message

I apply my experience at a major US investment bank to objectively judge how capital markets perceive Fast Retailing's corporate value, and suggest how to best increase that value. As Fast Retailing continues to grow rapidly, the board of directors' role as a key collective that consistently highlights and considers risk-side factors is more important than ever and I want to continue supporting that process.

# 4 Toru Murayama

Reappointment External Director



- **DOB:** 11 June 1954
- **No. of years as a Board Director:** 9 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** 500 shares
- **Career profile and Fast Retailing positions held:**

- Apr. 1980 Joined Arthur Andersen & Co. (currently Accenture Japan Ltd.)
- Apr. 2003 Representative Director and President, Accenture Japan Ltd.
- Sep. 2007 Director and Chairman, Accenture Japan Ltd.
- Nov. 2007 External Director, FAST RETAILING CO., LTD. (current)
- Apr. 2008 Visiting Professor, Comprehensive Research Organization, Waseda University
- Sep. 2009 Corporate Advisor, Accenture Japan Ltd.
- Apr. 2010 Professor, Faculty of Science and Engineering, Waseda University
- Oct. 2011 Advisor, Microsoft Japan Co., Ltd.
- Jan. 2013 President, Office Murayama (current)
- Apr. 2015 Visiting Professor, Faculty of Science and Engineering, Waseda University (current)
- Jun. 2016 External Director, Meiji Holdings Co., Ltd. (current)

## ■ Major concurrent offices:

Visiting Professor, Faculty of Science and Engineering, Waseda University  
 President, Office Murayama  
 External Director, Meiji Holdings Co., Ltd.

## Selection for External Director

Toru Murayama helped determine growth strategies for large numbers of global companies during the many years he served in senior management at US management consulting firm Accenture. We believe his experience and knowledge is very important to us as we continue to expand our global operations, and we highly recommend him as an appropriate candidate for external director.

## Candidate Message

The role of an external director is to suggest different ideas and a variety of perspectives. Fast Retailing is working hard to become a true global retailer, and so it important that management teams can communicate effectively beyond the borders of regions, operations and functions in order to resolve any issues swiftly. I am committed to actively nurturing management personnel and skills, and management approaches that all of our employees from all over the world can get behind.

# 5 Masaaki Shintaku

Reappointment External Director Independent Officer



- **DOB:** 10 September 1954
- **No. of years as a Board Director:** 7 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** — shares
- **Career profile and Fast Retailing positions held:**

Apr. 1978 Joined IBM Japan, Ltd.  
 Dec. 1991 Joined Oracle Corporation Japan  
 Aug. 2000 President & CEO, Oracle Corporation Japan  
 Jan. 2001 Executive Vice President, Oracle Corporation  
 Apr. 2008 Vice Chairman, Special Olympics Nippon (currently Special Olympics Nippon Foundation) (current)  
 Jun. 2008 Chairman, Oracle Corporation Japan  
 May 2009 Advisory Board Member, NTT DOCOMO, INC. (current)  
 Nov. 2009 External Director, FAST RETAILING CO., LTD. (current)  
 Jul. 2011 External Director, COOKPAD Inc. (current)  
 Dec. 2015 External Director, Works Applications CO., LTD. (current)

## ■ Major concurrent offices:

Vice Chairman, Special Olympics Nippon Foundation  
 Advisory Board Member, NTT DOCOMO, INC.  
 External Director, COOKPAD Inc.  
 External Director, Works Applications CO., LTD.

## Selection for External Director

Having worked in senior management at US information systems company Oracle Corp., Masaaki Shintaku has amassed a wealth of experience and knowledge in the field of corporate management. As vice chairman of the non-profit organization Special Olympics Nippon Foundation, he is involved in a wider range of activities. His objective advice regarding Fast Retailing future growth strategy, and his invaluable in-depth knowledge of sponsored athletes and sports for people with disabilities renders him an appropriate candidate for external director.

## Candidate Message

I believe Fast Retailing can now succeed anywhere in the world because its managers and personnel all share a similar understanding and aspire to similar goals. In order to successfully identify and resolve issues, and promote future growth, employees and systems have to be able to progress smoothly, swiftly and firmly towards set goals. FR's board of directors needs to work as a unified team to accelerate the company's progress, and contribute to future growth.

# 6 Takashi Nawa

Reappointment External Director



- **DOB:** 8 June 1957
- **No. of years as a Board Director:** 4 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** — shares
- **Career profile and Fast Retailing positions held:**

Apr. 1980 Joined Mitsubishi Corporation  
 Apr. 1991 Joined McKinsey & Company  
 Jun. 2010 Professor, The Graduate School of International Corporate Strategy, Hitotsubashi University (current)  
 Jun. 2010 President, Genesys Partners (current)  
 Sep. 2010 Senior Advisor, Boston Consulting Group (current)  
 Jun. 2011 External director, NEC Capital Solutions Limited (current)  
 Sep. 2012 President, Next Smart Lean Co.,Ltd. (current)  
 Nov. 2012 External Director, FAST RETAILING CO., LTD. (current)  
 Jun. 2014 External Director, DENSO CORPORATION (current)  
 Jun. 2015 External Director, Ajinomoto Co., Inc. (current)

## ■ Major concurrent offices:

Professor, The Graduate School of International Corporate Strategy, Hitotsubashi University  
 President, Genesys Partners  
 Senior Advisor, Boston Consulting Group  
 External director, NEC Capital Solutions Limited  
 President, Next Smart Lean Co.,Ltd.  
 External Director, DENSO Corporation  
 External Director, Ajinomoto Co., Inc.

## Selection for External Director

Takashi Nawa has amassed a wealth of knowledge and insight into international corporate strategy over his career as director of the American multinational management consultant firm McKinsey & Company, and as professor of The Graduate School of International Corporate Strategy at Hitotsubashi University. This experience should prove extremely useful as FR seeks to globalize operations and promote diverse management, and we highly recommend him as a candidate.

## Candidate Message

I have advised many Japanese companies about global expansion. Diversity of opinion and experience is important in any management discussion, and so I always try to consider how a director from a country other than Japan would view a particular point and then inject that perspective into the Fast Retailing management debate. As an external director, I can support growth by pointing out problems with any policy direction, and offering objective, appropriate advice regarding new business areas.

## Proposal 2 Election of three statutory auditors

The term of office of three (3) current Statutory Auditors expires as of the end of this Ordinary General Meeting of Shareholders, so the Company proposes that three (3) Statutory Auditors be elected.

The candidates for Statutory Auditors are as follows.

Candidate number	Name	Position	No. of years as a statutory auditors	Board of meeting attendance
1	<b>Takaharu Yasumoto</b> (62 years old)	Statutory Auditor	23 years	Directors' meeting 100% Auditors' meeting 100%
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External Statutory Auditor</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Officer</div>		
2	<b>Keiko Kaneko</b> (49 years old)	Statutory Auditor	4 years	Directors' meeting 100% Auditors' meeting 100%
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External Statutory Auditor</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent Officer</div>		
3	<b>Masaaki Shinjo</b> (60 years old)	Statutory Auditor	4 years	Directors' meeting 100% Auditors' meeting 100%
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>		

- The Company has no specific interests or agreements with either of the candidates for statutory auditor.
- The Tokyo Stock Exchange has been notified that Takaharu Yasumoto and Keiko Kaneko serve as independent auditors.

### ● Outline of External Statutory Auditors' limited liability agreement

To enable External Statutory Auditors to fulfill their roles to the best of their ability and meet the expectations of the Board and shareholders, Article 38 of the Company's Articles of Incorporation stipulates that the Company may enter into agreements with External Statutory Auditors to limit their liability to compensate for damages suffered due to their negligence in the execution of duties. Accordingly, the Company signed a limited liability agreement with Takaharu Yasumoto and Keiko Kaneko. This agreement shall be extended in the event Takaharu Yasumoto and Keiko Kaneko are re-elected as an External Statutory Auditor. An outline of the said agreement is detailed below.

The limited liability agreement is based on provisions in Article 427, Paragraph 1 of the Companies Act, which limits the liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act. The agreement states that liability for damages shall be limited to the higher amount of either 5,000,000 yen or the amount stipulated by law.

# 1 Takaharu Yasumoto

Reappointment
External Statutory Auditor
Independent Officer



- **DOB:** 10 March 1954
- **No. of years as a Board Auditor:**  
23 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:**  
100% (13 of 13)
- **Board of Statutory Auditors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:**  
4,000 shares
- **Career profile and Fast Retailing positions held:**
  - Nov. 1978 Joined Asahi & Co. (currently KPMG AZSA LLC)
  - Aug. 1982 Registered as a member of Japanese Institute of Certified Public Accountants
  - Apr. 1992 President, Yasumoto CPA Office (current)
  - Nov. 1993 External Statutory Auditor, FAST RETAILING CO., LTD. (current)
  - Aug. 2001 External Statutory Auditor, ASKUL Corporation (current)
  - Jun. 2003 Statutory Auditor, LINK INTERNATIONAL CO., LTD. (currently LINK THEORY JAPAN CO., LTD.) (current)
  - Nov. 2005 External Statutory Auditor, UNIQLO CO., LTD. (current)
  - Apr. 2007 Guest Professor, Chuo Graduate School of International Accounting
  - Jun. 2010 External Statutory Auditor, UBIC Inc. (currently FRONTEO, Inc.) (current)
- **Major concurrent offices:**
  - President, Yasumoto CPA Office
  - External Statutory Auditor, ASKUL Corporation
  - Statutory Auditor, LINK THEORY JAPAN CO., LTD.
  - Statutory Auditor, UNIQLO CO., LTD.
  - External Statutory Auditor, FRONTEO, Inc.

### Selection for External Statutory Auditor

Takaharu Yasumoto offers constructive insight to the Board of Auditors, CSR, and Business Ethics Committees as a highly experienced certified public accountant. His advice has proved invaluable in helping Fast Retailing handle various risks as a growing large corporation, and steer the right corporate approach. We nominated Mr. Yasumoto as a statutory auditor candidate because we believe he is perfectly positioned to offer advice on any risks the Group might face as it grows globally.

### Candidate Message

Mr. Yanai's management style involves setting challenging targets and nurturing large numbers of capable managers and employees to achieve rapid growth. There is no definitive right answer, but managers must allocate resources efficiently, from people to physical goods, finances and information. As a strict and conscientious auditor, I can offer advice and support to help the Fast Retailing Group grow into an even better company.



## 2 Keiko Kaneko

Reappointment External Statutory Auditor Independent Officer



- **DOB:** 11 November 1967
- **No. of years as a Board Auditor:** 4 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **Board of Statutory Auditors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** — shares
- **Career profile and Fast Retailing positions held:**

Apr. 1991 Joined Mitsubishi Corporation  
 Apr. 1999 Registered as a member of Japan Federation of Bar Associations  
 Apr. 1999 Joined Anderson, Mori & Tomotsune (AM&T) law firm  
 Jan. 2007 Partner, AM&T (current)  
 Apr. 2007 Guest associate professor, Tokyo University Graduate School of Law  
 Nov. 2012 External Statutory Auditor, FAST RETAILING CO., LTD. (current)  
 Nov. 2012 External Statutory Auditor, UNIQLO CO., LTD. (current)  
 Jun. 2013 External Statutory Auditor, The Asahi Shimbun Company (current)

### ■ Major concurrent offices:

Partner, Anderson Mori, & Tomotsune  
 Statutory Auditor, UNIQLO CO., LTD.  
 External Statutory Auditor, The Asahi Shimbun Company

### Selection for External Statutory Auditor

Keiko Kaneko is a successful lawyer with outstanding expertise. Her achievements and insight are broadly recognized, and the Fast Retailing Board of Auditors, Human Resources, and Code of Conduct Committees have been benefitted from her lively opinion and sharp insight, especially in relation to governance. We nominated Ms. Kaneko as a statutory auditor candidate because we judge the Fast Retailing Group would be benefitted greatly from her continued expertise and independent comment in the role of external auditor.

