

Results Summary for FY2020 (September 1, 2019 to August 31, 2020)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2019	Year to Aug 2020						Year to Aug 2021	
	Full Year Actual (18/9~19/8)	1H Actual		2H Actual		Full Year Actual		Full Year Estimate	
		(19/9~20/2)	y/y	(20/3~20/8)	y/y	(19/9~20/8)	y/y	(20/9~21/8)	y/y
Revenue (to revenue)	2,290.5 100.0%	1,208.5 100.0%	-4.7%	800.3 100.0%	-21.8%	2,008.8 100.0%	-12.3%	2,200.0 100.0%	+9.5%
Gross Profit (to revenue)	1,119.5 48.9%	576.7 47.7%	-4.9%	399.0 49.9%	-22.2%	975.8 48.6%	-12.8%	-	-
SG&A Expenses (to revenue)	854.3 37.3%	438.7 36.3%	+1.2%	367.0 45.9%	-12.8%	805.8 40.1%	-5.7%	-	-
Business profit (to revenue)	265.1 11.6%	137.9 11.4%	-20.4%	32.0 4.0%	-65.1%	170.0 8.5%	-35.9%	265.0 12.0%	+55.9%
Other income, expenses (to revenue)	-7.5 -	-1.2 -	-	-19.4 -	-	-20.6 -	-	-20.0 -	-
Operating profit (to revenue)	257.6 11.2%	136.7 11.3%	-20.9%	12.6 1.6%	-85.1%	149.3 7.4%	-42.0%	245.0 11.1%	+64.0%
Finance income/cost (to revenue)	-5.1 -	14.1 1.2%	-	-10.6 -	-	3.5 0.2%	-	0.0 -	-
Profit before income (to revenue)	252.4 11.0%	150.8 12.5%	-13.4%	2.0 0.3%	-97.4%	152.8 7.6%	-39.4%	245.0 11.1%	+60.3%
Profit attributable to owners of the parent (to revenue)	162.5 7.1%	100.4 8.3%	-11.9%	-10.1 -	-	90.3 4.5%	-44.4%	165.0 7.5%	+82.6%

Note: The exchange rate used to calculate our full-year estimates for finance income/costs is the August 31, 2020 closing rate of 1USD=105.4JPY.

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2019	Year to Aug 2020					
		Full Year Actual (18/9~19/8)	1H Actual		2H Actual		Full Year Actual	
			(19/9~20/2)	y/y	(20/3~20/8)	y/y	(19/9~20/8)	y/y
UNIQLO Japan	Revenue	872.9	463.5	-5.7%	343.3	-10.0%	806.8	-7.6%
	Business profit (to revenue)	103.2 11.8%	71.0 15.3%	+5.1%	35.7 10.4%	+0.4%	106.8 13.2%	+3.5%
	Other income, expenses	-0.7	0.5	+391.9%	-2.6	-	-2.1	-
	Operating profit (to revenue)	102.4 11.7%	71.6 15.5%	+5.7%	33.0 9.6%	-4.8%	104.6 13.0%	+2.2%
UNIQLO International	Revenue	1,026.0	541.2	-6.7%	302.6	-32.1%	843.9	-17.7%
	Business profit (to revenue)	140.3 13.7%	58.0 10.7%	-34.6%	5.5 1.8%	-89.3%	63.5 7.5%	-54.7%
	Other income, expenses	-1.4	-4.7	-	-8.5	-	-13.3	-
	Operating profit (to revenue)	138.9 13.5%	53.2 9.8%	-39.8%	-3.0 -	-	50.2 6.0%	-63.8%
GU	Revenue	238.7	132.2	+12.9%	113.7	-6.4%	246.0	+3.1%
	Business profit (to revenue)	28.1 11.8%	15.6 11.8%	+11.0%	7.1 6.3%	-49.0%	22.8 9.3%	-18.9%
	Other income, expenses	0.0	0.1	-	-1.1	-	-0.9	-
	Operating profit (to revenue)	28.1 11.8%	15.8 12.0%	+12.0%	6.0 5.3%	-57.2%	21.8 8.9%	-22.5%
Global Brands	Revenue	149.9	70.1	-9.8%	39.5	-45.2%	109.6	-26.9%
	Business profit (to revenue)	3.9 2.6%	0.9 1.4%	-70.4%	-10.3 -	-	-9.3 -	-
	Other income, expenses	-0.2	-0.2	-	-3.1	-	-3.3	-
	Operating profit (to revenue)	3.6 2.5%	0.7 1.1%	-76.3%	-13.4 -	-	-12.7 -	-

FY2020 Main Points

■ Consolidated results: Fast Retailing FY2020 revenue and profit declines, but by much less

than predicted in July

- Full-year revenue and profit declined. Revenue: ¥2.0088 trillion (-12.3% year-on-year), operating profit: ¥149.3 billion (-42.0%).
- Recorded a full-year impairment loss of ¥23.0 billion primarily following significant decline in 2H revenue in the wake of COVID-19.
- Japan and Greater China (Mainland China, Hong Kong, Taiwan) performance recovered at a faster pace than expected, resulting in an overall full-year result that was much better than we had forecast back in July.
- Scheduled to offer a year-end dividend payment of ¥240 per share to generate a scheduled annual dividend of ¥480 in FY2020.

