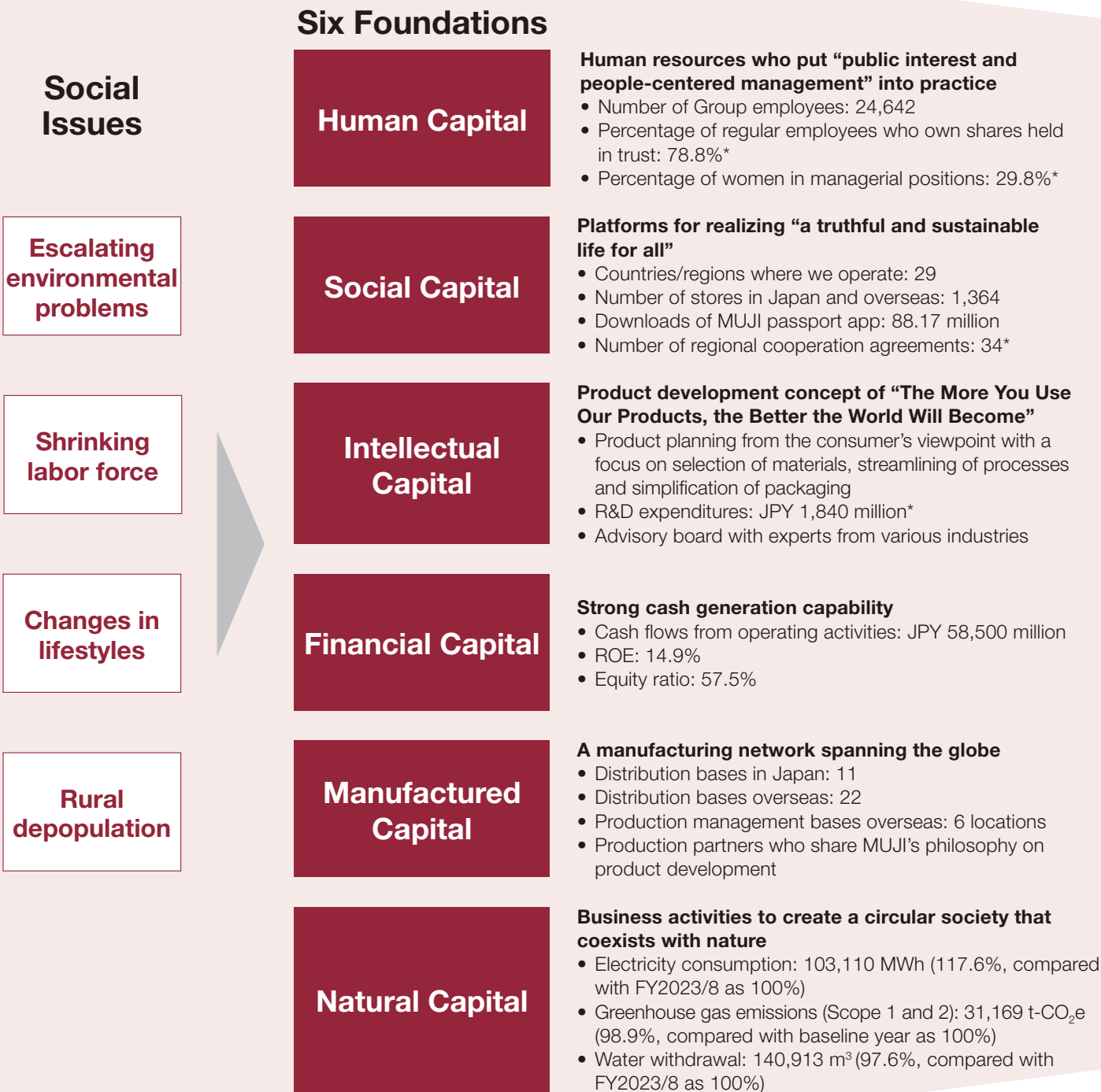


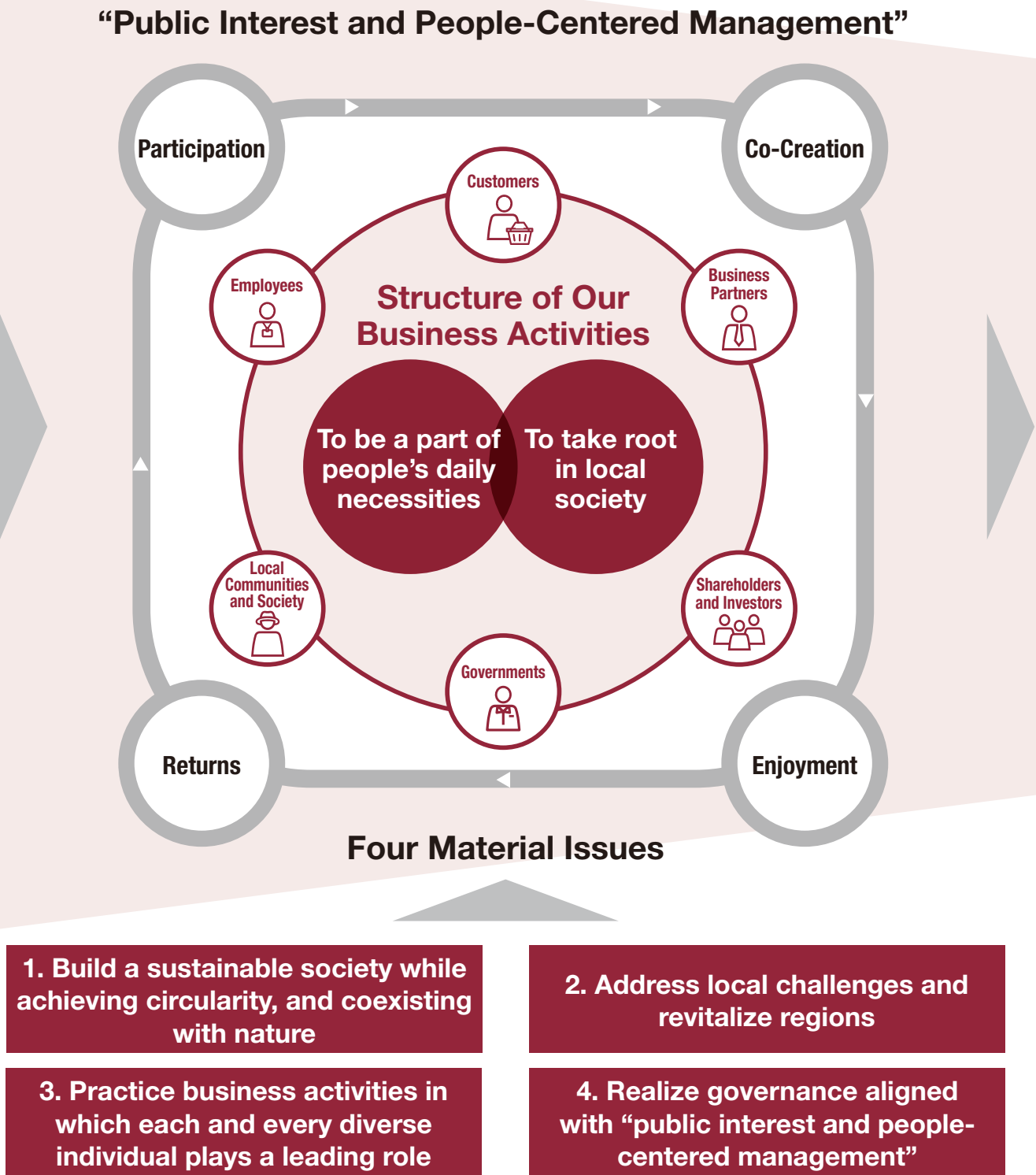
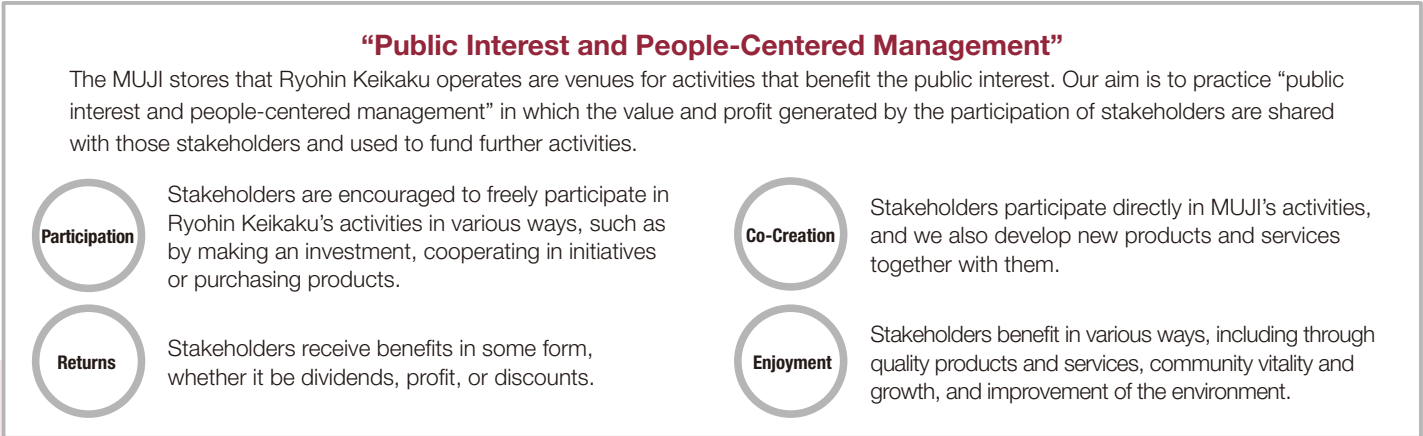
Enhancing Our Corporate Value

Structure of Our Business Activities

With its core value of “contributing to society and people,” Ryohin Keikaku provides products and services “to be a part of people’s daily necessities” and promotes activities that enable the company to “take root in local society,” all based on the Six Foundations, as part of efforts to practice “public interest and people-centered management.”



* Scope: Ryohin Keikaku Co., Ltd.



Enhancing Our Corporate Value

The Value We Create

As a company that strives “to be a part of people’s daily necessities” and contributes to communities through its efforts “to take root in local society” centered on independently managed stores, Ryohin Keikaku will enhance its corporate value over the long term by working with stakeholders to create more a positive impact on the environment and society, thereby helping to realize “a truthful and sustainable life for all.”

To be a part of people’s daily necessities

Products that take the environment and society into consideration

Apparel



Selection of materials that takes the environment and society into consideration
▶ Page 46



Use of circular materials
▶ Page 46

Household goods



Skin care series with skin and nature in mind
▶ Page 47



Development of products made from a single material
▶ Page 48

Food




Food products utilizing materials that would have otherwise gone to waste
▶ Page 50




PET bottles made from 100% recycled plastic
▶ Page 50


Initiatives and services for realizing “a truthful and sustainable life for all”




MUJI passport (Smartphone app)
▶ Page 62



MUJI SUPPORT (Lifestyle consultation service)




Resource circulation initiatives
▶ Page 37




ATELIER MUJI (Culture and art events)
▶ Page 64


Designing spaces and residences that reflect MUJI’s value




Design of wood-frame stores and other commercial facilities
▶ Page 54



MUJI House



Space design business



IDÉE

Positive impact on the environment and society

Percentage of cotton sourced with consideration for impact on society and the environment¹

Apparel: **97%** Household goods: **47%**



Procurement volume of materials that contribute to economic growth in production areas²

Kapok: **286 t²** Andes wool: **52 t³**



Number of in-store collections of textile and plastic products

Approx. **150,000 times⁴**



Number of people participating in local revitalization activities

Approx. **270,000⁴**



Economic value created in regions

Approx. **JPY 0.9 billion⁴**



Circular society

Economic growth in production areas

Enhancement of quality of life

Community revitalization


Helping to realize “a truthful and sustainable life for all”

To take root in local society

Independent store management and collaboration with local communities



Community Market events (Community collaboration events)
▶ Page 60




Mobile sales bus
▶ Page 67




ITSUMO MOSHIMO (Disaster prevention and collaboration with local governments)
▶ Page 64



Healthcare Centers (Healthcare)
▶ Page 64



Store opening support for local business owners



Store with a public library
▶ Page 68

Organization of local resources



Shokoku Ryohin (Sales of regional specialty products)
▶ Page 62



Product development with local producers
▶ Page 66




Café&Meal MUJI (Local production for local consumption)
▶ Page 65



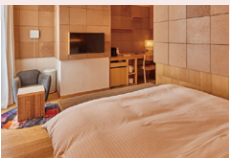
Sales of regional specialty products

Development of regional stay hubs

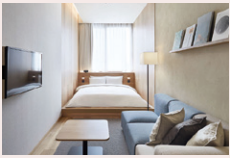
(MUJI STAY) ▶ Page 63




MUJI BASE



MUJI room



MUJI HOTEL



MUJI Camp

1. We recognize Global Organic Textile Standard (GOTS), Cotton made in Africa (CmiA), Global Recycled Standard (GRS) and other certifications as indicators of cotton sourced with consideration for impact on society and the environment.
2. See page 48 for more details
3. See page 46 for more details
4. See page 29 for more details

Message from the President



We are boldly working toward achieving two dreams and taking on the challenge of further growth on a global scale.

