

# Global Strategy

We will be selective and concentrate resources in global businesses aligned with the operating environment of the countries and regions we serve.

We will focus resources in mainland China until 2024. In addition, we are targeting growth in Taiwan, Thailand, Hong Kong, and South Korea by replacing older stores and ensuring market-appropriate prices. In Europe, we will redefine MUJI for a super-mature society, while in North America we will streamline management and prepare for future growth.

# 2030 Goals

- In Japan, we plan a net increase of 100 stores annually, centered on residential areas, over the next 10 years until 2030. We also plan a net increase of 50 stores per year in mainland China. These new stores will contribute to the lives of customers throughout each country.
- We will expand our footprint in the crucial markets of Hong Kong, South Korea, Taiwan and Thailand by ensuring market-appropriate prices and expanding our customer base. We will do so by achieving a net increase of 30 stores annually in each country or region.
- Vietnam, Malaysia and the Philippines are among the Southeast Asian growth markets in which we will focus on building bases.
- In Europe, North America and India, we will revamp existing stores as opposed to rapidly opening stores in new areas. We will also collaborate with local stakeholders to realize our vision for life and society in the super-mature societies of Europe and North America, and find the ways that MUJI can best contribute as a leader in ESG management.

## Overseas Business Targets for 2024

2021/8

Operating revenue:

JPY 156.6 billion



2024/8

Operating revenue:

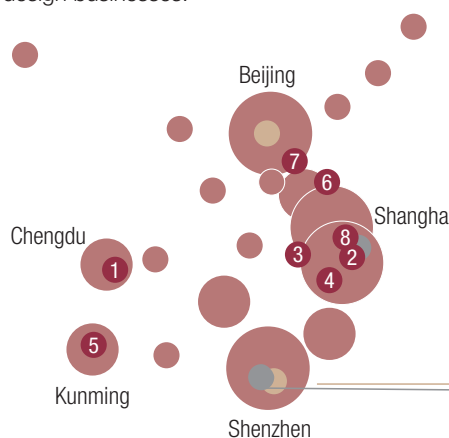
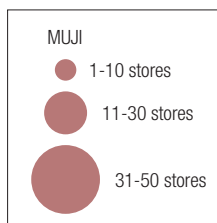
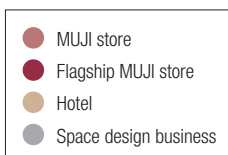
JPY 250.0 billion



# Mainland China

## Stores and Businesses in Mainland China (As of August 31, 2021)

We complement MUJI stores with hotel and space design businesses.



### Space Design and Hotels



MUJI Hotel Shenzhen



Shenzhen Bao'an International Airport Terminal 3

### Flagship MUJI Stores



1. MUJI Sino-Ocean Taikoo Li Chengdu



2. MUJI Shanghai Huaihai 755



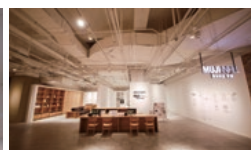
3. MUJI Nanjing House of Fraser



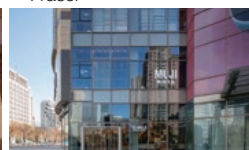
4. MUJI GLCC Mall



5. MUJI Kunming Shuncheng Shopping Mall



6. MUJI Qingdao Inzone Plaza



7. MUJI Joycity Tianjin



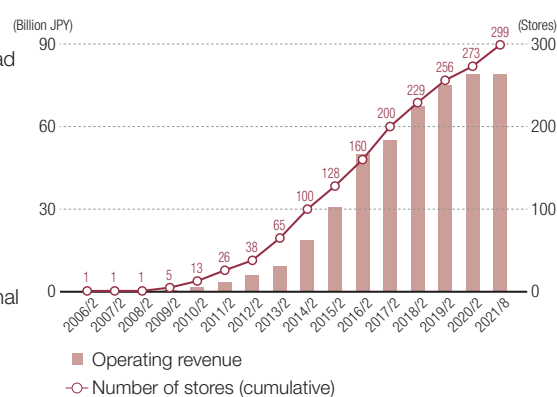
8. MUJI Shanghai Umax

We launched our business in mainland China in 2005 with the establishment of wholly owned subsidiary MUJI (Shanghai) Company Limited and the opening of the first MUJI store. We then gradually began opening more stores, and had a total of more than 100 in 2013. We started marketing products designed for mainland China in 2019. Thanks to the continuous support of customers, we have 299 stores in mainland China, including 8 flagship stores, as of August 31, 2021.



## History of Our Mainland China Business

- 2005** MUJI (Shanghai) Company Limited established  
Opened our first store in mainland China, MUJI Nanjing West Road
- 2013** 100th MUJI store opened
- 2014** Opened our first flagship store in mainland China,  
MUJI Sino-Ocean Taikoo Li Chengdu
- 2016** 200th MUJI store opened
- 2017** Operating revenue exceeded JPY 50.0 billion
- 2018** MUJI Hotel Shenzhen opened
- 2019** Designed the waiting area space for Shenzhen Bao'an International Airport Terminal 3  
Began marketing products designed for mainland China
- 2021** Opened our eighth flagship store, MUJI Shanghai Umax  
Household and food products designed for mainland China accounted for more than 40% of net sales



## Status and Issues

We have steadily grown our mainland China business since its launch in 2005. We see further potential for growth and have significant capacity to open more stores in China. We will focus on key stores and our e-commerce business.

However, the pace of business expansion has slowed in recent years for several reasons.

Our prices are thought to be somewhat high, which inhibits daily purchases. Limited sales floor space also prevents us from offering a full lineup of products essential to daily life, so sales tend to be concentrated on certain products.

We will therefore develop products for mainland China that are more relevant to local lifestyles, ensure market-appropriate prices and open large-scale stores. We will also address the growing popularity of ICT in China by strengthening communication using digital tools.

In this way, we will fulfill our two missions even in mainland China.

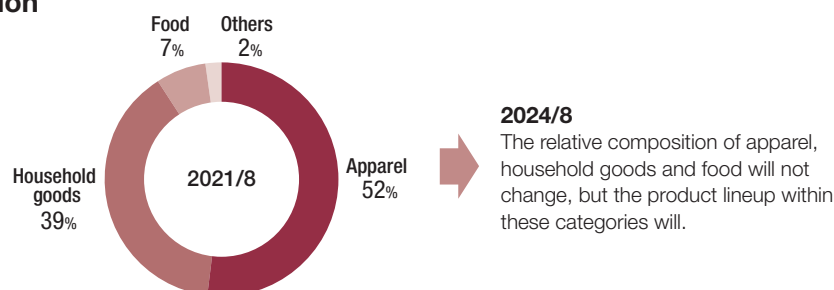


The eighth flagship store in mainland China, MUJI Shanghai Umax, opened in January 2021

## Key Strategic Areas

- Expand product lineup and ensure market-appropriate prices
- Open large-scale stores
- Increase development and manufacture of products in mainland China
- Promote localization
- Increase the e-commerce sales ratio
- Recruit more local people and enhance the organization of subsidiaries

## Sales Composition



## Establish an Organization Capable of Opening 50 Stores Annually by the Fiscal Year Ending August 31, 2024

We want to increase the number of people who appreciate MUJI by offering better and more ethical lifestyle proposals that are unique to MUJI. We will therefore empower our organization and people to further enable autonomous operation of the increased number of stores.

