

Basic Information

Directors and Corporate Auditors (As of November 23, 2022)

Directors

● Number of years in office ○ Number of shares owned ◎ Reason for appointment



Masaaki Kanai
Chairman & Representative Director

● 22 years, 6 months ○ 113,000 shares

◎ Mr. Kanai has been involved in management as a director for many years and has been performing a central role in the expansion and growth of the Company and its business. He is expected to continue contributing to the enhancement of corporate value.



Nobuo Domae
President & Representative Director

● 3 years, 6 months ○ 66,300 shares

◎ Mr. Domae has extensive experience and broad knowledge as a management executive at various companies, and is expected to continue playing a main role in the Company's "Second Founding."



Satoshi Shimizu
Executive Vice President & Director

● 7 years, 6 months ○ 3,900 shares

◎ Mr. Shimizu has extensive experience in the areas of products and stores, and is expected to play a main role in the globalization that is part of the Company's "Second Founding."



Masayoshi Yagyu
Outside Director

● 6 years, 6 months ○ 2,700 shares

◎ Mr. Yagyu has extensive experience and broad insight as a corporate manager. He is expected to function appropriately in his role as an outside director in areas such as supervising business execution.



Atsushi Yoshikawa
Outside Director

● 4 years, 6 months ○ 3,600 shares

◎ Mr. Yoshikawa is expected to draw on his extensive experience and broad insight as a corporate manager to continue contributing as an outside director to the sustained growth and increased corporate value of the Company.



Kumi Ito
Outside Director

● Newly elected ○ 0 shares

◎ Ms. Ito has deep insight into the management of digital technology and healthcare from her experience as an outside director at several companies. We expect Ms. Ito to provide valuable suggestions and advice.



Yuriko Kato
Outside Director

● Newly elected ○ 0 shares

◎ Ms. Kato is expected to give valuable suggestions and advice as she has expert knowledge in agricultural and digital businesses. She also has deep insight into corporate management based on her experience as an entrepreneur and as an outside director at several companies.



Mayuka Yamazaki
Outside Director

● Newly elected ○ 0 shares

◎ Ms. Yamazaki is expected to give valuable suggestions and advice from various points of view. She has experience at an international post-graduate business school and as an outside director at several rapidly growing start-up companies. She is also well versed in traditional culture and art as a practitioner of Japanese flower arrangement.

Corporate Auditors



Kei Suzuki
Full-time Corporate Auditor

● 1 year ○ 37,200 shares

◎ Mr. Suzuki has served as general manager of the Household Division, and as a director and executive officer he has held important positions in overseeing overseas business management, the HR & General Affairs Division, legal affairs and intellectual property, and the Internal Audit Office. Based on his deep insight into Ryohin Keikaku's business, we expect him to function appropriately as a full-time corporate auditor.



Kosuke Yamane
Full-time Outside Corporate Auditor

● Newly elected ○ 0 shares

◎ As a full-time outside corporate auditor, Mr. Yamane is expected to audit operations based on his wide-ranging knowledge in the fields of accounting, finance, and information systems, based on his extensive experience in important positions related to public relations, investor relations, finance and information strategy.



Masaru Hattori
Outside Corporate Auditor

● 14 years, 6 months ○ 20,700 shares

◎ Mr. Hattori was appointed as an outside corporate auditor of Ryohin Keikaku in 2008 based on his experience as an accounting manager, corporate auditor and director at multiple companies. He is expected to continue functioning appropriately in this role.



Jun Arai
Outside Corporate Auditor

● 2 years, 6 months ○ 1,400 shares

◎ Mr. Arai has extensive experience as a manager at multiple companies and a wide range of knowledge in accounting, finance, and corporate governance. He is expected to function appropriately as an outside corporate auditor.

Basic Information

Directors and Corporate Auditors

(As of November 23, 2022)

The Ryohin Keikaku Group redefined its corporate purpose as creation of “a truthful and sustainable life for all” with the goal of creating a better world 100 years from now. With that in mind, the Group has set two themes in developing its business: “to be a part of people's daily necessities” and “to take root in local society.” In order to achieve these goals, we will select directors and corporate auditors who have the appropriate experience and knowledge and who will increase the diversity of the Board of Directors and Board of Auditors, from inside as well as outside of the Company.

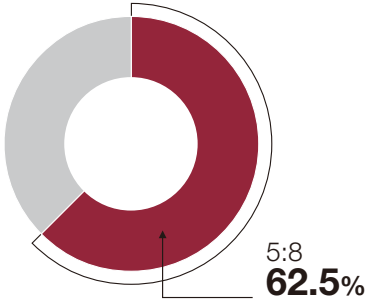
Competency	Prerequisite
Overall corporate management	The Board of Directors needs to make decisions after engaging in frank discussions of medium- to long-term strategies. We have therefore selected diverse knowledge of corporate management that is not limited to a particular industry as a prerequisite.
Operations	Stores are central to our business, and effective operations and expansion are central to our competitiveness. We have therefore selected knowledge about operations in the retail, distribution and manufacturing industries as prerequisites.
Business entrepreneurship and social entrepreneurship	We have selected knowledge about business entrepreneurship and social entrepreneurship as prerequisites for achieving our corporate purpose.
Technology	We aim to create services that make good use of technology as a tool and improve convenience for our stakeholders. We have therefore selected knowledge about digital and technology management as a prerequisite.

Competency	Prerequisite
International mindset	Achieving our corporate purpose requires us to contribute to various countries and regions around the world through future store development and product manufacturing. We have therefore selected knowledge that includes experience in an international environment as a prerequisite.
Humanities and art	We have selected understanding of the culture and history of the countries and regions we serve and knowledge of art and design as prerequisites for achieving our corporate purpose.
Sustainability and diversity	We position achieving sustainability and diversity at the center of our business activities in order to achieve our corporate purpose. We have therefore selected an understanding of social issues such as sustainability and diversity and a strong desire to address those issues as prerequisites.
Administration and risk management	We have selected knowledge of personnel and labor affairs, finance, legal affairs and risk management as prerequisites for achieving our corporate purpose.

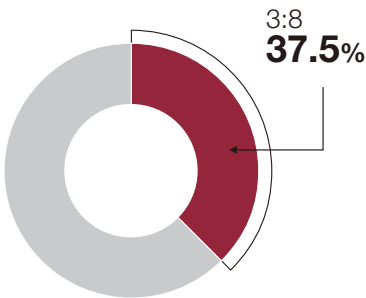
	Name	Current position	Gender	Attendance at meetings of the Board of Directors (Fiscal year ended August 31, 2022)	Overall corporate management	Operations	Business entrepreneurship and social entrepreneurship	Technology	International mindset	Humanities and art	Sustainability and diversity	Administration and risk management	Meetings and Committees				Concurrent positions
													Board of Directors	Nomination Advisory Committee	Remuneration Advisory Committee	Board of Auditors	
Outside	Masaaki Kanai	Chairman & Representative Director	Male	16/16 (100%)	○	○	○			○	○		○	○	○		・ Outside Director and Audit and Supervisory Committee Member, Members Co., Ltd.
	Nobuo Domae	President & Representative Director	Male	16/16 (100%)	○	○	○	○	○		○		◎	○	○		・ President & Representative Director, MUJI HOUSE Co., Ltd. ・ Outside Director, Monex Group, Inc. ・ Scholarship Director, Coop Sapporo
	Satoshi Shimizu	Executive Vice President & Director	Male	16/16 (100%)	○	○			○	○		○	○				
	Masayoshi Yagyu	Outside Director	Male	16/16 (100%)	○	○		○	○	○			○	◎	○		・ Outside Director, Chubu Electric Power Grid Co., Inc.
	Atsushi Yoshikawa	Outside Director	Male	16/16 (100%)	○			○	○	○	○	○	○	○	◎		・ Advisor, Nomura Real Estate Development Co., Ltd.
	Kumi Ito	Outside Director	Female	Newly elected	○		○	○	○		○	○	○	○	○		・ Outside Director, SOMPO Holdings, Inc. ・ Outside Director, Fuji Furukawa Engineering & Construction Co., Ltd. ・ Outside Director, True Data Inc. ・ Executive Director, Tsukuba University
	Yuriko Kato	Outside Director	Female	Newly elected	○		○	○	○		○		○	○	○		・ President & Representative Director, M2 Labo. Inc. ・ President & Representative Director, Vegibus Inc. ・ Outside Director, Shizuoka Gas Co., Ltd.
	Mayuka Yamazaki	Outside Director	Female	Newly elected			○		○	○	○		○	○	○		・ Outside Director and Audit and Supervisory Committee Member, M3, Inc. ・ Outside Director, RENOVA Inc.
	Kei Suzuki	Full-time Corporate Auditor	Male	13/13*	○	○			○			○	○			◎	
	Kosuke Yamane	Full-time Outside Corporate Auditor	Male	Newly elected	○	○		○	○		○	○	○			○	
Outside	Masaru Hattori	Outside Corporate Auditor	Male	16/16 (100%)	○					○		○	○			○	
	Jun Arai	Outside Corporate Auditor	Male	15/16 (94%)	○				○		○	○	○			○	・ Outside Director, Sumitomo Mitsui DS Asset Management Company, Limited ・ Outside Director, Kyowa Kirin Co., Ltd.

Notes: 1. The above does not encompass all of the experience and knowledge possessed by the officers. Only the major aspects are presented.
2. ◎ indicates the chairperson of each meeting or committee.
* The Board of Directors has met 13 times since Mr. Suzuki took office.

