Nitori Holdings Integrated Report 2025

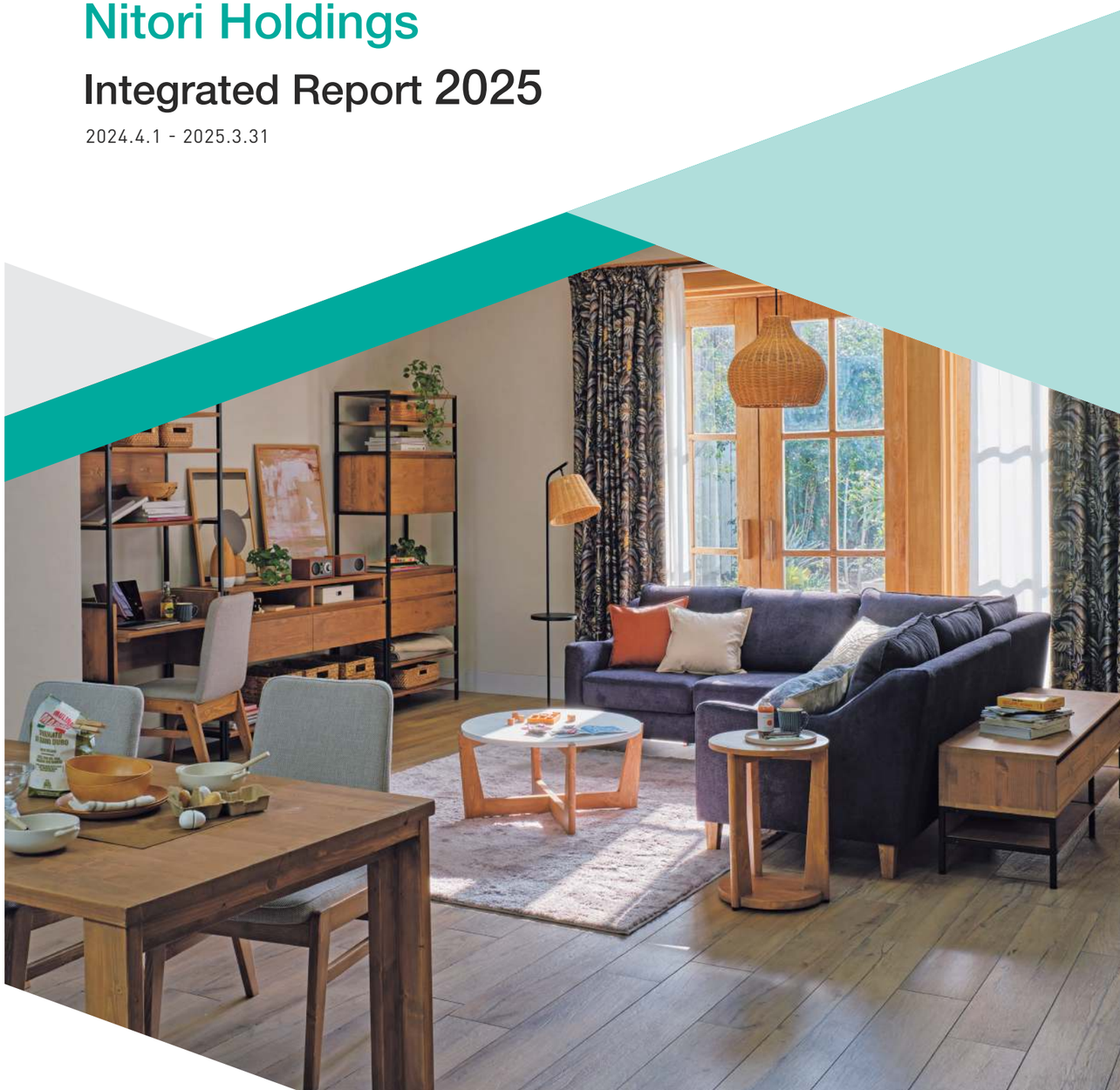
Enrich the everyday lives of people
all over the world.

New Phase, New Growth.

Nitori Holdings

Integrated Report 2025

2024.4.1 - 2025.3.31



Nitori Holdings Co., Ltd.

Sapporo Head Office
1-2-39 Shinkotoni 7-jo, Kita-ku, Sapporo, Hokkaido 001-0907
Tokyo Headquarters
3-6-20, Kamiya, Kita-ku, Tokyo 115-0043
Osaka Headquarters
1-1, Kamisu-cho, Toyonaka, Osaka 561-0823

https://www.nitorihd.co.jp/en/

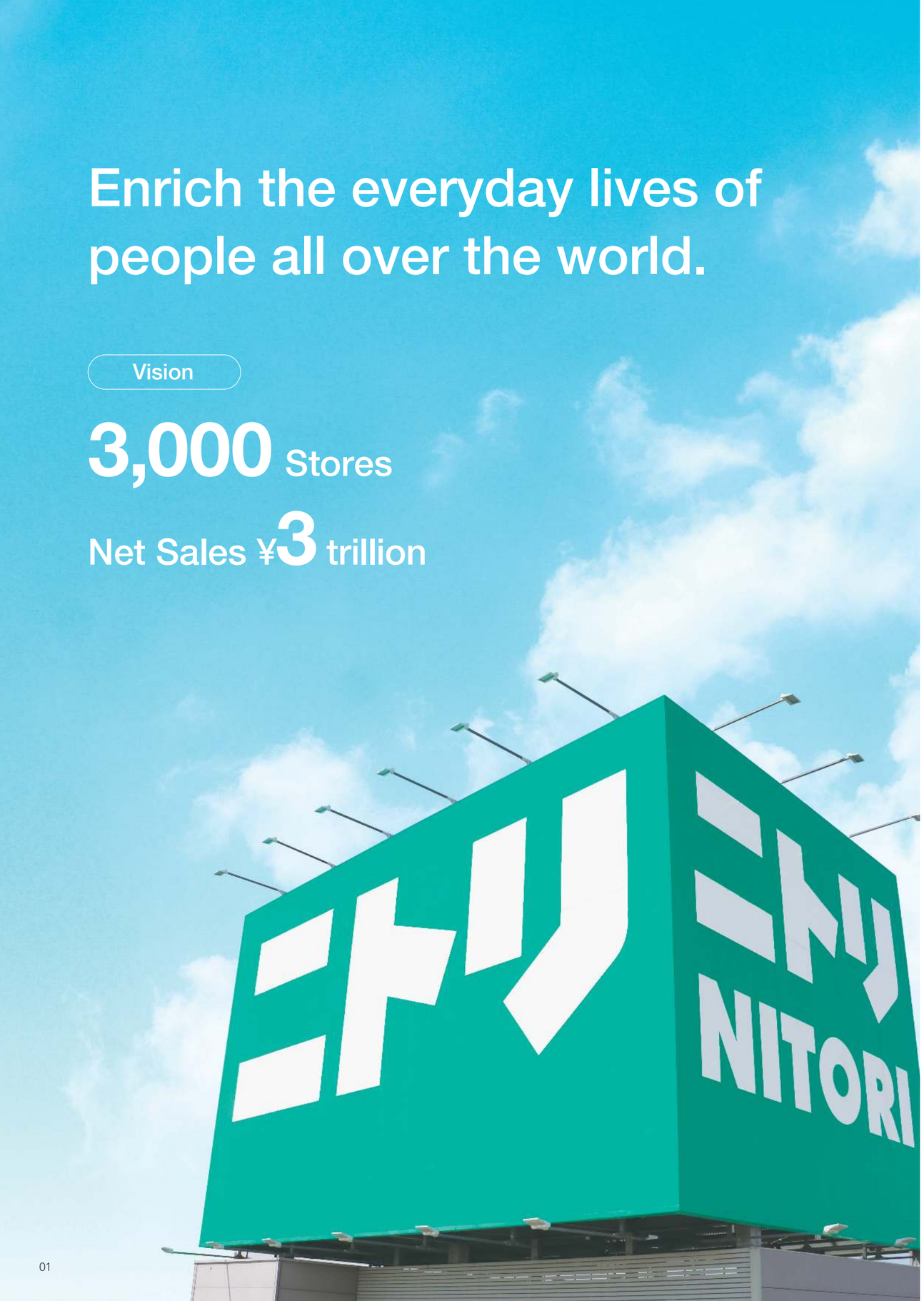
2023086200

Enrich the everyday lives of people all over the world.

Vision

3,000 Stores

Net Sales ¥**3** trillion



Introduction

01 Nitori Group's Mission Statement & Vision

Top Message

03 Message from the Chairperson
05 Nitori Group's History
07 Value Creation Model of Nitori Group
09 Current Status of Nitori Group
10 Message from the President

Special Feature

13 Domestic Strategy
14 Overseas Strategy
15 Special Discussion | Country and Regional Leaders Discuss the Current State of Our Global Expansion
21 Business Foundation Reform through IT and DX

Value Creation of Nitori Group

23 Product Development
24 Coordination
25 Manufacturing
28 Product Quality Control
29 Logistics
31 Sales
36 Hit Products Development Story
37 A Wide Range of Business Fields

Sustainability

39 Nitori Group's Sustainability
41 Nitori Group Green Vision 2050
50 Nitori Group's Human Capital
58 Promotion of CSR Activities
60 Strengthening Corporate Governance Structure
64 Special Discussion | The Current Landscape: Developing Nitori Group's Next Generation of Leaders

Data Center

69 Financial Strategy
71 Transition of Key Management Indicators
73 Sustainability Data Book
77 Financial & Company Data

Editing Policy

We have issued the Integrated Report 2025 to aid investors, shareholders, and other stakeholders' understanding of our processes and potential for achieving a long term, sustainable enhancement of our corporate value. In planning and structuring this Integrated Report, we have focused on communicating "expansion of our long term sustainable growth and contribution to environmental, social, and economic sustainability," while also referring to the disclosure framework provided by the International Integrated Reporting Council (IIRC).

Target Scope

We set as many domestic and foreign Nitori Group companies subject to consolidated financial statements as possible as the target of our reporting. However, depending on the item, the reporting target may differ.

Target Period

April 1, 2024 to March 31, 2025.
The Activity Report also includes some recent content.

Accounting Standards

Nitori Holdings has adopted the International Financial Reporting Standards (IFRS) beginning with the Annual Securities Report for the fiscal year ended March 2025, disclosed in June 2025. However, unless otherwise noted, the information in this report is presented in accordance with Japanese Generally Accepted Accounting Principles (GAAP).

The Significance of this Report

WEB
Company Information
(Corporate governance, internal controls, compliance, etc.)

Booklet
Integrated Report

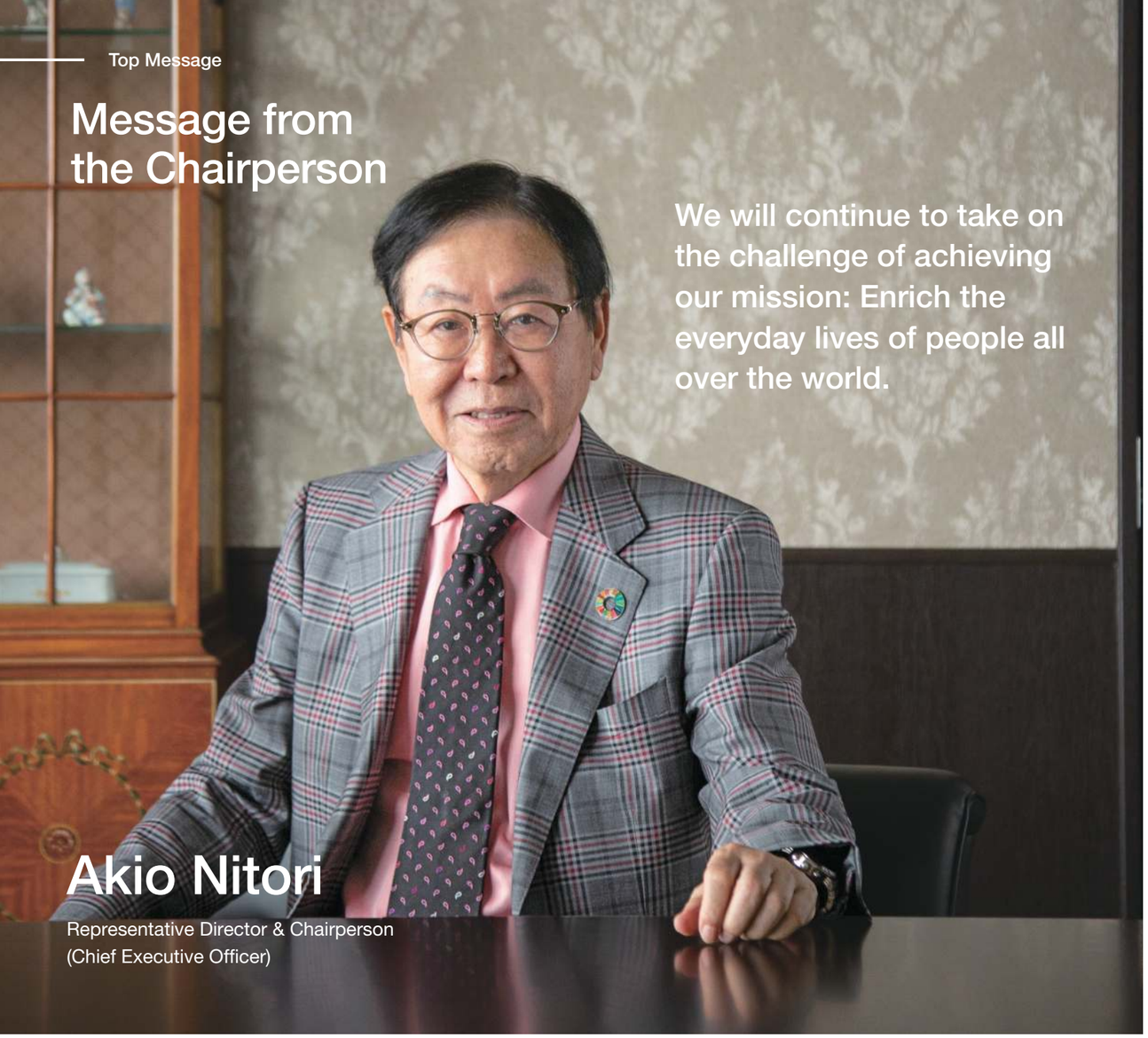
WEB
Sustainability Information
(Initiatives for key issues)

WEB
IR Information
(Strategies, financial results information, etc.)

Disclaimer Regarding Forward- Looking Statements

This report contains plans, strategies and forecasts, and forward-looking statements regarding the business performance of Nitori Holdings and affiliated companies. These statements are not historical facts. These forward-looking statements are based on the current assumptions and beliefs of Nitori Holdings in light of currently available information. In addition, these statements contain risks and uncertainties related to economic trends, personal consumption, market demand and supply, taxation systems, and other systems. Therefore, please note that the actual business performance of Nitori Holdings and its group companies may differ from the forecasts.

Message from the Chairperson



We will continue to take on the challenge of achieving our mission: Enrich the everyday lives of people all over the world.

Akio Nitori
Representative Director & Chairperson
(Chief Executive Officer)

Pursuing Our New Mission

The Nitori Group began in 1967 as a small furniture store spanning approximately 30 tsubo (99 square meters) in Hokkaido. Its origins lie in a mission inspired by a store inspection tour of American chain stores: to “bring the comfortable and enriched living of the U.S. to Japan.” In pursuit of this mission, we have expanded our reach to people not only in Japan but also globally, and broadened our business domains from furniture to home fashion, and further into apparel, home improvement, and home appliances. Recognizing that the scope of the enrichment we aim to provide now extends beyond homes to a broader range of business domains, in February 2025, the Nitori Group revised its mission to: “Enrich the everyday lives of people all over the world.” This new mission embodies our unwavering resolve to enrich our customers’ everyday lives more broadly, extending beyond just home furnishings. Each and every employee places this mission at the heart of everything we do. By expanding and strengthening the Group’s unique business model of “Manufacturing-Logistics-IT-Retail Business,” we will continue to take on challenges toward realizing this mission.

Further Strengthening Our Structure with the Spirit of “Turning Adversity into Opportunity”

For chain stores, the measure of their contribution to society is the continually increasing number of customers and stores. As our own barometer, we have set a long-term vision of “3,000 stores, 3 trillion yen in sales,” and to achieve this, we must achieve steady growth both domestically and internationally.

To increase the number of customers coming through our doors, we will continue to expand our product offerings to attract new customers, while extending our store network into regions where opening stores has previously been considered difficult. Among our efforts to expand our product offerings, the home appliance business is our top priority as we aim to establish it as the fourth pillar following furniture and home fashion (soft and hard goods). Nitori’s home appliances are designed to address everyday discontent, dissatisfaction, and inconvenience and are offered at “Offering the Unexpected” prices, just like the drum-type washer-dryer unveiled at our product launch event. We hope you will continue to look forward to our home appliances.

Regarding the number of stores, the number of openings in the fiscal year ended March 31, 2025 fell short of the initial plan due to changes in the global affairs and the impact of the real estate downturn in mainland China. Nevertheless, with the spirit of “turning adversity into opportunity,” we are pushing forward with initiatives to reinforce our structure for future global expansion, including relocating stores to more profitable locations and pursuing optimal store size and product offerings tailored to each country and region. For the fiscal year ending March 31, 2026, we plan a net increase of 101 stores in Japan and overseas. To effectively leverage the Group’s supply chain network, we will particularly focus on the ASEAN region, where we aim to rapidly scale up our sales business.

Cultivating the Next Generation of Specialists

In the fiscal year ended March 31, 2025, we reached 37 Group companies with more than 58,000 employees. In April 2025, approximately 1,100 new employees—the largest number in the history of the Nitori Group—joined us. We are delighted to see an increase in colleagues who resonate with our mission and vision and aim to grow together. We have invested more than five times the average amount spent by listed companies on education, with the aspiration that each of our employees around the world will have their own mission and vision and become individuals capable of driving reform. We believe that while money and goods do not last, people, namely their skills and expertise, endure, and that the growth of our employees is the company’s greatest asset. Accordingly, we will continue to make generous investments in various training programs and educational tools, including the U.S. seminar.

In addition, based on our integrated business model, the company operates across a variety of business domains and is committed to developing talent through our unique educational systems, including job rotation and Nitori College. In recent years, we have particularly focused our efforts on strengthening three key groups: global talent capable of thriving on the world stage, locally hired national staff who support our business operations in each country and region, and IT personnel who support our growth through our unique in-house IT infrastructure.

Among those who have been developed through these programs, approximately ten individuals are serving as presidents of Group subsidiaries around the age of 50. We take great pride in seeing numerous elite specialists steadily developing. We will continue our efforts in recruitment and talent development to cultivate the next generation of leaders.

Expect the Nitori Group’s Continued Pursuit of Challenges

I have always valued the spirit of “customer first, profit later.” This means that if we prioritize our customers and focus on making improvements and reforms for them, sales and profits will naturally follow. Based on this philosophy, we will continue to unite as a Group and take on new challenges in the fiscal year ending March 31, 2026, with the aim of realizing our new mission and vision. We sincerely ask all of our stakeholders, including customers who purchase our products, as well as our shareholders, business partners, and Group employees, for their continued support and encouragement. We also invite you to look forward to the future development of the Nitori Group.

Nitori Group's History [Our Value Creation Journey]

The driving force behind our growth is our mission

"Enrich the everyday lives of people all over the world."

We will continue to grow by working for improvement and reform.

Creation of Management Policy

1967

Nitori Furniture Store established

Founding Spirit

"To bring the comfortable and enriched living of the U.S. to Japan"

Establish a Business Model that Will Revolutionize the Furniture Industry

1973

Direct purchase from manufacturers started

Break through from being just a furniture store

- Opened large stores which sold products that make daily life more enjoyable and convenient
- Proposal of total coordination

1986

Started direct import of overseas products

Adding cost competitiveness that is one step ahead

1995

Began operating an overseas factory

Established factories overseas in order to achieve low prices for products with Japanese quality

2003

Achieved 100 stores and ¥100 billion in net sales

2004

Established Nitori-net

Launched the online sales business

Domestic Nationwide Development/Overseas Expansion

2005

Hanoi factory in Vietnam began operating

2007

Opened Kaohsiung Dream Mall Store

2008

Price Cut Declaration

Price cuts on 1,000 items following the global financial crisis

2013

Opened the first store in the U.S.

Full-scale global business development

2014

Opened the first store in mainland China

Launched Nitori app service

2015

Opened Nitori Printemps Ginza Store as the first store inside a department store

Globalization and Expansion of Business Fields

2017

The new factory in Ba Ria-Vung Tau, Vietnam, began operation

2018

Siam Nitori became wholly owned subsidiary

2019

Started apparel brand N+

2020

Management integration with Shimachu CO., LTD.

2021

Opened the first store in Malaysia

2022

Opened the first store in Singapore

Nitori Digital Base CO., LTD. established

2023

Opened stores in Thailand, Hong Kong, South Korea and Vietnam

Reached 1,000 group stores worldwide

2024

Opened stores in the Philippines, Indonesia, and India

Revised Mission (Aspiration)

Value Creation Model of Nitori Group

Value Creation Story (1)

Investment in the Future for Improvement and Further Strengthening of Each Value Chain Challenge

Characteristics and Strengths of the Manufacturing-Logistics-IT-Retail Business Model

By managing the entire process from product planning and procurement of raw materials to sales, we have achieved significant cost reductions and built expertise within the company. We continue refining the "mechanism that fosters a competitive edge" to offer both high quality and functionality at prices that are easily affordable for everyone.

Medium-and Long-Term Management Strategy for Further Evolution

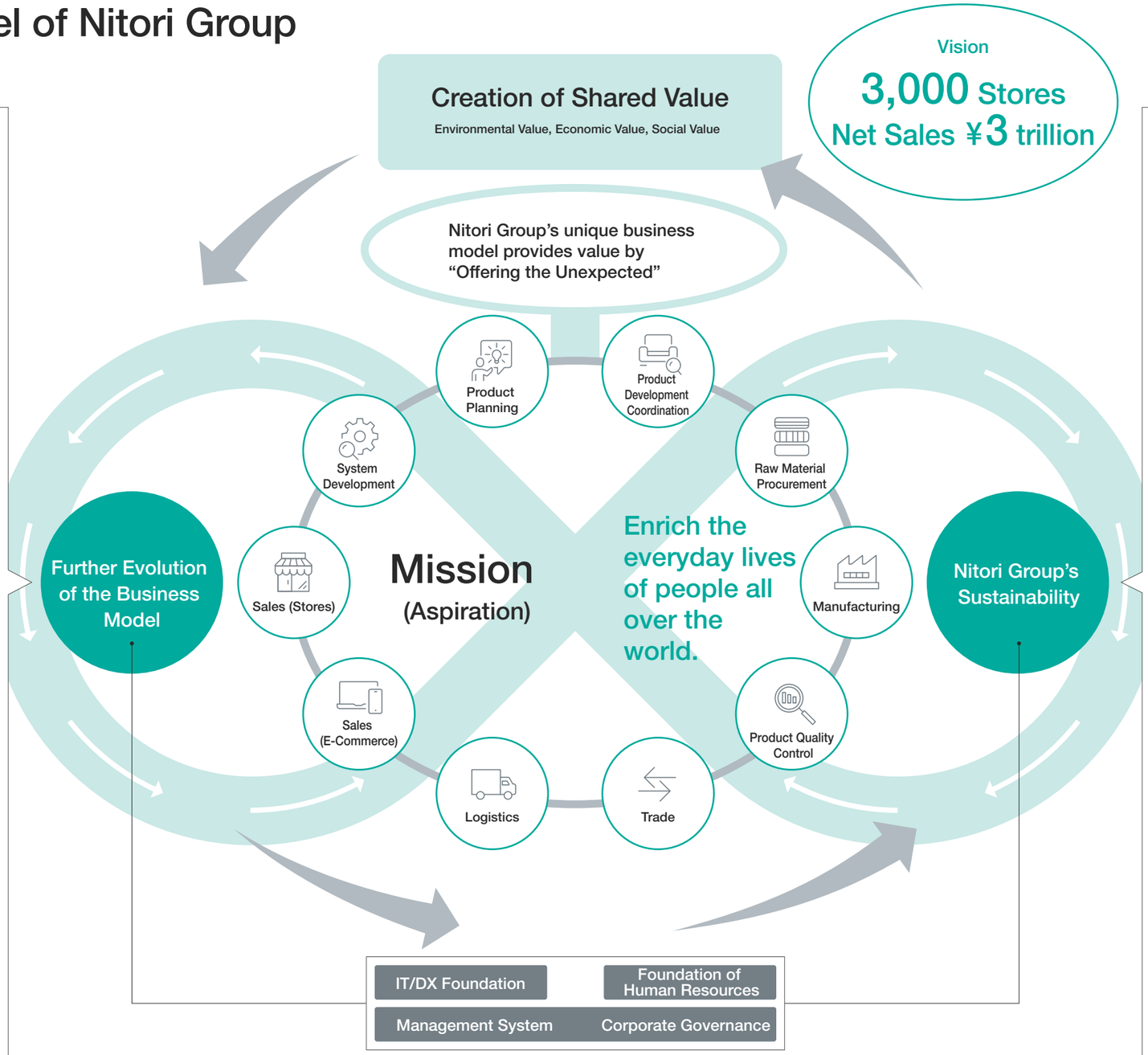
- Expanding business fields and gaining customer support
- Accelerating expansion of global chain store operation
- Business foundation reform through supply chain management, IT and organizational strategies
- Promotion of M&A and alliances to expand business fields
- Sustainability management to both resolve social issues and achieve our mission

Focus Topic

▸P33-35 , 37-38
Expansion of Business Fields and Regions

▸P23-24 , 31-32 , 36
Customer-Oriented Management (Development of Products and Business Operation)

▸P25-30
Global Supply Chain Management Strategy



Value Creation Story (2)

Pursuit of Total Optimization and Sustainability

Characteristics and Strengths of Nitori Group's Sustainability

By leveraging Nitori Group's unique "Circular Business Model," we promote environmentally friendly practices at each stage of "manufacturing," "transportation," "use," and "after use," while also aligning closely with our customers' lifestyles. Focused on maintaining "Offering the Unexpected" value, we also prioritize providing more sustainable products and services.

Medium-and Long-Term Management Strategy for Further Evolution

- Sustainability management to both resolve social issues and achieve our mission

Focus Topic

▸P41-49
Nitori Group Green Vision 2050

Value Creation Story (3)

Initiatives to Strengthen Management Foundation

With the acceleration of our global expansion, each value chain is becoming more complex and sophisticated. Securing IT and DX foundation to realize this update, and the human capital to support it, is a critical issue.