■UNIQLO Japan: Achieves full-year profit rise. Exceeds latest July estimates

- UNIQLO Japan revenue fell but profit rose in FY2020. Revenue: ¥806.8 billion (-7.6%), operating profit ¥104.6 billion (+2.2%).
- Same-store sales declined 6.8%. That measure declined 4.6% in 1H on warm winter weather, and 9.6% in 2H after many stores were temporarily closed due to COVID-19. However, sales recovered once stores were reopened in June, resulting in a large 20.2% year-on-year rise in 4Q revenue from June to August.
- E-commerce sales rose 29.3%, with especially strong year-on-year growth of 54.7% in 2H.
- The gross profit margin improved 2.4 points to 49.1% on improved discounting rates, and a lower cost of sales as a result of continued appreciation of internal yen exchange rates.

■UNIQLO International: Revenue and profit decline sharply on COVID-19, but better than expected thanks to early recovery in Greater China

- Revenue declined to ¥843.9 billion (-17.7%), operating profit fell to ¥50.2 billion (-63.8%) on COVID-19.
- E-commerce was strong, rising approximately 20% year-on-year, thanks to stronger conveying of information on products designed to satisfy stay-at-home demand, and an expansion in the number of markets offering e-commerce operations.
- While Greater China revenue declined and profit contracted sharply, that region recovered at a faster pace from March onwards than we had predicted. FY2020 e-commerce proved strong, with revenue there expanding by approximately 20% year-on-year.
- South Korea reported a sharp fall in revenue and recorded an operating loss. South, Southeast Asia & Oceania (Southeast Asia, Australia, and India) reported large revenue and profit declines, but Singapore, Malaysia, Thailand, and Australia recovered favorably in 4Q. North America (USA and Canada) and Europe were both hard hit by COVID-19, resulting in a wider loss in North America and a slight loss in Europe.

■GU: Full-year revenue up, profit down. In line with plan

- GU revenue rose but profit fell in FY2020. Revenue: ¥246.0 billion (+3.1%), operating profit: ¥21.8 billion (-22.5%).
- Full-year same-store sales declined 5.2%, but e-commerce sales proved strong, expanding roughly 60% year on year. Products designed to satisfy stay-at-home demand, such as pajamas and loungewear, sold well along with products that perfectly captured the latest mass-trend fashions, such as shirts made out of sheer material and chef's pants for men.
- The GU gross profit margin declined 0.7 point in FY2020 to 48.3% on stronger discounting of Spring Summer inventory in the wake of COVID-19.

■Global Brands: Large revenue fall and overall operating loss fell short of plan

- Global Brands FY2020 revenue: ¥109.6 billion (-26.9%), operating loss: ¥12.7 billion (v. a ¥3.6 billion operating profit in FY2019). All operations recorded a loss as COVID-19 forced stores to temporarily close their doors and people to stay at home.

- Theory recorded a large decline in revenue and an operating loss on the back of losses in the USA and Europe, which have both been hit hard by COVID-19.

■FY2021 consolidated estimates: Expect revenue rise, large profit gain, and a recovery to record profit levels

- FY2021 estimates for consolidated revenue: ¥2.2000 trillion (+9.5%), consolidated business profit: ¥265.0 billion (+55.9%), consolidated operating profit: ¥245.0 billion (+64.0%), and profit attributable to owners of the parent: ¥165.0 billion (+82.6%).
- We forecast an annual dividend per share in FY2021 of ¥480, including an interim dividend of ¥240. Same level as FY2020.
- Revenue predicted to decline in 1H on continued COVID-19 impact, but we forecast large revenue and profit gains in 2H assuming the virus is brought under control. All business segments are forecast to generate full-year revenue and profit gains.
- We expect other income/expenses to total -¥20.0 billion after incorporating losses on the retirement of fixed assets and store-closure losses related to our scrap and build policy primarily at UNIQLO operations, and the risk of incurring impairment losses at large-format and global flagship stores.