Ratio of Outside Directors to All Directors



Ratio of Female Directors to All Directors



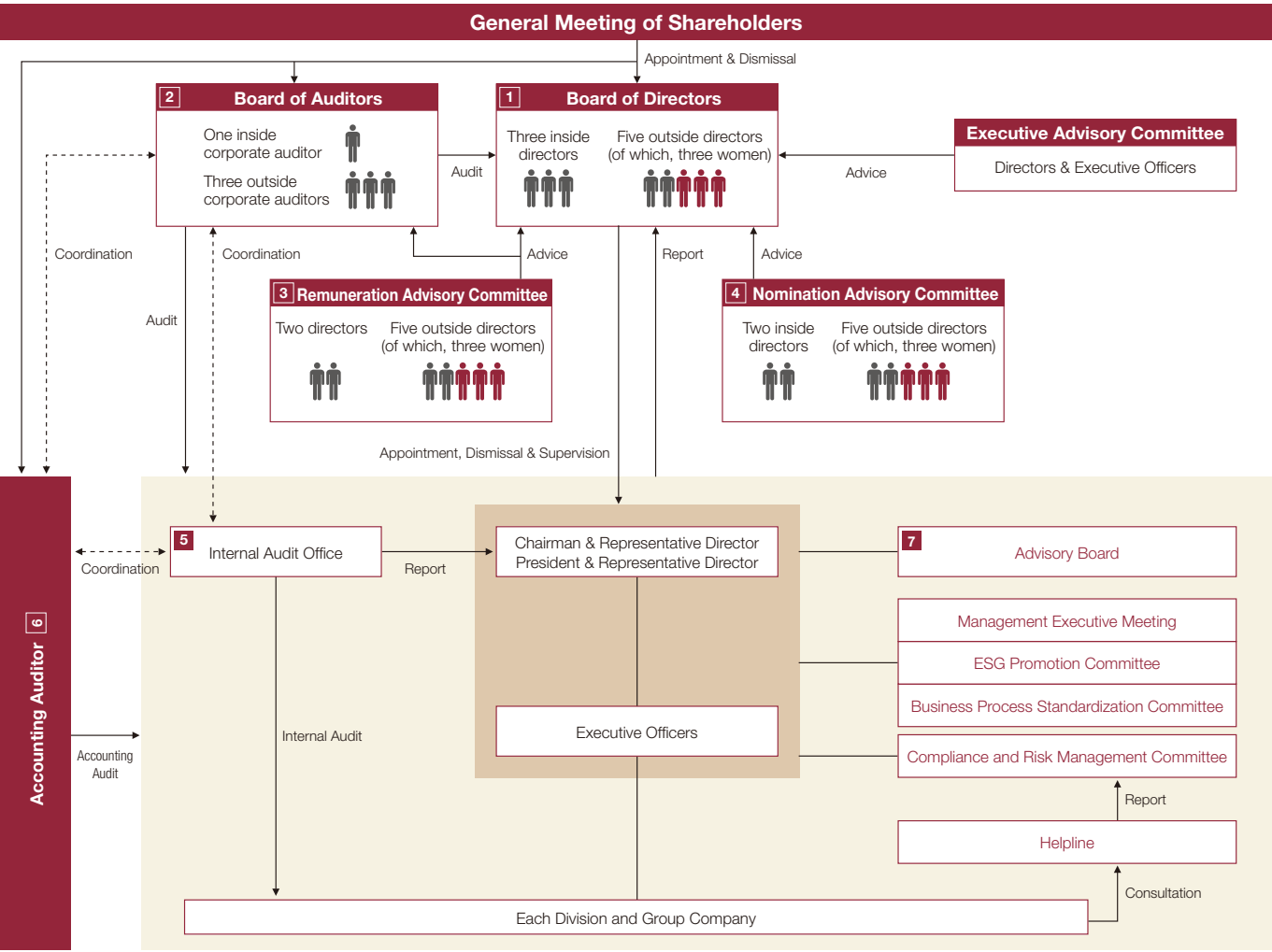
Basic Information

Corporate Governance

Basic Policy

We place a high priority on the creation of a highly transparent management system based on our belief that establishing an effective management structure and internal control system and improving corporate governance will lead to continuous improvement of corporate value. In addition, we strive to maintain and develop good relationships with all stakeholders (shareholders, customers, employees, society, and partner companies), and to proactively disclose information in a timely manner.

Corporate Governance System



(As of November 23, 2022)

Activities During the Fiscal Year Ended August 31, 2022

1 Board of Directors

Number of meetings: 16
Attendance rate: 99%

Objectives

Makes statutory resolutions on important matters related to medium- to long-term management, and matters stipulated by laws, regulations and the Articles of Incorporation. Supervises the execution of duties by executive directors and executive officers.

Activities

The Executive Advisory Committee, which is composed of members of the Board of Directors, convenes regularly to discuss important themes multiple times before making resolutions at Board of Directors meetings. Key discussion themes during the fiscal year ended August 31, 2022 included ESG targets and achievement metrics related to executive compensation, and organizational culture reform aligned with growth strategies.

2 Board of Auditors

Number of meetings: 16
Attendance rate: 100%

Objectives

Audits the general execution of duties by directors from the perspectives of legality and appropriateness. Precludes or corrects fraudulent acts, and violations of laws, regulations, and the Articles of Incorporation.

Activities

In order to accurately understand the status of management, the Board of Auditors participates in meetings of the Board of Directors and other important meetings; interviews directors, executive officers, and managers of subsidiaries; and conducts inspections of business sites. In addition, the Board of Auditors cooperates with the accounting auditor and the Internal Audit Office to understand the status of business and internal control; holds regular meetings with representative directors and outside directors; and raises issues and makes recommendations regarding important Group-wide issues based on the results of audits.

3 Remuneration
Advisory Committee

Number of meetings: 6
Attendance rate: 97%

Objectives

Reports to the Board of Directors and the Board of Auditors regarding issues including compensation for directors, auditors and executive officers.

Activities

During the fiscal year ended August 31, 2022, the committee discussed the evaluation of ESG initiatives in relation to long-term compensation for directors and the review of the compensation system for executive officers.

4 Nomination
Advisory Committee

Number of meetings: 9
Attendance rate: 96%

Objectives

Reports to the Board of Directors and Board of Auditors on issues including the appointment and dismissal of directors, auditors and executive officers.

Activities

During the fiscal year ended August 31, 2022, the committee discussed the composition of the Board of Directors for the fiscal year ending August 31, 2023 based on the evaluation of the Board of Directors.

5 Internal Audit Office

The Internal Audit Office, which currently comprises eight members, conducts internal audits. The office audits the status of compliance with internal rules and manuals at stores and headquarters, the appropriateness and effectiveness of overall business activities and procedures, etc. Audit results are regularly reported to the representative directors and the Board of Directors.

6 Accounting Auditor

As for financial audits, we have established an environment for fair auditing with a team comprising two certified public accountants (Ms. Miho Kawabata and Mr. Yosuke Sato), six assistant certified public accountants, and 18 other members associated with KPMG AZSA LLC.

7 Advisory Board

The Advisory Board is an organization unique to Ryohin Keikaku. It meets to discuss and make policy on the path MUJI should take and how to respond to the times based on our founding philosophy and sense of incongruity with society.

Assessment of Effectiveness of the Board of Directors

The Board of Directors conducted an analysis and assessment of the Board's effectiveness based on the corporate governance policy set by the Company. The results of that assessment are summarized below.

Summary of Assessment Process

- (1) The Board of Directors set the following evaluation categories it believes are necessary for assessment of the Board's effectiveness and conducted a survey of and interviews with directors and corporate auditors.
Evaluation categories in the questionnaire:
 - 1) Composition of the Board of Directors
 - 2) Operation of the Board of Directors
 - 3) Enhancement of discussions at Board of Directors meetings
 - 4) System supporting the Board of Directors
 - 5) Enhancement of relationship with shareholders and other stakeholders
 - 6) Other comments
- (2) The Board secretariat summarized the results of its assessment of directors and corporate auditors using the above questionnaire format and interviews.
- (3) Based on these results, the Board held discussions on each issue.

Results of the Assessment

- (1) Summary of Scores
(Average score for each category)
Note: Assessment scores are set on a scale of 1 to 5, with "1" meaning improvement necessary, "3" meaning the minimum necessary level, and "5" meaning adequate.
 - 1) Composition of the Board of Directors (Average score: 3.4) (Previous assessment: 3.9)
 - 2) Operation of the Board of Directors (Average score: 3.4) (Previous assessment: 3.6)
 - 3) Enhancement of discussions in the Board of Directors (Average score: 3.6) (Previous assessment: 3.7)
 - 4) System supporting the Board of Directors (Average score: 3.2) (Previous assessment: 3.4)
 - 5) Enhancement of relationship with shareholders and other stakeholders (Average score: 3.5) (Previous assessment: 3.4)
- (2) Summary of Assessment Results
The results of the questionnaire and interviews above showed that the Board of Directors is evaluated as exceeding the minimum necessary level for the most part. However, we identified issues related to the diversity of the Board of Directors, ensuring enough time for discussing management strategies and key issues, and information sharing (including internal meetings) with outside officers regarding the status of execution.

Future Initiatives

- Based on the issues identified through the effectiveness assessment of the Board of Directors, we will work on the following measures to further enhance the Board's effectiveness.
- (1) Increasing the number of outside directors on the Board of Directors and improving diversity
 - (2) Adding additional focus on proposals related to medium- to long-term management strategies and important Company-wide issues
 - (3) Enhancing information sharing with outside officers
 - (4) Ensuring advance (early) distribution of documents for Board of Directors meetings
 - (5) Enhancement of appropriate disclosure of information to all stakeholders

Policy for Appointment and Dismissal of Directors

Policy for Appointment of Officers

In nominating directors, the Nomination Advisory Committee, of which independent outside directors make up the majority, discusses each candidate's qualifications, taking into consideration their previous experience, accomplishments, ability to execute tasks, and character, and reports its recommendations to the Board of Directors. In addition, when nominating outside director candidates, we select management professionals who have experience, accomplishments, and knowledge in their respective fields. The nomination is discussed by the Nomination Advisory Committee, taking into consideration the candidate's ability to provide opinions and judgments that will contribute to enhancement of the Company's medium- to long-term corporate value, and is then reported to the Board of Directors.

Number and Term of Directors

The Company's Articles of Incorporation stipulate that the number of directors shall be no more than 11. For the term of directors, a proposal to shorten the term from two years to one year was approved at the General Meeting of Shareholders held in November 2021, for the purpose of clarifying the management responsibilities of directors and creating a management structure that enables us to respond quickly to changes in the business environment.

Support and Training Policy for Outside Directors and Outside Corporate Auditors

Support System for Outside Directors and Outside Corporate Auditors

There is no specific person or division in charge of the support system for outside directors and outside corporate auditors, but the Business Management Division provides information, including distributing the agenda of Board of Directors meetings in advance, and the Internal Audit Office, which conducts internal audits, assists outside auditors in the execution of their duties.

In the fiscal year ending August 31, 2023, we have begun holding executive sessions that involve informal interviews with executive officers in order to enhance information sharing with outside directors. In addition, we have enhanced support for the smooth operation of the Board of Directors by introducing a cloud-based Board management tool to improve the security of confidential information and enhance overall efficiency.

Training Policy

We encourage directors and corporate auditors to learn about matters such as the responsibilities, duties and legal risks of officers, and to work on self-improvement such as acquiring business knowledge of the operations they supervise. External training is also provided as necessary.

Executive Remuneration System

Policy for Determining Executive Remuneration

To enhance corporate value, remuneration of the Company's directors consists of three types: payment of base compensation, which is a fixed amount (according to the director's position) within the total remuneration limits set by the General Meeting of Shareholders; payment of performance-based bonuses as a short-term incentive linked to the Company's performance; and non-monetary compensation as a long-term incentive to continuously increase long-term corporate value and shareholder value.

Remuneration of outside directors and corporate auditors consists solely of base compensation, and there are no components that fluctuate with performance. In addition, no executive retirement benefit system is available.

Compensation Structure and Components	Summary
Base compensation	The base compensation of the Company's directors is determined based on each director's position, and by the Board of Directors pursuant to the deliberations of the Remuneration Advisory Committee.
Performance-based bonuses (Excluding outside directors and outside corporate auditors)	The coefficient for determining bonuses is calculated (from the perspective of pursuing profit in core businesses) by modifying the base bonus using the ratio of actual to planned consolidated operating profit. It ranges from 0% to 200%.
Non-monetary compensation (Excluding outside directors and outside corporate auditors)	Non-monetary compensation is in the form of grants of restricted shares that vest upon retirement. Base grants are determined in relation to achievements in areas such as ESG that have long-term significance, and vary from 30% to 100% according to director position.

Determination Process

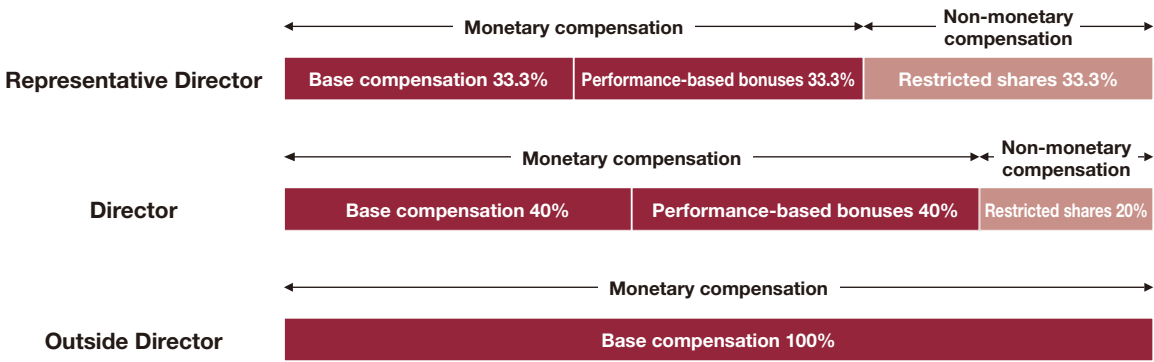
Chaired by an outside director, the Remuneration Advisory Committee determines director compensation. The committee deliberates on monetary and non-monetary compensation for each director individually, and is committed to transparency, validity and objectivity. Its reports are referred to in Board resolutions. The Remuneration Advisory Committee consists of seven members, of which five are outside directors. Having a majority of outside directors ensures thorough governance.