Focus Topic

▸P14-20
Global Strategy

▸P21-22
Business Foundation Reform through IT and DX

Current Status of Nitori Group

Nitori Group has continued to provide products tailored to customer needs, based on its concept, which has remained consistent since its founding –to bring the comfortable and enriched living of the U.S. to Japan. Nitori Group of “today” is a midway point on its journey into “tomorrow,” as it looks to achieve its vision.

Net sales
928.9 billion

Number of customers buying our products (Group)
Approx. 149.00 million

Number of Nitori members
Approx. 46.98 million
* Of which, 22.56 million app members

Number of stores
1,048 stores

- 835 stores — Japan
- 100 stores — Mainland China
- 3 stores — Hong Kong
- 5 stores — South Korea
- 10 stores — Thailand
- 3 stores — Vietnam
- 3 stores — Indonesia
- 4 stores — The Philippines
- 1 store — India
- 12 stores — Malaysia
- 4 stores — Singapore
- 68 stores — Taiwan

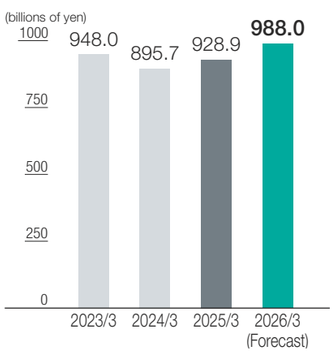
Number of annual deliveries (Group)
5.39 million

Number of containers handled annually (Group)
155 thousand TEU
* TEU: Unit of measure equivalent to a 20-foot container

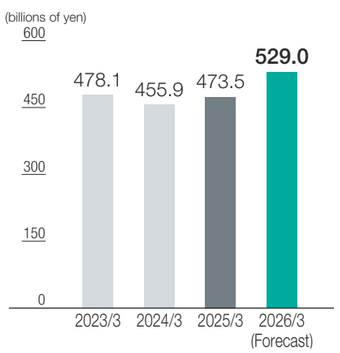
Number of employees (Group)
58,799
* Number of non-regular employees converted to 8-hour equivalents is 42,507
(Of these, the average annual number of non-regular employees is 22,336)

* Numeric figures are from fiscal year ended March 31, 2025 (based on Japanese GAAP).

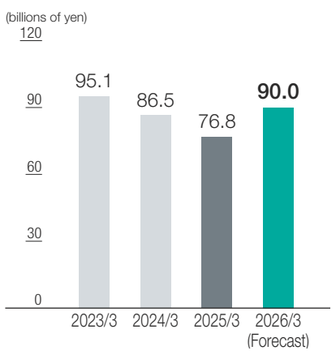
Net Sales



Gross Profit



Net Income Attributable to Owners of Parent



* Due to a change in the fiscal year-end, the fiscal period ended March 31, 2023 is an irregular accounting period of 13 months and 11 days. * All figures are based on J-GAAP.

Message from the President

Achieving our vision based on our integrated business model

Toshiyuki Shirai
Representative Director & President
(Chief Operating Officer)

Summary of the Fiscal Year Ended March 31, 2025

During the current fiscal year, the Japanese economy was expected to experience a moderate recovery, supported by improvements in employment and income conditions, as well as the effects of various policies. However, the risk of an economic downturn due to the impact of U.S. trade policies has increased. In addition, personal consumption may be affected by factors such as the continued rise in prices and the resulting deterioration of consumer sentiment. These factors also pose risks of weighing down the economy, among others. In the furniture and interior industry, a challenging business environment persists mainly due to intensifying competition across different sectors and business types, soaring labor costs driven by labor shortages, and rising raw material prices.

The Group’s operating results for the current fiscal year were net sales of 928.9 billion yen, a 3.7% increase year-over-year (YOY), ordinary income of 126.2 billion yen, a 4.7% decrease YOY, and net income attributable to owners of parent of 76.8 billion yen, an 11.1% decrease YOY*. As for the number of stores, there was a net increase of 47 stores in total, both in Japan and overseas. In response to the increase in sales but decrease in profits in the current fiscal year, we will identify priority issues in each of our businesses in Japan and overseas and advance initiatives for improvement and reform, with a renewed focus on achieving growth in both sales and profits in the fiscal year ending March 31, 2026. We will continue to provide products and services with “Offering the Unexpected” value and strive to contribute to the enrichment of our customers’ lives.

* All figures are based on Japanese GAAP.

Five Medium- and Long-Term Management Strategies

1. Expanding business fields and gaining customer support
2. Accelerating expansion of global chain store operation
3. Business foundation reform through supply chain management, IT and organizational strategies
4. Promotion of M&A and alliances to expand business fields
5. Sustainability management to both resolve social issues and achieve our mission

Message from the President

1. Expanding Business Fields and Gaining Customer Support

We are facing significant changes in the business environment due to increasing global uncertainties, changes in Japan's social environment such as population decline, an aging society, and the rise of single-person and dual-income households, as well as rapid technological advancements. These factors are beginning to alter consumer values themselves. In our existing businesses, we aim to achieve even more attractive pricing, assortment, quality, and coordination proposals to expand our customer base and increase the number of customers.

In our home improvement store business, which sees high customer usage, we will leverage our Group strengths to increase the number of customers, while further promoting the development of private brand (PB) products to enhance profitability. To continue receiving support from our customers, we will adapt our sales methods to changes in shopping behaviors.

2. Accelerating Expansion of Global Chain Store Operation

We consider our overseas sales business to be the key to business expansion, with a particular focus on countries and regions across Asia. In the fiscal year ended March 31, 2025, we opened our first stores in three countries and regions: the Philippines, Indonesia, and India. As a result, we now operate in 11 countries and regions across Asia in addition to Japan. Looking ahead, while carefully monitoring the current economic conditions, geopolitical risks, and other external factors, we will continue to expand our overseas business and work to improve profitability.

3. Business Foundation Reform through Supply Chain Management, IT and Organizational Strategies

Since our founding, we have cultivated a system that controls the entire supply chain through our own network. We will further develop this system, modeled as "Manufacturing-Logistics-IT-Retail Business," as a business foundation centered on the IT department to support the realization of our long-term vision. (▶P21–22) We aim to make the growth of each employee the driving force behind the company's growth through organizational strategies aligned with our medium- and long-term management strategy and HR systems that balance career advancement and life events for our employees. As a Group, we aspire to fulfill our mission and contribute to society. By doing so, we will build a business foundation that maximizes the strengths of our diverse channels, including our network of stores, logistics network, and proprietary e-commerce, thereby accelerating our growth.

4. Promotion of M&A and Alliances to Expand Business Fields

We will explore strategic alliances and consider M&A opportunities that are expected to create synergies for both parties, with the aim of expanding our business fields and enhancing vertical functions.

5. Sustainability Management to Both Resolve Social Issues and Achieve Our Mission

We will pursue the realization of a better future for our customers, all stakeholders, the environment and society.

Topics Supporting Sustainable Corporate Growth through "Organization, Talent, and Education"

Since its founding, the Nitori Group has repeatedly rejected the status quo and continued to take on unprecedented challenges. The driving force behind this is our employees. For the future expansion of our business fields, we consider the recruitment of outstanding talent and the development of individuals capable of driving improvement and reform to be of utmost importance. To strengthen our global chain expansion, we will continue to actively invest in human capital, including promoting local hiring and education overseas.

April 2025 Nitori Group entrance ceremony

Priority Issues for the Fiscal Year Ending March 31, 2026

In the fiscal year ending March 31, 2026, we will focus on measures related to sales, gross profit, and expenses to achieve higher sales and profits, implementing initiatives common to all businesses to make the company a leaner organization. First, as a sales measure, we reorganized our product-related organizations on a large scale at the end of the fiscal year ended March 31, 2025, aiming to develop products that earn even greater support from our customers. Through this reorganization, we integrated buyers, who build the ideal product assortment, and merchandisers, who are responsible for developing sourcing routes, such as procurement of raw materials and determination of production plants, into the same organization, thereby establishing a structure that enables closer collaboration in product development. By further enhancing the quality, quantity, and speed of product development and providing products that are attractive and valuable to customers, we will strive to "cultivate Nitori fans," including new customer segments. At the same time, we will strengthen our advertising activities, store layout, and other efforts.

As a measure to safeguard gross profit, we have implemented forward exchange contracts in the fiscal year ending March 31, 2026, establishing a stable development system that is unaffected by exchange rate fluctuations. We will work on initiatives such as reviewing product specifications, raw materials, production sites, and supply chain aspects, including transportation methods.

Regarding expense measures, under the themes of "in-house operations" and "digitalization/IT utilization," we will review all costs within the supply chain. This is possible only because of our integrated business model of Manufacturing-Logistics-IT-Retail Business, and we will steadily advance initiatives to reduce expenses thoroughly.

Each business and department will set targets for sales, gross profit, and expense measures according to their respective roles. By earnestly addressing priority issues, the entire Group will work together to achieve growth in both sales and profits.

November 2024 Product launch event

Nitori Group's Sustainability

Leveraging the Group's unique circular business model, we strive to promote business that balances our customers' comfortable living with the resolution of environmental and social issues. Guided by seven key sustainability challenges (Materiality Issues), we aim to achieve a sustainable society.

As part of these efforts, we have established the "Nitori Group Green Vision 2050," which sets forth environmental goals for 2050 under three themes: "Promotion of Circular Business," "Sustainable Procurement," and "Response to Climate Change." In line with these themes, we are promoting efforts to achieve our goals. (▶P39–49)

Moving forward, we will continue to position sustainability as a key management issue and strive to contribute to creating a better future.

Message to Stakeholders

Nitori Group will further strengthen and evolve its business model to realize its mission and vision. We will strive to meet the expectations of our stakeholders, and we ask for your continued support.

Domestic Strategy

Aiming for Nitori to “be the first name that comes to mind when it comes to furniture and interiors”

Hiroshi Nagai

Managing Executive Officer,
Senior Managing Director of Nitori Co., Ltd.

Expanding Our Customer Base and Increasing the Frequency of Store Visits

In our domestic Nitori business, we aim to grow Nitori into a brand that is the first name that comes to mind for more customers when it comes to furniture and interiors. Even in the domestic market, where the population is shrinking, we will advance initiatives to expand our customer base and increase the frequency of store visits. This includes broadening our product assortment to cover a wider range of customers’ lifestyles, increasing store openings in small commercial areas, and enhancing shopping convenience through e-commerce and our app.

Enhancing Our Product Strength, Led by “Norm-Changing” Home Appliances

The company started out in the furniture business and has expanded into home fashion. In recent years, we have further broadened our scope to include baby products and pet supplies. In the fiscal year ended March 31, 2025, we focused on developing “norm-changing” home appliances. Our drum-type washer-dryer, for which we held a product launch event, as well as hair dryers, stick vacuum cleaners, and other products featured in TV commercials with actor Eiko Koike, received high praise from our customers. In our existing product categories, we are working to enhance the appeal of our products with “Offering the Unexpected” value, items that allow customers to feel, “I can enjoy such a wonderful lifestyle at this price,” such as electric sofas and jacquard curtains. We will continue to develop products chosen by more customers and further expand the scope of our lifestyle proposals.

Expanding Store Network through Openings in Small Commercial Areas

By expanding our product assortment to cover a wider range of lifestyles, we are now able to open Nitori stores even in areas that were previously considered difficult for store openings. In the fiscal year ended March 31, 2025, we expanded our store network by opening our second store on a remote island, the Miyakojima Store, as well as stores in small commercial areas with populations of around 30,000. Regarding Deco Home, our smaller-format stores that have pursued differentiation from Nitori in terms of product design, price range, and assortment, we plan to increase the number of store openings, focusing on locations where customers can more easily drop by, such as near train stations or in SCs*. (▶P35)

* Abbreviation for shopping center

Aiming to Provide a Richer Shopping Experience by Strengthening Points of Contact with Customers

In May 2025, we revamped the Nitori Net app. The app has evolved to make shopping more intuitive and easier for customers by more clearly displaying delivery methods, including home delivery and store pickup, as well as delivery dates and fees. We will leverage the app to create synergy between our e-commerce and physical stores, continuously striving to enhance the shopping experience. Going forward, we will also integrate the e-commerce sites of our various businesses to facilitate customer traffic across the entire Group. (▶ P31)

We have a tangible sense that our promotional efforts for key products are yielding positive results, as more customers are visiting our stores with heightened interest and curiosity through information disseminated via TV commercials, the app, and other channels. We will further strengthen our points of contact with customers through live commerce that enables interactive communication, information dissemination via social media, online consultations and in-store services provided by expert staff, and other means. (▶ P31-33)

Please look forward to our further growth in the domestic market through various initiatives.

Overseas Strategy

We will enhance our global expansion through the collective strength of the entire Nitori Group

Masanori Takeda

Executive Vice President &
Director in Charge of Overseas Sales Business and
General Manager of Global Sales Promotion Office

First Stores Opened in the Philippines, Indonesia, and India

Strengthening and dramatically growing the global business is one of Nitori Group’s most important tasks. Among our priorities is expanding our store network in rapidly growing Asian countries and regions. Following store openings in Thailand, Hong Kong, South Korea, and Vietnam in the fiscal year ended March 31, 2024, we opened our first store in the Philippines in April 2024, Indonesia in July, and India in December during the fiscal year ended March 31, 2025. We are delighted that, in addition to Japan, customers in 11 Asian countries and regions can now enjoy Nitori’s products. Additionally, we have opened new overseas flagship stores with one of our largest product assortments: our third store in Hong Kong in December 2024 and our fourth store in Vietnam in April 2025, welcoming many customers, including those from neighboring countries and regions. In August 2025, we plan to open another global flagship store in Singapore, expected to be one of the largest in terms of sales overseas. Through these efforts, we aim to further raise awareness of the Nitori brand across countries and regions.

Overview of Countries and Regions Where We Have Already Opened Stores

Regarding the overview of countries and regions where we have already opened stores, in Taiwan, where we entered the market in 2007, the number of stores has been steadily increasing, and we plan to further expand our store network across the entire country. In mainland China, where we entered the market in 2014, we are working to secure profitability despite the prolonged real estate downturn by rapidly relocating stores to high-performing SCs and optimizing sales floor areas, among other initiatives. Furthermore, starting with our first store opening in Malaysia in January 2022, we have opened 36 stores across six ASEAN countries and regions in just three years. This pace is ten times faster than in Japan and four times faster than in Taiwan. Moving forward, we will continue to open stores of the optimal size in locations with high customer traffic and form dominant areas. We will also develop home fashion stores around our large-scale furniture stores to drive customer traffic to these stores, thereby efficiently expanding our market share. We will also enhance the efficiency of sales and store openings by developing a standard model for merchandise assortment tailored to the size of the store area. By expanding the number of stores in this way, we will not only enhance brand recognition but also improve the efficiency of our store operations and logistics.

Human Resource Development to Support Global Business Expansion

We continue to focus on developing human resources to support the expansion of our global business. To cultivate a large team of elite global talent capable of succeeding in any country or region worldwide, we are expanding practical on-site training for overseas store openings, primarily for young employees, as well as domestic training programs for global operations. Additionally, the standardization of our educational system for locally hired national staff and initiatives to instill our corporate culture have steadily fostered the development of individuals in each country and region who can assume leadership positions, such as store managers. We are steadily building a framework to enhance our global chain expansion by accelerating the upskilling of global human resources and national staff. (▶P53)

Drawing on the strengths and expertise cultivated through our operations in Japan and Taiwan, the Nitori Group is united in its commitment to “Offering the Unexpected” value through our products and services, thereby contributing to enriching the everyday lives of customers all over the world.

Special Discussion

Country and Regional Leaders Discuss the Current State of Our Global Expansion

Izuru Ozawa

President and General Manager of Nitori Taiwan

Joined Nitori in 2000. After serving as Zone Manager in the Store Operations Division, Manager of the New Graduate Recruitment Division, and Chief Buyer in the Merchandising Division, among other positions, he was seconded to Nitori Taiwan in 2022. He has been in his current position since January 2025.

×

Katsunori Kobayashi

Executive Officer, General Manager of NITORI China Holdings Co., Ltd. (NCH), and General Manager of Nitori Taicang Trading & Logistics Co., Ltd. (NTL)

Joined Nitori in 1997. After serving as Area Manager in the Store Operations Division and General Manager of the Deco Home Business Division, among other positions, he was seconded to NITORI China Holdings Co., Ltd. in 2019. He has been in his current position since November 2024.

×

Masatoshi Sano

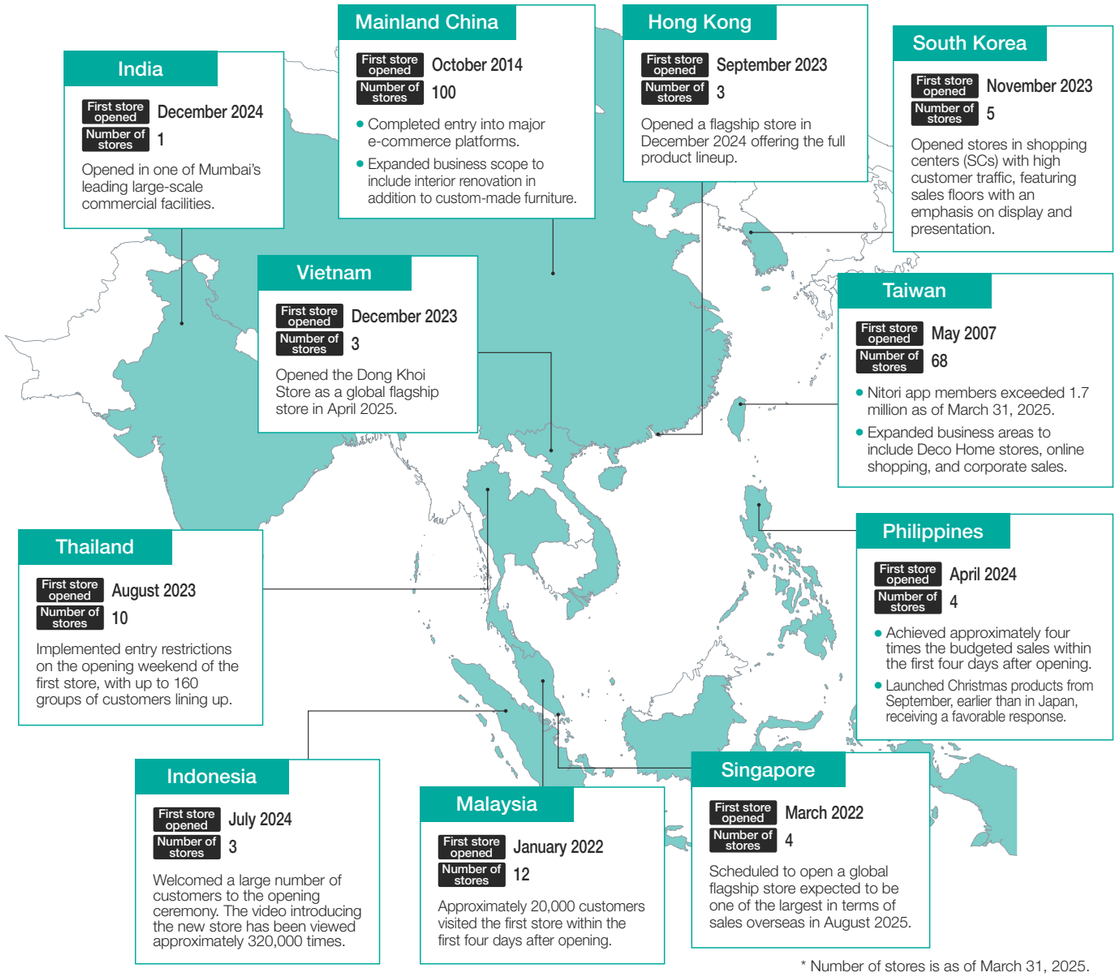
Executive Officer, General Manager of NITORI RETAIL ASEAN

Joined Nitori in 1996. After serving as Area Manager in the Store Operations Division and Category Manager in the Merchandising Division, among other positions, he served as President and General Manager of Nitori Taiwan from 2020. He has been in his current position since March 2025.

The Nitori Group is focusing on expanding its global business to realize its mission of "enriching the everyday lives of people all over the world." Products with "Offering the Unexpected" value, developed from our unique business model, are well received in each country and region, steadily enhancing our credibility and presence in the global market.
In this discussion, top executives from our overseas sales companies will speak about the current state of global expansion in each country and region.

Point Highlights of the Special Feature

- ☑ The appeal of the "Nitori brand" spreading among local customers
- ☑ Supply chain strategy based on an integrated business model
- ☑ Future outlook for each country and region toward further growth



* Number of stores is as of March 31, 2025.

Could you give us an overview of the countries and regions you oversee?

Ozawa: Nitori first ventured into overseas product development in Taiwan, marking the starting point of our business model of Manufacturing-Logistics-IT-Retail Business. At the time, our company was just a small business in Hokkaido, and it was only with the support of Taiwanese manufacturers that we were able to start producing furniture. Against this backdrop, we opened our first overseas store in Taiwan in 2007, and have steadily increased the number of stores since then. Today, our operations there have grown to achieve profit margins equal to or exceeding those in Japan.

Kobayashi: Since opening our first store in mainland China in 2014, we have faced many challenges, including the difficulty of expanding our stores and logistics network across such a vast region. We have also tackled challenges related to store development, product assortment, and human resource development, among others. In recent years, we have been pursuing a dominant store strategy, concentrating our openings in urban areas such as Shanghai and Shenzhen, and steadily expanding our store network. By leveraging the know-how we have acquired in mainland China, our business in Hong Kong has been making steady progress.

Sano: NITORI RETAIL ASEAN began its expansion in Southeast Asia, a region with high economic growth rates, by opening its first store in Malaysia in January 2022. This was followed by Singapore in March 2022, Thailand and Vietnam in 2023, and the Philippines and Indonesia in 2024, successfully establishing a presence in six countries and regions in quick succession. We are implementing dominant store openings, focusing on SCs in key cities in each country and region.

Country and Regional Leaders Discuss the Current State of Our Global Expansion

How have local customers responded?

Sano: We are grateful that our products, recognized as “Offering the Unexpected,” have been very well received in every country and region where we have opened stores. In the ASEAN region, Nitori’s prices are positioned in the mid-range and are by no means the lowest. However, customers consider the prices reasonable for this level of quality and functionality, and, as in Japan, our products are praised for their “Offering the Unexpected” value. Popular products in Japan, especially kitchen and dining products in a relatively affordable price range and highly functional bedding, are similarly selling well. In countries and regions with high temperatures, such as Malaysia and Thailand, N-Cool products made from cool-to-the-touch fabric are particularly well received. Customers can experience the functionality firsthand at trial corners, often exclaiming, “It feels cool!” Because our brand awareness is still limited, it is very important to create an environment in our stores where customers can try out products, and to highlight product features through in-store point-of-sale displays and other means.

“N-Cool” bedding made from cool-to-the-touch fabric, popular in various countries and regions

Dining products popular in Japan are also enjoying strong sales overseas

In Malaysia, it was impressive to see many customers surprised that they could actually try out pillows on the sales floor, as few other companies display pillow samples in their stores. Customers were convinced by features that other companies do not offer and made purchases, which led to word-of-mouth spreading that “Nitori pillows are high-quality.” We feel confident that the know-how we have cultivated in managing stores in Japan is also working well in the global market.

Kobayashi: Our “Offering the Unexpected” value and ability to appeal to customers through physical stores are also major strengths in mainland China. In mainland China, there are many products that are low-priced simply because their production sites are nearby. However, when customers compare products of the same quality and functionality side by side, they find that Nitori products are more affordable. For example, in the case of fragrances and similar items, customers can try the scent in-store. This encourages them to make a purchase, thinking that “At this price for this quality, it’s worth a try.” While many specialty shops fall into the high-price range, Nitori offers products at about one-third of the market price and still delivers satisfaction in usability. This will lead to customer trust in our products, recognized for their “Offering the Unexpected” value. We believe that these steady efforts will also lead to trust strong enough for customers to purchase high-end products, such as furniture. After all, gaining trust is crucial when the Nitori brand is not yet well known.

Ozawa: In Taiwan as well, when the Nitori brand was still unfamiliar, we grew by starting with product categories that customers were willing to try first, such as home fashion products. We feel that, as the number of stores increased and they have been open for more years, we have been able to build trust in the Nitori brand. Indeed, in Taiwan as well, there is a sense that what’s expected from Nitori is not just low prices, but also functionality and Japanese quality. Fortunately, Nitori is now widely recognized, and sales of our furniture and other products are just as strong as they are in Japan.

Sano: In that sense, it was a pleasant surprise that electric sofas and office furniture have been performing well in the ASEAN region right from the start. In particular, electric sofas account for a higher proportion of sales than they do in Japan. We believe this is because the combination of high performance and low price is something our competitors simply cannot match. From here, we hope to build trust in the Nitori brand and expand that into other categories, such as beds. The sizes required for beds and mattresses vary by country and region, but the strength of our Group’s business model is its ability to adapt flexibly to this challenge.

At our new store openings in each country and region, we have been warmly welcomed by many local customers. This is because very few other stores offer such a wide selection of high-quality, high-functionality private brand (PB) products that cover all the essentials for daily living, while also being located in easily accessible areas. As an initiative unique to our overseas operations, we also hold store opening events and similar activities, and we can feel that many people attend and pay attention to them.

Kobayashi: In Hong Kong as well, where the cost of living is high, we often hear customers who had difficulty shopping say, “I’m so glad Nitori is here.” When we opened our flagship store, the video introducing the new store was viewed over 10,000 times on social media. As it is a tourist city, we feel that our streetcar ads and other similar initiatives have become a successful example of introducing Nitori to customers from around the world.

By continuing to grow the number of stores, we intend to enhance brand awareness while taking advantage of scale benefits from lower logistics and other costs, passing those savings back to our customers through lower prices.

Opening event in Taiwan

Streetcar advertisement implemented in Hong Kong

Country and Regional Leaders Discuss the Current State of Our Global Expansion

Shanghai Jinhongqiao Store, mainland China

Are there any challenges or initiatives unique to the country or region you oversee?

Sano: Since we are only operating a few stores in many countries and regions, it is necessary to import products via logistics hubs from the production sites, which keeps trade, logistics, and other overhead costs high. However, as we continue to expand the number of stores, we can not only increase direct sourcing from production sites but also reduce costs through more efficient logistics. These improvements are expected to enable a high-profit model similar to that in Japan. Fortunately, in addition to the brand strength we have cultivated in Japan, we are now receiving numerous offers from local SCs to open new stores, based on the positive response after our initial openings. First, we want to proceed with store openings that leverage the strengths of each location.