FY2020 Performance in Focus

■UNIQLO Japan: Achieves full-year profit rise. Exceeds latest July estimates

UNIQLO Japan reported a decline in revenue but a rise in profit in fiscal 2020, with revenue declining to 806.8 billion yen (-7.6% year-on-year) and operating profit expanding to 104.6 billion yen (+2.2% year-on-year). Meanwhile, fiscal 2020 same-store sales (including e-commerce) declined 6.8% year-on-year. In the first half from 1 September 2019 through 29 February 2020, same-store sales declined 4.6% year-on-year after sales of warm clothing struggled during the warm winter weather. In the second half from 1 March through 31 August 2020, same-store sales declined by 9.6% year-on-year as the spread of COVID-19 prompted us to temporarily close a maximum of 311 stores during the period from late March through early May 2020, and customer visits declined as people were encouraged to stay at home. However, same-store sales rebounded by an impressive 20.2% year-on-year in the fourth quarter from 1 June through 31 August 2020 after we reopened our stores thanks to strong sales of core Summer ranges, products designed to satisfy stay-at-home demand, and AIRism face masks.

Meanwhile, UNIQLO Japan e-commerce sales increased 29.3% year-on-year in fiscal 2020 to 107.6 billion yen, raising the proportion of online sales to total revenue from 9.5% to 13.3%. Of particular note in the second half, we successfully strengthened our ability to convey e-commerce information through digital advertising and TV commercials and significantly increased the number of new online customers by launching limited-period special prices for our registered app users. These elements helped generate an impressive 54.7% year-on-year increase in second-half e-commerce sales. The UNIQLO Japan gross profit margin rose 2.4 points year-on-year in fiscal 2020 as yen-based exchange rates on product purchasing continued to appreciate and we decided to restrict any excessive discounting of products to attract customers. UNIQLO Japan's selling, general and administrative expense ratio increased by 1.0 point year-on-year in fiscal 2020, but those expenses declined year-on-year in monetary terms. As a result of the above, UNIQLO Japan was able to record a slight increase in operating profit for the full business year.

■UNIQLO International: Revenue and profit decline sharply on COVID-19, but better than expected thanks to early recovery in Greater China

UNIQLO International recorded significant declines in both revenue and profit in fiscal 2020, with revenue

falling to 843.9 billion yen (-17.7% year-on-year) and operating profit contracting to 50.2 billion yen (-63.8% year-on-year). This weak performance was due primarily to large declines in revenue and profit in the second half on the back of COVID-19 and the recording of full-year impairment losses for the segment of 15.8 billion yen mainly on operations in South Korea and the United States. However, e-commerce sales increased by roughly 20% year-on-year as our online operations continue to expand favorably in all markets.

Breaking down the UNIQLO International performance into individual regions and markets, UNIQLO Greater China (Mainland China, Hong Kong, and Taiwan) reported a decline in revenue and a significant contraction in operating profit, with revenue for the year totaling 455.9 billion yen (-9.3% year-on-year) and operating profit totaling 65.6 billion yen (-26.3% year-on-year). However, Greater China performance improved at a faster pace than predicted from March onwards as local support for our LifeWear concept grew and customers increasingly recognized LifeWear products as essential items for daily living. Greater China e-commerce sales continued strong, expanding by approximately 20% year-on-year in fiscal 2020. Sales at UNIQLO South, Southeast Asia & Oceania (Southeast Asian nations, Australia, and India) declined by approximately 13% year-on-year to 150.0 billion yen and operating profit shrank by approximately 40% year-on-year in fiscal 2020. Having performed extremely well in the first half to generate double-digit growth in both revenue and profit, the region was heavily impacted by COVID-19 in the second half. While it will take some time for sales to recover in the Philippines and Indonesia, which were hit especially hard by COVID-19, sales in other parts of the region began recovering favorably from June onwards. In South Korea, same-store sales declined significantly and the operation posted an operating loss on the back of ongoing Japan-South Korea tensions and the impact of COVID-19. In North America (USA and Canada), nearly all our stores were closed from the middle of March through to the end of June. Changes in the social climate from June onwards and a resurgence in COVID-19 infections resulted in a large decline in revenue and a wider operating loss for the full year through 31 August 2020. UNIQLO Europe was also hit hard by COVID-19 with many stores being closed temporarily and a huge decline in tourist numbers knocking revenue lower and resulting in a slight operating loss for the full year.

Fast Retailing continued to aggressively enter new markets over the period with the first UNIQLO store opening in Italy in Milan in September 2019, the first store opening in India in New Delhi in October 2019, and the first store opening in Vietnam in Ho Chi Minh City in December 2019. While all those markets were impacted by COVID-19, UNIQLO Italy managed to post a full-year profit, and the Vietnam operation, which was only launched in December 2019, turned a profit in the second half.