Satoshi Shimizu

President & Representative Director

The MUJI Dream and the Ryohin Keikaku Dream

What led me to join Ryohin Keikaku can be traced back to one store. It was MUJI Yokohama Nishiguchi that I visited by chance in 1996. I was overwhelmed by the products in the store and the MUJI worldview expressed through each of the displays. Right there on the spot, I called Ryohin Keikaku's Human Resources Division to ask if they had any job openings, and after taking an employment test, I was hired.

My goal at the time was to become a MUJI store manager. In 2001, at the age of 25, I became a store manager at MUJI Ginza Itchome. From there, I moved to the Product Development Division, where I gained practical experience in creating new products, and then in 2011 I was appointed manager of MUJI Yurakucho. Back then, MUJI Yurakucho was our global flagship store, although MUJI Ginza has since taken over that title, so that was the moment my goal was accomplished in a big way. Subsequently, I gained experience as general manager of the Sales Division and the East Asia Business Division, and served as director in charge of the entire East Asia Business including the Mainland China Business as well as the Household Merchandising Division. In November 2024, I was named president and representative director.

I have experience in a wide range of business areas, including product development and overseas business, but my starting point was store sales. The stores are where we interact with customers every day, and where the frontline realities of our business lie. I want to emphasize this point first and foremost. The people who engage with customers on the frontlines are employees—our teams. It is important to create and maintain environments where those teams can use their full potential, and every employee feels good about working at Ryohin Keikaku. This kind of workplace exists not only in our stores and sales divisions, but in all teams and divisions. I value these frontline realities, and want to put them at the core of our philosophy.

Moreover, through my experience in product development and in the Mainland China Business, I have come to realize the significance and history of MUJI's philosophy, expressed through essential, practical products developed based on the three perspectives of selection of materials, streamlining of processes and simplification of packaging under the slogan, "Lower priced for a reason," as well as through stores that serve as places for sharing these values. An important theme now is how we can further enhance and embody our corporate value.

I have come to embrace two dreams throughout my career—the MUJI Dream and the Ryohin Keikaku Dream. The MUJI Dream is to create a world where simplicity is not overshadowed by luxury, but rather, where the intelligence and sensibility inherent in that simplicity are a source of pride. If we can spread those values, I believe that we can enrich the world using fewer resources.

As part of the Second Founding that we launched in 2021, we have been carrying out a number of new initiatives based on our redefined corporate purpose and two missions, and are returning to our original concept. We are further fusing and strengthening the aspects of the old and new MUJI that we cherish. Designed around the "beauty of everyday things" concept, MUJI products are what ultimately remain after eliminating extraneous elements. These products stand the test of time. My dream is to see more products embodying this concept become an integral part of homes and everyday life. I think this kind of simplicity can find acceptance anywhere in the world.

The Ryohin Keikaku Dream is for individual employees to be able to share what matters most with their loved ones, to have the space and time to care for each other, and to work in an environment full of pride and excitement. Ryohin Keikaku's employees like MUJI's products and brand, appreciate nature and value human relationships. With better compensation and more paid time off, more of their money and time can be spent on enjoying nature or caring for their community, which will lead to Ryohin Keikaku's goal of "a truthful and sustainable life for all."

The MUJI Dream and the Ryohin Keikaku Dream—I want to use what we have built with the Second Founding as a platform to make these dreams a reality and achieve the goals of our business plan. We will push forward without changing the direction of what we have done so far.

Our core business and ESG management are ideally one and the same

From the beginning, Ryohin Keikaku has conducted business activities rooted in its core value—“contributing to society and people.” To me, the ideal situation is for our core business itself to embody ESG management. Trying to fulfill ESG management evaluation criteria as if we are performing compulsory exercises in gymnastics may create undue strain for both customers and companies. For example, if we only try to improve the recycling rate, we might neglect the comfort of clothing, or do things in a way that drives up costs, which would test the patience of customers and companies alike. We should avoid that kind of ESG management.

We are making reduction of environmental impact and consideration for human rights a natural part of our product development and manufacturing, in addition to promoting ESG initiatives that lift people’s spirits and appeal to their emotional side. To give an example, in one initiative in the Mainland China Business that I was in charge of, we recycled marine plastic waste that had washed ashore into bags that people could use when they went to the beach. We turned plastics that had been discarded in the ocean into a tool for enjoying time at the beach. Stories like this become emotional pivots that lead to motivation to buy and motivation to use products. As such, we can realize and continue to promote ESG initiatives that do not feel forced.

In addition, MUJI offers a number of products made from hemp.¹ Linen, made from flax fibers, belongs to the same hemp family and is valued as a natural material. However, it can only grow in specific climates and soil conditions. Hemp, on the other hand, can be cultivated in many different regions and, like linen, requires minimal water and pesticides during growth. It also has the advantage of a fast growth rate. Although both are natural materials, hemp is characterized by a texture that can feel prickly on the skin compared with linen.

To address that issue, we conducted joint research with a materials manufacturer and improved the texture to make it as comfortable as linen. Although this increased the manufacturing cost and led to a slightly higher price, it created a texture that is both bouncy and firm. In addition, the product development story resonated with people and the products sold well.

We are implementing ESG initiatives that still carry the risk of feeling like a burden, and aim to bring them to a level that resonates with customers and is also good for business by presenting the background and emphasizing the emotional aspects.

The concept of MUJI from the beginning has been to eliminate waste but also to provide a sense of being “just right” in terms of completely fulfilling the necessary product functions.

A case in point: When there is a problem with the legs breaking on a piece of furniture, you can make the legs thicker, but making them thicker can cause their shape to become distorted more easily. If you keep making them even thicker, it will create waste. Ensuring quality and safety is the basic premise of our products. However, blindly piling up non-essential processes would result in wasteful labor, costs and use of resources. Rather than accepting that, we commit from the beginning to making the finished product “just right” in every respect—safety, quality, functionality, ESG and emotional appeal. That attitude of “developing no-frills, quality products” has contributed to the practice of ESG management in our core business and to the growth of Ryohin Keikaku.

1. Industrial hemp, a variety of hemp, contains very little tetrahydrocannabinol (THC), the compound responsible for euphoric effects. In particular, the stalks used for fiber production contain no THC.



Beach bag



Hemp



Men’s hemp blend short-sleeved shirt

Moving steadily toward achievement of the business plan

From the beginning, one of Ryohin Keikaku’s missions has been “to provide daily necessities and services with genuine quality and ethical value, at appropriate and affordable prices.”

In the last few years, we have shifted to larger stores, and have been designing sales spaces that convey the MUJI worldview with a product lineup starting with health and beauty (H&B)² products. At MUJI Karatsu in Saga Prefecture, Group company MUJI HOUSE Co., Ltd. designed and constructed our first wood-frame store. As a result of such initiatives and the increase in stores in Japan and overseas, operating revenue reached a record JPY 661.6 billion in FY2024/8. The operating profit ratio recovered to 8.5%, up 2.8 points from the previous fiscal year.

We are also working to resolve local issues and make a positive impact on the regions we serve. For example, at Sato-no-MUJI Minnaminosato in Chiba Prefecture, we signed a cooperative agreement for local revitalization with the city of Kamogawa, and have since been working on having our stores serve as local community centers. We also launched an accommodation business, MUJI STAY, in the area, to connect previously separate initiatives and promote integrated development.

Of course, the period of the previous medium-term business plan, FY2022/8 to FY2024/8, was by no means all smooth sailing. Our performance slumped in the first two years, and we were busy making changes such as implementing various reforms and strengthening recruitment. The seeds we planted then began to sprout in FY2024/8. As the vectors of our initiatives come into alignment, now is the time for growth.

In the next three-year rolling plan,³ we aim to achieve a compound annual growth rate (CAGR) of more than 10% for both operating revenue and operating profit, with an operating revenue target of JPY 880 billion and an operating profit target of JPY 79 billion in FY2027/8. Beyond that, we will look to quickly achieve operating revenue of JPY 1 trillion and an operating profit ratio of 10% or higher.

My role is to promote faster, greater growth within the vectors that have begun to align. I have long been involved in store operations and manufacturing, and I believe that my career—one in which I have frequently had to face frontline realities—has equipped me to contribute during this phase of realizing tangible growth and to achieving our goals one step at a time.

To make sure that we achieve this growth, human capital is essential, and it is critical that we improve operational efficiency through system development to help MUJI employees realize their full potential. Establishing effective systems requires investment and time. We are also continuing to develop those systems.

Just because we do business globally does not mean that we must unify all of our systems globally. Unifying our global systems would require an investment of money and time, but the impact would not necessarily be substantial. The important thing is to decide which systems should be unified and which areas should be entrusted to local management. To do that, we are establishing systems in Japan first, and then will roll them out globally after verifying their functionality and effectiveness.

2. Product category that includes skincare products and cosmetics

3. Ryohin Keikaku discloses its management figures in three-year periods and updates them annually to keep stakeholders informed of changes in the business environment.



Concrete measures to achieve global growth

We have identified eight drivers for further global growth in our pursuit of global expansion. Of those, store expansion is a critical component. By the end of FY2024/8, the large-scale store of over 600-*tsubo* (approx. 1,980 m²) format was largely established in Japan. Visual merchandising practices for determining how to display various products and in which places, and how much space to allocate are also being put in place.

Once the format is established, it can serve as a foundation for further store expansion. For example, at a 200-*tsubo* store (approx. 660 m²), we may offer a merchandise selection customized to fit the store's characteristics, or develop it as a stand-alone store specializing in apparel only. In FY2025/8, we plan to expand the store format created in Japan to overseas markets and further adapt it.

In Japan, we are focusing on profitability and continuing to open stores in residential areas. In East Asia, we are expanding our footprint there by continuing to open stores. In Southeast Asia, a fast-growing region, we are accelerating store openings. We plan on net increases of 60 stores per year both in Japan and overseas, or 360 stores over the three years through FY2027/8.

In pursuit of global growth, strengthening our product development capabilities overseas is important. The fulfillment rate of our product lineup overseas averages out to only 58% of that in Japan, which does not allow our stores to present the complete picture of MUJI. Therefore, we intend to raise the overseas product lineup fulfillment rate to 80% by the end of August 2026. For the remaining 20%, we will independently develop products that reflect local needs in each area overseas.

Currently, we have product development and production bases in East Asia and Southeast Asia, product planning bases in Europe and the United States, and production bases in South Asia. Bases closer to where products are developed and produced take the lead in acquiring information on raw material constraints and solutions, and work directly with local production plants to increase the speed of development.

To further boost the efficiency of product development, the approach we have adopted is to set H&B and apparel as key product categories for global expansion, and to position food and houseware, which need to be adjusted to regional characteristics such as climate and customs, as key product categories for localization as product development will be done independently in each country. We operate six overseas production bases—in Vietnam, India, Indonesia, Cambodia, and mainland China (Shanghai and Shenzhen)—and by manufacturing in a way that links these bases with our three overseas product development bases, we will further improve efficiency.

As we continue to take on the challenge of global expansion, we will need to develop a marketing strategy that takes into account differences in MUJI's brand image and recognition in each country. What products should we launch with what concepts to which customer segments? How can we achieve the maximum impact using all available forms of communication, including through stores and advertising? This series of initiatives represents our approach to marketing.

Up to now, MUJI employees have shared our brand image and concept as tacit knowledge, and have conducted initiatives on their own. Considering growth overseas, our marketing must be part of a larger strategy to rethink and redefine Ryohin Keikaku's fundamental ideas. From a medium- to long-term perspective, we are going to develop the marketing format in Japan, and then expand it globally.

