

The Ariake Project

Becoming a digital consumer retailing company

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Ariake Project

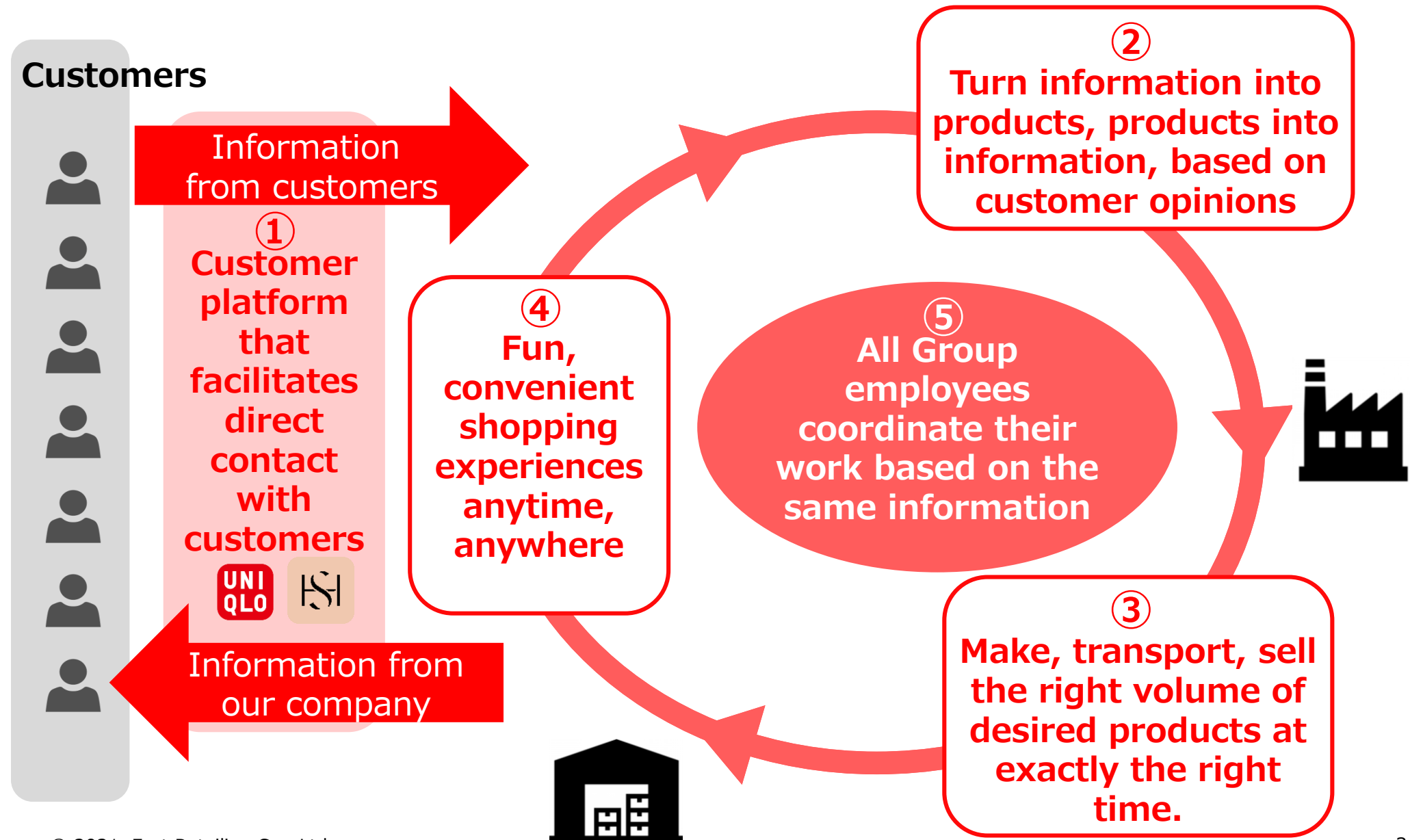
Sweeping corporate transformation supported by all Group companies and employees to help realize our shift into a digital consumer retailing company.

