

Results Summary for FY2021 1Q (Three Months to November 2020)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug 2020	Year to Aug 2021			
	1Q Actual	1Q Actual		Full Year Estimate	
	(2019/9~2019/11)	(2020/9~2020/11)	y/y	(2020/9~2021/8)	y/y
Revenue	623.4 100.0%	619.7 100.0%	-0.6%	2,200.0 100.0%	+9.5%
Gross Profit (to revenue)	312.9 50.2%	324.8 52.4%	+3.8% +2.2p	-	-
SG&A Expenses (to revenue)	224.0 35.9%	213.2 34.4%	-4.8% -1.5p	-	-
Business profit (to revenue)	88.8 14.2%	111.5 18.0%	+25.6% +3.8p	265.0 12.0%	+55.9% +3.5p
Operating profit (to revenue)	91.6 14.7%	113.0 18.2%	+23.3% +3.5p	245.0 11.1%	+64.0% +3.7p
Finance income/cost (to revenue)	10.3 1.7%	-5.9 -	-	-	-
Profit before income taxes (to revenue)	102.0 16.4%	107.1 17.3%	+5.0% +0.9p	245.0 11.1%	+60.3% +3.5p
Profit attributable to owners of the parent (to revenue)	70.9 11.4%	70.3 11.4%	-0.7% -	165.0 7.5%	+82.6% +3.0p

Performance by Group Operation

(Billions of Yen)

		Year to Aug 2020	Year to Aug 2021	
		1Q Actual	1Q Actual	
		(2019/9~2019/11)	(2020/9~2020/11)	y/y
UNIQLO Japan	Revenue	233.0	253.8	+8.9%
	Business profit (to revenue)	38.8 16.7%	58.9 23.2%	+51.6% +6.5p
	Operating profit (to revenue)	38.5 16.5%	60.0 23.7%	+55.8% +7.2p
UNIQLO International	Revenue	280.7	260.6	-7.2%
	Business profit (to revenue)	38.2 13.6%	41.3 15.9%	+8.2% +2.3p
	Operating profit (to revenue)	37.8 13.5%	41.4 15.9%	+9.5% +2.4p
GU	Revenue	72.9	76.5	+4.9%
	Business profit (to revenue)	12.4 17.0%	13.4 17.6%	+8.5% +0.6p
	Operating profit (to revenue)	12.3 17.0%	13.6 17.8%	+9.9% +0.8p
Global Brands	Revenue	36.1	28.0	-22.3%
	Business profit (to revenue)	1.9 5.3%	-0.3 -	-
	Operating profit (to revenue)	1.8 5.2%	-0.2 -	-

FY2021 1Q Main Points

■Fast Retailing Group 1Q reports higher-than-expected large rise in operating profit

• Consolidated revenue declined but profit rose sharply. Revenue: 619.7 billion yen (-0.6% year-on-year), operating profit: 113.0 billion yen (+23.3%). Both sales and operating profit exceeded expectations.

- UNIQLO Japan and UNIQLO Greater China (Mainland China, Hong Kong, Taiwan) reported large profit gains. GU performed strongly to report a rise in profit.
- Recorded a 5.9 billion yen loss from foreign exchange losses and other items under finance income net of costs. The tax burden rate increased after performance worsened at loss-making operations. As a result, profit attributable to owners of the parent declined to 70.3 billion yen (-0.7%).

■UNIQLO Japan: Far exceeds plan by reporting improved gross profit margin and SG&A ratio on strong sales, and sharp profit rise

- Revenue rose and profit increased sharply. Revenue: 253.8 billion yen (+8.9%), operating profit: 60.0 billion yen (+55.8%).
- Same-store sales up 7.3% on strong sales of items designed to satisfy stay-at-home demand, sports utility wear, and Fall Winter ranges.
- Gross profit margin rose 3.8 points on lower discounting and lower cost of sales. SG&A ratio improved 2.8 points on reduced distribution and advertising and promotion costs.

