

# MUJI

## REPORT 2025

RYOHIN KEIKAKU CO., LTD.

## About MUJI REPORT

This report is intended to lead to dialogue with stakeholders. It presents goals for medium- to long-term value creation, management policies, business conditions, and other financial and non-financial information based on the philosophy and mission of Ryohin Keikaku, which is aiming to help create “a truthful and sustainable life for all.”

## Information Resources

Financial Information			Non-Financial Information
<b>MUJI REPORT</b> Information on medium- to long-term value creation			
Securities Report (Japanese only)	Consolidated Financial Results	IR Information (website) <a href="https://ryohin-keikaku.jp/en/ir/">https://ryohin-keikaku.jp/en/ir/</a>	Sustainability Information (website) <a href="https://ryohin-keikaku.jp/en/sustainability/">https://ryohin-keikaku.jp/en/sustainability/</a>

## Contents

<b>Introduction</b>			
Our Philosophy	3		
Our History	5		
The Ryohin Keikaku Group by the Numbers	7		
Global Network	9		
Our Businesses	11		
Structure of Our Business Activities	13		
Message from the President	15		
<b>Enhancing Our Corporate Value</b>			
Three-Year Rolling Plan	21		
Review of FY2025/8 and Future Outlook	23		
Overseas Business Strategy	25		
Feature 1: Evolution of Store Operations	29		
Feature 2: Approach to Product Development	31		
Feature 3: Strengthening Marketing	33		
Feature 4: Logistics-Driven SCM Transformation	35		
<b>Ryohin Keikaku's ESG Management</b>			
ESG Management	39		
Material Issues and Indicators	41		
<b>Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature</b>			
Ryohin Keikaku's Unique Product Development	43		
Product Strategy: Apparel	45		
Product Strategy: Household Goods	47		
Product Strategy: Food	49		
Respect for Human Rights in the Supply Chain	51		
Responsible Raw Material Procurement	52		
Caring for the Environment	53		
<b>Material Issue 2: Address Local Challenges and Revitalize Regions</b>			
Expanding Store Openings and Sales Channels	55		
Leveraging IT to Support Independent Store Management	56		
Strengthening Independent Store Management	57		
World's Largest MUJI Store: MUJI Aeon Mall Kashihara	59		
Co-creation with Communities	61		
Social Impact Assessment	63		
<b>Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role</b>			
Approach to Human Resources and Organizations	65		
Human Resource Strategy for Realizing the Eight Drivers for Growth	66		
Employee Skill Improvement and Career Development	67		
Improvement of Organizational Culture and Employee Engagement	69		
<b>Material Issue 4: Realize Governance Aligned with “Public Interest and People-Centered Management”</b>			
Stakeholder Engagement	71		
<b>Basic Information</b>			
Directors and Corporate Auditors	75		
Corporate Governance	77		
A Conversation between Independent Directors	81		
Message from an Outside Corporate Auditor	85		
Risk Management and Compliance	86		
11-Year Summary	89		
ESG Data	91		
Corporate Information and Stock Information	93		

**Scope of This Report** Consolidated subsidiaries and consolidated companies of Ryohin Keikaku Co., Ltd.

**Period Covered** Fiscal year ended August 2025 (September 1, 2024 to August 31, 2025)

Note: Information outside this period is reported when it is appropriate to show past events and data or recent examples.

In this report, amounts and number of shares that are less than one unit are rounded down, and all ratios and percentages are rounded to the nearest whole number.

### Forward-Looking Statements

This report contains forward-looking statements and projections. These statements and projections are based on the Company's judgments at the time the report was produced, and include risks and uncertainties. Changes in various factors could cause actual results to differ materially from forward-looking statements and projections contained herein.

# Our Philosophy

## Our Corporate Purpose

Our corporate purpose is to contribute to the creation of “a truthful and sustainable life for all through our products, services, stores and business activities; believing in a human society rich in heart, with a balanced relationship between human, nature and objects.”

## Our Two Missions

1. To provide daily necessities and services with genuine quality and ethical value, at appropriate and affordable prices.
2. To have a positive impact on each region by operating stores that serve as community centers, sharing concerns and values with local residents and collaborating with them to tackle local issues.

## Our Core Value

We will contribute to building a sustainable society while achieving circularity and coexisting with nature through our products, services and business activities. Through our core value of “contributing to society and people,” our employees and associates will proactively respond to issues facing society and the Earth. We will work to reduce our environmental burden and to respect individual human rights throughout the entire lifespan of our products and through all of our services and business activities.

