

Results Summary for FY2021 Third Quarter (Nine Months to May 2021)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug. 2020 3Q Actual	Year to Aug 2021					
		Nine months to May 2021 (Sep. 2020 - May 2021)		Three months to May 2021 (Mar. 2021 - May 2021)		Full-year Est. (Sep. 2020 - Aug. 2021)	
		Actual	(y/y)	Actual	(y/y)		(y/y)
Revenue	1,544.9 100.0%	1,698.0 100.0%	+9.9% -	495.2 100.0%	+47.2% -	2,150.0 100.0%	+7.0% -
Gross Profit (to revenue)	751.2 48.6%	858.8 50.6%	+14.3% +2.0p	258.3 52.2%	+48.1% +0.3p	- -	- -
SG&A Expenses (to revenue)	608.0 39.4%	615.7 36.3%	+1.3% -3.1p	194.9 39.4%	+15.2% -10.9p	- -	- -
Business profit (to revenue)	143.2 9.3%	243.1 14.3%	+69.7% +5.0p	63.4 12.8%	- +11.2p	255.0 11.9%	+50.0% +3.4p
Operating profit (to revenue)	132.3 8.6%	227.8 13.4%	+72.1% +4.8p	59.9 12.1%	- -	245.0 11.4%	+64.0% +4.0p
Finance income/costs (to revenue)	10.0 0.6%	17.7 1.0%	+76.9% +0.4p	14.2 2.9%	- -	17.7 -	- -
Profit before income taxes (to revenue)	142.4 9.2%	245.6 14.5%	+72.5% +5.3p	74.1 15.0%	- -	262.7 12.2%	+71.8% +4.6p
Profit attributable to owners of the parent (to revenue)	90.6 5.9%	151.3 8.9%	+67.0% 3.0p	45.4 9.2%	- -	165.0 7.7%	+82.6% +3.2p

Performance by Group Operation

(Billions of Yen)

	Year to Aug. 2020 3Q Actual	Year to Aug 2021				
		Nine months to May 2021 (Sep. 2020 - May 2021)		Three months to May 2021 (Mar. 2021 - May 2021)		
		Actual	(y/y)	Actual	(y/y)	
UNIQLO Japan	Revenue	598.8	675.1	+12.7%	182.5	+35.0%
	Business profit (to revenue)	81.4 13.6%	121.4 18.0%	+49.1% +4.4p	24.1 13.2%	+131.8% +5.5p
	Operating profit (to revenue)	79.1 13.2%	119.5 17.7%	+51.0% +4.5p	21.6 11.9%	+187.3% +6.3p
UNIQLO International	Revenue	673.5	739.6	+9.8%	217.7	+64.6%
	Business profit (to revenue)	60.3 9.0%	108.1 14.6%	+79.3% +5.6p	32.3 14.8%	- +13.1p
	Operating profit (to revenue)	51.8 7.7%	97.7 13.2%	+88.7% +5.5p	30.7 14.1%	- -
GU	Revenue	187.4	200.8	+7.1%	68.1	+23.5%
	Business profit (to revenue)	20.4 10.9%	25.5 12.7%	+25.2% +1.8p	9.1 13.4%	+92.2% +4.8p
	Operating profit (to revenue)	20.4 10.9%	24.3 12.1%	+18.9% +1.2p	8.4 12.4%	+81.5% +4.0p
Global Brands	Revenue	83.3	80.5	-3.3%	26.0	+96.4%
	Business profit (to revenue)	-5.3 -	-5.3 -	- -	-0.8 -	- -
	Operating profit (to revenue)	-6.0 -	-8.9 -	- -	-0.7 -	- -

FY2021 3Q Main Points

■Fast Retailing Group revenue and profit rise sharply, but results are well below plan

- The Fast Retailing Group reported large increases in revenue and profit in the nine months ended 31 May 2021, with consolidated revenue totaling 1.6980 trillion yen (+9.9% year-on-year) and consolidated operating profit totaling 227.8 billion yen (+72.1%).
- The Group achieved strong 3Q (March to May 2021) rises in both revenue and profit, with performance recovering at all four business segments compared to the heavy impact of COVID-19 in the previous year. However, performance fell far short of our latest plan, primarily on lower-than-expected performances from UNIQLO Japan and GU.

■UNIQLO Japan: Significant 3Q revenue and profit rises, but performance far short of plan

- Large increases in 3Q revenue and profit. Revenue: 182.5 billion yen (+35.0%), operating profit: 21.6 billion yen (+187.3%). Strong sales of Uniqlo U T-shirts, KANDO pants, and loungewear. E-commerce sales also rose in 3Q and continue to expand favorably.
- Segment results came in far below plan on higher-than-anticipated temporary store closures and insufficient fresh or newsworthy product appeal.
- Since 12 March 2021, we have changed the product price displays in Japan to show just one tax-inclusive price to make our products easier for customers to purchase. However, the prices have remained the same following our decision to absorb the additional consumption-tax component ourselves. To alleviate the impact of this move on our gross profit margin, we have worked hard to reduce the cost of sales. As a result, we were able to contain the decline in UNIQLO Japan's third-quarter gross profit margin to 0.5 point year-on-year.
- 1Q-3Q revenue: 675.1 billion yen (+12.7%), operating profit: 119.5 billion yen (+51.0%).