Ratio by Type of Compensation

The ratio of performance-linked compensation for directors of the Company increases the higher the position.

The ratio of base compensation, performance-based bonuses, and non-monetary compensation, etc., is shown in the table below assuming 100% of the target is achieved.

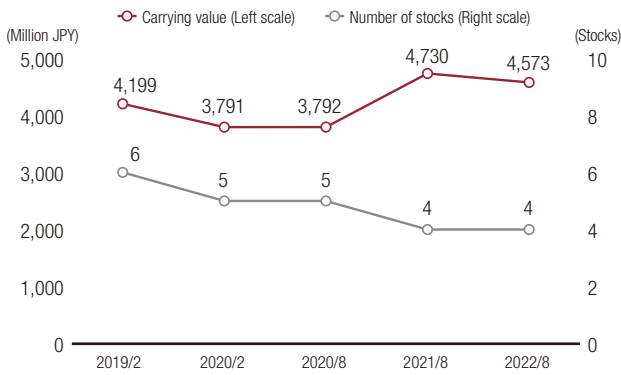
In addition, performance-based bonuses range from 0% to 200%, depending on the level of achievement. The percentage of long-term incentive (LTI) non-monetary compensation varies from 30% to 100% depending on the level of target achievement.



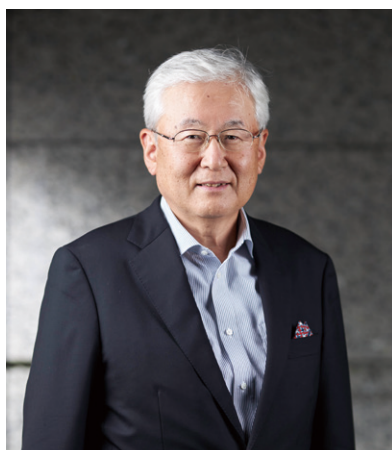
About Cross-Shareholdings

Ryohin Keikaku's policy is to sell cross-shareholdings in principle, and the Board of Directors receives reports on the reduction of cross-shareholdings every year.

In exercising voting rights of shares held as cross-shareholdings, we vote appropriately after judging the pros and cons of each proposal. We comprehensively examine factors such as whether the proposal will contribute to enhancement of the investee company's corporate value, whether it will contribute to enhancement of the Ryohin Keikaku Group's sustainable growth and medium- to long-term corporate value, and whether it conforms to the purpose of holding the shares.



Messages from Outside Officers



The Company is reconfiguring the Board of Directors for the future. Ryohin Keikaku can expect success by taking on the bold challenges of its ambitious goals.

Atsushi Yoshikawa

Outside Director

A New Board of Directors in Line with Management Policy

The Ordinary General Meeting of Shareholders held in November 2022 approved the appointment of three new outside directors, bringing the number to five, meaning outside directors now comprise the majority of the Board. Based on an evaluation of the Board's effectiveness to date, the Nomination Advisory Committee began deliberations in April 2022, which I participated in as a committee member.

As for the appointment of female outside directors, many of MUJI's customers are women, and I expect the three new appointees will make use of their respective careers and extensive life experience in Board discussions. I also believe that having outside directors as the majority will enable the Company to get closer to its goal of realizing its management policy of "public interest and people-centered management." You can expect improved governance from the new Board of Directors.

To achieve better operation of the Board of Directors, efficient information sharing methods have been adopted. A new system for sharing materials for Board of Directors meetings has been introduced, enabling us to check the latest materials wherever we are. In addition, I have more opportunities to communicate with on-site general managers and other people in charge. These opportunities help me to understand the current corporate conditions and matters, as well as concerns on the front line.

Medium- to long-term management agenda items had been discussed mainly at the Executive Advisory Committee, which includes outside directors and auditors, before being submitted to the Board of Directors. Going forward, I expect to have more time to discuss those agenda items deeply at Board meetings.

ESG Achievement included in Non-monetary Compensation

At the General Meeting of Shareholders held last year, Ryohin Keikaku introduced restricted stock as non-monetary compensation in addition to monetary compensation such as basic compensation and performance-based bonuses in order to share value with its shareholders. The amount of non-monetary compensation granted will be determined by the level of achievement of ESG-related targets approved by the Board of Directors. The Remuneration Advisory Committee evaluates the level of achievement. Granting restricted stock as executive compensation is common; however,

Ryohin Keikaku's compensation plan is outstanding in the sense that it is consistent with its corporate purpose. For example, one-third of representative directors' compensation will be in the form of restricted stock. The Company has a strong belief that increasing corporate value over the medium to long term is essential in proceeding with initiatives toward 2030, as it aims to redefine its business model under the "Second Founding."

We, as outside directors, will evaluate what Ryohin Keikaku must do as a company that aims to be a front runner in ESG management, as well as whether the Company's efforts are in harmony with society and the Earth, from the three perspectives of ESG in products, ESG in business activities and ESG through activities in regions.

Achieving Success beyond the "Second Founding"

Ryohin Keikaku has set challenging and ambitious goals for its "Second Founding," and it expects all members working for MUJI to change their behavior to achieve those targets. If I were to use an analogy; a locomotive (Ryohin Keikaku in this case) would now be at the point where the drive wheels are very hard to move. Once it starts moving, the train can rely on momentum, but it is difficult until then, and sometimes friction or even collisions may occur. Issues will become apparent as the Company takes a major turn in its management approach and works to change the way it operates.

Even so, I have been moved by the resolve the Company has shown in taking risks and challenging itself in order to realize its vision in a new way, rather than following old ways. I want to witness the success, revival and rebirth of Ryohin Keikaku from the bottom of my heart. As an outside director, I will support and carefully supervise and monitor corporate activities from the following viewpoints. Is the Company truly committed to what it has decided to do? Is it taking effective measures to address the series of problems that will arise in its operations? Is the management team maintaining a strong sense of responsibility and fighting spirit?

We believe that the "Second Founding" is a chance to develop as many people as possible who will view addressing the challenges of the changing times as an opportunity. Before you know it, the drive wheels will be set in motion, leading to a significant increase in corporate value.



The Company is contributing to a brighter future by working toward its "Second Founding" — a vision of a new company and a new society.

Mayuka Yamazaki

Outside Director

A Company Vision That Resonates with My Views

Before I was appointed as an outside director, my impression of MUJI was that it was a store frequented by people who lead mindful lifestyles and that it uses "not having a brand" as its brand. To be honest, I had little affinity for the brand as a consumer. However, at Harvard Business School, where I worked for 10 years, professors who specialized in marketing and brands had respect for MUJI as a subject for case studies, and Ryohin Keikaku was recognized as an appealing business enterprise.

When I was contacted about the possibility of becoming an outside director, I took the opportunity to find out more about Ryohin Keikaku. I learned that it goes beyond the framework of a lifestyle brand in its attempts to resolve social issues through its business and work together with local communities to create a better future 100 years from now. The primary reason I accepted the position of outside director is that this corporate approach resonates with me.

Since its founding, Ryohin Keikaku has valued ideas, art and culture. Because I also have a desire as a Japanese flower arrangement artist to spread Eastern ways of thinking and spirituality to people outside of Japan and to find ways to make connections with business. I think there is an overlap in our orientation. In addition, I believe I can utilize my findings and experience from working with people trying to create new businesses in the disaster areas of the Great East Japan Earthquake.

Surprises at the General Meeting of Shareholders and Board of Directors Meetings

The first thing that surprised me after taking office was that most of the shareholders who attended the General Meeting of Shareholders were "fans" supporting Ryohin Keikaku. At the meeting, President Domae and the other executives came off as very authentic. I realized that they are committed to sincerely accepting suggestions and criticisms and engaging in dialogue with shareholders. I feel that this attitude toward a new type of company and society will power the Company's "Second Founding."

Board of Directors meetings at Ryohin Keikaku offer a psychologically safe space where the open atmosphere is conducive to discussion. By speaking based on my experience as an outside director at other companies and as a flower arrangement artist, I would like to make the Board a place

where executives can encounter new ideas that might not have occurred to them. In flower arranging, the process of accepting the sensibilities of others can be painful, but it changes the way one sees the world. Letting go of your ego to see how to best present the flowers results in a beautiful arrangement. Likewise, in an organization, accepting multiple sensibilities and ways of thinking as a team leads to good results. I would like to instill this approach more deeply at Board of Directors meetings by making them a forum and an opportunity for broadening our thinking as we go through both good and bad times together.

Realizing Ryohin Keikaku's Vision Requires a Company-wide Transformation

For Ryohin Keikaku to achieve the aims of its "Second Founding," its organization must embrace the above philosophy. It is therefore disseminating its corporate purpose throughout the Company and reforming its corporate culture, although various issues arise in doing so.

In taking an ambitious approach to realizing our ideals at the school I started and am involved in running, we also face unforeseen issues and obstacles, and often things do not go well. Nevertheless, it is only by seriously confronting these issues and overcoming them one by one that we can create a new future. To do so, individual growth and organizational strength are key. Deeper self-awareness makes clearer your relationships with others and what you should do, thus leading to growth. By fostering a corporate culture that values individual sensibilities and ways of thinking, Ryohin Keikaku is creating a foundation that will lead to greater organizational strength and further growth. I intend to take on the challenge of ensuring that Ryohin Keikaku's ESG management contributes to its future.

Message from an Outside Corporate Auditor



As a representative of stakeholders, I try to look at matters from multiple perspectives in working for the Company's further development.

Masaru Hattori

Outside Corporate Auditor

Understanding Risks from Multiple Perspectives

I worked at Orient Leasing Co., Ltd. (currently ORIX Corporation) for 37 years in its accounting, corporate planning, auditing, and personnel and general affairs divisions after time at a securities company and a manufacturing company. After that, I was involved in communication with investors and internal control. Since 2008, I have been serving as an outside corporate auditor at Ryohin Keikaku. Since its founding, the Company has been operating a business that is ahead of the times, with an orientation toward ESG. Its clearly defined social significance and concepts, starting with “lower priced for a reason,” have earned broad acceptance from consumers and society.

The fundamental role of an outside corporate auditor is to not only appropriately express opinions on audits of business reports but also to be a representative of stakeholders of the Company. I try to keep Ryohin Keikaku's corporate purpose in mind, to consistently pay attention to risks so there is no damage to shareholder value, and to look at matters from multiple perspectives. Depending on how a certain risk is perceived, the interests of Ryohin Keikaku and its stakeholders may be opposed. In that case, considerations from various viewpoints are necessary to come up with a more suitable alternative, rather than making it an either-or situation. That is why I stay in close communication with the other corporate auditors, and repeatedly interview and monitor directors, executive officers, employees, certified public accountants and other parties.

Reconfiguring the Board of Directors through Governance Reforms

The presidency of Ryohin Keikaku changed hands in September 2021 as it started a transformation under its medium-term business plan “to create a better future society in 100 years.” The composition of the Board of Directors, which is the core of the Company's governance structure, changed significantly.

Ryohin Keikaku's Board of Directors previously consisted of nine members, three of whom were outside directors. Since November 2022, the Board has had an eight-member structure, five of whom are outside directors, and three of those five are newly appointed female directors. For some time, there had been discussions about selecting more diverse outside directors, and I now realize the strength of this desire for change as demonstrated by the speed with which it was carried out.