## Core Initiatives

- Our people in China will make decisions independently rather than rely on the headquarters to increase sales and the number of people who appreciate MUJI. Headquarters will listen to the opinions of our people in China and support them by developing sales promotion tools and introducing personnel systems.
- Targeting further growth in e-commerce sales, we will increase investment in e-commerce and member programs and maximize use of our e-commerce platform.
- Develop MUJI products for mainland China and revise the prices of frequently purchased products.



## Digital

### Significantly Expand the Online Sales Channel

Ryohin Keikaku will strengthen e-commerce sales by leveraging its digital platform in mainland China. We will quickly build our own database, establish our own membership program centered on WeChat by the end of 2022, and implement initiatives to increase repeat purchase rates. We will enhance our brand image and brand awareness by consistently communicating with our customers and evaluating our brands to increase repeat customer rates.

### Products Designed for Mainland China

Sales of household goods and food products designed for mainland China have increased to about 40% of sales and are steadily growing.

- We will expand sales of apparel, household goods and food products by revising the prices of products that are essential to daily life.
- We will further increase the ratio of products designed for mainland China by developing highly original products that are typical of MUJI.



Stoneware



Coffee mugs



Wooden frame sofa



Shirataki noodles



Outdoor/exercise wear



Recycled linen clothing

## New Businesses

In addition to MUJI's product sales, we will also expand in business areas other than stores and products. These include the space design business, which designs and develops various spaces, and the hotel business, which gives guests a chance to experience MUJI products.

- We will also offer services such as interior design and furniture sales for rental apartments.
- We will develop more hotels that offer a great customer experience.

### 2024 Order Target: 8,000 Rooms (Cumulative)



Shanghai Baoshan Baolong Mansion designed in mainland China with MUJI com store



MUJI Hotel Beijing 2



## Business Strategy

# Core Product Lineup and Procurement and Production Processes

## Develop Exceptional and Unrivaled Products That Are Essential to Daily Life, and Improve Procurement and Production Processes

### Basic Approach: Be Useful

In keeping with Ryohin Keikaku's core value – “to contribute to society and people” – we are seeking to “be an indispensable part of daily life for people” by 2030. To accomplish that, we are also reviewing our procurement and production processes, focusing on natural materials that are good for people and the environment, and that are part of a highly ethical and transparent supply chain.

### Goals for 2024 and Measures

- ① Become No. 1 in competitiveness for products essential to daily life in terms of product lineup, quality, price and significance
- ② Reduce the cost of products and contribute to regional development in production areas through the newly established Development & Production Division
- ③ Prevent inventory shortages and excesses by reinforcing supply chain management and by strengthening the Merchandise Planning Division
- ④ Establish sustainable agriculture and food businesses and contribute to regional development
- ⑤ Launch the Space Design Office, which will focus on renovation and space design, to contribute to solving issues related to forests, the environment and people's daily lives
- ⑥ Launch a series of services to support people in their daily lives, including those related to healthcare and organizing the home

### Challenges

The medium-term business plan calls for accelerating the pace of store openings. That will require us to stably manufacture and supply reasonably priced products while maintaining product quality and incorporating environmental considerations. Improving our organizational structure and employee development system is also imperative.

### Key Initiatives

- Enhance the quality of items essential to daily life and make appropriate price adjustments
- Review manufacturing and supply systems
- Revise quality standards

### Products Essential to Daily Life

We will review our product lineup with a more people-oriented perspective, focusing on products essential to daily life, including underwear, socks, T-shirts, towels, cleaning and laundry products, kitchenware, personal care products, storage products, and bedding.





## Become No. 1 in Competitiveness for Products Essential to Daily Life: MUJI's Unique Product Development

### Product Development Policy

Ryohin Keikaku continues to focus on the selection of materials, streamlining of processes, and simplification of packaging to manufacture no-frills, quality products. We manufacture no-frills, quality products and select materials that take the global environment and producers into consideration, eliminate waste in all processes, and provide customers with what they actually need, in the form they actually want.

In addition to adhering to this policy, we will encourage people to take part in ESG and promote awareness of ESG concepts worldwide by adopting circular design for products and offering them at affordable prices as a leader in ESG management in 2030.

**Three Perspectives**   (1) Selection of materials   (2) Streamlining of processes   (3) Simplification of packaging

### Priority Initiatives

- Offer all the products essential to daily life, including consumables and medicine
- Enhance our selection of essential products used repeatedly in daily life
- Make our products sustainable. Promote reduced use of plastic and recycling. Improve working conditions at production sites.
- Taking the customer's perspective, develop new products that represent MUJI's concept in new categories

### Interview

#### Interview with a Product Planning Specialist (Household Goods)

##### Developing Products by Thinking about Daily Life

I am in charge of promoting the entire sustainability process from the development of houseware products, such as dishes, cookware, and cleaning and laundry supplies, to reuse and recycling of household goods. This includes cooperating with all departments and suppliers involved with the products at every step, from development and manufacturing, to displaying products on the sales floor, until after they are finished being used. I am always thinking about proposals for products that not only offer simplicity, but quietly excel in a supporting role in daily life. When I picture a situation from daily life, I try to think about which necessary items are not available at MUJI, and then brainstorm ideas for concepts, materials, design, specifications, and so on with merchandisers and in-house and outside designers. In that process, I also refer to the customer feedback contributed to IDEA PARK.\*



**Mariko Ohashi**

Houseware Section Manager,  
Household Division

##### Working toward a Circular Economy and Contribution to Communities

Since MUJI's inception, we have pursued recycling-oriented manufacturing, examining products through three lenses: selection of materials, streamlining of processes and simplification of packaging. We believe that creating new products comes with more responsibility than ever before. That is why we develop products with a long-term perspective, even thinking about what happens to the product after it is used.

