

Results Summary for FY2021 First Half (Six Months of February 2021)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2020		Year to Aug 2021			
	1H Actual	Full-year	1H Actual	(y/y)	Full-year Est.	(y/y)
Revenue	1,208.5	2,008.8	1,202.8	-0.5%	2,210.0	+10.0%
Gross Profit	576.7	975.8	600.4	+4.1%	-	-
(to revenue)	47.7%	48.6%	49.9%	+2.2p	-	-
SG&A Expenses	438.7	805.8	420.7	-4.1%	-	-
(to revenue)	36.3%	40.1%	35.0%	-1.3p	-	-
Business profit	137.9	170.0	179.7	+30.2%	275.0	+61.7%
(to revenue)	11.4%	8.5%	14.9%	+3.5p	12.4%	+3.9p
Operating profit	136.7	149.3	167.9	+22.9%	255.0	+70.7%
(to revenue)	11.3%	7.4%	14.0%	+2.7p	11.5%	+4.1p
Profit before income taxes	150.8	152.8	171.4	+13.7%	255.0	+66.8%
(to revenue)	12.5%	7.6%	14.3%	+1.8p	11.5%	+3.9p
Profit attributable to owners of the parent	100.4	90.3	105.8	+5.4%	165.0	+82.6%
(to revenue)	8.3%	4.5%	8.8%	+0.5p	7.5%	+3.0p

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2020		Year to Aug 2021	
		1H Actual	Full-year	1H Actual	(y/y)
UNIQLO Japan	Revenue	463.5	806.8	492.5	+6.2%
	Business profit	71.0	106.8	97.3	+36.9%
	(to revenue)	15.3%	13.2%	19.8%	+4.5p
UNIQLO International	Revenue	541.2	843.9	521.8	-3.6%
	Business profit	58.0	63.5	75.8	+30.7%
	(to revenue)	10.7%	7.5%	14.5%	+3.8p
GU	Revenue	132.2	246.0	132.6	+0.3%
	Business profit	15.6	22.8	16.4	+4.9%
	(to revenue)	11.8%	9.3%	12.4%	+0.6p
Global Brands	Revenue	70.1	109.6	54.5	-22.2%
	Business profit	0.9	-9.3	-4.5	-
	(to revenue)	1.4%	-	-	-
	Operating profit	15.8	21.8	15.8	+0.4%
	(to revenue)	12.0%	8.9%	12.0%	-
	Operating profit	0.7	-12.7	-8.1	-
	(to revenue)	1.1%	-	-	-

FY2021 1H Main Points

■ Consolidated results: Fast Retailing exceeds expectations, reports large rise in operating profit

- Consolidated revenue declined but profit rose sharply. Revenue: 1.2028 trillion yen (−0.5% year-on-year), operating profit: 167.9 billion yen (+22.9%).
- UNIQLO operations in Japan and the Greater China region (Mainland China market, Hong Kong market, Taiwan market) reported large profit gains that were higher than expected.
- Recorded a net cost of 11.7 billion yen under other income/expenses consisting of impairment losses on stores mainly at UNIQLO International stores and other losses.

■UNIQLO Japan: Exceeds plan by reporting large profit rise on improved gross profit margin and SG&A ratio

- Revenue rose and profit increased sharply. Revenue: 492.5 billion yen (+6.2%), operating profit: 97.8 billion yen (+36.6%).
- Same-store sales increased 5.6% year on year. Strong sales of products that satisfied stay-at-home demand along with Fall Winter ranges. E-commerce sales increased by a considerable 40.5%.
- Gross profit margin improved 2.9 points on lower discounting and cost of sales. SG&A ratio improved 1.4 points on reduced advertising and promotion expenses.

■UNIQLO International: Revenue down but large operating profit gain outstrips plan

- Segment reported a decline in revenue but a large rise in profit. Revenue: 521.8 billion yen (−3.6%). Operating profit: 67.0 billion yen (+25.9%). East Asia operations proved strong overall, but the markets that were most affected by COVID-19 struggled.
- The Greater China region reported large rises in both revenue and profit. South Korea turned a small profit.
- South Asia, Southeast Asia & Oceania and Europe regions reported large declines in revenue and profit. The United States reported a decline in revenue and a wider operating loss.