Also, education remains a major challenge for increasing the number of stores. In the ASEAN region, the first national staff store manager has just been appointed in Malaysia. For now, Japanese expatriates are managing the operations of each store. We need to establish an educational system in each country and region while coordinating with the education team in Japan. We also want to actively incorporate successful education practices from Taiwan and mainland China.

Ozawa: Please let us do share and apply those successful practices across all regions. In Taiwan, where we have a long history of store openings, all store operations are managed by national staff, including store managers. Many of the general managers in the headquarters function are also national staff, and I feel that we are now entering a phase of developing the next generation of management leaders to drive our Taiwan operations.

Kobayashi: We are making significant efforts in education in all countries and regions. In mainland China as well, all store operations, including new stores, are now managed entirely by national staff.

Going back a bit, I believe that logistics is also a key factor in expanding our store network. Mainland China is about 25 times the size of Japan, and logistics costs for the same products can vary significantly by store, leading to differences in operating profit margins. In mainland China, we are currently implementing dominant store openings centered on logistics hubs and also relocating existing stores. While there are challenges in designing store-opening and logistics strategies in parallel, our integrated business model of Manufacturing-Logistics-IT-Retail Business allows us to effectively control costs. Since this will become a major strength in the future, we will continue to improve the logistics aspect of our business.

Deco Home's first overseas store:
Kaohsiung Hanshin Arena Store in Taiwan

What are your thoughts on the future prospects?

Ozawa: There are still regions where we have yet to open stores, so we want to continue our expansion. Currently, the population per store's commercial area is nearly twice that of Japan, so we see potential to open about 100 more stores. As part of that expansion, we also aim to open freestanding stores and other locations that can serve as flagship stores. We also believe there is still plenty more room to expand for our new format, Deco Home, since we successfully opened its second store in July 2025. Along with expanding the number of stores, we are working toward our goal of 2 million app members in the fiscal year ending March 31, 2026. We will focus on increasing our membership base, just as we do in Japan. An increase in the number of app members will allow us to further expand our marketing activities, such as point programs to encourage repeat visits and customer analysis. We will continue to promote various initiatives to establish a role model for global expansion.

Kobayashi: The recent market environment in mainland China is not favorable mainly due to a sluggish economy from the real estate downturn and consumers holding back on purchasing durable goods. However, it remains a highly attractive country and region with factors such as a market size of approximately 1.4 billion people and the world's second-largest GDP. Even amid the economic downturn, we are responding flexibly by increasing the number of stores focused on home fashion products, among other initiatives. While steadily relocating stores to better locations, we also plan to continue expanding our business. We believe that by working on restructuring our business model to allow for continued growth, we will be able to achieve remarkable growth when the economy improves. In the e-commerce business, we have already launched stores on major platforms, and we will continue to promote and market the Nitori brand.

Sano: We believe that the ASEAN region has high growth potential. While our stores are currently well received in central areas with a relatively high concentration of affluent residents, we also plan to expand into smaller and mid-sized cities in the future. We intend to enhance brand recognition through campaigns and other initiatives, just as we do in Japan. Our global flagship store in Singapore, expected to be one of the largest in terms of sales overseas, will also open in August 2025, and we anticipate that it will further strengthen our branding. In addition, as the e-commerce market is expected to continue growing, we plan to open stores on major local platforms to increase sales and enhance brand awareness. By expanding the number of stores and sales scale in the ASEAN region, we will establish a highly profitable model and provide products with "Offering the Unexpected" value to many countries and regions.

All: Please continue to look forward to the Nitori Group's future global expansion.

Business Foundation Reform through IT and DX

Towards a Stronger Manufacturing-Logistics-IT-Retail Business Foundation

Naoshi Takei

Managing Executive Officer, Chief Information Officer (CIO) & President of Nitori Digital Base CO., LTD. & Chairperson of NITORI DIGITAL BASE VIETNAM CO.,LTD

Major Leap of NITORI-Net and Nitori App

Our mission has evolved from "home" into "lifestyle," and the Group's business fields have expanded rapidly. Even amid these circumstances, IT remains the foundation of the Group's business model, "Manufacturing-Logistics-IT-Retail Business." For about 30 years, we have been committed to in-house development, covering everything from planning, development, and implementation to operation and management of our systems. We are now developing and operating most of our systems in-house, achieving the "expansion of system areas in line with the growth of the Group," "quick response to changes in business," and "accumulation of our unique technologies and expertise."

In the fiscal year ending March 31, 2026, we will significantly update systems, such as NITORI-Net and Nitori app, to further enhance the shopping experiences of our customers. (▶P31)

Creating Systems that Everyone Can Use

To achieve our vision, we need to draw up roadmaps in each area so that the IT department can support expansion in response to a quickening expansion of countries and regions of sale, in addition to the existing supply locations. Our strength lies in our IT department, which has a large team of elites and works closely with the business departments that carry out front-line operations. We have cultivated deep understanding between IT and business departments, aiming to create a simple IT system that is unique to the Group and easy for everyone to use.

Our integrated business model enables us to internally resolve various issues within the supply chain and take approaches for maximizing efficiency. We will continue to work with each department as well as each country and region to further strengthen the IT infrastructure of the entire Group.

Topics Nitori Digital Base

Nitori Digital Base CO., LTD. was established in April 2022 as a "hub" that brings together talented IT personnel from Japan and abroad to accelerate DX of the entire group. In June 2024, as a development base, we established NITORI DIGITAL BASE VIETNAM CO., LTD in Hanoi, Vietnam, which has abundant IT human resources and is home to our group's stores and our own factories. We are currently promoting recruitment and education. Looking ahead, we plan to expand our support in the ASEAN region, where store openings are accelerating, and enhance our initiatives such as production management systems at factories.

DX Case Study: Leveraging AI Technologies

AI is becoming increasingly prevalent in our society. Nitori Group is also promoting its utilization across various fields.

In supply chain management, we utilize AI for store inventory optimization, sales plan simulation, and other activities, thereby building a system that enables product supply at the right time with the optimal lead time and cost. Additionally, for consultation cases submitted by employees to each department, we have enabled our proprietary generative AI to generate responses from past inquiries, manual data, and other information accumulated by the AI. For example, the Legal Office has successfully reduced approximately 1,000 person-hours annually. With AI-driven operational efficiency across all fields, we will continue to advance our businesses, aiming to establish a system where each employee can focus on their respective creative work.

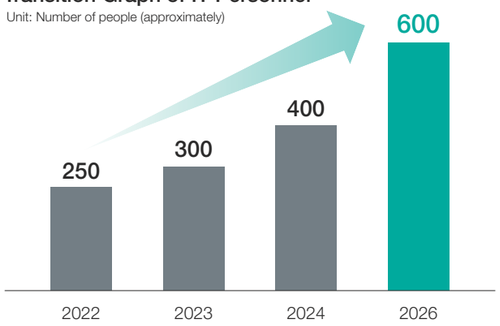
The utilization of AI not only enhances operational efficiency but also maximizes customer satisfaction. The fiscal year ended March 31, 2025 marked a significant year of transformation for the Group's contact centers. AI-powered alternatives have strengthened both unmanned and manned support capabilities. Examples include our 24/7 chatbots that are available even outside business hours for inquiries, enhancing customer convenience. Even in manned support, AI summarizes conversations between customers and operators and then references the database for responses, achieving prompt response and quality improvement. By leveraging AI, operators can focus on customer service and sales interactions that only humans can provide, as well as handling various inquiries, leading to the introduction of new online services. (▶P31-33)

Development of IT Personnel

We are focusing on recruitment and training to increase the Group's IT personnel to strengthen our business model. IT personnel at Nitori Group need not only specialized skills but also knowledge of store operations and logistics, as well as problem solving skills from customers' perspective. Therefore, in principle, all IT employees gain experience working in stores or logistics departments to be able to solve problems faster. We are also promoting the development of IT personnel from non-IT backgrounds by offering a phased educational program covering everything from basic IT knowledge to cutting-edge technologies. We aim to create an environment where employees in each department can solve various operational problems from an IT perspective.

Transition Graph of IT Personnel

Unit: Number of people (approximately)



Product Development

Strength

We develop products that address “discontent, dissatisfaction and inconvenience” identified through customer feedback by leveraging customer interaction, one of the advantages in the retail industry. By utilizing vertical merchandising*, which traces back to raw materials, we achieve satisfactory quality and high profitability, offering private brand (PB) products with “Offering the Unexpected” value.

* Vertical merchandising refers to the design and management of all stages of the supply chain, from raw materials to the final product in the hands of the customer, by the company itself.

Initiatives for Medium- and Long-Term Strategies

Through a major reorganization of product-related organizations (▶P12), we are striving to develop superior products with higher volume and speed. We are also focusing on strengthening our overseas production bases and developing products with global standards, creating systems and mechanisms for offering product lineups tailored to each country and region. (▶P25-27) We will continue to improve gross profit margins by reducing procurement costs through direct purchase of raw materials and consolidation of factories, as well as by reducing logistics costs through the development of production sites closer to consumption areas.

Topics Initiatives for Lifestyle Proposals

Following furniture and home fashion products (soft and hard goods), we have been recently focusing on home appliances as the fourth pillar of our business. To develop such products in line with the theme “norm-changing home appliances,” we have hired developers with outstanding technical skills from leading manufacturers and established development bases. In addition to offering both convenient features and competitive pricing, we have begun offering a five-year warranty on large home appliances so that customers can use them with peace of mind.

The “100,000 yen drum-type washing machine” was selected for “Hit Product Ranking” published by the Nikkei MJ (“Marketing Journal”).

Coordination

Strength

With the philosophy of “Interior Design for Every Home,” we aim to create products and store layouts that allow customers to naturally organize their rooms and enrich their lives simply by choosing “colors, shapes, and styles” that match their preferences. Our products combine affordable prices with convenient features, and we strive to offer coordination proposals that enhance the overall shopping experience.

Initiatives for Medium- and Long-Term Strategies

To help more customers experience “Coordinated Living with Nitori,” we are enhancing our product selection and proposal capabilities. The featured products introduced in TV commercials are linked to related product recommendations through NITORI-Net product pages and in-store customer service. In addition, the furniture sales floor has a high-rise layout to expand spaces for coordinated displays. We are creating an environment within our stores that evokes pictures of an “enriched lifestyle,” while enhancing the presentation of rooms, entrances, and other areas throughout the store so that customers will find them appealing.

Topics Initiatives for Lifestyle Proposals

We are expanding our tools designed for customers to easily and handily experience coordination, such as the online interior simulator “Room Coordination” and online interior consultation. Our product lineups are also expanding, including bedding sets and other items that can be coordinated simply by purchasing them.

We will continue to develop product lineups for customers to enjoy coordinating items by simply matching colors and materials across categories, including home appliances, whose distribution and sales are expanding.

Manufacturing

Strength

As part of our vertical merchandising, we are expanding manufacturing at our company-owned factories. We have own manufacturing plants: HOME DECO in Japan; and NITORI FURNITURE and Siam Nitori overseas, which support a stable supply to our globally expanding network of stores and e-commerce channels through product quality control, cost reduction, and optimization of supply quantities. The core of this effort is Nitori Furniture, which began producing storage furniture in 1995. Alongside Nitori's business expansion, our production range has grown to include beds, mattresses, and, more recently, curtains and bedding.

Initiatives for Medium- and Long-Term Strategies

In response to rapidly expanding global operations, the range of our manufacturing products has been expanded. We are simultaneously committed to in-house material production, development and implementation of new technologies, environmentally friendly manufacturing, and creation of safe and secure working environments. As overseas manufacturing plants, a new factory in Vinh Phuc, Vietnam started operation from June 2025, in addition to our existing factory in Hanoi, Vietnam, the Ba Ria-Vung Tau Factory, and Siam Nitori in Thailand. We are expanding our production bases to accommodate the growth of the Group.

Topics Launch of External Sales

With the expansion of factory production capacity, we will launch a new brand in the fiscal year ending March 31, 2026 and start external sales of furniture to companies outside the Group. We participated in furniture exhibitions in Malaysia and Vietnam for the first time in the fiscal year ended March 31, 2025, and plan to participate in an exhibition in Shanghai in September 2025. Going forward, we will continue to actively exhibit our products in various countries and regions. By starting to supply manufactured products through sales channels other than Nitori stores, we will offer products that are "Offering the Unexpected" even in countries and regions where we do not yet have stores.

NITORI FURNITURE Ba Ria-Vung Tau Factory

In a vast site of approximately 400,000 m², we have three manufacturing buildings for curtains, mattresses and bedding, and dining furniture, producing approximately 6.3 million sets* annually. We also conduct thorough quality control, with a defect rate of approximately 0.06% for manufactured products. The curtain manufacturing building is a large-scale factory that is rare even globally, handling all processes from purchasing yarn, weaving, knitting, dyeing, and sewing to final shipment. In the mattress, bedding, and dining furniture manufacturing building, we produce over 50 popular products, including the "Easy to Sort Mattress" series, which is easy to disassemble for disposal, the "N-Cool" collection of bedding made from cool-to-the-touch fabric, and the "N Collection" series of dining furniture made from gently textured natural wood. Various products are manufactured at a single location, which enables us to develop cross-departmental products such as dining chairs with pocket coils. Another feature is transportation cost reduction achieved by loading different products together into a container.

* FY2024 result

Exterior of Ba Ria-Vung Tau Factory

Ba Ria-Vung Tau Factory (curtain manufacturing, sewing)

Nitori Furniture Hanoi Factory

The Hanoi factory manufactures Nitori's flagship products, including the "NITORI STUDIO" series of bed frames and sofas, the "N-sleep" series of mattress designed for an ideal night's sleep, the "Ligare" kitchen cabinets, which offer over 20,000 combination possibilities, as well as TV tables and storage chests. In terms of mattress production, the factory boasts one of the largest shipment volumes in Japan. In line with our expanding global operations, we have also developed internationally compatible plugs for general furniture. Furthermore, as part of our environmentally conscious manufacturing efforts, we began solar power generation in the fiscal year ended March 31, 2025, with plans to expand to the Ba Ria-Vung Tau and Vinh Phuc factories.

Solar power generation at Hanoi Factory

Hanoi Factory (sofa manufacturing)

NITORI FURNITURE Vinh Phuc Factory

The Vinh Phuc factory, which began operations in June 2025, has a total site area of approximately 400,000 m². Located adjacent to Hanoi in northern Vietnam, this factory conducts part of manufacturing operations transferred from the existing factories, improving production efficiency and strengthening our supply system. Going forward, we will gradually expand production facilities based on the production volume and items that will be required by the entire Group. Meanwhile, we have introduced machinery and systems capable of producing at approximately three times the current speed, requiring fewer personnel for production.

Vinh Phuc Factory

HOME DECO

As a curtain manufacturer, we handle planning and development, sewing, and import and export, and are developing products that fulfill customers' "Would be nice to have." wishes. Such products include jacquard curtains and curtains with deodorizing functions. In addition to imported ready-made curtains, we supply shades, roll screens, and custom-made curtains sewn at our factories and partner factories in Japan and overseas, to Nitori Group stores around the world. Over 3.6 million sets* of products are delivered to our customers every year.

With the relocation of the head office and main factory to the Satte DC in March 2025, we have achieved cost reduction and less lead time.

* FY2024 result

Jacquard curtain

Siam Nitori

Siam Nitori is an integrated production factory for carpets, rugs, and mats. The factory was awarded the Good Design Award in 2021 for its comprehensive recycling process, which involves manufacturing and selling products made from recycled raw materials such as PET bottles. Materials almost equivalent to 54 million 500 ml PET bottles are recycled per year to manufacture carpets and rugs*. The coloring process employs an environmentally friendly method that does not use water. Currently, three factories are in operation, among which the third factory, completed in May 2024, is equipped with state-of-the-art facilities. A production system is now in place, efficiently manufacturing cushions, pillows, and other item in addition to a wider variety of rugs than before. Siam Nitori also serves as a manufacturer that sells to other companies.

* Calculated based on that one 500 ml PET bottle contains approx. 22.3 g. FY2024 result.

Siam Nitori (carpet manufacturing)

Strength

Based on the official standards of the countries and regions where we operate, we have established our own global quality standards. We conduct various tests from the product development stage. Together with our suppliers, we are building a system to provide safer and more reliable products through such initiatives that we audit quality assurance systems for new suppliers and conduct quality audits to maintain quality for existing suppliers.

Initiatives for Medium-and Long-Term Strategies

When opening stores in new countries and regions, we conduct preliminary research on quality-related regulations. In countries and regions where we are already established, we continuously collect information on quality-related regulations. This enables us to maintain global quality standards. Additionally, through the digital transformation of product quality control, starting with the introduction of a quality management platform system, we are executing quality management activities in conjunction with global supply chain management. Furthermore, by conducting quality audits of suppliers and development technology evaluations to ensure product safety at overseas bases close to production sites, we are accelerating quality improvement activities and shortening product development lead times. We are also focused on building an agile organizational structure to respond to the diversification of market trends both domestically and internationally.

Topics Expansion of Quality Control Activities

With the expansion of our business into various countries and regions, including India and Indonesia, we maintain the quality of all our products by complying with the quality-related laws and regulations of each country and region. Global quality standards are upheld through coordination with departments that develop product locally.

In addition, as our home appliance business expands both in Japan and overseas, we are focusing on developing highly specialized human resources to strengthen risk management. We will continue to support product development tailored to our customers' lifestyles while upholding the core values of "Offering the Unexpected" to maintain quality.

Logistics

Strength

Leveraging Nitori Group's economies of scale, we provide integrated logistics services from domestic drayage transportation*, operation and management within its own distribution centers to last-mile delivery. Realizing overall optimization, we have streamlined lead times for product delivery to customers and cut transportation costs. Additionally, Nitori Group will develop overseas logistics infrastructure to expand its global business.

* Drayage Transportation: It refers to transporting containers from major ports in Japan to logistics centers after they arrive from overseas production factories.

Initiatives for Medium- and Long-Term Strategies

We are investing approximately 300 billion yen to reconstruct our domestic logistics network, promoting establishment of new DCs*1 in 7 locations nationwide*2 (Ishikari, Kobe, Nagoya, Satte, Sendai, Fukuoka, Kawasaki). The Ishikari DC and Kobe DC started their operations in the fiscal year ended March 31, 2024, followed by the Nagoya DC and Satte DC, which went into full operation in the fiscal year ended March 31, 2025. The Sendai DC and Fukuoka DC have been completed and will become fully operational within the fiscal year ending March 31, 2026. Reforms are being promoted with the development of a logistics network, digital transformation of operations, introduction of high-performance material handling*3 equipment and jigs, and standardization of operations, centered on the optimal placement of bases and the consolidation of functions. As a measure to address the Logistics 2024 Problem, we launched collaboration with FUKUYAMA TRANSPORTING CO.,LTD. to introduce double-trailer trucks, and started trunk transport of furniture and home appliances jointly with EDION Corporation in the fiscal year ended March 31, 2025. We will continue to strive to improve logistics efficiency and reduce environmental impact.

*1 DC stands for Distribution Center (inventory storage-type logistics center)
*2 The initial investment plan—8 locations nationwide, 350 billion yen in total—was revised in August 2025. (▶P70)
*3 Material handling refers to the machinery used to streamline logistics operations.

Exterior of Satte DC

Shuttle rack with sequencing function

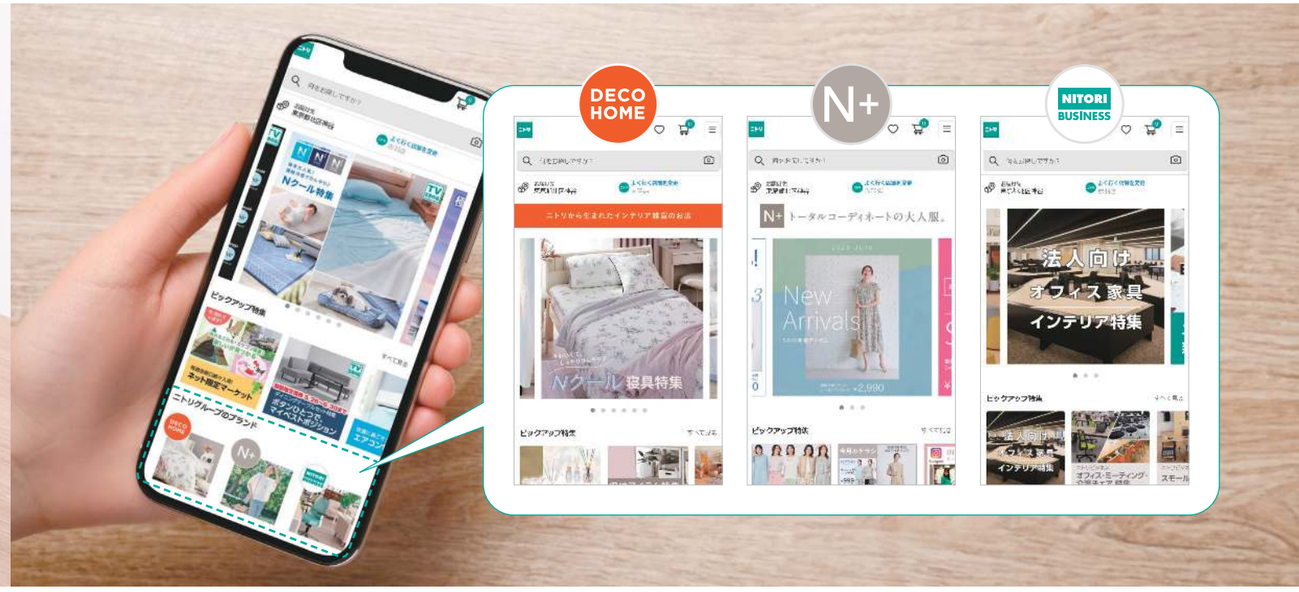
Topics Initiatives for Lifestyle Proposals

As the Group's home appliance business expands and grows nationwide, the logistics departments have established a scheme and expertise for delivering large home appliances based on a logistics network that covers 99% of Japan's population.

In addition, to accommodate increasing shipment volumes of small commercial goods accompanying the expansion of our EC business, we have established our own logistics network utilizing light motor vehicles, thereby achieving low-cost operations. Through strengthening last-mile delivery in this way, we will strive to flexibly respond to diversifying customer needs and improve customer satisfaction.

Strength in Trade

The Group handles the largest volume of imports in Japan, and with the expansion of its global operations, a future increase in cargo volume is expected. The Group cuts costs by in-house handling of customs clearance for cargo imported from overseas countries and regions to Japan, as well as by in-house transportation arrangement to deliver containers to DCs. Container drayage transportation from domestic ports to DCs is handled by our Group company, HOME CARGO Co., Ltd., and we have further expanded our fleet size and number of drivers for the fiscal year ended March 31, 2025. We will continue to build a flexible logistics network through establishment of bases, business expansion, and other initiatives.



Strength

Nitori app serves as the hub of our e-commerce to cater to diverse customer needs with our nationwide store network in Japan. The number of app members has steadily increased, surpassing 22.5 million*1. The share of e-commerce sales in our domestic home furnishing business reached approximately 13% for the fiscal year ended March 31, 2025. While evolving the app into a starting point for shopping, we will further enhance our EC content and services to accelerate OMO*2, thereby establishing a competitive advantage.

*1 As of March 31, 2025 *2 Online Merges with Offline (OMO) means the integration of online and offline.

Initiatives for Medium- and Long-Term Strategies

NITORI-Net and Nitori app were revamped in May 2025, aiming for evolving from a "place to purchase products" to "a place to offer proposals that further enrich lifestyles." Customers can now easily select and check the method, location, and date of delivery according to their lifestyles. The lead time of store pickup is also shortened by enhancement of the link between stores and e-commerce, providing customers with more convenient and seamless shopping experiences. In addition, we will consolidate products from the Group's businesses such as Deco Home and N+ on the NITORI-Net, creating a comprehensive shopping mall with the largest selection of products, including those available exclusively online. What we aim for is not only to deliver customers more convenient way of shopping but also to achieve higher brand awareness and business growth. Furthermore, we will continue to develop and enhance e-commerce sites in new countries and regions, strengthening our product lineup in each region to reflect local characteristics.

Topics Initiatives for Lifestyle Proposals

We are expanding various online consultation services that allow customers to consult with knowledgeable staff from their own homes. (▶P33) For customers to enjoy shopping conveniently from anywhere, some features are being updated, including the AR service "Easy 3D Placement with Your Smartphone!," which allows customers to check the layout of furniture and interior items, "Room Coordination," which allows customers to enjoy coordinating item as if they were changing clothes, and "Combination Simulation" for the "Ligare" kitchen cabinets.

Live Commerce

Launched in 2022, our live commerce platform has grown into a medium that reaches over 9.35 million viewers annually as of March 31, 2025, with 223 live broadcasts and archived content per year. We actively expand our content, offering regular broadcasts like "Let's Learn Together! #NitoriCoordination"for storage and coordination lessons, and live streaming events such as "Tokyo Game Show 2024."

Additionally, real-time comments from our viewers are valuable feedback that we use to improve our products and services. Our live commerce videos, produced entirely in-house from casting and filming to operations, are also utilized on NITORI-Net and various domestic and international social media platforms.

Official Fan Community—Nitori Channel

With the theme "Creating Style and Comfort Together," the website was launched in June 2025, where customers and Nitori can interact with each other in a two-way communication. By building this website that serves as a platform for exchanging ideas and solutions to everyday challenges, we aim to create opportunities for customers to exchange information and interact with each other, enriching their lives in collaboration with Nitori.

Sales
(Domestic stores: Nitori)

Strength

Nitori makes the most of our extensive store network nationwide to make life more comfortable and convenient for more customers. Linked with e-commerce, this store network provides seamless shopping experiences, for instance, store stock checking and same-day store pickup for online orders. Not just offering time-saving and comfortable purchasing occasions, we also seek to create a fun and convenient environment unique to our stores where customers can try out products directly. Customer feedback and needs gathered in stores are utilized to develop and improve our products and services.

