

Results Summary for FY2022 First Half (Six Months to February 2022)

Consolidated Business Performance

(Billions of Yen)

| | Year to Aug 2021 | | Year to Aug 2022 | | | |
|--|------------------|----------------|------------------|---------------|----------------|---------------|
| | 1H Actual | Full-year | 1H Actual | (y/y) | Full-year Est. | (y/y) |
| Revenue | 1,202.8 | 2,132.9 | 1,218.9 | +1.3% | 2,200.0 | +3.1% |
| Gross Profit | 600.4 | 1,073.9 | 629.0 | +4.8% | - | - |
| (to revenue) | 49.9% | 50.3% | 51.6% | +1.7p | - | - |
| SG&A Expenses | 420.7 | 818.4 | 439.2 | +4.4% | - | - |
| (to revenue) | 35.0% | 38.4% | 36.0% | +1.0p | - | - |
| Business profit | 179.7 | 255.5 | 189.8 | +5.6% | 280.0 | +9.6% |
| (to revenue) | 14.9% | 12.0% | 15.6% | +0.7p | 12.7% | +0.7p |
| Operating profit | 167.9 | 249.0 | 189.2 | +12.7% | 270.0 | +8.4% |
| (to revenue) | 14.0% | 11.7% | 15.5% | +1.5p | 12.3% | +0.6p |
| Profit before income taxes | 171.4 | 265.8 | 212.5 | +24.0% | 293.3 | +10.3% |
| (to revenue) | 14.3% | 12.5% | 17.4% | +3.1p | 13.3% | +0.8p |
| Profit attributable to owners of the parent | 105.8 | 169.8 | 146.8 | +38.7% | 190.0 | +11.9% |
| (to revenue) | 8.8% | 8.0% | 12.0% | +3.2p | 8.6% | +0.6p |

Performance by Group Operation

(Billions of Yen)

| | | Year to Aug 2021 | | Year to Aug 2022 | |
|-----------------------------|-------------------------|------------------|--------------|------------------|---------------|
| | | 1H Actual | Full-year | 1H Actual | (y/y) |
| UNIQLO Japan | Revenue | 492.5 | 842.6 | 442.5 | -10.2% |
| | Business profit | 97.3 | 126.6 | 79.4 | -18.4% |
| | (to revenue) | 19.8% | 15.0% | 18.0% | -1.8p |
| UNIQLO International | Revenue | 521.8 | 930.1 | 593.2 | +13.7% |
| | Business profit | 75.8 | 118.2 | 103.7 | +36.8% |
| | (to revenue) | 14.5% | 12.7% | 17.5% | +3.0p |
| GU | Revenue | 132.6 | 249.4 | 122.8 | -7.4% |
| | Business profit | 16.4 | 21.6 | 10.1 | -38.1% |
| | (to revenue) | 12.4% | 8.7% | 8.3% | -4.1p |
| Global Brands | Revenue | 54.5 | 108.2 | 58.9 | +8.1% |
| | Business profit | -4.5 | -5.8 | 0.4 | - |
| | (to revenue) | - | - | 0.7% | - |
| | Operating profit | -8.1 | -1.6 | 1.0 | - |
| | (to revenue) | - | - | 1.8% | - |

FY2022 1H Main Points

■Consolidated results : Fast Retailing exceeds expectations on higher revenue and sharp profit rise

- Revenue: 1.2189 trillion yen (+1.3% year-on-year), operating profit: ¥189.2 billion yen (+12.7%).
- Operating profit reached a record high, even after stripping out the impact of yen depreciation.
- Large revenue and profit gains in UNIQLO operations in South Asia, Southeast Asia & Oceania, North America, and Europe regions. Our earning pillars continue to diversify.
- Recorded a foreign exchange gain of ¥23.2 billion yen under net finance income. Profit attributable to owners of the parent rose 38.7% to ¥146.8 billion yen.

■UNIQLO Japan: Considerable dip in revenue and profit

- Revenue: 442.5 billion yen (-10.2%), operating profit: 80.9 billion yen (-17.3%).
- Same-store sales down 9.0% compared to strong sales in the previous year and due to lost sales opportunities resulting from shortages in some strong-selling Winter ranges.
- Gross profit margin improved 0.9 point on the back of lower discounting rates. SG&A ratio increased 2.6 points in the wake of falling sales.

■UNIQLO International : Significant rise in revenue and profit

- Revenue: 593.2 billion yen (+13.7%), operating profit: 100.3 billion yen (+49.7%).
- Record performances from S/SE Asia & Oceania and Europe regions on the back of strong revenue and profit gains. North America region reported a large increase in revenue and a move into the black. Demand in the Greater China region declined due restricted movement in the face of COVID-19, resulting in lower revenue and profit in the first half of fiscal 2022.
- The operating profit generated by the North America and Europe regions constituted approximately 20% of the total for UNIQLO International, representing one more earnings pillar following on from the Greater China region, which accounts for approximately 55% of the segment's operating profit.

