Enrich the everyday lives of people
all over the world.
New Phase, New Growth.

Nitori Holdings

Integrated Report 2026



April 1, 2025 - March 31, 2026

Nitori Holdings Co., Ltd.

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Nitori Group's Mission Statement

Enrich the everyday lives of people all over the world.

There are as many ways to live an enriched life as there are people.
Having a home you want to return to.
Being able to live each day in your own way.
Surrounding yourself with things that make you feel at ease and enjoying comfortable moments in your daily life.

Its form varies from person to person.
That is why we aim to create a society where an enriched lifestyle is not reserved for a select few, but accessible to everyone as a matter of course.

Believing that furniture and household goods support enriched lifestyles in everyday life, the Nitori Group has set forth three core commitments.

1. **Offering quality products at affordable prices**
2. **Creating value through "Organizing" and "Styling" as a comprehensive lifestyle solutions company**
3. **Driving positive change for society and the environment to pass on a richer way of life to future generations**

The Nitori Group has evolved its business model to continue offering reliable quality and value at prices everyone can afford.
By managing the entire process across planning, manufacturing, logistics, sales, and after-sales service, we fulfill our role as a provider of lifestyle infrastructure.

To carry enriched lifestyles forward from today to future generations and beyond, we are committed to advancing resource recycling and building a sustainable society, making full use of the strengths of our integrated business model.

The Nitori Group will continue to bring smiles to more people around the world through comprehensive lifestyle solutions.



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Editorial Policy

This Integrated Report 2026 was prepared 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 our long-term sustainable growth and contributions to environmental, social, and economic sustainability, while also referring to the disclosure framework provided by the International Integrated Reporting Council (IIRC).

Target Scope

We included as many as possible of domestic and foreign Nitori Group companies subject to our consolidated financial statement reporting. However, the reporting targets may differ for some items.

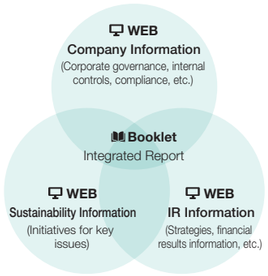
Target Period

April 1, 2025 to March 31, 2026.
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 31, 2025, disclosed in June 2025.
Unless otherwise noted, the information in this report is presented in accordance with IFRS.

Significance of This Report



Disclaimer Regarding Forward-Looking Statements

This report contains plans and strategies regarding the future, as well as forecasts and forward-looking statements regarding the business performance of Nitori Holdings and its 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 supply and demand, 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 enrich the everyday lives of our customers, returning to our starting point as users and purchasers.



Akio Nitori
Representative Director & Chairperson
(Chief Executive Officer)

Values

1. We provide the prosperous home living to the global community.
2. We deliver quality merchandise at lower prices.
3. We propose a perfectly coordinated home living.
4. We strive to become world-leading specialists in our respective fields.

FY2026 Slogan

1. Let's observe, analyze, and judge from the user and purchaser perspective and then propose and act accordingly.
2. Let's boost purchasing customer count and purchase rates by pursuing greater affordability.
3. Let's boost purchasing customer count and the number of items purchased through better coordination.
4. Let's work backward from our vision to make improvements and reforms.

Creating a Society That Provides Enriched Lifestyles

In February 2025, the Nitori Group revised its Corporate Philosophy to: Enrich the everyday lives of people all over the world. Since our founding, we have continued to grow driven by our mission to bring the comfortable and enriched living of the U.S. to Japan. Today, we continue to evolve as a company that provides comprehensive lifestyle solutions. Our aim is to help our customers live each day in their own unique way from a broader perspective, rather than remaining within conventional frameworks. Our business started with furniture and home fashion and has since expanded to include home appliances, apparel, and home improvement stores. Our store network has grown throughout Japan, from Hokkaido to Honshu, as well as overseas. This growth has been supported by the Group's unique model of "Manufacturing-Logistics-IT-Retail Business," and we continue to strengthen and expand it. At the root of the expansion and evolution of our businesses lies the same mission—the desire to enrich the everyday lives of people—that has remained unchanged since our founding. As a company that continuously supports people's everyday lives, we are looking toward the future and promoting initiatives to build a sustainable society. We will further enhance our capability to offer comprehensive lifestyle propositions, aiming to build a society where as many people as possible enjoy an enriched lifestyle as a matter of course.

Returning to Our Starting Point, Restructuring the Foundation for Future Growth

Amid significant changes in global affairs and the business environment in recent years, companies are required to demonstrate greater competitiveness and a stronger capacity for transformation than ever before. The Nitori Group is no exception. In the fiscal year ended March 31, 2024, growth in both sales and profits, which had continued for 36 consecutive years, came to an end. As part of the management team, I take this result very seriously. It was an important wake-up call that you cannot continue to grow if you are content with your past successes. In light of this occurrence, we returned to our starting point to focus on making improvements and reforms, reaffirming that we must put our customers first. Our top priority is to enhance the appeal of our products. Our products are the source of our competitiveness. "Offering the Unexpected" is our key appeal to our customers. To further refine that value, we have fundamentally reviewed our product development structure, organizational framework, and work processes.

Looking ahead to the fiscal year ending March 31, 2027, we have set a clear goal of significantly increasing the proportion of new products and are working to establish a system that will allow us to continuously develop products that respond to changing times and customer needs. Improving operational efficiency and productivity is another key priority. We have succeeded in shortening the time to market for new products by reviewing our product development processes and decision-making flows from scratch and leveraging AI to improve operational efficiency. We will continue redesigning our organizations and roles to transform our business structure to maximize results. In terms of manufacturing, a key initiative is strengthening our factory production systems. Leveraging our integrated production system that handles the entire process from raw materials to finished products, we are continuing our efforts to reduce costs while maintaining quality by promoting automation and adopting the latest technologies. We are working to build a structure capable of generating profits even under difficult conditions by ensuring both improved productivity and stable supply. In our overseas operations, we are accelerating the opening of new stores as a key pillar of our growth strategy. Our policy is to establish a foundation that will enable future growth and to lead it to sustained store expansion.

Putting the Company on the Growth Track

I see the period from the fiscal year ended March 31, 2024 through the fiscal year ended March 31, 2026 as a time in which we prepared for our next phase of growth. The fiscal year ending March 31, 2027 will be a significant period in which we will climb the ladder of growth through reform to achieve dramatic growth. Although the environment is difficult, reliable new leaders are steadily emerging in the face of adversity. In recent years, the company has produced around ten leaders who are active on the global stage or serving as presidents of Group subsidiaries around the age of 50. Numerous elite talents from among the younger generation are also developing through our human resource development system and job rotation across a wide range of fields. My goal is to put our business back on the growth track and then hand the reins over to the next generation. Under the spirit of "customer first, profit later," we will continue to unite as a group and take on new challenges to achieve sustainable growth. The Nitori Group will continue to be a company that delivers smiles to more people around the world by providing comprehensive lifestyle solutions.

We ask for the continued support and expectations of our shareholders and all other stakeholders.

Nitori Group's History

Enrich the everyday lives of people all over the world.

This mission is the driving force behind our growth.
We will continue to grow by constantly pursuing improvement and reform.



1967 Store at founding



1993 Opened the first store in Honshu



2005 Commenced operations at NITORI FURNITURE Hanoi Factory in Vietnam



2007 Opened the first store overseas (Taiwan)



2003 Achieved 100 stores and 100 billion yen in net sales



2014 Opened the first store in mainland China



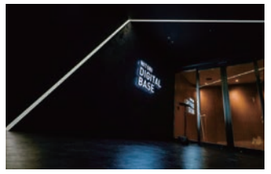
2020 Management integration with Shimachu CO., LTD.



2023 Reached 1,000 group stores worldwide



2010 Established Home Logistics Co., Ltd.



2022
Established Nitori Digital Base CO., LTD.

* The figures are based on the fiscal year ended March 31. For FY2021 and earlier, the figures are based on the fiscal year ended February 28 or 29, except for the founding year of FY1967.
* FY2022 spanned 13 months and 11 days due to a change in the fiscal year-end.
* Figures based on International Financial Reporting Standards starting in FY2025.

Our Value Creation Journey

For a Single Mission (Aspiration)

When it began in Hokkaido in 1967, NITORI was a small furniture store spanning approximately 100 m^2. However, Akio Nitori's participation in the store inspection tour in the United States in 1972 became a major turning point. Shocked by the affluence of American life, he set out on a mission to provide people in Japan with lives as rich as those in the U.S. After that, prompted by his encounter with the chain store theory, he decided to expand nationwide and formulated a 30-year Plan. Our stores, people, and products were developed in decade units in accordance with that Plan. Furthermore, Nitori declared its aim to become a "home furnishing store"—a comprehensive specialty retailer for furniture and interior goods—to enable customers to effortlessly enjoy coordinating their spaces. Designing backward from this grand goal, our stance as a company that aligns closely with our customers throughout their entire lives was forged during this era.

Business Model Evolving from Rejecting Status Quo

To enrich our customers' lifestyles, we have continuously questioned convention and generated one new possibility after another. In 1973, we started direct purchasing from manufacturers, which was an exceptional move for that time, and in the 1980s, backed by a strong yen, we began full-scale efforts in the development of overseas manufacturers and direct imports. Furthermore, we expanded our initiatives by establishing in-house operations for trade and customs services, initiating local production overseas, and bringing our logistics business in-house. All of this is the result of repeated trial and error dedicated to the single purpose of "providing high-value products at low prices." Through the accumulation of these initiatives, the Nitori Group evolved into a company with a unique business model: the Manufacturing-Logistics-IT-Retail Business. Our corporate culture—which constantly rejects the status quo for the sake of our customers and embraces challenges without fear of failure—has become an invaluable asset of the Nitori Group, nurtured through this history.

Enriched Lifestyles: Expanding from Japan to the World

Having achieved in 2003 a goal of "100 stores and 100 billion yen in sales," which had been set in its 30-year Plan, the Nitori Group began its journey toward "3 trillion yen in sales" to deliver enriched lifestyles to more customers. Since then, we have steadily expanded our customer touchpoints through the rollout of the NITORI e-commerce site "NITORI-Net" that transcended traditional brick-and-mortar stores, the introduction of the small-market "DECO HOME" format, the development of mall operations, entry into urban centers including department stores, and store openings on isolated islands with small market populations. Expanding beyond Japan, we opened our first overseas store in Taiwan in 2007. Since then, we have expanded our footprint across East Asia, centering on mainland China, and Southeast Asia, while also taking on the challenge of entering the U.S. market. In the fiscal year ended March 31, 2024, we achieved 1,000 group stores worldwide. Believing that the number of customers we serve is the key indicator of our social contribution, we are actively expanding these touchpoints both domestically and internationally.