Ryohin Keikaku seeks to be useful to customers in each region by "taking root in local society." Opening stores in different areas means that the lifestyles of our customers and the items they need will also be different, so we will focus on developing products to fit their lives. In addition, by collaborating with departments I haven't worked with yet and incorporating feedback that hasn't been used, I want to propose products that can support the lifestyles of the region's various residents.

\* A database of comments and requests from customers and stores <https://lab.muji.com/jp/ideapark/> (Japanese only)



## Improving Procurement and Production and Solving Problems in Production Areas

In September 2021, we established the new Development & Production Division, which integrates the functions of the procurement and production processes.

Formerly, each division handled procurement of materials, but the new Development & Production Division will enable us to unify policies and strategies for procurement of household goods, apparel and other merchandise as well as transactions with suppliers. We will also take steps to ensure fair prices while maintaining quality, such as direct delivery from producers.

### Procurement Policy

We work to select raw materials that are collected and cultivated in a way that does not impose an excessive burden on the Earth, animals and plants, and producers.

Furthermore, for primary raw materials, we use materials that can be traced back to the production area as much as possible, and above all, we actually visit the production areas to check with our own eyes the conditions of collection/cultivation sites of major raw materials and the lives of producers.

### Key Initiatives

- Ensure that each product group is procured and produced in the right locations to achieve cost reduction and appropriate quality
- Increase efficiency in production process by standardizing production in factories. Make appropriate production adjustments during the period.
- Develop primary and secondary industries in production areas and improve the lives of people living there, thus contributing to local economic development

## Inventory Control Measures

Keeping track of inventory information was always possible in the past, but as a function, it was a weak area because we had no division that controlled it in an integrated way.

To address that issue, we consolidated the inventory control functions of different merchandising divisions,\* and centralized them in the Merchandising Planning Division in 2019. This division works to strengthen control of profitability. It monitors the sales progress and inventory levels of each product and makes price reductions when necessary.

\* Merchandising divisions: A general term referring to the Apparel Merchandising Division, Household Division, and Food Division

### Merchandise Turnover (Annualized)

2019/2	2020/8	2021/8
2.28	1.87	2.19

### Key Initiatives

- For each product, reorganize inventory storage bases and inventory quantities in line with sales volume fluctuations, lead times and costs
- Prevent inventory shortages and excesses by synchronizing management plans with sales plans, production plans and procurement plans on an SKU-by-SKU\* basis
- Have the Merchandise Planning Division train store managers on sales and purchase orders planning to prevent inventory shortages and excesses at stores
- Restructure the planning information system to meet the needs of sophisticated business processes

\* SKU: Stock keeping unit. The smallest unit available for ordering and inventory control.



## Initiatives for New Businesses

### Healthcare Business and Other New Service Businesses

Ryohin Keikaku will launch services that help people manage their daily lives, such as healthcare services and organizing their homes. We will commercialize the laundry, repair, cleaning, and moving services that started as *MUJI SUPPORT* at individual stores. We have already launched healthcare and health-related services that are useful to the community, and also sell medicines in our stores. We also plan to launch services that support people in various life stages, including decluttering, end-of-life planning support, zero waste, and reuse of unwanted items.

- Laundry, repair, cleaning, and moving businesses
- Medicine sales, and healthcare and health-related services
- Decluttering support, end-of-life planning support, zero waste, and reuse of unwanted items

### Special Feature

### Healthcare Center

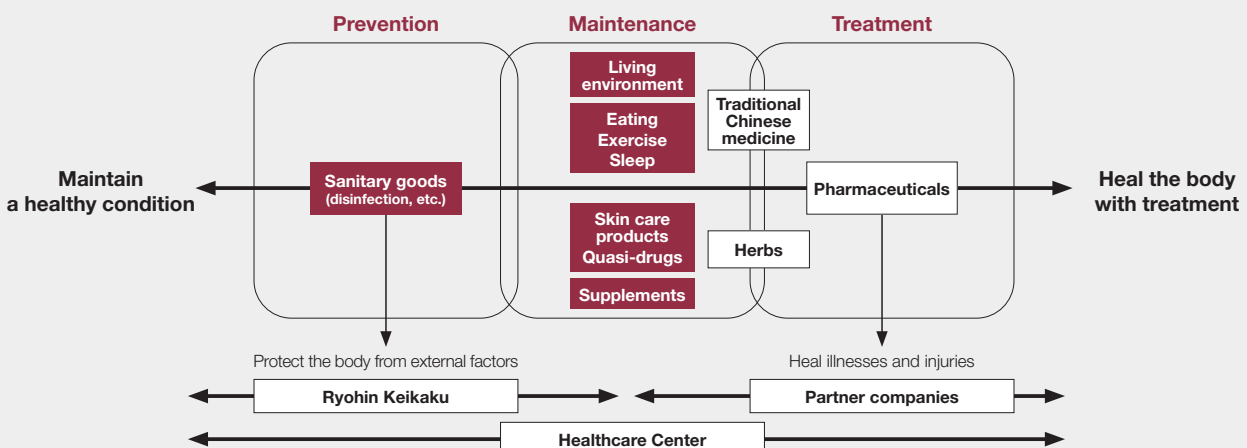


### Range of Service from Disease Prevention to Sales of Medicine

In July 2021, the MUJI Naoetsu store in Joetsu City, Niigata Prefecture opened the in-store Healthcare Center, which provides services ranging from disease prevention to sales of medicine. We launched this service to enter the health field centered on providing products, information and services that support healthy living.

We aim to provide one-stop product and service solutions ranging from health-related events and publishing of information to sales of medicines, in cooperation with Qol Holdings Co., Ltd., which operates pharmacies throughout Japan, and Tanita Corporation, a manufacturer of scales and other measuring instruments.

The Healthcare Center sells products with a focus on foods offered by MUJI (snacks with less than 10 grams of carbohydrates and high-protein snacks). We will develop it as a local community center where anyone can drop in.





## Space Design Business

Ryohin Keikaku is stepping up its efforts related to design of comfortable living spaces in order to be an enduring, useful presence in the lives of local residents.

In doing so, we think of the town as a whole as “the space where we live,” and will strengthen the space design and renovation business, which extends from forestry-related issues to people’s daily lives.

## Key Initiatives

- Launch design, renovation, interior work, construction management and construction business for homes, business offices, and public facilities
- Space Design Office will design lifestyles, local revitalization initiatives, and work styles, in addition to physical space design
- Cooperate with the forestry industry and local governments in the procurement and production of materials, and turn it into a business. Contribute to solving forestry-related issues.
- Establish an organization capable of implementing the above initiatives by hiring professionals and collaborating with business partners

### Special Feature

## Housing Complex Renovation Project

The Ryohin Keikaku Group has carried out renovations of approximately 1,000 units in housing complexes in cooperation with the Urban Renaissance Agency (UR). Based on the concept of “making the best use of the available space,” the renovated rooms offer a high degree of flexibility, which has made them popular among younger customers in particular, and helped to increase the occupancy rate.