From the perspective of diversity, this is a groundbreaking board lineup. A wide variety of people with extensive experience have been selected, and even newly appointed members have been proactive in expressing their opinions from their first meeting. We engage in deep discussions of medium-term business plans and other management issues at Board of Directors meetings, and I sense that the meetings themselves will become even more lively.

The Board is also increasing the number of meetings each year to enhance communication with outside directors and outside corporate auditors. Because changes in the external environment are accelerating, we share information and exchange opinions, so we do not lose track of these changes.

Deepening Understanding of the Company's Corporate Purpose

Ryohin Keikaku considers the introduction of a new management structure in September 2021 to be a part of its “Second Founding,” and has redefined its corporate purpose as “to contribute to the creation of a truthful and sustainable life for all.” Based on this purpose, the Company has stated its vision for the period leading up to 2030 and formulated a medium-term business plan to the fiscal year ending August 31, 2024 as the first step.

In this plan, Ryohin Keikaku aims “to be a part of people's daily necessities” and “to take root in local society” under the theme of “working to build the future together with local communities.” I believe that the Company should be highly evaluated for redefining its corporate purpose in this way and sharing it with employees. Specific measures include establishing procurement and production processes for the core product lineup, accelerating new store openings throughout Japan, promoting independent activities and growth, and building a business infrastructure centered on independent store management and localization.

The key is for officers and employees to all work together, starting with deepening their understanding of Ryohin Keikaku's corporate purpose. It will be important to strengthen the hiring, training and education of people, and to then create a corporate culture in which diverse employees in tune with the corporate purpose can act independently. From my standpoint as an outside corporate auditor, I will contribute to the development of Ryohin Keikaku as it works to achieve its goals, and in so doing help resolve social issues.

Compliance

Approach to Compliance

Ryohin Keikaku believes that the foundation for gaining the trust and support of local communities is not only legal compliance, but also fair, honest and ethical conduct by all Group employees. Therefore, the Ryohin Keikaku Group Compliance Code of Conduct has been established and is posted on the internal Company website as well as in a booklet distributed to directors, corporate auditors, executive officers and employees. The Group Compliance Code of Conduct is reviewed by the Board of Directors periodically, and decisions regarding its revision are made after discussion at meetings of the Board of Directors.

Initiatives for Fostering Compliance Awareness

The Ryohin Keikaku Group Compliance Code of Conduct has been established to promote compliance with ethical standards and social norms, laws and internal regulations through in-house training programs and awareness raising activities. Based on the Group Compliance Code of Conduct, anti-harassment training is conducted regularly for newly appointed managers to prevent harassment and improve management skills. In the fiscal year ended August 31, 2022, 206 employees participated in the training. The Compliance and Risk Management Committee, which meets regularly, reviews the status of compliance with the Group Compliance Code of Conduct, investigates any violations, identifies details and causes, and considers measures to prevent recurrence. In addition, the Compliance and Risk Management Committee regularly verifies the effectiveness of the Group Compliance Code of Conduct. No material compliance violations related to the business operations of the Group occurred in the fiscal year ended August 31, 2022. The committee also confirmed no political contributions were made. Ten compliance violations occurred in the fiscal year ended August 31, 2022. All Group companies were notified of the incidents, and the importance of compliance was inculcated through in-house training and other measures.

Internal Reporting System

We have established the Ryohin Keikaku Group Helpline to improve the effectiveness of the self-correction process, control reputational risks, ensure public trust and protect whistleblowers. The helpline prevents and detects legal violations, misconduct and harassment at an early stage, and also adds to the compliance knowledge of officers and employees.

This support system is available to all employees of Ryohin Keikaku and its domestic and overseas subsidiaries. This includes directors, employees (including contract employees, partner employees and part-time workers) and temporary employees.

Any person may make a report to the helpline by telephone, email (including those using an anonymous system) or in person.

The results of investigations, with the exception of the names of whistleblowers, will be reported to the president, and, if necessary, internal procedures may be taken as provided in the Rules of Employment, including the formulation of measures to prevent recurrence, the issuance of work orders and instructions, and disciplinary action and other personnel measures, as well as necessary external measures such as press releases, media relations and criminal charges.

A total of 148 consultations were received in the fiscal year ended August 31, 2022.

Measures to Prevent Corruption and Corrupt Practices

Ryohin Keikaku has established anti-corruption regulations (Ryohin Keikaku Group Anti-Bribery Regulations, Anti-Bribery Guidelines) approved by the Board of Directors, which aim to prohibit bribery of public officials and ensure compliance with anti-corruption laws and regulations with regard to entertainment, gifts, invitations, donations, facilitation payments, insider trading, money laundering, embezzlement, obstruction of justice, etc. Bribery is explicitly prohibited in these regulations. Entertainment, gifts, invitations and donations are subject to the prior approval of either the division manager or the Compliance and Risk Management Committee chairperson, who approves only those items that are not deemed to be bribery. In addition, the Company seeks to fully prevent corrupt practices through the implementation of employment regulations stipulating that employees shall not offer improper entertainment, lend or borrow money or goods, or give or receive money or goods improperly in the course of business. In order to ensure that employees comply with anti-corruption measures, we regularly provide training and inform all employees of our anti-corruption policy. In the fiscal year ended August 31, 2022, no employees were disciplined or dismissed for violations of our anti-corruption regulations or for violations of regulations related to corruption as set forth in the employment rules. In addition, we have not paid any fines, penalties or settlements in connection with corrupt practices.

Basic Information

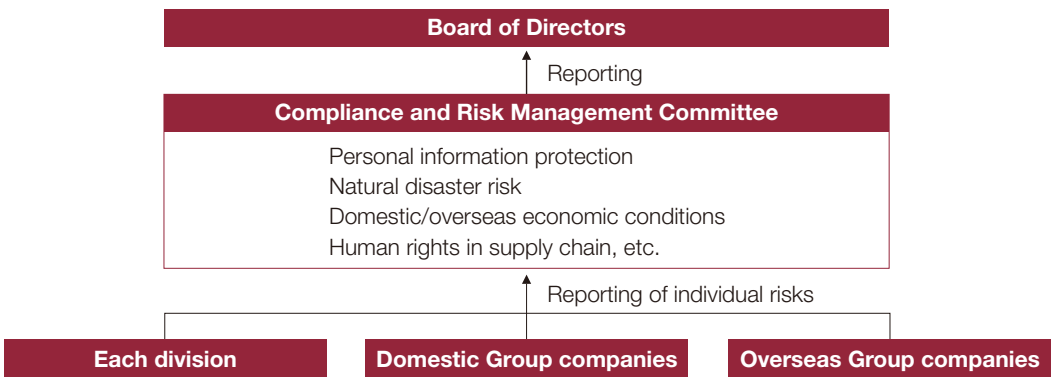
Risk Management

Approach to Risk Management

Ryohin Keikaku assesses potentially material risks according to their significance and likelihood. We then take action to minimize the possible materialization of material risks and mitigate impact if they do materialize.

Compliance and Risk Management Structure

Risk management is overseen by the Compliance and Risk Management Committee under the supervision of the Board of Directors. The Compliance and Risk Management Committee, chaired by an officer of the Company, meets regularly to gather information on compliance and risks and to further discuss important issues. Matters discussed by the Compliance and Risk Management Committee are regularly reported to the Board of Directors and are shared with directors and corporate auditors.



Risk Assessment Process

Ryohin Keikaku’s risk assessment process involves Company-wide risk oversight by the Compliance and Risk Management Committee. We assess potential material risks at least once a year according to their significance and likelihood. We also recognize climate change risk as a material risk.

Risk Management Initiatives

The Compliance and Risk Management Committee has prepared a risk management list to help each division recognize possible risks and understand how to respond to them. The risk management list corresponds to Ryohin Keikaku’s operations manual, ensuring that information on specific responses and measures is made easily accessible. Moreover, each division regularly reviews risk-related issues and updates the risk management list. The Compliance and Risk Management Committee meets at least four times a year to determine issues, discuss responses and monitor the progress of responses. It reports the results periodically to the Board of Directors. In addition, the Management Executive Meeting discusses, considers, and provides management guidance twice a year on measures to minimize the probability of material risks and mitigate impact if they do materialize.

A reporting contact point has been set up to collect comprehensive information on risks. Meetings of committees in various specialized fields are also held regularly. In particular, product quality, the Group’s most important operating resource, is discussed from various angles in the Quality Improvement Committee, with the aim of further enhancing quality control.

Quality

Basic Approach and Challenges

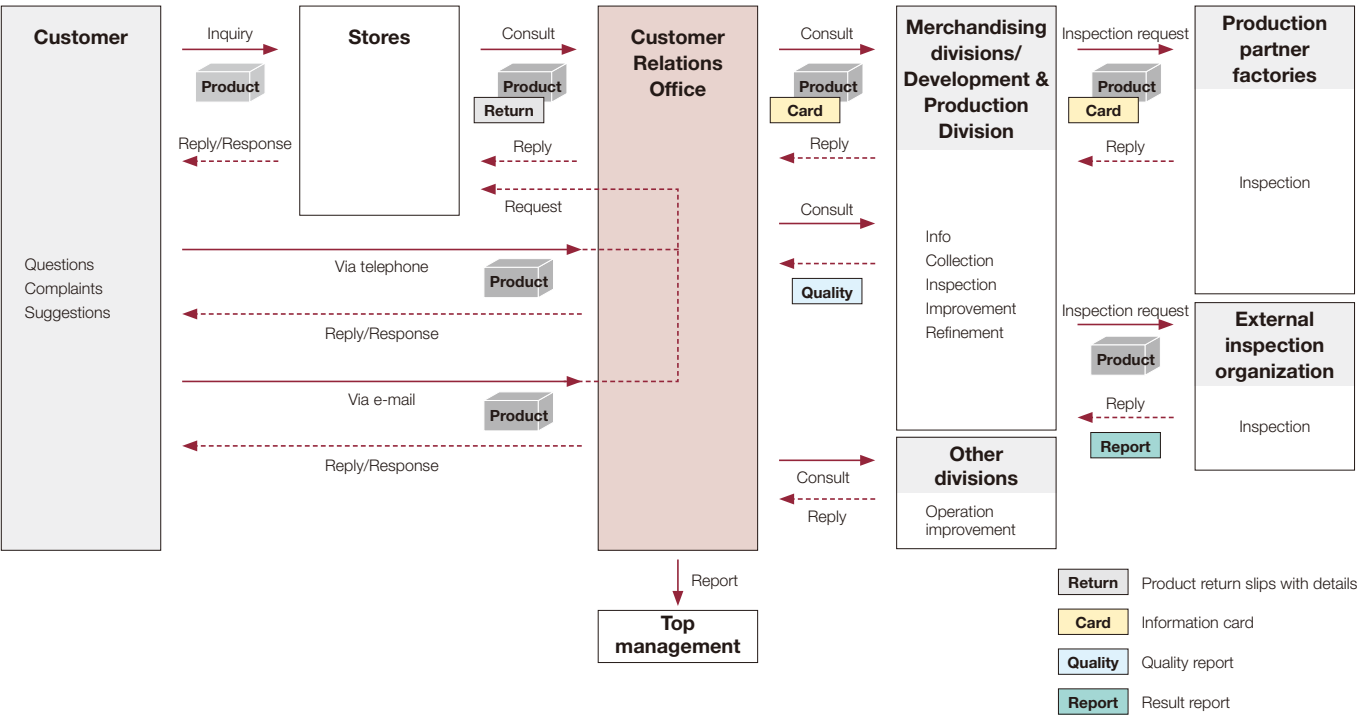
Ryohin Keikaku inspects each process of design, development, procurement and production based on the “Ryohin Standards.” We strive to provide safe and secure products, and aim to continuously realize the following:

- Quality products with a reason and value sought from a customer’s perspective
- Consideration for customers, producers and the environment
- Solving issues for society as a whole and as inhabitants of the Earth
- Zero market quality faults
- Reduction of defect rate
- Thorough quality-oriented awareness

View the “Ryohin Standards” at <https://ryohin-keikaku.jp/eng/sustainability/activities/quality/>

Initiatives for Quality Control

The “voices” (comments) of customers regarding our products are all registered in a dedicated database (“voice navigation system”), and the Development & Production Division, merchandising divisions and other related divisions cooperate and respond quickly in accordance with the content. By enabling our business partners and factories to directly access the database to confirm the content, we have created an environment where we can respond to quality problems quickly. In addition, the Development & Production Division cooperates with external inspection organizations as needed. We also continuously work to improve quality. The Development & Production Division leads weekly meetings to detect defects at an early stage, and monthly Quality Improvement Committee meetings to confirm the progress of quality improvement activities in merchandising divisions.