## Our Management Policy

We will practice “public interest and people-centered management,” where our employees have a sense of ownership and take leading roles in our business activities, and the actions of our locally rooted stores, employees and associates contribute to making a positive impact on society.

## Enhancing Our Corporate Value

Through our business activities, we will create a highly profitable business structure, pay taxes properly and return profits to shareholders appropriately. Furthermore, we will strive to create long-term value for the Company by making a positive impact on society together with stakeholders.

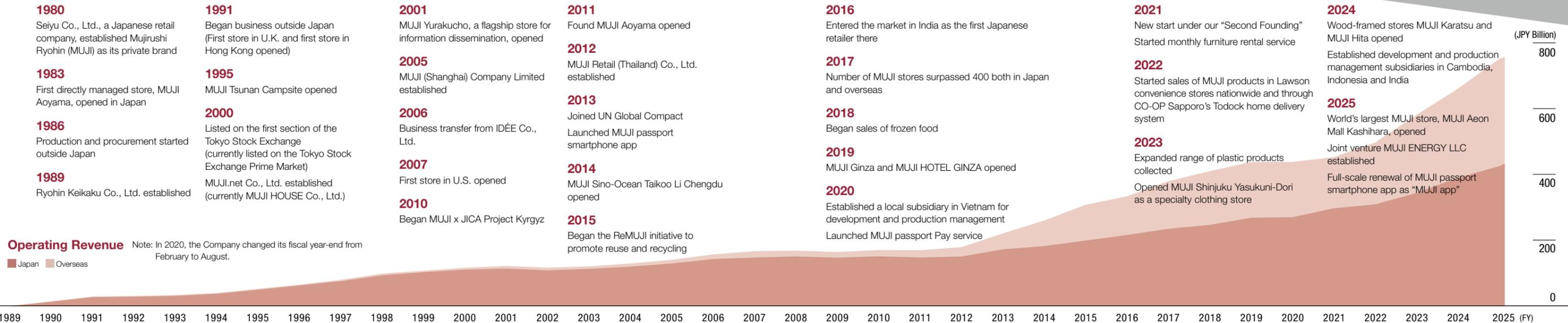


# Our History

Ryohin Keikaku has been working since its founding to help address societal challenges and everyday difficulties in order to realize “a truthful and sustainable life for all.” This approach has led to the Ryohin Keikaku of today.

Our Perspective	1980–2000	2001–2015	2016–2020	2021–
	<b>Redefining the value of goods</b>	<b>The relationship between life and goods</b>	<b>A truthful and sustainable life</b>	<b>“A truthful and sustainable life for all,” and beyond</b>
	We aimed to minimize unnecessary elements and create products that are truly useful to consumers from the perspective of selection of materials, streamlining of processes and simplification of packaging.	We sought to give customers a feeling of rational satisfaction, expressed not with “This is what I really want,” but with “This will do.”	By providing functional, streamlined products that help simplify and beautify people’s lives based on our concept of “conscience and creativity,” we have contributed to solving social issues with proposals for peaceful, relaxed living.	We offer affordable products that are not only essential and useful but also beneficial for the environment, producers and local communities. We will also evolve our efforts to help revitalize local communities, and contribute to the harmonious coexistence and development of daily life, culture and the environment together with each region.
	<b>Products with simplicity</b>	<b>Products that fit all life occasions</b>	<b>Products for organizing people’s life</b>	<b>Products in harmony with society</b>
<b>Evolution of Our Stores and Services</b>	<b>New store openings both in Japan and overseas</b>	<b>Launch of flagship stores and new services</b>	<b>Expansion of services close to daily life</b>	<b>Serving as locally rooted community centers</b>

## History of Ryohin Keikaku



# The Ryohin Keikaku Group by the Numbers

Here are key numbers that highlight our business scale, employees and initiatives for the environment and society.

## Financial Data

### Operating Revenue

**JPY 784.6 billion**  
(18.6% increase YoY)

### Operating Profit

**JPY 73.8 billion**  
(31.5% increase YoY)

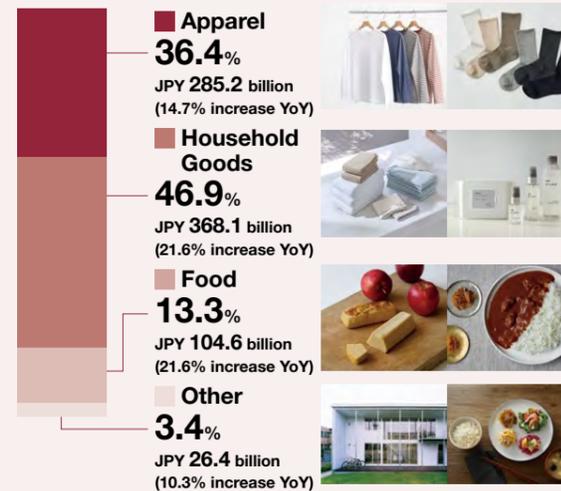
We posted record high revenue in FY2025/8 with profit driven by strong same-store sales, in addition to the increase in the number of stores due to new store openings in Japan and overseas.