Toward a Company That Provides Comprehensive Lifestyle Solutions

Nitori, which has grown by starting with products and services related to the home, is continuing to evolve into a company that enriches the everyday lives of our customers. We expanded our business into the clothing sector through our apparel brand "N+," and further began handling home center products through our management integration with Shimachu. Regarding home-related products, we have focused on expanding baby products and pet supplies, and from the fiscal year ended March 31, 2025, we have concentrated our efforts on developing "norm-changing home appliances," further expanding the scope of our lifestyle proposals. Additionally, we have established a framework that provides a shopping experience that integrates our physical stores, e-commerce, and app, aligning closely with our customers' lifestyles regardless of time or location. Based on our original mission at founding, our business domain has expanded to "comprehensive lifestyle proposals." Looking ahead to growth that transcends regions and national borders, we are actively taking on the challenge of entering our next growth stage.

Nitori Group's Value Creation Model

Commitments of Nitori Group

1 Offering quality products at affordable prices

2 Creating value through "Organizing" and "Styling" as a comprehensive lifestyle solutions company

3 Driving positive change for society and the environment to pass on a richer way of life to future generations

Input

Integrated Business Model
▶P09

Human Capital
Human resources capable of rejecting the status quo to achieve our mission

Social Capital
Physical store/ e-commerce operations that enhance customer convenience

Intellectual Capital
Manufacturing from the customer's perspective

Financial Capital
A solid financial foundation improved /reformed based on the Three Reality Principle

Manufacturing Capital
Factories/logistics hubs supporting stable supply

Natural Capital
Manufacturing and services considering environment/society at each stage of manufacturing, transportation, use, and after use

Business Model

Integrated Business Model



Medium- and Long-Term Strategies ▶P19-46

Seven Key Sustainability Challenges (Materiality Issues) ▶P10

Nitori Group Green Vision 2050
▶P71

Output

Product Development for "Offering the Unexpected"
- Offering quality products in affordable price ranges
- Offering products that address customers' everyday inconveniences
- Lifestyle proposals by new product development

Business Revitalization
- Expansion of business fields and customer base
- Business foundation reform through supply chain management, IT, and organizational strategies
- Improving app-centered shopping experience

Exploring growth areas and concentrating investments
- Leveraging new technologies to transform into new business models
- Accelerating global chain expansion
- Promotion of M&A and alliances to expand business fields

Resolution of Environmental/Social Issues
- Sustainability management to both resolve environmental/social issues and achieve our mission
- Shift to circular business model
- Recycling of collected products (▶P12)

Outcome



Everyday Low Price
Ensuring essential products are always available at affordable prices



Ideas for Living
Being a trusted partner to customers through products, stores, and communication



Enrich Your Life
Enabling customers to organize and style their lives in their own way



Sustainability
Leveraging our integrated business model to deliver value with environmental and social consideration

Mission (Aspiration)

Enrich the everyday lives of people all over the world.

Nitori Group's Goals

Mission (Aspiration): Enrich the everyday lives of people all over the world.

Medium- and Long-Term Key Issues

1. **Total coordination**
2. **Product development that maintains low prices despite the weakening of the yen**
3. **Expansion of labor productivity**
4. **Aiming to be a "company that provides comprehensive lifestyle solutions" that offers everything needed for daily life**

Nitori Group's Unique Value —Integrated Business Model—

The Nitori Group has established all of its functions—from product planning and manufacturing to logistics, IT, and sales—within the Group itself to achieve our mission to "Enrich the everyday lives of people all over the world." The result is a unique model of "Manufacturing-Logistics-IT-Retail Business," in which we handle every aspect ourselves. The strength of this business model lies in the ability to optimize the entire supply chain. For example, if cost increases are unavoidable due to rising raw material prices, improving loading and transport efficiency in the logistics process can absorb those costs. This allows us to provide products and services to our customers while restraining price pass-through as much as possible. The perspective of total optimization generates positive effects for our customers, our employees, the environment, and society. This perspective of total, rather than partial, optimization is part of the unique value provided by our integrated business model. It is also what allows the Group to continue "Offering the Unexpected" in products and services to our customers under the mission of "enriching the everyday lives of people all over the world."

The heart of these initiatives is always our customers. Listening to our customers and solving the everyday challenges that they face, under the spirit of "customer first, profit later"—this is the starting point of Nitori Group and its business. To continuously enrich the everyday lives of people all over the world, we will never stop taking on the challenge of value creation as a unified group focusing on customers, while continuing to evolve our unique business model.

Examples of Product Development and Services Designed for Total Optimization

Product Development Planned and Designed from Outset for Total Optimization

To meet customer requests such as "Even if the items are large, I would like to take them home and use them the same day," we've reduced our package sizes. This produces effects positive for our customers, our employees, and the environment and society.



Improved Customer Convenience

☑ **Easy to take home**

Items that were too large to take home can now be taken home the same day.

Stockouts Prevented / Store Workload Reduced

☑ **Display quantity increased**

In addition to helping prevent stockouts, this decreases the frequency of restocking and reduces the store workload.



Contributing to Reduced Transportation Costs and Environmental Impact

☑ **Loading and transport efficiency increased**

Transport efficiency has significantly improved with the increased number of products that can be loaded into a single container or truck. It also contributes to improving drivers' productivity. Furthermore, fewer containers and trucks reduce not only transport costs, but also environmental impact.



Nitori Group's Sustainability

—Aiming for a Manufacturing-Logistics-IT-Circular-Retail Business Model—

Sustainability Policies

Along the path we follow to achieve our mission, we also aim to solve the world's problems and create a better future.

To pass on enriched lifestyles to present and future generations, the Nitori Group is committed to promoting sustainability by addressing the issues of resource recycling and building a sustainable society.

We consider circularity the next piece of the "Manufacturing-Logistics-IT-Retail Business," precisely because we conduct business using limited resources. We aim for a "Manufacturing-Logistics-IT-Circular-Retail Business" model that takes responsibility for everything from raw material procurement and manufacturing to logistics, sales, and even after use. By using resources and energy as efficiently as possible and circulating their value, we will help build a sustainable society.

We will also take action for total optimization from a sustainable perspective by making the most of our unique business model and will create shared value by balancing the resolution of environmental and social issues with our corporate growth. By continuously challenging the status quo and driving forward reforms, we will faithfully address each of the world's ever-changing challenges. Together with our customers and all other stakeholders, we will strive toward a better future for the environment and society by conducting sustainability management that is unique to the Nitori Group.

Promotion System

Chaired by the Representative Director & President of Nitori Holdings, Co., Ltd., discusses general sustainability matters relating to Nitori Group as a whole

Board of Directors

Sustainability Management Promotion Committee

Chairperson: Representative Director & President

Executive Officer responsible for Sustainability Management Promotion

Sustainability Management Promotion Council

Sustainability Management Promotion Subcommittee

Secretariat

SDGs Promotion Office

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

Provides advice on the progress of initiatives and determines the direction and measures to be taken by Nitori Group

Materiality Issues

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

1. **Contributing to Prosperous Home Living by "Offering the Unexpected" Products and Services**
2. **Promoting Environmentally Friendly Business**
3. **Promoting Fair and Honest Trade and Respect for Human Rights in the Supply Chain**
4. **Ensuring Product Safety and Security through Comprehensive Quality Control**
5. **Contributing to Local Communities**
6. **Creating Rewarding Work Environments and Promoting Diversity**
7. **Effective Corporate Governance**

Nitori Group Green Vision 2050

KPI for achieving Materiality Issues ▶P71

Nitori Group's Current Status

The Nitori Group has continued to provide products and services tailored to customer needs, based on its founding concept, which has remained consistent since its founding: to bring the comfortable and enriched living of the U.S. to Japan. The Nitori Group of today is only a waypoint on its journey into tomorrow, as it looks to achieve this mission.

Revenue

912.2 billion yen

Operating income

125.5 billion yen

Number of NITORI members

Approx. 49.16 million

* Of which, approx. 25.36 million app members

Number of stores

1,069 stores



Number of annual deliveries (Group)

Approx. 5.14 million

Number of containers handled annually (Group)

Approx. 150 thousand TEU

* TEU: Unit of measure equivalent to a 20-foot container

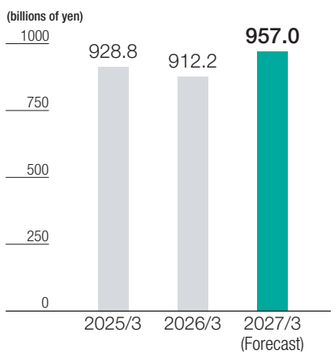
Number of employees (Group)

58,142

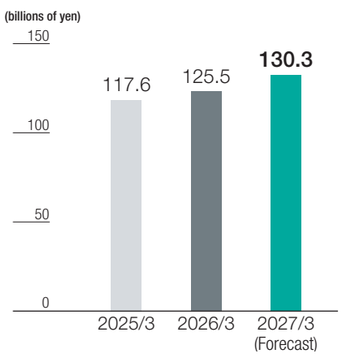
* Number of non-regular employees converted to 8-hour equivalents is 41,736 (Of these, the average annual number of non-regular employees is 22,304)