Quality Risk Assessment

Ryohin Keikaku conducts risk assessments of product design, layout, manufacturing, distribution and usage environments for the purpose of preventing product accidents, defects and complaints. We also identify the above risks (including accidents, defects and complaints due to reasonably foreseeable misuse) at the product planning/development/design stage to deal with the risk factors in advance.

By implementing risk assessments in the early stages of design, we can identify risks throughout the product lifecycle from product planning and development to use and disposal, incorporate solutions for identified risks into the design, and reduce the risk of accidents, defects, complaints, etc. to achieve a smooth launch of our products.

Basic Information

Risk Management

Human Rights

Human Rights Policy

We have been implementing human rights initiatives based on our Global Compliance Code of Conduct and our Code of Conduct for Production Partners. In December 2022, we formulated the Ryohin Keikaku Human Rights Policy with the commitment of senior management and the approval of the Board of Directors.

Additional details are available at: <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/humanrights/>

Approach to Human Rights and Scope of Application of Human Rights Policy

Ryohin Keikaku understands that the entire supply chain for its business activities can have a direct or indirect negative impact on human rights, and recognizes the importance of its responsibility to respect human rights. Based on this awareness, Ryohin Keikaku supports and complies with the United Nations Guiding Principles on Business and Human Rights and other international standards for respecting human rights, and strives to fulfill its responsibility in that regard. Human rights to be respected under this Human Rights Policy include a wide range of internationally recognized human rights, including core labor standards set forth in the International Bill of Human Rights and the International Labor Organization (ILO) Conventions. Our Human Rights Policy applies to all officers and employees of Ryohin Keikaku. In addition, Ryohin Keikaku expects and requests the understanding and observance of this Human Rights Policy from all related parties, including suppliers of its various businesses, products and services.

Code of Conduct for Production Partners

Ryohin Keikaku established its Code of Conduct for Production Partners in July 2020 to facilitate good partnerships based on mutual trust and to fulfill our responsibilities to the environment and to ensure fair, safe and healthy working environments throughout the supply chain. We only contract with factories that pledge to comply with our code of conduct. In addition, we monitor the working environment at production partner factories based on our code of conduct. The code of conduct is available in Japanese, English, and Chinese on our website, and we distribute it and explain it to production partner factories to ensure thorough awareness. We hold supplier meetings as necessary to reflect revisions to our code of conduct in order to help ensure thorough CSR throughout the supply chain.

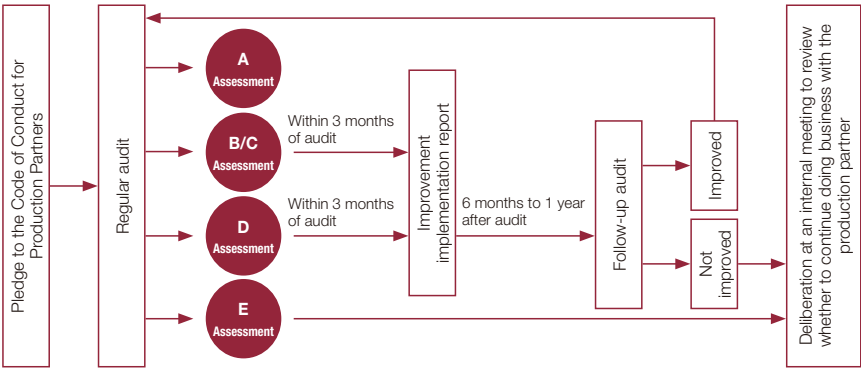
Additional details are available at: <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/code-of-conduct/>

Monitoring of Production Partner Factories

Ryohin Keikaku regularly utilizes a third-party organization to conduct onsite audits of its production partner factories based on the Code of Conduct for Production Partners. The audits cover items such as human rights infringement, the working environment and environmental conservation. We also share the result of the audits with production partner factories and work together with them to make improvements in case of any non-compliant items.

Additional details are available at: <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/monitoring/>

Working Environment Monitoring System



Participation in Initiatives

1. Better Work Programme

The Better Work Programme is a joint program between the International Labour Organization (ILO) and the International Finance Corporation (IFC), which is a member of the World Bank Group. Ryohin Keikaku has participated in the Better Work Programme since 2016.

2. Japan Platform for Migrant Workers towards Responsible and Inclusive Society

The Japan Platform for Migrant Workers towards Responsible and Inclusive Society works with companies and organizations that support the platform's Code of Conduct, which is aligned with international standards, to improve the working and living environment for foreign workers in Japan. We have been a member of the platform since May 2022.

Information Security and Protection of Personal Information

Objectives

Ryohin Keikaku has formulated an Information Security Policy to ensure it continues to earn the trust of its customers and society by taking fundamental and sophisticated measures to protect the information assets entrusted to it by its customers and other related parties, to maintain and improve its global corporate brand, and to comply with laws and regulations. We strive to maintain and increase information security by complying with our Information Security Policy and Privacy Policy, protecting information assets from various threats, and handling them appropriately.

Additional details are available at: <https://www.ryohin-keikaku.jp/eng/sustainability/governance/informationsecurity/>

Management System

At Ryohin Keikaku, the Compliance and Risk Management Committee, which is chaired by the Executive Officer in charge of Overall Administration, oversees relevant activities of the entire Group based on its basic policies. The committee has established the IT Security Office and Personal Information Protection Office to accurately grasp the status of information security and to discuss and promote countermeasures. Each Group company and division appoints a person in charge of information security, and strives to strengthen and thoroughly implement the information management system throughout the Group.

The Personal Information Protection Office formulates rules and policies for personal information management and manages the overall process. The IT Security Office builds, maintains and operates the IT infrastructure environment in compliance with regulations and policies, and works for its continuous improvement.

The IT Security Office also reports on its activities to the Compliance and Risk Management Committee, which meets four times a year, and the details of deliberations are reported to the Board of Directors at least twice a year.



Protection of Personal Information

Ryohin Keikaku conducts personal information protection activities based on its Privacy Policy for personal information handled in all business activities and adopts necessary safeguards and appropriate security measures.

We appoint a person from within the organization with the ability to understand and implement personal information protection as a "personal information protection manager." This person assumes responsibility and authority for implementing and operating the personal information protection management system, regardless of other responsibilities.

Education on Information Security

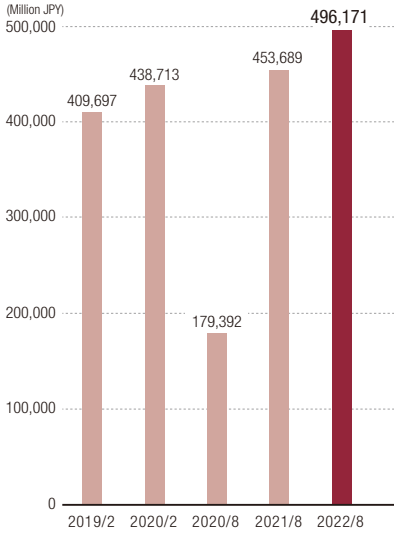
Ryohin Keikaku recognizes that the thorough comprehension and participation of all employees is essential for information security management. Based on this understanding, we provide information security training to all officers and employees. We also regularly conduct the following initiatives, which are effective for continuously improving security literacy, assessing the level of understanding, and raising awareness. By fostering a culture of security throughout our organization, we aim to become a company that is resilient to cyber risks.

- (1) Conduct an e-learning course on information security for all employees once or twice a year
- (2) Conduct training on targeted e-mail attacks for all employees twice a year
- (3) Provide appropriate reminders prior to long vacations and other events, and conduct awareness-raising activities and follow-ups during daily work

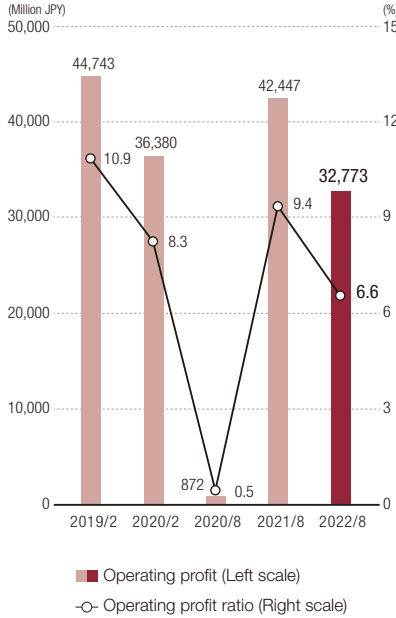
Basic Information

Financial and Non-Financial Highlights

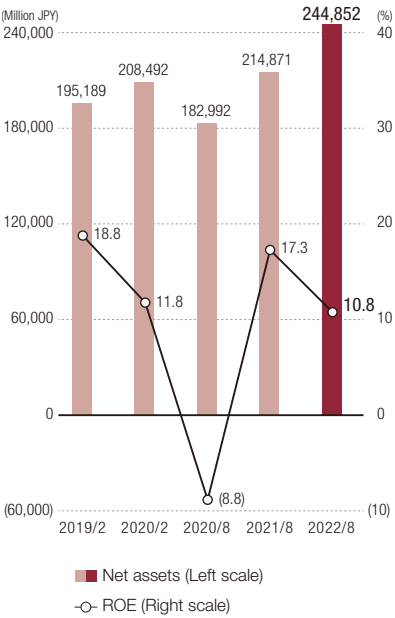
Operating Revenue



Operating Profit/
Operating Profit Ratio

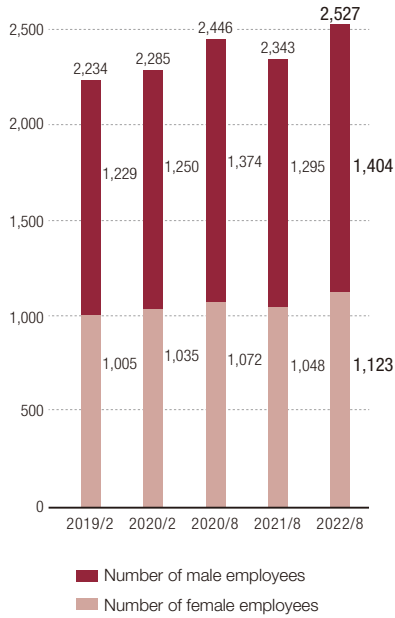


Net Assets/ROE

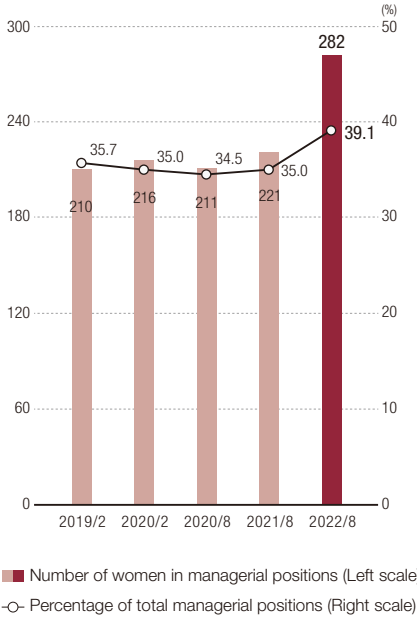


Number of Employees¹

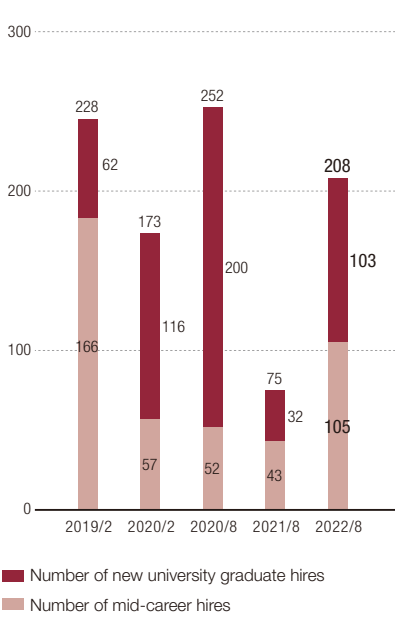
Number of employees at the end of the period.