Through these concrete growth drivers, we are taking on the challenges of the global market to ensure growth. Please look forward to the Ryohin Keikaku Group's further progress and development.

Eight Drivers for Further Global Growth

1 Store expansion	2 Strengthen product development system	3 Strengthen key product categories
4 Strengthen OMO ¹	Taking on the challenge of further global growth	5 Marketing strategy
6 Reform production/ Supply chain management (SCM) ²	7 IT support	8 Promote ESG management and “public interest and people-centered management”

1. An abbreviation used in Japan for “online merges with offline.” A marketing approach that enhances the customer experience by integrating online and offline elements.
2. A management approach for managing and optimizing the entire supply chain from raw material procurement to product manufacturing, distribution and sales.



Enhancing Our Corporate Value

Our Goals and How We Will Achieve Them

	2021/8	2022/8	2023/8	2024/8	2025/8				2026/8	2027/8	...	2030
(Billion JPY)	Results	Results	Results	Results	Initial Plan	→	Upward Revision ¹		Plan	Plan		
Operating revenue	453.6	496.1	581.4	661.6	734.0	→	754.0		800.0	880.0		2030 Vision
Operating profit	42.4	32.7	33.1	56.1	55.0	→	64.0		68.0	79.0		
Operating profit ratio	9.4%	6.6%	5.7%	8.5%	7.5%	→	8.5%		8.5%	9.0%		
Return on assets (ROA)	12.3%	9.4%	8.5%	11.6%	10.1%	→	11.7%		11.7%	12.5%		
Return on equity (ROE)	17.3%	10.8%	8.7%	14.9%	12.4%	→	14.2%		12.9%	13.8%		
Number of stores	1,068	1,136	1,251	1,364								

We plan a net increase of 360 stores over the three-year period through FY2027/8

1. Upward revision in January 2025

Pursue Further Growth Around the World
(From FY2025/8)

Eight Drivers for Global Growth

- 1

Store expansion

- Complete and evolve the format of large-scale stores
 - Open flagship stores
 - Develop category-specific stores
- 2

Strengthen product development system

- Global expansion of products developed for the Japanese market, with the aim of raising the assortment fulfillment rate for household goods to 80% of the level in Japan
 - Increase number of locally developed products
- 3

Strengthen key product categories

- Establish health and beauty (H&B) products and apparel as key product categories for global development
 - Establish food and houseware products as key product categories for localization
- 4

Strengthen OMO

- Omni-channelization of customer experience
 - Improve convenience by centralizing inventory for multiple channels
- 5

Marketing strategy

- Increase the number of new and returning customers through effective marketing of key products
 - Identify latent needs through customer relationship management (CRM)²
- 6

Reform production/Supply chain management (SCM)

- Strengthen production system and in-house operations
 - Maintain both quality and low costs
 - Product development linked to overseas development bases
- 7

IT support

- Increase efficiency through the global introduction of product planning systems
 - Improve store operational efficiency
 - Establishment of Global IT Team
- 8

Promote ESG management and “public interest and people-centered management”

- Make ESG the core of our business
 - Become a platform for localization and circulation of resources³
 - Collaborate with stakeholders

2. A management approach aimed at enhancing customer satisfaction and increasing profit by managing customer information, behavioral history and relationships with customers

3. In addition to maintaining our global supply chain model, we will establish a localized supply chain business model in which resources are circulated locally to promote the concept of local production for local consumption.

To be a part of people’s daily necessities

To take root in local society

Helping to Realize “a Truthful and Sustainable Life for All”

Reinforcing Our Foundation (Until FY2024/8)	
Achievements to Date	
Improved earnings structure	<ul style="list-style-type: none">Boosted earnings more than JPY 200.0 billion and achieved record operating revenue of JPY 661.6 billionAchieved record operating profit of JPY 56.1 billion, more than JPY 10.0 billion higher than the previous record of JPY 45.2 billionThe operating profit ratio, while not reaching the record of 12%, is on a recovery trend.
Revenue growth by segment	<ul style="list-style-type: none">Revenue in the domestic business is nearing JPY 400.0 billion, up more than JPY 150.0 billion since FY2018/2.Business in East Asia grew to approximately JPY 200.0 billion.Business in Southeast Asia reached approximately JPY 40.0 billion, surpassing operating revenue in North America and Europe for the first time.
Expanded store openings and store size	<ul style="list-style-type: none">The shift to larger stores continued, with the share of large-scale stores of 400 <i>tsubo</i> (approx. 1,320 m²) or more increasing in the Japan (27% to 42%), East Asia (6% to 13%) and Southeast Asia (16% to 35%) businesses. Made progress in implementation of the suburban 600-<i>tsubo</i> (approx. 1,980 m²) store model, mainly in JapanSales per unit area in Japan also grew 1% year on year in the third quarter and 3% year on year in the fourth quarter of FY2024/8
Expanded product selection and strengthened production system	<ul style="list-style-type: none">In Japan, greatly expanded product selection to fill larger sales floor spaceIn the Mainland China Business, local product development is progressing, particularly in household goods, which account for 70% of sales, and in food.Began insourcing production in order to strengthen the production systemExpanded the number of global development and production management MUJI Global Sourcing (MGS) bases to six, and conducted active dispatch of employees from Japan and hiring of local staff
Organizational and human resource improvements	<ul style="list-style-type: none">Completed hiring of management team and general manager class. Made steady progress in hiring of new graduates in Japan.Promoted Store Manager Cultivation Project in Japan (68% of new graduate hires in 2021 and 53% of new graduate hires in 2022 became store managers), and the number of younger block managers also increasedExpanded personnel systems that support store operations (rank and compensation revisions, introduction of a monthly salary system for partner employees and expanded benefits)Further developed community activities (6,000 events; 270,000 participants)

Enhancing Our Corporate Value

Business Plan for the Next Three Years

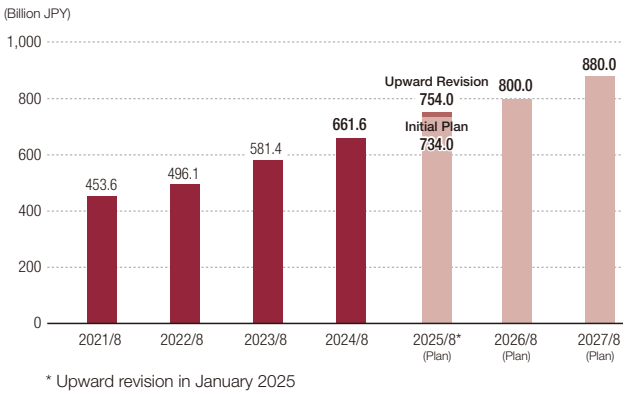
Regarding performance targets, we will continue to disclose information on our three-year plan and update it on an annual basis as part of efforts to communicate changes in the business environment to stakeholders. In the three years from FY2025/8 to FY2027/8, we will take on the challenge of further global growth under our new management structure.

Three-Year Rolling Plan

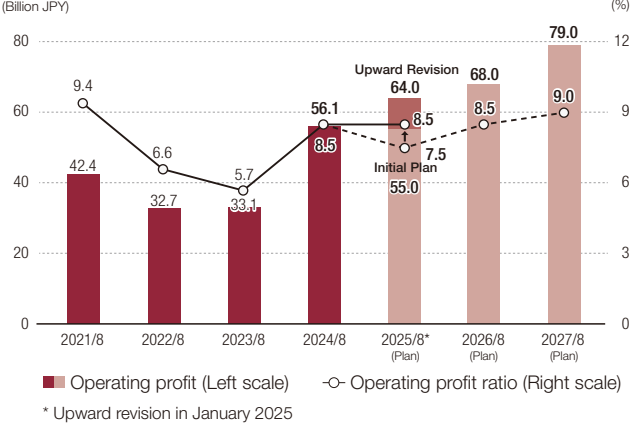
We will take on the challenge of further global growth. We aim to achieve JPY 1 trillion in operating revenue and an operating profit ratio of 10% or more in the early stages.

Category	Direction
Operating revenue	<div><div>For FY2027/8, we project operating revenue of JPY 880.0 billion. The foundation for growth is the continued development of business in Japan and the independent management of businesses in East Asia and other regions.</div><div>For FY2027/8, we project sales of JPY 500.0 billion in Japan and JPY 380.0 billion (43% of total) overseas.</div><div>Existing store sales growth (including e-commerce) is expected to be 2% per year on average (3% in the Japan Business and 1% in the Mainland China Business).</div><div>Net store growth is projected to be 60 stores/year in Japan and 60 stores/year overseas (30 stores/year in the Mainland China Business), with a net total of 360 stores over the three-year period through FY2027/8.</div></div>
Operating profit and operating profit ratio	<div><div>For FY2027/8, the operating profit ratio is expected to be 9%. After that, we aim to create a structure that will enable us to consistently achieve a ratio of 10% or more.</div><div>We will also work to improve the cost of sales ratio by 1% or more by FY2027/8 while maintaining good quality.</div><div>We will gradually reduce the SG&A expense ratio, including global SG&A expenses.</div></div>
Direction by segment	<div><div>Japan Business: Continue to open stores and enhance profitability centered on SCM and SG&A expense improvements.</div><div>Mainland China Business: The performance at existing stores has stabilized and the impact of store openings and sales promotions has become apparent. We will continue with our scrap and build strategy.</div><div>East Asia Business: Expected to become the second largest source of overseas revenue after the Mainland China Business, with an increase in the number of stores in some countries and regions and expense-related improvements.</div><div>Southeast Asia/Oceania Businesses: The pace of store openings will be maintained, and resources will be focused on improving profitability after 2027.</div><div>Europe/North America Businesses: Strengthening branding and product line-up for renewed growth from 2028 onward.</div></div>

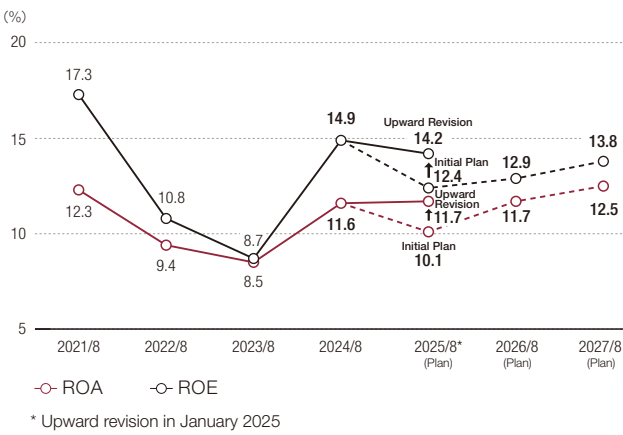
Operating Revenue



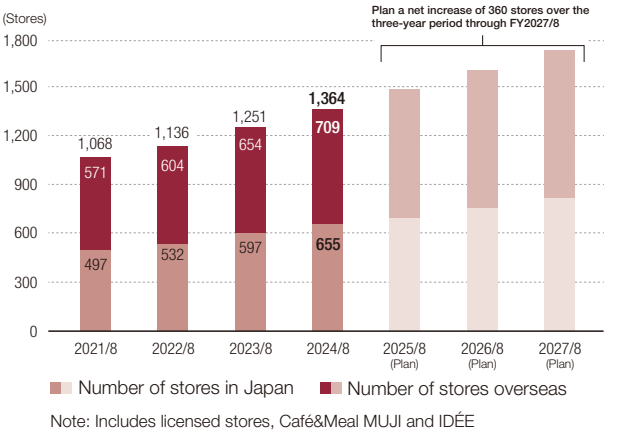
Operating Profit and Operating Profit Ratio



Return on Assets (ROA) and Return on Equity (ROE)