Digital Consumer Retailing Company

The ideal new Fast Retailing operation for realizing a better world based on LifeWear concepts.

1. Customer platforms that link us directly with each individual customer and facilitate two-way information communication.
2. Turn the things that customers want into products based on customer opinions for delivery along with information.
3. Make, transport, and sell the exact required volume of desired products at exactly the right time.
4. Get closer to individual customers to provide a fun and convenient shopping experience anywhere, anytime.
5. All employees coordinate work for customers' benefit based on centralized information.

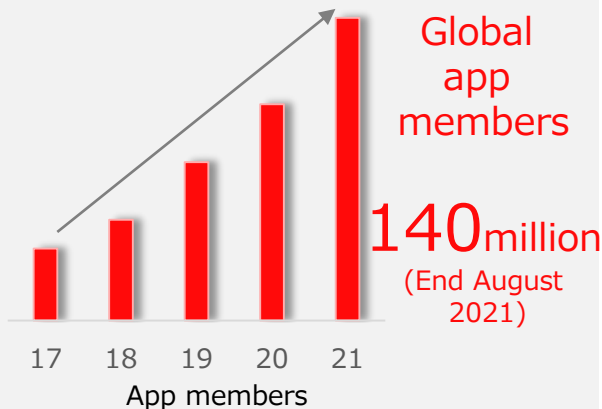
Overview: Digital Consumer Retailing Company Under Ariake Project



Build customer platforms that link directly with individual customers and facilitate two-way information communication

Build EC, app member platforms to link directly with customers

- Encouraged customers to become app/EC members to facilitate direct links. Increased global app membership to 140 million
- 57 million members for UQ & GU Japan combined.



Collect and store opinions and information from customers and stores

- Collect daily opinions from global customers and store staff. Collected and visualized approx. 27 million opinions in 2020.
- Understand customer needs in each market by analyzing info/data on customer actions on EC site and in stores.

Customer, store opinion **27** *mln*

Customer opinion **11** *mln*

Store opinions **16** *mln*

Convey information directly to each individual customer

- Develop own unique information channels (own app, social media, StyleHint and LIVE STATION, etc.)
- Build/refine digital marketing platform, better convey tailored information to individual customers.



Turn information into products, products into information, based on customer opinions

Create the things customers want Information into products

- Analyze customer opinions collected daily in real time, create ideas for new products and improvements, build processes for immediate planning and design.
- Developed over 50 product items in the past year based on customer opinions under UNIQLO UPDATE (souffle yarn knitwear, ultra light down, etc.)



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Convey product value Products into information

- We have set up a top-class Japanese photography studio in our UNIQLO CITY TOKYO Ariake headquarters and are building a platform to turn products into information in real time.
- Provide more diverse information on each product from our own studio (LifeWear Magazine, Masterpiece catalogue, content for our EC site, etc.)



Supply chain management that makes, transports, sells the right volume of desired products at exactly the right time

The right amount of necessary items AI-driven production/retail coordination

- Develop an AI-driven demand forecasting model with Google. Create more accurate plans by reflecting demand predictions based on various global big data in sales planning.
- Optimize production by reflecting sales plans in production plans in real time using optimum production volume algorithms.
- Optimize inventory distribution, to individual country warehouses for instance, using inventory distribution algorithms.

Reduce overall SCM lead times to respond to changing business

- Share sales conditions and production progress with major partner factories in real time. Strengthen cooperation with factories through locally assigned personnel.
- Drastically reduce additional production lead times by stockpiling key materials, utilizing air freight, and sending products directly from factories to stores.
- Unify inventory management from factory gate to store by introducing RFID. Achieve efficient visualization of accurate, real-time inventory.