* Numeric figures are from fiscal year ended March 31, 2026

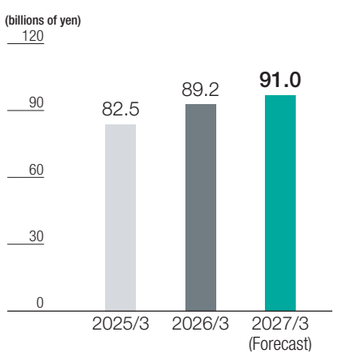
Revenue



Operating Income



Profit Attributable to Owners of Parent



Average annual hours of education per employee

* As of the fiscal year ended March 31, 2026

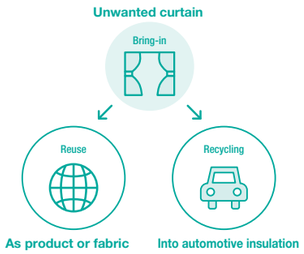
154.3 hours

Number of customers who participated in recycling collection

* Total from FY2022 to FY2025

Approx. 675 thousand

Curtain Collection



Number of participating customers

Approx. 528 thousand

Weight collected

Approx. 2,098 t

* Total from FY2022 to FY2025

Down Quilt Collection



Number of participating customers

Approx. 91 thousand

Number of quilts collected

Approx. 132 thousand

* Total from FY2022 to FY2025

Towel Collection



Number of participating customers

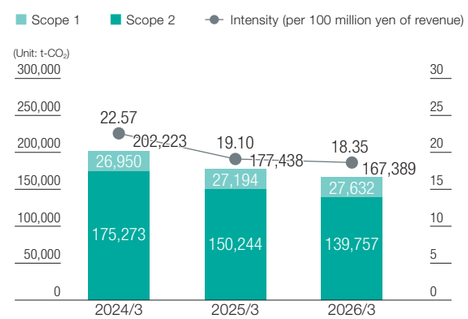
Approx. 56 thousand

Weight collected

Approx. 92.3 t

* Total from FY2023 to FY2025

Greenhouse Gas Emissions Transition (Total/Intensity)



NITORI Power Plant Annual Power Generation

* As of the fiscal year ended March 31, 2026

Approx. 11.86 million kWh

Greenhouse Gas Emissions Reduced

Equivalent to approx. 560 thousand cedar trees*

* Estimated by the company based on data from the Forestry Agency and the average conditions for cedar artificial forests

Message from the President

Even in the face of headwinds, the key to our leap forward lies within us.



Making the Right Moves Is Steadily Showing in Our Numbers

During the fiscal year ended March 31, 2026, we faced numerous adverse factors, including a decline in demand for durable goods due to rising prices. I believe the primary cause of our struggles lies in internal, rather than external, factors. While this is a harsh reality, I also see it as a source of great hope. This is because internal factors are within our ability to control. Having spent many years on the front lines as a store manager and a sales representative, I know firsthand that fluctuations in business performance are never accidental—there is always a clear reason behind them. By identifying those reasons and making the right moves, we can change our numbers. Our recent numbers are already steadily reflecting the results of the moves we have made.

Growth Potential between "Like" and "Buy"

Nitori has maintained the top position for many years in the Favorite Furniture and Home Furnishings Brand survey, which has been conducted since 2013. However, even the customers who support Nitori the most spend less than 20% of their annual spending on furniture and home furnishings with us. The remaining 80% is being spent at our competitors. Numerous lost opportunities are hidden behind factors such as items being out of stock, limited product selections, customer service quality, and delivery timing. The fact that we are failing to fully meet the expectations of even our most loyal customers, conversely, means that this is precisely where we can find the potential for massive growth. We must have the right products available exactly when customers want them. I am convinced that refining our store services to achieve this will serve as a definitive starting point for our future growth.

Translating Data into Sales Floors and Products

We have set achieving a new product proportion of approximately 30% on our sales floors as a top priority. Looking back on past product development, which often remained limited to minor modifications from a manufacturer's perspective, we failed to fully convey the appeal of our products to customers. Along with increasing the proportion of new products, we are strategically placing new items along main aisles, transforming our stores into environments where customers can always make fresh discoveries. To improve sales floor efficiency, we are also reviewing our store fixtures. As a result, it was revealed that unused space existed in the depth of our fixtures, and that over 30% of the sales floor area was not being effectively utilized. By reviewing fixture depth, we will create new display spaces and roll out new products within these areas, thereby enhancing store profitability. These results have already been proven at pilot stores, and we are currently moving forward with a nationwide rollout. To advance these initiatives efficiently, we constantly review personnel allocation between corporate headquarters and stores. We leverage AI and RPA at headquarters, while improving workflows from receiving to merchandising in stores, to steadily increase labor productivity.

Leveraging Regional Purchasing Amounts to Drive Growth

At Nitori in Japan, the average purchase amount per customer has grown significantly over the past decade, rising from approximately 3,000 yen to about 5,500 yen. This shift in the market environment suggests that new business opportunities are emerging in regions previously deemed non-viable for store openings. Within our existing store network, we can maximize the purchasing potential of each region by rebuilding into larger store formats in commercial areas where sales have increased. By leveraging the dual engines of expanding our product lineup through enhanced product development and strategic store rollouts that precisely capture market shifts, we will reliably seize these growth opportunities.

Three Core Pillars Shared across Our Overseas Strategies

Our overseas operations follow the same essential growth strategy as our domestic operations. First and foremost, we focus on improving the sales efficiency of our sales floors. In Taiwan, sales per unit of floor space have increased to approximately three times their level at the time of opening. Higher efficiency means that we can open stores in better locations, creating a virtuous cycle. The second key strategy is optimization of product costs, followed by reduction of expenses, such as logistics costs. We apply these three core strategies to each country and region to ensure steady progress. In mainland China, we completed a cycle of closing underperforming stores and are on track for profitability from 2026. In South Korea, we are growing smoothly through the rollout of small-store models. Since the impact of items being out of stock is greater overseas than in Japan, we strictly manage inventory and are accelerating improvements. Expanding customer touchpoints is another urgent priority to build a solid business foundation. By rolling out our domestic app membership framework globally and establishing a robust sales base, we will support global growth.



The Potential in Our Manufacturing-Logistics-IT-Retail Business

Our business is built upon the foundation of an integrated business model that handles everything from manufacturing and logistics to IT and retail. This is precisely why numerous opportunities for improvement lie hidden within each and every one of those connections. Above all, the hands-on talent who take charge of the work are steadily developing within our company. We are far from running out of moves to make. I am convinced that by reading market trends, utilizing data, and uniting the strengths of each individual on the front lines, a future of heretofore unseen massive growth lies ahead of us. Holding our mission close to our hearts, the Nitori Group will continue to carve out its own future to further enrich our customers' lifestyles.

Domestic Strategy

Transforming our business through the synergy of products, sales floors, and communication



Hiroshi Nagai
Director, Senior Managing Director of NITORI Co., Ltd.

Strengths of Nitori's Domestic Operations and Our Initiatives for Future Growth

The greatest strength of Nitori's domestic operations lies in our ability to coordinate multiple business functions and deploy them as a unified whole. Our network of over 800 stores nationwide, e-commerce, renovation services, and the Contact Center complement one another and are organically connected via the Nitori app—the closest touchpoint to our customers. This system, which allows each of our over 25 million app members to access our entire network of stores, products, and services, is a critical management resource that underpins Nitori's domestic operations and drives its unique competitive advantage. On the other hand, it has also become clear that there is room for improvement to translate these strengths into definitive results. As specific initiatives, we will transform our domestic operations through three key dimensions: products, sales floors, and communication.

Transforming Our Products

Since the second half of fiscal 2025, we have radically reformed our product development organization, making the development of new products our highest priority. My primary focus is to clarify the fundamental premise: what to make, at what price, and for whom. Rather than making development an end in itself, we design our products backward from the final destination—how they will look and communicate on our sales floors, and ultimately, why customers will choose them. As a foundation for this approach, we fully utilize our entire store, product, and service network to capture actual customer feedback. For instance, our tension curtain rail, which can be installed without drilling holes, has been highly praised by customers as a worry-free solution for rental housing. Beyond its traditional use as a curtain rail, we propose alternative ways to use it as a room divider to improve heating and cooling efficiency or block visibility. Moving forward, we will thoroughly implement designs from the development stage that not only solve our customers' everyday challenges but also enable new lifestyle proposals aligned with the changing times.

Transforming Our Sales Floors

As our products undergo transformation, our sales floors must evolve as well. Our goal is to create sales floors that make it easy to shop, easy to choose, and easy to enjoy for our customers. By updating our layout so that new and seasonal products naturally catch our customers' eyes, we will evolve our sales floors into environments where they can make fresh discoveries with every visit. Additionally, we will leverage NITORI-Net to present the Group's full product lineup clearly to drive the creation of a marketplace integrated with our brick-and-mortar stores nationwide. At shopping centers popular with families, we will expand our selection of kids and baby products as well as seasonal items like Christmas goods, continuing to build sales floors that attract our customers.

Transforming Communication

We are also enhancing our dissemination of information to ensure customers can select our products with confidence and clarity. As part of these efforts, we held Nitori's first-ever new product exhibition in the fiscal year ended March 31, 2026, to showcase the achievements of our product development. The exhibition featured over 300 new products, ranging from heat pump drum-type washer-dryers priced under 150,000 yen to affordable dining sets and next-generation mattresses designed for those starting a new stage of life. By expanding our customer touchpoints and incorporating their feedback into our future product development, we aim to remain their preferred choice over the long term.

Through these initiatives, we will enhance the value creation capabilities of Nitori's domestic operations and drive sustainable growth.

I hope you will look forward to our future growth.