■UNIQLO International: Large 3Q revenue gain and operation back in the black. OP roughly to plan

- 3Q revenue: 217.7 billion yen (+64.6%), operating profit: 30.7 billion yen (v. 1.4 billion yen loss in 3Q FY2020).
- Greater China region reported large revenue and profit increases. South Korea move back into the black on improvements in the operation's gross profit margin and selling, general and administrative expense ratio. South Asia, Southeast Asia & Oceania revenue rose and the operation moved back into the black. North America and Europe both reported large rises in revenue and significant contractions in operating losses.
- While business performance in the Greater China region fell short of plan, UNIQLO International's operating profit was roughly in line with plan thanks to improved profitability in North America, Europe, and other operations.
- 1Q-3Q revenue: 739.6 billion yen (+9.8%), operating profit: 97.7 billion yen (+88.7%).

■GU: Strong 3Q revenue, profit increases, but results fall far short of plan

- 3Q revenue: 68.1 billion yen (+23.5%), operating profit: 8.4 billion yen (+81.5%).
- Performance fell far short of plan due to the impact of the state of emergency in Japan and struggling sales after some of our products failed to fully grasp the latest trends.
- 1Q-3Q revenue: 200.8 billion yen (+7.1%), operating profit: 24.3 billion yen (+18.9%).

■Global Brands: 3Q operating loss shrinks. Slightly below plan

- 3Q revenue: 26.0 billion yen (+96.4%), operating loss: 0.7 billion yen (v. 6.7 billion yen loss).
- Performance fell slightly short of plan due to the higher-than-anticipated COVID-19 impact on third-quarter business.
- The Theory operation reported a significant rise in revenue and a move back into the black. Comptoir des Cottonniers reported a large rise in revenue and a slightly smaller operating loss.
- 1Q-3Q revenue: 80.5 billion yen (-3.3%), operating loss: 8.9 billion yen (v. 6.0 billion yen operating loss in 3Q FY2020).

■FY2020 consolidated estimates: Revenue revised down 60.0 billion yen, operating profit 10.0 billion yen

- We expect fiscal 2021 consolidated revenue of 2.1500 trillion yen (+7.0%), consolidated operating profit of 245.0 billion yen (+64.0%), and profit attributable to owners of the parent of 165.0 billion yen (+82.6%).
- We have revised down our full-year consolidated revenue forecast by 60.0 billion yen and our full-year consolidated operating profit forecast by 10.0 billion yen in light of the shortfall in 3Q results and more recent performance.
- We expect to record a net cost of 10.0 billion yen under other income/expenses, and a net income of 17.7 billion yen under finance income/costs. Our forecast for profit attributable to owners of the Parent remains 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.

Fiscal 2021 3Q Performance in Focus

■UNIQLO Japan: Significant 3Q revenue and profit rises, but performance far short of plan

UNIQLO Japan reported large increases in revenue and profit in the first nine months of fiscal 2021, with revenue expanding to 675.1 billion yen (+12.7% year-on-year) and operating profit rising to 119.5 billion yen (+51.0% year-on-year). First-half revenue rose and profit expanded significantly on the back of strong sales of products that fulfilled customer demand for stay-at-home items as well as core Fall Winter ranges. Revenue and profit subsequently expanded significantly in the third quarter compared to a low previous-year performance.

From March to May 2021, revenue increased considerably on the back of strong sales of Uniqlo U T-shirts, KANDO pants and other Summer ranges along with loungewear, ultra stretch active pants, and other items. E-commerce revenue increased as the online sales operation continued to expand favorably. Since 12 March 2021, we have changed the product price displays in Japan to show just one tax-inclusive price to make our products easier for customers to purchase. However, the prices have remained the same following our decision to absorb the additional consumption-tax component ourselves. To alleviate the impact of this move on our gross profit margin, we have worked hard to reduce the cost of sales. As a result, we were able to contain the decline in UNIQLO Japan's third-quarter gross profit margin to 0.5 point year-on-year. In addition, the third-quarter selling, general and administrative expense ratio improved by 6.1 points year-on-year. However, overall sales struggled in the face of a higher-than-anticipated COVID-19 impact and our inability to fully convey the new, newsworthy elements of our products to customers, so the third-quarter UNIQLO Japan performance did fall short of our business plan.

