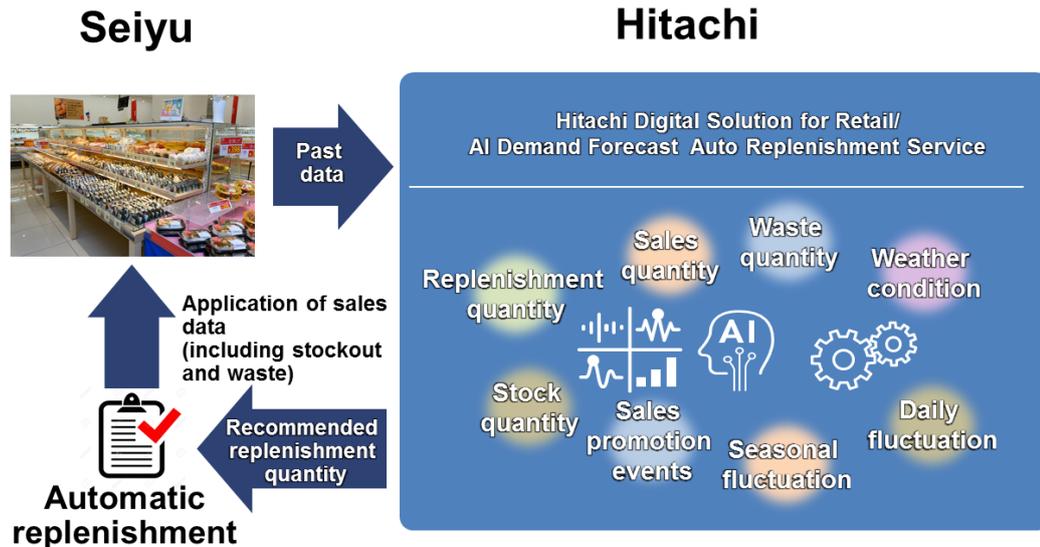


FOR IMMEDIATE RELEASE

**Through Collaborative Creation with Hitachi,  
Seiyu Introduces a System to Stores that Automatically  
Replenishes Based on Demand Forecasted by AI**

*Aiming to Improve Operational Efficiency and Suppress Stockout and Food Loss*



Automatic Replenishing System to be operated based on demand forecasted by AI,  
which will be introduced to Seiyu stores

**Tokyo, October 9, 2019** ---Through collaborative creation with Hitachi, Ltd. (TSE:6501 / “Hitachi”), Seiyu GK (“Seiyu”) will introduce the Hitachi Digital Solution for Retail/AI Demand Forecast Auto Replenishment Service to stores all over Japan from October 2019 as a system for automatically replenishing based on demand forecasted by AI. The subjects of this service include approximately 250 items produced at Seiyu's central kitchens among the products sold at the deli section. Conventionally, replenishment is implemented by experienced Seiyu associates (employees) in charge for each product based on past sales results and others. In contrast, in this system, AI conducts a high level of demand forecast for each store and product. The replenishment quantity is determined based on the results of the forecast, and thus the system enables automation of replenishing operations.

Through the introduction of this system, Seiyu aims to be able to concentrate more on the store operations, including processing food at the in-store kitchens and customer services, and to suppress stockout and food waste and losses, by having AI implement replenishment operations conventionally carried out by the persons in charge.

Recently, in the retail business in Japan, consumer needs have become more diversified and the labor shortage occurs due to the decreasing population of productive age. Reflecting these backgrounds, the demand for highly efficient store operations capable of immediately responding to changes in demand using advanced digital technologies have been increasing. In addition, food loss, which is the issue where a large amount of edible food is wasted, has become a social issue. On October 1, 2019, the law related to the promotion of food loss reduction came into force, which requires retail business operators to suppress food loss.

At Seiyu, the persons in charge at each store have conventionally predicted demand for each product in consideration of complex conditions, such as past volume of inventories, replenishment quantities, sales quantities, waste quantities, weather conditions and information about events; determined the replenishment quantities and implemented replenishment based on the forecast. These operations require the experience and knowhow of skilled workers and a certain number of operating hours. Under these circumstances, Seiyu, advancing Every Day Low Cost and making efforts for innovating store operations, and Hitachi, offering the Hitachi Digital Solution for Retail that is a Lumada<sup>(1)</sup> solution for retail and distribution businesses which uses advanced digital technology, have unified their knowledge and expertise and started a collaborative creation for increasing the efficiency of replenishment operations using AI in 2018. For one month since March this year, Seiyu and Hitachi conducted joint demonstration tests for 19 items in the takeout food/delicatessen sales floors at three Seiyu stores, applying the Hitachi Digital Solution for Retail/AI Demand Forecast Auto Replenishment Service.

Moving forward, Seiyu, aiming to become an advanced and innovative value retailer under its corporate vision of Every Day Low Price, and Hitachi will activate the sales floors through further increases in store operation efficiency using digital technology including this system and advance their efforts for work-style reforms, and also contribute to achieving the SDGs by suppressing food loss.

Hitachi will develop the Hitachi Digital Solution for Retail/AI Demand Forecast Auto Replenishment Service applied as one of the Lumada solutions for the retail and distribution businesses.

(1) Lumada is Hitachi's advanced digital solutions, services, and technologies for turning data into insights to drive digital innovation

#### **•Flow of operation for this system**

(1) Seiyu provides Hitachi with a variety of data on past results and the results of the date of replenishment at the takeout food/delicatessen sales floors of all Seiyu

stores (such as the volume of inventories, replenishment quantity, sales quantity and waste quantity per product; weather conditions, daily/seasonal change of the results; and sales promotion events).

- (2) Hitachi provides Seiyu with information about the recommended replenishment quantity automatically calculated by store and item, resulting from analysis of the data provided by Seiyu using the AI technology of the Hitachi Digital Solution for Retail/AI Demand Forecast Auto Replenishment Service.
- (3) Hitachi improves demand forecast accuracy through automatic correction based on comparison with the actual values and the predicted values.

**•Exhibition of the service at Hitachi Social Innovation Forum 2019 TOKYO**

Hitachi Digital Solution for Retail/AI Demand Forecast Auto Replenishment Service will be exhibited at Hitachi Social Innovation Forum 2019 TOKYO at Tokyo International Forum from October 17 to October 18, 2019.

**•Hitachi Social Innovation Forum 2019 TOKYO Official Website**

<https://hsiftokyo.hitachi/en/index.html>

**About Seiyu GK**

Walmart Japan / Seiyu, as a subsidiary of Walmart, helps people in Japan save money and live better - anytime and anywhere by operating retail chain stores nationwide from Hokkaido to Kyushu as well as its online grocery delivery service Rakuten Seiyu Net Super, selling fresh food, groceries, apparel, general merchandise and other products. Walmart Japan / Seiyu aims to fulfill customers' everyday needs as the leading, local, innovative value retailer that leverages the power of Walmart.

**About Hitachi, Ltd.**

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focusing on Social Innovation Business combining its operational technology, information technology and products. The company's consolidated revenues for fiscal 2018 (ended March 31, 2019) totaled 9,480.6 billion yen (\$85.4 billion), and the company has approximately 296,000 employees worldwide. Hitachi delivers digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT, to increase our customer's social, environmental and economic value. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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