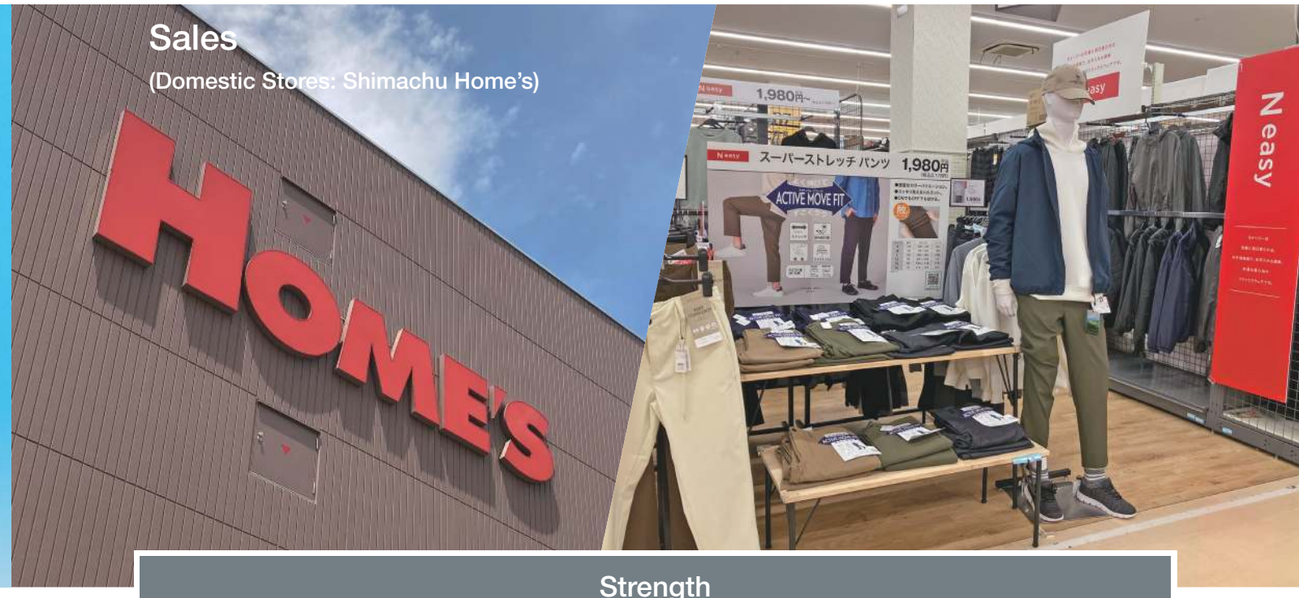
Initiatives for Medium- and Long-Term Strategies

We plan to renovate more than 100 existing stores to expand display areas for key products including home appliances, and make them easier to see and try. The introduction of equipment, such as self-checkout registers, customer ordering terminals, and remote customer service, will improve convenience for both customers and employees. In addition to providing our customers with satisfactory services even in small stores, which are expected to expand, we will improve the environment so that customers can choose from the largest selection of products through e-commerce. For higher operational efficiency at stores, we will coordinate with each supply chain, including the renewal of delivery systems to stores in line with the new DC establishment plan (▶P29).

Topics Initiatives for Lifestyle Proposals

Streamlining store operations, we will focus even more on customer services. For example, in the fiscal year ended March 31, 2025, many “home appliance coordinators*” with extensive knowledge of home appliances were newly appointed. They are now serving customers at stores nationwide. Additionally, alongside enhanced in-store customer service, we are expanding online support services by in-house specialists who provide specialized consultations such as large home appliances, window treatments, room coordination, and system kitchens. We are now creating a system that allows customers to make appointments at times convenient for them, including before and after visiting the store, so that they can receive services from our specialist staff even while at home. In our stores, we will attractively display and recommend items including new products that enrich people’s lifestyles.

* Internal qualification



Sales
(Domestic Stores: Shimachu Home’s)

Strength

With numerous stores located in densely populated areas of the Tokyo metropolitan and Kansai regions, Shimachu offers a wide range of products, including DIY and gardening supplies, daily consumables, and furniture and home decor that differ from Nitori’s lineup, catering also to professionals, as a “comprehensive store for all things housing and lifestyles.” Furthermore, in the apparel field, we are expanding our product range to better meet customer demands, including the introduction of affordable, functional relaxation wear under the “N easy” brand.

Initiatives for Medium- and Long-Term Strategies

In addition to our traditional extensive product lineup, which includes national brand (NB) products, we are developing Shimachu private brand (PB) products that are cheaper yet reliable in quality. We are committed to making our stores easier to shop in for customers, as well as focusing on refurbishing existing stores to expand DIY and home renovation sections with the aim of strengthening product lineup that makes home improvement stores unique. The Shimachu-Homes app has also been continuously improved. The number of app members has exceeded 1.3 million*. Furthermore, we are promoting initiatives leading to community-based social contributions, such as collecting gardening soil and clothing for recycling (limited-time initiative) and providing venues for animal adoption events.

* As of May 2025

Topics Initiatives for Lifestyle Proposals

We are developing over 1,000 original items per year that are not limited to furniture and interior goods but in a wide range of product categories, including daily consumables, electric assist bicycles, pet supplies, and gardening supplies, thereby contributing even more to local customers’ lifestyles.

In the apparel field, the number of stores offering “N easy” has increased to 43*. With some products selling at Nitori’s overseas stores, we are expanding the range of lifestyle proposals.

* As of August 2025

Sales

(Domestic stores: Deco Home)

Strength

Deco Home offers a range of products targeted at women, from daily necessities to items that add a touch of charm to any room. Our original products featuring muted colors, seasonal variety of small items, and character goods are particularly well-received. Aiming to offer a more appealing product lineup, we have increased the proportion of original products to approximately 75%*. We are actively opening stores near train stations and in shopping centers, positioning ourselves as a store "customers can visit every day."

*** As of April 2025**

Initiatives for Medium- and Long-Term Strategies

We are focusing on establishing the Deco Home brand by differentiating it from Nitori in terms of product design, price range, and product lineup. In terms of price range, we have revised our prices to better suit our customers' lifestyles, offering up to 20% off popular items, and launched the "Always Low Prices" series, which offers everyday items at affordable prices. We are also looking to global expansion, with opening of our first store in Taiwan in October 2024. Taking advantage of the small store format that can be opened in a space of approximately 80 tsubo, we plan to accelerate store openings in locations convenient for customers. Such stores are planned to serve also as pickup locations for Group products via the Nitori app.

Topics Initiatives for Lifestyle Proposals

In addition to character goods such as ones using "Shimaenaga" (bird called long-tailed tit) and "Deco Neko" (Deco cat) characters, we aim to create "close-by stores for women's cute and fun things," realizing the concept "everything is cute: daily necessities, interiors, and myself." To this end, these stores carry a diverse range of items including beauty products (skincare and beauty appliances), fashion accessories, and goods for supporting favorites, with the aim of becoming a variety store. We are also focusing on communication on social media to raise awareness and offer lifestyle proposals unique to Deco Home.

Hit Products Development Story

Norm-changing product for everyone
Drum-type Washer-dryer

Drum-type washer-dryers, popular as time-saving appliances, have traditionally faced barriers to purchase due to high price, large size, and tiresome maintenance, resulting in a market share of just over 20%. To address this, Nitori assembled a team of approximately 80 appliance developers to challenge the status quo and create a "norm-changing" product that would be accessible to more households. Launched in October 2024, Nitori's drum-type washer-dryer offers robust performance with approximately washing 10 kg and drying 5 kg, all at an amazing price of ¥99,900 (tax included). With a compact design that can be installed in many homes, it features an "Express wash and dry course" for washing and drying about 2 kg of laundry in as little as 60 minutes, as well as an automatic filter cleaning function. This product is designed to greatly reduce the burden of daily housework. We received a greater-than-expected response from customers, and as of March 31, 2025, sales exceeded our plan by about 2.5 times. The sales are still growing.

Enriched lifestyle with superb sitting comfort
Electric Reclining Sofa N-BELIEVA

Since its release in 2011, Nitori's popular electric reclining sofa, "N-BELIEVA," has sold over 560,000 units. Pursuing superb sitting comfort, we have created a masterpiece that we are proud of. It took us a year and a half to complete this sofa with thorough prototyping while meticulously adjusting the balance of springs, urethane, and backrests. Back in the days, manual reclining sofas were the mainstream in the market. Driven by the development team's strong desire to "create a sofa that was electric yet cheaper than manual ones," we developed a sofa that gave a comfortable, enveloping feeling without bottoming out, combined with easy reclining operation with a single button, all at an affordable price. After going on sale, it became one of Nitori's most popular series. It is highly regarded overseas, particularly in Taiwan and the Philippines, for its high quality relative to its price.

Spread curtains, feel happier.
Ready-made Jacquard Curtains

Nitori offers beautiful jacquard curtains with delicate patterns carefully woven. One of their excellent characteristics is that the appearance changes with sunlight and wind. However, for expressing complex design, manufacturing was labor-intensive and time-consuming, which tended to make them expensive. Therefore, Nitori developed jacquard curtains that offer both high quality equivalent to luxury custom-made curtains and yet affordable prices, by leveraging our integrated business model and economies of scale. All products in the lineup feature light-blocking and heat insulation capabilities, which are frequently requested by customers. Nitori's jacquard curtains are available in standard sizes, so customers can purchase them at the store and take them home to use right away.

A Wide Range of Business Fields

Nitori Group operates a range of businesses to enable customers to experience enriched lifestyles.

N+

Launched in March 2019, N+ is apparel brand for women. Inspired by the concept of “total coordinated clothing for adults,” the brand proposes fashion at affordable prices that is comfortable to wear and can be easily coordinated.

Looking ahead, we will further extend the range of private brand (PB) products to provide our customers with attractive products at even more affordable prices.

Shopping Mall Business Division

We are developing a mall business that caters to the diverse lifestyles of our customers. This involves researching and attracting tenants that meet the needs of the local community. By working closely with our tenant stores, we aim to provide an enjoyable shopping experience, contributing to the enriched lives of our local customers.

As of March 31, 2025, we operate four bases: Higashi-Osaka, Sagamihara, Miyazaki, and Hirakata.

Corporate Sales & Interior Renovation Business Division

In our corporate business, we address the various needs and challenges of corporate clients, including offices, commercial facilities, medical and welfare facilities, and lodging facilities. Our strength lies in providing corporate customers with products of appropriate quality at low prices, as well as offering a one-stop service that covers all stages from planning proposals to interior construction and, if necessary, custom-made product manufacturing. Leveraging the trust in Nitori Group and its sales base, we also sell office supplies and other items online. Going forward, we will participate in more exhibitions and other events to further raise recognition of our corporate business.

In our renovation business, we offer comprehensive space solutions, including Nitori’s furniture and home fashion products, with the “Offering the Unexpected” value. Our high-quality, low-priced system kitchens have been particularly well received. It is now possible to coordinate with the same surface material as kitchen furniture. In the fiscal year ended March 31, 2025, we strengthened cooperation with our stores to introduce online consultation service, through which customers who are considering purchasing our products can more easily consult with our specialist staff. We will continue to strive to grasp the needs of more customers and propose comfortable and enriching spaces.

Nitori Facility

Nitori Facility is responsible for waste disposal, cleaning and security, as well as for insurance services as an insurance agency for the Group. Our aim is not only to maintain and manage facilities, but also to realize optimization for the Group as a whole, by reducing costs and improving efficiency, as well as enhancing provision of benefits for employees.

ニトリ ファシリティ × はなさく生命 日本生命グループ

Nitori Public

As a comprehensive advertising company, Nitori Public manages in-house advertising and promotional activities, and offers a wide range of services to external client companies. It also engages in product development and export business leveraging the Group’s network. Furthermore, the company is involved in promoting tourism in Hokkaido through operation of the traditional Japanese inn “Ginrinso” in Otaru, Hokkaido and the souvenir shop inside the Red Brick Building, contributing to the enhancement of corporate value.

Nitori Group's Sustainability

Sustainability Policies

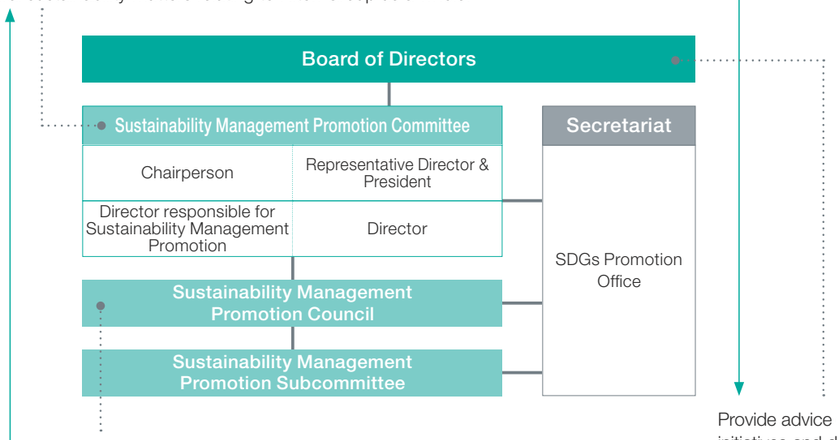
Along with Our Steps Toward the Realization of Our Mission, We Aim to Solve the World's Problems and Create a Better Future

Nitori Group has been advancing towards the realization of its mission "Enrich the everyday lives of people all over the world." The result is an integrated business model of "Manufacturing-Logistics-IT-Retail Business." This business model enables us to provide customers with products and services that are "Offering the Unexpected," while achieving thorough efficiency and cost reductions. Furthermore, this business model will enable us to take total optimal actions from a sustainable perspective and will lead to the creation of "shared value" that contributes to solving environmental and social issues.

We will not be satisfied with the status quo, but rather will continue to reform and faithfully face the ever-changing challenges of the world. Together with our customers and all other stakeholders, we will strive for a "better future" for the environment and society and realize sustainability management that is unique to the Nitori Group.

Promotion System

The Sustainability Management Promotion Committee, chaired by the Representative Director & President of Nitori Holdings, Co., Ltd., discusses general sustainability matters relating to Nitori Group as a whole.



The committee consists of division managers from operating companies and sets specific sustainability targets and compiles measures to address them

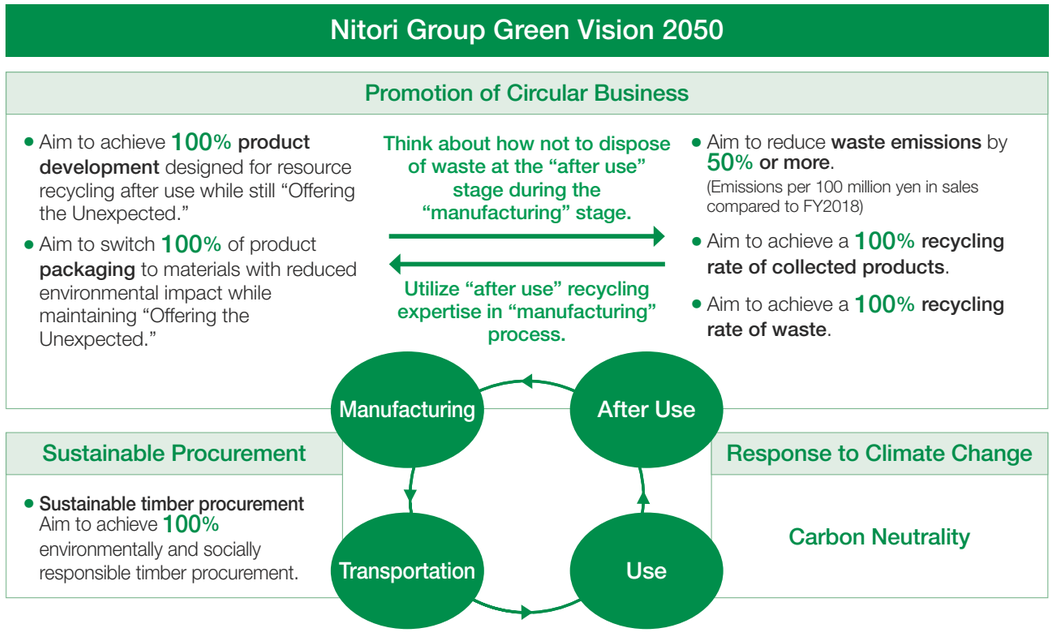
Provide advice on the progress of initiatives and determine the direction and measures to be taken by Nitori Group

Materiality Issues

Materiality Issues	E	S	G	Shared Value	The Nitori Group's Approach
Contributing to Prosperous Home Living by "Offering the Unexpected" Products and Services	●	●		Value creation for providing enriched lifestyles to customers	1 Pursue affordability, appropriate quality (functionality), and coordination 2 Resolve customers' "Discontent, Dissatisfaction, and Inconvenience" 3 Offer new value that further enriches lifestyles (products and services that can lead to solutions to environmental and social issues)
Product Safety and Security through Comprehensive Quality Control		●			1 Product quality control and product safety measures as a manufacturer 2 Share ideas and initiatives to build a culture of product safety with suppliers
Promotion of Environmentally Friendly Business	●			Simultaneous expansion of economic value and environmental and social value	1 Carry out all tasks more efficiently throughout the entire supply chain 2 Make effective use of all raw materials 3 Make effective use of recycled materials through innovation 4 Disclose and reduce greenhouse gas emissions from business activities
Fair and Honest Trade and Respect for Human Rights in the Supply Chain	●	●			1 Supplier contracts based on strict standards and on-site investigations 2 Establish "true partnerships" with suppliers Fair and honest trade, respect for human rights, work environment creation, etc.
Contribution to Local Communities		●		Creation of social value through store openings and support in terms of human resources, the environment, and culture	1 As a company that offers lifestyle infrastructure, expand the store network and create stores supported by customers 2 Expand into global business (open stores and create employment) 3 Disaster assistance and social action programs in fields other than the main lines of business
Creation of a Rewarding Work Environment and Promotion of Diversity		●		Simultaneously achieve employees' job satisfaction and enhancement of corporate value	1 Education system that allows employees to realize self-growth 2 Transfer to a variety of job category in a wide range of business fields 3 Create a comfortable environment where everyone can work in good health with peace of mind
Effective Corporate Governance			●	Ensuring transparency and soundness of management Speedy decision-making and business execution	1 Build a foundation that supports medium- and long-term corporate growth Create decision-making systems and a basis for active discussions 2 Ensure compliance 3 Build a robust risk management system

Nitori Group Green Vision 2050

The "Nitori Group Green Vision 2050" is a set of goals for 2050 that aims to realize environmental friendliness and sustainable "enriched lifestyles" by making the most of the Group's unique circular business model, thereby achieving seven key challenges (Materiality Issues). This vision is based on three themes: 1) Promotion of Circular Business, 2) Sustainable Procurement, and 3) Response to Climate Change. The entire Group will work together to promote efforts to achieve these goals.



Goals and Results of the Nitori Group Green Vision 2050

Theme	Item		Goal for FY2030 (Mid-Term Goal)	Goal for FY2050 (Long-Term Goal)	FY2023 Result	FY2024 Result	
Promotion of Circular Business	Recycling of products		• To the extent that "Offering the Unexpected" can be maintained, promote the development of products designed with consideration for resource recycling*1.	• Aim to achieve 100% product development designed for resource recycling after use while still "Offering the Unexpected."	–	(Under calculation)	*1 The Nitori Group's concept of resource recycling involves considering ways to avoid turning materials into waste from the "manufacturing" stage through to the "after use" stage, achieving one of the following: Connecting to resources that are useful for the next stage, Reproducing into new products, and Using recycled raw materials. * If the above options are challenging, utilizing as heat energy.
	Switching to materials with reduced environmental impact for product packaging.		• To the extent that "Offering the Unexpected" can be maintained, promote switching to materials with reduced environmental impact for product packaging*2.	• Aim to switch 100% of product packaging to materials with reduced environmental impact while maintaining "Offering the Unexpected."	–	61.5% (Our first calculation)	The rate of the number of product items of which packaging has been switched to materials with reduced environmental impact. *2 Recycled materials, renewable materials, biodegradable materials, fossil fuel-free materials, etc.
	Reduction and recycling of waste	Before discharge (sorted for resources)	• Aim to reduce waste emissions by 50% or more. (Emissions per 100 million yen in sales compared to FY2018) (Japan)	• Aim to reduce waste emissions by 50% or more. (Emissions per 100 million yen in sales compared to FY2018) (Global)	34.5%	34.9%	Reduced waste emissions compared to FY2018 For details (▶p74)
			• Aim to achieve a 100% recycling rate of collected products. (Japan)	• Aim to achieve a 100% recycling rate of collected products. (Global)	–	Curtains 98.7% Towels 100.0% Down quilts 79.3% (Our first calculation)	Of collected products, the rate of weight reused and recycled.
		After discharge (recycled instead of sent to landfill)	• Aim to achieve a recycling rate of at least 95% for industrial waste. (Japan)	• Aim to achieve a 100% recycling rate of waste. (Global)	89.6%	87.5%	Of waste, the rate of weight recycled as resources instead of being sent to landfill. For details (▶p74)
Sustainable Procurement	Procurement of raw materials that do not involve deforestation and human rights violations.		• Sustainable timber procurement Aim to achieve 100% environmentally and socially responsible timber*3 procurement.	• Sustainable timber procurement Aim to achieve 100% environmentally and socially responsible timber procurement. (Ongoing)	73.1%	90.6%	The rate of timber procurement from suppliers ranked Level A*3. For details (▶p45) *3 Wood certified by FSC®, PEFC, etc. or non-certified wood that has been verified for traceability and appropriate forest management in consideration of the environment and society.
Response to Climate Change	Reduction of greenhouse gas emissions and positive contribution to climate change mitigation.		• Aim to reduce greenhouse gas emissions by 50%. (Emissions per 100 million yen in sales compared to FY2013) (Scope 1 and 2)	• Carbon Neutrality (Scope 1 and 2)	32.8%	43.2%	Greenhouse gas emission reduction in Scope 1 and 2 compared to FY2013 For details (▶p73)

Major Efforts in FY2024

Results for FY2024 showed that our efforts progressed favorably as a whole. In FY2024, we first calculated results for goals of "switching to materials with reduced environmental impact for product packaging" and "recycling of collected products." We will continue to promote cross-divisional measures to realize sustainable "enriched lifestyles" beyond the mere achievement of numerical targets, while working to manage the progress quantitatively and addressing challenges flexibly.

Efforts for greenhouse gas emission reduction

Greenhouse gas emission significantly reduced by 10.4 percentage points year on year, resulting from an increase of sites equipped with solar power generation systems and the introduction of "renewable energy power plan" into part of electricity procured externally. In addition, we started the calculation of Scope 3 emissions, which are greenhouse gas emissions in the entire supply chain, and disclosed it (▶p73).

Efforts for sustainable timber procurement

Sustainable timber procurement substantially increased by 17.5 percentage points year on year. This was because we worked on the sustainable procurement in an integrated manner with our efforts to respond to the "Revised Clean Wood Act" in Japan enforced in April 2025, while enhancing cooperation with suppliers and establishing systems to collect evidence documents.

Efforts to increase the recycling rate of industrial waste

The recycling rate of industrial waste decreased by 2.1 percentage points, affected by an increase in disposal of used sofas difficult to sort. As it is hard to sort a sofa made of multiple materials in a complex design, we will advance cooperation with processors with higher recycling rates and initiatives to sort used sofas at our distribution centers. Furthermore, we will aim to develop products that are easy to sort and dismantle from the manufacturing stage, utilizing our strength of an integrated business model.

The Nitori Group Aims to Realize Sustainable "Enriched Lifestyles."

Because we are engaged in business using limited resources, we strive to enable our customers to experience a reduction in their environmental impact through shopping at the Nitori Group. At the same time, we will maintain the "Offering the Unexpected" price and quality that everyone can easily afford.

Promotion of Circular Business

The Nitori Group promotes circular business with an eye from the "manufacturing" stage to the "after use" stage, using our unique business model of the Manufacturing-Logistics-IT-Retail Business. At the "manufacturing" stage, we aim for manufacturing that prevents products from becoming waste by developing them with future recycling in mind. Furthermore, under the concept of applying "after use" expertise of sorting and recycling of products to the "manufacturing" stage, we are advancing initiatives toward realizing a circular society through our integrated business model.

Overview of circular business promotion

Manufacturing

	FY2050 Quantitative Goal
Recycling of Products	Aim to achieve **100% product development designed for resource recycling after use** while still "Offering the Unexpected."
Switching to Materials with Reduced Environmental Impact for Product Packaging	Aim to **switch 100%** of product packaging to **materials with reduced environmental impact** while maintaining "Offering the Unexpected."

Think about how not to dispose of waste at the "after use" stage during the "manufacturing" stage. →

← **Utilize "after use" recycling expertise in "manufacturing" process.**

After Use

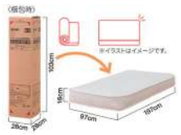
		FY2050 Quantitative Goal
Reduction and Recycling of Waste	Before Discharge (sorted for resources)	Aim to reduce waste emissions by **50%** or more. * Emissions per 100 million yen in sales compared to FY2018
		Aim to achieve a **100%** recycling rate of collected products.
	After Discharge (recycled instead of sent to landfill)	Aim to achieve a **100%** recycling rate of waste.

Utilize for Manufacturing

- Products designed from the outset for sorting and recycling
- Products designed from the outset for logistics efficiency

Examples

Products that are easy to sort and recycle



Compressed package products for logistics efficiency

Significant contribution to carbon neutrality in the future

Accumulation of Expertise

- What kind of structure can be "sorted"?
- What kind of materials can be "recycled"?

Examples

Collecting and recycling of products

Self-sorting and recycling

Recycling of Products

We are promoting efforts to develop products based on the premise of resource recycling, such as "Easy to Sort Mattress," and reproducing collected products into new items, such as "Recycled Down Quilt." In addition, we continue our efforts to conserve limited resources by using recycled raw materials.

Examples of Major Initiatives

Easy to Sort Mattress

Recycled Down Quilt

Rugs and carpets made from recycled raw materials

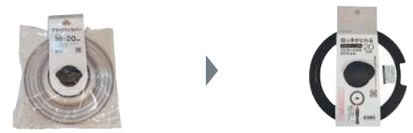
Custom-made curtains made from recycled raw materials

Storage series made from recycled raw materials

Switching to Materials with Reduced Environmental Impact for Product Packaging

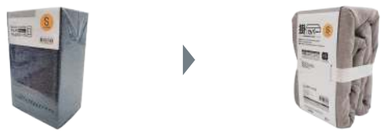
We are reviewing plastic-based packaging materials (cushioning materials, packages, etc.), which have a high environmental impact, under the policy of "eliminate, reduce, or change plastic materials." In addition, we are labeling materials with their names and material symbols, aiming to make them easily reusable as resources rather than waste.