Business Centered on Customers

Review

Product Development

Questionnaire

Affordability + Ideal Product Mix

Reflect customer feedback received through stores, the app, the e-commerce platform, or the Contact Center

Customer feedback

Customer feedback

ニトリ

Strengthen our lifestyle proposal capabilities by adding home appliances to furniture and interiors

- The largest selection in limited floor space
  Store layouts tailored to each SC and region / High-rise furniture displays
- Product lineup expanded to enable store openings in small commercial areas
- Making sales floors easy to shop in, easy to choose from, and easy to enjoy that draw customers' attention to seasonal items and new products where they know the prices of everything and where everything is located

Coexist and mutually complement

DECO HOME

Toward close-by stores realizing women's cute and fun things

- Actively opening stores near train stations and in SCs, as stores customers can visit every day
- Build a brand that can be used together with NITORI by offering a lineup more affordable than NITORI's and increasing the original product ratio
- Information dissemination by the official Instagram staff account

Support system that maximizes customer satisfaction

Seamless integration to expand purchasing options

Mutual customer referrals for enhanced shopping convenience

Contact Center

Cross-divisional Contact Center that always fulfills customers' needs anytime, anywhere

- Remote customer service
  ➔Operator
  ➔Store staff
  ➔Specialized staff for cases requiring higher-level knowledge
- Coordination with NITORI-Net
  ex. Renovation and interior consultation
- Equal service whether at or away from home, or at any store

Support system that maximizes customer satisfaction

App / e-commerce

Can choose from the largest selection with easy access To the shopping homepage

- Personalized information provision
- Approx. 25.36 million app members (DECO HOME app released in Jan 2026)
- Environment where customers can choose how they shop
- Offering the largest product lineup
  Marketplace / online-exclusive items (strengthening affordable items) / regularly handled items / products for corporate customers / Nitori Group company products (DECO HOME, Shimachu, N+)

Consulting desk expanded with collaboration level deepened

Toward a structure focused on customized products with the largest e-commerce selection

NITORI BUSINESS

NITORI REFORM

Corporate Sales

- Online sales of generic products
- Flagship store opened in Meguro

Renovation

- Sales of modular kitchens strengthened
- Framework for confident customer selection

Overseas Strategy

Mainland China and Hong Kong

Establishing a Profit Model to Drive Business Expansion



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

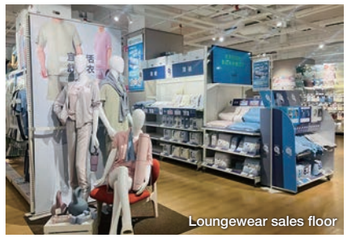
Currently, mainland China is experiencing a harsh economic environment, characterized by a consumption slump triggered by the real estate downturn. By constructing a framework that ensures profitability, we are pushing forward with building a foundation capable of growth under any environment. We view this crisis as an opportunity and a perfect opening for structural transformation.

To improve profitability, we completed the closure and replacement of non-viable stores by the end of December 2025. For new store openings, we reviewed store floor space; from the perspectives of the current economic environment and efficiency, we have designated 660 to 990 m^2 as the appropriate size. From a logistics efficiency standpoint, we will concentrate our stores in areas near core logistics centers, simultaneously securing operating income and expanding the number of store openings.

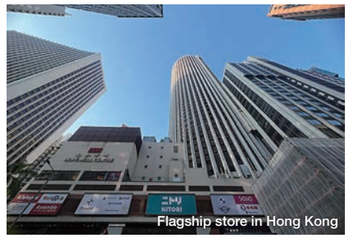
In the residential transaction market, which is deeply connected to our business, ready-to-move-in and pre-owned property transactions are drawing more attention than presales of new homes. As a result, custom-made furniture has delivered exceptionally strong performance. In addition, unique Nitori categories developed to meet customer demand, such as loungewear and pet supplies, continue to perform well. Utilizing profits from these successful categories as capital, we will further nurture new product varieties and advance proposals aligned with local cultures and events to further enrich our customers' lifestyles with joy.

In Hong Kong, we opened our flagship store in December 2024 and have successfully achieved steady improvements in profitability.

Based on the fundamentals of store creation, enhanced product selection, and human resource development, we will continue to pursue value creation that enriches our customers' lives.


Loungewear sales floor


Chinese New Year sales floor


Flagship store in Hong Kong

Taiwan

Evolution of Our Taiwan Operations through the Pursuit of Japanese Quality



Izuru Ozawa
President and General Manager of Nitori Taiwan

Through steady growth, our network has expanded to over 70 stores, and our workforce has grown to more than 1,000 employees. Currently, store operations are fully managed by local national staff, from Store Managers down, establishing a community-based management structure. Despite operating a compact store format with an average area of 990 m^2 or less, we have achieved a sales mix of furniture and home fashion equivalent to the level in Japan. We have successfully established a store model capable of selling furniture even within a small footprint. Armed with this small-format store opening expertise and a low-cost operating model, we will accelerate the opening of DECO HOME stores moving forward to drive further expansion of our store network.

We are also focusing on expanding our app membership and increasing the frequency of store visits through point programs. Along with the expansion of the number of our stores, the number of app members has reached 1.65 million*. E-commerce sales are also expanding smoothly, with our e-commerce ratio exceeding 12%*.

Human resource development is indispensable for sustainable growth. To embody Japanese quality in our products and services, we are strengthening our inner branding. We are also focusing on nurturing management talent starting from stores, expanding our organizational structure by promoting job rotation and increasing the number of training instructors.

Backed by this solid store foundation and the strength of our personnel, we will continue to further enrich the lifestyles of the people in Taiwan.

* As of December 31, 2025



Small store furniture sales floor



First overseas store DECO HOME


Training scene

ASEAN & India

Year to Boost Recognition and Productivity



Masatoshi Sano
Executive Officer, General Manager of NITORI RETAIL ASEAN & INDIA

In our ASEAN operations, we are accelerating community-based store openings, kicked off by our flagship store launches in Vietnam and Singapore. We position maximizing sales and reinforcing our profitability structure as the cornerstones of our business growth. To maximize sales, we select product assortments tailored to regional characteristics and needs, while driving the creation of sales floors that effectively communicate seasonality and product functionality. Aiming for "sales floors where customers can always buy what they want when they want it," we are working to improve ordering and inventory accuracy. In reinforcing our profitability structure, we aim to increase gross profit by sourcing directly from production sites, while optimizing our product supply framework. By reducing logistics costs and shortening lead times, we will simultaneously achieve higher profit margins and stable supply.

As a key mid-to-long-term theme for the ASEAN and India operations, we are focusing on expanding brand recognition. We are actively deploying initiatives to create store visit opportunities, including disseminating information and acquiring followers through social media, integrating promotional activities with commercial facilities, and collaborating with Japanese companies.

Additionally, we will gradually expand our membership system, scheduled for introduction in Malaysia in the fiscal year ending March 31, 2027, to other countries and regions to deepen customer engagement. We will continue to accelerate our global expansion and push forward with lifestyle proposals tailored to each country and region.


Furniture-focused sales floor


Entrance sales floor



Promotional materials for NITORI SURIA KLCC (Malaysia)

South Korea

Pursuing Store Experiences Aligned with Local Needs



Keigo Onuki
Executive Officer

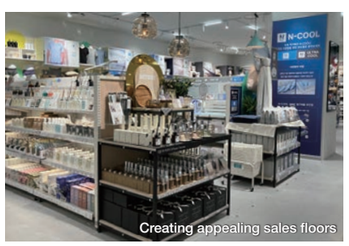
In our South Korean operations, we have reviewed our store floor space, shifting from our conventional 2,310 m^2 format to a more optimal size, while pushing forward with sales floor reforms aimed at maximizing brand value. Currently, we operate with an optimal store format of 495 to 825 m^2, focusing primarily on home fashion. Moving forward, centered on three formats of 330, 495, and 660 m^2, we will establish small-store prototypes suited to department stores and malls.

In the South Korean market environment where e-commerce has the lead over traditional brick-and-mortar stores, we have reviewed our store presentations to maximize the physical store's role, creating sales floors that intuitively convey product functions and features. We operate our stores from a local perspective, utilizing shelf-space allocation based on local market research and creating sales floors tailored to the seasons. As a result of these efforts, new possibilities are opening up, including receiving store opening invitations from South Korea's leading commercial facilities. Moving forward, we will accelerate store openings in the Seoul Metropolitan Area, where half of the country's population is concentrated, and focus on raising brand awareness.

To improve profitability, we will also radically review our product procurement structure. To reduce customs duties and storage costs, we will increase the ratio of direct sourcing from production sites, thereby enhancing gross profit. By balancing store experiences aligned with market needs with an efficient supply chain, we will build a foundation for continuous growth.



Mia store entrance



Creating appealing sales floors



Creating appealing sales floors

Product Development

Materiality Issues ❶❷❸❹



Strength

We develop private brand (PB) products that combine customer-satisfying quality with affordable prices by incorporating the entire supply chain into the design, all the way back to raw material procurement. Given that we are in the retail industry, we have the advantage of points of contact with customers that we can leverage to address customers' "discontent, dissatisfaction, and inconvenience" in products that we design and sell ourselves. Our thinking, unconstrained by conventional market assumptions, and our commitment to striking the right balance between practicality and price have produced a wide range of hit products.

Initiatives for Medium- and Long-Term Strategies

In order to continue providing the products customers want, we have made new product development our highest priority. Guided by the principles of affordability and the ideal product mix, we are aiming to increase the proportion of new products on sales floors from 14% in the previous fiscal year to approximately 40% during the fiscal year ending March 31, 2027. Greater productivity resulting from an overhaul of our business processes has shortened development lead times from around six months to as little as three months. We are also transforming our sales floors to place products center stage and clearly communicate their benefits and how they can be used. Through these initiatives, we are establishing the frameworks needed to create new products and develop attractive sales floors while strengthening profitability.

TOPICS Nitori's First-Ever Exhibition for New Products

In one of our flagship initiatives for acceleration of product development, Nitori held our first-ever new product exhibition in November 2025. A second exhibition was held in February 2026, bringing together approximately 300 select items from some 3,500 new spring and summer products across a broad range of categories to showcase the latest fruits of our development efforts. These exhibitions give a wide range of stakeholders a tangible sense of the rich lifestyles that Nitori seeks to support by presenting products designed to incorporate customer feedback and highlighting new initiatives. We will continue to hold these exhibitions regularly in order to drive the further evolution of our products.



Story Hit Products Development Story



Luxury LS1 Single
99,990 yen (incl. tax)

Nitori's flagship model for comfortable sleep

N-Sleep Mattress

Luxury Series

N-Sleep Mattresses are Nitori-developed original products created in pursuit of an "ideal night's sleep." The mattress's pocket coils conform to the contours of the body, providing excellent pressure distribution during sleep. This series has become popular with customers and won a large following for reducing strain on the body and supporting restful sleep. In January 2025, we launched the Luxury Series, our flagship model developed with fatigue recovery in mind. Cumulative sales have since reached 270,000 units*. An alternating pocket-coil arrangement in both the upper and lower layers enhances durability, with the aim of creating mattresses that customers can enjoy for years to come. We have also paid meticulous attention to every detail to create a truly comfortable sleep environment, including antibacterial, deodorizing, and dust-mite-resistant treatments.