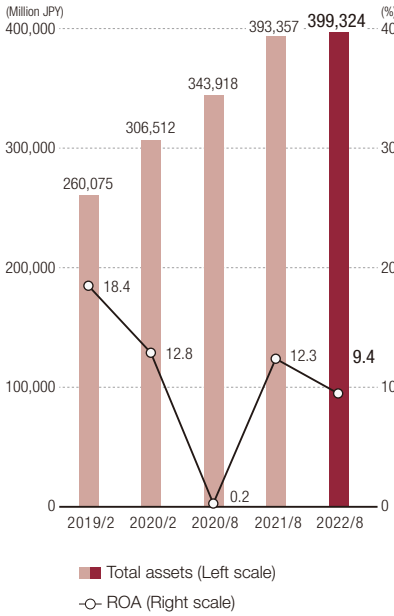
Number of Women in Managerial
Positions (Store Managers and
Above)/Percentage of Total
Managerial Positions¹



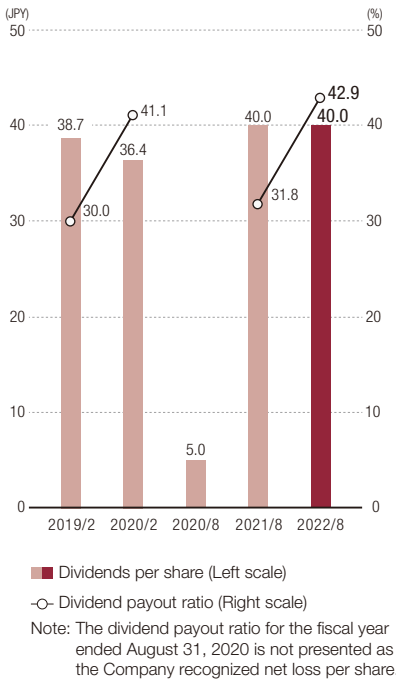
Number of New Employees Hired¹



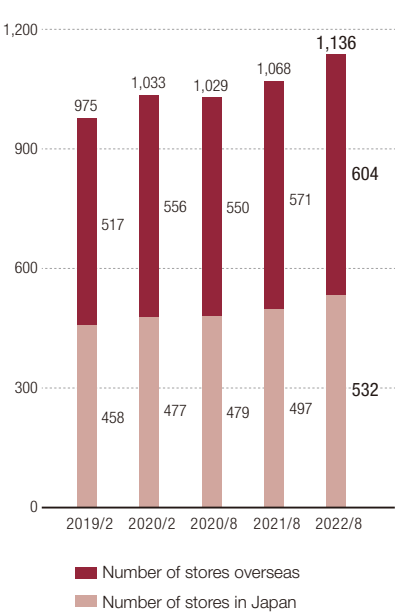
Total Assets/ROA



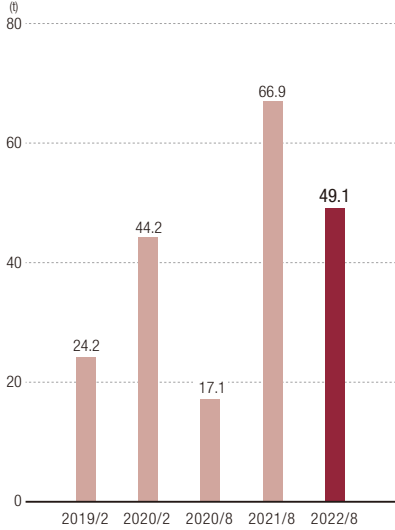
Dividends per Share/
Dividend Payout Ratio



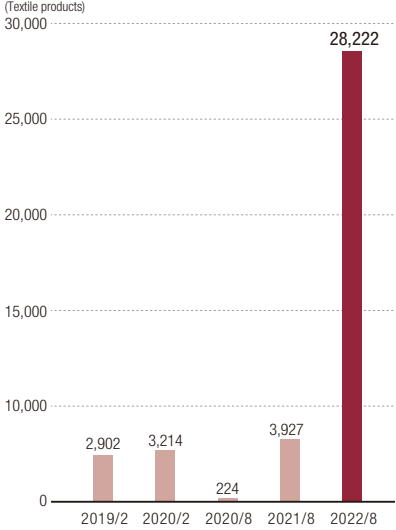
Number of Stores (Total)
in Japan and Overseas
(Includes licensed stores, Cafe&Meal MUJI and IDÉE)



Volume of Textile Products
Collected¹

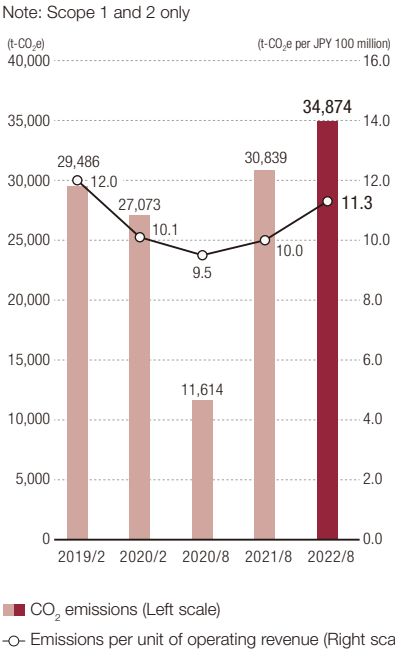


ReMUJI^{1,2} Sales Volume



Sales grew substantially in the fiscal year ended August 31, 2022 due to the expansion of ReMUJI sales at MUJI Shinjuku from September 2021.

CO₂ Emissions/Emissions per
Unit of Operating Revenue



Note: 2020/8 was a six-month period from March 1 to August 31, 2020 due to a change in the fiscal year.

1. Ryohin Keikaku Co., Ltd. only
2. Resale of goods reprocessed from products collected at stores for recycling and from products soiled or damaged during the manufacturing process

Basic Information

ESG Data

2030 ESG Indices

Items		Key Performance Indicators	Initiatives (As of August 31, 2021)	Initiatives (As of August 31, 2022)
Eliminate plastic in packaging and various materials	100%	Percentage of packaging and materials for apparel, household goods and food products that do not use plastic (except when plastic is required for hygiene, quality and safety)	Apparel: 14.0% Household goods: 13.2% Food products: Switched from plastic bottles to bottle-shaped cans	Apparel: 74.8% Household goods: 47.0% Food products: Some stores sell coffee beans, nuts, and other items by weight
		Total weight of plastic reduction (comparative reduction of current versus previous plastic packaging)	Apparel: 52 t Household goods: Under review Food products: 213 t	Apparel: 59 t Household goods: 91 t Estimated annual reduction resulting from the launch of refill pouches for skin care products Food products: 251 t
Design products for reuse and recycling	100%	Percentage of items designed with recycling in mind (except when hygiene concerns preclude recycling)	Household goods: 28.4%	Household goods: 36.0%
Reuse of plastic products we collect	100%	(1) Total weight of collected plastic products (2) Total weight of plastic collected for reuse (including products other than ours)	(1) 729 kg (water bottles and toning water bottles) (2) 729 kg	(1) 1,130 kg (water bottles and toning water bottles) (2) 1,130 kg
Use of natural fiber materials that are organic and respect animal welfare	100%	Percentage of products that have been certified or have their own standards that have been audited by a third party	Apparel Cotton: 100% organic cotton (excluding MUJI Labo and products that utilize recycled cotton and yarn scraps/remnants) Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare ¹	Apparel Cotton: 100% organic cotton (excluding MUJI Labo and products that utilize recycled cotton and yarn scraps/remnants) Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare ¹
			Household goods Cotton: 85.6% organic cotton Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare ¹	Household goods Cotton: 81.9% organic cotton Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare ¹
Perform human rights due diligence on business partners, traced back to raw materials	100% disclosure	(1) Number of audits conducted (annual) (2) Breakdown of evaluation	Product manufacturers (1) 20 factories (2) A Assessment: 0 factories; B Assessment: 9 factories; C Assessment: 7 factories; D Assessment: 4 factories; E Assessment: 0 factories Of the four factories with D assessments, we have terminated business with two of them. The other two companies made improvements and received A and B assessments, respectively, in follow-up audits. Material and raw material manufacturers We are currently formulating a human rights due diligence process. (We have already conducted some due diligence. No significant violations of law or Ryohin Keikaku's Code of Conduct were found.)	Product manufacturers (1) 27 factories (2) A Assessment: 0 factories; B Assessment: 18 factories; C Assessment: 2 factories; D Assessment: 3 factories; E Assessment: 4 factories The four E-rated factories indicated that they had not formulated policies prohibiting child labor, and that factory employees had to bear the cost of medical examinations. We have agreed on improvement plans for all of these factories and are confirming the completion of improvements. Material and raw material manufacturers We plan to conduct audits of major material manufacturers from the fiscal year ending August 31, 2023. (We have already conducted some due diligence. No significant violations of law or Ryohin Keikaku's Code of Conduct were found.)
List of major suppliers, traced back to raw materials	100% disclosure	List of major suppliers	We are preparing to disclose the list of major suppliers.	We plan to disclose the list of factories that supply core products during the fiscal year ending August 31, 2023.
Reduce Group GHG emissions (Scope 1 and 2)	50% reduction	Scope 1 and 2 total (t-CO ₂ e) Baseline: 2021/8 ²	Total in Japan: 30,839 t-CO ₂ e ³	Total in Japan: 34,874 t-CO ₂ e 13.1% increase compared with baseline year We plan to disclose Group GHG emissions in the fiscal year ending August 31, 2023.
Ensure stores use renewable energy	100%	Number of stores and distribution centers that use renewable energy (including headquarters and campsites)	Installed at Hatoyama Distribution Center	Installed in some stores CO ₂ emissions were reduced by 394 t through the introduction of renewable energy. Now planning to begin using renewable energy with a focus on roadside stores
Equip stores (independent store buildings) with rooftop solar panels	100%	Number of stores and distribution centers with solar panels (excluding stores that cannot install solar panels such as those in shopping malls)	Already installed when the Hatoyama Distribution Center started operation	Installed and in operation at multiple stores from the fiscal year ending August 2023
Demonstrate commitment to diversity and inclusion by disclosing workforce composition by age, gender and race		(1) Average age (full-time employees) (2) Ratio of female managers, including store managers (full-time employees) (3) Ratio of female employees (full-time employees) (4) Ratio of non-Japanese employees (full-time employees) (5) Ratio of employees with disabilities (including temporary employees)	(1) 37.9 (Female: 36.6; Male: 39.6) (2) 35.0% (3) 55.3% (4) 1.2% (5) 3.41%	(1) 38.3 (Female: 36.9; Male: 40.0) (2) 39.1% (3) 55.6% (4) 1.3% (5) 3.69% Initiatives: Diversity Committee established

1. We only use feathers that have been procured in a manner that meets the Five Freedoms of Animal Welfare defined by the Farm Animal Welfare Council and that have been reviewed and certified as being such. This means we do not use feathers from animals that have been force fed or had their feathers taken while still alive. The Five Freedoms are: (1) freedom from hunger and thirst; (2) freedom from discomfort; (3) freedom from pain, injury and disease; (4) freedom to express normal and natural behavior; and (5) freedom from fear and distress. (Ministry of Agriculture, Forestry and Fisheries, "Livestock breeding management with consideration of animal welfare")

2. We changed the baseline year to the fiscal year ended August 31, 2021 because we expanded the scope of GHG emission calculation to the entire Group (as of December 8, 2022).