### Return on Equity (ROE)

**16.3%**

In FY2025/8, ROE was 16.3%. We are working to improve capital efficiency with a target of maintaining ROE at or above 15%.

### Operating Revenue by Product Category



### Return on Assets (ROA)

**13.5%**

In FY2025/8, ROA was 13.5%. We are working to improve capital efficiency with a target of maintaining ROA at or above 15%.

## Non-Financial Data

### Number of Stores in Japan and Overseas

**1,474**

As of the end of August 2025, the Ryohin Keikaku Group had 717 stores in Japan and 757 stores overseas. (Includes licensed stores, Café&Meal MUJI and IDÉE)

### Number of Employees

**28,432**

As of the end of August 2025, the Ryohin Keikaku Group employed 28,432 people worldwide (including 14,520 non-regular employees).

### Employee Response: There Is Something I Want to Achieve Through My Work at Ryohin Keikaku.

**82.2%**<sup>1</sup>

We work to create a corporate culture where every employee takes ownership of their career, envisions what they want to achieve at Ryohin Keikaku and actively takes on challenges.

### Active Users of MUJI app

**Approx. 17.50 million**<sup>1, 2</sup>

MUJI passport, which was launched in May 2013, was renamed MUJI app and underwent a full renewal in early September 2025. In Japan, the number of active users in FY2025/8 was 17.50 million.

### Percentage of Women in Managerial Positions

**33.2%**<sup>1</sup>

There are 282 women whose job description and level of responsibility are equivalent to that of "deputy manager level or above," regardless of their job title (as of the end of August 2025), and they account for 33.2% of all employees in managerial positions.

### Percentage of Regular Employees Who Own Shares Held in Trust

**78.1%**<sup>1</sup>

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.<sup>3</sup> As of the end of August 2025, 34.5% of all employees are enrolled in an incentive plan.

## Environmental and Social Data<sup>1</sup>

### Procurement Rate for Environmentally and Socially Responsible Cotton

**Apparel: 99%**   **Household goods: 57%**

We recognize Global Organic Textile Standard (GOTS), Cotton made in Africa (CmiA), Global Recycled Standard (GRS)<sup>4</sup> and other certifications as indicators of environmentally and socially responsible cotton.

### Procurement Volume of Materials That Contribute to Production Areas

**Kapok: 267 t**   **Andes wool: 66 t**

We actively procure materials (such as kapok and Andes wool) that contribute to local industries.

### Number of In-Store Collections

**424,329**

The above figure is the number of in-store collections of unneeded textile and plastic products in FY2025/8.

### Sales Volume of Reused and Upcycled Clothing Items

**88,302 items**

Collected clothing items that can be transformed into new clothes by making slight modifications are upcycled and sold. Items that can no longer be worn are recycled into raw materials for clothing and other products.

### Number of Local Revitalization Activities

**Number of events held: Approx. 7,300**   **Number of participants: Approx. 490,000**

The above figures are the number of event days and people who participated in Community Market<sup>5</sup> events and workshops, ITSUMO MOSHIMO Caravans<sup>6</sup> and community experience events held throughout Japan in FY2025/8. 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.

### Volume of Plastic Products and Containers Collected

**170.6 t**

In FY2025/8, we collected 160.3 t of plastic storage products (PP/PE) and 10.3 t of PET bottles used for skincare products. Collected products are recycled to maximize the value of petroleum-based materials. Items that meet quality standards are resold as second-hand products.

### Number of Stores with Solar Power Generation Equipment

**27**

In FY2025/8, solar power generation equipment was newly installed at 9 stores.

1. Scope: Ryohin Keikaku Co., Ltd. 2. Includes membership registrations through external communication apps 3. Employees contracted to work 27.5, 30 or 37.5 hours per week 4. An international voluntary standard designed to promote greater use of recycled materials 5. See page 58 for more details. 6. See page 63 for more details.