* As of March 31, 2026



Nano Moisture-Ion Hair Care Dryer (NL701)
14,900 yen (incl. tax)

For smooth, shiny hair

Hair Care Dryer

Consumer needs for hair dryers are shifting from simply "drying hair" to "caring for hair." High-performance hair dryers with hair-care features such as quick-drying, enhanced shine, and improved manageability are creating a buzz in the market. Responding to these changing needs, we jointly developed the High-Concentration Negative Ion Hair Care Dryer NY281 with EDION Corporation and launched it in March 2025 for 9,990 yen (including tax). By the end of the fiscal year ended March 31, 2026, sales had reached approximately eight times our plan target, reflecting an enthusiastic customer response. In November 2025, we also launched the Nano Moisture-Ion Hair Care Dryer (NL701), which aims to enhance the hair's ability to retain moisture. We will continue developing products with even better hair-care performance to make high-performance hair dryers more accessible than ever.



1,490 yen (incl. tax) and up

Fatigue recovery apparel

Nitori Recovery Wear N-Miraku (general medical device*)

As health consciousness grows throughout society, greater importance is being placed on "sleep quality" and "fatigue recovery." Recovery wear has become increasingly popular for its convenience: simply wearing it, without having to set aside any special time for recovery, is expected to support fatigue recovery and relieve muscle stiffness. Nitori developed the material from the yarn up, achieving an affordable price point for the product launch in January 2026.

The proprietary graphene-derived material provides the circulation-promoting effect of far-infrared radiation while also offering antistatic and antibacterial, odor-resistant properties. The lineup includes a cotton-blend fabric recommended for loungewear and a stretch, moisture-wicking, quick-drying fabric ideal for innerwear, both designed for comfortable wear directly against the skin. We aim to further expand the lineup to include seasonal products in the future.

* Generic name: Home-use far-infrared circulation-promoting garment; Notification No.: 27B2X00365000007 (N-Miraku) and 27B2X00365000008 (N-Miraku DRY)

* Purchases made in, or deliveries to, certain remote islands are subject to additional fees

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.

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 (in Japanese only)
*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

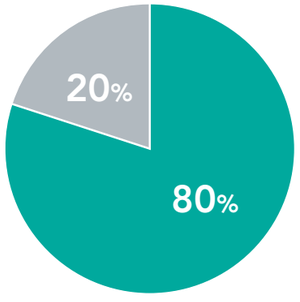
Subject of Research

Among the suppliers of the Nitori Group's private brand 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.

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.

▼ 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

Evaluation Criteria and Results

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

Level	Condition	FY ended March 31, 2025	FY ended March 31, 2026
Level A	Environmentally and socially responsible timber in addition to traceability	90.6%	91.7%
Level B	Timber with traceability ensured	6.2%	7.1%
Level C	Timber with insufficient traceability	3.2%	1.2%

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

Initiatives to Establish a Timber Due Diligence Framework

This fiscal year, we conducted a pilot audit in cooperation with overseas suppliers. To ensure appropriate risk management across the supply chain, we are working to establish a timber due diligence framework.

Product Development Trialogue

Creating Unrivaled Nitori Value. Envisioning the Future through Product Development.

We are getting back to our roots focusing on product development aimed at "Offering the Unexpected" value to realize our mission of "Enriching the everyday lives of people all over the world."



Shuichi Aizawa
Senior Executive Officer, Merchandising Manager of Furniture Product Development Division

Joined Nitori in 1989.
After serving as President and General Manager of Nitori Taiwan, General Manager of the Merchandising Division of NITORI China Holdings Co., Ltd., and Furniture Merchandiser at Nitori Taicang Trading & Logistics Co., Ltd. (NTL), he assumed his current position in August 2025.

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Tetsuya Okuda
Executive Officer, General Manager of Home Appliances Division

Joined Nitori in 2022 as Home Appliances Group Merchandising Manager. He has held his current position since February 2025.

×

Hiroki Murabayashi
Senior Executive Officer, General Manager of Product Development and Research Division

Joined Nitori in 1992.
After serving as Store Manager and Manager of the Merchandiser Group in the Global Merchandising Division, he assumed his current position in March 2025.

KEY POINTS Highlights of the Special Feature

- ☑ **Transitioning to an agile development framework that rapidly responds to market needs**
- ☑ **Improving the supply chain to achieve both price competitiveness and high quality**
- ☑ **Further enriching our proposed lifestyle and transforming sales floors into experience-based spaces that integrate physical stores and e-commerce**

Product Development Trialogue

What is the current state of product development?



Osaka Headquarters: Mock Home - Living Room

Aizawa: In order to give our customers compelling products, we have increased the number of merchandisers assigned to both furniture and home fashion and expanded the number of products we develop. This increase in personnel also enabled us to work with new suppliers* that we had not previously engaged, leading to the development of products at even lower prices. In addition, organizational changes have transferred approval authority to the Merchandising Managers for individual categories, accelerating decision-making. Development lead times, which previously took around six months, have been reduced to as little as three months, allowing us to respond quickly to changing market needs.

* Collective term for manufacturers, factories, and similar organizations

Okuda: In the home appliance business, we have focused on developing large appliances such as drum-type washer-dryers as "norm-changing" home appliances, primarily targeting families. Engineers from a variety of home appliance manufacturers have joined us, and we now have a team of approximately 80 appliance developers. I, too, came from a home appliance manufacturer. A key difference at Nitori is our ability to gain a clear understanding of the entire process, from manufacturing through to delivery to customers. We also actively leverage this strength to conduct product performance evaluations and analyze issues that arise in the market.

Murabayashi: At the Product Development and Research Division, which I oversee, we research and validate new functions and materials before they exist, developing products for the future two to three years from now. In recent years, advances in the internet and digital technologies have made information on the latest trends, technologies, materials, and manufacturing methods readily accessible in product development. At the same time, because competitors can access this information as well, even distinctive products are often imitated within a short period. To offer products that other companies cannot replicate, we believe it is essential for our development to harness new technologies and materials. That is why we established this division in March 2025.

What sorts of initiatives are currently a focus for you?



Compressed-package bed frames and mattresses

Aizawa: The policy shared across all categories is to achieve both "affordability" and "the ideal product mix." The latter is a pricing policy that seeks to restore price points to their pre-yen-depreciation levels. Accordingly, we have changed our development process: rather than beginning with the need to meet demanding quality standards, it now starts with identifying lower-cost suppliers. We are applying the expertise we have accumulated in supplier development to support their growth, while working with them to ensure appropriate quality standards.

Okuda: In home appliances, quality is our foremost priority. As we have continued the development of large home appliances, we have also strengthened our framework for accepting repair requests. With support from relevant departments, including the Product Quality Control & Improvement Office and Customer Service Office, we are developing AI tools for customer support relating to repairs, inspections, and other matters. These tools enable every store employee to gather information from customers and make recommendations with the same level of expertise as a skilled engineer. This allows repairs to be handled smoothly while also reducing quality-related costs.
Going forward, in addition to large home appliances, we will strengthen the development of small home appliances to drive customer traffic. In particular, we will expand our lineup of high-volume digital gadgets for smartphones and lighting products, which are essential to room coordination.

Murabayashi: Our current product development process is characterized by a return to fundamentals in every area, from reducing logistics costs to reviewing raw materials, while maintaining quality. As a logistics cost reduction measure, we are revisiting furniture designs and reducing package size, significantly improving loading efficiency during transportation. In March 2026, we launched compressed-package bed frames. This design is possible because we own and operate nationwide store and logistics networks and manage the process consistently through to delivery. Customers have responded favorably to being able to take the products home and use them the same day, as well as the convenience of avoiding the need for a delivery.
Going forward, we will continue to position compactness and lightweight design as core pillars of product development.

Aizawa: Going forward, we will transform storage furniture such as chests of drawers and wardrobes into products that are simple to assemble. We will offer products that combine functionality and enjoyment by achieving both greater logistics efficiency through more compact packaging and greater flexibility for customization. Specifically, by selling doors, drawers, and other parts separately for a small number of base frames, we can provide a wide range of configurations while keeping the number of core product types limited. We want to support our customers' lifestyles with furniture that can be reconfigured to suit their changing needs. As we expand globally, we are focusing on product assortments tailored to the lifestyles of each country and region, optimizing sizes, materials, and designs for them. In Taiwan, product development tailored to local needs has delivered strong results.

Murabayashi: Looking ahead to global expansion, we aim to build a global competitive advantage through "language-independent design": products that can be assembled without instructions. With respect to materials, we also visit trade shows in other industries and explore the commercialization potential of new materials through dialogue with suppliers. Rather than being constrained by these materials' existing applications, we consider how Nitori could make better use of them. Suppliers may initially respond skeptically, but we value direct communication so that we can explain our ideas thoroughly and move discussions toward joint consideration.

Product Development Trialogue

New products to be excited about



Osaka Headquarters: Home Appliance Laboratory



Exhibition in Shanghai



Home appliances sales floor



Furniture and home appliance model layouts

Aizawa: We are strengthening coordination proposals that span categories, not just furniture. With key furniture products at the center, we will create coordinated in-store displays that combine home appliances and home fashion products. This, in turn, will help establish core products that remain in the lineup, enabling us to make a variety of style proposals centered on them. We also use AI in planning and making coordination proposals. Furthermore, we are concurrently developing lighting, rugs, and interior accessories with a focus on popular natural, modern, and simple styles.

Okuda: Nitori's strengths lie in the "ease of shopping" created by a carefully curated product assortment and in the "customer service" provided consistently nationwide. An environment in which anyone can shop with confidence, without having to navigate complex comparisons, is an important foundation for deepening customer trust. By incorporating home appliances into our coordination proposals, we can offer complete solutions that allow customers to find all the essentials for daily living in one place. We are currently using an IoT smart-home system to link home appliances with one another and with motorized furniture, aiming to make everyday life more convenient. In 2025, we launched a smart-home app that can be used to control multiple home appliances from a smartphone, as well as a smart remote control. A sensor bed co-developed by MinebeaMitsumi Inc. and Nitori can also be operated through this app. The bed's sensors can also be linked with other appliances, including lighting and air conditioners.
In the future, we will work to integrate IoT and robotics technologies into all types of furniture, including tables and closets. By leveraging technology, we will better fit our solutions to our customers' everyday lives and create new living experiences that meet individual needs.