Goal for FY2050	Major Initiatives	Examples of Major Initiatives
Aim to switch 100% of product packaging to materials with reduced environmental impact while maintaining "Offering the Unexpected."	• Reduction of petroleum-derived materials such as polypropylene (PP) • Elimination of packaging itself • Elimination and simplification of excessively high-performance packages • Reduction of package size, thickness, and weight • Use of new materials instead of plastics (paper, plant-derived materials, textiles, etc.)	About plastic materials (1) Eliminate (2) Reduce (3) Change



Plastic individual package → Changed to paper header only

Slipper hangers replaced with plastic cords to reduce use of petroleum-derived materials



Plastic packaging for bedding → Switched to paper mounts

Reduction and Recycling of Waste – Promoting Sorting of Waste at Disposal

The Nitori Group reduces waste volume and costs and make effective use of limited resources by promoting waste sorting and reusing waste as resources rather than garbage. At some of our distribution centers, we dismantle bed mattresses, which are difficult to sort, into smaller pieces and sort them on our own and utilize recyclable materials such as metals as resources. The number of centers engaging such initiatives increased in FY2024. We will continue to further strengthen our efforts for resource recycling.

Reduction and Recycling of Waste – Recycling of Collected Products

The Nitori Group promotes recycling collection efforts regardless of the source of sale to address our customers' problems and at the same time conserve limited resources. In addition to curtains, we began accepting the collection of towels at all time in June 2025.

Learn more

Curtain Collection

- **Number of participating customers: Approx. 422,000**
- **Weight collected: Approx. 1,683t**

* Total from FY2022 to FY2024 (all stores)

Down Quilt Collection

- **Number of participating customers: Approx. 80,000**
- **Number of quilts collected: Approx. 115,000**

* Total from FY2022 to FY2024 (all stores)

Towel Collection

- **Number of participating customers: Approx. 24,000**
- **Weight collected: Approx. 32.5t**

* Total from FY2023 to FY2024 (all stores)

Sustainable Procurement

Nitori Group promotes “sustainable procurement” throughout its supply chain, with the aim of procuring products with consideration for environmental and social issues. In particular, in the area of sustainable timber procurement, we aim to build a supply chain that is free from deforestation, illegal logging and human rights violations and we are working on biodiversity-conscious traceability with our suppliers.

Sustainable Timber Procurement

Timber Procurement Policy (Excerpt from the Nitori Group Procurement Policy)

Based on our procurement policy, we aim to build a supply chain that is unrelated to forest destruction, illegal logging, or human rights violations.

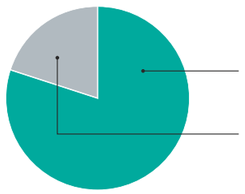
1. **We comply with the laws and regulations of the logging countries and regions.**
2. **We strive to procure raw materials (certified wood or non-certified wood proven to be environmentally friendly) with assured traceability to their origin.**
3. **We do not contribute to the damage of high conservation value forests (HCV). *1**
4. **In the process of logging and trading, we verify that the human rights of indigenous peoples are not violated and that customary rights of local residents are adequately considered.**
5. **In the process of logging and trading, we verify that environmental impacts at the place of origin are considered.**
6. **For fiberboards (MDF, particleboard, etc.), we consider the environment by effectively utilizing normally discarded scraps, etc. *2 Furthermore, by actively using uniformly sized fiberboards, we aim to reduce material loss and achieve both affordable prices and reduced environmental impact.**

*1 HCV: High Conservation Value
A concept to identify places of social, cultural, and environmental importance and to maintain their ecological and social value while producing sustainable raw materials. Reference: FSC Japan / High Conservation Value (HCV) https://jp.fsc.org/jp-ja/HCVs
*2 Branches and wood pieces that are not turned into products or lumber
Ex. branches and wood pieces left in the forest when plantation trees are harvested, scraps generated during the manufacturing process, etc.

Timber Procurement Traceability

Subject of Research

Among the suppliers of the Nitori Group’s private brand (PB) furniture products, suppliers that account for 80% or more of the total amount (volume) of timber procured are selected as “Priority Research Targets” and examined.



Nitori Group Furniture Private Brand Products Timber Procurement Supplier

Subject to traceability
Suppliers that supply more than 80% of the total amount of timber procured

Not subject to traceability
Suppliers that account for 20% or less of total procurement volume
(Not subject to the priority research, but country-specific risks, etc. are researched)

Research Method

To ensure objectivity, we used the “Forest Products Procurement Checklist” published by WWF Japan, a global environmental NGO, in place of the Nitori Group standards. Using this checklist, we confirmed and evaluated “traceability to the origin” and “appropriateness of forest management” in consideration of the environment and society.

Evaluation Criteria and Results

“Traceability to the place of origin” and “appropriateness of forest management” are evaluated at the following three levels.

Level	Condition	FY2023 Research Results	FY2024 Research Results
Level A	Environmentally and socially responsible timber in addition to traceability	73.1%	90.6%
Level B	Timber with traceability ensured	21.1%	6.2%
Level C	Timber with insufficient traceability	5.8%	3.2%

Level A:
Wood certified by FSC®, PEFC, etc. or non-certified wood that has been verified for traceability and appropriate forest management in consideration of the environment and society

Efforts Integrated with the Response to the Revised Clean Wood Act

In line with the enforcement of the Revised Clean Wood Act in April 2025, we continue to implement legality checks and the evaluation of country-specific risks on the remaining approximately 20% of the applicable suppliers as well.

Response to Climate Change

Policy

Nitori Group recognizes a range of risks caused by the impact of climate change, and by taking advantage of our unique business model, we pursue total optimization of all stages of our supply chain to improve efficiency, thereby reducing greenhouse gas emissions and mitigating the impact of climate change. We also recognize the finite nature of energy essential to our business activities, and by leveraging our unique business model, we will work to reduce our use of energy through more efficient energy use throughout our supply chain.

Disclosure Based on the TCFD Recommendations

In order to further effectively address climate change, which is an important management issue, Nitori Group makes disclosure based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure).

Learn more

Item	Overview
Governance	Nitori Group addresses climate change as part of our “Promotion of environmentally friendly business,” which is one of our Materiality Issues. The Sustainability Management Promotion Council sets targets and compiles countermeasures. The Sustainability Management Promotion Committee discusses overall sustainability matters for the entire Group. The Board of Directors provides advice on the progress and determines the direction and measures to be taken by the Nitori Group. The progress of Nitori Group’s sustainability initiatives is reported to the Board of Directors at least once a year.
Risk Management	The Nitori Group collects and analyzes information on a wide range of risk factors, including climate change-related regulations and their effects and consequences on our business. Significant opportunities and risks that require attention are evaluated and identified by the Sustainability Management Promotion Council, which is attended by the division heads of each business unit. The evaluated and identified risks and opportunities are supervised and monitored under the Sustainability Management Promotion System, and issues are shared with the Risk Compliance Committee to integrate the organization’s comprehensive risk management.
Strategy (Risk and Opportunity Analysis)	Nitori Group examined the 4°C scenario and the 2°C scenario, which are considered representative, under the Sustainability Management Promotion System. In the 4°C scenario, we focused on the impact of physical risks, since extreme heat and severe storms may occur with no adequate countermeasures. In the 2°C scenario, the study focused on the impact of transition risks, because society is expected to change as technological innovation progress and regulations are strengthened to curb global warming.
Indicators and Goals	As our greenhouse gas emission reduction goal, we aim to reduce Scope 1+2 emissions (including overseas) as follows: Goal for FY2030: **Reduce by 50%** compared to FY2013 (Emissions per 100 million yen in sales) → Goal for FY2050: **Carbon Neutrality** (Practically zero emissions)

Measures

As measures to achieve the above goals, Nitori Group increased sites equipped with solar power generation systems and introduced “renewable energy power plan” into part of electricity procured externally. We are also pursuing multiple measures, including the replacement of facilities with energy-efficient electric and gas facilities and the use of building methods and materials with high thermal insulation properties. In addition, to promote capital investment that leads to the reduction of greenhouse gas emissions, “Internal Carbon Pricing (ICP)” was introduced in FY2023, and investment decisions are made based on the expected future carbon costs (carbon tax, emissions trading, etc.). In FY2024, we calculated Scope 3 emissions, which are greenhouse gas emissions in the entire supply chain (▶p73). We will continue focusing on emission reductions especially in categories with high emissions, including the procurement, transportation, use, and disposal of products.

Developing True Partnerships with Suppliers

Nitori Group calls upon our suppliers, who are our partners in aiming to realize our mission and sustainable growth together, to not only comply with laws and regulations, but also to build what Nitori Group calls "true partnerships" with suppliers. Based on this view, in January 2024, we established the "Nitori Group Procurement Policy" in order to realize a supply chain that eliminates environmental destruction and human rights violations.

Details for the Procurement Policy are available here.

Audit of Potential New Suppliers

In order to deliver safe and secure products to customers, Nitori Group audits potential new suppliers to check eligibility requirements. We conclude contracts only with suppliers that have passed an on-site investigation covering a maximum of 131 items, including quality assurance items and responses to environmental and social issues.

▶P76: Status of Performance of Audits of New Overseas Suppliers

Pledge to Nitori Group Procurement Policy

This policy is required to be understood and observed by all suppliers as well as employees of the Nitori Group. We are currently asking all suppliers with whom we do business to clearly state and pledge to abide by this policy. In the event that a violation of this policy is identified, we encourage our suppliers to improve their performance and, if necessary, provide them with guidance to remedy the situation.

Initiatives for Building True Partnerships

Communication and Dialogue with Suppliers

We shared the current situation and future challenges as well as the direction of product development that leads to enriched lifestyles and the solution of environmental and social issues* at the Management Policy Briefing for Overseas Suppliers for FY2024.

* ● Compressed package products
● Sustainable timber procurement
● Switching to environmentally responsible packaging, etc.

Supplier Evaluation

We conduct audits of existing suppliers twice a year to understand the actual status of existing suppliers and to identify risks. We review the audit items on a case-by-case basis and carry out audits mainly in the five categories of "development," "quality," "logistics and trade," "corporate stance" and "sustainability (items addressing social issues, including environmental issues and human rights violations)," covering 50 items in total. In the second half of FY2024, 420 suppliers were audited.

▶P76: Status of Evaluation of Existing Overseas Suppliers

Supplier Interview

An overseas supplier founded in 2004 and responsible for manufacturing bedding products, including pillows, started direct dealings with Nitori Group in 2008. This company pursues sustainable manufacturing by establishing an integrated business model from research and development, production to sales, introducing cutting-edge technology.

Q Please tell us how your company has grown through the relationship with Nitori Group.

A Through Nitori Group' NWC activities*1, we were greatly influenced in terms of systems for production management and quality assurance. We introduced the Lean Production System*2 and realized the improvement of production efficiency and a decline in the defect rates of products. Another significant progress is that we are now able to examine our business from customers' perspective. We are committed to planning and developing products that are well received by customers, and these products have been highly valued not only in the Japanese market but also in the Western markets. Our business model has now developed to an integrated business model from research and development, production to sales, which has enabled our annual sales to grow to approximately forty-six times the level of 2018.

*1 Abbreviation for Nitori Group World Circle. Activities where members with the same aspirations form a circle to identify issues from daily work and work on improvement and reform (▶P51).
*2 A production system that aims to eliminate inefficiencies in the manufacturing process and seeks to reduce the total cost across both the products and the entire manufacturing process.

Q What have you learned through Nitori Group's study sessions and training?

A We have attended Nitori Group's study sessions and training every year (excluding during the COVID-19 pandemic) and visited the headquarters, stores, logistics warehouses, etc. As we were especially impressed by the logistics management system of warehouses, we began to work on the building of our automated warehouses. We also successfully reduced the packaging size of products significantly thanks to new materials and technological improvements by considering compressive properties of materials at the product design stage. This resulted in not only saving and reduction of warehouse storage costs and logistics costs, but also downsizing of inventory storage areas in Nitori Group's stores. This represents a mutually beneficial operation for both us and Nitori Group.

As for our factories, we have been studying equipment introduction since 2015 and implementing automation not only in warehouses but also in production processes. The introduction of automated warehouses, automated transportation, and automated cutting systems, as well as a state-of-the-art production line of urethane foaming, led to a substantial decrease in person-hours and improved quality stability.

Q What do you emphasize in manufacturing?

A We put the highest priority on safety and quality of products. As Nitori Group advocates, we believe that "quality and safety constitute corporate competitiveness" and offering safe and reliable products to customers is the most important responsibility in our business activities.

Specifically, we established needle-free area*1 and dedicated production lines for Nitori Group*2 to ensure the contamination prevention management of foreign objects throughout the product manufacturing processes. These measures enabled us to significantly reduce defective products.

*1 Needle-free area: a separated area for storing products that have been packaged and passed needle inspection. When entering the area, employees undergo security checks to ensure that they are not carrying foreign objects such as metals.
*2 Dedicated production lines: special production lines secured to meet strict quality requirements of Nitori Group, which include packaging and needle inspection lines, and storage areas in warehouses.

Q Please tell us about your initiatives to achieve the "Nitori Group Green Vision 2050?"

A We took the lead over other companies in replacing conventional foaming agents with carbon dioxide in the urethane foaming process, thereby contributing to a reduction in environmental impact. Furthermore, we installed solar panels covering approximately 30,000 m^2 on the roof of our factory. By using the generated power, we have reduced greenhouse gas emissions by approximately 3,000 t-CO_2 or more annually. Along with Nitori Group's steps toward achieving the "Nitori Group Green Vision 2050," we will continue to contribute to the sustainable development.

Promoting Initiatives to Address Environmental and Social Issues at Overseas Locations and Nitori's Own Factories

Employees Overseas

Nitori Group's employees who work at stores, offices, and its own factories overseas totaled 14,764 (FY2024). Many of these employees not only support the stable supply of products as Nitori Group's overseas bases, but also contribute to the enrichment of local lifestyles. The presence of stores and our own factories, etc. in those areas also creates local employment and contributes to the development of local communities.

Initiatives of Company-Owned Factories Overseas to Address Environmental Issues

NITORI FURNITURE throws its energy into effective utilization of various resources to develop and manufacture products loved by customers, while balancing environmental considerations. Employees actively work on environmental and social issues by voluntarily proposing approaches to solve them. Toward global expansion, Nitori Group will continue to unite as a group and take on new challenges.

Initiatives to Achieve "Zero Waste of Materials"

Timber

Scrap timber that would normally be thrown away is processed and reused as dowels to hold the timbers together.

Urethane

Recycled urethane, which is made by bonding shredded urethane remnants, is reused as parts that support the pocket coils of mattresses.

Nonwoven Fabric

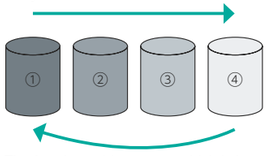
Used nonwoven fabric is regenerated and reused as new nonwoven fabric by thoroughly cleaning to remove anticorrosive before dissolving.

Initiatives on Water Resources

Reuse of Washing Water

Alkaline treatment is performed on the washing water generated in the washing process before dyeing to dissolve impurities. The water is then reused in the washing process, reducing the total amount of water used.

After four washing cycles, the product is dyed.



The fourth washing water, which is less polluted, is subjected to an alkaline treatment and reused for the first washing water.

Reuse of Dyeing Water

We reuse approximately 60% of wastewater from dyeing per day by thoroughly filtering it using a dedicated filter to remove oil and chemicals. This contributes to reducing total water usage.

Filtration equipment used in wastewater treatment.

Nitori Group's Human Capital

The Nitori Group's emphasis on human capital management is based on the concept of "ensuring that the employees who will lead the future can continue to work for a long time, and that this will lead to the growth of the company." As a foundation for this, we have established an education system that provides training as well as support for self-development of employees. In addition, through job rotation, each employee plays an active role in a wide range of business. The experiences and abilities gained through job rotation not only improve labor productivity, but also contribute to the development of human resources who can play an active role on a global scale as well as the development of management talents who will lead the next generation. Furthermore, the Nitori Group promotes a comfortable working environment for all employees and strives to ensure that the people who will create the future can continue working for a long time. We also focus on recruitment activities to recruit comrades who share the Nitori Group's mission and vision, and who will lead us into a new future. These series of human capital management efforts have helped us to improve our employee engagement.

Human Resource Education, the Foundation of the Human Capital

Develop Human Resources Capable of Identifying and Solving Problems through Both OFF-JT and OJT

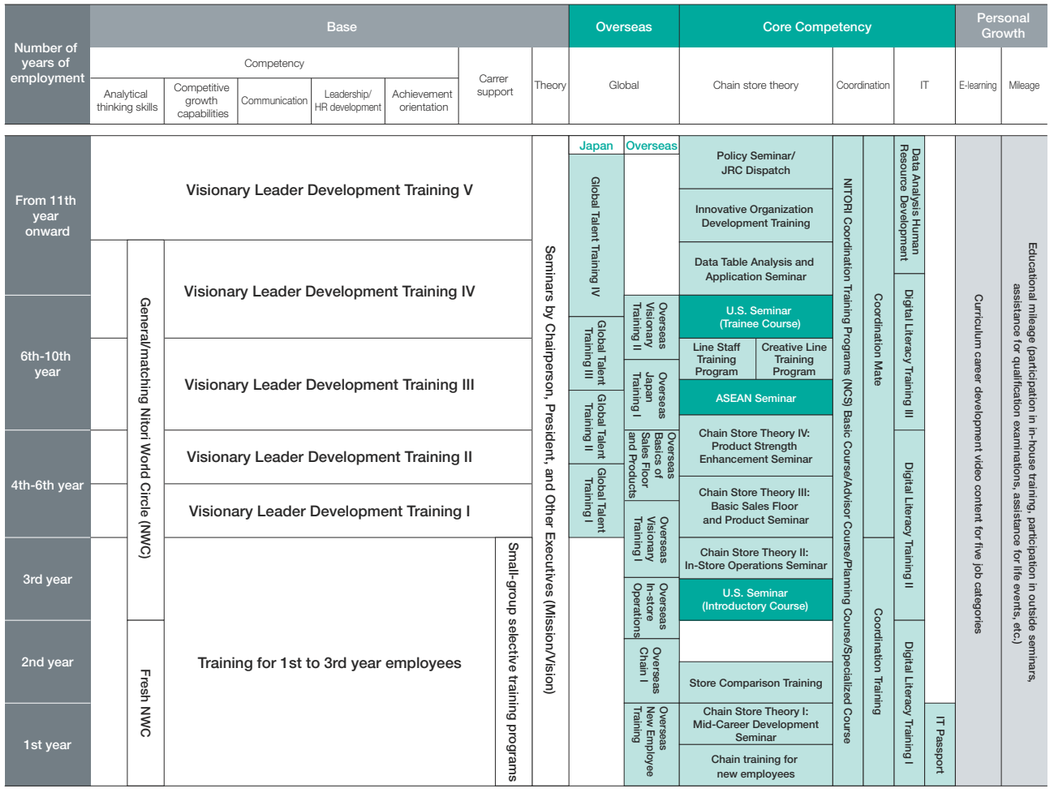
The Nitori Group's investment in education is more than five times the average for listed companies. The annual investment in education per employee is approximately 310,000 yen. In education, we thoroughly cultivate the ability to discover problems, repeatedly ask "why," and actually make improvements and reforms through both theory and on-site.

Annual Education Investment per Employee

Approx. 310,000 yen

* More than 5 times the average of listed companies

Nitori College Education System



U.S. Seminar

Starting in 1981, a total of more than 15,000 employees have participated in the seminar through FY2024. All employees in their third year of employment participate in the introductory course, where they experience the “enriched life” in the United States, the starting point of Nitori Group’s mission. In order to maximize the learning experience in the U.S., we have established an education system whereby employees are exposed to chain store theory through various training programs from their first year. The U.S. Seminar, where employees learn about the direction our company should take and renew their commitments, continues to be a driving force for the Group’s growth.

Nitori Business School

This is our original digital educational content that systematically summarizes business skills and general knowledge related to work and competencies (▶P50 Nitori College Education System) in an accessible manner. We provide opportunities to broaden knowledge and help employees move closer to their “ideal self” through book references by colleagues and online events.

Educational Mileage

The Educational Mileage System is a self-development support system that helps every employee move closer to their “ideal self.” Employees are awarded points called “Mileage” for their achievements in taking action on their own initiative and self-development. Mileage points can be used to participate in in-house training, attend seminars outside the company, receive support for certification exams, and receive assistance for life events.

Repeating Improvement and Reform On-Site

Observation, Analysis, and Judgment

“Observation, Analysis, and Judgment” is a framework for problem solving to be utilized in any fields. This framework is used from the first-year employee to the management as a part of Nitori’s corporate culture and cultivates the ability to solve problems logically. Problems are identified in daily operations through observing differences in numbers and conditions, making us develop the habit of quantifying conditions. Through this process, we repeat improvements and reforms. The Nitori Group manages budgets and results on a “weekly” basis. In the process, “Observation, Analysis, and Judgment” is thoroughly applied.

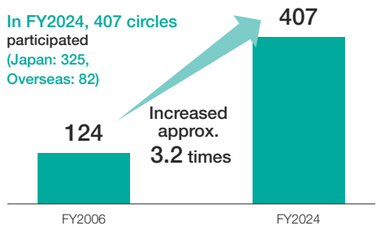
Observation	Identify problems
Analysis	Estimate causes and circumstances, and “determine the facts” through verifying “the actual Place and the actual Thing.”
Judgment	Improvement and reform proposals

Repeatedly ask “why,” and identify the true cause.

NWC (Nitori Group World Circle)

NWC is an initiative that is part of small group activities. Problems are identified in daily operations, causes are estimated, countermeasure plans are devised, and results are achieved through repeated experimentation and verification. It plays an important role as an opportunity to directly propose on-site-led improvements and reforms to the management. This activity is conducted across the group, including overseas. From FY2006, the starting year of the activities, to FY2024, a total of 3,683 circles have participated. These activities provide an opportunity to change the company for the better through the power of every employee.

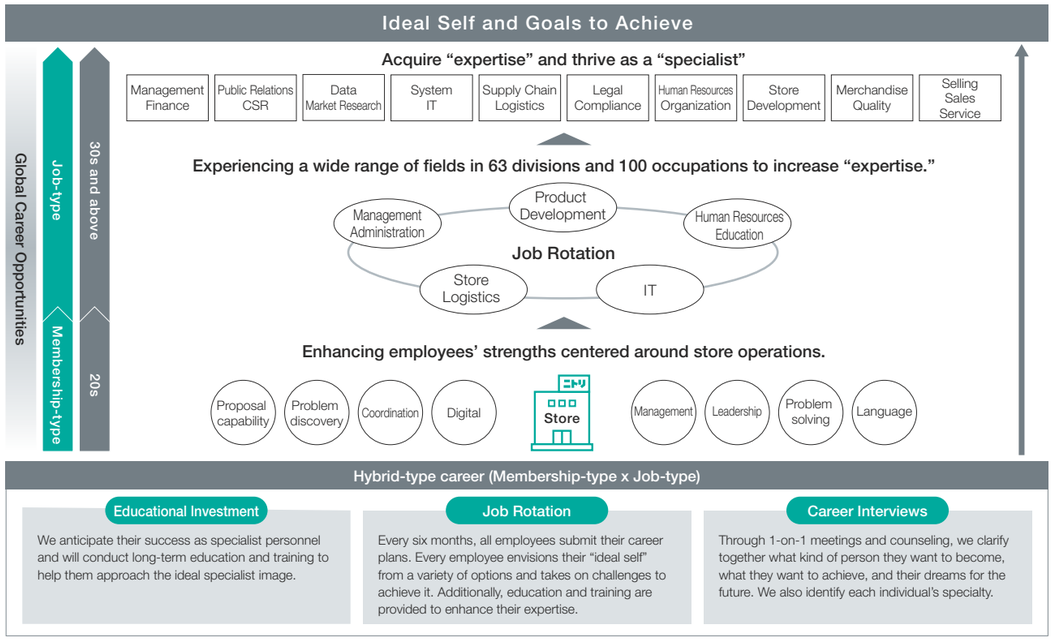
Changes in the Scale of NWC Activities



Across a Job Rotation x Wide Range of Business Fields, Thriving by Considering Total Optimization

The “job rotation” is an educational system in which employees are transferred to various divisions and positions every few years. This system is designed to keep the organization active by allowing each employee to cultivate a broad perspective and flexible thinking as well as gain a wide range of experience and diverse knowledge within the Nitori Group’s unique “Manufacturing-Logistics-IT-Retail Business” model. There are opportunities to be involved in a wide variety of businesses in the Group, and the range of career choices available to employees is expanding. We have established an educational system that values what each employee wants to achieve and moves forward with a focus on “ideal self.”

Nitori Group’s Job Rotation



Won the Grand Prize in the Career Transformation Category for Large Companies in the Career Ownership Management Award 2025

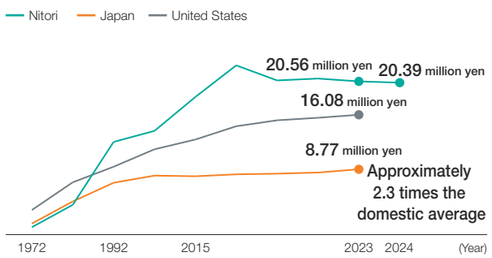
We won the Grand Prize for its “Membership-type × Job-type” system design, which allows employees to develop their careers and deepen their expertise through experience in a variety of divisions. We will continue to strengthen our support for individual career development, while taking our vision as the starting point for our actions and aiming for the sustainable growth of the Group.

2025 Career Ownership Management Award 最優秀賞（大企業の部 キャリアの変革部門）

Achieved 22 Consecutive Years of Base Pay Increases While Maintaining High Labor Productivity

In FY2023, Nitori’s labor productivity reached 20.56 million yen, approximately 2.3 times the national average. In addition, base pay increases for 22 consecutive years have resulted in a high wage index of approx. 1.32 times the average of major Japanese companies. Furthermore, the average age of Nitori Group employees is approximately 8.8 years younger than that of major Japanese companies, which is inferred to be even more advantageous when compared with employees in the same age group. We view the result of such wage index as one of the positive examples of high labor productivity.

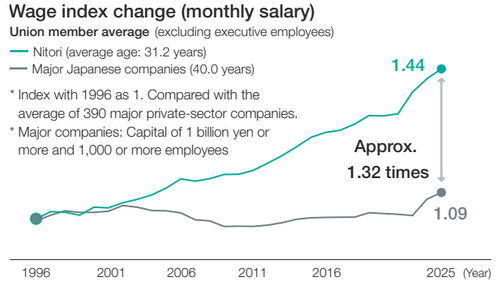
Labor productivity = Gross profit per employee (including Nitori part-time employees)



* Nitori figures are on a financial year basis.

Wage index change (monthly salary)

Union member average (excluding executive employees)



Focusing on Developing Human Resources Capable of Working Globally and Regionally

We believe that it is important to develop global talent as well as locally hired national staff in order to establish a structure that will enable us to strengthen global expansion toward achieving our vision. The most important issue in developing national staff is to share the "mission" that is the Nitori Group's greatest strength, and to ensure that we are aligned with it and move forward as a group. One of the most important initiatives to share this "mission" is the U.S. Seminar (▶P51) for employees including national staff. By establishing a unique education system, we are producing many excellent human resources with the same "mission".