### Candidate Message

Fast Retailing is in uncharted waters, facing unforeseen challenges across its international operations. As statutory auditors, we should support Fast Retailing in its swift, determined pursuit of future growth opportunities, but, even more important is our duty to help minimize risk by offering advice from various specialist standpoints. I want to contribute by attending vigilantly and diligently to the formation of solid systems and procedures.

## 3 Masaaki Shinjo

Reappointment



- **DOB:** 28 January 1956
- **No. of years as a Board Auditor:** 4 (at the conclusion of current AGM)
- **Board of Directors' meeting attendance:** 100% (13 of 13)
- **Board of Statutory Auditors' meeting attendance:** 100% (13 of 13)
- **No. of Fast Retailing shares held:** 215 shares
- **Career profile and Fast Retailing positions held:**

Apr. 1983 Joined ASAHIPEN CORPORATION  
 Feb. 1994 Joined FAST RETAILING CO., LTD.  
 Sep. 1998 Entrusted operating officer, manager of administration, FAST RETAILING CO., LTD.  
 Sep. 2005 General Manager, Group Auditing, FAST RETAILING CO., LTD.  
 Jan. 2008 Director, Onezone Corp (currently G.U. CO., LTD.)  
 Mar. 2009 General Manager, Corporate Administration, FAST RETAILING CO., LTD.  
 Sep. 2009 Statutory Auditor, GOV Retailing Co., Ltd. (currently G.U. CO., LTD.)  
 Mar. 2011 General Manager, Corporate Planning & Management, FAST RETAILING CO., LTD.  
 Apr. 2011 Auditor, FAST RETAILING (CHINA) TRADING CO., LTD. (current)  
 Nov. 2012 Standing Statutory Auditor, FAST RETAILING CO., LTD. (current)

### ■ Major concurrent offices:

Auditor, FAST RETAILING (CHINA) TRADING CO., LTD. and 4 other subsidiaries of the Company

### Selection for Statutory Auditor

Masaaki Shinjo managed the administration of Fast Retailing companies for 18 years since joining the company in 1994. His experience is extensive and his track record excellent. We know we can rely on him to use his sharp judgement and detailed experience of Fast Retailing business practices when conducting audits. Appointed internal corporate auditor in 2012, he began conducting onsite audits. We nominate Mr. Shinjo because we judge his participation is highly beneficial to the Fast Retailing Group.

### Candidate Message

My role as internal corporate auditor is to act as an antenna that picks up risks and problems in each of our businesses. I work closely with our external statutory auditors, accounting auditor and Internal Audit Department. I want to use my varied experience at Fast Retailing to offer proactive suggestions and support across a broad range of areas.

Additional Materials

# Business Report



UNIQLO 311 Oxford Street global flagship store

## Fiscal 2016 Performance by Business Segment

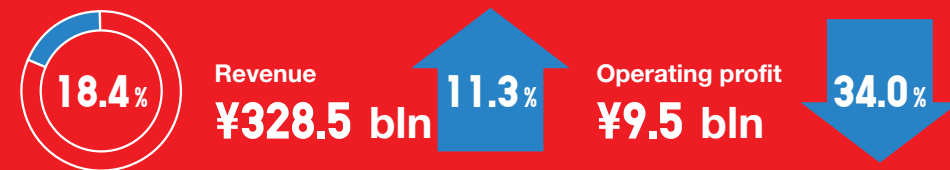
### UNIQLO Japan



### UNIQLO International



### Global Brands



## Revenue



# 1. Fast Retailing Group Business Performance

## 1 Fiscal 2016 Business Performance (Year to 31 August 2016)

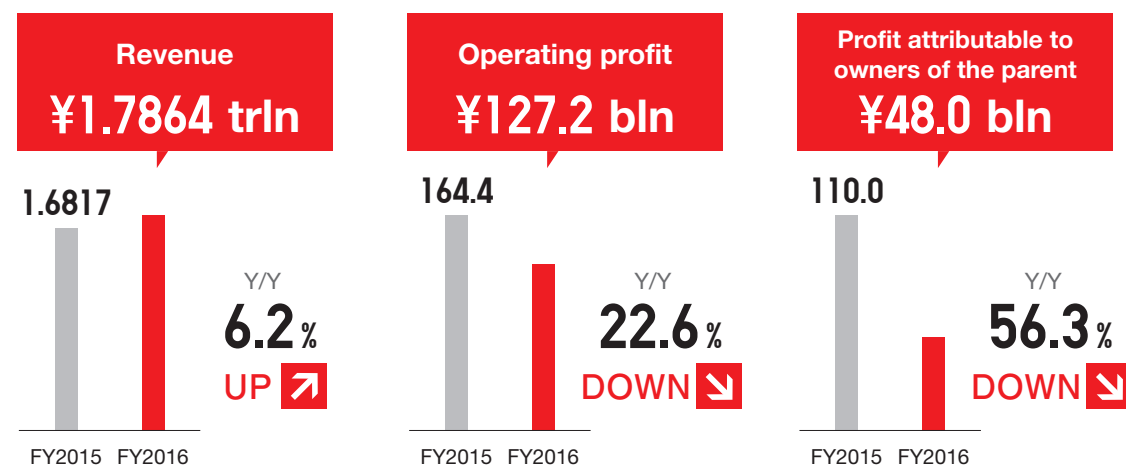
The Fast Retailing Group reported a rise in revenue but a fall in profit in fiscal year 2016. Consolidated revenue reached ¥1.7864 trillion (+6.2% year-on-year), while consolidated operating profit totaled ¥127.2 billion (-22.6% year-on-year), and profit attributable to owners of the parent totaled ¥48.0 billion (-56.3% year-on-year). There were multiple reasons for this considerable fall in profit attributable to owners of the parent: Under other expenses, we recorded a foreign exchange loss for fiscal year 2016 of ¥11.0 billion, a ¥13.8 billion impairment loss at our J Brand premium denim brand, and a total of ¥9.3 billion in impairment losses along with assets retirement and store-closure losses relating to some stores at UNIQLO Japan and UNIQLO USA. In addition, the appreciation in the yen over the full financial year ended 31 August 2016 reduced the value of our long-term foreign-currency holdings in terms of yen, resulted in a ¥36.9 billion foreign exchange loss being recorded under finance costs.

While consolidated operating profit declined 22.6% over the full financial year, we did experience a significant 94.3% year-on-year rebound in operating in profit in the second half financial year (1 March 2016 – 31 August 2016), thanks to a recovery in sales at UNIQLO Japan and UNIQLO International, and a concerted cost-cutting drive.

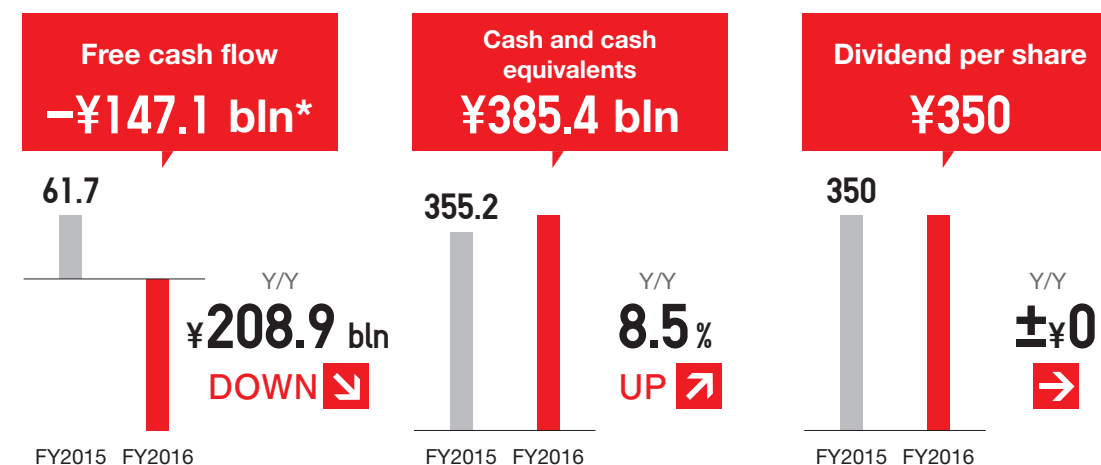
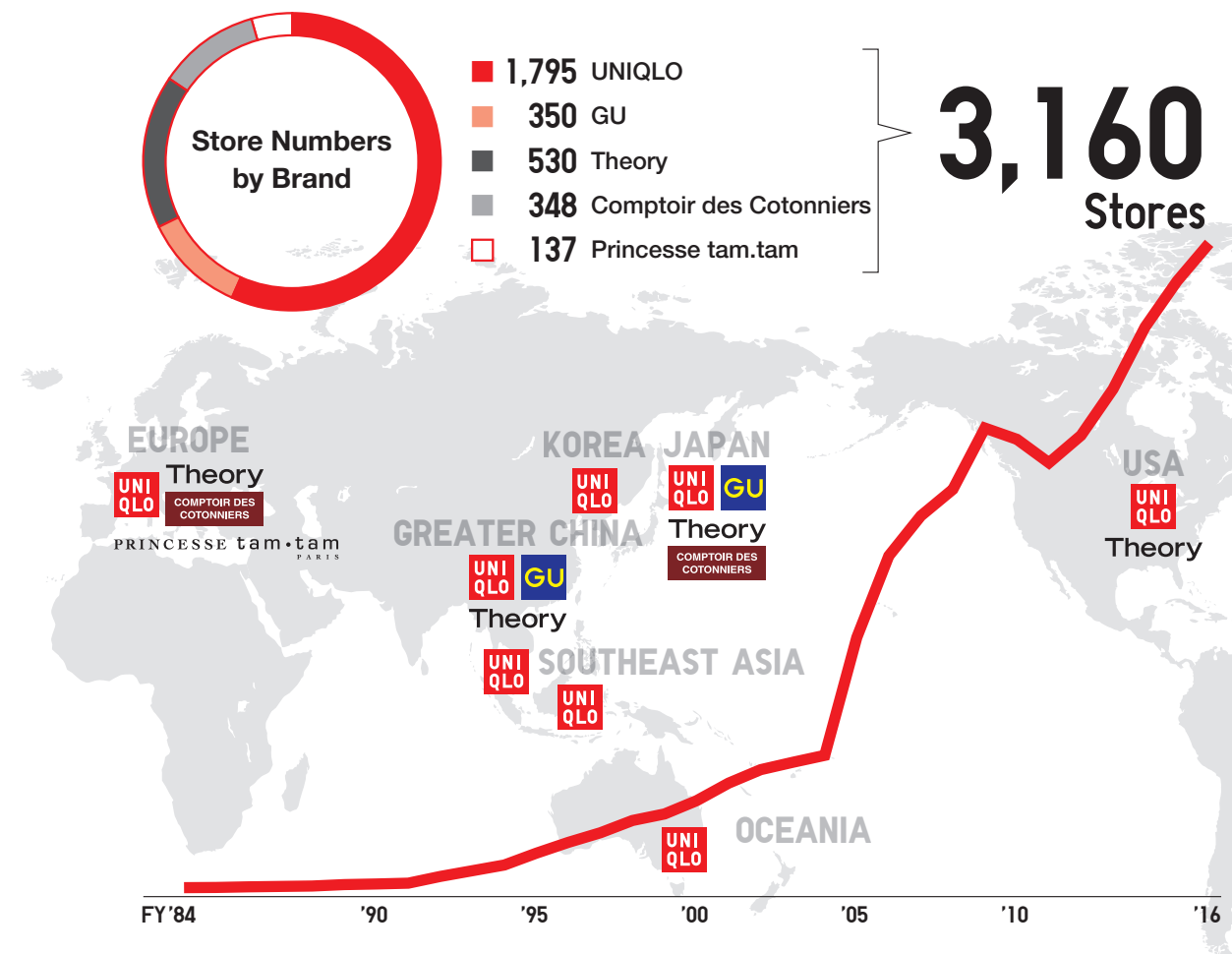
The Group's medium-term vision is to become the world's number one Information Powered Retail Business. To this aim, we are focusing our efforts on expanding UNIQLO INTERNATIONAL's operations and our low-priced GU casual fashion brand. We continue to boost UNIQLO store numbers in each country where we operate, opening global flagship stores and large-format stores in major cities around the world to help consolidate UNIQLO's position as a key global brand. In addition, we also intend to expand GU operations, which has grown into a second pillar brand for the Group alongside UNIQLO, by opening more GU stores within Japan and accelerating the brand's development and store numbers in overseas markets.