Murabayashi: Now that customer purchasing behavior is changing and we are seeing more e-commerce purchases, we must strengthen the value we provide by combining physical stores and e-commerce. In contrast to online retailers offering next-day delivery, Nitori aims to create an environment where customers can find everything they need in one place through the seamless integration of brick-and-mortar stores and e-commerce. We will continue to focus on the convenience of having a brick-and-mortar store close to home, while also growing the role of stores from merely being places to shop into places where customers can seek advice. Our entry into the home appliance business has already broadened the scope of advice we can provide at Nitori.
As a company that manufactures and sells products, we believe we have a responsibility to consider what happens "after use." Alongside helping customers overcome issues they face when it comes time to dispose of a product, we are also promoting recycling collection initiatives to conserve limited resource materials. The down quilts we collect nationwide are carefully cleaned and sorted, with the recovered down used to make new down products. Going forward, we will further advance efforts to establish environmentally conscious circular systems from the product-development stage.



Model product layout centered on key products

Product Development Trialogue

What are Nitori's future product development aims?

Aizawa: To fulfill our mission to "Enrich the everyday lives of people all over the world," we will both deliver attractive products with "Offering the Unexpected" value and strengthen our coordination proposals to create sales floors that excite customers. To do so, it is essential to develop the young talent that will take control of the future of the company. While we use AI to improve the efficiency of routine tasks, we believe that fostering creativity in product development requires a hands-on, on-site approach: visiting factories and manufacturers and gaining a firsthand understanding of materials and processes. New ideas emerge through exposure to excellent products and the opportunity to exchange opinions. To provide this experience, we place importance on encouraging young employees to visit as many work sites as possible.

Okuda: We also place great importance on enabling customers to touch and try products in the home appliance business. To create products from the customer's perspective, it is important not only to use our own products but also to try those of other companies and gain firsthand experience with the functions and performance that our products may lack. Nitori's unique strength lies in its ability to develop products fitted to our customers' needs through our Manufacturing-Logistics-IT-Retail Business model. Unconstrained by conventional assumptions, we will continue creating products that enrich everyday lives.

Murabayashi: The foremost theme for the Product Development and Research Division is to develop one-of-a-kind products that are uniquely Nitori. In addition to products that resolve customers' "discontent, dissatisfaction, and inconvenience," we will place even greater emphasis on environmentally conscious products and take responsibility from the "manufacturing" stage through to "after use." The essential premise is that we continue to have "Offering the Unexpected" value. Building on that foundation, we will consider product disassembly, collection, and recycling, while advancing sustainable manufacturing that contributes to the SDGs and systems for resource circulation. Through these efforts, we aim to achieve environmentally responsible corporate growth.

All: Please continue to look forward to great things from Nitori Group product development in the future.



Coordination

Materiality Issues 1



Strength

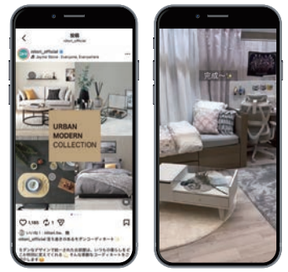
Guided by the philosophy of "Interior Design for Every Home," the Group as a whole seeks to offer product assortments with harmonized colors, materials, and styles. A distinctive feature of Nitori is its product system, designed across category boundaries so that customers can simply combine items according to their preferences and naturally create coordinated spaces. We create sales floors that lead to the fun of discovering new interior designs, enabling even customers who feel uncertain about styling a room to easily create an attractive space. Coordination has been a foundation of the lifestyle proposals we have valued since our founding.

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. By providing a varied selection at affordable price levels, we will offer groups of products that customers can easily choose together. In addition, a dedicated interior design coordination department will strengthen its role as a starting point for product development by conveying gaps in product types and desired design directions to product development divisions. Beyond furniture and interior products, we are developing products whose colors and materials match naturally with one another in the home appliances category as well. We are strengthening our structure for making interior design proposals that encompass customers' entire lifestyles.

TOPICS Lifestyle Proposals Leveraging Digital Platforms

To help customers achieve their ideal lifestyles, we are focusing on sharing interior design and coordination knowledge and communicating its appeal. Built around the concept that "anyone can enjoy interior design with ease," NITORI Live explains everything from the basics of interior design to storage techniques in an accessible way. Through viewer-participation initiatives such as polls and posts, we foster two-way communication and create an environment in which even people trying interior design for the first time can enjoy it with ease. We are also increasing social-media posts that introduce recommended designs for displays featured in our stores. By better communicating the appeal of interior design, we will help to achieve the enriched lifestyles that Nitori seeks to deliver.



Manufacturing

Materiality Issues ❶❷❸❹❺❻



Strength

Nitori Group's manufacturing business is rooted in an in-house approach that has been carried out since its founding. Since beginning as a furniture store in Hokkaido, we have designed and managed the entire process ourselves, from product planning and raw material procurement through to sales, to provide valuable products at affordable prices. A key initiative for this on our end has been the development of a manufacturing system in which we own our factories and handle the entire process, from planning and development to manufacturing and quality control. This enables us to make rapid, ongoing improvements, optimize quality and costs, and reflect those results in our prices. Manufacturing underpins the value creation generated by the Nitori Group's unique Manufacturing-Logistics-IT-Retail Business model.

Initiatives for Medium- and Long-Term Strategies

Through production automation using the latest technologies and a review of raw materials, NITORI FURNITURE achieved cost improvements of approximately 1 billion yen in the fiscal year ended March 31, 2025 and approximately 2 billion yen in the fiscal year ended March 31, 2026. We will reflect these savings in our prices and establish a mechanism that enables continuous price reductions. To support further global expansion, we are strengthening and expanding the capabilities of our production sites and further bolstering stable supply to NITORI stores and e-commerce channels. As production capacity grows, we have also launched an external sales business for companies outside the Nitori Group. Together with employees working at our overseas bases, we will promote sustainable manufacturing through the effective use of resources, environmental consideration, and contributions to local communities.

NITORI FURNITURE Hanoi Factory

The Hanoi Factory is a core facility that manufactures Nitori's flagship furniture items. It produces a broad range of key products, including storage furniture such as bed frames, wardrobes, and chests; the "Ligare" kitchen cabinets, which come in over 20,000 possible combinations; and TV tables. The factory also develops new furniture products and manages the process from raw material procurement through to production. It is accelerating automation efforts, introducing new robots to its production lines.



Solar power generation at Hanoi Factory



Hanoi Factory (storage furniture manufacturing)

NITORI FURNITURE Ho Chi Minh Factory

The Ho Chi Minh Factory is a large-scale manufacturing facility that handles multiple product categories at a single site. On a site that is approximately 400,000 m², it has three manufacturing buildings for curtains, mattresses and bedding, and dining furniture, producing approximately 7.09 million sets* annually. The curtain manufacturing building handles every process in-house, from yarn procurement through weaving, knitting, dyeing, and sewing. The mattress and bedding and dining furniture manufacturing buildings produce more than 50 popular series, including the "Easy to Sort Mattress" series, the "N-Cool" series, and the "N Collection" series. Manufacturing multiple products at the same facility enables cross-departmental product development and improved transportation efficiency while maintaining consistent quality.

* Results for the fiscal year ended March 31, 2026



Ho Chi Minh Factory office exterior



Ho Chi Minh Factory (curtain manufacturing and sewing)

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

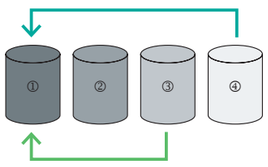
Reuse of Washing Water

Alkaline treatment is applied to wash water generated during the curtain-cleaning process to dissolve impurities. The water is then reused in the washing process, reducing the total amount of water used.

We have also introduced a heat-exchange system. By recovering and reusing waste heat from wash water, it also contributes to reducing gas consumption.

After four washing cycles, the product is dyed.

The fourth wash cycle's wastewater is treated with alkali and reused in the first wash cycle.



Waste heat recovered from the third wash cycle is utilized in the first wash cycle.



Reuse of Dyeing Water

Water from the curtain-dyeing process is passed through dedicated filters to remove oils and chemicals, then carefully filtered. Reusing approximately 60% of the wastewater generated each day reduces total water consumption.

By adding more filtration equipment, we expect to be able to reuse approximately 80% to 90% of wastewater in the future.





Filtration equipment used in wastewater treatment.

NITORI FURNITURE Hanoi Factory No. 2

Hanoi Factory No. 2 is a new manufacturing facility that became operational in June 2025 in anticipation of future demand growth. Production of mattresses and sofas formerly handled by the Hanoi Factory has been transferred to this facility. To enhance production efficiency and strengthen our supply system, we plan to expand production facilities in stages based on expected future production volumes and product types. We have also introduced machinery and systems capable of producing at approximately three times the previous speed, establishing a system that enables stable production with fewer personnel.



Hanoi Factory No. 2

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 3.9 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 shorter lead times.

* Fiscal year ended March 31, 2026


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 integrated recycling process, from the use of PET bottles and other recycled materials as raw materials to the manufacturing and sale of products. Materials equivalent to almost 57 million PET bottles* (500 ml each) 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 items 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 one 500 ml PET bottle weighing approx. 22.4 g.


Siam Nitori (carpet manufacturing)

TOPICS Manufacturing Mats from Fabric Offcuts

At Siam Nitori, fabric offcuts generated at its factories are processed into floor mats. By selling these mats both through its own channels and to other companies, Siam Nitori sold more than 480,000 units in the fiscal year ended March 31, 2026, helping to reduce waste.



Employees Overseas

Nitori Group employees who work at stores, offices, and its own factories overseas totaled 13,717 in the fiscal year ended March 31, 2026. Many of these employees, working at Nitori Group's overseas bases, 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.

At our overseas factories, we continuously work to improve quality, strengthen technical capabilities, and develop human resources in order to develop and manufacture products loved by customers. Employees actively address environmental and social issues by voluntarily proposing approaches to solve them, repeatedly driving improvements and reforms through their own initiatives. Toward global expansion, Nitori Group will continue to work together as one group and take on new challenges.



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.

Evaluation Audits of Potential New Suppliers

In order to deliver safe and secure products to customers, the Nitori Group conducts evaluation audits of 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 the fiscal year ended March 31, 2026.

* ● Compressed package products
● Environmentally considerate design, 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 FY2025, 447 suppliers were audited.

