

Results Summary for FY2022 Third Quarter (Nine Months to May 2022)

Consolidated Business Performance

(Billions of Yen)

	Year to Aug. 2021 3Q Actual	Year to Aug 2022					
		Nine months to May 2022 (Sep. 2021 - May 2022)		Three months to May 2022 (Mar. 2022 - May 2022)		Full-year Est. (Sep. 2021 - Aug. 2022)	
		Actual	(y/y)	Actual	(y/y)		(y/y)
Revenue	1,698.0 100.0%	1,765.1 100.0%	+3.9% -	546.1 100.0%	+10.3% -	2,250.0 100.0%	+5.5% -
Gross Profit (to revenue)	858.8 50.6%	927.9 52.6%	+8.0% +2.0p	298.8 54.7%	+15.7% +2.5p	- -	- -
SG&A Expenses (to revenue)	615.7 36.3%	655.5 37.1%	+6.5% +0.8p	216.2 39.6%	+10.9% +0.2p	- -	- -
Business profit (to revenue)	243.1 14.3%	272.4 15.4%	+12.1% +1.1p	82.6 15.1%	+30.3% +2.3p	295.0 13.1%	+15.4% +1.1p
Operating profit (to revenue)	227.8 13.4%	271.0 15.4%	+19.0% +2.0p	81.8 15.0%	+36.5% +2.9p	290.0 12.9%	+16.5% +1.2p
Finance income/costs (to revenue)	17.7 1.0%	78.1 4.4%	+340.2% +3.4p	54.8 10.0%	+285.0% +7.1p	78.1 3.5%	+363.2% -
Profit before income taxes (to revenue)	245.6 14.5%	349.2 19.8%	+42.2% +5.3p	136.6 25.0%	+84.3% +10.0p	368.1 16.4%	+38.5% +3.9p
Profit attributable to owners of the parent (to revenue)	151.3 8.9%	237.8 13.5%	+57.1% 4.6p	90.9 16.7%	+100.1% +7.5p	250.0 11.1%	+47.2% +3.1p

Performance by Group Operation

(Billions of Yen)

	Year to Aug. 2021 3Q Actual	Year to Aug 2022				
		Nine months to May 2022 (Sep. 2021 - May 2022)		Three months to May 2022 (Mar. 2022 - May 2022)		
		Actual	(y/y)	Actual	(y/y)	
UNIQLO Japan	Revenue	675.1	640.9	-5.1%	198.4	+8.7%
	Business profit (to revenue)	121.4 18.0%	116.3 18.2%	-4.2% +0.2p	36.9 18.6%	+52.9% +5.4p
	Operating profit (to revenue)	119.5 17.7%	119.0 18.6%	-0.4% +0.9p	38.1 19.2%	+76.2% +7.3p
UNIQLO International	Revenue	739.6	841.2	+13.7%	248.0	+13.9%
	Business profit (to revenue)	108.1 14.6%	141.8 16.9%	+31.1% +2.3p	38.0 15.4%	+17.8% +0.6p
	Operating profit (to revenue)	97.7 13.2%	132.7 15.8%	+35.8% +2.6p	32.4 13.1%	+5.6% -1.0p
GU	Revenue	200.8	190.5	-5.1%	67.7	-0.7%
	Business profit (to revenue)	25.5 12.7%	19.7 10.4%	-22.9% -2.3p	9.5 14.1%	+4.2% +0.7p
	Operating profit (to revenue)	24.3 12.1%	17.8 9.4%	-26.7% -2.7p	8.4 12.5%	+0.0% +0.1p
Global Brands	Revenue	80.5	90.0	+11.8%	31.0	+19.5%
	Business profit (to revenue)	-5.3 -	0.3 0.4%	- -	-0.0 -	- -
	Operating profit (to revenue)	-8.9 -	0.7 0.8%	- -	-0.3 -	- -

FY2022 3Q Highlights

■ Fast Retailing revenue rises and profit up sharply. Exceeds forecast

- Consolidated revenue: 1.7651 trillion yen (+3.9% year-on-year). Consolidated operating profit: 271.0 billion yen (+19.0%) in nine months through May 2022.
- Business profit and operating profit achieved record high levels in yen and local-currency terms.
- Profit attributable to the owners of the parent rose by a considerable 57.1% to 237.8 billion yen after we recorded 78.1 billion yen under net finance income due to foreign exchange gains, etc. This measure still hit a record high even after stripping out the foreign exchange boost.
- Reported large revenue and profit increase in the third quarter from March to May 2022. UNIQLO International and UNIQLO Japan proved especially strong, outstripping our latest estimates.

■ UNIQLO Japan: Revenue rises and profit increases sharply in March-May quarter

- Strong performance in the three months through May 2022 with revenue totaling 198.4 billion yen (+8.7%) and operating profit rising to 38.1 billion yen (+76.2%).
- Same-store sales rose 7.8% in 3Q thanks to a product lineup that satisfied customers' going-out needs, and strong Golden Week and UNIQLO anniversary sales.
- Gross profit margin improved by 3.9 points on the back of a lower discount rate. SG&A ratio improved 1.4 points due to further operational efficiencies.
- Revenue for the nine months through May totaled 640.9 billion yen (-5.1%) and operating profit totaled 119.0 billion yen (-0.4%).