The Group is also pressing ahead with medium-term plans to revolutionize our supply chain, unifying all procedures from raw materials procurement, planning, design, manufacturing and retail into a new supply chain system that can fully satisfy the needs of today's digital era. We are looking to transform our industry into a "Digital Retailing," capable of both immediately incorporating feedback from customer into products, and actively conveying the latest information on lifestyles, fashion trends, and exciting but comfortable modern clothing. We are also expanding our e-commerce operation and transforming our distribution systems, as illustrated by the launch of the next-generation distribution center in Ariake, Tokyo in April 2016. Next, we intend to open similar new distribution centers elsewhere in Japan, and internationally in China, Europe and the North America.

### Financial Highlights



## Fast Retailing Store Numbers

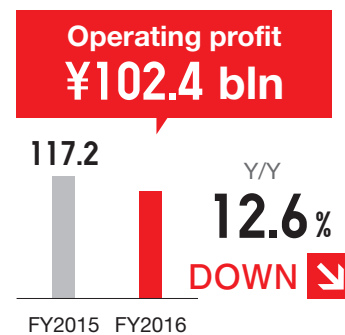
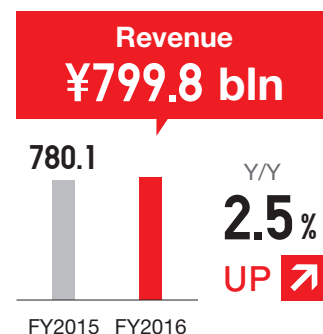


\*Free cash flow = Net cash from operating activities + Net cash used in investing activities  
Following the Company's decision to place ¥186.5 billion in bank deposits with maturities over three months, free cash flow, which includes these highly liquid financial assets, totalled ¥39.3 billion.



## UNIQLO Japan

- Full-year revenue up, profit down. Revenue: ¥799.8 billion (+2.5% year on year), operating profit: ¥102.4 billion (-12.6%).
- Full-year revenue up on 0.9% year-on-year rise in same-store sales, and a strong 30.1% expansion in online sales.
- While full-year profit declined, operating profit rebounded by a healthy 38.0% in the second half from March to August 2016.
- Second-half same-store sales expanded 4.9% on strong sales of trendy ranges such as jogger pants, skants, and women's blouses, as well as popular sport's campaign items.
- Second-half gross profit margin improved with customers appreciating UNIQLO Japan's our new reasonable prices and instantly recognizable set-price strategy. The SG&A ratio also improved thanks to concerted cost-cutting efforts in the second half.



### TOPICS

## Why do we get dressed?

UNIQLO launched its global branding campaign in August 2016. By asking, “Why do we get dressed?” UNIQLO is encouraging people to consider how its LifeWear concept clothing enriches and nourishes people’s everyday lives. The campaign also illustrates how UNIQLO absorbs information about how people live and view their lives, and turns that very information into fresh, nourishing LifeWear clothing.

Clothes play an important role in our lives because we wear them every day of the year. Our mood and surroundings influence what we wear on any one day. Conversely, the clothes we wear affect us greatly, both physically and emotionally. Clothes are not only designed to make people look fashionable, but to make them feel comfortable, happy, secure, energized, and so much more. In fact, UNIQLO believes clothes harbor endless possibilities. Enriching and nourishing people’s lives is what UNIQLO’s LifeWear clothes are all about.

Key 2016 Fall Winter ranges: jeans, jogger pants, knitwear, HEATTECH and Ultra Light Down feature strongly in the global branding campaign, which uses a poignant snapshot from the wearer’s daily life to highlight the attraction of each product. UNIQLO seeks to produce the highest quality materials and products at a price that anyone can readily afford. But we want to enhance the comfort of people’s lives even further through fresh innovation, developing even warmer, even lighter materials, and even more elegant designs.

Every day we get dressed. But why?

Why do you get dressed?  
Do you just throw something on because you are late?  
Do you choose based on your mood, or the weather?  
The weather can change your mood, just like that.

Do you ask yourself,  
“Can I pull this off?” or, “Am I fitting in?”  
Why do you want to fit in?

Why do you get dressed?  
Can a shirt change how you feel?  
Warm colors release dopamine. In other words,  
they can make you feel happy.  
Do you dress to protect yourself?  
Something soft can make you feel secure.

Why do we get dressed?  
There’s no one answer.

But, to make clothes for life, we’ll keep asking.

**That’s the science of LifeWear.**



**LifeWear**



UNIQLO 311 Oxford Street global flagship store



INTERVIEW

# Make UNIQLO the best-loved brand in Europe

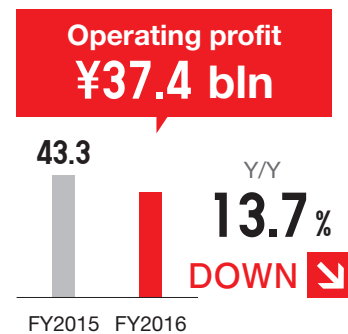
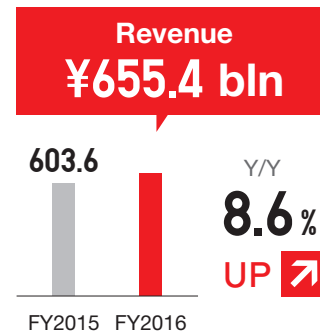
Over the past few years, UNIQLO Europe performance has outstripped expectations and turned a profit, largely due to attentive efforts to offer different product ranges to best suit the weather and lifestyles of individual European nations. We receive different requests at each store, and our staff carefully analyze and respond to the needs of those different customers. Along with the latest UNIQLO clothing ranges, our newly refurbished 311 Oxford Street global flagship store houses a special UNIQLO WearHouse theme space, featuring general items and books that exude London culture. This space helps customers understand UNIQLO's true value and enjoyment. We also open the roof space for various events that blend UNIQLO's LifeWear concept and London culture. These events are extremely popular, attracting up to 30 to 50 times the number of staff applications required, and helping establish the flagship store as a vital part of local society. We had a similar experience when we opened the unique UNIQLO Le Marais Store in the renowned Parisian fashion area featuring traditional French culture and history. Developing stores with deep local roots is extremely important.

With the exception of major cities such as London and Paris, UNIQLO brand awareness in Europe remains low. We plan to address this by expanding our e-commerce business, and using combined physical and virtual retail channels to extend UNIQLO brand appeal. Ultra Light Down and other products made from high-function material products are popular and instantly speak the UNIQLO brand. But, in many cases, consumers do not readily recognize the products that the UNIQLO name represents. Our plans to actively highlight UNIQLO's brand appeal through digital communication and other channels should significantly boost brand awareness.

UNIQLO Europe currently operates 36 stores. We intend to double that figure over the next two to three years. With property developers now actively approaching UNIQLO, we feel we have started on our journey to make UNIQLO the most-loved brand in Europe.

## UNIQLO International

- Full-year revenue up, profit down. Revenue: ¥655.4 billion (+8.6% year on year), operating profit: ¥37.4 billion (-13.7%). However, profit rebounded strongly in the second half to 15 times the previous-year's level, thanks to especially sharp profit gains in UNIQLO Greater China (encompassing mainland China, Hong Kong and Taiwan operations), Southeast Asia & Oceania, and Europe.
- UNIQLO Greater China: Revenue ¥332.8 billion (+9.3% year on year), operating profit: ¥36.5 billion (-5.5%). Full-year profit down, but sharp rebound in 2H profit exceeded expectations, with mainland China contributing an especially strong profit gain.
- UNIQLO Southeast Asia & Oceania and UNIQLO Europe reported full-year rises in both revenue and profit.
- UNIQLO USA business started to show signs of improvement in the second half, but the full-year operating loss expanded year on year following the reporting of impairment losses on stores and other temporary losses.
- New markets: UNIQLO opened its first stores in Belgium October 2015, and Canada September 2016.



CEO, UNIQLO EUROPE  
**TAKAO KUWAHARA**



COMPTOIR DES COTONNIERS



PRINCESSE tam•tam PARIS

J BRAND

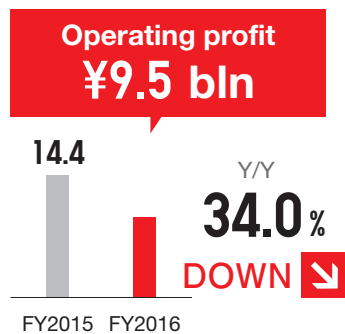
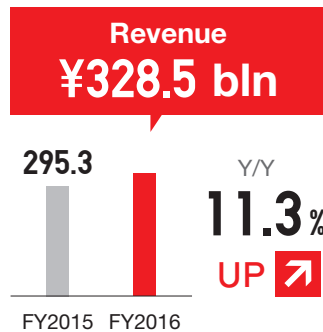


Theory



# Global Brands

- Full-year revenue up, profit down: Revenue: ¥328.5 billion (+11.3% year on year), operating profit: ¥9.5 billion (-34.0%) on reporting of a ¥13.8 billion impairment loss on J Brand.
- Nearly 10 years since opening its first store, the GU brand reported extremely strong results. Revenue and profit rose sharply. Revenue: ¥187.8 billion (+32.7% year on year), operating profit ¥22.2 billion (+34.8). Strong sales of knitwear, skants, wide pants and other trendy women's items generated a double-digit gain in same-store sales.
- Expanded the GU network by a net 31 stores to 350 (including 10 stores outside Japan) by end August 2016.
- Theory reported a rise in operating profit, while Comptoir des Cotonniers, Princesse tam.tam and J Brand reported losses.



## Capturing women's hearts with latest-style bottom wear

UNIQLO skants proved the standout fashion item for Spring Summer 2016, capturing the hearts of fashionable women. Just as the term is a blend of the words "skirt" and "pants," skants offer a pants style with the feel and silhouette of a skirt that swishes elegantly whenever you move.

UNIQLO used the popular model and TV celebrity, Rola, as a fashion icon to encourage consumers who lacked the confidence to try outfits with voluminous bottoms. Rola looks great in our new bottoms ranges, which include a choice of skants, wide pants, gaucho pants, maxi skirts and pleated skirts. The popular new bottom wear helped boost UNIQLO sales from spring onward.

Rola (pictured right) is wearing the wide-silhouette drape easy skants that offer the femininity of a skirt with the ease of movement of pants. The supple flow of the drape is pure choreographed elegance. Reasonably priced at ¥2,990 in true UNIQLO style, anyone can easily try this latest fashion style.

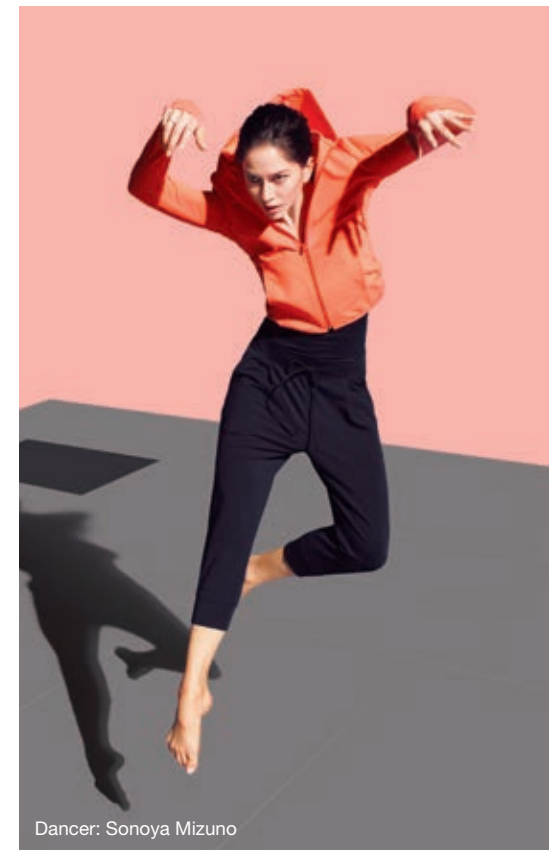
UNIQLO plans to add to its familiar range of core bottom wear by designing a range of new bottoms that incorporate the latest fashion trends, and satisfy women's desire to dress well and look good.