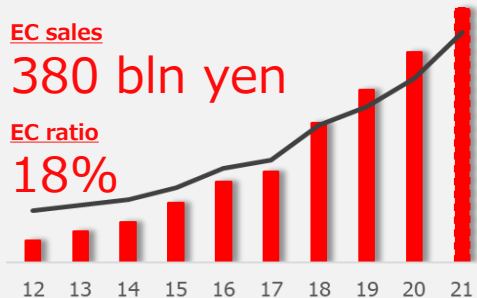
SKU operation that provides the right volume of right products and right time

- Completed automated warehouses in Japan, US, Australia. Automating warehousing will enable us to build a system for introducing the right amount of the right product per SKU unit into stores depending on latest sales.
- Building a system to facilitate the delivery of the right volume of necessary products at the right time to stores by managing delivery routes inhouse.

Get closer to individual customers to provide fun, convenient shopping experiences anytime, anywhere

Achieve a world-class EC operation

- Advertised shift to a main EC operation, strengthened individual EC operations, launched digital flagship store with the world's largest product range, boosted Group EC sales to 380 billion yen or 18% of total FR sales.
- New global commerce platform developed inhouse. Drastically improving speed of new service and functionality development by bringing engineers inhouse.



Evolve the shopping experience by merging EC and physical stores

- Unified physical store/EC inventory management, started sales based on shared inventory with online-to-offline (O2O) services in mind.
- Launching various joint EC/store services ("Order & Pick" in-store pickup of online purchases, purchasing instore products, etc.). Roughly 40% of purchasers are using the in-store pickup service.

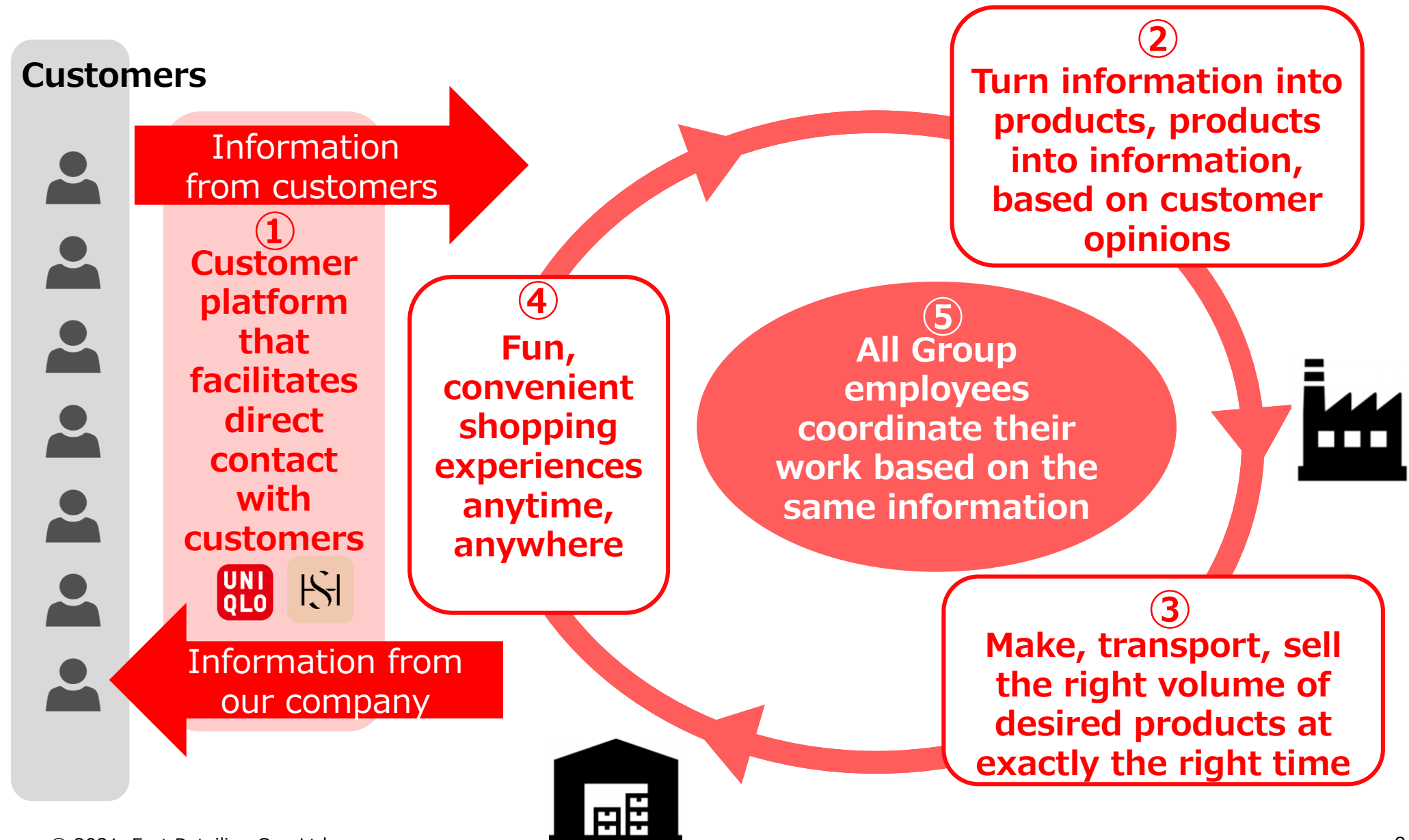
Accelerate global store openings with "new stores"