Number of Stores (Total) in Japan and Overseas

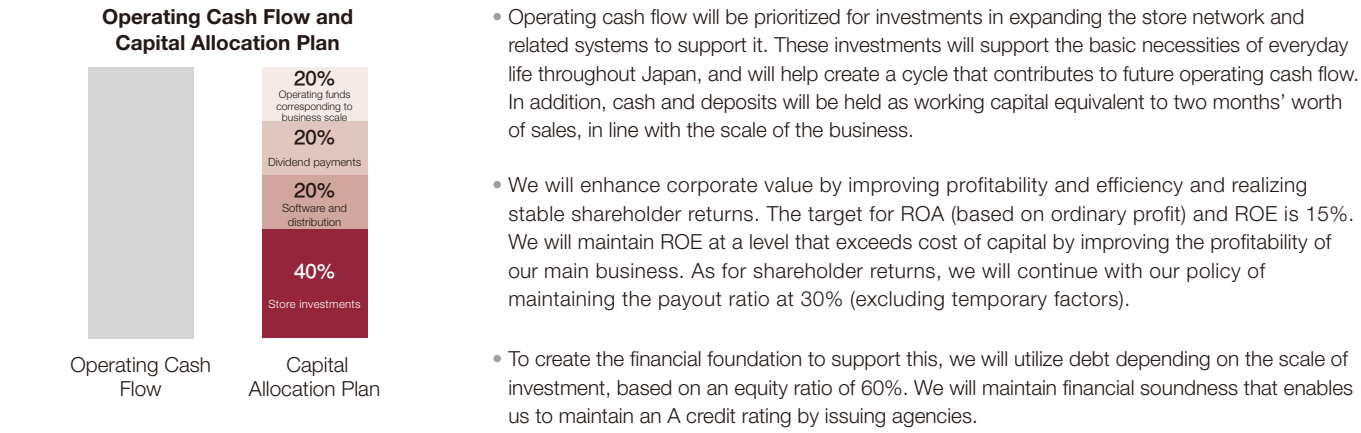


Financial Policy

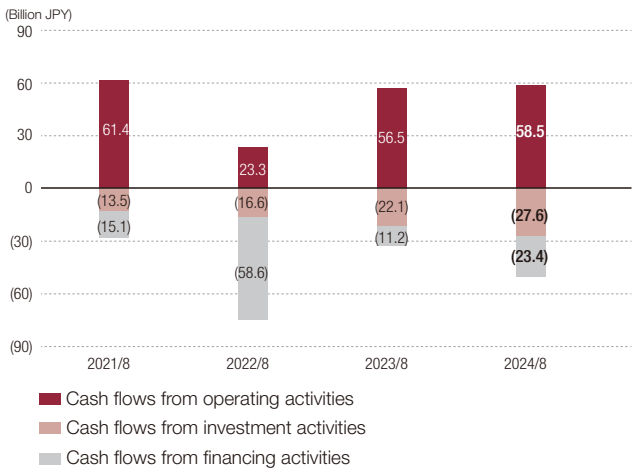
Capital allocation: Allocate cash with utmost priority on investments for expansion of store network (stores and infrastructure)

Capital efficiency and shareholder returns: Enhance corporate value through improvement of capital efficiency and realize shareholder returns through stable dividend payments

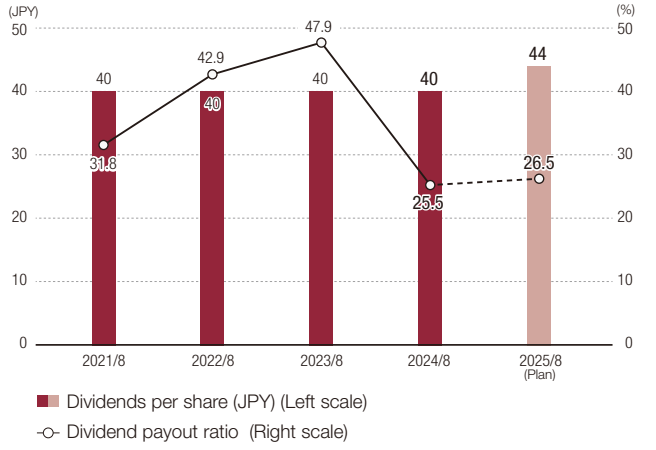
Financial soundness: Manage debt with the premise of maintaining an A credit rating and carry out balance sheet management



Cash Flow

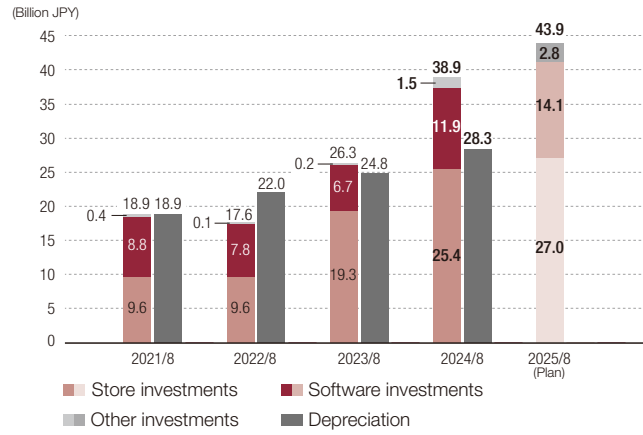


Dividends per Share and Dividend Payout Ratio



Capital Investment Plan

Capital Investment and Depreciation



For capital investments in FY2025/8, we plan to invest JPY 43.9 billion, centered on stores and software.

- We are planning to make store investments of JPY 27.0 billion, up 6% year on year, including in areas such as strengthening store openings and renovation in Japan and overseas.
- For software investments, we are planning to invest JPY 14.1 billion, up 18% year on year, including for reorganization of system infrastructure.
- For other investments, we are planning JPY 2.8 billion in distribution and related investments.

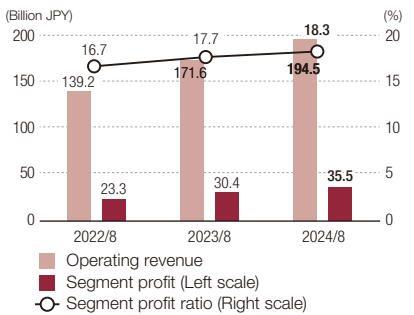
Enhancing Our Corporate Value

Overseas Business Development

We continued to expand our store network by steadily increasing the number of stores overseas, and achieved sales and profit growth. We consider the Southeast Asia Business to be our second growth market after the East Asia Business, and will further establish the MUJI brand by developing flagship stores. In addition, we will strengthen our key products in the global market. This will enable us to draft and implement strategies locally based on our market position in each country and region.

East Asia Business

In the Mainland China Business, sales were sluggish due to declining customer traffic in a challenging consumer environment. However, efforts to control costs and expand the store network with new store openings led to increased sales and profit. Sales and profit also increased in businesses in Taiwan, Hong Kong and South Korea.



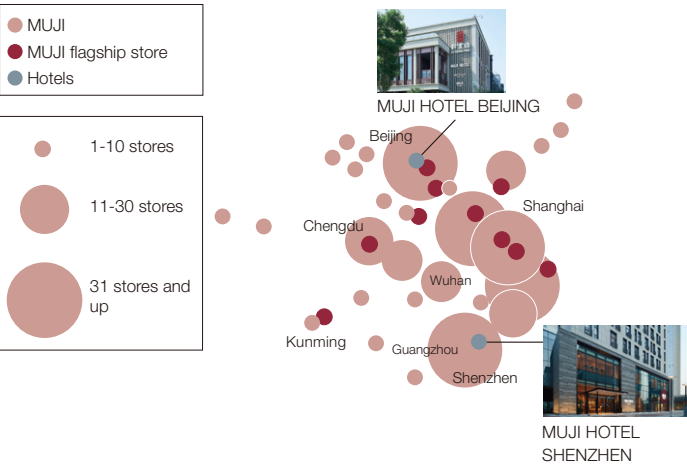
Mainland China Business

Issues to Address and Strategies

Performance had been growing steadily since the start of business operations there in 2005, but the pace of earnings growth has slowed in recent years. We believe this is attributable to the intensification of competition among retail stores and e-commerce. Expanding the customer base through increased brand awareness remains a challenge.

In mainland China, the market is undergoing rapid change, and we must adapt to this reality. Considering that there are many cities where we have not yet opened MUJI stores compared with other brands, we believe that solid expansion is possible after the bottoming out of the market in 2022. Currently, we are addressing these risks by pursuing an omnichannel strategy and expanding the lineup of household goods, which is having a positive effect.

Map of Stores in the Mainland China Business



Key Initiatives

• Store opening plan

In FY2025/8, we plan to open 41 directly managed MUJI stores and close 15 stores, resulting in a net increase of 26 stores. The real estate slump has created a situation where the disparity between commercial facilities has become more pronounced. In response, we plan to improve the quality of each store by accelerating the pace of store openings and closings.

• Product development

Since 2019, we have been promoting local procurement in the Mainland China Business and have taken steps to address certain risks in the supply chain. Furthermore, local product development has grown, primarily in houseware products and fabrics. Locally developed products now make up 70% of the household goods we sell in the Mainland China Business. For example, we have progressed beyond simply adapting products to fit local specifications such as size, and will expand product categories tailored to local needs in areas such as houseware products, fabrics, pet supplies and digital device accessories.

• Marketing strategy

We will strengthen our omnichannel strategy by expanding customer touchpoints through measures such as electronic payment options, stores in shopping malls, and tie-ups with familiar brands.

• Promotion of ESG initiatives

ESG targets have been set in the Mainland China Business as well as in Japan, and progress is now quantifiable. As such, we are accelerating ESG initiatives to achieve those targets. In the Mainland China Business, members of the Planning Office published a version of the *Sustainability Report*, and sales of bags using marine plastics as a raw material also began there.



Digital device accessories



Sustainability Report (Mainland China Business version)

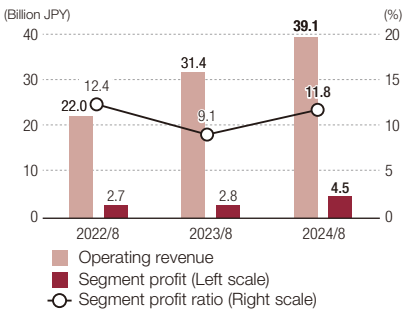


Members of the Planning Office in the Mainland China Business

Southeast Asia/Oceania Businesses

We are accelerating store openings in Southeast Asia, including Thailand, Malaysia and Vietnam. Despite incurring upfront store opening expenses, sales and profit both increased, supported by the impact of the weaker yen.

FY2024/8 Results



Key Initiatives

Although there are challenges such as stockouts of popular items and a dilution of brand strength due to store openings in regional areas, efforts to enhance product development and assortment are showing signs of improvement. For new store openings, we are planning to open approximately 30 new stores in Southeast Asia. Instead of expanding into suburban and outlying areas, we are focusing on opening standard-format 600-*tsubo* (approx. 1,980 m²) stores and 1,000-*tsubo* (approx. 3,300 m²) flagship stores, mainly in major cities, and are committed to providing a lineup of products and services that are useful to people in each region. With this approach, we aim to build brand recognition and customer favor as well as attract new customers. In November 2024, we opened MUJI ONE BANGKOK in Bangkok, the capital of Thailand. With a store area of 3,040 m², it is the largest MUJI store in the country. The store offers a wide range of products, including clothing, food, household goods and furniture, and aims to embody MUJI's brand concept.

Southeast Asia Business ▶ See pages 33–34 for more details.

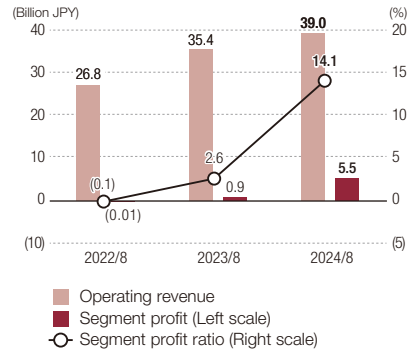


MUJI ONE BANGKOK

Europe/North America Businesses

In the North America Business, sales and profit increased as we expanded sales by improving store management capabilities and strengthening the management structure. In the Europe Business, we closed unprofitable stores as part of business reorganization and improved our cost structure, resulting in sales and profit growth. In addition, the depreciation of the yen had a positive impact both in Europe and North America. We will consider opening flagship stores centered on large cities such as New York, Paris and London.

FY2024/8 Results



Europe Business

As part of the business reorganization, liquidation procedures for consolidated subsidiary MUJI EUROPE HOLDINGS LTD. began in April 2024, and store operations continued under a new company, MUJI EUROPE LIMITED. In conjunction with this business reorganization, we proceeded with closures of unprofitable stores, and changed the cost structure to improve earnings and strengthen our financial position. These efforts combined with the depreciation of the yen led to higher sales and profit.