# Global Network (As of the end of August 2025)

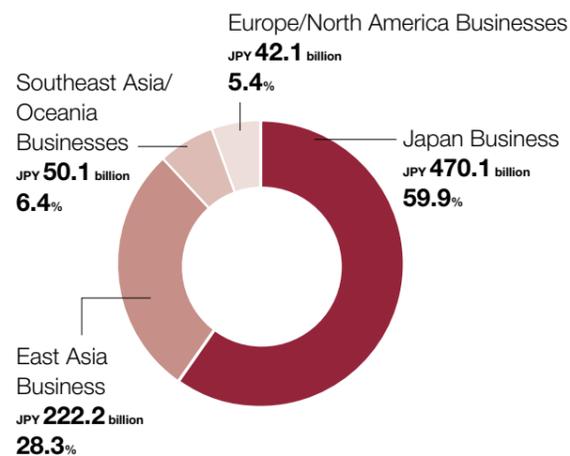
We operate directly managed MUJI stores and a wholesale business in Japan and overseas, with more than 1,400 stores in 28 regions. By enhancing our lineup of locally developed products and services that match lifestyles in each region, we will establish a locally rooted business model. We also focus on hiring employees locally. We will continue to expand globally with the aim of being useful to the people of each region where we operate to help realize “a truthful and sustainable life for all.”

 Employees
  Stores
  Cafés
  Accommodations

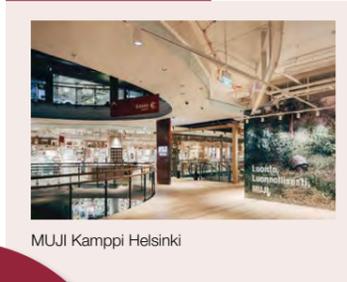
Regions Where We Operate ..... **28**  
 Number of Stores ..... **1,474<sup>1</sup>**  
 Number of Group Employees ..... **28,432**  
(14,520)<sup>2</sup>

Distribution Bases in Japan ..... **14<sup>3</sup>**  
 Distribution Bases Overseas ..... **22<sup>3</sup>**  
 Production Management Bases Overseas ..... **6** locations

## Breakdown of Operating Revenue



### Europe Business



**Europe Business**

- 632 Employees (206)<sup>2</sup>
- 32<sup>4</sup> Stores

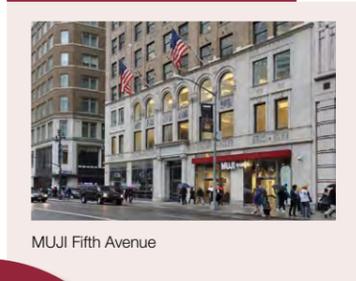
### East Asia Business



**East Asia Business**

- 9,259 Employees (2,634)<sup>2</sup>
- 557 Stores
- 25 Cafés
- 2 Accommodations

### North America Business



**North America Business**

- 401 Employees (269)<sup>2</sup>
- 16 Stores

**Japan Business**

- 15,100 Employees (10,952)<sup>2</sup>
- 691<sup>5</sup> Stores
- 26 Cafés
- 10 Accommodations

**Southeast Asia Business**

- 2,874 Employees (391)<sup>2</sup>
- 118<sup>4</sup> Stores
- 3 Cafés

### Southeast Asia Business



**Oceania Business**

- 166 Employees (68)<sup>2</sup>
- 6 Stores

### Japan Business



1. Including MUJI licensed stores, Café&Meal MUJI and IDÉE  
 2. Number of non-regular employees (average number of employees per year based on an eight-hour workday calculation method)  
 3. Including sites other than those owned by the Company  
 4. Including MUJI licensed stores  
 5. Including 8 IDÉE stores and 96 licensed stores

# Our Businesses

While our core philosophy has remained unchanged since MUJI's creation over 45 years ago, the scope of our business and activities has expanded greatly.

## MUJI Business

### Product Development and Retail

#### Product Development



**Apparel** More details ▶ Pages 45–46

We offer a lineup of clothing that gives customers what they need, in the form they want, created based on the concept of basic products with straightforward designs that offer just the right amount of comfort.

Operating revenue.....JPY 285.2 billion  
% of total..... 36.4%



**Household Goods** More details ▶ Pages 47–48

We develop basic necessities for daily life in a broad range of categories, with a focus on products that are truly useful and necessary in everyday life.

Operating revenue.....JPY 368.1 billion  
% of total..... 46.9%



### MUJI 無印良品

**Food** More details ▶ Pages 49–50

We create reasonably priced products that reflect the value and significance of food, focusing on seasonality/freshness, regional food/agriculture and the use of uncommon ingredients.

Operating revenue.....JPY 104.6 billion  
% of total..... 13.3%

#### Store Operations

By offering fairly priced items that have been continually refined in terms of their quality and purpose, and through the promotion of independent store management in which stores are useful to the people in the local community, we seek to realize “a truthful and sustainable life for all.” Our stores are designed around the core concept of simple interiors and exteriors based on natural materials (wood, iron, earth and stone).