■ UNIQLO International: Large 3Q revenue and profit gains, record 1Q-3Q performance

- Three months through May 2022: Revenue: 248.0 billion yen (+13.9%), business profit: 38.0 billion yen (+17.8%). Operating profit totaled 32.4 billion yen (+5.6%) following the recording of an 8.5 billion yen impairment loss.
- S/SE Asia & Oceania, North America, and Europe (excluding Russia) regions achieved significant increases in both revenue and profit, while the Greater China region reported large declines in revenue and profit after being hit hard by COVID-19 restrictions on movement.
- Nine months through May 2022: Revenue totaled 841.2 billion yen (+13.7%) and operating profit totaled 132.7 billion yen (+35.8%).

■ GU: GU reports a flat year-on-year performance in the three months through May 2022

- Three months through May 2022: Revenue: 67.7 billion yen (-0.7%), operating profit: 8.4 billion yen (+0.0%). Delays in production and distribution meant we were not able to introduce our featured campaign products in a timely manner and so we missed out on sales opportunities.
- Nine months through May 2022: Revenue totaled 190.5 billion yen (-5.1%) and operating profit totaled 17.8 billion yen (-26.7%).

■ Global Brands: Large increase in revenue, smaller loss in three months through May

- Three months through May 2022: Revenue: 31.0 billion yen (+19.5%), operating loss: 0.3 billion yen (compared to a 0.7 billion yen loss in the previous year). Theory operation generated higher revenue but lower profit. Comptoir des Cottonniers reported higher revenue and a greatly reduced operating loss.
- Nine months through May 2022: Revenue totaled 90.0 billion yen (+11.8%) and operating profit totaled 0.7 billion yen (compared to an operating loss of 8.9 billion yen in the previous year)

■FY2022 consolidated estimates: Revised upwards

- We have revised up our consolidated estimates for FY2022. Revenue: 2.2500 trillion yen (+5.5%), operating profit: 290.0 billion yen (+16.5%), profit attributable to owners of the parent: 250.0 billion yen (+47.2%).
- We forecast an annual dividend per share for FY2022 of 620 yen, split between an interim dividend of 280 yen and a year-end dividend of 340 yen. That would represent an increase in the annual dividend of 140 yen compared to the previous year.

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Fiscal 2022 3Q Performance in Focus

■UNIQLO Japan: Revenue rises and profit increases sharply in March-May quarter

UNIQLO Japan reported declines in both revenue and profit in the first nine months of fiscal 2022, with revenue contracting to 640.9 billion yen (-5.1% year-on-year) and operating profit dipping to 119.0 billion yen (-0.4% year-on-year). First-half revenue and profit declined significantly compared to a strong performance in the previous year and due to lost sales opportunities as shortages in strong-selling items emerged.

However, in the third quarter from March to May 2022, performance proved strong, with revenue increasing by 8.7% year-on-year and operating profit expanding by 76.2% year-on-year. As the spread of COVID-19 is being brought under control, same-store sales expanded by 7.8% year-on-year in the third quarter thanks to strong sales of Kando jackets and Kando pants and blouses as well a strong performance during the Golden Week sales and the UNIQLO anniversary sale. The third-quarter gross profit margin improved 3.9 points year-on-year thanks to a lower discounting rate linked to our efforts to restrict discount sales. In addition, the selling, general and administrative expense ratio improved by 1.4 points year-on-year as we further boosted operational efficiency primarily in the areas of personnel and distribution expenses.

■UNIQLO International: Large 3Q revenue and profit gains, record 1Q-3Q performance

UNIQLO International reported large increases in both revenue and profit in the first nine months of fiscal 2022, with revenue rising to 841.2 billion yen (+13.7% year-on-year) and operating profit increasing to 132.7 billion yen (+35.8% year-on-year). While the depreciation of the Japanese yen boosted sales and operating profit in yen terms, the segment also achieved a record performance in local currency terms thanks primarily to significant revenue and profit increases from the South Asia, Southeast Asia & Oceania region and the North America and Europe (excluding Russia) regions. The Greater China region reported large declines in revenue and profit as the region was adversely impacted by restrictions on general movement put in place to address the spread of COVID-19 infections.

In the third quarter from March to May 2022, performance continued strong in S/SE Asia & Oceania, and North America and Europe (excluding Russia). Breaking down the UNIQLO International performance into individual regions and markets (in local currency terms), the Greater China region generated much lower revenue and profit. Sales slumped in the face of COVID-19-related restrictions on movement as we had to temporarily close a maximum of 169 stores mainly in Shanghai over the March-to-May period. However, sales increased and performance started to recover in June once restrictions were eased. Revenue and profit increased significantly in S/SE Asia & Oceania, with consumers' desire to go out recovering nicely as COVID-19 restrictions were eased. Performances from Malaysia, the Philippines, Indonesia, and Singapore proved especially strong. UNIQLO North America generated a large increase in revenue and moved into the black in the third quarter, with the operation's continued strong performance being underpinned by solid support from North American customers for T-shirts, tank tops, short pants, and other core products. Meanwhile, UNIQLO Europe (excluding Russia) generated a large increase in revenue and moved into the black in the third quarter as our efforts to successfully instill our LifeWear concept and expand our customer base along with increasingly energetic tourist demand provided a favorable tailwind.