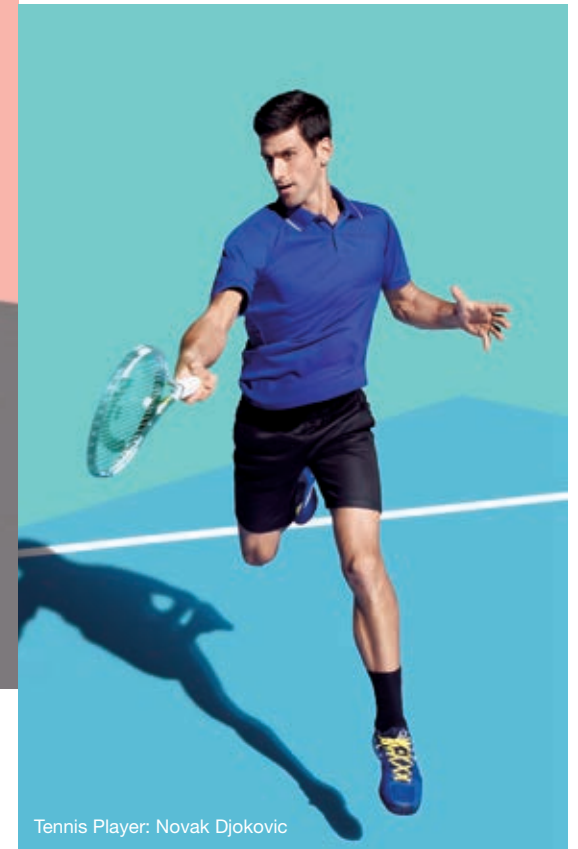
Model: Rola



# UNIQLO SPORTS



Dancer: Sonoya Mizuno



Tennis Player: Novak Djokovic

## Feel good. Look good. Changing the concept of sportswear.

UNIQLO SPORTS offers simple designs and outstanding functionality. UNIQLO designs and sells sportswear worldwide to encourage global consumers to combine sports and daily living in a healthy daily lifestyle. While its high-function anti-perspiration, dry-feel qualities are perfect for athletes, UNIQLO Sportswear is intrinsically designed to enhance the comfort of consumers' daily lives as an integral part of regular daily wear.

UNIQLO's DRY EX polo shirt, worn by leading male tennis professionals Novak Djokovic and Kei Nishikori in hard matches, offers outstanding functionality, swiftly absorbing perspiration for a quick-dry feel. Highly functional materials have helped fuel the red-hot popularity of our comfortable wear for outdoor and in-town use. Our women's AIRism UV-cut mesh parka offers a host of functionality to please women, including AIRism's cool, soft feel to the skin, its breathable, quick-dry, stretchable features, as well as an antimicrobial deodorant.

UNIQLO is eager to develop UNIQLO SPORTS further going forward.



**A Socially  
Valuable  
Company**





### Fast Retailing CSR Statement

## “Making the World A Better Place”

- Fast Retailing donates clothing to people in real need through its All-Product Recycling Initiative and other CSR activities, extending the joy and security that clothing brings.
- Fast Retailing promotes strict manufacturing processes to help improve working conditions, ensure product safety and reduce environmental impacts. We seek to uphold the rights of manufacturing workers, and pursue responsible procurement to protect the environment.
- Fast Retailing’s clothing business has encouraged sweeping changes in the apparel industry. The challenge now is to use clothes-centric CSR activities to fuel social change, and make the world a better place.

### Fiscal 2016 Major CSR Activities

#### All-Product Recycling Initiative “10 Million Ways to HELP”

The All-Product Recycling Initiative, launched in 2006, delivers clothing aid to refugees and displaced persons worldwide through UNIQLO’s global partnership with the UN Office for Refugees (UNHCR), and other organizations. UNIQLO launched its 10 Million Ways to HELP project in October 2015 to support people in dire need of clothing aid globally. Thanks to wide cooperation from UNIQLO and GU stores, partner companies and Group employees, Fast Retailing surpassed its target to collect 12.81 million items of clothing by World Refugee Day on June 20, 2016. UNIQLO and GU employees subsequently distributed some of the clothes personally to refugees in Uganda and Rwanda. We also plan to deliver clothing to Bangladesh, Zimbabwe and other countries in need.



#### Improving working conditions, environmental impacts across entire supply chain

UNIQLO began monitoring working environments in garment factories in 2004 in an effort to improve working conditions at partner factories. In September 2015, UNIQLO also began monitoring working conditions and environmental impacts at fabric suppliers, which constitute 70% of UNIQLO’s production volume. UNIQLO also helps to build a sustainable society through membership of the Sustainable Apparel Coalition (SAC), the industry grouping focused on reducing the environmental and social burden of apparel manufacture, and the non-profit Fair Labor Association, committed to upholding the rights of factory workers.



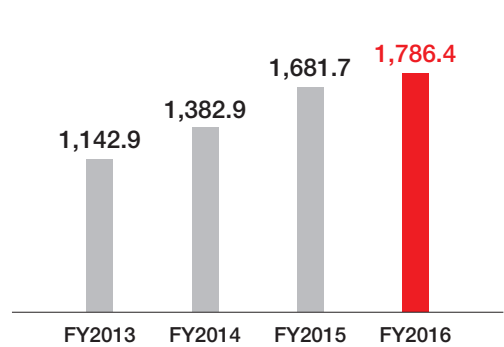
#### Supporting Japan’s first community-led hospice for children

In April 2016, the TSURUMI Children’s Hospice for children with life-threatening illnesses opened in Tsurumi Ward, Osaka, supported by UNIQLO and the Nippon Foundation. The facility is designed to help children and their families heal and develop by interacting with the local community. Patients can play with local children in the play area section, which is open to the public. This is the first community children’s hospice in Japan, operated largely by local volunteer medical, educational, and childcare specialists.

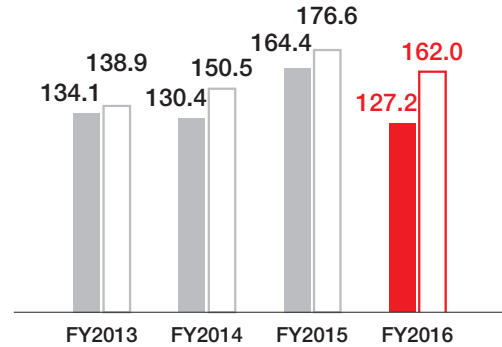


## 2 Financial Summary (Apply International Financial Reporting Standards)

### Revenue (billion of yen)

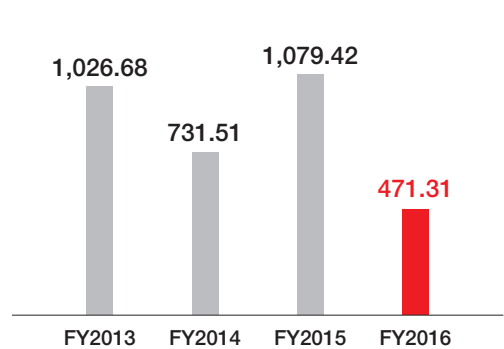


### Operating profit (billion of yen) and Business profit (billion of yen)

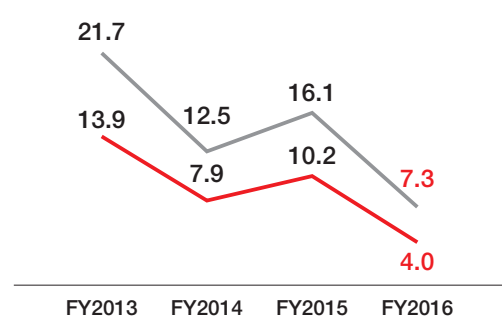


Business profit is calculated by subtracting cost of sales, and selling, general and administrative expenses from revenue.

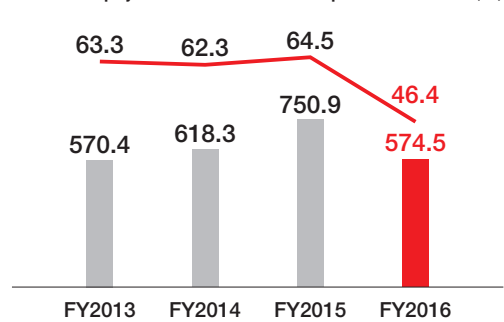
### Profit attributable to owners of the parent (EPS) (Yen)



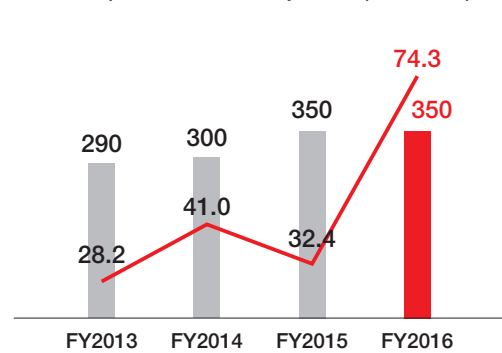
### ROA/Ratio of profit to total assets (%) and ROE/Ratio of profit to equity attributable to owners of the parent (%)



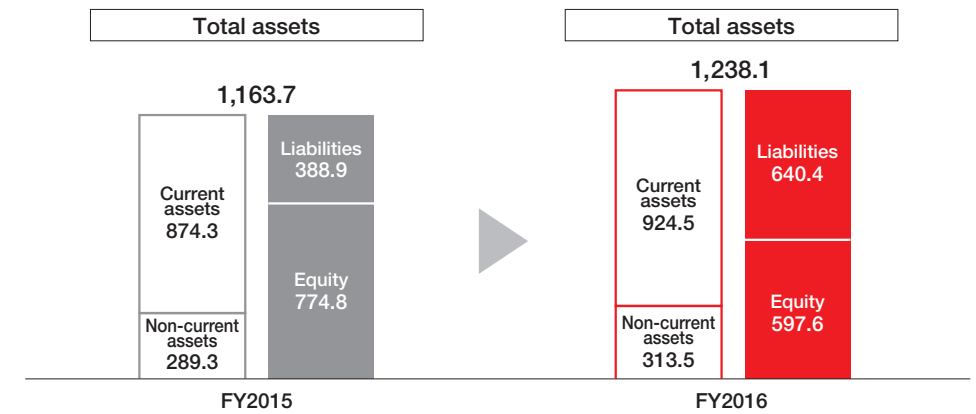
### Equity attributable to owners of the parent (billion of yen) and Ratio of equity attributable to owners of the parent to total assets (%)



### Dividend per share (Yen) and Payout ratio (consolidated) (%)



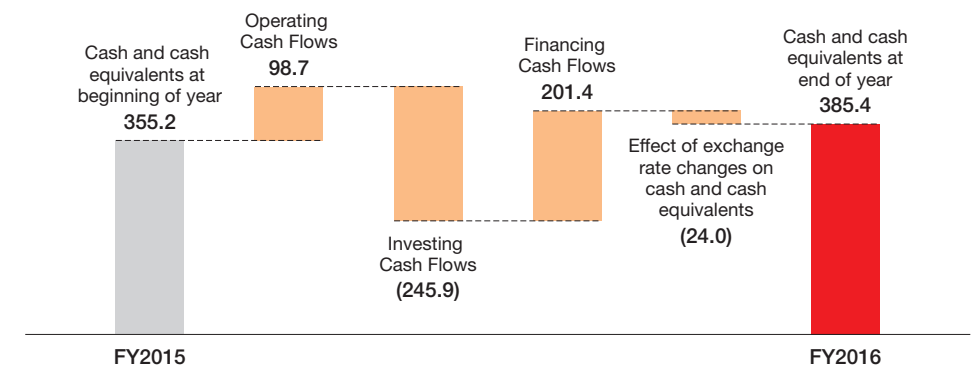
### Financial Positions (billion of yen)



### Point of view

Total assets expanded by ¥74.4 billion year on year to ¥1.2381 trillion at 31 August 2016, mainly due to a ¥50.1 billion increase in current assets. Our December 2015 corporate bond issue and a net cash inflow from operating activities boosted the balance of highly liquid financial assets by ¥191.8 billion, while derivative financial assets decreased ¥156.9 billion on a stronger yen. Total liabilities increased by ¥251.5 billion following the corporate bond issue. Total net assets decreased by ¥177.1 billion with lower cash flow hedges reducing other components of equity. As a result, the ratio of equity attributable to owners of the parent to total assets (capital adequacy ratio) declined 18.1% to 46.4%.