In March 2021, we entered into a partnership agreement with UR not only for renovation of units but also for revitalization of entire housing complexes including renovation of common areas, formation of communities and dissemination of information. This initiative started with Hanamigawa Housing Complex in Chiba Prefecture. We are renovating the shopping street in the center of the complex and promoting community formation to encourage interaction among different generations and contribute to local revitalization.



## Creating Spaces Based on Community Co-Creation

Leveraging MUJI’s experience and expertise, we were put in charge of the space design of Shibuya Neuvola Jinnan Child-rearing Support Center (commonly known as “co-Shibuya”) located on the second and third floors of Shibuya Ward Child-rearing Neuvola, a pregnancy, childbirth and childcare support facility supported by Tokyo’s Shibuya Ward.

The concept of Shibuya Ward Child-rearing Neuvola is to “Meet, gather, talk and connect. Raise children as a community.” In line with that concept, we provided a design featuring the warmth of wood to make it a rich community space where people of various generations and personalities can connect with each other.



Consultations about space design and renovation from throughout Japan are accepted at the Business Counter of MUJI Tokyo Ariake in Koto Ward, Tokyo.

## Agriculture and Food Businesses

Ryohin Keikaku views agriculture as a form of social common capital that plays an important role in regional revitalization, and wants to create a system to make it permanently viable.

Because the islands of Japan stretch a long distance from north to south, the agricultural products that can be harvested vary widely from one region to another. Through traditional vegetables and specialty foods from local areas, we will work to connect producers and customers. This will lead to local production for local consumption.

Ryohin Keikaku is also cooperating with local governments through its nationwide community managers. We are carrying out projects to address local issues in the fields of food and agriculture, and to rediscover the appeal of each region.

## Key Initiatives

- Create a manufacturing and retailing business that is connected to local agriculture and centered on food. Conduct operations on a regional basis in cooperation with local governments.
- Launch a food delivery business that applies preservation techniques such as freezing. Tie business to home monitoring services.

### Special Feature

#### Unsorted Apples

In light of the declining agricultural population and aging of producers in Japan, and with the aim of eliminating or reducing labor as much as possible, we have been talking with producers and looking at ways to improve existing processes. As a result, MUJI started selling unsorted apples. This initiative helps to eliminate excessive production processes, including the process of reddenning (e.g., using reflective sheets, rotating the fruit or picking leaves to expose the fruit to sunlight); sorting apples by appearance (screening for scratches and unevenness in color); and sorting apples by size (reducing the process from seven levels to three – large, medium and small).

Every year since 2019, we have partnered with a farm in Hirosaki City, Aomori Prefecture, to sell apples at MUJI stores in Japan, even if they fall short of the regular standard due to misalignment, unevenness in color, and scratches and spots.



We will expand and further promote the multiple projects underway, taking profitability and the benefit to local communities into consideration as we work to establish them as businesses.



# A Community-Based Business Model

## Establish Independent Store Management to Create a Community-Based Business Model. Accelerate New Store Openings under This Business Model, while Maintaining Profitability.

**Basic Policy: Create a community-based business model and establish a system that enables a net increase of 100 stores annually**

We will build a system for realizing a net increase of 100 stores annually in Japan and 50 stores per year in mainland China by 2024.

To do that, we will focus on expanding the floor space for products essential to daily life as well as the e-commerce ratio of such products, and on creating a community-based business model centered on independent store management. We will also make system reforms and review store operations to empower the staff who manage individual stores to make full use of their abilities.

2021/8

2024/8

**1,002 stores ➡ 1,300 stores**

### Goals for 2024 and Measures

- 1) Establish a community-based business model through the newly launched Regional Business Units
- 2) Double the pace of store development by opening stores in residential areas, with the goal of a net increase of 100 stores annually in Japan and 50 stores per year in mainland China
- 3) Improve store cost efficiency by opening stores in residential areas and implement independent store management. Offset the strategic reduction in the gross profit margin due to price revisions.
- 4) Establish a professional digital team to go beyond regular e-commerce to build new services, such as agriculture and food-related and secondary market businesses, in sync with stores

### Challenges

A key to achieving the medium-term business plan is employee autonomy. We will focus on shifting from a centrally managed, administrative control-type organization to an autonomy-driven, independent organization that can further expand cooperation and collaboration with communities. We will then link this to human resource development to strengthen our organizational structure.

### Key Initiatives

- Develop new stores suited to the area and resolve local issues by appointing enthusiastic regional business managers
- Establish human resource and organizational system capable of opening stores in residential areas and carry out regional development and town revitalization activities
- Strengthen personnel and education systems to realize independent store management as well as increase productivity and improve efficiency of store operations
- Strengthen recruitment of outstanding human resources and offer original digital services

## Establishing a Community-Based Business Model: Initiatives for a Stronger Organization

One objective of our 2030 Vision is “to take root in local society,” and we established Regional Business Units in September 2021 in ten areas of Japan to pursue that objective. Each Regional Business Unit is a task force for expediting store openings by engaging and cooperating with residents and governments, and building a business model tailored to the needs of the region. Unlike conventional area management, their role will be not to manage by looking at each individual store, but to manage the area as a whole to make MUJI an integral part of communities. This will enable larger-scale initiatives that individual stores could not handle alone.

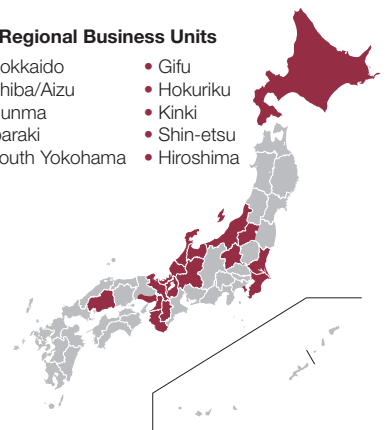
Until now, Ryohin Keikaku has opened stores mostly in and around urban train stations and in commercial facilities. Going forward, though, we will expand store openings in residential areas, such as next to local supermarkets, which will reduce expenses by streamlining the cost of equipment, store operating costs and logistics expenses.

In addition, we will aim to make our stores an essential presence in the area by serving as community centers that work to solve local issues with minimal advertising, and provide a place for people to go in daily life.

Based on this concept, we have been opening or renovating community-based stores, starting with MUJI Aeon Mall Sakai Kita Hanada in 2018 and MUJI Naoetsu in 2020. By applying what we learned from those efforts to the next store openings, we are improving the profitability of our business structure.

