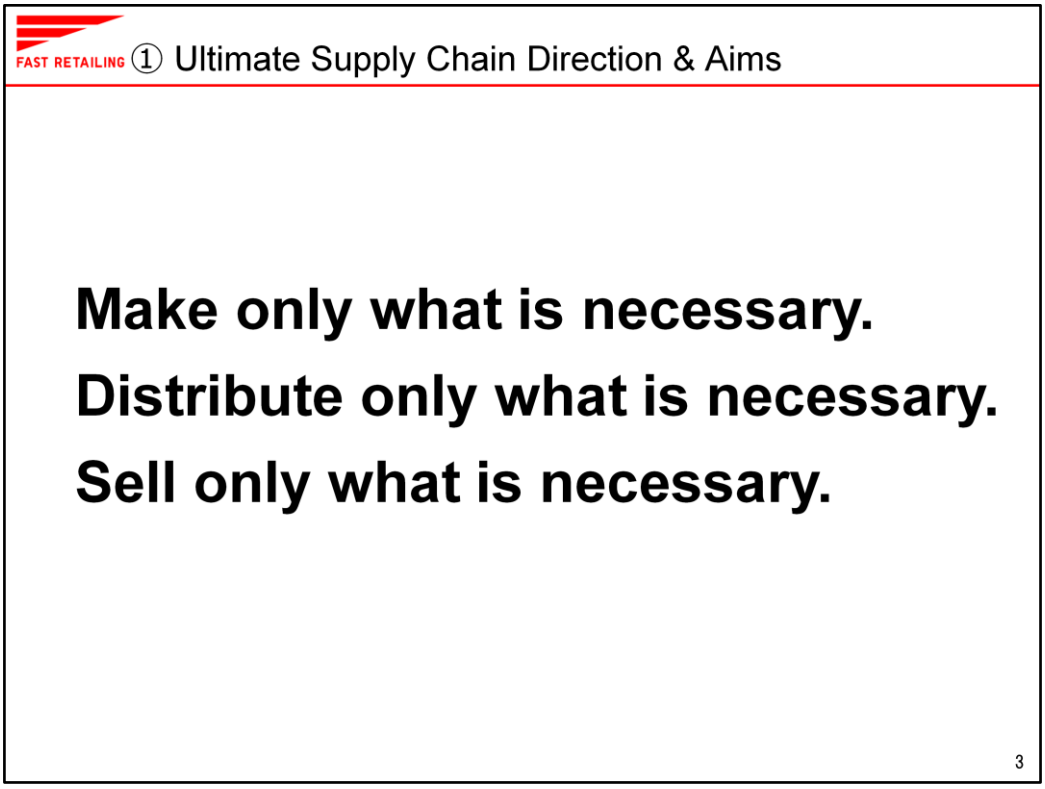
Good afternoon everyone. My name is Takuya Jimbo and I am responsible for the overall control of the Groupwide transformative Ariake Project, and global supply chain-management.

Just two days ago, I held a joint news conference with Daifuku Co., Ltd. to announce the forming of our strategic global partnership, and I explained our focus on warehouse automation.

Today, I would like to talk to you about Fast Retailing's broader supply-chain reform drive.

I would like to divide my presentation into three main areas: our ultimate supply chain direction and aims, our former supply chain, and our future supply chain.



Let me get right down to talking about our ultimate supply chain direction and aims.

To state the conclusion first: Our ultimate aim is to make only what is necessary, distribute only what is necessary, and sell only what is necessary.

Our president, Mr. Yanai, first mentioned this specific phrase approximately one year ago when he was talking publicly about Fast Retailing's future business strategy in conjunction with the latest corporate results announcement.

Making, distributing and selling only what is necessary was the basic concept upon which we carved our Ariake Project drive to create an entirely new information-driven digital consumer retailing industry.

As part of this initiative, we are currently instigating significant changes in all our business processes, from design, through planning, production, distribution and retail.

Let me tell you about our three major premises relating to the Fast Retailing supply chain.