### Cash Flows Information (billion of yen)



### Point of view

Cash and cash equivalents increased ¥30.2 billion year on year to ¥385.4 billion at 31 August 2016. Net cash from operating activities totaled ¥98.7 billion. Net cash used in investing activities totaled ¥245.9 billion but this was largely due to an increase in bank deposits with maturity over three months. Net cash from financing activities totaled ¥201.4 billion, made up largely of proceeds from our ¥250 billion corporate bond issue in December 2015. The balance of highly liquid financial assets, including bank deposits with maturity over three months, totaled ¥569.6 billion.

# Become the world's No.1 Digital Retailer



### 3 Fast Retailing Management Strategy and Immediate Challenges



#### 1. Promote Global One Management Principles

We are strengthening management functions and cooperation among our regional headquarters in Tokyo, New York, London, Paris, Shanghai and Singapore to help promote Global One management principles, and unify Group management across UNIQLO, GU, Theory and other operations. Global One encourages the use of best available global methods, and a self-motivated, united global approach to any challenge. Our FR Management Innovation Center (FR-MIC) is also working hard to nurture future global corporate leaders and managers.



#### 2. Accelerate UNIQLO's Global Development

We are promoting UNIQLO's global development by expanding store networks in the markets of Asia and Oceania, such as Greater China, South Korea and Southeast Asia, as well as Europe and the United States. We are boosting awareness of the UNIQLO brand by opening global flagship stores and regional flagship stores in major cities worldwide, and polishing our global marketing. Boosting visibility is a top priority in the United States to help turn a profit as soon as possible.



#### 3. Strengthen Development of Superior World-class Products

We operate dedicated R&D centers in Tokyo, New York, Shanghai, Paris, London and Los Angeles that pick up emerging global fashion trends early, and incorporate them into world-class quality products. UNIQLO's reputation is built upon its ability to offer the very best in basic casualwear. UNIQLO is strengthening its product development to create perfectly finished LifeWear that enriches people's lives, and truly delights customers. GU also collects precise information on upcoming trends to help create stylish, new fashion items.

#### 4. Major Supply Chain Reforms

The Group is aggressively unifying all procedures from raw materials procurement to planning, design, manufacturing and retail into an entirely new supply chain system for today's digital era. We want to transform our industry into a "Digital Retailing," capable of immediately incorporating feedback from customer into products, and proactively conveying latest information on lifestyles, fashion trends, and exciting but comfortable modern clothing. We are also expanding our e-commerce operation and transforming our distribution systems, as illustrated by the launch of the next-generation distribution center in Ariake, Tokyo in April 2016.



#### 5. Transform Industry through Digital Innovation

Fast Retailing is pursuing a new type of shopping experience that combines physical and virtual stores to boost e-commerce transactions from the current 5% to 30% of total sales. We are promoting digital innovation, including new digital marketing and pertinent Big Data analytics. We are expanding purchasing and delivery options and services so customers can conveniently obtain exactly what they want, how and when they want it.



#### 6. Promote Stable Growth at UNIQLO Japan

We continue to boost the efficiency of our 837 strong UNIQLO Japan store network as at 31 August 2016 through our "scrap and build" policy of replacing smaller stores with larger ones. Over the medium term, we will encourage 50% of store staff to become local store employees and take an active role in determining community-focused product mixes and marketing. Building a community-based store network is the best way to further improve services, and ensure stable, sustainable growth.



#### 7. Grow our Global Brands

Our GU fashion casualwear brand has carved a new business model for low-priced fashion. We will continue to open mass new GU stores in Japan and boost profitability. We also plan to expand GU's e-commerce operation, extend GU's store network in Asia, and start growing the brand into a future 1 trillion yen company. We also aim to expand other Group brands such as Theory, Comptoir des Cotonniers, Princesse tam.tam and J Brand by maximizing Group synergies.



#### 8. Pursue CSR to Make the World a Better Place

Our corporate social responsibility focuses on projects that enrich people's lives and society at large, such as the distribution of secondhand UNIQLO and GU clothing to refugee camps through our All-Product Recycling Initiative, social business in Bangladesh, monitoring working conditions and environmental impact at our partner factories and fabric manufacturers, promoting diversity in the workplace and a healthy work-life balance for employees, and the active employment of people with disabilities.



#### 4 Major Subsidiaries (as of 31 August 2016)

Name	Nominal value of issued ordinary / registered share capital (thousands)	Ownership Ratio of Voting Rights	Details of Main Business	Location
UNIQLO CO., LTD.	JPY1,000,000	100.0%	UNIQLO Japan	Yamaguchi/Tokyo
UNIQLO EUROPE LTD	GBP40,000	100.0%	UNIQLO International	United Kingdom
FAST RETAILING (CHINA) TRADING CO., LTD.*	USD20,000	100.0%	UNIQLO International	People's Republic of China ("PRC")
FRL Korea Co., Ltd.	KRW24,000,000	51.0%	UNIQLO International	South Korea
LLC UNIQLO (RUS)	RUB1,310,010	100.0%	UNIQLO International	Russia
UNIQLO TRADING CO., LTD.*	USD30,000	100.0%	UNIQLO International	PRC
FAST RETAILING (SINGAPORE) PTE. LTD.	SGD86,000	100.0%	UNIQLO International	Singapore
UNIQLO (THAILAND) COMPANY LIMITED	THB800,000	75.0% (75.0%)	UNIQLO International	Thailand
PT. FAST RETAILING INDONESIA	IDR115,236,000	75.0% (75.0%)	UNIQLO International	Indonesia
UNIQLO AUSTRALIA PTY LTD	AUD21,000	100.0% (100.0%)	UNIQLO International	Australia
FAST RETAILING (SHANGHAI) TRADING CO., LTD.*	USD35,000	100.0%	UNIQLO International	PRC
FAST RETAILING FRANCE S.A.S.	EUR169,525	100.0%	Global Brands	France
Fast Retailing USA, Inc.	USD30,000	100.0%	UNIQLO International /Global Brands	United States of America ("USA")
J Brand, Inc.	USD394,248	100.0% (100.0%)	Global Brands	USA
J BRAND Japan Co., LTD.	JPY10,000	100.0%	Global Brands	Yamaguchi/Tokyo
G.U. CO., LTD.	JPY10,000	100.0%	Global Brands	Yamaguchi/Tokyo
LINK THEORY JAPAN CO., LTD.	JPY10,000	100.0%	Global Brands	Yamaguchi/Tokyo
COMPTOIR DES COTONNIERS JAPAN CO., LTD.	JPY33,775	100.0% (100.0%)	Global Brands	Yamaguchi/Tokyo

(Note) The figure in parentheses in the "Ownership Ratio of Voting Rights" column indicates the ratio of voting rights held by the Group subsidiary.

● Main facilities of the Company (FAST RETAILING CO., LTD.) are located in Yamaguchi and Tokyo.

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

#### 5 Number of Stores by Business Segment

(Unit: Stores)

	FY2015	FY2016		
	End Aug.	Open	Close	End Aug.
<b>UNIQLO Japan:</b>	841	36	40	837
Directly operated	811	27	40	798
Large-scale	208	7	10	205
Standard	603	20	30	593
Franchise	30	9	0	39
<b>UNIQLO International:</b>	798	176	16	958
<b>Greater China</b>	467	100	7	560
China	387	92	7	472
Hong Kong	25	0	0	25
Taiwan	55	8	0	63
<b>South Korea</b>	155	20	2	173
<b>Southeast Asia and Oceania</b>	108	37	1	144
Singapore	23	2	1	24
Malaysia	25	10	0	35
Thailand	23	9	0	32
The Philippines	23	9	0	32
Indonesia	8	1	0	9
Australia	6	6	0	12
<b>USA</b>	42	8	5	45
<b>Europe</b>	26	11	1	36
U.K.	9	1	0	10
France	8	2	0	10
Russia	8	4	1	11
Germany	1	2	0	3
Belgium	0	2	0	2
<b>Global Brands:</b>	1,339	99	73	1,365
GU	319	50	19	350
Theory*	504	39	13	530
Comptoir des Cotonniers*	368	7	27	348
Princesse tam.tam.*	145	3	11	137
J Brand	3	0	3	0
<b>Total</b>	<b>2,978</b>	<b>311</b>	<b>129</b>	<b>3,160</b>

\* including franchise stores

Note: This table does not include mina or Grameen UNIQLO.

#### 6 Employees (as at 31 August 2016)

##### (1) Employees of the Group

Number of Employees	Change from Previous Consolidated Fiscal Year
43,639	+1,993

(Note) The number of employees does not include entrusted operating officers, junior employees, part-time workers or temporary staff seconded from other companies.

## (2) Employees of the Company

Number of Employees	Change from Previous Fiscal Year	Average Age	Average Years of Service
1,131	-103	37 years and 4 months	4 years and 4 months

(Note) The number of employees does not include entrusted operating officers, junior employees, part-time workers or temporary staff seconded from other companies.

## 7 Capital Expenditure

Segment	Capital Expenditure
UNIQLO Japan	4.5 billion yen
UNIQLO International	26.8 billion yen
Global Brands	8.4 billion yen
System etc.	12.6 billion yen
<b>Total</b>	<b>52.3 billion yen</b>

## 8 Financing

In the consolidated current fiscal year, the Company issued unsecured straight bonds totaling 250 billion yen. Issuance, interest rate, maturity are as follows.

(Millions of yen)

Name of bonds	Date of Issuance	Amount to be issued	Interest Rate (%)	Date of maturity
1st non-collateralized corporate bonds	18 December 2015	30,000	0.110	18 December 2018
2nd non-collateralized corporate bonds	18 December 2015	100,000	0.291	18 December 2020
3rd non-collateralized corporate bonds	18 December 2015	50,000	0.491	16 December 2022
4th non-collateralized corporate bonds	18 December 2015	70,000	0.749	18 December 2025

## 9 Principal Lenders (as at 31 August 2016)

Lender	Loan Balance
Sumitomo Mitsui Financial Group, Inc.	10,143 million yen
Mitsubishi UFJ Financial Group, Inc.	5,848 million yen
Mizuho Financial Group, Inc.	422 million yen

## 10 Miscellaneous Significant Items Relating to the Group

Not applicable.