North America Business

Sales increased due to progress in improving store management capabilities and strengthening the management system, resulting in top- and bottom-line growth. In the United States, where we have hired managers and other staff locally and conduct business mainly on the East Coast, we achieved solid performance, with same-store sales growth continuing for the last two years. For our business in Canada, we closed unprofitable stores in FY2024/8, and restructuring is currently in progress.

* Total of directly managed MUJI stores and Café&Meal MUJI

Enhancing Our Corporate Value

Ryohin Keikaku and Sustainability

A Consistent Commitment to ESG Management Since Day One

Ryohin Keikaku’s MUJI brand has consistently served society as a whole since day one. Our core value is “to contribute to society and people.” This is a value that is rooted in all of our business activities.

We continue to create products with social and environmental consideration in mind based on three perspectives: selection of materials, streamlining of processes and simplification of packaging. We are committed to developing no-frills, quality products. This includes selecting materials that take the environment and producers into consideration, minimizing waste in all processes, and providing customers with what they need, in the form they want. Our policy will not change as we work toward a better society over the next 100 years.

We will achieve our ideal ESG management by implementing innovative ESG approaches for products, business activities and communities to create new value and contribute to society.

ESG in products	We will democratize sustainability ¹ by adopting circular design for all products and offering them at affordable prices.
ESG in business activities	We will collaborate with stakeholders to reduce social costs and environmental burden. At the same time, we will contribute directly to solving social issues through our business activities.
ESG in communities	We will make a positive impact on society by leading the revitalization of local areas through activities with local communities.

1. “Democratizing sustainability” means promoting sustainability in a way that is accessible to everyone. We recognize that in the current consumer market, in general, companies strengthen ESG and sustainability initiatives in a way that makes consumers bear some of the cost. Ryohin Keikaku conducts environmental and social initiatives that take nature into consideration, and provides products and services at affordable prices. Through MUJI, we want to reduce our environmental impact in a way that is seamless in daily life—in fact, that is MUJI’s founding philosophy. By practicing and broadly expanding this philosophy, we seek to promote sustainability in a way that is accessible to everyone.

ESG Management Structure

The president & representative director chairs the ESG Management Committee, which addresses medium- and long-term Company-wide ESG issues. Inside directors, executive officers, managers and members in charge of related business divisions participate in the committee’s monthly meeting.

At least twice a year, the Board of Directors receives reports on sustainability and ESG management initiatives from the Corporate Planning Division, which is the administrative support office of the ESG Management Committee. The Board of Directors supervises the progress of measures and achievement of targets, and discusses and provides guidance on policies and initiatives.

ESG subcommittees in each division meet once a month in principle. Members formulate short-, medium- and long-term ESG targets and roadmaps based on our material issues and are working to further incorporate ESG management into our business activities and create value unique to Ryohin Keikaku. The progress of each division is reported to the ESG Management Committee and discussions take place among the inside directors, executive officers, managers and people in charge of related business divisions. Reports are also made to the Board to Directors.

The ESG targets of each division are also incorporated into the individual targets of the persons responsible in each division. For officer remuneration, non-monetary compensation is set according to the degree of achievement of ESG targets.



Note: ESG subcommittees are established in each division, and meet once a month in principle.

Four Material Issues

1. Build a sustainable society while achieving circularity, and coexisting with nature

- Reduce the use of fossil-based raw materials and fuels
- Ensure business operations based on integrity and ethical judgements
- Democratize sustainability in a way that is accessible to everyone
- Inherit culture and tradition

2. Address local challenges and revitalize regions

- Revitalize regional economies and industry through store openings and business development that highlights local traditions and utilizes local resources
- Build local communities that are active and lively

3. Practice business activities in which each and every diverse individual plays a leading role

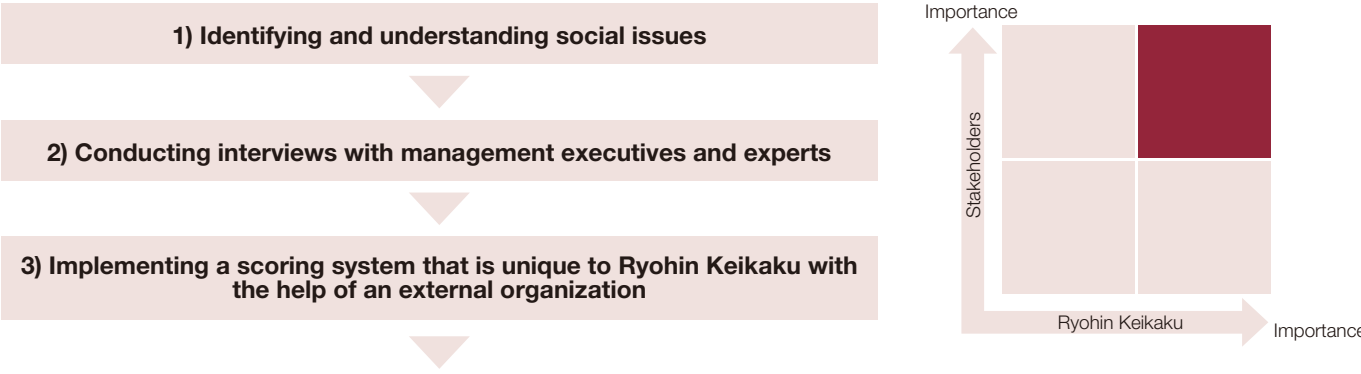
- Maximize the value of diversity and inclusion to achieve open innovation
- Build a self-motivated and autonomous corporate culture
- Achieve high employee engagement and workplaces where everyone can play an active role

4. Realize governance aligned with “public interest and people-centered management”

- Generate co-creation with people and local communities
- Realize governance with people in local communities as shareholders
- Encourage co-owned management by employees
- Earn strong support from investors

Process for Identifying Material Issues

Ryohin Keikaku identified material issues in formulating its ESG strategy through 2030. The process involved:



We used the scoring system to narrow our focus to four items based on assessment of risks and business opportunities. These items were then approved by the Board of Directors and positioned as our material issues. In January 2024, we reviewed some of our material issues due to social demand as well as changing market and business conditions.

Main Initiatives in FY2024/8

- **Formulation of ESG indicators**

We have formulated unique ESG indicators throughout the Group, and clarified focus areas by setting ESG targets for each division. This has made it possible to quantitatively measure progress.
- **Measures to reduce CO₂ emissions**

We have reduced CO₂ emissions through measures such as improving logistics efficiency and installing solar power generation equipment at individual stores. We have also begun serious consideration of power generation projects aimed at further reducing emissions.
- **Promotion of resource circulation**

We have further promoted resource circulation by developing mono-material products designed for recycling, enhanced the collection of apparel and plastic products through store collaboration, increased customer awareness and participation, and established an organization to drive these efforts.
- **Dialogue with stakeholders**

We are increasing opportunities for dialogue with stakeholders to realize “public interest and people-centered management.” We launched Town Hall Meeting² gatherings and expanded the scale of Shareholder and Fan Meeting events. Internally, employee with a strong interest in achieving sustainability actively led volunteer-based initiatives.

2. See page 78 for more details.
- **Acceleration of ESG initiatives in the Mainland China Business**

ESG targets have been set in the Mainland China Business as well as in Japan, and progress is now quantifiable. As such, we are accelerating ESG initiatives to achieve those targets.

Enhancing Our Corporate Value

Ryohin Keikaku and Sustainability

Material Issues and Indicators*

We have set ESG indicators in line with the four material issues in order to track the status of ESG implementation.

* The following are the indicators and figures for Ryohin Keikaku Co., Ltd. Some indicators include figures for the entire Group.

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Indicators	FY2024/8 Results and Summary
Group GHG emissions (Scope 1 and 2) compared with baseline year	GHG emissions (Scope 1 and 2): 31,169 t-CO ₂ e (Japan only) Scope 1 and 2 emissions compared with baseline year as 100%: 98.9% (Japan only) Note: Group total is under review. Ryohin Keikaku is aiming for a 50% reduction in Scope 1 and 2 emissions by FY2030/8 (compared with FY2021/8). As a measure to reduce CO ₂ emissions, we are installing solar power generation equipment in individual stores and switching to green power.
Procurement rate of textile materials sourced ethically and with consideration for their impact on society, the environment and animal welfare	Apparel Socially and environmentally responsible cotton: 97.4% Wool confirmed as non-mulesed: 100% Down certified to ensure animal welfare: 100% Household Goods Socially and environmentally responsible cotton: 47.0% Wool confirmed as non-mulesed: 100% Down certified to ensure animal welfare: 100% We promote the procurement of textile materials that are sourced ethically and with consideration for their impact on the global environment, animal welfare, producers and communities. For cotton, which accounts for a large share of our raw materials, we are focusing on the procurement of cotton with internationally recognized certifications, such as the Global Organic Textile Standard (GOTS) and Cotton made in Africa (CmiA).
Results of third-party audits of supplier factories	A assessment: 19 factories; B assessment: 182 factories; C assessment: 64 factories; D assessment: 13 factories; E assessment: 20 factories In FY2024/8, a third-party organization conducted on-site audits of a total of 298 factories, comprising 241 Tier 1 factories and 57 Tier 2 factories. For factories with D and E assessments, we plan to conduct a follow-up audit within one year and confirm the completion of improvements through a third-party organization. ▶ See page 52 for more details.
Volume of clothing collected and reused/recycled	Volume of textile products collected: 97 t Sales volume of reused and upcycled clothing items: 55,746 items We are promoting an initiative in which clothing collected from customers is reused and upcycled. We established a specialized division for resource recycling to accelerate this initiative, and sales volume in FY2024/8 increased 1.8 times from FY2023/8.
Volume of plastic products collected	Volume of plastic products (PP/PE) collected: 112,593 kg Volume of plastic (PET) bottles collected: 5,095 kg The PET bottles collected are recycled into polyester raw materials, which has helped to reduce plastic waste and led to more effective use of petroleum-based raw materials. Since February 2023, we have been expanding the range of items accepted for collection, and now also collect plastic storage items, trash cans and other items that are no longer needed.

Material Issue 2: Address Local Challenges and Revitalize Regions

Indicators	FY2024/8 Results and Summary
Number of local revitalization activities	Number of events held: Approx. 6,000 Number of participants: Approx. 270,000 The above figures are the total number of event days and people who participated in Community Market events and workshops, ITSUMO MOSHIMO Caravan events and community experience events held throughout Japan. Our stores throughout Japan and the Social Good Business Division will work to address issues together with local residents, with the goal of revitalizing communities.
Economic value created in regions (Amount invested in the region by people)	Approx. JPY 0.9 billion The above figure is the total value of sales generated from Community Market events, regionally exclusive merchandise development, local specialty products and community experience events.

Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Indicators	FY2024/8 Results and Summary
Percentage of women in managerial positions	29.8% The percentage of women in managerial positions is increasing year by year. We are promoting various personnel systems, and also conduct career training specifically for women in their twenties.
Percentage of non-Japanese officers at Group companies	33% (share of non-Japanese nationals in executive positions at overseas Group companies) As we move to increase store openings overseas and strengthen global expansion, hiring and training non-Japanese employees, increasing the percentage of non-Japanese officers and ensuring diversity will be essential to our business strategy.
Percentage of annual paid vacation taken, turnover rate, percentage of employees taking childcare leave and return to work rate after taking childcare leave	Percentage of annual paid vacation taken: 48.8% Turnover rate: 5.5% Percentage of employees taking childcare leave: 71.7% Return to work rate after taking childcare leave: 39% We are working to create an environment where employees can feel secure and continue working for a long time. Some of the above figures cover the period from July 2023 to June 2024.
Number of participants in open-enrollment training sessions	Number of participants: 1,267 We are enhancing our open-enrollment training sessions that promote self-driven growth, including elective business skills training and quality control (QC) and industrial engineering (IE) training.
Number of employees eligible for “challenge expectation” ESOP points	Number of people who participated in the challenge expectations program: 601 We have established a unique challenge expectation system, in which points that can be converted to shares of the Company’s stock upon retirement are awarded to employees who take on challenges at a high level, regardless of their membership in the shareholding association. The program is operated within the framework of the employee stock ownership plan (ESOP) to foster a sense of ownership and managerial awareness.
Culture and Engagement Survey results Throughout the Group	I resonate with the corporate purpose: 78% My work is useful to society: 83% I feel attached to the company: 72% Ryohin Keikaku’s unique Culture and Engagement Survey is conducted to create a cycle of improvement for realizing better workplace environments based on employee feedback. The response rate for the survey was 96% in 2024. The survey is implemented and its responses are aggregated by a third-party organization. ▶ See page 76 for more details.