▶P76: Status of Evaluation of Existing Overseas Suppliers

Supplier Interview



This overseas supplier manufactures lighting products and other home appliances. It began doing business with the Nitori Group around 2014. Guided by a philosophy that places safety and quality above all else, it delivers consistent quality through rigorous management systems. The company also focuses on improving working conditions and employee benefits and on developing human resources, thereby advancing sustainable manufacturing.

Q Has your company grown in some way through your relationship with the Nitori Group?

A Our collaboration with the Nitori Group has been a major driver of our growth. Compared with the early days of our business relationship, our sales have increased approximately 80-fold, becoming a powerful engine of business growth. Our collaboration with the Nitori Group is also recognized as a mark of trust not only in the Japanese market but also in European and U.S. markets, helping us build relationships with new customers. Moreover, our growth extends beyond business performance. Through the supplier conferences and quality audits held annually by the Nitori Group, we have learned about its high quality standards and approach to continuous improvement, substantially enhancing our quality-management systems. We see the Nitori Group not merely as a customer, but as an important partner that learns with us and supports our growth.

Q Have you participated in the Nitori Group's study sessions or trainings?

A Our quality-management systems have evolved significantly through our work with the Nitori Group. For example, many of the practices that now form the foundation of our quality management were introduced following guidance from the Nitori Group, including standard-quantity control of auxiliary materials such as instruction manuals and labels, and serial-number management of blades and jigs. We have also participated in NWC (▶P48). Companies with highly advanced practices also took part, giving us the opportunity to learn from exemplary factory-improvement initiatives and quality-management methods. Much of what we learned could be put into practice on the factory floor immediately. Rather than a series of incremental improvements, our quality improvement felt like a major leap ahead. As a result, our defect rate has continued to decline, and we are now able to maintain a very high level of quality.

Q What characteristics do you find distinctive about the Nitori Group?

A What stands out most is its approach to quality management. While many companies focus primarily on inspecting finished products, the Nitori Group remains involved throughout the manufacturing process, from product development through product evaluation. For example, its technical evaluation system for new product development is highly rigorous and comprehensive. It clarifies areas for improvement not only in product specifications but also in manufacturing processes, providing an important learning opportunity for us as well. Nitori's quality team does more than simply communicate requirements. At the start of our business relationship, we were concerned that improving quality would increase costs. However, the team has consistently considered from the factory's perspective, proposing ways to eliminate unnecessary processes and improve production efficiency. We are truly grateful for this support. The local staff at NTL* have also been extremely helpful. They effectively bridge gaps in understanding arising from cultural differences with Japan, resolve questions and uncertainties, eliminate ambiguity in communications, and enable smooth collaboration. NTL's local staff play an invaluable role in helping us create better products.

* NTL is Nitori Taicang Trading & Logistics Co., Ltd., a Group company that performs trading and logistics functions. Its local staff works with Japanese merchandisers to support product development.

Q What value creation do you aim for with the Nitori Group?

A Together with the Nitori Group, we aim to consider customer issues from the customer's perspective, and to develop products that enrich everyday life through styling at affordable prices. In response to requests from the Nitori Group, we will further promote the use of environmentally friendly materials in packaging and strengthen our environmental initiatives, including improved energy efficiency and automation of production processes. By taking on a wide range of new challenges, we will work with the Nitori Group to create even higher-quality products that customers will love at first sight.

Product Quality Control

Materiality Issues 1 4



Strength

Under the integrated business model of its Manufacturing-Logistics-IT-Retail Business, the Nitori Group has dedicated quality functions in place and manages quality under its own leadership. Drawing on knowledge accumulated through its domestic operations, as well as laws, regulations, and official standards in the countries and regions where it operates stores, the Group has established its own unique quality standards. Based on these standards, it conducts a range of tests from the product development stage. To maintain consistent quality, the Group incorporates accumulated product knowledge into AI and uses it in product development and quality management.

Initiatives for Medium- and Long-Term Strategies

With product development support as a priority initiative, we will further advance the digital transformation of quality management and develop frameworks that take the entire supply chain into account. Anticipating growing quality risks as we open stores in new countries and regions and expand our product lineup, we are enhancing AI-powered decision-making support and information delivery.

We will also use AI to train and cultivate locally hired staff who will support our future global expansion. By improving quality-management expertise across regions and languages, we aim to establish a quality-management framework capable of supporting operations globally.

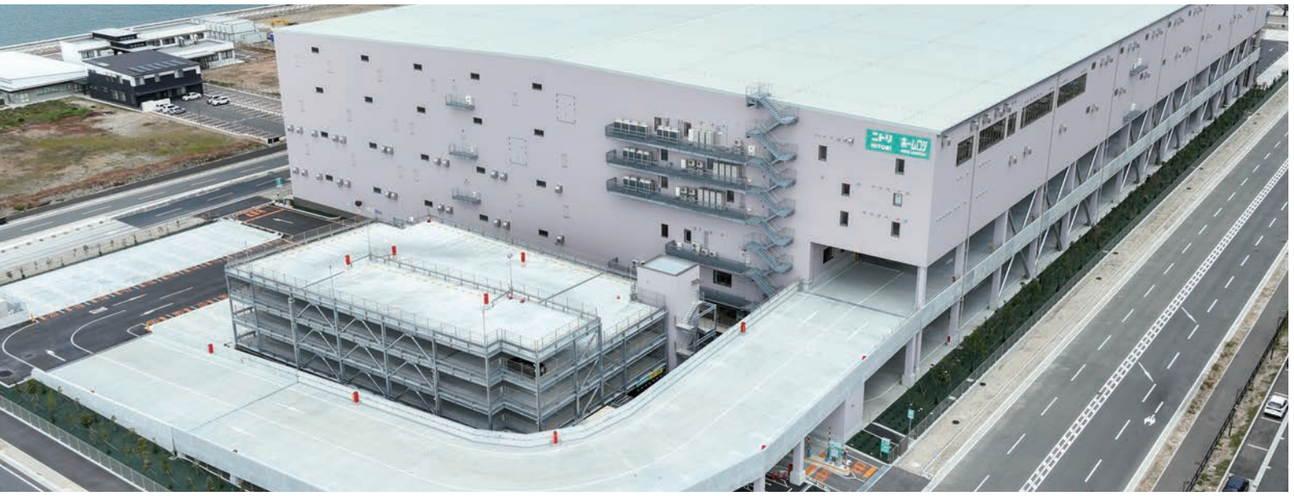
TOPICS Quality Infrastructure Powered by Digital Transformation

To accommodate an expanding range of product categories and faster product development cycles, we are building mechanisms that leverage digital transformation. By centrally managing information on technical evaluations, defect analysis, factory audits, and process improvements, and promoting its visualization and standardization, we are establishing a quality infrastructure that enables confident decision-making. We are also linking digital learning with on-site training to improve the accuracy of decision-making. By establishing a next-generation quality-assurance system that enables headquarters, overseas operations, and partner factories to make decisions according to the same standards, we support product development that is attuned to customers' lives.



Logistics

Materiality Issues ❶❷❺❻



Strength

One of the Nitori Group's major strengths is our integrated distribution expertise: handling one of Japan's largest-scale logistics volumes while maintaining in-house control through to last-mile delivery. By leveraging the Group's economies of scale and designing and operating logistics from the perspective of overall optimization, we shorten lead times and reduce transportation costs. This is underpinned by in-house capabilities spanning customs clearance for imported cargo, drayage transportation*1 from ports to DCs*2, DC operations, arrangements for line-haul transportation, and last-mile delivery. For furniture and large home appliances, the Group has a nationwide delivery and installation network that covers approximately 99% of Japan's population. In recent years, we have also expanded to handle shipments of smaller products in line with the growth of e-commerce.

Initiatives for Medium- and Long-Term Strategies

We are rebuilding and improving the efficiency of our logistics network to prepare for the management and transportation of a diverse range of new products and for increasing logistics volumes in Japan. With investment of approximately 300 billion yen, we are establishing new DCs at seven locations nationwide*3, expanding operations in phases in anticipation of medium- to long-term changes in logistics volumes. We are pursuing digital transformation of operations, introduction of high-performance material handling*4 equipment and jigs, and standardization of operations, centered on the optimal placement of work sites and the consolidation of functions. At the same time, to address labor shortages and other social challenges facing logistics, we are collaborating with partners to improve efficiency and reduce environmental impact to achieve a sustainable logistics system. We are also developing the logistics infrastructure and organizational framework required to support the expansion of our global business.

*1 Drayage Transportation: Refers to transporting containers from major ports in Japan to logistics centers after they arrive from overseas production factories.
*2 DC stands for Distribution Center (inventory storage-type logistics center)
*3 The initial investment plan—8 locations nationwide, 350 billion yen in total—was revised in August 2025.
*4 Material handling: The machinery used to streamline logistics operations.

HOME CARGO

HOME CARGO Co., Ltd. was established in February 2021 to achieve integrated logistics that leverages the Nitori Group's economies of scale. By operating its own freight transport business with directly employed drivers transporting cargo, the company can directly identify the challenges drivers face and take the lead in improving their working conditions. Running transportation operations in-house also enables HOME CARGO to accumulate new technologies, experience, and expertise to establish a framework for more cost-efficient operations.



Initiatives to Improve Store Work Efficiency

We are promoting aisle-by-aisle stock delivery as a logistics-led initiative to improve store work efficiency. Delivering products in the order in which they are displayed on the sales floor reduces repeated trips between the backroom and sales floor, shortening the workflow from receiving to shelving. This improves the efficiency of receiving operations and frees up time for customer service and sales-floor improvements. Viewing logistics and sales as an integrated whole enables the Group to improve store operations while reducing costs, one of the major strengths of the Nitori Group's approach to Group-wide optimization.



Improving Working Conditions through Material Handling Equipment

In 2025, to reduce labor requirements and improve efficiency at logistics sites, we introduced devanning robots that automate loading and unloading processes at our own logistics facilities. Drawing on lessons learned through these operations, we began working with XYZ Robotics Inc., a developer of logistics robots, in 2026 and launched a sales-agency business for the RockyOne devanning robot. By providing end-to-end support, from initial consideration of implementation through to successful integration into daily operations, we will help address industry-wide social challenges, including labor shortages and the need to improve productivity.