■GU: Full-year revenue up, profit down. In line with plan

Our GU segment recorded an increase in revenue but a decline in profit in fiscal 2020, with revenue reaching 246.0 billion yen (+3.1% year-on-year) and operating profit totaling 21.8 billion yen (-22.5% year-on-year).

GU Japan same-store sales (excluding e-commerce sales) increased in the first half on the back of strong sales of knitwear that perfectly captured the mass fashion trend as well as lightweight outerwear. However, the impact of COVID-19 in the second half resulted in a 5.2% year-on-year decline in GU Japan same-store sales for the full year. That said, same-store sales did start to recover favorably in the fourth quarter, recording a 2.2% year-on-year increase for that quarter on the back of standout sales of products that captured mass fashion trends and products that fulfilled stay-at-home demand. Full-year e-commerce sales performed strongly, expanding by approximately 60% year-on-year on the back of fewer shortages of popular products and more powerful transmission of attractive product-related information. The GU gross profit margin declined 0.7 point year-on-year in fiscal 2020 compared to the extremely strong performance in the previous year and also due to our continued rundown of excess Spring Summer inventories. The GU selling, general and administrative expense ratio rose 1.8 points year-on-year in fiscal 2020 following a large decline in revenue in the second half.

■Global Brands: Large revenue fall and overall operating loss fell short of plan.

The Global Brands segment reported large declines in both revenue and profit in fiscal 2020, with revenue totaling 109.6 billion yen (-26.9% year-on-year) and the segment reporting an operating loss of 12.7 billion yen compared to a 3.6 billion yen operating profit in the previous year. This weak performance was due primarily to the large impact of COVID-19 in the United States and Europe, which resulted in continued losses for our France-based Comptoir des Cotonniers and Princesse tam.tam brands and our US-based J Brand label and also forced our Theory operation into the red. That new operating loss for Theory was generated by a significant decline in revenue resulting from temporary store closures and stay-at-home practices as well as strong discounting of stock. Our PLST brand also saw revenue decline due to COVID-19, resulting in a slight full-year operating loss. Comptoir des Cotonniers stores were temporarily closed for nearly two whole months resulting in a large decline in revenue and continued operating losses for the full business year.

■FY2021 consolidated estimates: Expect revenue rise, large profit gain, and a recovery to record profit levels

In the financial year ending August 31, 2021, Fast Retailing expects to see a rise in revenue, a large increase in profit, and a recovery to similar record profits levels achieved in FY2019. We forecast consolidated revenue will increase to ¥2.2000 trillion (+9.5% year-on-year), consolidated business profit will rise to ¥265.0 billion (+55.9%), consolidated operating profit will reach ¥245.0 billion (+64.0%), and profit attributable to owners of the parent will expand to ¥165.0 billion (+82.6%), translating into earnings per share of ¥1,616.05. Other income/expenses are expected to total -¥20.0 billion after incorporating losses on the retirement of fixed assets and store-closure losses related to our scrap and build policy primarily at UNIQLO operations, and the risk of incurring impairment losses at large-format and global flagship stores. We forecast the annual dividend per share for FY2021 will remain the same as for FY2020 at ¥480, split equally between interim and year-end dividends of ¥240.

In the first six months from September 2020 through February 2021, we are forecasting a decline in revenue based on the assumption that COVID-19 will continue to heavily impact business in Southeast Asia, North America and Europe. However, in the second half from March through August 2021, we expect all business segments will report a large increase in revenue and a considerable improvement in operating profit assuming COVID-19 has been brought under control by that point.

We expect UNIQLO International will see large gains in revenue and a more than doubling in operating profit in FY2021. Breaking down that forecast geographically, we expect a significant increase in revenue in Greater China and double-digit year-on-year growth in e-commerce sales. While the pace of growth in Greater China e-commerce sales may slacken somewhat, we expect profit margins will improve considerably as we control discounting during major bargain sale events and strengthen our appeal of product value. Owing to a continued tough environment in South Korea, we forecast revenue will decline and operating profit break even in that market in FY2021. We expect South, Southeast Asia & Oceania will generate large revenue and profit gains, North America will report a rise in revenue and a narrower operating loss, and Europe will achieve a large rise in revenue and a return into the black. UNIQLO Japan is forecast to achieve higher revenue and a significant increase in profit on the back of an improved gross profit margin and SG&A ratio. GU is expected to generate a large rise in full-year profit on the back of a near doubling in operating profit in the second half. Global Brands is forecast to achieve a rise in revenue and a positive operating profit on the back of large revenue and profit gains from our Theory and PLST operations and reduced losses at our Comptoir des Cotonniers label.