Material Issue 4: Realize Governance Aligned with “Public Interest and People-Centered Management”

Indicators	FY2024/8 Results and Summary
Initiatives and systems (that reflect feedback) to strengthen relationships with stakeholders and society	Number of Town Hall Meeting and Shareholder and Fan Meeting events at stores and number of participants: 18 events and 635 participants To realize “public interest and people-centered management,” we are further increasing opportunities for dialogue with stakeholders, and began holding Town Hall Meeting events at stores nationwide in FY2024/8. Together with Shareholder and Fan Meeting events, a total of 18 events were held with 635 people participating.
Number of initiatives completed through co-creation	6 A variety of co-created products came about through our activities. Examples include a campaign in which people voted for unique kinds of baumkuchen from different regions, a curry popularity vote, and a curry development event with students from Hosei Elementary School in Tokyo.
Number of individual shareholders and shareholding ratio	Number of individual shareholders (including employee shareholders): 161,000; Shareholding ratio: 14% We are committed to “public interest and people-centered management” as our core management policy. As such, we are pursuing a new governance model where there is a well-balanced shareholder composition of individual shareholders (customers), employee shareholders and long-term institutional investors. In FY2024/8, the number of opportunities for engagement with individual shareholders increased significantly, and various initiatives were conducted at stores throughout Japan.
Percentage of individual shareholders holding shares for three years or more	21.1% To build stronger medium- to long-term relationships with individual shareholders, we enhanced shareholder benefits in FY2024/8, and raised the shopping discount rate from 5% to 7%. Aside from shareholder benefits, we will deepen relationships with individual shareholders through various gatherings such as Shareholder Meeting events.
Percentage of employees who own shares held in trust	Regular employees: 78.8%; All employees: 33.4% We are taking measures to foster employee ownership toward our goal of “public interest and people-centered management.” We have two incentive programs: the employee stock ownership plan (ESOP) and the trust-type employee stock incentive plan (E-Ship). Both of these programs are available to all employees, including partner employees.
ROA, ROE and dividend payout ratio	ROA: 11.6%; ROE: 14.9%; Dividend payout ratio: 25.5% We aim to enhance corporate value by improving profitability and efficiency while ensuring stable shareholder returns. Our target for both ROA (based on ordinary profit) and ROE is 15%. We will maintain ROE at a level that exceeds the cost of capital by improving the profitability of our core business. With regard to shareholder returns, we will maintain our basic policy of a dividend payout ratio of 30%, excluding temporary factors.

Strengthening the Production System



We will visualize all processes from raw material procurement to product completion as we work to carry out production in-house and optimize costs.

Satoshi Okazaki

Senior Executive Officer
In charge of Production Division and Resource and Development Division

Reforming the Production System

Ever since the MUJI brand was created in 1980, we have continued to develop and manufacture products based on three perspectives: selection of materials, streamlining of processes and simplification of packaging. This is the essence of the development and manufacturing of no-frills, quality products, in which we strive to select materials with consideration for the environment and producers, eliminate waste in all processes, and provide customers with what they need, in the form they want.

In the medium-term business plan launched after the start of the Second Founding in 2021, in addition to cutting costs in the development and production stage, we set out the goals of helping to solve the social issues facing people and environmental problems in production areas by “completing the finest and most unrivaled product lines essential to daily life and the procurement and production system for these products.” By delving deep into production areas to visualize and streamline the product development and production process, we will be able to deliver quality at affordable prices as well as realize circular designs. Our goal is to ultimately maximize operating revenue and profit at the global level. The Production Division was established as part of the Second Founding.

In the beginning, however, it was difficult to judge appropriate costs in the production process due in part to the fact that the Production Division was understaffed. Moreover, the cost structure itself had become opaque as Ryohin Keikaku had been entrusting process control and other functions to the trading companies and factories to which it outsourced production based on its fables production system.* In the two years through FY2024/8, we more than tripled our production headcount in Japan and overseas,

visualized the cost structure of the entire process from material procurement to product completion, including costs related to raw materials, processing, labor and logistics, and established a system for detailed analysis.

We also built strong partnerships with factories around the world, and are strengthening in-house production, while maintaining the fables production system. Nevertheless, in-house production will not fully take shape until the 2025 fall/winter product lines, so the results are not yet showing up in the numbers. In FY2024/8, we made progress in reducing costs through measures such as transferring production with the aim of consolidating factories and improving efficiency, while also expanding direct transactions with manufacturers. However, these savings are being offset by expenses related to production system reforms. Looking ahead, we expect the effects of cost reductions to have a positive impact on profitability.

* A production format in which we plan and design products, and entrust the production process to (outside) contract manufacturers, but do not own any factories or production facilities ourselves.

Manufacturing from the Perspective of Production Sites

If the production process were to be fully visualized, for manufacturers, there might be many cases where only the final stage of sewing or assembly would be shown. At Ryohin Keikaku, though, we are creating a system for visualization that goes all the way back to the manufacturing stage of the materials that make up our products, and even to the raw materials before that. For example, by looking as far back as the farms and ranches in the production areas in apparel, and plastic and wood in household goods, we are working to enable visualization of the whole process from raw

material procurement to delivery to the customer. Bringing certain production functions in-house is essential to such visualization, so we are focusing on both areas.

For that, Ryohin Keikaku's employees have to engage with the actual production sites. To respond to proposals from manufacturers and trading companies, instead of the previous approach of just checking issues at their desks, our employees are now going out to the sites, getting closely involved with production areas and factories, and delving into aspects of manufacturing and production. This includes aspects such as the status of production volume and operation of assembly lines, in cooperation with producers and engineers.

When they do that, in some cases companies and factories that were accustomed to our previous way of doing business expressed some reluctance. We have therefore carefully explained to them the benefits that will come from the changes in approach and production system, and worked to gain their acceptance. Specifically, we have communicated that manufacturing that is reasonable from the perspective of the producer or factory can ensure stable quality while keeping costs under control, which will ultimately benefit the customer.

Reasonable manufacturing for production sites means determining production volumes in advance through coordination between divisions, including in terms of presenting sales figures, and ensuring stable production without sudden fluctuations in output. This approach enables the factory or producer to maximize production efficiency. Suppose, for example, we placed an order that puts a strain on the production process. The factory would be forced to operate for extended hours, and employees would have to work on their days off or work overtime. In distribution, we would then need to use relatively expensive air transport, which would drive up costs. On the other hand, if a reasonable production environment is established, we can ensure stable quality and avoid unnecessary costs. As a result, manufacturing from the perspective of production sites leads to more efficient operations, lower product prices and helps solve social issues in production areas.

This is a unique strength made possible by our long-term approach of continuously expanding our product lineup without making major model changes to mainstay products. This is not something that can be realized through trend-driven manufacturing. Conducting manufacturing from the perspective of production sites will enable us to ensure stable development and production of mainstay products over the long term. It will also create sustainable manufacturing and work environments for the factories and the people who work there. That is why we have actually visited sites and factories in Japan and overseas that are interested in cooperating with us as production bases, and have proposed partnerships for sustainable growth. We are actively working to foster trust and support by demonstrating our commitment to contributing to communities through manufacturing.



Production site



We will ensure stable production volumes and factory operations, as well as revitalize industries through continuous creation of employment.

The efforts for visualization and in-house production we have been making since the launch of the Second Founding are beginning to take shape, and we expect a number of items produced under the new system to be released starting in the fall/winter of 2025.

Medium- to Long-Term Guidelines in Establishing Production Sites

Thinking from a global perspective, many of the products we sell in Japan are uniquely suited to Japan's culture and orientation, so in many cases they cannot be sold in our stores worldwide without modification. In addition, as laws and regulations differ in each country and region, we must change our system from manufacturing based on Japanese standards to manufacturing based on global standards from the standpoint of regulatory compliance. On the other hand, in terms of geopolitical risks, the experience of distribution and product supply stoppages during the COVID-19 pandemic underscored the need to have multiple production bases globally to diversify risk.

In that context, we moved to establish new production bases in Cambodia, Indonesia and India. These countries, where many companies have set up operations, are economically vibrant. When we think about future efforts to strengthen our business globally, the advantages in terms of tariffs and logistical costs were also reasons for establishing bases there. We will strengthen coordination between product development and production bases to promote the creation of a global supply chain.

However, given the need to address different ESG-related regulations in each country and region, we anticipate a shift to local production for local consumption in the medium to long term. We intend to build a production system based on the individual circumstances—for example, we are considering establishing production bases in Europe and the United States, where various ESG-related regulations are projected to become stricter.

We are a manufacturing retailer, and our business model is different from both retailers and manufacturers. Our greatest strength is our ability to quickly and directly translate customer feedback from stores and e-commerce, where we engage with customers every day, to improvements and development in the production stage. To maximize this strength, we should aim to conduct product development in the regions where our stores are located around the world. Beyond that, in each country and region, we will promote the creation of a “human society rich in heart, with a balanced relationship between humans, nature and artifacts.” We will continue to reflect feedback from customers and stores in our production system to support “a truthful and sustainable life for all” through manufacturing.

Global Planning and Product Development



We will promote market expansion in fast-growing Southeast Asia through large-scale store openings in urban areas and product development adapted to local lifestyles.

Akihiro Kamogari

Executive Officer
In charge of Southeast Asia Business
Head of Thailand Business

Ryohin Keikaku has stores in five of the ten member countries of ASEAN: Thailand, Singapore, Malaysia, Vietnam and the Philippines. With a combined population of about 315 million people, these countries form a large market, and also have fast-growing economies with young people making up a large share of the population. In recent years, the middle-income class has grown significantly, and as the quality of life has improved, interest in material goods, experiences and awareness of environmental conservation have increased. As such, we believe that people will better understand MUJI's philosophy, commitment to materials and quality, and the stories behind our products. More and more travelers from Southeast Asia are visiting Japan, and in many cases they come across MUJI stores during their trips.

In general, Japanese products have an image of reliability, and people have high expectations for MUJI products in particular for the materials they are made from and their high quality—for example, products made from textured linen and cotton are selling well. Given these expectations for quality, we believe that clearly telling the story behind the product, and communicating our brand image through the in-store experience will lead to expansion of the

customer base. To accomplish that, it is important to expand store sizes, increase the number of stores, and enhance the product lineup.

Expansion of Stores from Major Cities to Regional Areas

Currently, we have not kept pace with the speed of growth in the Southeast Asian market in terms of the number and size of stores. To raise the level of our brand recognition in Southeast Asia, we are first opening stores with a focus on standard 500-*tsubo* (approx. 1,650 m²) stores in major cities, and in the next stage we plan to expand into regional areas. For example, in the Philippines, the key is to strengthen opening of stores in the capital city of Manila. In Thailand, we have almost completed store openings in Bangkok, and will then enter the phase of expanding into smaller cities.

In Southeast Asia, due to the tropical climate, there is a shopping custom of spending time cooling off in air-conditioned malls. Therefore, our basic strategy is to open standard 500-*tsubo* stores primarily in urban shopping malls, and at the same time, we will open flagship stores in each country where we operate.

Product Development Rooted in Local Perspectives and Lifestyles

Product development based on the regional characteristics of Southeast Asia is also important. In the breakdown of net sales at our stores in Southeast Asia, apparel accounts for roughly 50%, followed by household goods at 45%-47%, so at present, apparel and household goods are the main product lines. Partly due to import restrictions and differences in religion and dietary culture, food is still sold only on a limited basis, accounting for 3%-5% of sales. However, strong customer demand and significant potential exist for food products. We will start development based on the concept of local production for local consumption in the current fiscal year. When we initially entered the Southeast Asian market, our stores mostly had the same product lineup as in Japan, but now we are strengthening the development and sales share of products that fit the tropical climate and the region's lifestyles, with a focus on apparel and household goods.

In apparel, we are leveraging Ryohin Keikaku's global supply chain to make items we sell in Japan as seasonal summer wear into regular products available year-round in Southeast Asia, and are enhancing our lineup of products such as short-sleeved shirts and T-shirts.