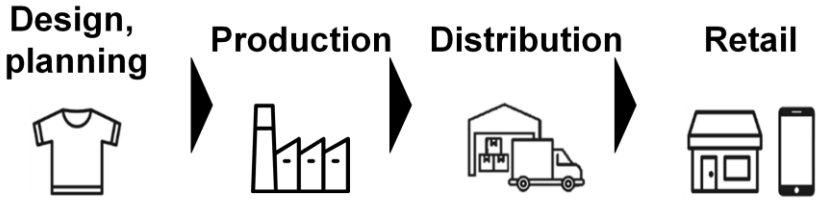
First, the Fast Retailing Group produces 1.3 billion items of clothing annually. Global clothing manufacture apparently totals approximately 80 billion items, so, if that figure is correct, that would mean the FR Group alone accounted for a 1.6% share of annual global apparel production. In other words, Fast Retailing is one of the world's largest companies in terms of volume of clothing produced.

Second, Mr. Yanai touched upon this earlier, but we don't just produce clothes in mass volumes, we manufacture clothes according to our LifeWear clothing philosophy. In other words, we are not a simple mass producer, but a company that creates an impressive 1.3 billion items of ideological clothing.

Third, we pledge to sell every single item of clothing that we make, so there is never any waste. Any clothes that our customers no longer need are collected as part of our All-Product Recycling Initiative and reused as clothing aid for refugees or recycled materials.

FAST RETAILING ② Our Former Supply Chain

Currently, it takes over one year to create 1.3 billion clothing items, from planning and design through production, distribution, retail.



- **UNIQLO LifeWear is unique clothing, thoroughly thought through with customers' life needs in mind. UNIQLO doesn't simply chase fashion trends and create similar clothes to other companies, so product planning and design takes time under the current system.**
- **It takes time to produce 1.3 billion items of clothing annually, each piece carefully manufactured from carefully selected materials to ensure high-function, high-quality clothes.**

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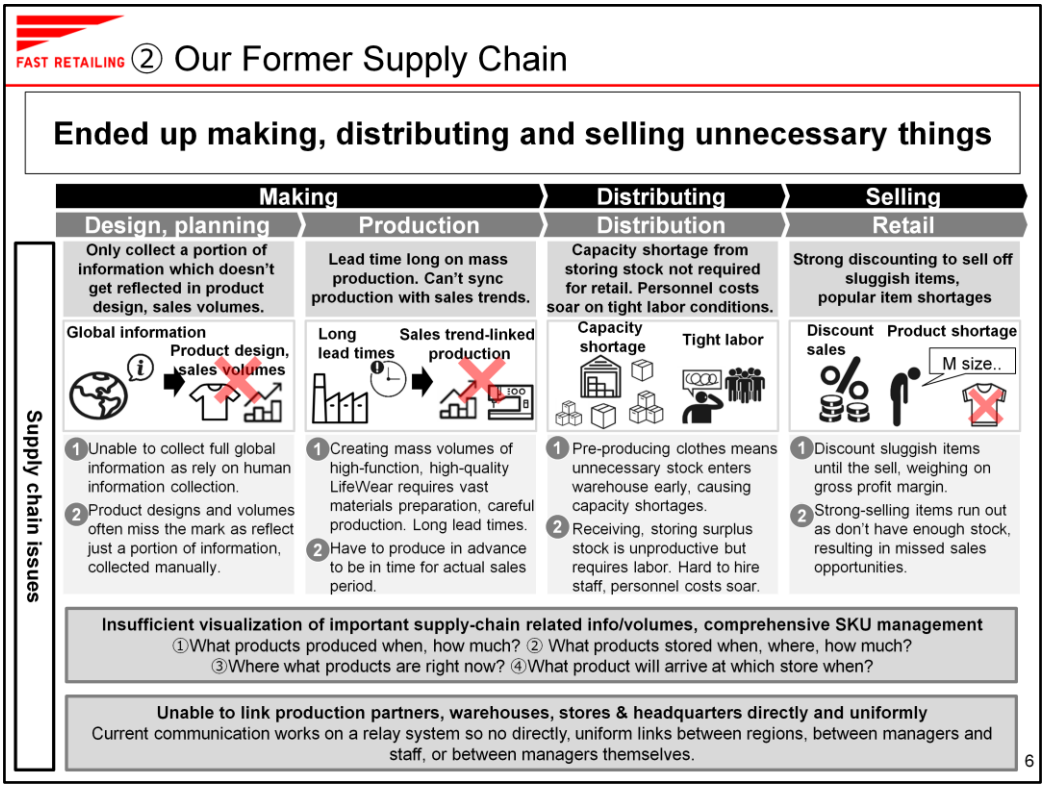
If we build a supply chain based on these supply-chain premises, then we are going inevitably come up against the sort of problems that you see in slide 5.