■UNIQLO International: Revenue down, profit up. Large profit gain from Greater China. S. Korea back in the black

- Revenue: 260.6 billion yen (-7.2%). Operating profit roughly in line with plan at 41.4 billion yen (+9.5%) thanks to strong profit gain from UNIQLO Greater China and a move back into the black for UNIQLO South Korea after reporting a loss in FY2020.
- UNIQLO Greater China reported higher revenue and a large profit gain on the back of strong performances in Mainland China and Taiwan. While UNIQLO South Korea's revenue declined, improvements in the gross profit margin and SG&A ratio helped the operation return a profit.
- Due to the harsher-than-expected impact of COVID-19 during the quarter, South Asia, Southeast Asia & Oceania reported large declines in revenue and profit, North America reported a large decline in revenue and an operating loss, and Europe reported significant falls in both revenue and profit.

■GU: Revenue and profit rise. Slightly exceeds estimates

- GU reported 1Q revenue and profit gains. Revenue: 76.5 billion yen (+4.9%), operating profit 13.6 billion yen (+9.9%).
- Same-stores sales increased on strong sales of unique knitwear featured in our advertising campaigns, and products that either captured mass fashion trends or satisfied stay-at-home demand.

■Global Brands: Heavy COVID-19 impact results in large decline in revenue and an operating loss. Segment falls short of plan

- Global Brands reported a large decline in revenue and a slight operating loss in the first quarter. 1Q revenue: 28.0 billion yen (-22.3%), operating loss: 0.2 billion yen.
- With the United States and Europe hit hard by COVID-19, Theory reported large declines in 1Q revenue and profit and Comptoir des Cottonniers reported a wider operating loss.

■FY2021 estimates remain unchanged

- Due to the difficulties involved in estimating corporate performance during the COVID-19 pandemic, we have maintained our initial forecasts for FY2021 consolidated revenue of 2.2000 trillion yen (+9.5%), 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 forecast an annual dividend per share in FY2021 of 480 yen, split equally between interim and year-end dividends of 240 yen each.

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FY2021 1Q Performance in Focus

■UNIQLO Japan: Far exceeds plan by reporting improved gross profit margin and SG&A ratio on strong sales, and sharp profit rise

UNIQLO Japan reported a rise in revenue and a significant increase in profit in the first quarter of fiscal 2021, with revenue reaching 253.8 billion yen (+8.9%) and operating profit rising to 60.0 billion yen (+55.8%). First-quarter same-store sales increased by 7.3% year-on-year. We enjoyed strong sales of products such as loungewear and HEATTECH blankets that fulfilled customer demand for stay-at-home items. Our Ultra Stretch Active Pants and other items in our sports utility wear range along with haori-style jackets, Smart Ankle Pants, and other Fall Winter ranges also sold well. Our +J collection with designer Ms. Jil Sander, our collaborative Peanuts products, and AIRism masks also contributed to the rise in sales. E-commerce sales expanded strongly, with online sales rising to 36.7 billion yen (+48.3%) in the first quarter. UNIQLO Japan's gross profit margin improved by 3.8 points on the back of a sharp reduction in discounting rates, and rising productivity that helped reduce the cost of sales. The selling, general and administrative expense ratio declined by 2.8 points, primarily on lower distribution costs and advertising and promotion expenses.

■UNIQLO International: Revenue down, profit up. Large profit gain from Greater China. S. Korea back in the black

UNIQLO International reported a decline in revenue but an increase in operating profit in the first quarter of FY2021, with revenue falling to 260.6 billion yen (-7.2%) and operating profit rising to 41.4 billion yen (+9.5%). UNIQLO International's large profit rise was fueled by a significant increase in profit at UNIQLO Greater China, especially in Mainland China and Taiwan, and a shift from an operating loss to an operating gain at UNIQLO South Korea. In sharp contrast, S/SE Asia & Oceania, North America, and Europe were hit harder than expected by COVID-19, resulting in a large decline in first-quarter profit. Meanwhile, e-commerce sales expanded steadily in each market.