■GU: Performs to plan by reporting a steady year-on-year performance

- GU achieved a steady year-on-year performance in the first half. Revenue: 132.6 billion yen (+0.3%), operating profit 15.8 billion yen (+0.4%).
- Same-store sales held steady year on year, with items such as sweat-style knitwear and loungewear selling well.

■Global Brands: Falls short of plan to report sharply lower revenue and an operating loss due to COVID-19

- Global Brands reported a 22.2% decline in revenue to 54.5 billion yen and an operating loss of 8.1 billion yen.
- Theory reported large declines in revenue and profit as performance by the United States and Japan operations worsened. Comptoir des Cotonniers reported a wider operating loss.

■ FY2021 estimates: Full-year forecasts revised up slightly, expect large rise in profit

- FY2021 consolidated revenue of 2.2100 trillion yen (+10.0%), consolidated operating profit of 255.0 billion yen (+70.7%), and profit attributable to owners of the parent of 165.0 billion yen (+82.6%).
- We revised up our full-year business estimates to reflect the higher-than-expected performance in the first half. Second-half forecasts remain unchanged.
- We forecast the same annual dividend per share in fiscal 2021 as for fiscal 2020, namely 480 yen, split equally between interim and year-end dividends of 240 yen each.

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FY2021 1H Performance in Focus

■ UNIQLO Japan: Exceeds plan by reporting large profit rise on improved gross profit margin and SG&A ratio

UNIQLO Japan reported a rise in revenue and a significant increase in profit in the first half of fiscal 2021, with revenue expanding to 492.5 billion yen (+6.2% year-on-year) and operating profit rising to 97.8 billion yen (+36.6% year-on-year). First-half same-store sales increased by 5.6% year-on-year thanks to strong sales of products such as loungewear and HEATTECH blankets that fulfilled customer demand for stay-at-home items, as well as buoyant sales of core Fall Winter items along with ultra stretch active jogger pants and other items in our sport utility wear range. Our e-commerce operation expanded significantly, with online sales rising to 73.8 billion yen (+40.5% year-on-year) in the first half. UNIQLO Japan's first-half gross profit margin improved by 2.9 points to 50.7% on the back of strong sales, improved discounting rates resulting from more restricted discount sales, and a lower cost of sales generated by improved production efficiency. The selling, general and administrative expense ratio improved by 1.4 points to 31.0% thanks to greater efficiencies primarily in distribution costs and advertising and promotion expenses.

■ UNIQLO International: Revenue down but large operating profit gain outstrips plan

UNIQLO International reported a decline in revenue but a significant increase in operating profit in the first half of fiscal 2021, with revenue falling to 521.8 billion yen (-3.6% year-on-year) and operating profit rising to 67.0 billion yen (+25.9% year-on-year). UNIQLO Europe and North America saw sales struggle in the face of especially severe COVID-19 conditions, but performance in East Asia was broadly strong. Meanwhile, e-commerce sales remained strong with online sales rising in each market.

The Greater China region reported large rises in both revenue and profit in the first half as the Mainland China market along with the Taiwan market and the Hong Kong market witnessed further improvements in profits. UNIQLO Greater China's gross profit margin improved by 4.7 points year-on-year thanks to controlled discount sales, and the selling, general and administrative expense ratio improved by 2.5 points as the operation maintained appropriate inventory levels and enjoyed greater efficiencies primarily in store personnel and distribution costs following concerted efforts to boost the efficiency of store operations. The operational environment for UNIQLO South Korea continued to be tough resulting in a large decline in first-half revenue. However, improvements in the gross profit margin and selling, general and administrative expense ratio enabled the South Korean operation to post a slight operating profit compared to an operating loss in the previous year. UNIQLO S/SE Asia & Oceania reported sharp declines in both revenue and profit as the operation was adversely impacted by temporary store closures and restrictions on movement caused by COVID-19. However, Vietnam reported ongoing strong sales and a large rise in profits in the first half as the impact of COVID-19 remained low and the popularity of the UNIQLO brand increased. UNIQLO USA reported a large decline in revenue and a larger operating loss after some stores were temporarily closed or forced to limit customer numbers and people's movement outside the home was restricted. UNIQLO Europe also reported large declines in both revenue and profit in the first half as temporary store closures hit the operation hard. However, Russia achieved double-digit growth in first-half same-store sales and a large rise in operating profit as stores were not required to close temporarily in that market and sales of Winter items proved strong.