Training for Employees Wishing to Be Transferred Overseas (Overseas Practical Training)

This is an overseas training program for young employees who wish to work globally. In this training program, participants are dispatched to setting up new stores overseas for approximately one month. Participants work with national staff to create sales floors and conduct store operations. They will also be involved in the training of national staff using their knowledge and skills gained in Japan, while strengthening management capabilities overseas. In addition, through the issues that arise in an environment different from Japan, young employees will become aware of their own issues and aim to improve their work level in the future.

Training for employees wishing to be transferred overseas.
Interaction with national staff.

Training for National Staff (Japan Training)

In this training program, local national staff visit stores and logistics centers in Japan to deepen their understanding of the Nitori Group. Participants learn how the Nitori Group provides enrichment to the daily lives of its customers. In addition to lectures, participants repeat "Observation, Analysis, and Judgment," (▶P51) by comparing and analyzing stores of different sizes and using product comparison graphs that visualize price ranges and product classification balances. By learning the differences between overseas and Japan, the training aims to develop participants grow into human resources capable of making improvements and reforms back in their home countries.

Training for National Staff
Group work

National Staff Education System

	Chain Store Theory Education	Core Competence Education (Nitori Identity)		Coordination Education	Language Education
10th year	U.S. Seminar	Visionary Leader Training IV [Followership, logical thinking, planning skills]		NCS Advanced*	Japanese Language Proficiency Test N1
	Chain Store Theory IV [Product Strength Enhancement]				Japanese advanced course Target: Equivalent to N2 Contents: Reading comprehension/ Preparation for N1
4th year (Store Manager)	Japan Training [Store Comparison]	Visionary Leader Training III [Time management, planning and proposal skills]			In-house made mock test → Weak point countermeasure Equivalent to N3
	Chain Store Theory III [Basic Sales Floor and Product]				Japanese intermediate course Target: Equivalent to N3-N4 Contents: Grammar, daily conversation
2nd year (Floor Manager)	Chain Store Theory II [In-Store Operations]	Observation, analysis and judgment	Visionary Leader Training II [Internal motivation and feedback]	NCS Intermediate	
		Time Management			In-house made mock test → Weak point countermeasure Equivalent to N5
		Followership	Visionary Leader Training I [Self (and others) analysis and time management]		
1st year	Chain Store Theory I [Mid-Career Development]	Career plan building		NCS Basics	Japanese beginner's course Target: beginning learners Contents: Characters, greetings, time
		Communication (assertion)	Visionary Leader Training Basics [Problem solving and leadership]		
	Outline of Chain Store Theory [Training for new employees]	Corporate Philosophy			

* Nitori Coordinate School

Develop Management Talent Who Will Lead the Next Generation

The Nitori Group is focusing on developing the talent of the next generation to achieve our mission and vision. Employees gain experience working in stores and logistics departments to learn operation and management through the "job rotation," (▶P51-52) which promotes growth by providing experience in various divisions. Employees are transferred to different divisions where they continue to acquire new knowledge and expertise. This series of reassignments foster specialists with a wealth of specialized knowledge and experience. It leads to the growth of management talent with a broad understanding of everything from manufacturing to logistics and sales.

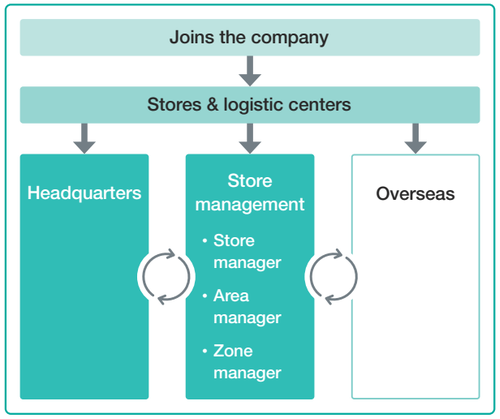
In addition, our company's less hierarchical structure enables us to make speedy decisions. As a result, even young employees have the opportunity to propose ideas directly to the management. This allows them to gain exposure to a management perspective at an early stage and acquire the various skills necessary for management. Then, by repeated practice of "Observation, Analysis, and Judgement" (▶P51) from the perspective of total optimization and accumulating experience in autonomous problem solving, they will eventually grow into human resources capable of creating new systems and leading reforms.

In fact, these management candidates are using their experience and knowledge to play an active role globally, taking on roles such as business managers and subsidiary managers, including at overseas bases. (▶P15-20, ▶P64-68)

Additionally, such future management candidates are given opportunities to regularly report business execution reports under agenda items such as "subsidiary reports" at the Board of Directors meetings. While management candidates can receive feedback from directors based on high-level management perspectives through active discussions, it is also a valuable opportunity for directors to evaluate the "qualities of management talent."

Development of Management Talent

Leverage job rotation to continuously acquire new knowledge and expertise



Young employees directly make proposals to the management and are exposed to a management perspective

Young employees make proposals to the management

Management talent who can create new values → Opportunity to report to the board of directors, etc.

Creating an Environment Where Employees Can Continue to Work for a Long Term – Promoting Diversity

Policy

Nitori Group promotes diversity & inclusion, considering that fostering a corporate culture where employees in different circumstances and with different backgrounds, in terms of childbirth, childcare, nursing care, nationality, LGBTQ etc., acknowledge and respect each other creates an empowered work environment and leads to the company's growth.

Goals

- By 2040, we aim to increase the ratio of female managers to approximately 40%.
- We will promote the appointment of foreign employees to management positions, aiming to increase the ratio of foreign managers.
- We will continue to scout for specialists and aim to increase the ratio of mid-career hires in management positions.

Promotion of Work Life Balance

We are creating an environment in which employees can build their careers while balancing work and childbirth, childcare, nursing care and injury or illness.

Promotion of Employees' Active Participation

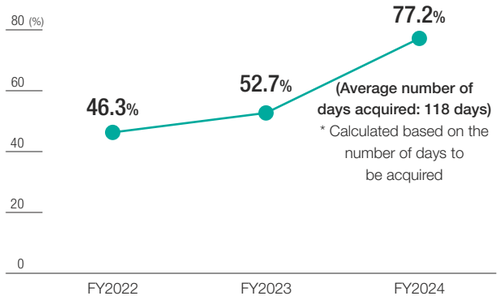
The percentage of women in management positions is on the rise, accounting for 18.8%* of all management positions. Considering individual circumstances, such as life events, we surveyed all employees and regularly discussed with the Board of Directors ways to expand the number of female management positions, increase positions with shorter working hours, and implement easier-to-use support systems. Additionally, to enhance the work-life balance of our employees, we have been implementing various initiatives that enable diverse work style choices. For example, in 2023, we introduced the "My Area System", which allows employees to work without relocating or accepting reductions in compensation. As a result of this effort, we have obtained "Eruboshi Certification (Level 3)" from the Ministry of Health, Labour and Welfare, as a company that is actively promoting the advancement of women. We will continue promoting the creation of environment that supports women's career development.

* Total of 7 companies: Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu

Support Systems for Balancing Life and Work

We are working to foster a culture that allows both men and women to take childcare leave without distinction, and the number of male employees, including store employees, who have taken childcare leave, has been increasing every year with its rate of 77.2%. To further enable flexible work styles, in 2023 we lowered the minimum daily working hours from six hours to four hours for all employees. As a result, employees have more flexibility in their working styles, with a wider range of choices for their working hours.

Nitori Group Rate of Male Employees Taking Childcare Leave



* 7 company figures: Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu

Post-Retirement Rehiring System

To achieve our mission and vision, the Nitori Group believes it is essential to have senior talent with a wealth of experience and knowledge. We continuously rehire to 70 years of age if the rehired employee meets our criteria. Additionally, we maintain the compensation level up for rehired employees to 90% of the pre-retirement level, with base salary and some allowances remaining the same as before retirement in certain positions. We are creating an environment in which experienced and knowledgeable senior talent can thrive.

Creating an Environment Where Employees Can Continue to Work for a Long Term ~Healthy and Safe Work Environment~

Policy

Nitori Group strives to ensure workplace safety and aims to create a comfortable work environment where all our employees work in good health.

Learn more

Nitori Group Health Management System

We believe that the health of Nitori Group employees is essential to the realization of our mission and vision. On April 1, 2016, we made a declaration of health management, and we are taking actions to promote health management in cooperation with the company, health insurance association, labor union, and each division.

In particular, the Nitori Group Wellness Report issued in FY2023, discloses our health measures and initiatives with the results of "Trends in Health Target Figures" and "Health Management Strategic Map."

We have been certified as a KENKO Investment Health Outstanding Organization (Large-Scale Corporation Category).

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Received the "Minister of Education, Culture, Sports, Science and Technology Award" for Excellence in Physical Fitness Promotion in FY2024.

The company's collaboration with the health insurance association, as well as its continuous walking campaign to promote physical fitness and health, were highly evaluated.

Career Counseling System

The Nitori Group places career counselors to support career development so that every employee can play an active role in a healthy way. We strive to provide detailed support for individual concerns. We have also created an environment where employees can feel free to consult with the counselors using their personal smartphones, which are loaned to them, leading to improvements in the working environment.

Measures to Prevent Harassment

To ensure proper understanding and prevention of any kind of harassment, following initiatives are put in place: establishing a month to strengthen the understanding of harassment; implementing practical training programs in communications and dialogue for managers*; and distributing a video on "Harassment Prevention" and administering a confirmation test during company-wide compliance training programs for all employees. In 2024, we have established response policy for customer harassment. In addition, we have established an internal reporting system by setting up a harassment consultation desk and making it known.

Ensuring Appropriate Working Hours

Nitori Group promotes work-life balance and has created a system to prevent employees from working long hours. For example, we aim to maintain employee health, enhance work-life balance and improve productivity through time-conscious work by introducing a work interval system between work hours and turning off all lights at the head office and headquarters simultaneously. In recognition of these continuous efforts, we have been certified as a "White Company" since 2018, and have been awarded the highest level, Platinum, since 2021. In addition, in FY2023, we received the White Company Award in the health management category.

2025 ホワイト企業認定 PLATINUM

Recruiting for the Future

Policy

The Nitori Group seeks individuals who have their own dreams and goals and keep striving toward achieving them by embracing encounters, experience, and learning by trial and error. To enable everyone to pursue their dreams with peace of mind, we will thoroughly implement a fair and transparent recruitment process. This process respects the human rights and diversity of all applicants and is free from harassment As part of this initiative, we have established the "Nitori Group Fair Recruitment Declaration" on June 30, 2025, to promote an environment where everyone can maximize their potential.

Learn more

New Graduate Recruitment

Ranked No. 1 for Liberal Arts Major Students and No. 13 for Sciences Major Students in the "MyNavi / Nikkei Ranking of the Most Popular Companies for University Students" (Consecutively for 2024, 2025, and 2026 Graduates)

Based on our recruiting philosophy of "Your dream creates who you are," Nitori Group provides support from the viewpoint of each student. Based on this philosophy, our recruiters provide support from the student's perspective by working closely with each student so that the student can make a decision to join our company after clearly considering his or her own career objectives and dreams.

Internship

Ranked No. 1 in the Overall Category in the "Rakuten Minshu Internship Ranking of the Most Popular Companies" (6 Consecutive Years Since 2019)

Received the Excellence Award in the Category of Internship / Work Experience (hands-on experience) in the 8th "Career Design Program Award Selected by Students"

The Nitori Group's internship program aims for "zero stranded job-hunting students" and supports students to think about their own purpose of work and make a positive start in their job-hunting activities. In FY2024, approximately 30,000 students participated in the program. Internships for first- and second-year university students were also very successful, with more than 1,600 students discussing what it is to "work" together.

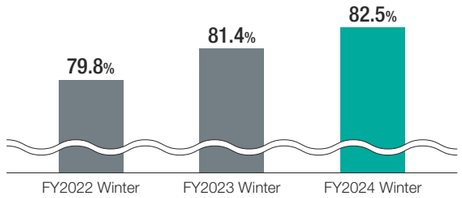
Employee Engagement Survey

We aim to revitalize and grow the entire Nitori Group by having every employee share the mission and vision of the Nitori Group and voluntarily exert their abilities. Accordingly, we conduct an "Employee Engagement Survey" of all employees once every six months. The survey results for the second half of FY2024 show an overall satisfaction rate of 82.5%. This result is an improvement of 1.1 percentage points compared to the survey conducted during the same period last year. We analyzed that the following initiatives have improved satisfaction in the item of "sense of accomplishment at work." Our initiatives included various training programs that were regularly conducted. In addition, we have expanded our practical, proposal-based training programs, leading employees to take a more proactive approach to their work. We will continue to discover and analyze issues from the viewpoint of engagement based on the survey results, as well as promote improvements and reforms.

Survey Items

1. Sense of accomplishment at work
2. Appropriate discretion
3. Challenges and growth opportunities
4. A sense of personal growth
5. Diversity of voices and opinions
6. Feedback on performance
7. Flexibility in working style
8. Empathy with mission and vision
9. Pride in our business and services
10. Work environment that encourages change and challenge
11. Openness among divisions

Overall Satisfaction in Employee Engagement Survey



Promotion of CSR Activities

Policy

Aiming to become a company that people will feel in need of, we implement a wide variety of local contribution activities, with particular focus on "support for human resources," "environmental support," and "cultural support," to give back to all of the countries, local communities and society members that nurture and support Nitori Group.

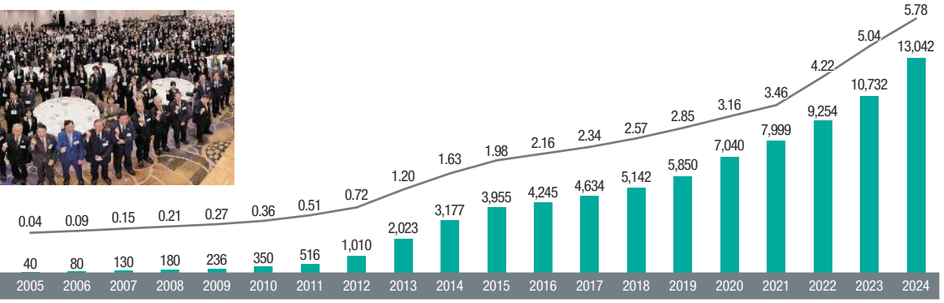
Cases of CSR Activities

Nitori International Scholarship Foundation

The Nitori International Scholarship Foundation celebrates 20th anniversary in 2025. Founded in March 2005 by the founder Akio Nitori with his personal assets, the foundation has supported a total of 13,042 people in 47 countries and regions in Japan and overseas, amounting to a total of 5.78 billion yen.

The Nitori International Scholarship Foundation was launched as a way of expressing our appreciation to people in Asian countries for their tremendous support that is contributing so much to the Nitori Group's growth. The support to students through non-repayable benefit-type scholarships has been expanding from students from countries and regions around the world to Japan and university students overseas to university, high school, and junior high school students in Japan and IT talents. From FY2023, we have been expanding our support from operating a student dormitory (Tokyo and Kyoto) in Japan to aiding disaster victims. As part of it, the foundation has been providing living expense support to Ukrainian refugees in Japan. We are planning to further expand our support in FY2025.

Support Achievements (Total Number of Recipients up to FY2024)



Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Recipients	40	40	50	50	56	114	166	494	1,013	1,154	778	290	389	508	708	1,190	959	1,255	1,478	2,310

Total Number of Recipients by Country/Region

Japan	5,268	
Asia and Oceania	7,326	19 countries/regions
Europe	317	8 countries/regions
North America	90	2 countries/regions
Africa and Middle East	26	11 countries/regions
Latin America	15	6 countries/regions
Total	13,042	47 countries/regions

FY2024 Support Achievements

(Number of recipients, unless otherwise stated)

Japan Scholarship		Overseas Scholarship	
Approx. 320 million yen	716	Approx. 330 million yen	1,414
Overseas students 122 University students 171 High school students 251 Junior high school students 172		9 countries/ regions	Allied with 88 schools
		Taiwan, Vietnam, Mainland China, Thailand, Malaysia, Philippines, South Korea, Indonesia, India	
Ukraine living expenses support		Approx. 90 million yen	180

Nitori Culture Foundation

The Nitori Culture Foundation was founded in April 2011 to support the development and succession of culture, arts, and tradition and to be a bridge for the formation of a new culture. Otaru Art Base, a group of museums in Otaru City, Hokkaido, is operated by the foundation. The number of ticket purchasers during FY2024 exceeded 200,000, reaching an all-time high. In July 2025, the fifth museum, the Otaru Ukiyo-e Museum opened and is attracting attention as a tourist attraction in Otaru.

Support for Living Expenses and Employment for Ukrainian Refugees

A support for living expenses and employment is provided to Ukrainian refugees who entered Japan. Monthly living expenses are provided through the Nitori International Scholarship Foundation, from the contributions totaling of 260 million yen, with 130 million yen each from NITORI CO., LTD. and our Representative Director & Chairperson Akio Nitori. In October 2024, we have extended the payment period from one year to two years. In February 2025, the Minister of Justice of Japan presented a letter of appreciation for our significant contribution to helping Ukrainian refugees in Japan achieve stable lives. We also provide employment opportunities at our stores and logistic centers nationwide by establishing an accommodating working environment to those who do not speak Japanese.

Overview of Living Support

- Details
1st year: 80,000 yen/adult/month
(40,000 yen for those under 20 years old/month)
2nd year: 40,000 yen/adult/month
(20,000 yen for those under 20 years old/month)

Results of Support (As of July 15, 2025)

- Living Expense Support: 213 individuals
- Employment Support: 192 individuals

Signing of Comprehensive Partnership Agreement Toward Local Communities and Human Resource Development

Nitori Holdings Co., Ltd., Nitori Culture Foundation, and Hokkaido University of Science signed a comprehensive partnership agreement on February 10, 2025. It aims to further enrich lifestyle of people while promoting collaborative initiatives, including revitalizing the local economy and tourism, and fostering the development of human resources capable of contributing to society. We are considering working together for a museum plan using classic cars.

Zero Carbon Challenge Cup

Nitori Group has been supporting the Zero Carbon Challenge Cup, a contest to present activities to establish a decarbonized society, since FY2015. The “Nitori Best Dream for the Future Award” was awarded to Kumamoto Prefectural Nanryo High School, which addressed decarbonization x disaster reconstruction in FY2024. This award carries the hope that we can all build a bright future filled with dreams and hopes through this initiative.

Development of “Future IT Human Resources”

In 2021, we signed a partnership agreement with Hokkaido, Sapporo City and Hokkaido University, and have been working to develop “Future IT Human Resources” who can use the power of digital technology and data to solve problems in local communities and create the society of the future. As part of this initiative, we are conducting cutting-edge AI research with Hokkaido University. Moreover, a product jointly developed with Hokkaido Kushiro Konan High School in 2024 is sold in stores nationwide. We will continue our efforts with the aim of producing many leaders from Hokkaido, the place of our founding, who will become a bridge to the world.

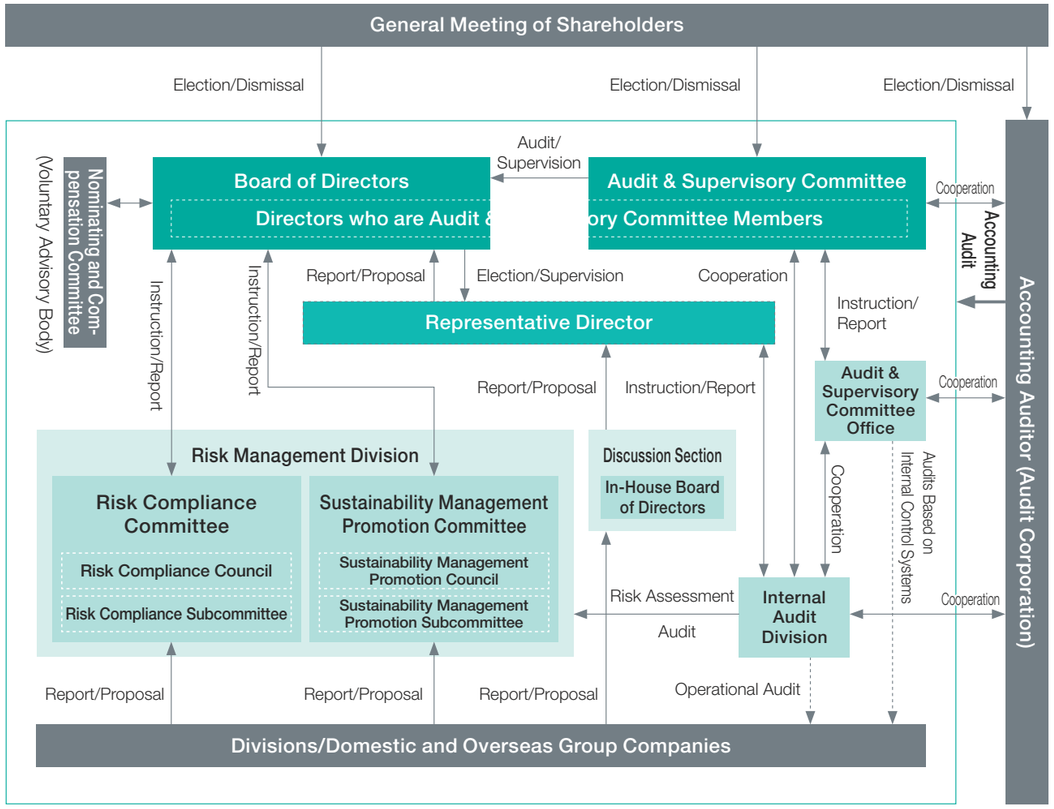
Product jointly developed with Hokkaido Kushiro Konan High School
Punching tablet & book stand that can hook stationaries

Strengthening Corporate Governance Structure

Policy

Nitori Group places top priority on sustainable growth and the medium-and long-term improvement of corporate value in its management. The Group believes that enhancing its corporate governance system is necessary for achieving these goals. To enhance corporate governance, the Group aims to build an organizational structure to respond promptly to any changes in the business environment, practice fair and transparent management as a listed company, and disclose accurate information to all stakeholders in a timely manner. Meanwhile, the Group will develop an internal system to establish its corporate social responsibility and corporate ethics.

Corporate Governance Structure



Board of Directors

In order to facilitate constructive and open discussions at Board of Directors meetings in an efficient manner, Nitori has set the number of directors at 17 or less. In addition, by appointing several independent outside directors with a wealth of experience and high-level insight, the Company aims to invigorate the Board of Directors’ discussions and strengthen its supervisory function for appropriate decision-making and business execution. In principle, our policy is to have at least one-third of the Board of Directors be independent outside directors.

Currently, we have 10 directors, five of whom are outside directors. By doing so, we aim to develop and strengthen the supervisory and restraining functions over management and business execution. In addition, we have established an internal board of directors to discuss important matters related to business execution in advance. Furthermore, in order to respond quickly and accurately to changes in the business environment, we have introduced an executive officer system to facilitate prompt decision making and business execution.

Audit & Supervisory Committee

The Audit & Supervisory Committee monitors management from a fair and independent standpoint in accordance with the Audit & Supervisory Committee Auditing Standards. Nitori has set the number of directors who are members of the Audit & Supervisory Committee at five or less.

Currently, the Audit & Supervisory Committee consists of four directors, three of whom are outside directors. The outside directors audit and supervise the directors' execution of duties by attending Board of Directors meetings and utilizing the internal control system. Full-time Audit & Supervisory Board Members audit and supervise business execution by attending Board of Directors meetings and internal executive board meetings, inspecting important approval documents, and receiving reports from the internal audit division and interviewing related parties.

In addition, the Board of Directors and the Audit & Supervisory Committee work closely with each other by hearing audit policies and audit plans from the accounting auditors and receiving reports on audit results as needed. Furthermore, the Audit & Supervisory Committee Office has been established to assist the Audit & Supervisory Committee.

Accounting Auditor

The Company has appointed Deloitte Touche Tohmatsu LLC as its accounting auditor and receives advice and guidance from a third-party perspective on the appropriateness and legality of its accounting and accounting-related internal controls.

Nominating and Compensation Committee

The Nominating and Compensation Committee is a voluntary advisory body to the Board of Directors to ensure objectivity and transparency in determining policies and procedures regarding the nomination of candidates for directors and their compensation, and to further enhance the corporate governance structure of the Company. The Nominating and Compensation Committee consists of three independent outside directors and two representative directors, and the majority of the committee members must be independent outside directors.

Internal Audit Division

The Company has established the Internal Control Office as its internal audit division. The Internal Control Office audits whether the operations of each divisions are properly and efficiently conducted in accordance with laws, the Articles of Incorporation, and internal regulations based on an annual audit plan, and reports audit findings and related information to the Audit & Supervisory Committee on a regular basis. In addition to the Audit & Supervisory Committee, the Internal Control Office reports to the Board of Directors and the accounting auditor when important matters arise, thereby maintaining organizational cooperation.

Risk Management Division

In order to minimize losses and disadvantages incurred by the Group, we have formulated Risk Management Regulations and a Business Continuity Plan (BCP) and have established a risk management system led by the Risk and Compliance Committee. Various drills are conducted based on the Business Continuity Plan (BCP). At the "Risk and Compliance Council," which is held monthly, subcommittee activities are promoted for important risks determined by the Board of Directors, and the risk prevention system is reviewed, the education system is strengthened, and measures are taken to address new issues. In this way, we are strengthening the Group's risk management system.

In addition, the Sustainability Management Promotion Committee discusses Group-wide sustainability matters and provides advice to the Board of Directors on the progress of initiatives. Through this process, the Nitori Group determines its direction and measures for sustainability.