3. We recalculated emissions for the fiscal year ended August 31, 2021 pursuant to a review of the facilities and types of energy subject to calculation (as of December 8, 2022).

ESG Data

Scope: Ryohin Keikaku Co., Ltd.

Categories			Unit	2021/8	2022/8
Environment	Energy used	City gas	MWh	4,217	5,026
		LP gas	MWh	296	249
		Kerosene	MWh	253	355
		Diesel fuel	MWh	21	19
		Gasoline	MWh	53	55
		Hot water and cold water	MWh	15,899	19,023
		Electricity	MWh	66,165	74,939
		Total	MWh	86,904	99,667
	Renewable energy	Amount used	MWh	2,099	3,008
		Ratio of renewable energy to energy used	%	3.17	4.01
	Greenhouse gas emissions ¹	Scope 1	t-CO ₂ e	918	1,128
		Scope 2 (Market based)	t-CO ₂ e	29,921	33,746
		Scope 3	t-CO ₂ e	859,771	984,013
		Total	t-CO ₂ e	890,610	1,018,887
		Hydrofluorocarbon (HFCs)	t-CO ₂ e	15	64
	Water	Water usage volume	m³	143,779	146,008
		Wastewater volume	m³	140,887	144,414
	Waste generated	General waste	t	10,043	12,259
		Industrial waste	t	1,050	1,103
Society	Number of employees			9,378	9,960
		Female	(%)	1,295 (55.3)	1,404 (55.6)
		Male	(%)	1,048 (44.7)	1,123 (44.4)
	Full-time employees			2,343	2,527
		Temporary employees (standardized to 8 hours)		7,035	7,433
		Female	(%)	221 (35.0)	282 (39.1)
	Managers (store managers and above)	Male	(%)	410 (65.0)	440 (60.9)
		Total		631	722
	Average age (full-time employees)	Female		36.6	36.9
		Male		39.6	40.0
		Total		37.9	38.3
	Average length of service (full-time employees)	Female	(%)	7.4	7.8
		Male	(%)	9.4	9.4
		Total		8.3	8.5
	Average annual salary (full-time employees)		Thousand JPY	5,658	5,930
		Number of new university graduate hires		32	103
		Mid-career hires		43	105
Governance	Directors ²				
		Female	(%)	1 (11.1)	3 (37.5)
		Male	(%)	8 (88.9)	5 (62.5)
		Total		9	8
	Outside directors ²	Average number of years in office		7 years, 5 months	6 years, 7 months
		Number of outside directors		3	5
		Percentage of outside directors	%	33.3	62.5
	Board of Directors	Number of meetings	Times	16	16
		Average attendance rate	%	98	99
	Compliance	Ryohin Keikaku Group Helpline consultations		98	148
		Number of employees participating in harassment training		130	206

1. We recalculated emissions for the fiscal year ended August 31, 2021 pursuant to a review of the facilities and types of energy subject to calculation (as of December 8, 2022).

2. Figures for the fiscal years ended August 31, 2021 and 2022 are calculated based on the composition of officers after the annual shareholders' meetings held on November 26, 2021 and November 23, 2022, respectively.

Basic Information

11-Year Summary

(Million JPY)

	2012/2	2013/2	2014/2	2015/2	2016/2	2017/2	2018/2	2019/2	2020/2	2020/8 ⁵	2021/8	2022/8
Profit and Loss (Consolidated)												
Operating revenue	178,186	188,350	220,620	260,254	307,532	333,281	379,551	409,697	438,713	179,392	453,689	496,171
(Domestic)	—	—	171,923	182,701	198,449	215,716	234,791	246,269	267,864	122,428	296,998	308,114
(Overseas)	—	—	48,472	77,546	109,080	117,563	144,758	163,425	170,846	56,961	156,691	188,057
Operating gross profit	81,596	87,376	101,665	122,831	150,451	165,861	191,819	211,380	217,628	83,694	222,334	234,356
Selling, general and administrative expenses	66,158	69,024	80,749	98,984	116,012	127,583	146,532	166,636	181,248	82,821	179,887	201,582
Operating profit	15,438	18,351	20,916	23,846	34,439	38,278	45,286	44,743	36,380	872	42,447	32,773
Operating profit ratio (%)	8.7	9.7	9.5	9.2	11.2	11.5	11.9	10.9	8.3	0.5	9.4	6.6
Ordinary profit	16,135	19,760	23,047	26,602	32,700	38,582	45,985	45,861	36,377	563	45,369	37,214
Net income attributable to owners of parent	8,850	10,970	17,096	16,623	21,718	25,831	30,113	33,845	23,253	(16,917)	33,903	24,558
Cash flows from operating activities	9,729	13,176	15,117	14,619	26,133	19,742	46,982	23,680	24,452	(1,758)	61,447	23,350
Cash flows from investment activities	(4,747)	(4,945)	(17,842)	(22,193)	(8,647)	(9,856)	(14,290)	(5,492)	(31,435)	(4,239)	(13,538)	(16,683)
Cash flows from financing activities	(3,120)	(2,540)	(5,385)	11,377	(6,520)	(14,361)	(21,759)	(9,505)	(11,467)	63,722	(15,162)	(58,647)
Depreciation	3,201	3,186	4,179	4,887	6,816	7,543	8,644	9,867	17,622	10,358	18,969	22,018
Financial Position (Consolidated)												
Total assets	102,293	119,360	140,229	186,947	200,919	214,705	238,313	260,075	306,512	343,918	393,357	399,324
Net assets	83,528	96,050	111,015	128,670	143,173	157,018	174,426	195,189	208,492	182,992	214,871	244,852
Key Performance Indicators (Included in consolidated key financial indicators)												
Return on equity (ROE) (%)	11.1	12.5	17.0	14.3	16.4	17.7	18.6	18.8	11.8	(8.8)	17.3	10.8
Equity ratio (%)	80.0	78.3	76.9	67.0	69.4	71.3	71.3	73.8	66.6	52.4	53.9	60.5
Return on assets (ROA) (%)	16.2	17.8	17.8	16.3	16.9	18.6	20.3	18.4	12.8	0.2	12.3	9.4
Turnover of merchandise	—	—	3.73	3.10	2.89	2.55	2.55	2.44	2.28	1.87	2.19	2.22
Per-share Data												
Earnings per share (EPS) (JPY)	33.04	40.95	64.46	62.75	81.84	97.50	114.70	128.92	88.47	(64.32)	128.90	93.24
Net assets per share (BPS) (JPY)	305.56	348.80	407.19	472.37	524.79	579.18	647.68	725.83	775.77	684.94	806.75	915.93
Dividends per share (JPY)	11.0	11.0	15.5	19.0	24.6	29.3	34.5	38.7	36.4	5.0	40.0	40.0
Dividend payout ratio (%)	33.3	26.9	24.0	30.3	30.1	30.1	30.1	30.0	41.1	—	31.8	42.9
Other Data												
Number of MUJI stores in Japan ¹	372	379	385	401	414	418	419	420	437	438	456	493
Number of MUJI stores overseas ¹	163	206	255	301	344	403	457	497	533	527	546	579
Total sales floor space in Japan (m ²) ²	263,177	265,037	270,250	282,083	289,899	297,001	306,316	319,698	359,141	375,446	417,057	494,871
Number of employees	2,734	3,069	4,101	4,795	5,653	6,992	8,128	9,137	9,615	9,046	8,882	9,175
Number of temporary employees ³	4,721	5,307	6,934	7,242	7,877	9,203	9,254	10,233	10,825	8,050	9,281	9,834
Downloads of MUJI passport app (thousand people) ⁴	—	—	1,407	3,367	8,850	12,289	16,295	20,445	42,741	49,380	59,297	69,780

1. Excluding Café&Meal MUJI and IDÉE

2. Total sales floor space of directly managed stores, licensed stores and Seiyu Co., Ltd.

3. Average number of employees per year based on an eight-hour workday calculation method

4. Registered members of external social media sites and various communication apps in Japan have been included from the fiscal year ended February 2019 and from the fiscal year ended February 2020 for mainland China.

5. 2020/8 was a six-month period from March 1 to August 31, 2020 due to a change in the fiscal year.

Basic Information

Consolidated Financial Statements

Consolidated Balance Sheets

(Million JPY)

	As of August 31, 2022	As of August 31, 2021
Assets		
Current assets	262,206	269,047
Cash and deposits	90,162	135,752
Notes and accounts receivable – trade	10,268	8,742
Merchandise	129,202	106,164
Work in process	297	204
Supplies	59	91
Accounts receivable – other	15,829	11,836
Others	16,405	6,267
Allowance for doubtful accounts	(20)	(11)
Non-current assets	137,118	124,310
Property, plant and equipment	73,082	67,060
Buildings and structures	29,230	28,044
Machinery, equipment and vehicles	1,500	1,591
Tools, furniture and fixtures	8,227	8,730
Land	1,558	1,537
Leased assets	41	49
Right-of-use assets	30,978	26,432
Construction in progress	1,545	673
Intangible assets	29,627	29,479
Goodwill	1,767	2,439
Software	25,686	24,885
Others	2,173	2,154
Investments and other assets	34,407	27,770
Investment securities	4,573	4,730
Deferred tax assets	2,884	2,634
Leasehold and guarantee deposits	21,442	19,595
Others	5,604	920
Allowance for doubtful accounts	(98)	(110)
Total assets	399,324	393,357

(Million JPY)

	As of August 31, 2022	As of August 31, 2021
Liabilities		
Current liabilities	78,923	141,716
Accounts payable – trade	36,462	25,541
Short-term loans payable	3,902	4,630
Current portion of long-term loans payable	2,232	67,081
Accounts payable – other	11,475	9,966
Accrued expenses	6,725	6,196
Income taxes payable	1,447	12,702
Provision for bonuses	1,336	1,193
Lease liabilities	10,003	8,357
Provision for bonuses for directors (and other officers)	78	66
Provision for point card certificates	—	105
Others	5,259	5,874
Non-current liabilities	75,548	36,770
Long-term loans payable	31,906	5,000
Deferred tax liabilities	6,379	820
Provision for retirement benefits for directors (and other officers)	29	74
Provision for share awards	545	—
Lease liabilities	28,406	24,772
Others	8,281	6,103
Total liabilities	154,472	178,486
Net assets		
Shareholders' equity	224,805	209,709
Share capital	6,766	6,766
Capital surplus	29,586	27,922
Retained earnings	219,534	205,995
Treasury shares	(31,082)	(30,973)
Accumulated other comprehensive income	16,750	2,487
Valuation difference on available-for-sale securities	2,309	2,325
Deferred gains or losses on hedges	7,577	485
Foreign currency translation adjustment	6,863	(324)
Share acquisition rights	664	605
Non-controlling interests	2,632	2,068
Total net assets	244,852	214,871
Total liabilities and net assets	399,324	393,357

Consolidated Statement of Income

(Million JPY)