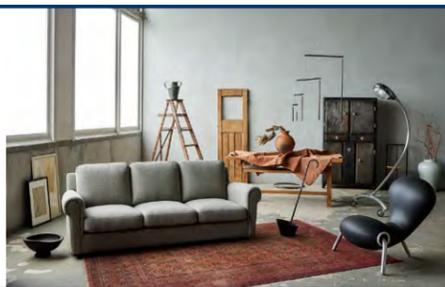
#### Store Formats

While MUJI stores are centered on the standard 600-*tsubo* (approx. 1,980 m<sup>2</sup>) store format, they range widely from large-scale stores of 800 *tsubo* (approx. 2,640 m<sup>2</sup>) or more to smaller stores of 300 *tsubo* (approx. 990 m<sup>2</sup>) or less. Other store formats include MUJI 500, which carries mainly daily necessities and consumables priced at JPY 500 or less; MUJI to GO, which focuses on items useful for travel, getting around and business; and MUJIcon, which is based on the concept of a community store within walking distance where people can drop in anytime to quickly buy what they need.



## IDÉE

IDÉE is a Japanese interior brand founded in 1982. Based on the concept of an “aesthetic way of life,” it offers a wide range of original furniture from designers in Japan and around the world, along with a selection of textiles, greenery, music and books. IDÉE products are sold in the directly managed IDÉE SHOP and in certain MUJI stores. They are also available at our online store. For corporate customers, IDÉE also provides coordination, space planning, direction and design services.



### Food Services



#### Food service business to enjoy the deliciousness of simple food

In some MUJI stores, cafes and restaurants have been established that provide menus that are refined, yet simple enough to let the natural flavors come through, and dishes that incorporate uncommon ingredients. Along with MUJI's products, we provide not only safety and peace of mind but also offer the enjoyment and tastiness of foods that fit various lifestyles and utilize seasonal local ingredients.

### Café & Meal MUJI

More details ▶ <https://cafemeal.muji.com/jp/> (Japanese only)

#### Number of Major Food Service Locations

- Café & Meal MUJI..... 47
- Coffee & Ice Cream..... 20
- MUJI Diner..... 3

### Architecture and Spatial Design



#### Spaces that builders and users create together for a lasting sense of attachment

We consider the whole town as “the place where we live,” and design spaces in diverse areas utilizing regional resources.

MUJI is involved in a wide range of operations, from the design and construction of large-scale wooden facilities to sales of detached houses, apartment renovations, the design of offices, public spaces, and residential facilities, and the design of recycling friendly office fixtures and other products suited to these spaces.

#### 無印良品の家 無印良品の建築・空間設計

More details ▶ <https://www.muji.net/ie/> (Japanese only)  
More details ▶ <https://www.muji.net/construction/> (Japanese only)

#### Key Initiatives

Number of construction projects completed by MUJI HOUSE Co., Ltd. ....Approx. 4,000  
Number of MUJI architectural and spatial design projects for corporate and government clients ....Approx. 100  
Note: Cumulative results through the end of August 2025 (Japan only)

### Accommodations



#### MUJI STAY: Redefining the concept of “living”

MUJI STAY is an initiative for rethinking what lodging facilities and houses can be and transforming lifestyles themselves by redefining the concept of “living.” By leveraging idle assets, we operate lodging facilities with the aim of creating places to stay where people can be themselves, whether in cities or regional areas, in Japan or overseas.

### MUJI STAY

More details ▶ <https://stay.muji.com/ja/> (Japanese only)

#### Number of MUJI STAY Locations

- MUJI HOTEL..... 3
- MUJI BASE..... 4
- MUJI Camp..... 3
- MUJI room..... 2

### Community Engagement



#### Resource Circulation

We are promoting ReMUJI, an initiative to circulate used products as valuable resources to the greatest extent possible.



#### Regional Revitalization

To revitalize regions, we organize events such as the Community Market, where we invite and host local vendors.



#### Disaster Preparedness

We initiated the ITSUMO MOSHIMO project in 2011 based on the idea that it is important to be prepared for disasters in everyday life.



#### Culture, Art and Tradition

We hold art exhibits and other events in collaboration with members of the local community as a way to pass on culture, art and traditions.



#### Healthcare

Health check corners have been set up in selected MUJI stores to support healthy living.



#### Renewable Power Generation

We are committed to responsible energy procurement and are working to reduce our environmental burden.

# Structure of Our Business Activities

Ryohin Keikaku's core value is "contributing to society and people." We operate businesses and provide services aligned with our four material issues, and will continuously enhance the value we offer and contribute to the realization of "a truthful and sustainable life for all" while making a positive impact on the environment and society.