In order to produce as many as 1.3 billion items of clothing each year, some products take up to a year to complete all stages from design through planning, production, distribution and retail. UNIQLO LifeWear product planning and design takes time because LifeWear is unique clothing that has been thoroughly thought through with customers' life needs in mind, and UNIQLO doesn't simply chase fashion trends and create similar clothes to other companies.

It also takes time to physically produce 1.3 billion items of clothing annually, because each piece is carefully manufactured from carefully selected materials to ensure we create high-functioning, high-quality clothes.

Viewed overall, our former supply chain did at times result in the making, distributing and selling of some items that were not necessary. Of course, we are already working to transform our supply chain and, as Mr. Okazaki explained earlier, we are starting to see some benefits showing through.



This slide explains what we are doing to address these challenges across three stages of the supply-chain, namely the making, distributing and selling of clothes.

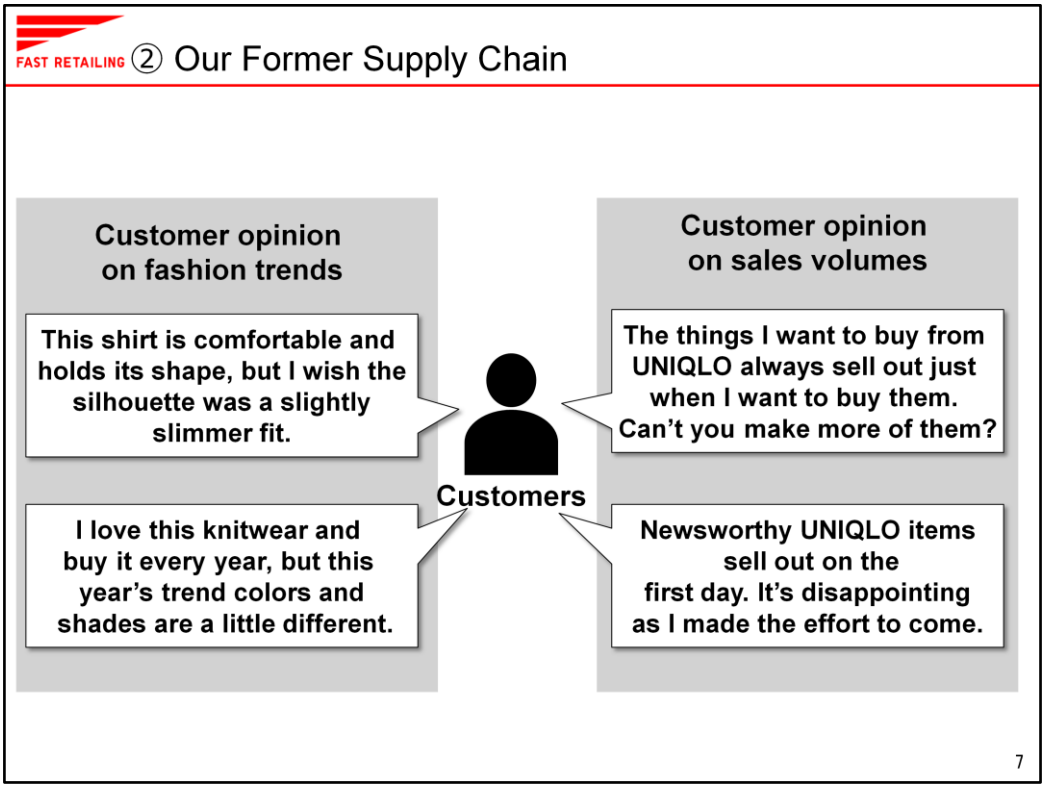
First, we were only able to collect a portion of the available global information and we were not able to fully reflect this information in our product design and sales volumes. We were not able to obtain all global information because information was collected manually by humans. Because we were only able to reflect a portion of the manually collected information in our product design and planning, it was difficult to devise accurate designs or production volume forecasts.

Looking next at production, given the long production lead time for mass-produced items, our attempts to perfectly match production with sales trends were not always successful. Manufacturing mass volumes of high-function, high-quality LifeWear requires materials preparation in huge volumes and painstakingly careful production processes, resulting in longer lead times. That, in turn, resulted in a structural problem whereby we couldn't meet the peak demand period for certain products if we didn't make them in advance. The more you produce, the more thread, raw materials, cutting, and sewing you need, lengthening the time required for each individual process. Hence, we were faced with this structural problem of needing to start producing products one year in advance to ensure they were ready for sale during the

peak demand period.