	Fiscal year ended August 31, 2022 (September 1, 2021 to August 31, 2022)	Fiscal year ended August 31, 2021 (September 1, 2020 to August 31, 2021)
Operating revenue	496,171	453,689
Operating costs	261,814	231,355
Operating gross profit	234,356	222,334
Selling, general and administrative expenses	201,582	179,887
Operating profit	32,773	42,447
Non-operating income	6,067	4,420
Interest income	187	258
Dividend income	134	103
Sponsorship money income	134	99
Subsidy income	1,030	526
Rental income	—	106
Foreign exchange gains	3,912	2,714
Reversal of allowance for doubtful accounts	4	34
Share of profit of entities accounted for using equity method	—	7
Other	663	569
Non-operating expenses	1,626	1,498
Interest expenses	1,352	1,395
Loss on cancellation of contracts	—	3
Others	274	99
Ordinary profit	37,214	45,369
Extraordinary income	224	4,922
Gain on sales of investment securities	25	118
Gain on sales of non-current assets	2	721
Gain on step acquisitions	—	260
Gain on forgiveness of lease cancellation liabilities	—	3,135
Gain on reversal of share acquisition rights	—	677
Gain on changes in lease terms	196	9
Extraordinary losses	4,234	1,702
Impairment losses	2,240	1,168
Loss on retirement of non-current assets	1,990	278
Loss on cancellation of rental contracts	—	250
Others	3	5
Net income before income taxes	33,204	48,589
Income taxes-current	5,664	16,450
Income taxes-deferred	2,761	(1,531)
Profit	24,778	33,670
Profit (loss) attributable to non-controlling interests	220	(232)
Net income attributable to owners of parent	24,558	33,903

Consolidated Statement of Cash Flows

(Million JPY)

	Fiscal year ended August 31, 2022 (September 1, 2021 to August 31, 2022)	Fiscal year ended August 31, 2021 (September 1, 2020 to August 31, 2021)
Cash flows from operating activities		
Net income before income taxes	33,204	48,589
Depreciation	17,596	15,561
Amortization of software investment, etc.	4,738	3,714
Amortization of goodwill	952	847
Increase (decrease) in allowance for doubtful accounts	(2)	(35)
Increase (decrease) in provision for bonuses for directors (and other officers)	11	62
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(44)	27
Interest and dividend income	(321)	(361)
Interest expenses	1,352	1,395
Foreign exchange losses (gains)	(3,318)	(912)
Loss (gain) on sale of investment securities	(25)	(118)
Share of loss (profit) of entities accounted for using equity method	—	(7)
Loss on retirement of non-current assets	1,990	278
Impairment losses	2,240	1,168
Loss (gain) on step acquisitions	—	(260)
Decrease (increase) in trade receivables	(837)	1,345
Decrease (increase) in inventories	(14,253)	(4,357)
Increase (decrease) in trade payables	6,708	4,541
Decrease (increase) in other assets	(3,469)	(1,034)
Increase (decrease) in other liabilities	(1,067)	(1,876)
Share acquisition rights	61	353
Gain on reversal of share acquisition rights	—	(677)
Others	(903)	(323)
Subtotal	44,613	67,920
Interest and dividends received	321	349
Interest paid	(1,350)	(1,408)
Income taxes paid	(20,233)	(5,414)
Cash flows from operating activities	23,350	61,447
Cash flows from investing activities		
Payments into time deposits	—	(3)
Proceeds from withdrawal of time deposits	795	20
Purchase of property, plant and equipment	(8,030)	(8,487)
Payments of leasehold interests in land of stores and leasehold deposits	(1,796)	(1,584)
Proceeds from collection of store leasehold deposits	498	831
Purchase of intangible assets	(7,853)	(8,852)
Proceeds from sale of investment securities	158	218
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	414
Proceeds from sale of investment property	—	3,104
Others	(455)	799
Cash flows from investing activities	(16,683)	(13,538)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,103)	45
Proceeds from long-term borrowings	27,551	—
Repayments of long-term loans payable	(65,644)	(388)
Repayments of lease liabilities	(9,593)	(8,289)
Proceeds from share issuance to non-controlling shareholders	99	199
Proceeds from sale of treasury shares	1,072	—
Dividends paid	(11,029)	(6,589)
Dividends paid to non-controlling interests	—	(140)
Cash flows from financing activities	(58,647)	(15,162)
Effect of exchange rate change on cash and cash equivalents	7,192	2,246
Net increase (decrease) in cash and cash equivalents	(44,787)	34,993
Cash and cash equivalents at beginning of period	135,019	91,599
Net increase (decrease) in cash and cash equivalents due to the change in the business year	—	8,426
Cash and cash equivalents at end of period	90,231	135,019

Basic Information

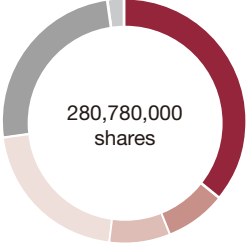
Stock Information (As of August 31, 2022)

Stock Overview

Total number of authorized shares:	1,123,120,000
Total number of issued shares:	280,780,000
Number of shareholders:	156,420
Stock exchange listing:	Tokyo Stock Exchange
Accounts settlement date:	August 31
Ordinary General Meeting of Shareholders:	Held in November each year
Administrator of the shareholder register:	Sumitomo Mitusi Trust Bank, Limited

Distribution of Shareholders and Number of Shares Held

Financial institutions:	101,263,007
Securities companies:	23,106,224
Other corporations in Japan:	23,598,746
Corporations and individuals outside Japan:	58,205,486
Individuals and others:	69,887,397
Treasury stock:	4,719,140



Major Shareholders (Top 10)

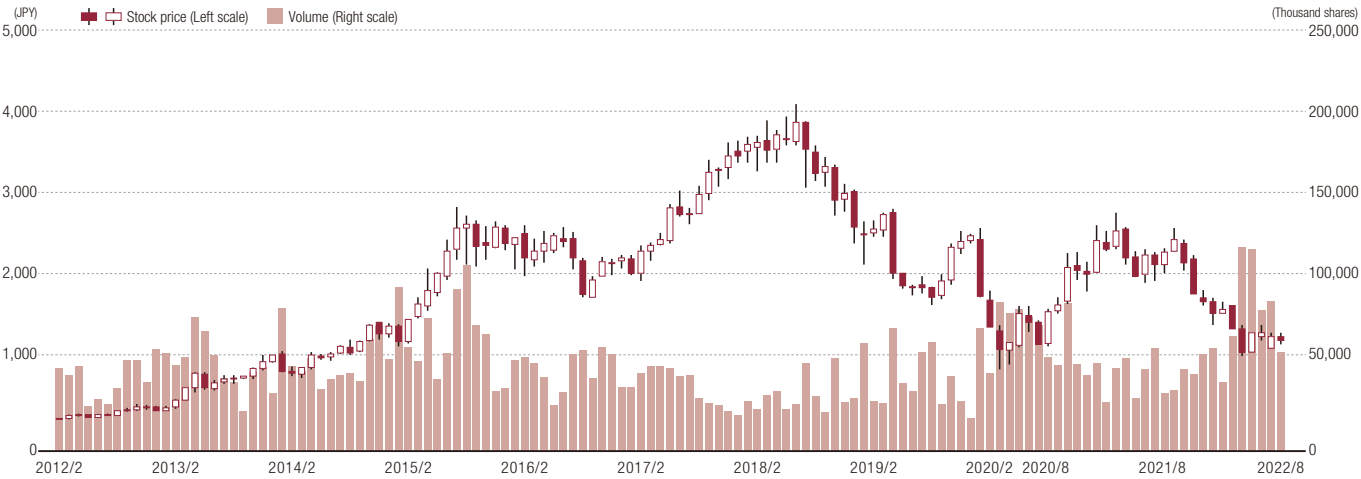
Shareholder	Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,441	18.99
Custody Bank of Japan, Ltd. (Trust Account)	21,564	7.81
Custody Bank of Japan, Ltd. (Trust Account E)	11,229	4.06
Mitsubishi Corporation	10,783	3.90
Credit Saison Co., Ltd.	6,318	2.28
SMBC Nikko Securities Inc.	5,558	2.01
Japan Securities Finance Co., Ltd.	4,633	1.67
JP Morgan Securities Japan Co., Ltd.	4,022	1.45
Credit Suisse Securities (Japan) Limited	3,280	1.18
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3,211	1.16

- Notes:
- The Company holds 4,719,140 shares of treasury stock, which are excluded from the list of major shareholders above. The 4,719,140 shares of treasury stock do not include 11,571,907 shares held by Mizuho Trust & Banking Co., Ltd. for a stock benefit trust (J-ESOP) and 762,800 shares held by Nomura Trust & Banking Co., Ltd. for an employee shareholding incentive plan (E-SHIP).
 - The 11,229,407 shares held by the Custody Bank of Japan, Ltd. (Trust Account E) are for the purpose of a stock benefit trust (J-ESOP).
 - The shareholding ratio is calculated after deducting the 4,719,140 shares of treasury stock.

Dividend Payout Ratio

	2016/2	2017/2	2018/2	2019/2	2020/2	2020/8	2021/8	2022/8
Consolidated dividend payout ratio	30.1%	30.1%	30.1%	30.0%	41.1%	—	31.8%	42.9%

Stock Price and Volume



Note: The Company conducted a 10-for-1 share split of its common shares on September 1, 2019. The stock price and trading volume are calculated assuming that the share split was conducted at the beginning of the fiscal year ended February 2011.

Corporate Information (As of August 31, 2022)

Company Name	Ryohin Keikaku Co., Ltd.
Address	4-26-3 Higashi-Ikebukuro, Toshima-ku, Tokyo, 170-8424
Establishment	June 1989 (registration: May 1979)
Capital	JPY 6,766,250,000
Number of Employees	19,009 (including 9,834 temporary workers and others; Ryohin Keikaku Group)

For more information, please refer to the Ryohin Keikaku website.

Website



<https://ryohin-keikaku.jp/eng/>

IR Information



<https://ryohin-keikaku.jp/eng/ir/>

Sustainability Information



<https://ryohin-keikaku.jp/eng/sustainability/>

External Evaluations



In June 2021, Ryohin Keikaku was selected for the first time for inclusion as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index, which are leading ESG investment indexes.

The FTSE4Good Index Series comprises companies selected by FTSE Russell of the U.K. For inclusion in the index, companies must demonstrate strong performance and meet various evaluation criteria in terms of ESG practices. These criteria are made based on international standards including the United Nations Sustainable Development Goals (SDGs). The FTSE Blossom Japan Index is a specialized ESG index focused on companies listed in Japan.

These indices have become benchmarks for investors who place importance on corporate social responsibility and sustainability. Japan's Government Pension Investment Fund (GPIF), the world's largest public pension fund, has also adopted the FTSE Blossom Japan Index as a benchmark for its ESG investment management.

Recognition from Society

Ryohin Keikaku Ranks First Overall in the Japan Sustainable Brands Index 2022

Ryohin Keikaku ranked second in 2020 and 2021 and reached number one overall for the first time in the Japan Sustainable Brands Index 2022, a brand survey conducted by Sustainable Brands Japan in response to the SDGs. The results were announced at the International Conference on Sustainable Brands 2023 Tokyo-Marunouchi event organized by Hakuten Corporation. The aim of the survey is to review corporate sustainability efforts from a consumer perspective and to examine how consumers' perceptions of companies influence their consumption and recommendation patterns.

Ryohin Keikaku will continue to contribute to the communities where it operates and remain useful to its customers.

Participation in International Organizations

United Nations Global Compact

Since September 2013, Ryohin Keikaku has participated in the United Nations Global Compact, a worldwide initiative by the international community to achieve sustainable growth. In accordance with the Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption, we will continue to fulfill our corporate purpose of "contributing to the creation of a truthful and sustainable life for all through our products, services, stores and business activities; believing human society rich in heart, with balanced relationship between human, nature and artifacts."