#### 10 Regional Business Units

- Hokkaido
- Chiba/Aizu
- Gunma
- Ibaraki
- South Yokohama
- Gifu
- Hokuriku
- Kinki
- Shin-etsu
- Hiroshima



## Store Opening Plan

### Store Opening Policy

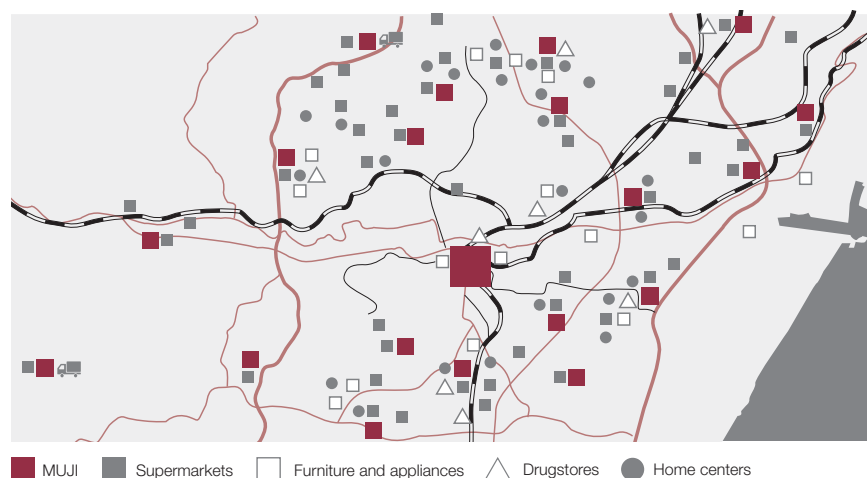
Our policy for opening stores is to consider profitability and carefully select areas where we can create a long-term growth story with the community in cooperation with local residents.

### Store Opening Plan

In our plan leading up to 2024, for a population of 600,000, we envision having one store of 2,000 *tsubo* (JPY 2.5 billion in sales) offering the full range of products and services necessary in everyday life as the “Everything for Everyday Life” store; six standard stores of 600 *tsubo* (JPY 1.0 billion in sales) next to supermarkets, plus stores in front of train stations, inside of convenience stores, and new home delivery services. Our goal is total sales of JPY 9.0 billion per 600,000 people.

In the fiscal year ended August 31, 2021, we expanded store openings in residential areas, particularly stores next to supermarkets. In the fiscal year ending August 31, 2022, we are continuing to expand store openings in residential areas, as well as opening large stores that will serve as local community centers.

### Store Openings by 2030



### Store Expansion Concept

	2021	2024	2030
Number of stores	1,000	1,300	2,500

### Stores Located Next to Supermarkets

Opening	Store Name	Name of Neighboring Supermarket
April 2019	MUJI Nonoichi Meirin-dori	Albis Meirin-dori store
April 2021	MUJI TSURUYA Shiojiri-Hirooka	TSURUYA Hirooka store
July 2021	MUJI Yorktown Mito	York Benimaru Mito Motoyoshida store
Sept. 2021	MUJI Tobu Dobutsu Koen Ekimae	Tobu Store Tobu Dobutsu Koen Ekimae store

All standard stores



MUJI TSURUYA Shiojiri-Hirooka

## Toward Independent Store Management: Measures to Increase Productivity and Improve Efficiency of Store Operations

### Review of Personnel Systems Related to Store Staff

In order for stores to serve a role as local community centers, address issues with stakeholders, and have a positive impact on the community, it will be necessary for a proactive, independent and teamwork-oriented corporate culture to take root in stores. To foster that culture, we established new posts so that store staff who live in the area and support and work at our stores can aspire to become store managers.



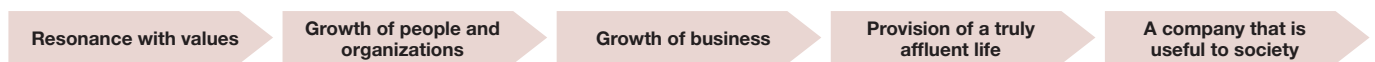
# Corporate Culture Reform

## Develop a Corporate Culture in Which All Employees Work Proactively, Driving Independent Growth in Each Store, Region and Country

### Basic Policy: Develop the people and organization to drive realization of our “Second Founding” based on public-interest and people-centered management

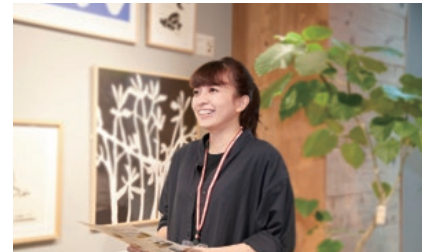
We will transition to an organization made up of people who are highly motivated by the MUJI philosophy and are eager to acquire the necessary skills/stance and pursue opportunities. By doing so, MUJI will be able to play a useful role in society and increase its social significance in each country it operates in.

#### Steps to Becoming a Company That Is Useful to Society



#### Goals for 2024 and Measures

- 1) Build a top management team capable of leading our “Second Founding”
- 2) Produce a large number of managers/executives by hiring professionals, strengthening training programs, and selecting people for promotion
- 3) Promote initiatives to communicate and pass on MUJI’s philosophy to all employees
- 4) Develop a proactive, independent and teamwork-oriented corporate culture
- 5) Establish systems to realize co-owned management



#### Challenges

Having many employees who are deeply sympathetic with MUJI’s ideals, concept and business is one of our strengths. However, we have a shortage of people who can contribute in core roles. We will therefore bring in people with diverse values to create a more dynamic corporate culture, and use that culture to develop independent-minded human resources as professionals.

#### Key Initiatives

##### • Strengthen Recruitment

We will hold company information sessions throughout the year, and recruit 150 store manager candidates annually including new graduates throughout the year. In addition, we will hire 200 people, or about 30 percent of our headquarters staff, to work closely with the existing staff and enhance the professional skills of our entire workforce.

In regional operations, we plan to produce 100 community managers each year, who will contribute to solving issues concerning the public interest.

##### • Enhance Human Resource Development

We will establish a career path where the standard is to become a store manager after two years, and outstanding employees can become executive officers even while in their 20s. Additionally, we will establish training programs for all employees on product management, store management and administrative management, all of which are necessary skills for a retail business owner. Wherever we operate, we will recruit local candidates for store managers and train them to become future management executives.

##### • Revise Systems to Develop a Proactive, Independent Corporate Culture

We will change the personnel system’s structure to one in which stores are the star player, and are rewarded for making their own plans, demonstrating leadership, and assuming responsibility for producing results. Also, we will conduct an employees’ conference where we will share management information and discuss Company-wide management with all employees so they can exercise governance over management.

