

FamilyMart Co.,Ltd.

FY2020 First half

Merchandising Policy

March 13, 2020

—Disclaimer—

This report contains forward-looking statements, including the Company's strategies, future business plans, and projections. Such forward-looking statements are not based on historical facts and involve known and unknown risks and uncertainties that relate to, but are not necessarily confined to, such areas as economic trends and consumer preferences in Japan and abrupt changes in the market environment. Accordingly, the actual business performance of the Company may substantially differ from the forward-looking statements in this report.

Result of Merchandising FY2019

Main Initiatives

- Introduce a new coffee machine
- Expand frozen food space (For approx. 4,000 stores)
- Action to sales tax hike
(Shift product mix from National Brand items to Private Brand items)

New coffee machine • TV ad



Expand frozen food space



Expand Chu-Hi products



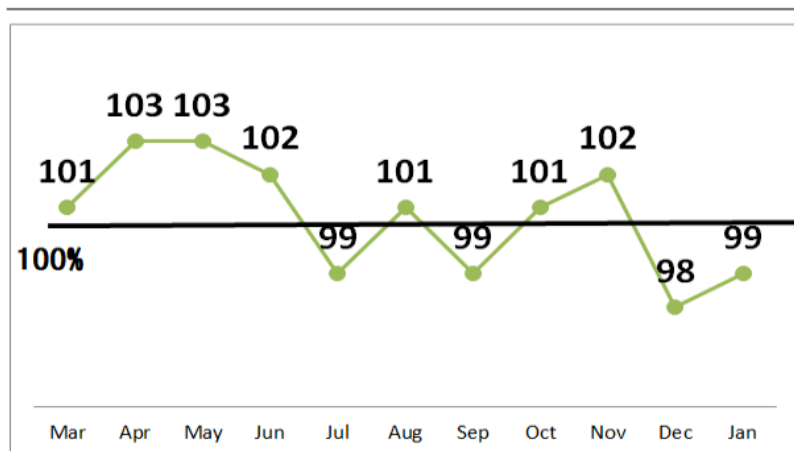
New release "Private Brand detergent"



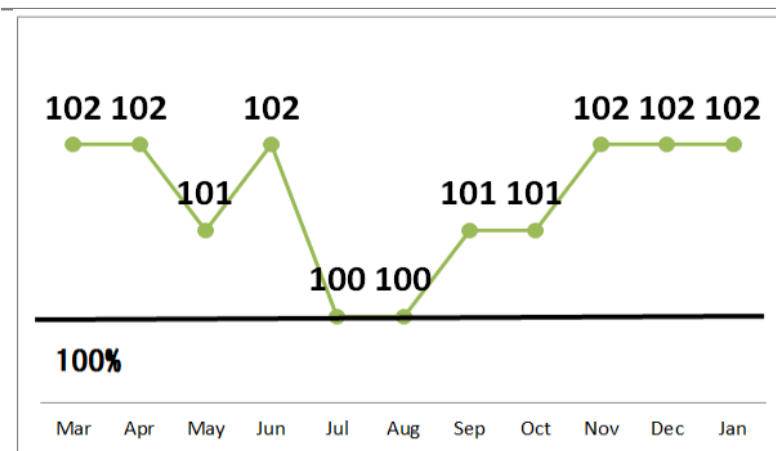
FY2019 Result

In some months, Average Daily Sales was less than FY2018. However, Ready-to Eat items had been exceeded to 100% entire year.

YoY of daily sales



YoY of RTE sales



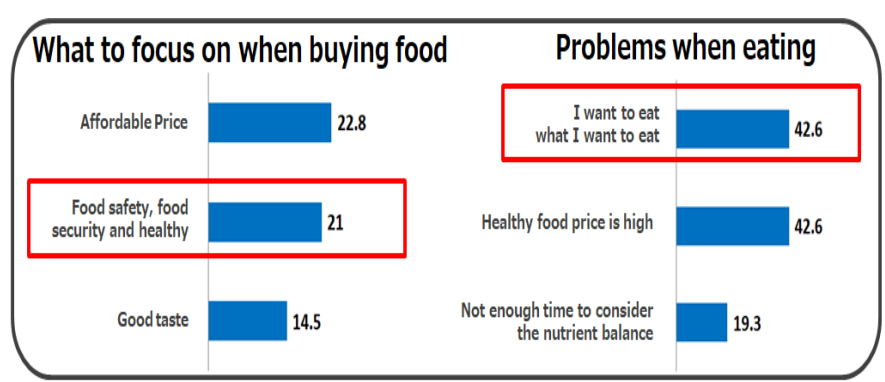
Merchandising plan in FY2020

Product Development Concept

Healthy / Full / Satisfactory

In addition to growing health consciousness, we need to develop products which satisfy customers' desire not to save their appetite.