## Six Foundations

- Human Capital**  
Human resources who put "public interest and people-centered management" into practice
- Social Capital**  
MUJI stores around the world
- Intellectual Capital**  
Product development based on three perspectives that have remained consistent since our founding
- Financial Capital**  
Strong cash generation capability
- Manufactured Capital**  
Global product development framework and collaboration with production partners
- Natural Capital**  
Reducing the environmental burden of our business activities

## Our Four Material Issues (Materiality) ▶ Page 39

1. Build a sustainable society while achieving circularity, and coexisting with nature
2. Address local challenges and revitalize regions
3. Practice business activities in which each and every diverse individual plays a leading role
4. Realize governance aligned with "public interest and people-centered management"



▶ Pages 11-12

## Financial Impact ▶ Pages 21-22

(FY2025/8 Results)

Operating Revenue	JPY 784.6 billion
Operating Profit	JPY 73.8 billion
ROE	16.3%

## Impact on the Environment and Society ▶ Pages 7-8 and 41-42

(FY2025/8 Results)

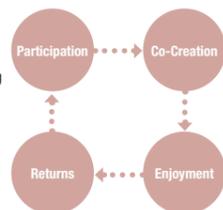
Number of in-store collections	..... 424,239 items	
Number of people participating in local revitalization activities	..... Approx. 490,000	
Percentage of women in managerial positions	..... 33.2%	
Number of individual shareholders	..... 179,000	

### "Public Interest and People-Centered Management"

The MUJI stores that Ryohin Keikaku operates are venues for activities that benefit the public interest. Our aim is to practice "public interest and people-centered management" in which the value and profit generated by the participation of stakeholders are shared with those stakeholders and used to fund further activities.

Stakeholders are encouraged to freely participate in Ryohin Keikaku's activities in various ways, such as by making an investment, cooperating in initiatives or purchasing products.

Stakeholders receive benefits in some form, whether it be dividends, profit or discounts.



Stakeholders participate directly in MUJI's activities, and we also develop new products and services together with them.

Stakeholders benefit in various ways, including through quality products and services, community vitality and growth, and improvement of the environment.

Realizing "a Truthful and Sustainable Life for All"

## Message from the President



**Our business ideas are born out of the MUJI concept. Winning the approval of customers with our products, services and other businesses is the basis of our growth.**

**Satoshi Shimizu**

President & Representative Director

MUJI Aeon Mall Kashihara

**By combining the success of our reforms with MUJI's core strengths, we will continue to grow steadily based on a down-to-earth management style.**

In an ongoing challenging business environment marked by uncertainty in the global economy, high prices and rising raw material costs, I steer the Company's day-to-day operations with the firm belief that visiting different regions and listening to people on the front lines is essential. In meetings with institutional investors from all over the world, I have often been asked about Ryohin Keikaku's management direction, and have told them that "we will continue to practice down-to-earth management so you can watch our growth with peace of mind." While this stance may seem somewhat unremarkable at first, I feel this approach is being accepted by various stakeholders including investors.

Up to now, there have been many instances where we rapidly implemented management reforms or boldly undertook measures.

The Second Founding, which began in 2021, marked a period in which we transformed every aspect of our business, including products, services and store operations. Adopting new management techniques driven by hiring outside talent and eliminating opportunity losses caused by inadequate marketing were significant achievements. New measures also proved successful, including the use of TV commercials and promotions of specific products.

On the other hand, since we were focusing on new challenges, MUJI's original core competence of delving deeply into lifestyles and design thinking may have stagnated, and we recognized this as an issue.

I am working to thoroughly reaffirm both the achievements gained through reforms since the Second Founding and Ryohin Keikaku's inherent strengths, fine-tuning these assets without waste to drive further growth. This is the "down-to-earth management" that I touched on earlier. We are ready to move to the next stage and further accelerate growth.

**We are aiming for operating revenue of JPY 1 trillion, operating profit of JPY 100 billion and an operating profit margin of 10%.**

Ryohin Keikaku is implementing the three-year rolling plan beginning in FY2026/8. Our goal for this three-year period is to achieve operating revenue of JPY 1 trillion, operating profit of JPY 100 billion and an operating profit margin of 10%. To achieve these targets, we are sharing business successes achieved in various regions, and deploying them throughout our operations to support solid growth worldwide. We are also promoting initiatives to enhance Group-wide productivity, and thereby further improve profitability with the goal of achieving an operating profit margin of 10% in FY2028/8.