In addition to the standard governance model, we will establish a framework of governance by four entities: the Board of Directors, the Advisory Board, employee shareholders, and local communities.

## Strengthening Recruitment

### Recruiting Policy

As we undergo significant change with our “Second Founding,” we will create a more dynamic organization by bringing in diverse people, values and ideas.

In September 2021, we began year-round recruitment in which we opened our doors to hiring new university graduates at any time, regardless of the job-seeking season. We welcome not only students who plan to graduate soon, but also first- and second-year university students and people who have graduated and have some work experience. In addition, we are focusing on year-round recruitment of mid-career professionals, who accounted for more than 50% of new hires in the fiscal year ended August 31, 2021. By actively recruiting professionals who have worked in various fields, we will further strengthen and invigorate our organization.

### Company Information Sessions

We conduct Company information sessions remotely once a month. These are not unidirectional explanations from the Company, but rather opportunities for two-way communication and direct dialogue. The president participates in every session.

#### Ideal Candidate Profile for New University Graduates

1. Someone who wants to help enhance the essential aspects of the lives of customers through our products, services and activities.
2. Someone who can respond sensitively to social issues, think about solutions, and take action to be useful to society and people.
3. Someone who can create a vision and proactively involve others to achieve it.
4. Someone who wants to quickly stand on their own, and never stops growing.
5. Someone who can understand different ways of thinking and values, cooperate and contribute to the growth of others.
6. Someone who tries to make honest, ethical and correct decisions about colleagues, other people and work.

#### Ideal Candidate Profile for Mid-Career Professionals

1. **Someone who can create a vision for a better world**  
A person of any nationality or gender who has a clear ambition, has a vision to realize a better world, and can carry it out while engaging colleagues.
2. **Someone who has professional knowledge and experience**  
A person who has professional knowledge and experience cultivated in a specific area or field, and can take on new challenges while collaborating and co-creating with current employees.
3. **Someone who has initiative and can proactively engage with others**  
A person who can perceive the true nature of problems while taking the perspective of the customer, cooperate with people in other areas and fields, regardless of hierarchical relationship or affiliation, and lead current employees while taking action proactively and independently.
4. **Someone with aspirations and who enjoys change**  
A person who will enjoy participating in the business growth and expansion of a changing Ryohin Keikaku as a member of our “Second Founding.”

#### Recruiting Results

	2020/2	2020/8	2021/8
Number of new university graduate hires	116	200	32
Mid-career hires	57	52	43
Ratio of mid-career hires to total new hires	33%	21%	57%

### Interview

#### Comments from a Mid-Career Hire

In my previous job, I was in charge of digital business such as e-commerce and apps at a retailer with 1,000 stores in Japan.

The EC & Digital Services Division is a unit that conveys the appeal of MUJI through e-commerce, MUJI passport and other digital services. Since I joined the Company, I have started recruiting people to build our digital organization and have been focusing on making service improvements.

The work is challenging to anyone who has an interest in digitally supporting MUJI's “Second Founding.”



**Tomohiro Yamauchi**

Joined April 1, 2021  
EC & Digital Services Division  
Sales and Marketing Group



## Human Resource Development and Corporate Culture Reform

### Human Resource Development Policy

Ryohin Keikaku has implemented a variety of initiatives to create a culture in which all employees and staff members are challenged to set high goals, work hard, and feel a sense of fulfillment when they achieve them. This contributes to individual growth and improvement of professional knowledge and skills.

Now, with our “Second Founding” under way, we will focus on shaping our human resources and corporate culture so that every employee can act proactively and independently, and aim to participate in the Company’s business as someone with management knowledge and experience.

### Store Manager Cultivation Project

In order to prepare MUJI employees to become store managers in the third year of their career, this program provides on-the-job training at stores, as well as training to help employees develop the necessary skills and ways of thinking over a two-year period. The project, which began in 2019, provides a total of 37 days (approximately 260 hours) of training. Currently, approximately 340 employees are participating in this project, and since 2019 a total of over 1,600 hours of training has been provided, producing 84 store managers. (As of August 31, 2021)

### Lifestyle Organizing School

The Lifestyle Organizing School was launched in 2018 around the theme of cultivating “lifestyle editors” who possess MUJI’s sense of seeking to be an ideal inhabitant. It is an internal training program to develop “lifestyle editors” who have the sense and intellect to discover the charms of local life and propose value based on those charms. Participants visit local communities, communicate with “local heroes,” local governments and residents who are active in the community. They then propose business plans to attain a better life in the area. Since 2018, four sessions have been held, and about 65 employees participated in these sessions.



#### Special Feature

### Lifestyle Organizing School: “Tobu Dobutsu Koen Project”

We held the Lifestyle Organizing School project in Gifu City, Gifu Prefecture (fall and winter 2018), Sakata City, Yamagata Prefecture (summer 2019), and Joetsu City, Niigata Prefecture (fall 2019). The Tobu Dobutsu Koen Project, held in Miyashiro and Sugito, Saitama Prefecture (fall 2020) was conducted for the fourth time.

This project took place prior to the opening of the MUJI Tobu Dobutsu Koen Ekimae store. A total of 22 people participated, including staff members of Tobu Railway Co., Ltd., Tobu Store Co., Ltd. and the Miyashiro Town Hall, as well as members of Ryohin Keikaku who came from stores based on an internal application process. Members were divided into three teams, and each team went out to various places in the community to meet with people. They got to know the area while lodging together and attended workshops aimed at solving local issues.

The training focused on working on the development and proposal of a business plan for solving issues in the station-front area, and coming up with ideas on how MUJI could play a useful role. On the last day of the training, members presented their business plans in front of the mayor of Miyashiro and executives of businesses involved in the project. The ideas in these presentations were incorporated into store development based on the concept of “a place to create something with the community,” and in September 2021, MUJI Tobu Dobutsu Koen Ekimae opened next to the Tobu department store.



## Initiatives to Realize Co-owned Management

In order to achieve co-owned management, it is important that our people have the three roles of employee, manager and shareholder. To foster ownership in each employee, we are actively sending out management information and increasing opportunities for communication between management and employees. We are also expanding the employee stock ownership plan,\* and the number of employee shareholders is increasing every year.

\* This is an incentive plan mainly for Group employees who are residents of Japan.