The next problems relate to distribution. Our warehouse capacity in retail countries was in short supply. We ended up generating unproductive work shifting inventory around, and needing to rely on large-scale mobilization of labor, which resulted in a tight labor supply and sharply rising personnel expenses. Our supply chain was full of contradictions, with stores holding surplus inventory of poor-selling products that had to be heavily discounted to offload, while at the same time having to deal with stock shortages in strong-selling items.

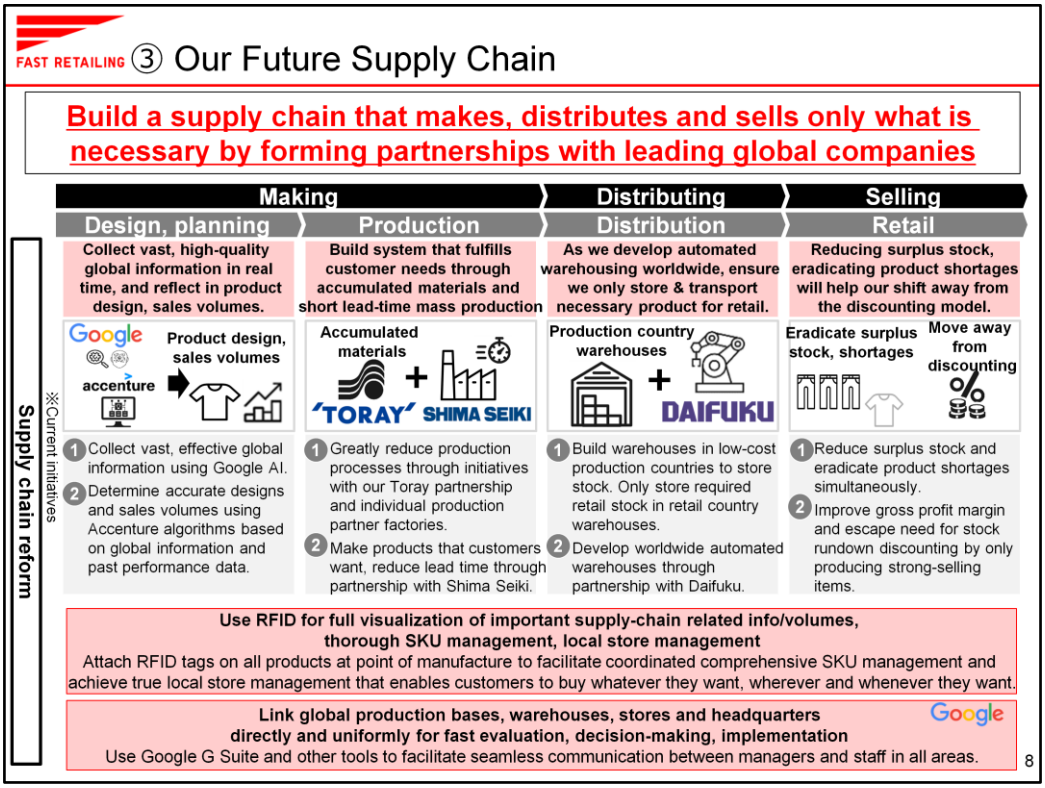
Considering the overall supply chain, we were faced with two key issues. First, we were suffering from insufficient visualization of important supply-chain related information and volumes as well as insufficient comprehensive SKU management across all areas. Second, we were unable to forge direct and uniform links between all our production partners, warehouses, stores and headquarters.



These are some examples of the opinions we received from customers about our former supply chain.

Comments opinion on fashion trends included: “This shirt is comfortable and holds its shape, but I wish the silhouette was a slightly slimmer fit,” or “I love this knitwear and buy it every year, but this year’s trend colors and shades are a little different”.

Customer opinion on sales volumes including such comments as: “The things I want to buy from UNIQLO always sell out just when I want to buy them. Can’t you make more of them?” or “Newsworthy UNIQLO items sell out on the first day. It’s disappointing as I made the effort to come”.



To address these issues, we are striving to build a supply chain that makes, distributes and sells only what is necessary by forming partnerships with leading global companies

We are working to reflect the huge volumes of real-time information that we collect from around the world in product design and sales volumes forecasts. As recently announced, we have started to build a framework that enables us to access and collect vast amounts of effective, valuable global information using Google search engines and artificial intelligence. We are also working on an initiative that will help us determine accurate designs and sales volumes using Accenture algorithms based on global information and past Fast Retailing performance data.