■GU: GU reports a flat year-on-year performance in the three months through May 2022

Our GU operation reported a decline in revenue and a large contraction in profit in the nine months ended May 2022, with revenue falling to 190.5 billion yen (-5.1% year-on-year) and operating profit shrinking to 17.8 billion yen (-26.7% year-on-year). Those declines were caused by lost sales opportunities after delays in manufacturing and distribution meant that we were not able to introduce our featured campaign products in a timely way.

In the third quarter from March to May 2022, GU revenue declined slightly, while operating profit held steady year-on-year. Sales of popular trendy items such as color slacks and sweat wear-style T-shirts proved strong, but delays on product delivery meant we were not able to sufficiently expand sales. The third-quarter GU gross profit margin improved by 1.5 points year-on-year. This was due to deliberate restrictions on discount sales and also the fact that we were not able to introduce our campaign products in a timely manner or promote them as planned due to delays in production and distribution. On the other hand, the selling, general administrative and expense ratio rose by 0.8 point year-on-year as we sought to improve the level of service by strategically increasing the number of staff in stores.

■Global Brands: Large increase in revenue, smaller loss in three months through May

Global Brands revenue increased sharply and the segment moved into the black in the first nine months of fiscal 2022, with revenue rising to 90.0 billion yen (+11.8% year-on-year) and operating profit totaling 0.7 billion yen (compared to an operating loss of 8.9 billion yen in fiscal 2021).

In the third quarter from March to May 2022, the Theory operation reported higher revenue but lower profit. This was due primarily to a decline in revenue and profit from Theory Asia centered on Mainland China in the wake of the Shanghai lockdown. As for our PLST operation, while sales of blouses, pants, and dresses proved strong, we were not able to sufficiently expand sales as delays in production and distribution resulted in product shortages. As a result PLST sales hovered at previous-year levels and operating profit increased only marginally. At our France-based Comptoir des Cotonniers operation, revenue increased and the operating loss shrank significantly as we managed to greatly improve cost efficiencies by determinedly closing unprofitable stores and pursuing other structural reforms.

■FY2022 consolidated estimates: Revised upwards

We expect to generate consolidated revenue of 2.2500 trillion yen (+5.5%), business profit of 295.0 billion yen (+15.4%), and operating profit of 290.0 billion yen (+16.5%) in fiscal 2022. That represents an upward revision of 50.0 billion yen for revenue, 15.0 billion yen for business profit, and 20.0 billion for operating profit compared to our business estimates announced in April. These upward revisions were prompted by the strong third-quarter performance and the fact that performance also exceeded our forecasts in local-currency terms, as well as our decision to revise the assumed foreign exchange rate for our fourth-quarter business estimates to reflect the continued depreciation of the Japanese yen. We are expecting to record a net cost of 5.0 billion yen for fiscal 2022 under other income/expenses as we incorporate the risk of recording potential impairment, retirement, and store closure losses primarily at UNIQLO operations in the fourth quarter. We have incorporated a net income of 78.1 billion yen for the full year under finance income/costs assuming the end-May exchange rate of 1 USD = 128.2 JPY as the year-end exchange rate. As a result of the above, we estimate we will achieve a full-year profit attributable to the owners of the parent of 250.0 billion yen (+47.2%).

Breaking down the estimates by individual segments, we expect UNIQLO International will achieve large increases in revenue and profit for both the second half of fiscal 2022 and the full business year and we also expect revenue and profit to increase year on year in local-currency terms. We predict continued strength in the fourth quarter from the S/SE Asia & Oceania, North America, and Europe regions. We forecast some sharp gains in both revenue and profit from the Greater China region in the fourth quarter as COVID-19

restrictions are eased. We expect UNIQLO Japan will achieve a slight increase in revenue and a large expansion in operating profit in the second half of fiscal 2022. In light of the considerable declines in revenue and profit in the first half, we expect full-year revenue will decline slightly and operating profit will remain flat compared to the previous year. Our GU segment is predicted to generate a slight increase in revenue and flat operating profit in the second half, and a slight decline in revenue and a large contraction in profit for the full business year. The Global Brands segment is expected to post a profit for both the second half and the full business year through the end of August 2022.

We have increased our year-end dividend for fiscal 2022 from the 280 yen per share announced in April to 340 yen per share. This represents an increase of 100 yen compared to the year-end dividend for fiscal 2021. Add that to the interim dividend of 280 yen per share that has already been paid and we predict an annual dividend of 620 yen, up 140 yen on the previous year. If we strip out the temporary foreign exchange gains on foreign currency-denominated assets, that translates into a dividend payout ratio of approximately 33%, which is in line with past levels.

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/>