### E-ship (Trust-type employee stock ownership plan)

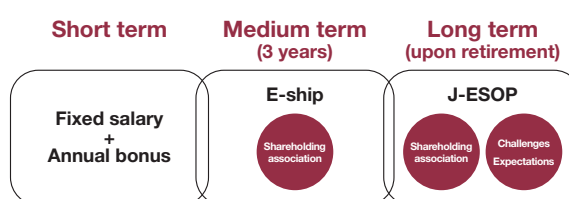
Dividends may be paid after three years according to the share of contributions to the employee shareholding association. This is expected to foster employees' sense of purpose for raising Ryohin Keikaku's medium-term stock price.

### J-ESOP (Employee stock ownership plan)

Shareholding association incentive points are granted based on the stock benefit regulations for the amount of contributions to the employee shareholding association, and the accumulated points are paid as shares at the time of retirement. At the same time, we established "Challenge Expectation Points," which are not conditional on membership in the shareholding association. Points are awarded for taking on challenges at a high level. The program is expected to raise the level of commitment of employees and encourage them to take on challenges, which in turn will lead to Ryohin Keikaku's long-term growth.

#### Number of Employees in Employee Shareholding Association

As of August 31, 2020	As of August 31, 2021
1,425	1,750



## Good Meeting

"Good Meeting" is our term for an assembly that raises the sense of ownership among Group employees and challenges them to achieve management targets. These meetings are held once every six months, and include sharing of Group-wide initiatives for the past six months, product awards determined by employee voting and the introduction of new store managers.

The first such meeting included presentations of initiatives from regional business managers, and participants asked many questions so that they can apply those initiatives in other regions.



- Target:** Ryohin Keikaku Group employees
- Number of participants:** Approximately 1,500 (held online in September 2021)
- Meeting frequency:** Twice a year (5 hours each)

## Employee Meetings

To realize co-owned management, it is necessary for every employee to cultivate a managerial perspective and act independently with a greater awareness of Ryohin Keikaku as "my company." For that reason, we hold biannual employee meetings as forums to brief employees on the Company's medium-term business plan and financial results. These discussions will lead to the growth of the Company. Lively discussions take place at the meetings, with store associates asking questions about flexible working arrangements and evaluation of results at stores. The meetings are also good opportunities to deepen employees' understanding of the Company, such as by having questions about the business situation answered by the president.

- Target:** Ryohin Keikaku Group employees
- Number of participants:** Approximately 1,500 (held online in October 2021)
- Meeting frequency:** Twice a year (3 hours each)



## Localization Initiatives



**Nobuhiro Matsueda**

Executive Officer  
Head of the Kinki Area Business

**Pivot from building stores to creating residential areas.  
We will earn the empathy and understanding of stakeholders  
while providing products and services essential to daily life  
and accelerating our contribution to communities.**

### **MUJI Has a Conscience**

I joined Ryohin Keikaku in 1997, and now I am contributing to the Company's "Second Founding" as the Head of the Kinki Area Business. The core of the MUJI brand is its conscience, which has been passed down from generation to generation. The first mission of Ryohin Keikaku's new medium-term business plan is "to provide daily necessities and services, with trustworthy quality and ethical value, at fair and affordable prices." Since the Company launched in 1980, Ryohin Keikaku has always emphasized a customer-focused commitment to people rather than a focus driven by economically rational capital priorities such as scale and efficiency. We do not simply sell products. Instead, we offer customers a space that melds the intellect and sensibility found in the MUJI brand, integrating products and information within a clear and consistent environment. This is the conscience that illuminates the MUJI brand.

We set up a Regional Business Unit in each area (10 in total) in September 2021 to launch and drive a community-based business model. We will use this as an opportunity to create stores that are even more closely aligned with the MUJI conscience.

### **Making Residential Areas Better Places to Live**

Our "Second Founding" has two interrelated goals: "to be an indispensable part of daily life for people," and "to take root in local society." The concentration of capital and population has accelerated worldwide, and it is causing imbalances and problems for urbanization as it relates to achieving even, uniform lifestyles. Created from the perspective of customers, the MUJI brand is now entering a phase in which the residential areas where customers live is part of the brand mindset. Residential areas extend beyond suburbs to anywhere people live, whether in city centers or suburbs. Our vision for MUJI includes creating stores that make residential areas better places to live, ensuring that our products are an indispensable part of daily life, and taking new approaches in our relationship with communities (local society).

The MUJI store at the AEON Mall Sakai-kitahanada is a new store that embodies the idea of working together with local communities. I became the community manager at this store in 2018. I expanded our concept of "food" and started a program to purchase and sell products from local producers in cooperation with business partners. Furthermore, at MUJI Kyoto Yamashina, which opened in 2019, we worked to build relationships with local

producers with the aim of turning that relationship into a full-scale business. We are part of a sensory industry that integrates primary production, secondary processing and tertiary sales in collaboration with local producers and businesses involved in everything from food processing and distribution to sales. This is how our stores contribute even more to communities.

We want MUJI to be a useful presence in the lives of people around the world through its products and services. Clothing, food and housing are closely interrelated and cannot be considered separately, but food is at the center of everything. However, people have become detached from the fields, farms and fishing grounds where food is produced, and simply consume food as a commodity. These days many people see products only in terms of name or price, and know little about the mindset of producers or the innovations the products embody. MUJI AEON MALL Sakai-kitahanada and MUJI Kyoto Yamashina offer our standard product lineup and also provide unique stories and general information about the vegetables, meat, fish, side dishes and groceries we carry, along with behind-the-scenes insights into how they are produced and processed. These stores embody our concept of “eat, discover and buy.”

The people responsible for this program take the lead in exploring the question of what makes things delicious by creating reports based on information collected at production sites, and sharing recipes for seasonal vegetable dishes at kitchen counters in the food sales area. Farmers’ markets where people can buy directly from producers have proved popular, as have speaking events with guest producers. We want to involve all of our store staff in a deep relationship with the community as MUJI ambassadors. Empathy and understanding are the keys to all these activities. It is important that we share this empathy and understanding with our business partners in moving forward in a manner befitting the MUJI brand.

## Stores That Are Community Centers

We are also reviewing the process for identifying locations for new MUJI stores. In the 1990s and 2000s, MUJI was unintentionally regarded as a fashion and interior brand because we opened stores on the fashion and interior floors of large commercial facilities in major commercial districts. However, we want to increase the number of stores that are community centers that are close to daily life. Ideally, we will open stores on floors where customers of all ages and genders can drop by, similar to a supermarket inside a commercial facility, or outside commercial facilities near a supermarket or other establishments such as a drug store or a dry cleaner. We are also opening stores such as MUJI Kyoto Yamashina in areas where department stores have closed and there are empty spaces of 1,000 to 2,000 *tsubo* for which residents are in a loss as to what to do with. MUJI stores in residential areas or near supermarkets have been more

successful than we expected in attracting customers of all ages, including those in their 50s and 60s, because they offer pleasant family shopping experiences.