# 2. COMPANY

## 1 Shares (as at 31 August 2016)

- (1) Total number of shares authorized for issue 300,000,000 shares
- (2) Total number of shares outstanding 106,073,656 shares
- (3) Number of shareholders 9,131 shareholders
- (4) Number of shares per trading unit 100 shares

## (5) Major shareholders with the 10 highest ratios of number of shares outstanding

Major Shareholder	Investment in the Company	
	Number of Shares Held	Percentage of Shares Held
Tadashi Yanai	22,987 thousand	22.54%
The Master Trust Bank of Japan, Ltd. (Trust account)	13,886 thousand	13.62%
Japan Trustee Services Bank, Ltd. (Trust account)	10,789 thousand	10.58%
TTY Management B.V.	5,310 thousand	5.21%
Kazumi Yanai	4,781 thousand	4.69%
Koji Yanai	4,780 thousand	4.69%
Fight & Step Co., Ltd.	4,750 thousand	4.66%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	4,256 thousand	4.17%
MASTERMIND Co., Ltd.	3,610 thousand	3.54%
BNP Paribas Securities (Japan) Limited	2,387 thousand	2.34%

(Note) The investment ratio is calculated excluding treasury stock (4,109,503 shares).

## 2 COMPANY OFFICERS

### (1) Directors and Statutory Auditors (as at 31 August 2016)

Position and Responsibilities	Name	Other Significant Concurrent Offices Held
Representative Director; Chairman, President & CEO	Tadashi Yanai	External Director, Softbank Group Corp. Chairman, President and CEO of UNIQLO CO., LTD. Director of 22 other subsidiaries of the Company External Director, Nippon Venture Capital Co., Ltd.
Director	Toru Hambayashi	External Director, UNITIKA LTD. External Director, MAEDA CORPORATION Adviser, The Association for the Promotion of International Trade, Japan External Director, DAIKYO INCORPORATED
Director	Nobumichi Hattori	Visiting Professor, Waseda Graduate School of Finance, Accounting and Law External Statutory Auditor, Frontier Management Inc. External Director, Hakuhodo DY Holdings Inc. Special Invited Professor, Graduate School of Business Administration, Keio University
Director	Toru Murayama	Visiting Professor, Faculty of Science and Engineering, Waseda University President, Office Murayama External Director, Meiji Holdings Co., Ltd.
Director	Masaaki Shintaku	Vice Chairman, Special Olympics Nippon Foundation Advisory Board Member, NTT DOCOMO, INC. External Director, COOKPAD Inc. External Director, Works Applications CO., LTD.
Director	Takashi Nawa	Professor, The Graduate School of International Corporate Strategy, Hitotsubashi University President, Genesys Partners Senior Advisor, Boston Consulting Group External Director, NEC Capital Solutions Limited President, Next Smart Lean Co., Ltd. External Director, DENSO CORPORATION External Director, Ajinomoto Co., Inc.
Standing Statutory Auditor	Akira Tanaka	Representative Director, FR Health Insurance Organization
Standing Statutory Auditor	Masaaki Shinjo	Auditor, FAST RETAILING (CHINA) TRADING CO., LTD. and 4 other subsidiaries of the Company
Statutory Auditor	Takaharu Yasumoto	President, Yasumoto CPA Office External Statutory Auditor, ASKUL Corporation Statutory Auditor, UNIQLO CO., LTD. Statutory Auditor, LINK THEORY JAPAN CO., LTD. External Statutory Auditor, FRONTEO, Inc.
Statutory Auditor	Akira Watanabe	Non-Executive Director, ASIA PILE HOLDINGS CORPORATION External Director, MAEDA CORPORATION External Director, MS&AD Insurance Group Holdings, Inc. External Statutory Auditor, KADOKAWA DWANGO CORPORATION External Director, Dunlop Sports Co. Ltd.
Statutory Auditor	Keiko Kaneko	Partner, Anderson Mori, & Tomotsune Statutory Auditor, UNIQLO CO., LTD. External Statutory Auditor, The Asahi Shimbun Company

(Notes)

- Directors Toru Hambayashi, Nobumichi Hattori, Toru Murayama, Masaaki Shintaku, and Takashi Nawa are External Directors as provided for in Article 2, Paragraph 15 of the Companies Act, and Toru Hambayashi, Nobumichi Hattori, and Masaaki Shintaku are registered at the Tokyo Stock Exchange to serve as independent officers.
- Director Toru Murayama is the president of Office Murayama, and the Company has entered into a consulting business outsourcing agreement regarding management human resources development, etc. with that company.
- Takaharu Yasumoto, Akira Watanabe, and Keiko Kaneko are External Statutory Auditors as provided for in Article 2, Paragraph 16 of the Companies Act, and are registered with the Tokyo Stock Exchange to serve as independent officers.
- Statutory Auditor Takaharu Yasumoto is a certified public accountant and has considerable knowledge in financial matters and accounting.
- UNIQLO CO., LTD., FAST RETAILING (CHINA) TRADING CO., LTD., and LINK THEORY JAPAN CO., LTD. are wholly owned subsidiaries of the Company.
- There are no special interests between the Company and any of the other companies at which the above Directors and Statutory Auditors hold concurrent positions.

### (2) Outline of the Agreements for Limitation of Liability

The Company has entered into agreements with the External Directors and External Statutory Auditors based on provisions of Article 427, Paragraph 1 of the Companies Act, which limit liability for damages provided for in Article 423, Paragraph 1 of the same act.

Under these agreements, the limit of liability in damages for all External Directors and External Statutory Auditors shall be limited to the higher amount of either 5,000,000 yen or the amount stipulated by law.

### (3) Total Amount of Remuneration for the Directors and Statutory Auditors for the fiscal year ended 31 August 2016

Classification	Number of Officers	Amount of Paid Remuneration	Summary
Directors (External Directors included)	6 (5)	290 million yen (50 million yen)	Maximum annual remuneration of 1,000 million yen determined by resolution of the annual general meeting of shareholders (24 November 2006)
Statutory Auditors (External Statutory Auditors included)	5 (3)	65 million yen (30 million yen)	Maximum annual remuneration of 100 million yen determined by resolution of the annual general meeting of shareholders (26 November 2003)
Total (External Directors and External Statutory Auditors included)	11 (8)	355 million yen (80 million yen)	

(Notes)

- The total amount of remuneration received by External Directors and External Statutory Auditors holding concurrent directorships at subsidiary firms in the current fiscal year was 9 million yen.
- The number of directors as at 31 August 2016 is 6 directors and 5 statutory auditors.

### 3 Policy on Determination of Dividends from Surplus

The Company regards the distribution of profits to shareholders as one of its most important considerations. Our basic policy is to constantly increase earnings and to provide ongoing, appropriate profit distribution based on performance.

Our policy is to pay dividends that reflect business performance after taking into consideration funds needed to expand business, improve revenues, and ensure the financial soundness of the Group.

Based on the policy outlined above and the earnings of the fiscal year ended 31 August 2016, we plan to pay a year end dividend of ¥165 per share with decision of the Board of Directors. Together with the ¥185 interim dividend per share, this will bring the total annual dividend for the current fiscal year to ¥350.

## 1. Our Approach to Corporate Governance

As it seeks to become the world's No.1 Digital Retailer, Fast Retailing undertakes corporate governance to ensure growth, proper management, and a responsive and transparent corporate structure. We have implemented measures to ensure the independence and robust surveillance powers of the Board.

Under our entrusted operating officer system, the Board and CEO devolve power over a given area of business to a specific entrusted officer. This separates the decision-making and executive functions of management. The majority of directors on the Board are external, to heighten the Board's independence and its surveillance ability.

The Group has adopted the corporate auditor governance model, which assigns responsibility for the oversight of corporate governance to a Board of Auditors. At the same time, governance committees support the decision-making duties of the Board of Directors. Separate governance committees oversee human resources, corporate social responsibility (CSR), disclosure, IT investment, our Code of Conduct, and business ethics.

## 2. Outline of Corporate Governance

(Year ended August 31, 2016)

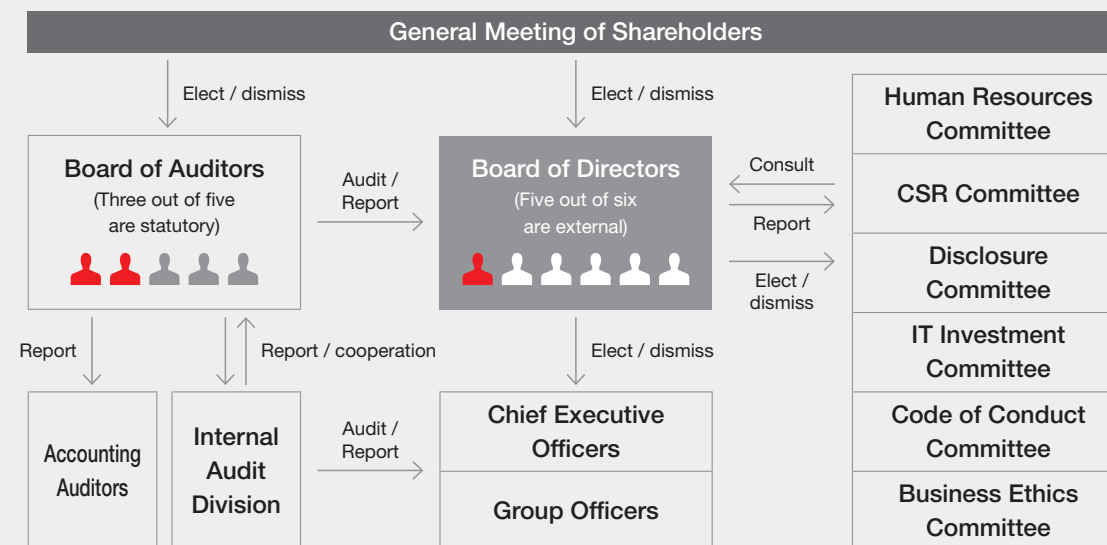
Form of Organization	Corporate auditor governance model	
Chairman of the Board	Tadashi Yanai	
Number of Directors	6, including 5 external directors	
Number of Auditors	5, including 3 statutory auditors	
Details of Board of Directors Meetings in Fiscal 2016	Number of Meetings	13
	Director Attendance <sup>1</sup>	97.5%
	Auditor Attendance <sup>2</sup>	98.5%
Sample Agenda	Fiscal year budget, Approval of corporate results, Approval of group officers appointments, UNIQLO USA business, Ariake project	
	Auditing policy, Auditing planning, Discussion with Executive Board, Efforts to nurture FR employees, Key labor issues, Current Production Department Issues, Auditing of UNIQLO Japan and UNIQLO International stores	
Details of Board of Auditors Meetings in Fiscal 2016	Number of Meetings	13
	Auditor Attendance <sup>2</sup>	98.5%
Sample Agenda	Board of Directors Meetings, Human Resources Committee, CSR Committee, Disclosure Committee, IT Investment Committee, Code of Conduct Committee, Business Ethics Committee	
	Overall limit approved at the general shareholders meeting. Individual remuneration determined by the Executive Board to reflect occupational duties, responsibilities, actual performance and contributions. Fiscal 2016 compensation to the six directors totaled 290 million yen, including 50 million yen to external directors.	
Sample Agenda	Overall limit determined at the general shareholders meeting. Individual compensation decided through mutual consultation between auditors. Fiscal 2016 compensation to the five auditors totaled 65 million yen, including 30 million yen to statutory auditors.	
	Ernst & Young ShinNihon LLC	

\*1. Average attendance of each director.

\*2. Average attendance of each auditor.

## 3. Corporate Governance at Fast Retailing

(As of August 31, 2016)



## 4. Composition of Committees

(As of August 31, 2016)

● Committee Member

		Human Resources Committee	CSR Committee	Disclosure Committee	IT Investment Committee	Code of Conduct Committee	Business Ethics Committee
Internal Director	Yanai	●		●	Chairman		
	Hambayashi	Chairman					
External Director	Hattori						
	Murayama				Observer		
	Shintaku				Observer		
Standing Statutory Auditor	Nawa	●					
	Tanaka	●	●			●	Observer
External Statutory Auditor	Shinjo			●	●		●
	Yasumoto		●				●
External Statutory Auditor	Watanabe						●
	Kaneko	●				●	
Number of Group Officers, External Specialists, etc.		1	9	4	2	6	4

Notes: The head of the CSR Department chairs both the CSR Committee and the Business Ethics Committee. The Disclosure Committee is chaired by the individual responsible for disclosing information to the Tokyo Stock Exchange. The head of the General Administration & Employee Satisfaction Department chairs the Code of Conduct Committee. The required notification pertaining to independent officers has been submitted to the Tokyo Stock Exchange for Toru Hambayashi, Nobumichi Hattori, Masaaki Shintaku, Takaharu Yasumoto, Akira Watanabe and Keiko Kaneko.