## Message from the President

We will pursue further growth during the three years of the plan—building a revenue base through stable operations in our Japan Business and East Asia Business, while positioning the Southeast Asia/Oceania and Europe/North America businesses as the next growth drivers.

We are already seeing some progress, and compared with the original plan announced in November 2024, achieving our targets a year ahead of schedule is now a real possibility. To ensure early achievement of the plan's targets, we are promoting our "gain," "reduce" and "leverage" management approach, with specific measures divided into those three categories.

First, for "gain," the primary engine is growth through accelerated store openings. In Japan, we plan to proceed with store openings, flexibly adjusting store sizes and product lineups according to area characteristics based on the 600-*tsubo* (approx. 1,980 m<sup>2</sup>) standard format. In the Mainland China Business, in addition to new store openings, we are implementing a scrap-and-build strategy that includes renovation and closure of existing stores, to achieve both growth and increased profitability. In other businesses in East Asia, we are entering a business expansion phase and aiming for further growth centered on the South Korea Business. In the Southeast Asia Business, we are taking steps to improve brand recognition and strengthening store expansion through the opening of flagship stores. In the Europe Business, we are preparing to open a flagship store in Paris in the winter of 2026, and will leverage that experience to expand business throughout Europe.

We are also carrying out cost reduction initiatives to boost productivity. We are making structural changes to achieve an operating profit margin of 10% at first. In the face of high purchase costs and the impact of exchange rates, we will promote supply chain management transformation to reduce costs across our businesses.

Furthermore, from the perspective of leveraging our strengths, we will enhance investment in supply chains, human resources and IT to establish the foundation for future growth. We are focusing on investment in human resources in particular, and will build a supportive environment for long-term employment through enhancement of training and education and improvement of the compensation system.

### We have updated our eight drivers for growth, and will deploy expertise cultivated in the Japan Business around the world.

We have updated our eight drivers for growth to help propel further global expansion. The most significant change is that the deployment of successful store operation models from the Japan Business to overseas markets is now set as one of the growth drivers. In our store operations in the Japan Business, each store puts together its own merchandising plan. This is a framework under which each store customizes its sales development plan based on sales and product rollout plans formulated by headquarters, formulates sales and inventory plans, and then develops personnel plans to put them into action. It is a concrete operational system for practicing the independent store management promoted by Ryohin Keikaku. This system cannot be introduced as is worldwide, but we will actively include the parts that can be incorporated to raise the level of store operations with a global perspective.

Store formats are also important in terms of deploying what we have established in the Japan Business to overseas markets. In the Japan Business, the 600-*tsubo* design has been established as the basic format to express the MUJI worldview. We plan to develop our overseas store network by modifying this format to fit the characteristics of each region and the product lines suitable for global expansion.



To strengthen the product development system, the Health & Beauty (H&B) Division will be critical. In this division, with the Japan Business performing well, we are expanding skincare, a core product category, in nine regions outside Japan, with a particular focus on the *Sensitive Skincare* series and the *Fermented Booster* series. The results have been strong and are outpacing the plan in every region. We will further accelerate global expansion with these core products as the main focus.

For household goods, we are expanding our product lineup globally. We aim to make 80% of the household goods products sold

in the Japan Business available globally. As we strengthen our product lineups, we also expect to see improvement in profit margins and other indicators. For food items, we will raise the overseas sales ratio from 4% to 7% or more. Looking at the ripple effect by region, the increase in the food sales composition ratio, especially in the South Korea Business, has contributed to an increased number of customers and produced substantial results. We will closely monitor the progress of our concrete measures, and refine them to ensure that the eight drivers for growth for further global expansion steadily lead to growth.

### Eight Drivers for Growth for Further Global Expansion



1. An abbreviation used in Japan for "online merges with offline." A marketing approach that enhances the customer experience through the integration of online and offline elements.

2. Supply chain management. A management approach for managing and optimizing the entire supply chain from raw material procurement to product manufacturing, distribution and sales.

### Investment in human resources is critical to growth.

Investing in human resources is essential to successfully promoting the eight drivers for growth and spreading the MUJI worldview through store operations and product development. That is why we have made it clear that developing talented people is an important factor in our aforementioned "leverage" management approach, and, as such, we are promoting the recruitment and development of diverse human resources and providing them with opportunities to work globally. We will also improve the compensation system and ensure a supportive working environment for each and every employee.

From my first day as president, in my message to people in the Company I have emphasized two dreams: 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," and to share that sentiment and value with stakeholders to realize that world. The Ryohin Keikaku Dream is "to operate the Company in a way that enables every employee to spend time sharing what matters most with their loved ones, and to lead rich, fulfilling lives, both physically and mentally." I believe that management that makes these two complementary dreams come true is key to realizing our goal of "a truthful and sustainable life for all." That is why human resources are so important, and I consider it Ryohin Keikaku's duty to create the basic conditions for secure employment.