Consumer Awareness to the food



Example

Health

Branding and developing "super barley" and "whole grain products" which have achieved 100 million units of sales.



Full / Satisfactory

Offering various flavors of "Famichiki" "Mather's Kitchen" has released the "Choi-kake series", which allows you to prepare meals in a shorter time. We will challenge in the dessert category to create new products following to saffle pudding.

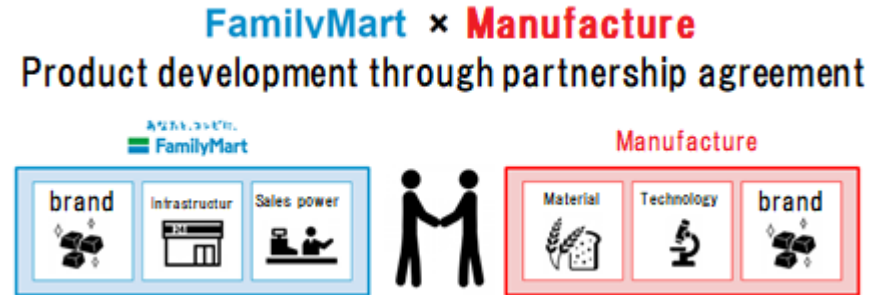


Merchandising plan in FY2020

Product Development

Joint development with National Brand manufacturer and raw material suppliers.

Forming partnership with a manufacturer, FamilyMart's unique and attractive products will be developed by combining original materials, technologies, know-how and brands.



Community-based Approach

- Maximize Sales through local-oriented approach
- Newly established the 4 Areas Divisions to respond “Deep community-based approach” .

Product Planning

Expand Local Product (FY2019)

2 regions, *Kansai-Chubu*

▼
FY2020 All 4 Areas



Sales & Marketing

Set up regional function for products, sales promotion and public relations

- Regional PR in charge takes care of local promotion
- Person in charge: 2 people per region
(Digital sales promotion /communication)
- Make sales promotion hand book (POP Operations etc.)
- Person in charge of Media

Responding to market conditions changes in FY2020

Reduce wastage

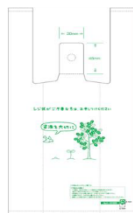
Target for reduction compared with FY2018
FY2030/50%, FY2050/80%



1. Increase in pre-order sales
2. Extend shelf life
3. Extension of Sales period
4. Cooperation with Food bank

Plastic materials

Use of environment friendly materials.
FY2030/60%, FY2050/100%



1. Approximately 20% of salad, bento, and cold noodle containers will be changed to plastic and recycled PET in 2020.
2. Changed to a 30% biomass-containing plastic shopping bag by paying for the plastic shopping bag in July 2020.

2020 Olympics

Store delivery

- Delivery delay by suppliers
 - Increase delivery time to stores
- Establishing a special logistics route centered on the Kanto region.

Inbound sales planning

- Examination of product lineup based on various information

1. Top Sales Ranking in JNTO
2. To be posted on the websites for must buy items
3. Top-selling products at duty-free stores
4. Shopping ratio of foreign visitors to Japan by category
5. Utilize overseas SNS, etc.
6. Collaboration with Olympic sponsors

→ Assortment focusing on confectionery and daily product

Responding to market conditions changes in FY2020

Infrastructure

Collaboration with plant factory

To prepare for natural disaster or emergency, ensuring a stable supply system and introducing advanced technologies

Detail	
Company name:	Vitec Vegetable Factory Co.,Ltd.
Supply status	: Supply only bread category in Kanto area
Next plan	: 1. Expansion of supply area (Kansai) and category expansion 2. Cost reduction initiatives

Increase Gross margin

- Narrowing down the number of SKUs to focus on the high sales and high profit margin product

Image for narrowing down the number of SKUs