## 5. Committees and Their Responsibilities

### ■ Human Resources Committee

The Human Resources Committee, chaired by external director, discusses important organizational changes and adjustments to human resource systems across the Group, and offers views and suggestions to the Board.

### ■ CSR Committee

The CSR Committee discusses and directs Fast Retailing's overall CSR strategy, from compiling and publishing the annual CSR report to promoting environmental protection, social responsibility, compliance and diversity. The head of the CSR department chairs the committee. Members include outside experts, external statutory auditors and Group officers.

### ■ 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.

### ■ IT Investment Committee

This 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 checking whether IT investment budgets submitted by external specialist organizations are reasonable and appropriate.

### ■ Code of Conduct Committee

The Code of Conduct Committee considers how best to resolve any violations of the Fast Retailing Group Code of Conduct (CoC), 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 Legal Department, and includes auditors and legal advisors.

### ■ 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 CSR department, and includes auditors and legal advisors.



## 6. General Meeting of Shareholders

Fast Retailing views the annual general meeting of shareholders as a precious opportunity to talk directly with shareholders. We try to make the most of the meeting to fully explain any proposals on the agenda, the company's current operations, management strategy and current challenges, and to answer questions on these issues.

Our general meeting of shareholders is held towards the end of November each year at our corporate headquarters in Yamaguchi, Japan.

We send out a convocation notice for the general shareholders' meeting to our shareholders, and we also disclose this notice in advance on the Fast Retailing website to ensure shareholders have time to consider the agenda. The Convocation notice is also published on the website in English and Chinese at least two weeks prior to the general shareholders' meeting.

Once concluded, we then disclose the minutes of the general shareholders' meeting on our website for the benefit of any shareholders who were unable to attend.

We pay close attention to any company proposal that was voted against by a considerable number of shareholders, even if the proposal was passed at the shareholders' meeting. The Board of Directors will analyze the cause and extent of any shareholder opposition and consider what action to take.

## 7. Shareholder Engagement

In addition to the general meeting of shareholders, Fast Retailing has various other means of communicating directly with shareholders.

As the two departments responsible for communicating with shareholders, our Investor Relations and Public Relations departments have regular discussions with the CEO and the officer in charge of disclosing information on the best means of communication, and any action required to facilitate that communication.

Our Disclosure Committee regularly explores if there is any important information that should be disclosed. If so, they disclose that information swiftly, to the Tokyo Stock Exchange, the Hong Kong Stock Exchange and via our corporate website.

Fast Retailing uses a number of media to help deepen shareholders' understanding of our corporate strategy and business environment, such as publishing news releases on our website, transmitting live footage of our quarterly results announcement, and disclosing written information about our corporate results performance.

To ensure our shareholders have a clear understanding of our operations, we send them our business review, and also a copy of our annual report in Japanese, English or Chinese. We also disclose all of these documents on our website.

Our shareholder opinions are precious to us, and so we make sure to share those opinions in reports to management meetings or as feedback to relevant departments.

We have a strict IR policy and strive to manage internal information and disclose appropriate information accurately, fairly and swiftly to ensure shareholders and other stakeholders are able to understand our company and make a fair evaluation of our business. We also impose a voluntary quiet period from the day following the end of a quarterly business period through to the announcement of that period's business results, during which we do not conduct any IR activities.

We disclose details of our IR policy on our website:

**Fast Retailing website** <https://www.fastretailing.com/eng/ir/policy/>

## 8. The Board of Directors

### (1) The Role of the Board of Directors

The Board of Directors (the “Board”) adheres to the company’s rules governing the Board, and any other appropriate internal regulation, when making decisions in its board meetings on items that require Board approval by law or by the articles of incorporation, and also when making decisions on important management-related items. In order to strengthen its corporate governance system, Fast Retailing operates a delegated authority, in which the representative director and the Board delegates discretion over the execution of business administration to corporate officers. The authority to determine and -implement individual executive matters or matters that do not require Board approval is delegated to the appointed corporate officer in accordance with internal stipulations. Fast Retailing also has separate governance committees which support the decision-making duties of the Board.

### (2) The Structure of the Board of Directors

To ensure substantive and lively discussion in Board meetings, as well as appropriate and swift decision-making, Fast Retailing believes it is best to have between three and ten directors on its Board. Our Board consists of a good balance of both internal and external experts with specialist expertise and knowledge in various areas that are vital to Fast Retailing’s corporate strategy. We disclose details about Fast Retailing directors and auditors who also serve on the boards of other listed companies, both on our website and in the reference materials accompanying convocation notices for annual general shareholders’ meetings.

Our directors and auditors ensure they have the necessary information to fulfill their duties effectively by regularly obtaining information from lawyers and external specialists about the latest laws, rules and regulations. In addition, the relevant officer in charge provides information to directors and auditors on important operational issues, finance matters and organizational management. To promote a better understanding among board members of Fast Retailing’s Group operations and management principles, Fast Retailing provides opportunities for directors and auditors to visit stores and factories both inside and outside of Japan and to participate in the semi-annual FR convention.

### (3) Meetings of the Board of Directors

In principle, the Board of Directors meets once a month. The annual meeting schedule is determined in advance to ensure that the greatest number of directors and auditors can attend. The agenda and any relevant material are sent to directors and auditors two working days prior to the Board meeting to encourage a lively discussion in the meeting.

Fast Retailing conducted survey to all Board members for the purpose of analyzing and evaluating effectiveness of the Board as a whole, and received responses from all Board members. The overall survey results and suggestions were shared and discussed among Board members and statutory auditors in a Board meeting. The survey evaluated the Board of Directors highly for conducting free and lively debate on pertinent issues, and judged there to be no immediate problems regarding the construction, operation or deliberation of the Board. The Board will continue to discuss the diversity and expertise of its membership pertaining to future business development.

## 9. The Board of Auditors

The Board of Auditors discusses reports presented by the accounting auditor around the time of Fast Retailing’s quarterly business results. These reports outline the company’s auditing processes and how well they are being implemented. The Board of Auditors maintains strong communication links with Fast Retailing’s Internal Auditing Department at all times. The Internal Auditing Department reports to the Board of Auditors on auditing plans and frameworks, and provides updates on auditing at Group companies in conjunction with Fast Retailing’s half-yearly results, or at any other time deemed necessary.

Fast Retailing’s Board of Auditors consists of five members; three external statutory auditors and two internal corporate auditors. This balance of external and internal members helps ensure effective auditing, guaranteeing both independence and strong information gathering capability.

## 10. The Nomination and Remuneration of Directors, Auditors and Corporate Officers

At Fast Retailing, the Board of Directors nominates new director candidates, and the Board of Auditors nominates new auditor candidates. Each Board selects candidates based on whether he/she has sufficient specialist expertise and experience to fulfill their duties. When appointing corporate officers, the Board consults with the Human Resources Committee, which is chaired by an external director. Officers are appointed based on their aptitude, skills, experience and specialist knowledge.

The Board of Directors proposes candidates for director and auditor positions to the annual general meeting of shareholders, and list its reasons for selecting specific candidates in both the governance report and the convocation notice.

The general meeting of shareholders has approved an overall annual limit for directors’ remuneration of 1 billion yen. A director assigned by the Board then decides what portion of that total to allocate to each individual director, depending on their contribution to the Board. The annual shareholders’ meeting also approved an overall annual limit for auditors’ remuneration of 100 million yen. The Board of Auditors then apportions that total by mutual consultation. Corporate officers are evaluated based on their duties, responsibilities, performance and contribution, and are remunerated according to internal criteria for the Fast Retailing Group determined by the Board of Directors.

## 11. Independent External Directors

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

In addition to the independence criteria set by the Tokyo Stock Exchange, Fast Retailing has set the following independence standards and qualifications for external directors and auditors:

A person shall not qualify as an independent director or auditor of Fast Retailing, if:

- (1) he/she is, or has been within the past three years, a Business Partner\*<sup>1</sup> or an Executive Officer\*<sup>2</sup> of a Business Partner\*<sup>2</sup> 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;

# Consolidated Financial Statements

- (2) he/she is, or has been within the past three years, a Business Partner\*<sup>1</sup> of the Fast Retailing Group or an Executive Officer of a Business Partner\*<sup>2</sup> 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;
- (3) 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
- (4) 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.

## 12. Shareholder Dividends

Returning a portion of our profits to shareholders is a top priority for Fast Retailing. Our policy is to pay an appropriate and consistent dividend. We aim to offer high dividends, after considering the funds required to expand Group operations, increase profits and maintain financial soundness.

## 13. Strategic Shareholdings

When making decisions on strategic stake holdings, the Fast Retailing Group will consider the size of the investment, and the potential benefits to be derived from developing stronger ties with a specific business partner, and then the Board of Directors will thoroughly evaluate each and every case before making a final decision.

As for exercising voting rights linked to strategic shareholdings, Fast Retailing would first evaluate whether a specific proposal is likely to boost shareholder value or not, and would not approve the proposal if it was likely to adversely affect shareholder value.

## 14. FR Policy on Transactions between Related Parties

If Fast Retailing wants to conduct business transactions with directors or major shareholders of related businesses, it would apply to the Board of Directors. The Board, which includes a majority of external directors, would then discuss the business and operational rationale behind the intended transaction, and consider whether the business conditions were reasonable before making a decision.



Golfer: Adam Scott

## Consolidated Financial Statements (IFRS)

## Consolidated Statement of Financial Position (As at 31 August 2016)

(Millions of yen)

Item	As at 31 August 2015	As at 31 August 2016	Item	As at 31 August 2015	As at 31 August 2016
<b>Assets</b>			<b>Liabilities</b>		
Current assets	874,394	924,583	Current liabilities	292,242	338,046
Cash and cash equivalents	355,212	385,431	Trade and other payables	181,577	189,501
Trade and other receivables	44,777	45,178	Derivative financial liabilities	100	72,388
Other current financial assets	22,593	184,239	Other current financial liabilities	15,471	12,581
Inventories	260,006	270,004	Income taxes payable	36,763	9,602
Derivative financial assets	157,490	569	Provisions	22,615	22,284
Income taxes receivable	18,564	21,626	Others	35,714	31,689
Others	15,748	17,534	Non-current liabilities	96,658	302,411
Non-current assets	289,311	313,535	Non-current financial liabilities	25,513	274,090
Property, plant and equipment	129,340	121,853	Provisions	10,203	10,645
Goodwill	27,165	17,908	Deferred tax liabilities	47,272	3,809
Other intangible assets	40,991	34,205	Others	13,668	13,865
Non-current financial assets	75,940	77,553	Total liabilities	388,901	640,458
Investments in an associate	—	13,132	<b>Equity</b>		
Deferred tax assets	11,107	44,428	Equity attributable to owners of the parent	750,937	574,501
Others	4,766	4,453	Capital stock	10,273	10,273
			Capital surplus	11,524	13,070
			Retained earnings	602,623	613,974
			Treasury stock, at cost	(15,699)	(15,633)
			Other components of equity	142,214	(47,183)
			Non-controlling interests	23,867	23,159
Total assets	1,163,706	1,238,119	Total equity	774,804	597,661
			Total liabilities and equity	1,163,706	1,238,119

(Note) Amounts are rounded down to the nearest million Japanese Yen.