■UNIQLO International: Large 3Q revenue gain and operation back in the black. OP roughly to plan

UNIQLO International reported a rise in revenue and a large increase in profit in the first nine months of fiscal 2021, with revenue rising to 739.6 billion yen (+9.8% year-on-year) and operating profit increasing to 97.7 billion yen (+88.7% year-on-year). Profit increased significantly in the first half thanks to improved profitability in East Asia operations. All regions reported significant recoveries in the third quarter. Geographically speaking, the Mainland China market reported large rises in both revenue and profit. UNIQLO South Korea moved back into the black in terms of operating profit following improvements in the operation's gross profit margin and selling, general and administrative expense ratio. UNIQLO South Asia, Southeast Asia & Oceania (Southeast Asia, Australia, and India) reported a large rise in revenue and a return to the black in terms of operating profit. UNIQLO North America and UNIQLO Europe reported large revenue gains and smaller operating losses as the COVID situation improved in those regions.

From March to May 2021, performance from the Greater China region fell short of our business estimates. For the Mainland China market, compared with the extremely strong May Labor Day sales in 2020, when a rebound in consumption was observed after the pandemic was brought under control, demand across the whole retail market was slightly more subdued as consumer focus shifted to domestic travel this year. However, UNIQLO International third-quarter operating profit came in roughly in line with plan thanks to larger-than-expected improvements in profitability in North America and Europe.

■GU: Strong 3Q revenue, profit increases, but results fall far short of plan

Our GU operation reported a rise in revenue and a large increase in profit in the nine months ended May 2021, with revenue climbing to 200.8 billion yen (+7.1% year-on-year) and operating profit expanding to 24.3 billion yen (+18.9% year-on-year). GU performance held steady year-on-year but both revenue and profit increased considerably in the third quarter.

From March to May 2021, items such as chef's pants, airy shirts, and colored flared slacks contributed to the rise in GU revenue. However, sales struggled and GU performance fell short of our business estimates due to the announcement of another state of emergency in Japan and the fact that some of our GU products did not fully grasp the prevailing trend.

■Global Brands: 3Q operating loss shrinks. Slightly below plan

Global Brands revenue declined and operating losses widened in the first nine months of fiscal 2021. Revenue declined to 80.5 billion yen (-3.3% year-on-year) and the segment reported an operating loss of 8.9 billion yen (compared to an operating loss of 6.0 billion in the first nine months of fiscal 2020). In the first half, Global Brands performance worsened significantly in the wake of COVID-19, but performance, primarily driven by Theory, picked up in the third quarter, with revenue rising sharply and the operating loss shrinking to 0.7 billion yen (compared to an operating loss of 6.7 billion in the third quarter of fiscal 2020). However, Global Brands performance fell short of plan due to a higher-than-anticipated COVID-19 impact.

■FY2020 consolidated estimates: Revenue revised down 60.0 billion yen, operating profit 10.0 billion yen

Our business estimates for fiscal 2021 predict full-year consolidated revenue of 2.1500 trillion yen (+7.0%), consolidated operating profit of 245.0 billion yen (+64.0%), and profit attributable to owners of the parent of 165.0 billion yen (+82.6%). We have revised down our latest full-year consolidated revenue forecast by 60.0 billion yen and our full-year consolidated operating profit forecast by 10.0 billion yen in light of the shortfall in third-quarter results and subsequent performance. We expect to record a net cost of 10.0 billion yen for the full year under other income/expenses. We already recorded a net cost of 15.2 billion yen for the nine months ended 31 May 2021. However, following our decision to liquidate J Brand Holdings, LLC, we expect to generate a liquidation profit in the fourth quarter due to comparative foreign exchange rates. Given the recent depreciation trend for the Japanese yen, if we assume end-August exchange rates to be the same as the end-May rates, we also expect to record a net income of 17.7 billion yen for the full year under finance income/costs.

We expect UNIQLO International will generate higher revenue and a significant increase in profits in fiscal 2021. While operating profit came in roughly in line with our plan in the third quarter, we decided to revise down our full-year sales and operating profit estimates for UNIQLO International in view of the adverse impact that the further expansion in Covid infections in Asia is having on current business performance. Breaking performance expectations down geographically, we expect the Greater China region will generate considerable increases in full-year revenue and profit. While South Korea is expected to report a slight decline in full-year revenue, we do expect operating profit to move back into the black. S/SE Asia & Oceania is expected to achieve higher full-year revenue and profit. We expect North America to halve its losses under the business profit/loss category. While North America is set to post a full-year operating loss following the recording of impairment losses, the

magnitude of that loss is expected to contract considerably. Europe is expected to generate higher revenue and see operating profit move back into the black for the full year. Performance continues to be strong in both North America and Europe as the situation surrounding Covid infections continues to improve. We expect UNIQLO Japan will generate higher revenue and a large increase in profit in fiscal 2021. However, we have revised down our full-year business estimates for the segment in view of the weaker-than-anticipated third-quarter performance. We expect the GU segment will report higher revenue and a steady year-on-year operating profit in fiscal 2021. We have also revised down our GU business estimates following the considerable shortfall in third-quarter performance and an expected worsening in the gross profit margin on the back of stronger inventory rundowns in the fourth quarter.

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

Fast Retailing Co., Ltd. discloses business results data and offers a variety of press releases on its IR website
<https://www.fastretailing.com/eng/ir/>.