Directors and Executive Officers

Directors (As of June 26, 2025)

Name	Title	Knowledge and Experience the Company Expects of Directors										
		❶ Corporate Management	❷ Rejecting Status Quo	❸ Product Development	❹ Supply Chain Management	❺ IT/DX	❻ Global	❼ HR Development	❽ Legal Affairs Risk Management	❾ Internal Control/ Governance	❿ Finance	⓫ Sustainability
Akio Nitori	Representative Director & Chairperson (CEO) Nominating and Compensation Committee Member (Chairperson)	●	●	●	●		●	●				
Toshiyuki Shirai	Representative Director & President (COO) Nominating and Compensation Committee Member	●	●		●	●		●				●
Masanori Takeda	Executive Vice President & Director, In Charge of Overseas Sales Business, and General Manager of Global Sales Promotion Office	●	●	●	●		●		●			
Hiromi Abiko	Director and General Manager of HR Education Division		●	●				●		●		●
Yoshihiko Miyauchi	Director Independent Outside Director	●			●		●		●		●	●
Naoko Yoshizawa	Director Independent Outside Director Nominating and Compensation Committee Member	●				●	●	●	●			
Takao Kubo	Director Full-time Audit & Supervisory Committee Member		●		●				●	●	●	
Yoshiyuki Izawa	Director Independent Outside Director Audit & Supervisory Committee Member (Chairperson) Nominating and Compensation Committee Member	●				●	●		●	●	●	
Hisayoshi Ando	Director Independent Outside Director Audit & Supervisory Committee Member Nominating and Compensation Committee Member					●	●		●	●	●	●
Masahito Kanetaka	Director Independent Outside Director Audit & Supervisory Committee Member						●	●	●	●		●

Of the skills, etc. held by each Director, a maximum of six main skills are marked with ●. See the table below for a summary of the skills possessed by each director.

❶ Corporate Management	Has had experience in managing companies as a business owner.
❷ Rejecting Status Quo	Equipped with a mindset essential for Nitori Group's management team, which constantly rejects the status quo and repeatedly observes, analyzes, and judges in order to make improvements and reforms.
❸ Product Development	Skilled in developing attractive products "Offering the Unexpected" to achieve total coordination.
❹ Supply Chain Management	Skilled in evolving our unique business model that integrates Manufacturing-Logistics-IT-Retail Business, and in optimizing the structure from procurement to sales.
❺ IT/DX	Skilled in driving company-wide business process improvements through IT utilization and DX.
❻ Global	Skilled in driving overseas business with a macroeconomic perspective and knowledge of global business.
❼ HR Development	Skilled in enhancing human capital, with extensive experience in human resource training and development.
❽ Legal Affairs/Risk Management	Skilled in identifying and controlling potential risks to the business, with knowledge of legal affairs, compliance, etc.
❾ Internal Control/Governance	Has experience in managing large organizations and knowledge of internal controls and has the skills to optimize the organization's management and oversight structure.
❿ Finance	Skills to support corporate management from a financial perspective, with knowledge of accounting, finance, taxation, etc.
⓫ Sustainability	Equipped with a sustainability management perspective, which is essential for the sustainable development and growth of a company.

Executive Officers (As of July 1, 2025)

Executive Vice Presidents

Masanori Takeda

Managing Executive Officers

Naoshi Takei/Manabu Nakamura/Hiroshi Nagai/Kazuyuki Hashimoto/Junichi Yoshima/Tadashi Kudo

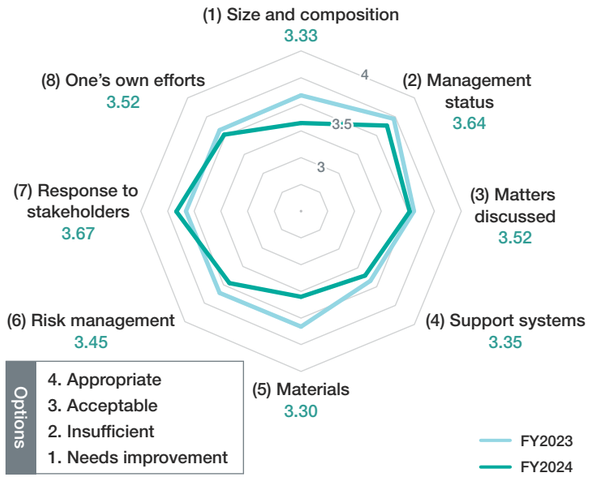
Senior Executive Officers

Hiroki Murabayashi/Kenichiro Aoya/Kazuya Tsukada/Akihiro Kushida

Executive Officers

Ei Sugiura/Toshinori Arai/Masaomi Zenji/Tetsuya Okuda/Takuya Ono/Tetsuo Yamamoto/Masatoshi Sano/Yuichi Maruhashi/Hiroyuki Tajiri/Noriaki Hase/Hideki Sasaki/Ryo Takahashi/Katsunori Kobayashi/Fumihide Kimura

Ensuring the Effectiveness of the Board of Directors



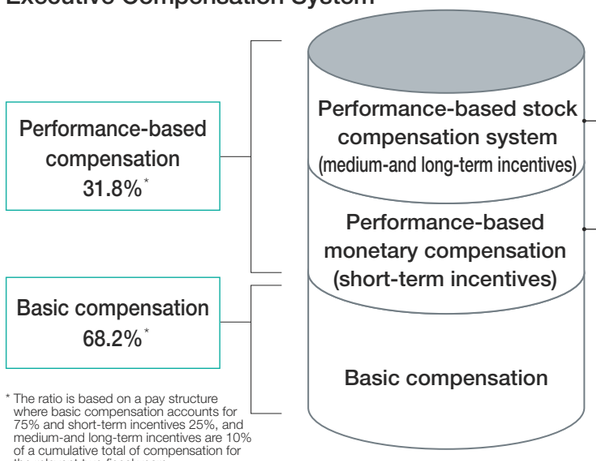
In analyzing and evaluating the effectiveness of the Board of Directors in FY2024, our Board of Directors reviewed the issues identified in the effectiveness evaluation conducted in FY2023, using a questionnaire to determine the status of improvement and progress.

Evaluation Categories of the Questionnaire

(1) Size and composition of the Board of Directors
(2) Management status of the Board of Directors
(3) Matters discussed by the Board of Directors
(4) Support systems for the Board of Directors
(5) Materials for the Board of Directors meetings
(6) Risk management
(7) Response to stakeholders
(8) One's own efforts

Based on the issues identified through the evaluation of the effectiveness of the Board of Directors and the open and honest opinions of each director freely responded to the questionnaire, our Board of Directors has decided that the most important issue is "deepening discussions on the Nitori Group's growth strategy." In addition, we decided to continue our efforts from the previous year to "ensure appropriate deliberation time for important proposals" and "promote smooth communication among directors." Moreover, we have decided to further enhance functions and effectiveness of the Board of Directors by taking on a new initiative to "strengthen discussions on group risk management."

Executive Compensation System



* The ratio is based on a pay structure where basic compensation accounts for 75% and short-term incentives 25%, and medium-and long-term incentives are 10% of a cumulative total of compensation for the relevant two fiscal years.

Calculated based on the achievement of the targets for the Company's performance, such as consolidated net income, for the target period of every two fiscal years. Variable between 0% and 200% of the basic amount of stock granted to each executive director.

Calculated based on the achievement of the targets for the Company's performance, such as consolidated operating income, for each fiscal year. Variable between 0% and 150% of the standard amount for each executive director.

Compensation for non-executive directors, in principle, consists of fixed basic compensation. Performance-based compensation as short-term or medium-and long-term incentive is not provided for non-executive directors.

Performance Share Unit

To strengthen the link between the compensation structure and medium- and long-term increase in corporate value, the Company has adopted a **performance-based compensation system (Performance Share Unit)** in which compensation is provided in accordance with the achievement of consolidated performance targets for every two fiscal years.

Restrictions on Transfer After Delivery

To promote medium-and long-term profit sharing with shareholders, the Company's shareholding guidelines set forth that a three-year restriction shall be imposed on the transfer of stock granted as performance-based stock compensation.

Clawback Provisions

The Company's shareholding guidelines set forth that the Company may request an eligible director to **return the incentives (clawback)** if misconduct or illegal conduct causes a material breach regarding financial reports.

Special Discussion

The Current Landscape: Developing Nitori Group's Next Generation of Leaders

Tetsuo Yamamoto
Executive Officer and Representative Director & President of Nitori Public Co., Ltd.

Joined Nitori in 1994. After serving as Store Manager and Area Manager of the Store Operations Division and working in the Merchandising Division, he held the positions of Manager of the E-Commerce Division in 2008 and General Manager of the Advertising Division in 2021. He has served as Executive Officer of Nitori Holdings Co., Ltd. since 2023 and has been in his current positions since January 2025.

×

Miyako Chino
Representative Director & President of Nitori Facility Co., Ltd.

Joined Nitori in 2001. After working in the Store Operations Division and the New Graduate Recruitment Division, she engaged in establishing a system for improving quality in the Product Quality Control & Improvement Office. Following roles in the Merchandising Division, the HR Education Division, and the President's Office, she was seconded to Nitori Facility Co., Ltd in 2021. She has been in her current position since June 2024.

×

Mitsuyoshi Kubota
Representative Director & President of Shimachu CO., LTD.

Joined Nitori in 2000. He held the positions of Area Manager, Zone Manager, and General Manager of the Store Operations Division. Subsequently, he was seconded to Shimachu CO., LTD. in 2021, where he was appointed as Executive Officer and General Manager of the Store Operations Division. He was appointed as Director in 2023 and Managing Director in 2024, and he has been in his current position since September 2024.

×

Yoshiyuki Izawa
Outside Director

Joined Mitsui & Co., Ltd. in 1970. He was appointed as Director in 2000 and Representative Director, Executive Vice President of the company in 2008. In 2009, he became Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd, and in 2015, Representative Director & Chairperson of BlackRock Japan Co., Ltd. Since 2022, he has served as Outside Director of Nitori, a position he continues to hold.

Recognizing that developing successors for top management is the highest priority for ensuring sustainable growth, the Nominating and Compensation Committee—a voluntary advisory body to the Board of Directors—has engaged in ongoing discussions on the expected profiles and essential qualifications for executive talent. This Special Discussion brought together an outside director and committee member with next-generation leaders responsible for managing Group companies to exchange perspectives on the importance of succession planning and the strengths and characteristics of Nitori's human resource strategy.

Point

- ☑ Continuity of Nitori's identity and definition of essential qualities of next-generation leaders
- ☑ Impact of the U.S. Seminar, reassignments, and Nitori's unique human resource strategy
- ☑ Message of commitment to future growth

What Qualities Are Essential for Nitori Group's Next Generation of Leaders?

Izawa: For the Nitori Group to sustain growth amid significant societal shifts, the next generation of leaders must carry forward the founding spirit and corporate culture across generations while also staying alert to emerging trends. They will need the judgment to discern what should evolve and what should remain, as well as the courage to drive business model transformation. Effective succession planning requires a system to evaluate and develop management candidates with the qualities and capabilities needed for the next generation of leaders—those leading self-transformation within the company—and to maintain a pipeline at every organizational level.

The three qualities I consider essential for corporate managers are leadership, decisiveness, and agility. Fundamentally, corporate management depends on collaboration among the people around you. Leadership that inspires people to think, "I want to follow this person" and "We can work well together" is vital. Conversely, anyone who is indecisive or slow to act is ill-suited to be a corporate manager.

Kubota: That is certainly true in the context of leadership. People are everything to a company. From a leadership perspective, I believe that the company grows stronger when we consistently engage with on-site employees to cultivate a shared understanding of what currently matters most to our customers right now and foster autonomous growth by trusting each individual's abilities.

Chino: While I am capable of making decisions, I remain mindful that my limited experience may lead to mistakes. In approaching them, I first consider who will be affected and how the outcome will serve our customers and contribute to society more broadly. I then address each issue deliberately. Having clear decision-making criteria enables you to respond promptly, even when the results differ from your expectations.

Yamamoto: Since assuming the role of president in January of this year, I have been acutely aware of the importance of speed. As you rise to the top, your responsibilities expand, and you must make numerous decisions under tight time constraints. I am currently refining my approach to using my time efficiently to make faster and more accurate decisions while openly acknowledging my mistakes—learning from each error, reflecting on it, and moving forward.

Izawa: Even highly capable corporate managers make multiple mistakes. Failure is inevitable, and management is not about being flawless. The key is to reflect on why you failed, identify what could have been done differently, and leverage those insights for future success.

Izawa: I recommend that effective decision-making be grounded in a thorough examination of all relevant information and logical judgement.

At the same time, you will inevitably encounter situations where decisions must be guided by intuition rather than logic or data. I encourage you to gain experience and refine your intuition and instincts to prepare for such moments.

Career-Defining Experiences and Lessons for Leaders

Izawa: I have highlighted the importance of accumulated experience. Have you encountered particular moments in your career that served as turning points—where you felt you truly grew?

Yamamoto: For me, a major turning point came with the launch of an e-commerce business. The challenge lay in introducing entirely new ideas to the company, but through collaboration with members of our Group companies, we were able to address each issue systematically. I believe our success ultimately stemmed from the understanding we fostered by consistently communicating the significance of the Nitori Group's involvement in e-commerce.

Kubota: A defining moment in my career was when, for the first time as a zone manager, I led the effort to turn an unprofitable store into a profitable one. With the support of on-site staff, logistics departments, and the Merchandising Division, we achieved a turnaround by introducing a new day-and-night shift system for store operations. That experience marked a real turning point for me.

Chino: My time in product quality control departments provided an experience that had a lasting impact on me. While I was addressing a product deficiency, I realized that my judgment and actions could carry significant implications for society. That experience unquestionably shaped my approach to work and my sense of responsibility.

Izawa: Listening to the three of you share your stories, I realized that it was your keen awareness of issues that allowed you to turn experiences into turning points. Without that focus, similar experiences might pass by unnoticed. This reminded me once again how crucial a high level of awareness is to effective leadership.

Nitori's Unique Human Resource Education That Accelerates Growth

Izawa: When I learned that the company had topped the Ranking of the Most Popular Companies for University Students for three consecutive years, I felt a sense of pride as an outside director. At the same time, it led me to consider the factors driving this success. One possible reason for this could be the unique education system, such as the U.S. Seminar (▶P51).

Sustainable growth across generations comes from evolving while staying true to the company's identity.

Each employee's growth, achieved by seizing opportunities, propels the next generation of top management to greater heights.

Kubota: I also regularly attend the U.S. Seminar and find it an excellent opportunity to revisit chain store theory—the foundation of the group's growth—and to reaffirm the mission and vision the company is striving to achieve.

Chino: As a trainer for the U.S. Seminar during my time in the HR Education Division, I particularly valued providing participants with a firsthand experience of our mission, "Enrich the everyday lives of people all over the world." Through the seminar, Nitori's purpose is consistently communicated. I believe that this helps employees internalize the company's mission in their daily work, allowing it to be shared and carried forward across generations, organizational levels, workplaces and regions.

Izawa: At present, many companies place emphasis on human resource education. Nevertheless, relatively few programs offer employees regular opportunities to reaffirm their management policies and corporate culture. What sets the U.S. Seminar apart is that it goes beyond merely conveying the mission and vision; it immerses participants in the culture that embodies them and opens a clear view into what lies ahead.

Yamamoto: I consider reassignments to be crucial in human resource development as well. Under the distinct policy that "job rotation is education," employees are regularly presented with opportunities to take on challenges through short-term transfers across various operations, building solid careers by gaining experience and knowledge.

Chino: I have experienced work across so many different departments that I have been called "an embodiment of job rotation." Through this, I came to understand areas of the organization that are usually hidden from view, which enabled me to shift my focus from partial optimization to overall optimization.

Kubota: The Nitori Group has defined Change, Challenge, Competition, and Communication as key aspects that employees are expected to address, and I view job rotation as a practical embodiment of this 4C principle. I have also had opportunities to gain diverse experiences and encounter new challenges along the way. Taking them on has continually transformed me, bringing me to where I am today.

Izawa: Opportunities for significant career growth through job rotation undoubtedly stand as one of the Nitori Group's strengths. This is complemented by its human resource education, which is advanced and highly attractive.

Over my three years as an outside director, I have noticed that Chairperson Nitori places great value on people, which is evident in his attentive listening. From what I have seen, all employees seem energetic in their work. This company spirit strengthens the governance of the Board of Directors. The advanced human resource education and highly motivated employees should be actively communicated, not only to attract top talent but also to engage investors.

Message to Stakeholders and Resolve for the Future

Izawa: Moving forward, we expect your leadership, as heads of your respective group companies, to make a significant contribution to the realization of our mission and vision. To ensure your message reaches your teams through internal discussions, I encourage you to articulate your own perspective (philosophy) on the kind of company you envision and to continue communicating it throughout the organization. These efforts will build strong momentum within your company and are expected to drive substantial business growth reliably.

Kubota: From the experiences and insights shared, I came to understand that the most essential role of top management is to consistently communicate their message. I have prioritized dialogue with on-site employees and will continue to create more opportunities for communication.

To advance business growth and contribute to the group, I focus on sharing my perspective internally and adopting continuously to change, while staying grounded in on-site awareness.

Chino: Since joining the company, I have followed the direction set by the founding president. As a corporate manager, I now recognize the need to define that direction myself.

With every new purchase, greater attention is being given to the fate of unwanted items, and we are expected to demonstrate a group-wide approach to waste disposal and resource recycling.

As we are at the forefront of waste disposal, I see opportunities to deliver value to our customers and enhance employee satisfaction through sustainability. It is my intention to communicate more actively within my organization to share my perspective on creating a company where employees can work with confidence and energy.

Izawa: Nitori takes a unique approach to waste disposal. As corporate sustainability initiatives gain prominence, astute corporate managers are keeping a close watch on this issue.

Yamamoto: I believed I was conveying the idea that tackling new challenges brings fulfillment and benefits to both clients and the Group, yet I now see that this message has not been fully disseminated. This is also a timely opportunity to examine our organization and teams for any areas where rigidity may have set in, and to explore ways to further enhance employee motivation.

Izawa: Employees' autonomous growth will define the trajectory of the Nitori Group's future. I hope each of you will continue your efforts to reach new heights.

Financial Strategy

Overcoming Yen Depreciation and Declining Profits to Achieve Our Vision and Improve Capital Efficiency

Fumihide Kimura

Executive Officer and General Manager of Finance & Accounting Division

The Nitori Group has united its efforts to achieve the long-term vision of "3,000 stores and 3 trillion yen in sales." In this section, we will share our views on themes frequently asked about by our stakeholders in terms of financial strategy.

Q What is the strategy for further expansion in light of concerns about slowing domestic growth?

Although top-line growth has slowed relatively as a result of the company's significant expansion of its share of the domestic market, the domestic market remains crucial to securing profitability and driving top-line growth for achieving our vision. We have set "expanding our customer base" and "increasing the frequency of store visits" as our growth indicators for this and are implementing specific measures for each. (▶P13)

Product strength is essential for expanding customer base and increasing the frequency of store visits. We have been developing private brand (PB) products that are "Offering the Unexpected" value. However, in recent years, responding to exchange rate fluctuation risks has taken priority due to the yen's depreciation. As a result, we have not been able to develop products as aggressively as we would have liked. To address this issue, we have implemented exchange rate hedging for the fiscal year ending March 2026, establishing a stable development system that is unaffected by exchange rate fluctuations.

Q How will focusing on the home appliance business contribute to business performance?

In the home appliance business, we focus not only on contributing to non-consolidated profits, but also on building up the top line for the entire business and approaching new customer segments.

The consumer electronics retail market in Japan is estimated to be worth approximately 6.9 trillion yen. As a latecomer to this market, we place importance on positioning ourselves as offering necessary performance at affordable prices. This business model allows us to set competitive prices compared to other companies. Additionally, the strategy aims to establish a position as "norm-changing home appliances" by leveraging the perspective gained from furniture manufacturing to address "Discontent, Dissatisfaction and Inconvenience."

We will continue to expand our range of home appliances, allowing customers to purchase all the items they need for daily life from us.

Q When will investments in logistics, such as developing your own DCs, enter the payback phase?

Our company has set internal targets for the logistics expense ratio*. In anticipation of long-term business expansion, we have been promoting in-house operations because the current logistics system will become inefficient in the future. Until our new DCs are on track, we will have to bear the additional cost of renting space in operation on a short-term basis. Logistics costs have indeed been a significant part of our SG&A lately. However, logistics costs are expected to peak out in the fiscal year ending March 2026. Improvements are anticipated in various logistics expenses, including transportation and labor costs.

Furthermore, reducing logistics costs and downsizing product packaging will improve both loading and storage efficiency. The amount of space required for DCs is decreasing due to the effects of inventory optimization and other factors. As a result, the eighth base that was planned for the Kinki region in the new DC plan will no longer be necessary. We expect that this change will save approximately 50 billion yen compared to the initial plan. Five years ago, the yen exchange rate was in the 100-yen range. However, it has depreciated by 10 yen each year since then. Although a depreciation of 1 yen has an impact of approximately 2 billion yen on operating income, we have managed to maintain profits thanks to the logistics system developed under our all-in-house spirit.

* The percentage of logistics expenses (all expenses related to logistics, such as DC management and furniture delivery) in net sales.

Q Overseas operations appear to be stagnating. But what is the actual situation?

The market environment remains harsh due to the recession in mainland China, where there are many stores. The structure of "houses not selling = furniture not selling" continues to create headwinds. First, we are focusing on net sales and gross profit margins to get our business on track and will explore models for achieving profitability.

We are considering closing and relocating a significant number of underperforming stores, particularly in mainland China, in order to reduce the number of overseas stores. For example, although the number of stores opening in mainland China during the fiscal year ending March 2026 will increase only slightly in terms of numbers, the plan is to close more than 20 underperforming stores. The company will then flexibly proceed with opening small stores, which are expected to be more profitable. These relocations and sales floor renovations are expected to significantly improve profitability, resulting in a turnaround to the profitability in the fiscal year ending March 2027. Tenants in shopping centers account for nearly 90% of the total overseas stores, so the investment burden is light with an average cost per store of about 50 million yen. This makes it easy for us to relocate a store to a better location where we can expect higher profits. Until now, our focus has been on accelerating store expansion with an emphasis on expanding in size. However, for the fiscal year ending March 2026, we are shifting our focus first to improving profits and then to expanding in size again. Once our stores in each country and region reach a certain scale, we plan to promote further efficiency by in-house DC operations, depending on the situation.

A Message to Stakeholders

As requested by the Tokyo Stock Exchange to implement management that is conscious of cost of capital and stock price, we frequently receive inquiries from investors and shareholders regarding the disclosure and management of quantitative management indicators, including ROE. We take the two consecutive periods of declining profits seriously and consider the decline in capital efficiency to be an important issue. We recognize the fact that ROE and ROA have been on a downward trend since 2020 due to the weakening of the yen. We are taking measures to maintain higher capital efficiency than our competitors and are working on setting directions and indicators for group expansion.

We will also continue to work actively on investor relations and shareholder relations activities. We would appreciate it if you, our stakeholders, could give us your honest feedback and requests.

Transition of Key Management Indicators

Japanese GAAP	IFRS	Japanese GAAP FY2015 (February 2016)	FY2016 (February 2017)	FY2017 (February 2018)	FY2018 (February 2019)	FY2019 (February 2020)	FY2020 (February 2021)	FY2021 (February 2022)	FY2022 (February 2023)	IFRS FY2023 (February 2024) (Million yen)	FY2024 (February 2025) (Million yen)	FY2024 (February 2025) (Thousand USD)
Operating Results, Cash Flows, and Capital Expenditure												
Net sales	Revenue	¥ 458,140	¥ 512,958	¥ 572,060	¥ 608,131	¥ 642,273	¥ 716,900	¥ 811,581	¥ 948,094	¥ 896,667	**¥ 928,828**	***$ 6,212,898***
Gross profit		243,543	278,274	314,778	331,421	354,364	411,791	425,897	478,106	457,403	**473,923**	***3,170,056***
Selling, general and administrative expenses		170,503	192,497	221,400	230,642	246,886	274,104	287,627	338,029	322,760	**348,576**	***2,331,614***
Operating income		73,039	85,776	93,378	100,779	107,478	137,687	138,270	140,076	124,274	**117,665**	***787,057***
Ordinary income	Profit before tax	75,007	87,563	94,860	103,053	109,522	138,426	141,847	144,085	124,838	**117,448**	***785,605***
Net income attributable to owners of parent	Profit attributable to owners of parent	46,969	59,999	64,219	68,180	71,395	92,114	96,724	95,129	90,158	**82,546**	***552,148***
Cash flows from operating activities		57,343	77,930	76,840	81,664	99,337	150,879	85,565	91,398	181,164	**144,384**	***965,780***
Cash flows from investing activities		(35,899)	(42,047)	(82,751)	(30,424)	(44,486)	(195,985)	(119,980)	(132,538)	(133,107)	**(127,856)**	***(855,228)***
Cash flows from financing activities		(9,943)	(6,414)	655	(11,340)	(13,862)	30,309	17,729	36,903	(55,378)	**1,295**	***8,665***
Cash/cash equivalents at the end of the year		36,794	66,035	60,923	100,053	140,791	125,487	127,076	125,115	117,978	**136,001**	***909,708***
Depreciation and amortization		9,398	10,406	11,357	12,311	14,575	16,024	20,407	22,272	61,082	**66,143**	***442,430***
Capital expenditure		26,605	42,828	64,172	32,237	26,191	22,323	101,454	117,328	137,525	**123,885**	***828,665***
Financial Position												
Total assets	Total assets	414,541	487,814	550,507	619,286	683,247	930,884	983,840	1,133,771	1,411,292	**1,529,421**	***10,230,241***
Net assets	Total equity	330,968	394,778	441,668	500,192	560,861	685,392	732,813	818,096	840,704	**905,736**	***6,058,440***
Equity	Equity attributable to owners of parent	329,695	393,693	440,991	499,721	560,571	642,096	732,813	818,096	840,700	**905,729**	***6,058,393***
Key Management Indicators												
Gross profit to net sales ratio (%)	Gross profit to revenue ratio (%)	53.2	54.2	55.0	54.5	55.2	57.4	52.5	50.4	51.0	**51.0**	***51.0***
SG&A expenses to net sales ratio (%)	SG&A expenses to revenue ratio (%)	37.2	37.5	38.7	37.9	38.4	38.2	35.4	35.7	36.0	**37.5**	***37.5***
Operating income to net sales ratio (%)	Operating income to revenue ratio (%)	15.9	16.7	16.3	16.6	16.7	19.2	17.0	14.8	13.9	**12.7**	***12.7***
Rate of return on equity (ROE) (%)	Ratio of revenue to equity attributable to owners of parent (ROE) (%)	14.7	16.6	15.4	14.5	13.5	15.3	14.1	12.3	11.3	**9.5**	***9.5***
Equity ratio (%)	Equity attributable to owners of parent to total assets ratio (%)	79.5	80.7	80.1	80.7	82.0	69.0	74.5	72.2	59.6	**59.2**	***59.2***
Ordinary income to total assets ratio (ROA) (%)	Profit before tax to total assets ratio (ROA) (%)	18.3	19.4	18.3	17.6	16.8	17.2	14.8	13.6	9.1	**8.0**	***8.0***
Payout ratio (consolidated) (%)		15.3	15.2	16.0	16.0	17.0	15.1	16.3	17.3	18.4	**20.8**	***20.8***
Price earnings ratio (PER)		19.4	22.7	30.7	23.1	26.1	25.7	19.1	18.9	29.6	**20.3**	***20.3***
Per Share Information												
Net income (EPS) (Yen, USD)	Profit (EPS) (Yen, USD)	425.10	540.93	574.49	608.05	635.42	817.01	856.71	841.90	797.78	**730.42**	***4.89***
Net assets (BPS) (Yen, USD)	Equity attributable to owners of parent (BPS) (Yen, USD)	2,981.27	3,530.51	3,938.89	4,452.99	4,984.29	5,691.11	6,489.57	7,239.04	7,439.05	**8,014.49**	***53.61***
Dividend (Yen, USD)		65	82	92	97	108	123	140	146	147	**152**	***1.02***
Other Data												
Number of shares issued at the end of the year		114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	**114,443,496**	***114,443,496***
Stock price at the end of the year (Yen, USD)		8,260	12,250	17,625	14,050	16,560	20,970	16,350	15,930	23,600	**14,830**	***99.20***
Total market value		945,303	1,401,933	2,017,067	1,607,931	1,895,184	2,399,880	1,871,151	1,823,084	2,700,866	**1,697,197**	***11,352,488***
Number of stores in Japan		383	428	467	505	545	651	708	773	822	**835**	***835***
Number of stores overseas		37	43	56	71	66	71	93	129	179	**213**	***213***
Net increase in number of stores		47	51	52	53	31	111	79	101	99	**47**	***47***
Total sales floor area (m^2)		1,678,835	1,806,666	1,928,461	2,037,213	2,099,997	2,726,935	2,828,992	2,961,391	3,148,905	**3,199,915**	***3,199,915***
Total number of employees		20,759	22,111	24,816	27,506	29,936	36,669	37,229	37,329	38,811	**42,421**	***42,421***

(Notes) 1. For convenience, translation into US dollars has been made at the exchange rate of 1 USD to 149.5 yen as of March 31, 2025.
2. The total number of employees includes the average number of temporary employees (calculated on the basis that one day is eight hours).
3. The fiscal year ending March 31, 2023 is 13 months and 11 days from February 21, 2022 to March 31, 2023 due to a change in the fiscal year-end.
4. Our company has adopted the International Financial Reporting Standards (IFRS Accounting Standards) from the Annual Securities Report for the fiscal year ended March 2025, which was disclosed in June 2025. Due to this change, the results for the fiscal years ended March 2024 and March 2025 under IFRS Accounting Standards are provided only on this page. Information on other pages in this report is disclosed under Japanese GAAP.