## Consolidated Statement of Profit or Loss (Year ended 31 August 2016)

(Millions of yen)

Item	Year ended 31 August 2015	Year ended 31 August 2016
Revenue	1,681,781	1,786,473
Cost of sales	(833,243)	(921,475)
Gross profit	848,538	864,998
Selling, general and administrative expenses	(671,863)	(702,956)
Other income	8,782	2,363
Other expenses	(20,992)	(37,112)
Operating profit	164,463	127,292
Finance income	17,354	2,364
Finance costs	(1,141)	(39,420)
Profit before income taxes	180,676	90,237
Income taxes	(63,287)	(36,162)
Profit for the year	117,388	54,074
Attributable to:		
Owners of the parent	110,027	48,052
Non-controlling interests	7,360	6,021
Total	117,388	54,074

(Note) Amounts are rounded down to the nearest million Japanese Yen.

## Financial Statements

## Balance Sheet (As at 31 August 2016)

Item	(Millions of yen)		Item	(Millions of yen)	
	As at 31 August 2015	As at 31 August 2016		As at 31 August 2015	As at 31 August 2016
<b>Assets</b>			<b>Liabilities</b>		
Current assets	269,886	393,466	Current liabilities	31,043	33,494
Cash and deposits	145,192	177,827	Accounts payable	4,251	8,102
Trade accounts receivable	11,818	12,232	Accruals	715	649
Short-term investment securities	39,943	115,357	Deposits received	23,939	22,693
Short-term loans receivable from subsidiaries and affiliates	49,226	51,689	Allowance for bonuses	1,614	1,620
Income taxes receivable	17,979	20,597	Others	521	428
Accounts receivable from subsidiaries and affiliates	3,036	12,156	Non-current liabilities	2,959	251,817
Deferred tax assets	867	1,011	Corporate bonds	—	250,000
Others	1,821	2,782	Guarantee deposits received	1,126	1,100
Allowance for doubtful accounts	(0)	(187)	Deferred tax liabilities	1,072	—
Non-current assets	140,122	237,619	Others	759	716
Property, plant and equipment	2,815	6,609	Total liabilities	34,002	285,312
Buildings	1,448	1,527	<b>Net assets</b>		
Structures	86	81	Shareholders' equity	373,023	342,992
Tools, furniture and equipment	119	112	Capital stock	10,273	10,273
Land	1,158	1,158	Capital surplus	7,129	7,650
Leased assets	2	52	Capital reserve	4,578	4,578
Construction in progress	—	3,677	Other capital surplus	2,550	3,071
Intangible assets	11,377	16,249	Retained earnings	371,318	340,701
Software	10,179	13,601	Legal reserve	818	818
Software in progress	1,124	2,583	Other retained earnings	370,500	339,882
Others	73	64	Special reserve fund	185,100	185,100
Investments and other assets	125,930	214,760	Retained earnings carried forward	185,400	154,782
Investment securities	553	14,620	Treasury stock	(15,699)	(15,633)
Investments in subsidiaries and affiliates	75,810	111,595	Valuation and translation adjustments	329	(818)
Investments in capital of subsidiaries and affiliates	12,629	10,336	Unrealized gains/(losses) on available-for-sale securities	329	(818)
Long-term loans receivable from subsidiaries and affiliates	29,898	70,555	Share subscription rights	2,654	3,599
Leases and guarantee deposits	5,986	5,065	Total net assets	376,007	345,773
Deferred tax assets	—	570	Total liabilities and net assets	410,009	631,086
Others	1,051	2,015			
Allowance for doubtful accounts	(0)	—			
Total assets	410,009	631,086			

(Note) Amounts are rounded down to the nearest million Japanese Yen.

## Statement of Income (Year ended 31 August 2016)

Item	(Millions of yen)	
	Year ended 31 August 2015	Year ended 31 August 2016
Operating revenue	119,071	99,289
Operating expenses	41,227	43,651
Operating income	77,844	55,637
Non-operating income	11,683	799
Interest income	292	517
Interest income from investment securities	39	99
Foreign exchange gains	11,218	—
Others	132	181
Non-operating expenses	282	47,166
Interest expenses	42	802
Foreign exchange losses	—	45,657
Others	239	706
Ordinary income	89,245	9,270
Extraordinary income	1,775	—
Gain on sales of investments in short-term investment securities	1,773	—
Others	1	—
Extraordinary losses	23,212	19,486
Losses on retirement of non-current assets	9	0
Losses on sales of investments in short-term investment securities	1,081	—
Impairment losses of investments in investment securities	15,591	18,996
Impairment losses	6,530	—
Others	—	489
Income (or loss) before income taxes	67,808	(10,215)
Income taxes – current	586	(15,002)
Income taxes – deferred	(3,005)	(1,297)
Net income	70,227	6,084

(Note) Amounts are rounded down to the nearest million Japanese Yen.

# Auditors' Report

## (Translation) Auditors' Report on Consolidated Financial Statements

### Independent Auditors' Report

21 October 2016

The Board of Directors  
FAST RETAILING CO., LTD.

Ernst & Young ShinNihon LLC

Certified Public Accountant  
Designated and Engagement Partner **Shigeyuki Amimoto**

Certified Public Accountant  
Designated and Engagement Partner **Shuji Kaneko**

Certified Public Accountant  
Designated and Engagement Partner **Tomo Ito**

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of FAST RETAILING CO., LTD. (the "Company") applicable to the fiscal year from 1 September 2015 through 31 August 2016.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of Paragraph 1, Article 120 of the Ordinance on Company Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements prepared in accordance with International Financial Reporting Standards with certain disclosure items omitted pursuant to the latter part of paragraph 1, Article 120 of the Ordinance on Company Accounting referred to above, present fairly, in all material respects, the financial position and results of operations of FAST RETAILING CO., LTD. and its consolidated subsidiaries, for the fiscal year ended 31 August 2016.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

#### (Note)

This is an English translation of the original Japanese Independent Auditors' Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company prepared in Japanese, for the year ended 31 August 2016. Ernst & Young ShinNihon LLC has not audited the English language version of the consolidated financial statements for the above-mentioned year.

## (Translation) Auditors' Report on Financial Statements

### Independent Auditors' Report

21 October 2016

The Board of Directors  
FAST RETAILING CO., LTD.

Ernst & Young ShinNihon LLC

Certified Public Accountant  
Designated and Engagement Partner **Shigeyuki Amimoto**

Certified Public Accountant  
Designated and Engagement Partner **Shuji Kaneko**

Certified Public Accountant  
Designated and Engagement Partner **Tomo Ito**

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of FAST RETAILING CO., LTD. (the "Company") applicable to the 55th fiscal year from 1 September 2015 through 31 August 2016.

#### Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of FAST RETAILING CO., LTD. applicable to the 55th fiscal year ended 31 August 2016 in conformity with generally accepted accounting principles in Japan.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

#### (Note)

This is an English translation of the original Japanese Independent Auditors' Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the financial statements of the Company prepared in Japanese, for the year ended 31 August 2016. Ernst & Young ShinNihon LLC has not audited the English language version of the financial statements for the above-mentioned year.

## Report by the Board of Statutory Auditors

### AUDIT REPORT

With respect to the directors' performance of their duties during the 55<sup>th</sup> fiscal year (from 1 September 2015 to 31 August 2016), the Board of Statutory Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Statutory Auditor, and hereby reports as follows.

#### 1. Method and Contents of Audit by Each Statutory Auditor and the Board of Statutory Auditors

- (1) The Board of Statutory Auditors has established the audit policies, assignment of duties, etc. and received a report from each Statutory Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Statutory Auditors has received reports from the Directors and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Statutory Auditors' auditing standards established by the Board of Statutory Auditors, and in accordance with the audit policies and assignment of duties, etc., each of the Statutory Auditors endeavored to facilitate a mutual understanding with the Directors, the internal audit division, and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and has conducted audit by the following methods.
  - (a) Each Statutory Auditor has attended Board of Directors meetings and other important meetings, received reports on the performance of duties from Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the corporate affairs and assets at the Company's head office and principal places. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate mutual understanding and information exchange with the Directors and Statutory Auditors of each subsidiary, and received operational reports as necessary.
  - (b) In relation to (i) the contents of Board of Directors' resolutions regarding the system for ensuring Directors' performance of duties as described in the Business Report comply with all laws, regulations and Articles of Incorporation and also comply with any other systems deemed necessary under Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan for ensuring appropriate corporate affairs of a corporate entity comprising a joint stock company and its subsidiaries, and (ii) the systems (internal control systems) based on those regulations, each Statutory Auditor has regularly received reports on the structure of that system and the status of its operation from Directors and other employees, requested explanations as necessary and expressed its opinion.
  - (c) Each Statutory Auditor has monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Statutory Auditor was notified by the Accounting Auditor that it had established a "system to ensure that the performance of the duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Ordinance of Company Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Statutory Auditor examined the Business Report and its supplementary schedules, as well as the Non-consolidated Financial Statements (the balance sheet, the statement of income, the statement of changes in net assets, and the notes to the financial statements) and its supplementary schedules, and the Consolidated Financial Statements (the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements) for the fiscal year under consideration.

Based on the above-described methods, each Statutory Auditor examined the Non-Consolidated Financial Statements (the balance sheet, the statement of income, the statement of changes in net assets, and the notes to the financial statements) and the supplementary schedules, and the Consolidated Financial Statements (the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements) for the fiscal year under consideration.

#### 2. Results of Audit

##### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the supplementary schedules fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Director's resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors' performance of their duties concerning the internal control systems that requiring mentioning.

##### (2) Results of Audit of the Non-Consolidated Financial Statements and the Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

##### (3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

25 October 2016

#### The Board of Statutory Auditors of FAST RETAILING CO., LTD.

Standing Statutory Auditor	<b>Akira Tanaka</b> ■
Standing Statutory Auditor	<b>Masaaki Shinjo</b> ■
Statutory Auditor	<b>Takaharu Yasumoto</b> ■
Statutory Auditor	<b>Akira Watanabe</b> ■
Statutory Auditor	<b>Keiko Kaneko</b> ■

## Investor Information

Stock Exchange Listing	Tokyo Stock Exchange, 1st Section (Stock Code 9983) Hong Kong Stock Exchange, Main Board (Stock Code 6288)
Number of shares per trading unit	100 shares (Tokyo Stock Exchange) 300 HDR (Hong Kong Stock Exchange)
Fiscal Year	September 1 to August 31
General meeting of shareholders	Late November

Vesting date to receive a year-end dividend The last day of August

Vesting date to receive an interim dividend The last day of February

For HDR holders, please refer to our press release which will be announced in August and February.

Shares listed on Tokyo Stock Exchange  
Transfer Agent  
**The Mitsubishi UFJ Trust and Banking Corporation**  
1-4-5 Marunouchi  
Chiyoda-ku, Tokyo  
100-8212, Japan  
**Telephone: 0120-232-711**  
(From Japan)

Hong Kong Depository Receipt  
Depository Bank  
**JPMorgan Chase Bank, N.A.**  
HDR Registrar and HDR Transfer Office  
**Computershare Hong Kong Investor Services Limited**  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong  
**Tel: 852-2862-8555**  
E-mail: [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)

### Information Available in the Investor Relations (IR) Section of Our Website



- Management Strategy
- Materials and videos of our latest business results, meetings and press conferences
- IR News
- IR Library (Annual Report, Fact Book, Business Review and CSR Report)

<http://www.fastretailing.com/eng/ir/>

**FAST RETAILING WAY**  
(FR Group Corporate Philosophy)

**Changing clothes.**

**Changing conventional wisdom.**

**Change the world.**

Marin Minamiya, 19, is the youngest Japanese person to have climbed the seven summits. She challenged these brutal peaks wearing UNIQLO HEATTECH innerwear, Ultra Light Down jackets and Blocktech coats, reaching the summit of Mount Everest in May 2016. Marin says her climbing buddies love UNIQLO's simple, no-frills designs. Marin's next challenge is to reach the North Pole, and UNIQLO plans to support her every step of the way in her determined quest to pursue her dreams and tackle new challenges.







**FAST RETAILING**

**FAST RETAILING CO., LTD.**

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