We need to make a meaningful contribution to communities and carefully learn about the characteristics of the regions we serve, so I am deepening discussions with the relevant people in tandem with the heads of each Regional Business Unit. We will develop young store managers who can excel in their community while further developing the capabilities of the heads of each Regional Business Unit. We are complementing regular meetings with store managers and the heads of each Regional Business Unit with internal channels and follow-up procedures so that we can accelerate the resolution of regional issues through close communication among our people.



## Collaboration Based on Empathy for and Understanding of MUJI

Highly motivated employees drawn to the powerfully cohesive MUJI brand have supported Ryohin Keikaku over the past 40 years. Going forward, we will need to collaborate with all of our stakeholders at every level of society to make residential areas even better places to live. Based on our philosophy of “public-interest and people-centered management,” we will create stores that combine social responsibility with economic rationality, just as you would in developing a local community. To that end, we must use easily understood language to convey our policies and mindset to earn the approval and engagement of more people. We want more people to feel empathy with and understand MUJI’s values, including among employees who understand them well and also among supporters, employees and the general public beyond Ryohin Keikaku. This sense of involvement will broaden our range of activities. When we look back on today in the future, I hope we see that 2022 was the start of our ascent toward a society of coexistence and cooperation in which people can dream and accomplish anything together.



# MUJI iias Kasugai: A Large-Scale Store Opened in October 2021



## MUJI iias Kasugai

Address: iias Kasugai 1F

22 Higashigaoka, Rokkenya-cho

Kasugai City, Aichi Prefecture 486-0842

Access: 2.1 km from JR Kasugai Station, about 30 minutes on foot. From JR Kasugai Station, take Meitetsu Bus 46 or 47 toward Higashinocho and get off at the Asayamacho/Higashinoguchi bus stop.

## Supporting Daily Life with the Largest Sales Floor in Japan

MUJI iias Kasugai sells daily necessities, food, and storage products that enrich daily life, and is also a place where residents can interact and promote their community in collaboration with Kasugai City. It offers the “truthful and sustainable life for all” that Ryohin Keikaku proposes to residents of Chubu communities.

The store boasts locally rooted features that only a large-scale store can offer. One of the features is the “Interior Advisors,” who are part of the experiential storage section. They provide storage tips from a model room and propose storage plans aligned with each customer’s lifestyle. Customers can try out all of the MUJI storage items on the sales floor. Another feature is Asaichi Odori, where daily necessities are offered in “stalls” rather than conventional sales areas. These stalls are located in the middle of the store in order to create an atmosphere just like a morning market in a town. Customers and store staff interact in this lively market and talk about everyday topics and share handy lifestyle tips.

In addition, Ryohin Keikaku has formalized a cooperative relationship with Kasugai City. We are working together to revitalize the region and resolve community issues with the aim of helping the city achieve its goal of being a town where people are comfortable and happy. In this collaboration with Kasugai City, we want MUJI iias Kasugai to be a community center that provides residents with a place to interact and promote community development, thus helping people to live even better lives.

### Agreement with Kasugai City

1. Promote industries that use local resources
2. Disaster-prevention measures
3. Recycling activities
4. Other regional revitalization activities



## Sale of Regionally Grown Vegetables

MUJI iias Kasugai’s food aisles primarily sell seasonal vegetables grown by farmers in Aichi Prefecture. The store offers vegetables not only from Kasugai City but also other vegetables not commonly available in supermarkets. Local products are offered with the aim of reducing food loss and creating a new agricultural future.



## Food Drives

MUJI iias Kasugai contributes to food drives as one way to reduce food loss. Surplus items from households, ranging from food in cans and retort pouches, dried food, and dried noodles to beverages and seasonings, are collected and then donated to local welfare organizations and facilities through food bank organizations. A collection box has been set up inside the store.





## A Community Center

### Central Square

The Central Square in the store connects community residents with local businesses and the activities of administrative agencies. We hold health counseling sessions featuring speakers from local hospitals and workshops in cooperation with disaster prevention volunteers. MUJI iias Kasugai also functions as a public venue for collaboration – a venue where people from governmental organizations, businesses and non-profits who are local heroes because of their involvement in community revitalization provide information about subjects including the environment and parenting.

MUJI iias Kasugai's initiatives are aimed at contributing to neighborhoods and to making the store a focal point of involvement in communities where residents can always enjoy life with peace of mind.



### Health Counseling

Health counseling is available at the Central Square. The aim is to create relationships between customers and healthcare providers in collaboration with three medical institutions in Kasugai City.

These events give customers who may be hesitant to seek advice in an institutional setting access to counseling without going to a clinic, allowing our customers to get to know healthcare providers and make institutional visits easier. MUJI iias Kasugai has been holding counseling events twice a month, and the events have received good reviews from both customers and healthcare providers. We will continue to contribute to the health and wellness of community residents based on MUJI's unique ability to provide apparel, household goods and food.



### Community Market

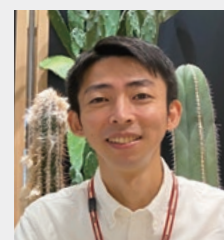
MUJI iias Kasugai periodically hosts a special event called Community Market, which is a market within the store operated in collaboration with community residents. MUJI iias Kasugai invites restaurants and stores in and around Kasugai City to set up stalls in Community Market, where they introduce other restaurants and stores in order to strengthen relationships with local people. MUJI helps community residents learn more about local businesses, which encourages future visits. Community Market provides an opportunity for people to make new connections.



## Interview

### Store Manager Interview

Kasugai City is a suburb of Nagoya, and one problem it faced is that many people went to Nagoya to shop instead of shopping in town. I myself, in fact, have lived in Kasugai City since before this store opened. I have visited various places and talked to residents, and have seen them going to Nagoya on weekends because there are few places in Kasugai City to shop for everyday items or places to go for fun. That's why we decided on the concept of making MUJI iias Kasugai a "foundation of daily life" for customers in the area and a local "community center." We want it to be a store for everyday use by local customers, and try to give the sales floor a leisurely, out-of-the-ordinary feel for families who visit on weekends. By taking full advantage of the size of the sales floor area, including the Central Square that showcases the activities of local residents and the local government, we hope to make it a place that connects people as a gathering spot for people, products and events. Going forward, we will further contribute to the area by linking solutions to issues and local development not only in Kasugai City, but also in surrounding communities. To do this, we will focus firmly on our core business of selling products for daily life to make this a store that attracts many customers and plays an even bigger role in realizing "a truthful and sustainable life for all" for local residents.



**Kazuyuki Endo**

Store Manager  
(currently Tokai Area manager)