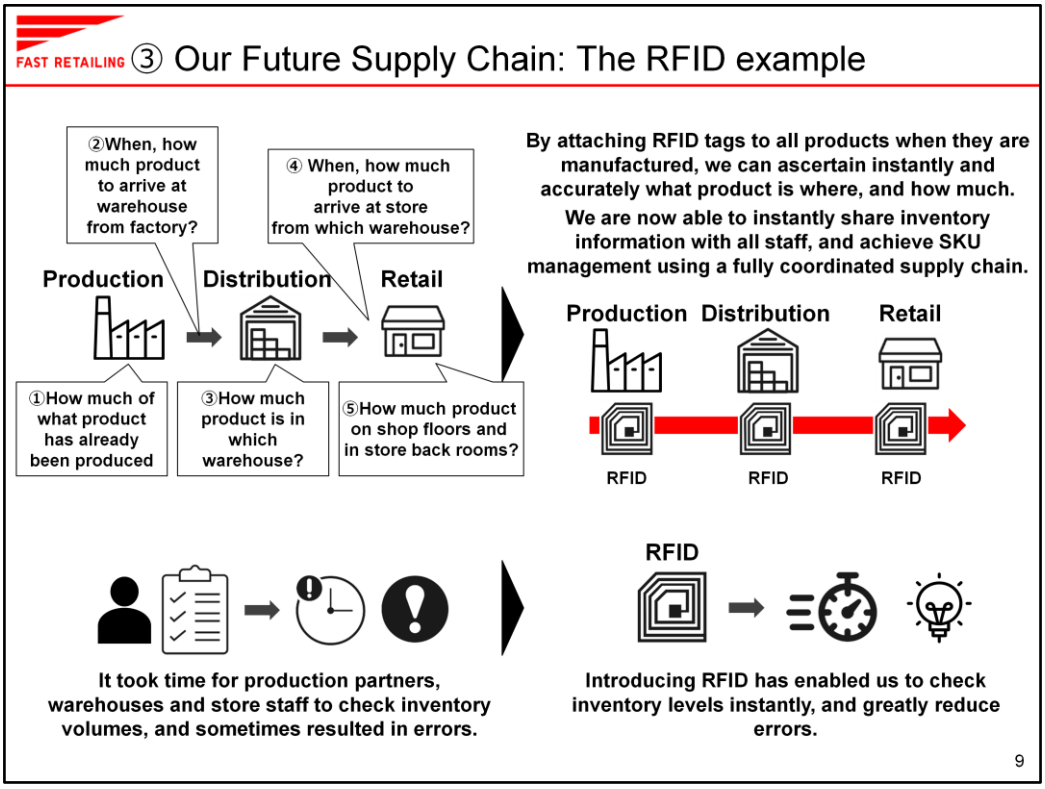
In the production stage, we are working to reduce lead times by accumulating materials in advance. We will be able to amass materials and greatly reduce production processes through initiatives developed under our long-standing partnership with synthetic fiber manufacturer Toray Industries and by working together with individual production partner factories. We also hope our new partnership with machine manufacturer Shima Seiki will help us create the products that customers most want, and reduce lead times.

In the area of distribution, we are developing automated warehouses around the world, so that we only have to store the stock required for retail in the

retail countries.

For example, to date we used to store products in retail countries before the peak demand period. However, by building warehouses in low-cost production countries, we have transformed this system and are already starting to see significant positive benefits. The production-country warehouses operate like a dam, releasing inventory for transport to retail countries in time to meet the peak demand period. We are also looking to develop automated warehouses worldwide together with Daifuku based on our global strategic partnership announced earlier this week. By simultaneously reducing surplus stock and eradicating product shortages, we should be able to move away from a business format that is heavily reliant on discounting, and subsequently improve our gross profit margin.

In terms of the overall supply chain, we have introduced RFID to help us fully visualize important supply-chain related information and product volumes, pursue more thorough SKU management, and promote local store management. We attach RFID tags on all products at the point of manufacture to facilitate coordinated comprehensive SKU management. By joining forces with Google to create a G Suite style framework, we are also looking to link our global production bases, warehouses, stores and headquarters directly and uniformly, so we can build a management framework that facilitates fast evaluation, decision-making, and business execution.