■GU : Revenue declines, profit dips sharply

- Revenue: 122.8 billion yen (-7.4%), operating profit: 9.3 billion yen (-40.9%).
- Sales of Fall items struggled in the face of persistently warm weather. While sales of some Winter items proved strong, delays in production and distribution resulted in lost sales opportunities.

■Global Brands : Revenue rises, operation moves into the black

- Revenue: 58.9 billion yen (+8.1%), operating profit moves into the black to the tune of 1.0 billion yen..
- Our Theory operation generated large increases in revenue and profit. Comptoir des Cotonniers reported higher revenue and a greatly reduced operating loss.

■FY2022 estimates : Revised up estimates for profit before income taxes and profit attributable to owners of the parent

- Fiscal 2022 consolidated revenue: 2.2000 trillion (+3.1%), consolidated operating profit: 270.0 billion yen (+8.4%), profit attributable to owners of the parent: 190.0 billion yen (+11.9%). We have revised up our estimates for profit before incomes taxes and profit attributable to owners of the parent.
- We forecast an annual dividend per share of 560 yen, split equally between interim and year-end dividends of 280 yen each. This represents an 80 yen increase in the full-year dividend compared to fiscal 2021.

FY2022 1H Performance in Focus

■UNIQLO Japan : Considerable dip in revenue and profit

UNIQLO Japan reported significant declines in revenue and profit in the first half of fiscal 2022, with revenue totaling 442.5 billion yen (-10.2% year-on-year) and operating profit totaling 80.9 billion yen (-17.3% year-on-year). First-half same-store sales declined by 9.0% year-on-year. This performance was being compared to a strong result in the previous year when sales of ranges such as loungewear that satisfied stay-at-home demand as well as AIRism masks proved particularly buoyant. In addition, shortages of strong-selling Winter ranges resulted in lost sales opportunities. E-commerce sales declined slightly compared to the first half of fiscal 2021 with online sales totaling 72.4 billion yen (-1.9% year-on-year). However, this figure represented an approximate 40% increase compared to the first half of fiscal 2020, so e-commerce is still trending on a favorable expansion track. UNIQLO Japan's gross profit margin improved by 0.9 point as our strategy of restricting discount sales improved discounting rates. The selling, general and administrative expense ratio increased by 2.6 points following the decline in sales.

■UNIQLO International : Significant rise in revenue and profit

UNIQLO International reported a significant increase in both revenue and profit in the first half of fiscal 2022, with revenue rising to 593.2 billion yen (+13.7% year-on-year) and operating profit expanding to 100.3 billion yen (+49.7% year-on-year). This impressive UNIQLO International performance was fueled primarily by large increases in both revenue and profit at UNIQLO operations in the S/SE Asia & Oceania, North America, and Europe regions. Operating profit generated by the North America and Europe regions constituted approximately 20% of the total for UNIQLO International overall. This constitutes one more earnings pillar following on from the Greater China region, which accounts for approximately 55% of the segment's operating profit.

Breaking down the UNIQLO International performance into individual regions and markets, revenue declined and profit contracted significantly in the Mainland China market. This was due to weaker consumer appetite for apparel following the implementation of restrictions to control rising COVID-19 infections. Meanwhile, the Hong Kong and Taiwan markets and UNIQLO South Korea reported rises in both revenue and profit. S/SE Asia & Oceania reported significant year-on-year rises in revenue and profit. Within that region, UNIQLO operations in Malaysia and Indonesia generated particularly strong results as the easing of COVID-19 restrictions as well as stronger digital and in-store marketing helped attract customers. UNIQLO North America reported a significant rise in revenue and moved into the black in the first half. Sales expanded as we focused on conveying pertinent information to strengthen UNIQLO branding and marketing core products. The region's gross profit margin and selling, general and administrative expense ratio improved significantly on the back of restricted discount sales and an overhaul of the operation's cost structures. UNIQLO Europe achieved significant increases in both revenue and profit as stronger marketing targeting new customers successfully broadened the customer base and the region was able to secure sufficient inventory of strong-selling core Winter ranges.

We are pursuing more determined new store openings on a global scale. We opened the UNIQLO RIVOLI Store in Paris in September 2021 and our first global flagship store in Beijing, the UNIQLO BEIJING SANLITUN Store, in November 2021. We are set to open our new UNIQLO Regent Street Store in London in April 2022. We intend to showcase the UNIQLO brand to the world from prime locations in major global cities.

■GU : Revenue declines, profit dips sharply

The GU business segment reported a decline in revenue and a considerable contraction in profit in the first half of fiscal 2022, with revenue falling to 122.8 billion yen (-7.4% year-on-year) and operating profit contracting to 9.3 billion yen (-40.9% year-on-year). First-half sales declined as persistently warm weather early on in the season stifled sales of Fall items and, despite strong sales of knitwear, bottoms, and other Winter items, delays in production and distribution prevented us from procuring strong-selling items in a timely manner and resulted in lost sales opportunities. GU's gross profit margin declined by 0.4 point as the sharp rises in raw materials prices and shipping costs resulted in a slightly higher cost of sales. GU's selling,

general and administrative expense ratio increased by 3.6 points. However, this was due to a temporary increase in distribution costs linked to the launch of automated warehousing in Western Japan to help expand e-commerce operations as well as stronger marketing to boost brand recognition.