In household goods, the living environments and lifestyles in the region are much different from those in Japan, so we have started developing products tailored to local lifestyles specifically for the ASEAN market. In doing so, we are drawing on the knowledge of the Production Division regarding restrictions in areas such as raw materials and manufacturing methods, and are collaborating with our mainland China operations, which already have experience and know-how in creating systems for local development of products. Our employees actually went to visit the homes of residents in Southeast Asia, and we now have a number of products that were developed based on what they noticed about the way people live. For example, whereas in Japan the *Microfiber Mini Handy Mop* is preferred for cleaning dust, homes in Southeast Asia commonly have tiled or stone floors, and large mops are used when cleaning. That led us to develop a recycled polypropylene mop and bucket set using recycled plastic bottles as a raw material, in collaboration with a plastic products manufacturer in Vietnam. The item allows users to carry the mop together with the bucket, and to clean the floor while also cleaning the mop.

Moreover, in Southeast Asia, individual households typically own multiple mugs, and fill each one with their favorite beverages and carry them around. Because of this culture of staying hydrated, we developed a recycled PET water bottle.

People living in Southeast Asia also do not store outerwear in closets because of the year-round tropical climate. Instead, it is customary to store many T-shirts and short-sleeved shirts on

hangers in the closet. Recognizing this, we began to sell recycled polypropylene hangers (pack of 10) to make it easier to buy a multiple-hanger set, which won the support of many consumers. We are now beginning to sell this hanger set worldwide as a product developed in the Southeast Asia Business, so I feel that product development in the region is starting to gain traction.

Challenges in Market Expansion in Southeast Asia

There are three main issues we face in expanding business in Southeast Asia.

First, as we accelerate new store openings in each country, a stronger organizational structure will be required in order to adapt to the rapid pace of expansion. On that point, we are stepping up local recruiting, and have also sent store managers and other experienced employees from Japan to Southeast Asia to provide one-on-one education and training to local store managers and staff. By having store managers dispatched from Japan monitor stores and uncover their challenges, we are establishing a structure to regularly formulate and implement improvement measures. This is one of the ways we are quickly working to build our organization.

The second issue is further strengthening product development, an area we continue to focus on. Since we are moving forward with expansion of store sizes, we will inevitably have to increase the number of products offered in those stores. By identifying key product categories—mainly items with strong support from customers—we will enhance our product assortment and expand products tailored to the local market to give customers a sense of MUJI's values.

The third issue is that because we are still in the market cultivation phase, MUJI's name recognition is not high, so we need to grow the customer base further. In doing so, consideration for a product assortment tailored to local lifestyles will be essential. In addition to our current products, we will expand such tailored items as well as more affordable products using a multifaceted approach that includes making cost improvements and collaborating with local manufacturers. Through initiatives such as these, we expect to be able to grow our customer base.

We will also develop flagship stores that showcase the MUJI worldview in each country and region, and increase our brand recognition in Southeast Asia by strengthening store-driven product marketing to deepen understanding of product stories and let customers experience MUJI through our stores. Based on this approach, we aim to expand the market and increase recognition while promoting store expansion, product development and organization-building in an integrated manner.



MUJI ONE BANGKOK, a large-scale store that opened in October 2024



Recycled polypropylene mop bucket



Recycled PET water bottles



Recycled polypropylene hangers (pack of 10)

Enhancing Our Corporate Value: Feature 3

Vision for the Social Good Business



In working with communities to solve problems, we will mobilize people, goods and knowledge.

Hidetomo Nagata

Executive Officer
In charge of Social Good Business Division, Space Design Division and IDÉE Planning & Direction Division

The Value of Ryohin Keikaku’s Social Solutions-Oriented Business

At Ryohin Keikaku, we share issues and values with local communities, and carry out various local revitalization projects in our quest for “a truthful and sustainable life for all.” Regarding these projects, the Social Good Business Division makes effective use of underutilized assets such as regional products and idle assets as it undertakes initiatives aimed at solving various issues facing communities. As a business focused on addressing social issues, this division organizes its operations around five key themes: food and agriculture; health; communities; culture and the arts; and use of idle assets.

For the theme of food and agriculture, we operate Shokoku Ryohin, an e-commerce site that ships products directly from producers. It is aimed at revitalizing agriculture and industry by delivering regional products to people anywhere in Japan. We collect approximately 1,800 regional products from all 47 prefectures, and in addition to the e-commerce site, we also offer them in Shokoku Ryohin sales spaces at about 150 MUJI stores, where the thoughts of the producer and background information about the product are conveyed. We are also developing new products in cooperation with local governments, and at Café&Meal MUJI we offer food with locally grown ingredients based on the theme of So no Shoku (“simple food”). By telling customers about the origin and goodness of the ingredients, we create opportunities to support local agriculture.

In addition, we started the MUJI Furusato Nozei (“hometown tax”) program in September 2024. Rather than focusing attention on the contents of the “thank-you” gifts offered by localities, we want to return to the original purpose of supporting regions through donations and create opportunities for regional exchange through tax payments.

For the theme of health, we have established Healthcare Centers to help maintain physical and mental well-being in cooperation with local governments and healthcare providers. Here, we provide health consultations by nurses, registered dietitians and other specialists, and conduct health-oriented events and other activities to promote community healthcare and support local residents in improving their health.

For communities, we hold ITSUMO MOSHIMO Caravan events (regional integrated disaster prevention activities) at various locations in Japan with the goal of increasing community-wide disaster preparedness. At the events, we provide disaster prevention goods, conduct programs using those goods, and boost the disaster prevention awareness of the region as a whole.

For culture and the arts, we use the artistic space ATELIER MUJI GINZA to host various art events, including exhibitions jointly hosted with the interior brand IDÉE. We also hold events in other regions throughout Japan.

Regarding the use of idle assets, we focused on idle assets such as vacant houses and closed schools, which will be important when considering contribution to the local community, to launch an accommodations business, MUJI STAY. The business adds new value with MUJI’s space design abilities and products.

Food and Agriculture	Health	Communities	Culture and the Arts	Use of Idle Assets
<ul style="list-style-type: none">Shokoku RyohinFurusato NozeiCafé&Meal MUJI	<ul style="list-style-type: none">Healthcare Centers	<ul style="list-style-type: none">ITSUMO MOSHIMOCommunity Market	<ul style="list-style-type: none">ATELIER MUJI GINZALocal art events	<ul style="list-style-type: none">MUJI STAYMUJI HOTELMUJI BASEMUJI room

Depending on the theme, some activities are initiated by stores from the viewpoint of community contribution, while other initiatives spread into the community through stores after they are standardized by the Social Good Business Division, so we place

importance on balancing discretion with stores. As an example, for ITSUMO MOSHIMO Caravan events, the Social Good Business Division plans what content to provide, and outreach to local governments and local businesses is done cooperatively through stores.

MUJI STAY: Making Use of Idle Properties

In our accommodation business, MUJI STAY, we renovate houses and facilities that are no longer in use, such as abandoned houses and closed schools, and the rooms of *ryokans* (Japanese-style inns) that are not being used effectively, and give them new life as accommodation facilities and community gathering places. By doing so, we are revitalizing regions by creating an interacting, connected population, and helping to solve the problem of abandoned houses due to depopulation. MUJI STAY includes MUJI HOTEL, in which Ryohin Keikaku creates hotel facilities in large cities based on its worldview; MUJI BASE, which involves renovating abandoned houses and closed schools to convert them into bases for experiencing local culture; and MUJI room, which applies the expertise acquired in these two businesses to renovate accommodation facilities through co-creation with local businesses. Furthermore, MUJI Camp, a campsite for enjoying nature that marked its 30th anniversary in 2025, contributes to the creation of a local connected population.

These businesses share common roots in that they foster connections between visitors and the region, and propose new ways of living by using the various forms of capital of Ryohin Keikaku, which aspires to realize “a truthful and sustainable life for all,” to spotlight the unique features and resources of each region. At MUJI BASE and MUJI room in particular, the community is responsible for the features that make people feel “this is what I really want,” such as the specialty products and traditional crafts of the region, or the nature or buildings that are regional attractions, while MUJI, which has an assortment of food, clothing and shelter-related products, supplements these initiatives with goods that make people think, “this will do.” Through this approach, we highlight each region’s appeal in a backup role rather than taking the lead.

Our accommodations and temporary stay facilities have high occupancy rates. They also have received excellent reviews on reservation sites, so we see this as a good start. With MUJI STAY,

MUJI HOTEL	MUJI HOTEL GINZA (Ginza, Chuo-ku, Tokyo)
	MUJI HOTEL BEIJING (Xicheng District, Beijing, China)
	MUJI HOTEL SHENZHEN (Futian District, Shenzhen, Guangdong Province, China)
MUJI BASE	MUJI BASE KAMOGAWA (Ohata, Kamogawa, Chiba Prefecture)
	MUJI BASE TESHIMA (Teshimaieura, Tonosho-cho, Shizuoka Prefecture)
	MUJI BASE OIKAWA (Kotadai, Otaki-machi, Isumi-gun, Chiba Prefecture)
MUJI room	MUJI room LIBER HOTEL (Sakurajima, Konohana-ku, Osaka, Osaka Prefecture)
MUJI Camp	MUJI Tsunan Campsite (Kamigoteraishi, Tsunan-machi, Nakaonuma-gun, Niigata Prefecture)
	MUJI Minami-Norikura Campsite (Nenohara Kogen, Takane-machi, Takayama, Gifu Prefecture)
	MUJI Campana Tsumagoi Campsite (Baragi Kogen, Hoshimata, Tsumagoi-mura, Agatsuma-gun, Gunma Prefecture)



MUJI BASE OIKAWA



ITSUMO MOSHIMO Caravan event



Community Market event with products from the Setouchi area (MUJI BASE TESHIMA)

our policy is not to expand rapidly, but to widen our operating area while working closely with communities. In the future, we will work to increase operating efficiency while making a positive impact on communities, with Kanto, Kinki and Setouchi as the priority areas.

Visualizing the Impact of Social Contribution

The issue facing these social good businesses is how to evaluate and visualize the social impact of local revitalization. For business categories such as MUJI STAY and Shokoku Ryohin whose economic value is quantifiable, we will work to achieve self-sustaining profitability, and ensure that their businesses are sustainable as they address the social issues of communities. On the other hand, there are some categories that should be evaluated based on their social impact rather than economic impact, such as initiatives like ITSUMO MOSHIMO Caravan events that are important for solving local social problems despite not directly generating revenue.

In addition, the social impact in rural communities may be large when measured by the relative impact on the community, even if the absolute economic impact is small. In the social good business, as the name suggests, contributing to society and communities is what really matters. Without losing track of this objective, we are considering which indicators can be used to verify the impact both quantitatively and qualitatively, and will try to measure and disclose the social impact.

Promoting Community Contribution by Mobilizing Human Capital and Knowledge

Ties with local communities are indispensable to realizing “a truthful and sustainable life for all.” It is our employees who embody our corporate purpose and are passionate about giving back to the community.

At Ryohin Keikaku, we strive to develop human resources rooted in the local community. Those people should be able to identify local issues and link them to store improvements and business development. Employees with roots in the community take the initiative to engage with residents and share the issues specific to that community. By leveraging our wide range of products in the areas of food, clothing and shelter—together with our expertise in store development, collaboration between stores and headquarters, cooperation with other industries and partnerships with local governments—we develop practical, solution-oriented projects. In this way, the social good business is a contribution to the local community by employees who embody Ryohin Keikaku’s philosophy, and is a realization of “public interest and people-centered management.”

However, we must never forget that the community plays the leading role, and our duty is to fill in the missing pieces and make it exciting. MUJI will act as a catalyst to enable each community to rediscover and make the most of its inherent value.

Resource Circulation



We promote circularity based on three pillars—reuse, recycling and rental—and operate our businesses with consideration for both the environment and profitability.

Takahiro Miyazawa

Executive Officer

In charge of EC & Digital Service Division, Open Communications Division, Circular Business Division and IT Services Division

To realize “a truthful and sustainable life for all,” raising environmental awareness and utilizing resources effectively to reduce waste are naturally things Ryohin Keikaku should do as a company engaged in the fields of manufacturing and retail. However, this is not a passing trend—something we are doing just because it is good for the environment or to align with the sustainability movement. Ryohin Keikaku has a corporate culture of doing things that mean something to society. Resources borrowed from the Earth become products, and we continue working to ensure that those products remain useful for a long time by reusing and recycling them.