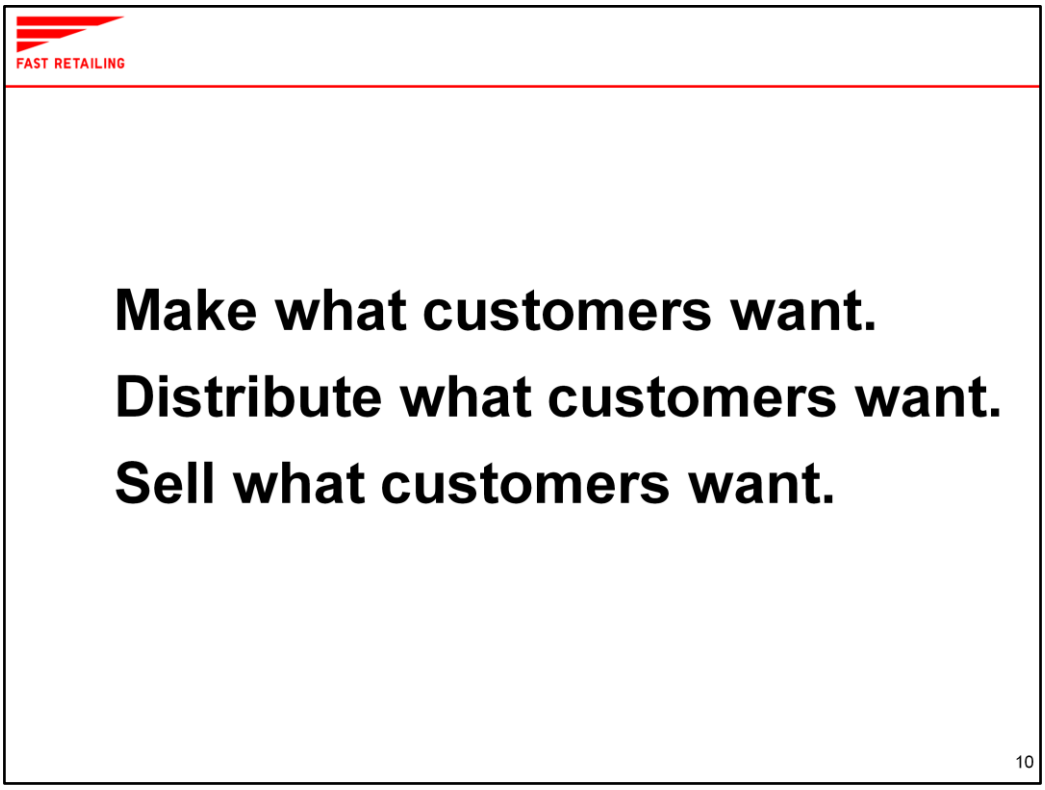
Today, I have talked to you about a few of the initiatives we are introducing right now. We intend to further expand our partnerships going forward, and enlist the cooperation of world-leading players to help us press ahead with our supply-chain transformation.

Finally, I would like to talk about one more concrete example, namely the introduction of RFID. Right now, we don't have a very clear idea of the whereabouts of our inventory: what products have been produced in what volumes; when that manufactured product will be transported from how many factories and when it will arrive at the warehouse; how much of what product is in what warehouse; when, product that leaves the warehouse will arrive at stores, from which warehouses and in what volume, and; how much product is being held in store displays and back rooms. By attaching RFID tags to all products when they are manufactured, we can ascertain instantly and accurately how much product we have where. We are now able to instantly share inventory information with all staff, and achieve fully coordinated SKU management across the whole supply chain.

To date, to get a clear understanding of inventory numbers and confirm product levels required large mobilization of labor. This took time and sometimes resulted in human error. Introducing RFID has enabled us to check inventory levels instantly, and greatly reduce errors. As a result, we are able to reduce lost sales opportunities, which should lead directly to a pure

increase in sales.

Our customers used to be dissatisfied with having to wait at the cash desk, but RFID tags have greatly improved our cash desk processes. RFID tags also enable stores and warehouses to do instant inventory counts, the process for inspecting product for shipment is greatly improved. We expect these improvements will lead to lower costs.



Let me close by saying I am convinced that, by pursuing various initiatives in partnership with leading global companies, we will be able to create a supply chain that enables us to make what customers want, distribute what customers want and sell what customers want.

Thank you.