Sustainability Data Book Environment

Greenhouse Gas Emissions from Nitori Group

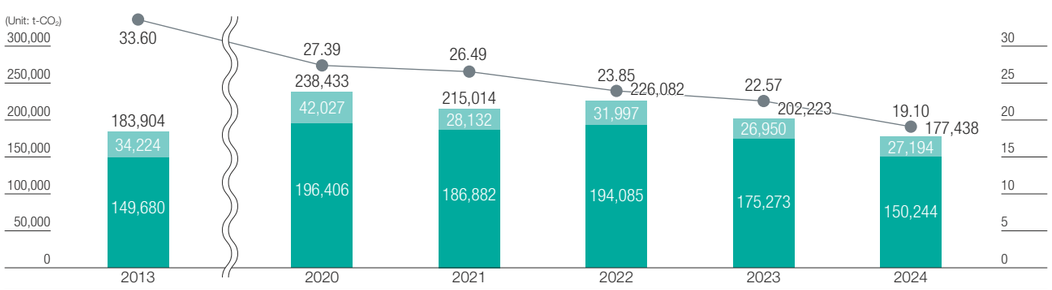
Nitori Group Green Vision 2050

Item	Goal for FY2030 (mid-term goal)	Goal for FY2050 (long-term goal)
Reduction of greenhouse gas emissions and positive contribution to climate change mitigation.	● Aim to reduce greenhouse gas emissions by **50%**. (Emissions per 100 million yen in sales compared to FY2013) (Scope 1 and 2) ▶ Result of FY2024: 43.2%	● **Carbon Neutrality** (Scope 1 and 2)

Greenhouse Gas Emissions (Scope 1 and 2)			Unit	FY2013 (Reference year)	FY2020	FY2021	FY2022	FY2023	FY2024
Nitori Group			t-CO_2	183,904	238,433	215,014	226,082	202,223	177,438
	Scope 1	Japan	t-CO_2	33,980	39,925	23,660	26,166	22,451	21,566
		Overseas	t-CO_2	244	2,102	4,472	5,831	4,499	5,628
	Scope 2	Japan	t-CO_2	143,533	154,000	138,454	141,133	128,942	101,365
		Overseas	t-CO_2	6,147	42,406	48,428	52,952	46,331	48,879
Intensity			t-CO_2 per 100 million yen	33.60	27.39	26.49	23.85	22.57	19.10

* Nitori and its consolidated subsidiaries are in the scope of coverage.
Japan: Stores, logistic centers, headquarters, factories, and other facilities managed by Nitori
Overseas: Stores, logistic centers, offices, and factories
* Emission factors for greenhouse gas: City gas and electricity use in Japan use values in the "List of emission factors by business operator" (Ministry of the Environment); fuel "Calculation methods and list of emission factors" (Ministry of the Environment); and overseas electricity use the latest emission factors for each country in "IEA Emission Factors."

Greenhouse Gas Emissions Transition



	FY2013	FY2020	FY2021	FY2022	FY2023	FY2024
Intensity reduction rate (compared to FY2013)	—	-18.5%	-21.2%	-29.0%	-32.8%	-43.2%
Total emission reduction rate (compared to FY2013)	—	+29.7%	+16.9%	+22.9%	+10.0%	-3.5%

Greenhous Gas Emissions (including Scope 3)		Unit	FY2024 results	Ratio		Unit	FY2024 results	Ratio
Scope 3	1. Purchased goods and services	t-CO_2	3,865,579	69.3%	8. Upstream leased assets	t-CO_2	—	—
	2. Capital goods	t-CO_2	14,085	0.3%	9. Downstream transportation and distribution	t-CO_2	16,973	0.3%
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO_2	32,467	0.6%	10. Processing of sold products	t-CO_2	—	—
					11. Use of sold products	t-CO_2	888,188	15.9%
	4. Upstream transportation and distribution	t-CO_2	226,881	4.1%	12. End-of-life treatment of sold products	t-CO_2	309,297	5.5%
	5. Waste generated in operations	t-CO_2	23,185	0.4%	13. Downstream leased assets	t-CO_2	—	—
	6. Business travel	t-CO_2	11,545	0.2%	14. Franchises	t-CO_2	—	—
	7. Employee commuting	t-CO_2	9,901	0.2%	15. Investments	t-CO_2	—	—
Scope 1						t-CO_2	27,194	0.5%
Scope 2						t-CO_2	150,244	2.7%
Group total						t-CO_2	5,575,539	100.0%

* The scope covers all businesses of the Nitori Group.
* Emission factors use values in the "Database on Emission Factor for Calculating GHG Emissions through Supply Chains Ver. 3.4" (Ministry of the Environment, Government of Japan) and the "LCI Database AIST-IDEA Ver. 3.4" (National Institute of Advanced Industrial Science and Technology)
* Please refer to our website for the calculating methods and the details of emission factors of each category. (https://www.nitorihd.co.jp/sustainability/materiality03/#materiality03-4)

Amount of Waste from Nitori Group's Domestic Operations

Nitori Group Green Vision 2050

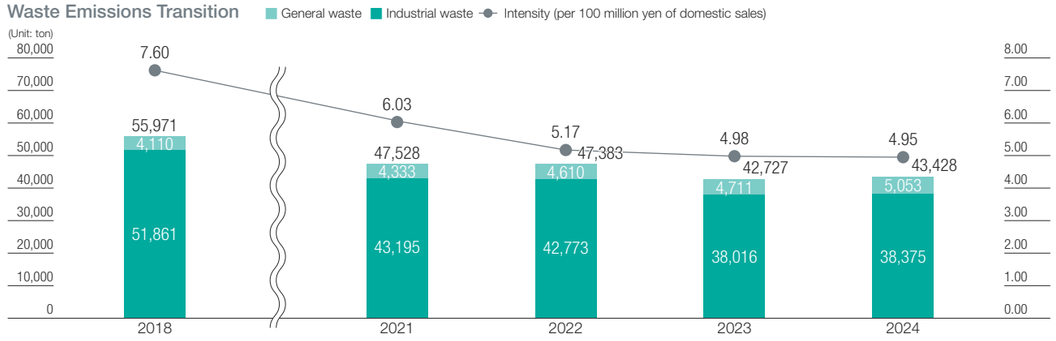
Item		Goal for FY2030 (mid-term goal)	Goal for FY2050 (long-term goal)
Reduction and recycling of waste	Before discharge (sorted for resources)	● Aim to reduce waste emissions by **50%** or more. (Emissions per 100 million yen in sales compared to FY2018) (Japan) ▶ Result of FY2024: 34.9%	● Aim to reduce waste emissions by **50%** or more. (Emissions per 100 million yen in sales compared to FY2018) (Global)
	After discharge (recycled instead of sent to landfill)	● Aim to achieve a recycling rate of at least **95%** for industrial waste. (Japan) ▶ Result of FY2024: 87.5%	● Aim to achieve a **100%** recycling rate of waste. (Global)

* We had set a goal of reducing waste by 30% by FY2030, and we achieved this goal for two consecutive years in FY2022 and FY2023. We have therefore revised our goal to a 50% reduction starting in FY2024 with the aim of further reducing our environmental impact.

Amount of Waste Discharged		Unit	FY2018 (Reference year)	FY2021	FY2022	FY2023	FY2024
Nitori Group		t	103,061	94,193	96,599	85,852	86,520
	Waste with value and other	t	47,090	46,665	49,216	43,125	43,092
	Total amount of general waste and industrial waste	t	55,971	47,528	47,383	42,727	43,428
	General waste	t	4,110	4,333	4,610	4,711	5,053
	Industrial waste	t	51,861	43,195	42,773	38,016	38,375
	* Simple incineration and landfill disposal	t	—	5,010	4,778	3,966	4,800
	* Recycling rate	%	—	88.4	88.8	89.6	87.5
	General and industrial waste intensity	t per 100 million yen	7.60	6.03	5.17	4.98	4.95

* Japan: Stores, logistic centers, headquarters, factories, and other facilities managed by Nitori
* The data covers wastes for which the company is the generator of the waste.
* Industrial waste includes mixed waste including sofas, chests of drawers, cabinets, etc., waste plastics, and Styrofoam.
* Waste with value and other includes corrugated cardboard, metals (with value), mixed paper, etc. Corrugated cardboard is 100% recycled.

Waste Emissions Transition



	FY2018	FY2021	FY2022	FY2023	FY2024
Intensity reduction rate (compared to FY2018)	—	-20.7%	-32.0%	-34.5%	-34.9%
Percentage of total waste reduced (compared to FY2018)	—	-15.1%	-15.3%	-23.7%	-22.4%

Water Consumption in the Nitori Group

Amount of Water Used		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Nitori Group		m^3	1,341,571	1,399,167	1,393,469	1,462,854	1,631,306
	Japan	m^3	923,444	857,824	712,861	816,674	856,853
	Overseas	m^3	418,127	541,343	680,608	646,180	774,453
Intensity		m^3 per 100 million yen	154.13	172.40	146.98	163.30	175.61

* Nitori and its consolidated subsidiaries are in the scope of coverage.
Japan: Stores, logistic centers, headquarters, factories, and other facilities managed by Nitori
Overseas: Stores, logistic centers, offices, and factories

Sustainability Data Book Environment Social

Energy Consumption in the Nitori Group

Energy Consumption			Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Nitori Group		(Crude oil equivalent)	TJ	5,088.9	4,404.8	4,727.6	3,782.9	3,965.3
	Japan	(Crude oil equivalent)	TJ	4,321.5	3,542.1	3,735.1	2,984.4	3,057.7
		Electricity	Mwh	327,597	310,297	325,640	300,509	310,512
		Gas	1,000 m^3	13,063	7,876	8,383	7,259	7,530
		Gasoline/diesel oil	kℓ	552	507	623	516	560
		Fuel oil (kerosene, etc.)	kℓ	211	336	366	260	231
	Overseas	(Crude oil equivalent)	TJ	767.4	862.7	992.5	798.5	907.6
Intensity		(Crude oil equivalent)	TJ per 100 million yen	0.58	0.54	0.50	0.42	0.43

* Nitori and its consolidated subsidiaries are in the scope of coverage.
Japan: Stores, logistic centers, headquarters, factories, and other facilities managed by Nitori
Overseas: Stores, logistic centers, offices, and factories

Employee Data

	FY2022	FY2023	FY2024	Target Scope
Total number of employees * Based on actual number of persons	53,400	56,934	58,799	Nitori Group as a whole
Total number of employees * Number of non-regular employees on an hourly basis	37,329	38,540	42,507	
Number of regular employees	18,909	18,934	20,171	
Number of non-regular employees * Annual average (calculated on the basis that one day is eight hours)	18,420	19,606	22,336	

Human Resources Development

	FY2022	FY2023	FY2024	Target Scope
Total training hours	745,802	889,971	1,218,445	Full-time employees of Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Average hours of education per employee	115.4	162.0	167.8	
Average days of education per employee	14.4	20.2	21.0	

* Types of training programs applicable to the above hours: training programs for first to third year employees, training programs for visionary leaders, global training programs, U.S. seminar, chain store theory training programs, coordination training programs, digital literacy training programs, on-the-job training for each division, etc.

(▶P50 Nitori College Education System)

Diversity & Inclusion

	FY2022	FY2023	FY2024	Target Scope
Percentage of female employees (%)	65.9	65.8	64.9	Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Number of new graduates hired	461	1,045	1,193	Full-time employees of Nitori, Home Logistics, Nitori Public, and Shimachu
Percentage of female new graduates hired	46.2	41.1	46.3	
Percentage of employment of persons with disabilities (%)	2.99	2.95	3.11	Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Number of women in management positions	481	534	611	Full-time employees of Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Percentage of women in management positions (%)*1	16.8	17.5	18.8	
Number of non-Japanese nationals in management positions	58	70	80	
Number of employees taking childcare leave	226	191	240	
Number of male employees taking childcare leave	105	108	139	
Male childcare leave utilization rate*2*4	46.3	52.7	77.2	
Number of employees taking spousal maternity leave	105	89	70	
Number of employees taking nursing care leave	5	6	12	
Number of employees working shorter working hours (pregnancy, childcare, nursing care)	294	342	332	

	FY2022	FY2023	FY2024	Target Scope
Average days of paid leave taken	12.3	12.1	11.0	Full-time employees of Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Average percentage of paid leave taken	71.9	72.3	64.8	
Average overtime hours (hours per month)	12.4	11.0	9.7	
Difference in wages between male and female workers*1 *3 Total (%)*5	61.8	61.9	62.1	Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, and N+
Difference in wages between male and female workers*1 *3 Regular employment (%)*6	73.6	73.3	74.9	
Difference in wages between male and female workers*1 *3 Part-time employment (%)	93.3	94.2	92.3	
Difference in wages between male and female workers*1 *3 Total (%)*5	51.3	50.0	52.3	Shimachu
Difference in wages between male and female workers*1 *3 Regular employment (%)*6	73.0	69.6	72.6	
Difference in wages between male and female workers*1 *3 Part-time employment (%)	105.2	100.7	100.9	

*1 Calculated in accordance with the provisions of the "Law Concerning the Promotion of Active Roles for Women in Their Professional Lives" (Law No. 64, 2015).
*2 Based on the provisions of the "Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (hereinafter referred to as "Child Care and Family Care Leave Law")" (Law No. 76, 1991), the percentage of employees who took child care leave, etc. as per Article 71-4-1 of the "Enforcement Regulations of the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Ministry of Labor Ordinance No. 25, 1991)" was calculated.
*3 Number of workers is calculated based on working hours.
*4 Of the employees who confirmed their intention to take childcare leave in accordance with the revision of the Child Care and Family Care Leave Law in April 2022, all employees who wished to take such leave (excluding those who had not yet reached the desired time to take leave) have taken childcare leave.
*5 The percentage of non-regular workers is high among all workers, and the percentage of women among them is also high.
*6 The regular employees include employees who converted from fixed-term labor contracts to permanent contracts, and the percentage of women among them is high. The regular employees include those who chose various work styles such as shorter working hours, and a higher percentage of them are women.

Occupational Health & Safety

	FY2022	FY2023	FY2024	Target Scope
Number of qualified health managers	1,768	1,823	2,804	Nitori Holdings, Nitori, Home Logistics, Home Cargo, Nitori Facility, N+, and Shimachu
Number of staff trained in health and safety standards during the previous year	354	315	307	
Frequency rate of lost time injuries (%) * Absence from work for 4 days or more	3.18	2.77	2.92	

* Calculation formula: Frequency rate = Cumulative number of births per year ÷ Total number of person hours per year × 1,000,000

Status of Performance of Audits of New Overseas Suppliers (* Including Quality Assurance Items and Response to Environmental and Social Issues)

	Number of cases	Accepted	Conditional Acceptance (Improvement Request)	Rejected (no transactions permitted)
FY2022	234	18	189	27
Composition ratio	100.0%	7.7%	80.8%	11.5%
FY2023	297	26	206	65
Composition ratio	100.0%	9.0%	69.0%	22.0%
FY2024	339	31	269	39
Composition ratio	100.0%	9.1%	79.4%	11.5%

Audit Items for Potential New Overseas Suppliers (* Selected Items)
- Pollution prevention measures (including compliance with laws and regulations regarding air, water, and soil pollution)
- Compliance with Laws and Regulations for Hazardous Substance Disposal
- Promotion of resource reuse
- Periodic safety training as required by law
- Installation of fire extinguishing equipment
- Hazardous materials handling training
- Safety measures when working with hazards
- First Aid System for Accidents
- Improved working environment
- Leave/break time beyond what is required by law
- Ensure minimum wages as required by law
- Overtime hours within the stipulated hours/payment of overtime as stipulated by law
- Enrollment in legally mandated benefits
- Prohibit child labor/forced labor/discrimination
- Acquisition of Environmental/Labor Certifications

Status of Evaluation of Existing Overseas Suppliers

	First half of FY2022	Second half of FY2022	First half of FY2023	Second half of FY2023	First half of FY2024	Second half of FY2024
Number of cases	415	431	451	443	433	420

Existing overseas suppliers evaluation factors (* Some in the five categories of "Development," "Quality," "Logistics/Trade," "Corporate Stance," and "Sustainability (items addressing social issues, including environmental issues and human rights violations)" are excerpted from a total of 50 items.)
- Risk of factory shutdown
- Status of secondary supplier management
- Respect for Human Rights
- Creating a Safe Working Environment
- Compliance with international standards for assessment of working environment (prohibition of child labor, forced labor, and discrimination; assurance of health and safety; observance of appropriate working hours; fair compensation; freedom of association and possession of the right to collective bargaining, etc.)
- Sustainable forest utilization and conservation
- Understanding CO_2 emissions (Scope 1, 2, 3)
- Visualization of Chemical Substances
- Acquisition of Environmental Certifications
- Acquisition of other international certifications

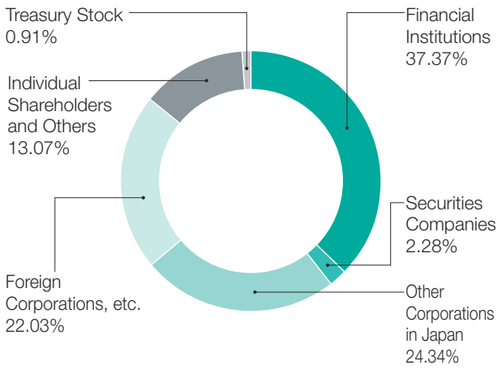
Financial & Company Data

Company Stock Information (As of March 31, 2025)

Outline of Shares

Total number of authorized shares: 288,000,000
Total number of issued shares: 114,443,496
Number of shareholders: 44,496
Listed markets: Prime of the Tokyo Stock Exchange
Sapporo Securities Exchange
Securities code: 9843
Fiscal Year: April 1st of every year to March 31st of the following year
Annual General Meeting of Shareholders: within 3 months from the day after the last day of the fiscal year
Administrator of shareholder registry: Sumitomo Mitsui Trust Bank, Limited

Distribution of Shares by Type of Shareholder

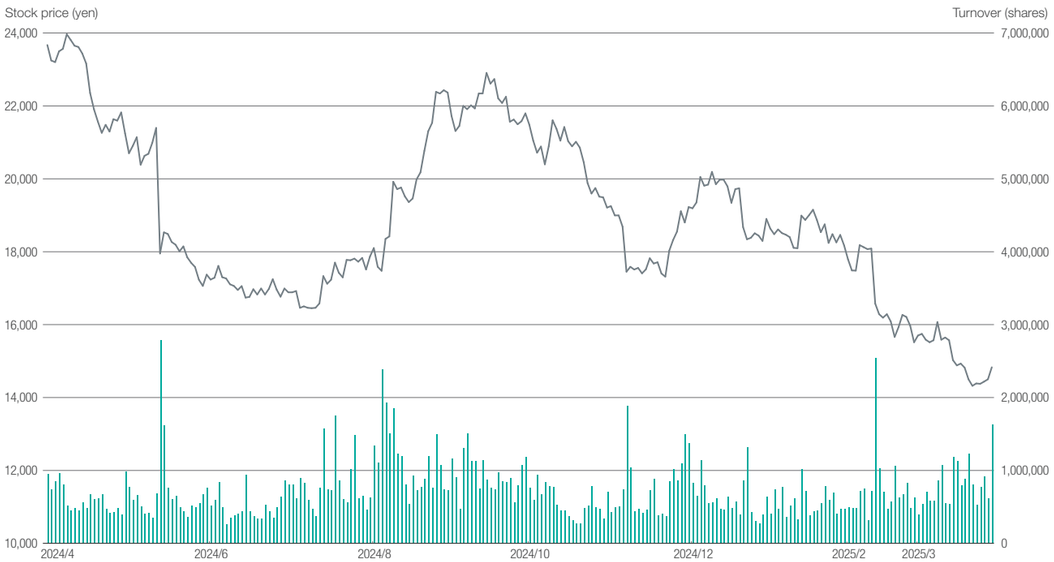


Major Shareholders (As of March 31, 2025)

Name	Number of shares owned (thousands)	Ratio to the total number of issued shares (%)
Nitori Trading Ltd.	20,799	18.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,219	17.83
Custody Bank of Japan, Ltd. (Trust Account)	8,745	7.71
Nitori International Scholarship Foundation	5,000	4.41
North Pacific Bank, Ltd.	3,860	3.40
Akio Nitori	3,410	3.00
National Mutual Insurance Federation of Agricultural Cooperatives	2,561	2.26
Momoyo Nitori	2,078	1.83
Nippon Life Insurance Company	2,056	1.81
STATE STREET BANK WEST CLIENT - TREATY 505234	1,623	1.43

Notes:
1. The numbers presented in "Number of shares held" above are calculated based on the list of shareholders.
2. The Company's 1,044,496 shares of treasury stock are excluded from the above list of major shareholders.
3. Calculations of equity positions exclude holdings of treasury stock.
4. The number of shares owned by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are shares held in securities investment trusts and retirement benefit trusts.

Stock Price and Turnover



Company Information (As of March 31,2025)

Company Name	Nitori Holdings Co., Ltd.
Representative	Akio Nitori, Representative Director & Chairperson (Chief Executive Officer) Toshiyuki Shirai, Representative Director & President (Chief Operating Officer)
Address	Sapporo Head Office: 1-2-39 Shinkotoni7-jo, Kita-ku, Sapporo, Hokkaido 001-0907; TEL: +81-11-330-6200 Tokyo Headquarters: 3 6 20, Kamiya, Kita-ku, Tokyo 115 0043; TEL: +81 3 6741 1235
Establishment	December 1967
Incorporated	March 1972
Capital Stock	13,370 million yen
Number of Employees (Consolidated)	58,799 (including 22,336 average part-time employees)

Nitori Group List

Nitori Holdings Co., Ltd. [Holding company]

Trading, Planning & Development, and Logistics Functions

Import Agent Companies
NITORI (China) Co., Ltd.
HUIZHOU SHINIAO LOGISTICS CO., LTD.
Nitori Taicang Trading & Logistics Co., Ltd.
NITORI TRADING VIETNAM COMPANY LIMITED
NITORI (MALAYSIA) SDN.BHD.
NITORI TRADING (THAILAND) CO., LTD.
NITORI LOGISTICS (THAILAND) CO., LTD.
NITORI INDIA PRIVATE LIMITED
P.T. NITORI TRADING INDONESIA

Logistics Companies
Home Logistics Co., Ltd.
HOME CARGO Co., Ltd.

Manufacturing Functions

Curtain Manufacturing Factory
HOME DECO Co., Ltd.
IKEN CO., LTD.

Overseas Manufacturing Companies
NITORI FURNITURE
NITORI FURNITURE
VIETNAM EPE

Carpet and Rug Manufacturing Company
SIAM NITORI CO., LTD.

Advertising and Publicity Functions

Advertising Agency
Nitori Public Co., Ltd.

Facility Management Functions

Facility Management Insurance Agent Business
Nitori Facility Co., Ltd.

IT Functions

IT/Digital Company
Nitori Digital Base CO., LTD.
NITORI DIGITAL BASE (VIETNAM) CO., LTD.

Sales Functions

Store Management Companies
NITORI CO., LTD.
-Home Furnishing Store -Home Fashion Store
-Nitori Mall -Deco Home -Online Shopping Business
-Renovation Business -Corporate Sales Business, etc.
Shimachu CO., LTD.
-Shimachu -Shimachu Home's -Nitori Home's

Apparel Sales Company
N Plus Co., Ltd

Overseas Sales Companies
NITORI TAIWAN CO., LTD.
NITORI HONG KONG CO., LIMITED
NITORI China Holdings Co., Ltd.
NITORI Taicang Trading & Logistics Co., Ltd.
Deco Home China Co., Ltd.
NITORI (SHANGHAI) HOME FURNISHING CO., LTD
NITORI (SHANGHAI) HOME FURNISHING SALES CO., LTD
NITORI USA, INC.
NITORI RETAIL (MALAYSIA) SDN.BHD.
NITORI RETAIL SINGAPORE PTE.LTD.
NITORI PHILIPPINES INC.
NITORI RETAIL (THAILAND) CO., LTD.
P.T. NITORI RETAIL INDONESIA
NITORI KOREA CO., LTD.

Endorsement Initiatives

TCFD Consortium

External Evaluation

FTSE4Good
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index
MSCI ESG RATINGS