Looking more closely at individual market performance, Mainland China reported a rise in revenue and a significant profit gain in the first quarter, with same-store sales increasing on the back of strong sales of warm clothing and products that fulfilled stay-at-home customer needs. Mainland China's gross profit margin improved following as we pushed ahead with our new strategy of controlling discounting and instead focusing on appealing product value and strengthening branding. Mainland China's selling, general and administrative expense ratio also improved thanks to greater efficiency in store operations. Furthermore, Mainland China e-commerce sales rose and the e-commerce profit margin also improved markedly. In South Korea, while revenue declined sharply in the first quarter, the operation moved back into the black on the back of an improved gross profit margin and an improved selling, general and administrative expense ratio due to the closure of unprofitable stores and stronger control of business expenses. UNIQLO S/SE Asia & Oceania reported sharp declines in both revenue and profit after the region was hit especially hard by the ongoing COVID-19 pandemic. However, Vietnam reported higher-than-expected results after successfully managing to control COVID-19 infections. UNIQLO USA reported a large decline in revenue and an operating loss after some stores were temporarily closed and people's movement outside the home was restricted. While UNIQLO Europe was tracking a recovery and recording sales on a par with the previous year through October, the temporary closure of all our stores in the United Kingdom, France, Belgium, and Italy in November resulted in a considerable decline in both revenue and profit for the first quarter as a whole.

However, Russia achieved large first-quarter rises in revenue and profit in local currency terms thanks to strong sales of Winter clothing and products that satisfied stay-at-home demand.

■GU: Revenue and profit rise. Slightly exceeds estimates

The GU business segment reported increases in both revenue and profit in the first quarter of FY2021, with revenue climbing to 76.5 billion yen (+4.9%) and operating profit expanding to 13.6 billion yen (+9.9%).

Same-store sales increased thanks to strong sales of the sweat-style knitwear that featured in our TV commercials and advertising campaigns, double-faced sweatshirts and chef's pants that successfully captured mass fashion trends, and loungewear that fulfilled stay-at-home customer needs. GU's gross profit margin declined by 0.6 point, but this was compared to a particularly strong performance in the previous year. GU's selling, general and administrative expense ratio improved by 1.2 points thanks to a lower personnel cost ratio achieved through more efficient store operations and a lower advertising and promotion cost ratio achieved through stronger cost controls.

■Global Brands : Heavy COVID-19 impact results in large decline in revenue and an operating loss. Segment falls short of plan

Global Brands reported a large decline in revenue and a slight operating loss in the first quarter of FY2021. Revenue totaled 28.0 billion yen (-22.3%) and the segment generated an operating loss of 0.2 billion yen (compared to a 1.8 billion yen profit recorded in the first quarter of FY2020). Our Theory fashion label reported large declines in both revenue and profit as performance worsened in the United States, Europe, and Japan in the face of COVID-19. Sales for our Japan-based PLST brand did regain previous year levels through October, but first-quarter revenue and profit both declined overall following a rise in COVID-19 infections in November. Finally, our France-based Comptoir des Cotonniers brand reported a large decline in revenue and a wider operating loss after we were forced to temporarily close all our stores in France for approximately one month from the end of October.

■FY2021 estimates remain unchanged

Due to the difficulties involved in estimating corporate performance during the COVID-19 pandemic, we have decided to maintain our initial forecasts for FY2021, which we announced in October 2020. Those estimates predict full-year consolidated revenue of 2.2000 trillion yen (+9.5%), 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%), which translates into earnings per share of ¥1,616.05. Despite the rapid expansion of the COVID-19 pandemic since November, thanks to those higher-than-expected first-quarter results, our first-half consolidated performance is currently trending above plan.

Looking at those expectations by Group operation, UNIQLO International is expected to report a first-half decline in revenue and a sharp rise in profit, but that will still likely be below our initial plan. Breaking that segment's operations down geographically, Greater China is expected to generate a higher-than-expected rise in revenue and a large profit gain in the first half. In South Korea, revenue is expected to contract in the first half as conditions remain tough, but the operation is expected to fulfill our expectations of moving back into the black in terms of operating profit. In contrast, regions that have been hit harder than expected by COVID-19, such as UNIQLO South Asia, Southeast Asia & Oceania and UNIQLO Europe, are expected to fall below plan by reporting large declines in both first-half revenue and profit. North America is also forecast to fall short of plan by reporting a wider first-half operating loss. Meanwhile, UNIQLO Japan is expected to report a higher-than-expected rise in revenue and an improved gross profit margin and SG&A ratio, which is forecast to generate a large increase in profit. GU is forecast to fulfill expectations for a steady year-on-year performance. With Theory, Comptoir des Cotonniers and other brands currently trending below plan, our

Global Brands segment is expected to fall short of first-half estimates by reporting large declines in both revenue and profit.

Finally, our forecasted annual dividend per share for FY2021 remains unchanged from our original estimates of ¥480, the same level as in FY2020, split equally between interim and year-end dividends of ¥240.

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