- Pressing ahead with steady global introduction of self-checkout service first launched in Japan to improve customer convenience and operational efficiency.
- Accelerating global store development by pressing ahead with O2O-format stores based on unified EC/store sales and services and using our scrap & build policy for replacing less profitable stores with better located ones.
- Greatly improving store productivity by promoting the digitalization of store operations, such as our app to connect with customers in stores, and our layout creation app.

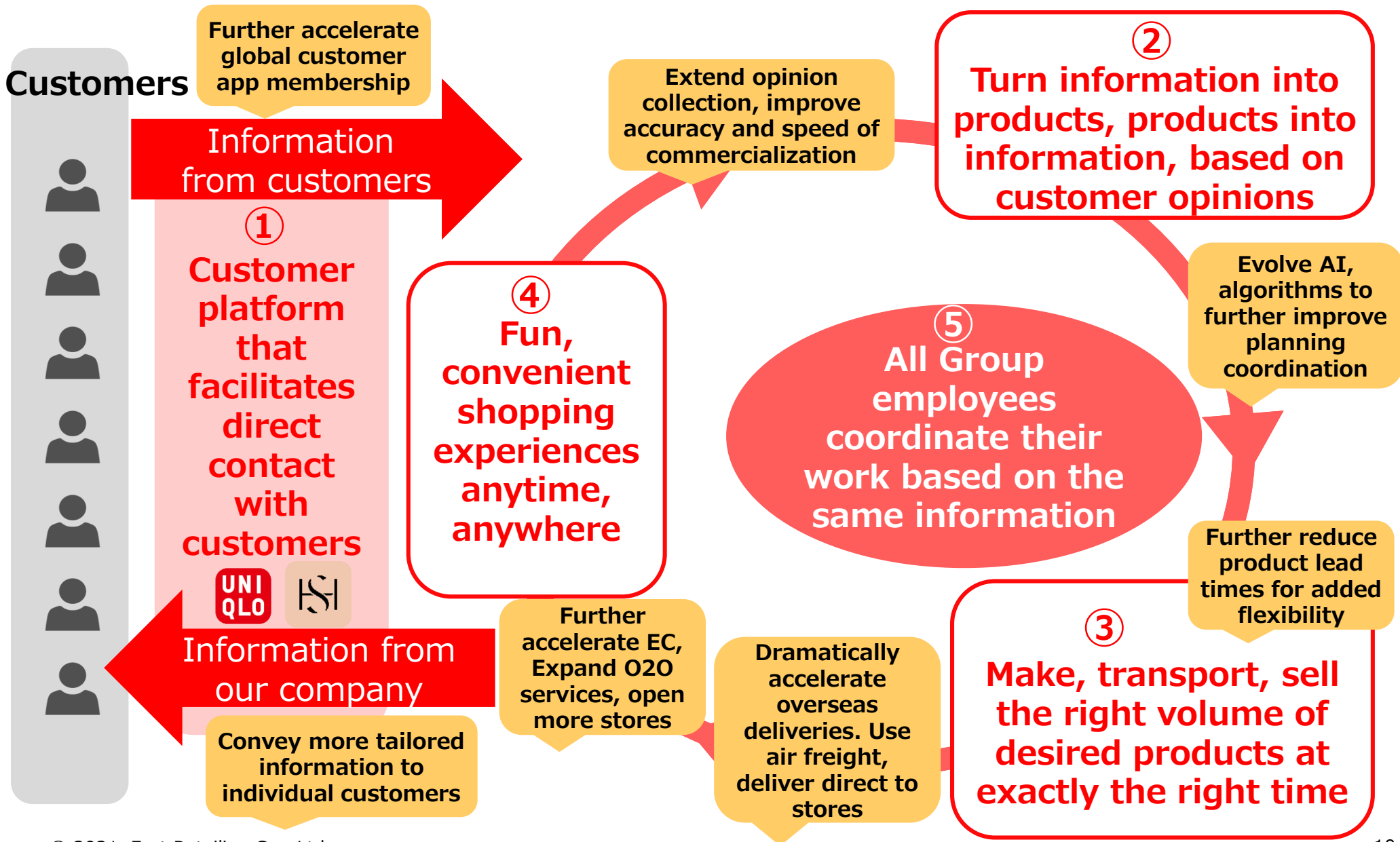
All Group employees coordinate their work based on the same information