Until recently, we engaged in such activities sporadically when different divisions took the initiative, but in February 2024 we established the new Circular Business Division and created a system in which the division will lead activities. We are also working to build up resources for this effort, using internal recruiting and hiring of mid-career talent, based on the goal of making individual projects into something larger while ensuring their profitability as businesses.

Creating Circularity Pathways for Apparel and Household Goods

Currently, Ryohin Keikaku's circularity initiatives have three main pillars: reuse, recycling and rental.

For the reuse business, we pursue two initiatives. One is the Mottainai Market, in which items that were returned due to scratches or other blemishes, and products such as furniture and mattresses that were used as part of the monthly subscription-type furniture rental service and returned, are sold as used or

like-new products at bargain prices after doing any necessary repairs, parts replacement and cleaning. The other initiative is one in which MUJI clothing that is no longer needed is collected and then re-dyed, rewashed or made into other garments to be resold.

In the Mottainai Market, while we pursue profitability by selling items, we also focus on furniture that was not suitable for reuse, consider what areas can be improved and whether it can then be resold. We also give feedback to the Merchandising Division and the Production Division. Improving products so they can be used for a longer period of time will ultimately have a positive impact on resource circularity.

We are promoting an initiative to upcycle or to reuse and resell MUJI apparel collected from customers. The apparel collected is re-dyed in indigo, black or other colors and given a new life as *somenaoshita fuku*, or re-dyed clothing. *Arainaoshita fuku* are clothes made from difficult-to-dye synthetic fibers and clothes in good condition that are washed and resold as second-hand clothes. For damaged clothing, we take various approaches to resell it, including upcycling as *tsunagaru fuku*, which are items that have been made by stitching the usable parts of different clothing items together. This service was available in 30 stores in Japan as of the end of December 2024, and we will expand that number further step by step.

For re-dyed clothing, there are hurdles to increasing revenue because the collected items first have to go through processing at a facility before they are shipped to stores for resale.

We will also try to achieve our goal in ways such as expanding the range of *arainaoshita fuku* that can be turned into commercial products simply by inspecting and washing them.

Limiting Collections to Our Own Products to Reuse Resources Responsibly

For the recycling business, in addition to collecting apparel, we collect plastic products such as MUJI storage items and skincare PET bottles, as well as paper hangers used in store displays. We also accept items such as body-fit cushions, shelving units and down comforters at some large-scale stores.

We believe that limiting collections to our own products is the best way to create a path for responsibly recycling the items we sell, and help to turn them into products again. Take skincare PET bottles, for example. Ryohin Keikaku has developed containers with a size and composition that make them easy to recycle, but mixing in containers manufactured by other companies with different compositions would reduce recycling efficiency. In order to reuse resources responsibly, we collect only our own products.

Collection of these products for recycling takes place at basically all of our stores in Japan, with the exception of some small stores that do not have enough space. At our stores, we are increasing the volume of items collected by taking specific measures such as displaying posters to inform customers about the system, and placing collection boxes in the optimal location at each store.

When customers bring acceptable items in for collection at stores, they receive a gift of 1,000 MUJI Miles,* but we also have limited-time offers where they can be granted additional MUJI Miles. We are using the email newsletter to strengthen collection promotion measures.

* MUJI Miles: Granted to MUJI members when they shop or use other services at MUJI and affiliated businesses. Once they reach a certain number of MUJI Miles, customers can convert them to MUJI Shopping Points that can be used for making purchases, with one point equal to one yen.

Furniture Rental Business for Individuals

For the rental business, we operate a monthly subscription-type furniture rental service in which customers rent furniture for one to four years. After the rental period ends, customers have the option to buy or return the furniture they have been using, or to extend the rental period. Returned furniture may also be used as items in the Mottainai Market reuse business. Furniture rental is ideal for people who only need minimal furnishings during a relocation for a fixed period of time—for example, people who are assigned to a job posting away from their family or who are attending

university—or people who want to use furniture on a trial basis to see if it fits their lifestyle. This initiative can contribute to resource circularity by reducing wasteful purchases of furniture. Currently, this service is only available to individuals, but we may expand it to corporate users in the future.

We will further expand our reuse, recycling and rental businesses. In doing so, strengthening communication with customers is key to growing these businesses and promoting resource circularity. In particular, it is crucial that customers recognize our efforts to promote resource circularity at the time of purchase or when they begin using our services. If it is understood that products can be reused if they are returned to the store in the future, or that a product being purchased is a reused item or is made from recycled materials, it will motivate customers to buy MUJI products. This will also promote collection as the entry point to reuse and recycling. To make that a reality, we will use various points of contact with customers, such as the MUJI passport app, to strengthen communication and promote resource circularity.

Balancing Circularity and Profitability as a Business

To promote resource circularity, there are various challenges to overcome in areas such as logistics, management systems and securing human resources. However, we also recognize that these challenges can be overcome by investing the necessary time and money. While we engage in resource circulation as a company in the fields of manufacturing and retail, we also understand that ensuring profitability remains a top propriety. If we look at it as a business, we need to compare the income we can earn from making and selling a piece of furniture with the combined income we can earn renting it out for a fixed period of time and selling it as second-hand furniture. We then need to raise the profit of the latter to a higher level than the former. We will also ensure proper management of these revenues. We will develop this business in areas where there is a need—in other words, we will promote initiatives that customers want to be a part of. With these elements in alignment, we can ensure they start becoming sustainable as a business.

After thoroughly examining the earnings structure, we will strengthen communication by taking full advantage of points of contact with customers, including at stores and through our app, and work to uncover their needs.



Collection of plastic storage items



Collection of skincare PET bottles



Mottainai Market

Employee Engagement



We will promote “public interest and people-centered management” where each employee works with a sense of ownership, takes the initiative to set tasks and action plans to achieve independent store management.

Yoshimasa Tsuji

Executive Officer

In charge of Human Resources Division and Human Resource Development Division

Ryohin Keikaku’s “public interest and people-centered management” means that each employee has a sense of ownership and plays a leading role in business activities, while working to realize “a truthful and sustainable life for all” in which they cooperate with stakeholders to benefit the public interest. Ryohin Keikaku is merely a vessel for employees to play a part in co-creation. It involves them cooperating with outside partners and local communities on their own initiative. Therefore, what we do for the employees who play an active role in our business activities is critically important.

The first theme for achieving public interest and people-centered management is to establish a management model in which diverse human resources proactively carry out management and business operations.¹ That begins with every employee having a sense of ownership. Specifically, we want our employees to be both players and shareholders, and to feel they are participating in management. In addition, it is important that our employees have a mindset of setting goals for themselves and working to achieve them. There are numerous situations in which people take on difficult challenges—for example, using natural materials as much as possible while reducing costs and the burden on the environment to develop products with the right balance of price and quality. That is why a mindset and attitude of enjoying taking on challenges is required.

We have established a “challenge expectation points system” and a “performance-linked points system” in which employees are granted points that are convertible to shares of Company stock upon retirement. Points are awarded based on employees’ efforts and contributions, and we have a structure in place to link a positive attitude toward challenges with a sense of participation in management.

Through these initiatives, we want to create a vibrant, open organization where diverse employees form teams on their own with a sense of participation, and tackle challenges in various areas.

The second theme is establishing an organizational culture based on learning in order to create a localization model. MUJI stores are spread across many different countries and regions, each with its own unique features. Therefore, we need people who know their areas inside and out to lead business growth, with the goal of autonomous growth in each country, region and store. In addition to strengthening local recruiting, we aim to realize independent store management through training and education for managers.

As such, we provide employees who have a desire to learn and grow on their own with a variety of learning opportunities beyond training. For instance, to cultivate talent who can serve as store managers a few years after joining the Company, we have developed and provide a training program that fosters the necessary mindset and enables employees to systematically acquire the requisite knowledge and skills in two years. To develop people who can take on the challenge of achieving ambitious targets, we are taking steps such as expanding elective training,² including quality control (QC) and industrial engineering (IE) training, overseas store training, and business skills training.

The third theme is to make our businesses places that people want to work and stay at for a long time. To achieve that, we need to ensure our employees have good health and lifelong peace of mind. In addition, expanded support for life events and flexible work style options can also lead to stable employment. At Ryohin Keikaku, our stores are the primary place of work. Given the wide array of products and services we offer, store operations can place a heavy burden on employees. Therefore,

we try to lighten the load on employees as much as possible by supporting process improvements and efficiency, including systematization, and establishing environments conducive to teamwork and cooperation.

1. See Organizations and Human Resources for Practicing “Public Interest and People-Centered Management” on pages 69–70 for more details.

2. See pages 71–72 for more details on elective training

Proactive Employees and a Flat Organizational Culture Are Strengths

One strength of Ryohin Keikaku’s human resources is that many of our employees have something they want to accomplish or something they want to do at Ryohin Keikaku. For example, many employees want to get involved in helping the community, or they may have a specific desire to be useful to society through product development. Also, we have a flat organizational culture with few hierarchical layers, which facilitates flexible interdepartmental cooperation. If the self-motivated aspirations of each employee can be realized by leveraging these strengths, we believe that accomplishment will also contribute to achieving the three themes aimed at “public interest and people-centered management.”

Currently, Ryohin Keikaku is at the stage where it is positioned for significant growth during the Second Founding. We also face numerous challenges. The key to solving each issue lies in how many proactive human resources we can develop—individuals who resonate with our philosophy and want to take on challenges. Human resource development is a major theme, but this does not simply mean enhancing training. We also need to give our diverse human resources opportunities to gain new perspectives and learn through discovery. Another key point is the ability of employees to share the knowledge and expertise they acquire with those around them. We have established an internal platform that enables diverse employees to share insights, allowing other employees to learn as a result. This encourages employees to voluntarily deepen and share knowledge. As an example of flexible learning styles, we are promoting open application-style overseas training. We will continue to implement various measures to overcome obstacles while valuing Ryohin Keikaku’s organizational climate and its culture of developing many proactive human resources.

Fostering a Highly Engaged Corporate Culture

In the summer of 2024, we conducted a Culture and Engagement Survey³ of employees, including part-timers, working in 12 countries and regions around the world. Based on 27 indices, we defined our desired organizational culture. The survey contents were designed specifically for Ryohin Keikaku, and consisted of 52 questions in total, including 46 original questions and 6 general engagement questions. This was the second time the survey was conducted using these questions (the first one was in the winter of 2022).



Store managers meeting



Overseas training



QC and IE training

As representative scores, 78% of employees answered that “I resonate with the corporate purpose,” 83% responded that “My work is useful to society,” and 72% said “I feel attached to the company.” Also noteworthy is that the response rate increased from 82% last time to 96%, a significant improvement. The management team, including top executives, took the results of the previous survey very seriously, and have extensively discussed response measures. They also promoted the message that Ryohin Keikaku will be “an organization that puts people first,” linked that message to many concrete measures, and made improvements. The results and our stance as Ryohin Keikaku were communicated to employees, so they recognized that their voices could lead to change. I think that is what led to the higher survey response rate this time.

A number of improvement measures were implemented, but one particular action we took was to increase communication opportunities throughout the Company. Senior management, including the chairman and president, communicated their messages to employees through regular meetings. Executive officers also went out to visit stores all over Japan, and held meetings where we talked directly with sales staff. There were 161 staff meetings in total during FY2024/8, and some 2,500 employees participated. Discussions also took place within each organization, such as divisions and stores, and through these discussions, the direction of the Company was shared. We were also able to hear directly what kind of problems were occurring in frontline operations, and considered countermeasures. We are making improvements to store operations and IT infrastructure, which are two issues that came up, and made significant changes to the compensation system. These are areas the whole Company worked on.

Another major success was that store managers responded to the survey results by addressing issues and making improvements in their individual stores. This is where Ryohin Keikaku’s proactive way of working is apparent. Store managers, who interact with customers every day, come together at the monthly store managers meeting for in-depth discussion of proposals and improvements, creating a cycle in which support divisions such as those related to distribution and merchandising support stores. Another major change is that the perspectives of store managers are moving closer to our goal of independent store management.

3. See page 76 for more details on the Culture and Engagement Survey

Aiming for Disclosure Unique to Ryohin Keikaku

There is still no clear proof how concepts like human capital management are directly connected to financial value. However, Ryohin Keikaku has a culture of contributing to society and communities, driven by the ideas and enthusiasm of employees and the Company itself. With that in mind, we will analyze the survey results and work to strengthen disclosure of the key indicators and information that should be emphasized in our human capital strategy.