**We will communicate and disseminate our brand value to continually reflect on what MUJI represents.**

In our pursuit of global expansion, we engage with diverse people and cultures all over the world. The important point in doing so is to make clear the philosophy and ideas behind what MUJI should be and the kind of value our brand provides, and to ensure that all our employees share in those beliefs. Without these elements, the brand value and worldview of MUJI will not be fully understood.

Based on that thinking, we are working to systematically organize and share Ryohin Keikaku's corporate purpose and MUJI's concept. The worldview we want to share is the idea of creating 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.

Going forward, we will advance product and service development by communicating and more systematically organizing the core values, perspectives and strengths to embody this philosophy. The key is to think freely in actual product and service development after ensuring that MUJI's core concepts are steadfastly held throughout our global operations. The specific actions are entrusted to each individual employee, store and team. Employees

will need to ask themselves how our philosophy and brand value relate to their day-to-day work, and translate that understanding into action.

This approach of thinking and taking action independently is not a recent initiative. It is already practiced in daily operations, as symbolized by independent store management. The next step is to reaffirm the significance of that approach, and to accelerate our efforts. We will continue to nurture the autonomy of our employees while communicating our brand value, and will further strengthen team cohesion to instill and establish our philosophy and brand value.



**We are making ESG our core business strategy.**

ESG at Ryohin Keikaku does not refer to just the non-financial information disclosed to investors and our various other initiatives. When I attend important business meetings, I wear a jacket from our *ReMade Clothing* series from ReMUJI that I particularly like. This jacket was made by stitching together fabric from seven pairs of MUJI jeans that were collected after they were no longer needed. When I wear that jacket, I am often asked with great interest, "That's a nice-looking jacket. Where did you buy it?" and I explain the story behind it. It is a popular product that sells out as soon as it is released. This highlights a key aspect of Ryohin Keikaku's ESG management approach. Instead of making sacrifices for the sake of sustainability, we want to make ESG our core business strategy. Being environmentally responsible should never mean compromising on clothing. Instead, we want to make environmentally responsible clothing that people actually choose to wear.

As I mentioned, 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. It also means we can achieve lifestyles that enable us to live more prosperously with fewer resources, and represents management that is conscious of ESG. Ryohin Keikaku adheres to three perspectives in manufacturing. This means manufacturing products that are as simple as possible and lowering costs without sacrificing quality through selection of materials, streamlining of processes and simplification of packaging. It also reflects an approach where ESG is the core strategy of our business.

In addition to product development, we also pursue activities that have a positive impact on the "social" component of ESG in our core business of operating stores. These activities include ITSUMO MOSHIMO Caravan, an event for learning about disaster preparedness conducted in collaboration with local communities and governments, and Community Market, a limited-time market where we invite local business owners to sell their

products in spaces within our stores, which stimulates community interaction. In this way, ESG management is breathing new life into our stores and products, and is becoming the foundation and a core business approach of Ryohin Keikaku. We want sustainability to be something practiced naturally in our everyday business—not something that requires effort or compromise—and will continue to work to make this practice common.

**In closing, this is my message to our stakeholders.**

Ryohin Keikaku is ready to evolve into a global enterprise that is truly useful in the lives of people around the world. Our business model of supporting the everyday lives of people through diverse products that span all basic needs in the areas of apparel, food and household goods represents the originality of Ryohin Keikaku and is an aspect of MUJI that is unparalleled anywhere in the world. While we consider this one of our strengths, we are not content with the status quo, and continue to fine-tune our operations by drawing on our successes and learning from our failures.

As I touched on earlier, we create products that generate new value and promote their expansion by unraveling and instilling Ryohin Keikaku's philosophy and the MUJI concept, and by fully leveraging the independent thinking and actions of individual employees.

At the same time, supported by our eight drivers for growth and our "gain," "reduce" and "leverage" management approach, we identify issues and steadily implement measures to further hone our business strengths. We have MUJI as our business concept, and the eight drivers for growth as our business approach. By skillfully refining these elements and linking them with the management plan, we will achieve stable and sustained growth. I consider that to be my responsibility as president.

We provide MUJI's products and services and strive to realize "a truthful and sustainable life for all," as we move forward together with people around the world. Even as we become more global, we remain close to the everyday lives of our customers, just as we always have. I believe that the results of those efforts is what will ultimately drive Ryohin Keikaku's growth.