■ GU: Performs to plan by reporting a steady year-on-year performance

The GU business segment achieved a steady year-on-year performance in the first half of fiscal 2021, with revenue totaling 132.6 billion yen (+0.3% year-on-year) and operating profit standing at 15.8 billion yen (+0.4% year-on-year).

While customer visits declined primarily in urban areas due to COVID-19, first-half same-store sales held steady year-on-year thanks to strong sales of the sweat-style knitwear that featured in our TV commercials, double-faced sweatshirts that successfully captured mass fashion trends, and loungewear and other items that satisfied customer demand for stay-at-home clothing. GU's gross profit margin held

steady at the previous year's level, while the segment's selling, general and administrative expense ratio improved by 0.4 point thanks to stronger cost controls.

■ Global Brands: Falls short of plan to report sharply lower revenue and an operating loss due to COVID-19

Global Brands reported a large decline in revenue and an operating loss in the first half of fiscal 2021. Revenue declined to 54.5 billion yen (-22.2% year-on-year) and the segment generated an operating loss of 8.1 billion yen (compared to a 0.7 billion yen profit recorded in the first half of fiscal 2020). Our Theory fashion label reported large declines in both revenue and profit as performance worsened in the United States and Japan in the face of COVID-19. Our Japan-based PLST brand reported a large decline in revenue and a slight operating loss following a reduction in customer visits primarily in urban areas. Finally, our France-based Comptoir des Cotonniers brand reported a large decline in revenue and a wider operating loss on the back of temporary store closures.

■ FY2021 estimates: Full-year forecasts revised up slightly, expect large rise in profit

Our business estimates for fiscal 2021 predict full-year consolidated revenue of 2.2100 trillion yen (+10.0%), consolidated operating profit of 255.0 billion yen (+70.7%), and profit attributable to owners of the parent of 165.0 billion yen (+82.6%). We did revise up our full-year estimates to reflect the higher-than-expected performance in the first half, but our second-half estimates remain unchanged. We maintain our initial prediction for the recording of a net cost of 20.0 billion yen under other income/expenses for the full business year. We have already recorded a net cost of 11.7 billion yen in the first half of fiscal 2021 mainly from impairment losses and we have incorporated the risk of incurring further losses in the second half such as losses on retirement of non-current assets and store-closure losses linked to our intended scrap and build strategy of closing unprofitable, mainly UNIQLO stores and opening new ones in better locations as well as further impairment losses on stores, etc.

We expect UNIQLO International will generate large revenue and profit gains in fiscal 2021. Breaking the segment down geographically, we predict the Greater China region will report large full-year rises in both revenue and profit. While full-year revenue from South Korea is expected to decline, we expect that operation will turn a full-year operating profit on the back of improvements in the gross profit margin and the selling, general and administrative expense ratio. S/SE Asia & Oceania is expected to report large revenue gains and turn a profit in the second half compared to a weak performance in the previous year. We expect UNIQLO USA will report a large full-year operating loss assuming further adverse impact from COVID-19 restrictions on store openings and customer movements in the second half. However, given that performance in the previous year was weak, we expect the UNIQLO USA full-year loss will shrink year on year. In Europe, while we expect the second-half loss will shrink, we predict the full-year loss will expand slightly in light of the large first-half profit decline.

UNIQLO Japan is predicted to generate a rise in revenue and profit for both the second half and the full fiscal year. While we expect the gross profit margin to decline in the second half, we expect the selling, general and administrative expense ratio will improve. GU business segment is expected to generate large revenue and profit gains in both the second half and the full fiscal year, while Global Brands is predicted to report a rise in revenue and a smaller operating loss in fiscal 2021.

In terms of store numbers, we predict our total network will expand to 3,663 stores by the end of August 2021, comprising 813 UNIQLO Japan stores (including franchise stores), 1,524 UNIQLO International stores, 440 GU stores, and 886 Global Brands stores.

Finally, our forecast for the annual dividend per share for fiscal 2021 remains unchanged at 480 yen, the same level as the previous year split equally between interim and year-end dividends of 240 yen each.

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