- Centralize all companies' results, plans, and other information and reports in the management cockpit. Implement a working system in which all employees at all Group companies get to see the same information when conducting their daily operations.
- Working at UNIQLO CITY TOKYO. Practice Ariake-format daily working styles in GHQ in which all employees work in full coordination, regardless of department or rank.
- Review business processes across departments, build ideal business processes, promote robotic (RPA) and other business process automation.
- Unify Group company communication platforms, implement working styles that enable all employees, including store staff, to connect immediately, anywhere, anytime through Chat or web meetings.

Overview: Digital Consumer Retailing Company Under Ariake Project



Further Acceleration of the Ariake Project



A sustainable digital consumer retailing company

Merge the Ariake Project and our sustainability objectives

Achieve corporate growth through operations that make a sustainable contribution to the environment and society

Deepening the Ariake Project

Realize an operation that strives to fundamentally reduce CO2 and cut waste to zero:

- Achieve a retail and production system that determinedly seeks to reduce CO2 and waste products based on the never make, transport or sell anything that is not necessary premise.
- Reduce greenhouse gas emissions by 90% for our stores and offices and 20% for materials, products and production processes (seek SBT recognition based on the joint international Science Based Target Initiative (SBTi)).

Safety and security-conscious operations:

- Achieve a trading environment that protects the working environments and human rights of all workers related to our business and visualizes all parts of the business in a transparent format.

Widening the Ariake Project

Achieving circular products and economy:

A sustainable digital consumer retailing company is not just about making and selling the products customers want, but also about making clothes that people can wear for longer and collecting and reusing/recycling clothes when customers have finished wearing them.

- Build long-serving, favorite services for the products that our customers buy.
- Build schemes to collect any items that customers have worn for recycling in some form.
 - Redistribute collected items to people in need.
 - Reuse collected items to make new clothes (more initiatives like our recycled down).
 - Recycle collected garments into different materials.

Changing clothes.
Changing conventional wisdom.
Change the world.