■Global Brands : Revenue rises, operation moves into the black

The Global Brands segment reported a rise in revenue and a move back into the black in the first half of fiscal 2022. The segment generated revenue of 58.9 billion yen (+8.1% year-on-year) and an operating profit of 1.0 billion yen (compared to an 8.1 billion yen loss recorded in the first half of fiscal 2021). Our Theory operation generated strong increases in both revenue and profit thanks primarily to a recovery in performance and a move back into the black for Theory in the United States. PLST reported a decline in revenue and a wider operating loss as the operation was adversely impacted by Japan's COVID-19-related state of emergency and semi-state of emergency measures and was unable to release products and convey product news that would attract customers. Our France-based Comptoir des Cotonniers operation reported higher revenue and a considerably lower operating loss in the first half as customer numbers in France recovered compared to the previous year, which was hit hard by rising COVID-19 infections. Meanwhile, the permanent closure of unprofitable stores and other structural reforms improved cost efficiencies.

■FY2022 estimates : Revised up estimates for profit before income taxes and profit attributable to owners of the parent

We predict fiscal 2022 revenue will reach 2.2000 trillion yen (+3.1%), operating profit will rise to 270.0 billion yen (+8.4%), and profit attributable to owners of the parents will come in at 190.0 billion yen (+11.9%). We have revised up our estimates for profit before income taxes and profit attributable to owners of the parent compared to our most recent forecasts announced in January 2022. This upward revision was fueled by the depreciation in the Japanese yen and incorporates a net finance income of 23.2 billion yen based on an assumed year-end exchange rate similar to the end February rate of 1 USD = 115.6 JPY. Please note that we have not made any changes to the estimates for full-year revenue and operating profit that we announced in January 2022.

Looking at individual business segments, we expect UNIQLO International will generate a rise in revenue in the second half of the business year from March through August 2022, while operating profit will likely come in roughly flat year on year. While we predict that further strong performances from North America, Europe, and S/SE Asia & Oceania regions will continue to drive our corporate results in the second half as well, we forecast operating profit will remain steady in the second half due to continued restrictions on movement in the Mainland China market linked to COVID-19. Following on from these predictions, we expect that UNIQLO International will generate significant full-year increases in both revenue and profit in fiscal 2022. Breaking down the UNIQLO International estimates by geographical location, we expect full-year revenue from the Greater China region will decline and operating profit will drop sharply due to COVID-19 restrictions and other factors. UNIQLO South Korea is expected to report higher revenue and profit. The S/SE Asia & Oceania region is expected to generate large revenue and profit increases. Indeed, we expect that region will report double-digit year-on-year growth in revenue and profit even compared to fiscal 2019 before the outbreak of COVID-19 as the operation expands favorably. In the Europe region, we expect the UK and the EU bloc combined to generate a large rise in revenue and to move into the black, while also achieving an operating profit margin of in approximately 10%. Owing to the temporary closure of operations, we predict UNIQLO Russia will report a loss in the second half of fiscal 2022. Meanwhile, we expect UNIQLO North America will report a significant increase in full-year revenue and move into the black, while also achieving an operating profit margin in the region of in excess of 5%. UNIQLO Japan and GU are both expected to generate higher revenue and a large jump in profits in the second half of fiscal 2022, but, in view of the considerable first-half declines in both revenue and profit, we expect full-year revenue and profit will decline overall. Finally, we expect our Global Brands segment will achieve a large increase in full-year

revenue and move successfully into the black in fiscal 2022.

Key points for us to focus on in the second half of fiscal 2022 include: (1) Some operations suffered lost sales opportunities in the first half due to product shortages, so, in the second half, in addition to strengthening our product lineups, further refining our product volume planning, and enhancing our marketing, we will proactively order additional production of promising items via mid-period plans and other means, (2) We will seek to further meld our physical store and e-commerce operations by fully unifying store and e-commerce inventory, etc. to ensure consumers can buy the products they want via e-commerce anytime, anywhere, without suffering product shortages, (3) We will steadily progress our preparations to accelerate new store openings, so that we can open at least 300 new stores across the Group in fiscal 2023.

In terms of store numbers, we predict our total network will expand to 3,595 stores by the end of August 2022, comprising 810 UNIQLO Japan stores (including franchise stores), 1,607 UNIQLO International stores, 452 GU stores, and 726 Global Brands stores.

Finally, we forecast an annual dividend per share for fiscal 2022 of 560 yen, split equally between interim and year-end dividends of 280 yen. This would represent an increase in the full-year dividend of 80 yen compared to fiscal 2021.

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/>