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

We make effective use of limited resources by promoting waste sorting before disposal and recovering materials from waste to reuse. At certain distribution centers, bed mattresses (which are difficult to sort) are dismantled into smaller components and sorted, allowing recyclable materials such as metal to be recovered for reuse. This fiscal year, we expanded the initiative to include electric sofas. By reducing both waste and disposal costs, we will further strengthen our resource recycling efforts.



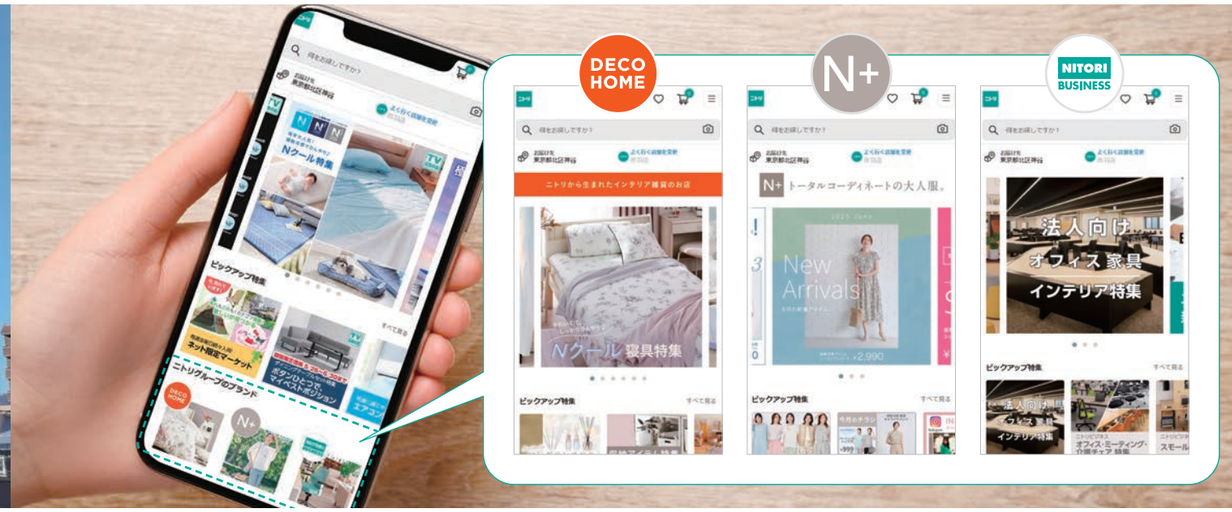
Electric sofa disassembly and sorting



Mattress disassembly and sorting

Sales (Domestic Stores: NITORI and E-Commerce) Materiality Issues ❶❺❻





Strength

A key strength of Nitori's sales business is the integrated operation of our nationwide store network and e-commerce that enables customer touchpoints, product assortments, and operating infrastructure to reinforce one another. Stores across Japan are not only places where customers can experience a richer lifestyle, but also where the outcomes of initiatives involving products, IT, logistics, and training are ultimately brought together and tested. Standardized operations provide the foundation for low-cost, stable store management and make consistent quality and service possible. In addition, more than 25 million app members throughout Japan* can move seamlessly between stores and online, selecting the purchasing method that best suits their needs, whether that means trying a product in store and buying it online, or finding it online and picking it up in store. We are also enhancing communication with customers through new initiatives such as live commerce and our official fan community, NITORI Channel, continuously enhancing the convenience of stores and e-commerce as well as stores' ability to showcase better lifestyles to customers.

* As of the fiscal year ended March 31, 2026

Initiatives for Medium- and Long-Term Strategies

We are improving store operational efficiency through initiatives that take a holistic view of store management, including the introduction of self-checkout registers and customer ordering terminals, the standardization of work procedures, and measures to curb energy costs. By consolidating and evaluating issues and improvement proposals raised by individual stores at headquarters, then rolling successful practices out to all stores, we are increasing productivity. We will also direct the time saved through these efforts toward customer service and consultations, further strengthening the unique value of physical stores. In 2025, we revamped NITORI-Net and the NITORI app to improve shopping experiences across stores and e-commerce. By bringing together products from Group businesses, expanding online-exclusive products, and pursuing marketplace initiatives, we will provide our customers with a diverse array of choices as a company that provides comprehensive lifestyle solutions.

NITORI-Net Marketplace

In January 2026, we launched the NITORI-Net Marketplace. To realize our mission (aspiration), we are moving beyond conventional category boundaries by offering third-party products alongside our own products. Initially, we focused on areas closely related to our existing businesses, including baby products and health and beauty products, and are gradually expanding into additional categories. By leveraging an inventory-free model that allows us to expand our product offerings and categories without holding inventory, we will use e-commerce as a starting point for developing new areas of value.



Live Commerce

In 2022, driven by our desire to provide the same level of customer service on e-commerce sites as in stores, we introduced the live commerce platform. As of the fiscal year ended March 31, 2026, our Live Commerce platform has grown into a medium that reaches more than 14 million viewers annually through 237 live broadcasts and archived streams. We are actively working to expand the content of the platform, including the regular program "Let's Learn Together! #NITORICoordination," which offers storage and coordination lessons, and broadcasts featuring ideas to resolve everyday challenges. Additionally, real-time comments from our viewers are valuable feedback that we use to improve our products and services. Our live commerce videos are produced entirely in-house, from casting and filming through to operations, and are also used for in-store digital signage and on social media in Japan and overseas.





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: DECO HOME)

Materiality Issues ❶❺❻



Strength

From daily necessities to decorative accessories that add a touch of charm to a room, DECO HOME offers a wide range of original products with a sophisticated yet cute aesthetic. Products featuring soft, muted colors, seasonal accessories, and character goods are particularly well received. By focusing on household consumables and everyday goods and offering an affordable product lineup that customers can easily pick up, DECO HOME creates stores that customers can visit every day. Located primarily near train stations and in shopping centers, these stores blend naturally into customers' commuting, school, and everyday shopping routines, increasing customer touchpoints. By leveraging a store format distinct from NITORI, DECO HOME supports the growth of the Nitori Group as a whole.

Initiatives for Medium- and Long-Term Strategies

We are further differentiating DECO HOME from NITORI in product design, price range, and product assortment to establish its brand image. Through proprietary product development, original products now account for approximately 80%* of the lineup, and we offer everyday items, including consumables, at prices accessible to customers. We have also established a new compact-store format of around 200 m^2, creating sales floors that maximize their appeal within a smaller footprint. In the fiscal year ended March 31, 2026, we launched a dedicated DECO HOME app to strengthen ongoing customer engagement. Building on the model developed in Japan, we have also begun global expansion and will pursue further growth of the business.

* As of the fiscal year ended March 31, 2026

Establishing the DECO HOME Brand

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 establishing DECO HOME's distinctive brand world and strengthening its presence.



Sales (Domestic Stores: Shimachu Home's)

Materiality Issues ❶❺❻



Strength

Shimachu's strength lies in its business model, which combines furniture and interior products with a home improvement store. Built on a store network concentrated in densely populated areas of the Tokyo metropolitan and Kansai regions, it offers a broad range of products, including everyday consumables, DIY and gardening supplies, and furniture and home décor that meet diverse needs in terms of price range and design. In product development, Shimachu leverages the Group's expertise in private-brand development and supply chains. In addition to home-improvement merchandise, it is expanding its private-brand offering in furniture, generating Group-wide synergies.

Initiatives for Medium- and Long-Term Strategies

As a home-improvement business, Shimachu aims to evolve with Nitori into a company that provides comprehensive lifestyle solutions. To this end, it is actively advancing private-brand development and creating more than 1,000 original products each year. Shimachu has also launched an integrated store format that houses separate Shimachu and Nitori stores in the same building. At existing stores, it is expanding DIY and home-renovation sections and carrying out renovations by reviewing merchandise assortments, thereby enhancing profitability.

TOPICS Initiatives for Lifestyle Proposals

Leveraging its broad product lineup, Shimachu develops and sells products for a wide range of everyday needs, including pet supplies and electric-assist bicycles. It is also advancing private-brand product development across categories. In apparel, it offers the "N easy" brand, including recovery wear. In furniture, it offers "yutoria," a brand that combines design appeal and quality for customers who value interiors, while remaining accessible in price. Shimachu is also expanding product proposals that leverage Group synergies, including handling Nitori home appliances and rolling out Shimachu original furniture across the Nitori Group.



IT/DX

Materiality Issues ❶



Strength

We take the lead in all aspects of our systems in-house, from planning through development, implementation, operation, and management, working closely with each department. By fostering close collaboration between the IT department and operating divisions, we build simple, user-friendly systems based on a direct understanding of frontline operations, supporting low-cost operations. Increasing the proportion of systems developed in-house enables us to expand functional areas in line with growth and respond rapidly to business reforms, accelerating the process from decision-making to implementation.

Initiatives to Improve Operational Efficiency through AI and Systems

1. Product Development

Product planning system

We are building a system that enables suppliers and Nitori to share and manage information on the entire process from product planning through development, improving the efficiency and quality of product-development operations.

2. Product Supply

Import and export system

We are automating manual data entry and the review of various documents, thereby improving and standardizing trade operations in Japan.

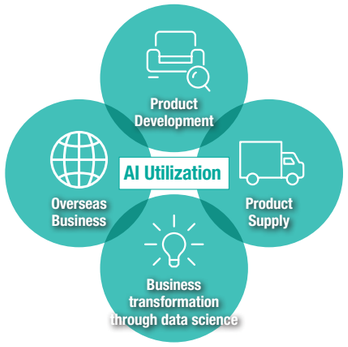
Sales forecasting and order planning

By automating sales forecasting and order planning, we are improving operational efficiency. A pilot project is currently under way in mainland China in preparation for implementation.

3. Overseas Business

Renewal of store systems and development of a membership platform

To simplify, improve the efficiency of, and standardize operations at overseas stores, we are renewing their core systems. This will establish a framework that supports sustained, rapid store openings. At the same time, we are developing a new membership platform for overseas markets. By centrally managing customer information, we will improve customer convenience and use data to deliver more effective promotions and increase profitability.



4. Business transformation through data science

Visualizing assortment gaps and excesses

By using AI to organize and classify products according to purchasing criteria such as intended use, usage, and price point, we create leaner, better-optimized sales floors.

Automating planogram development

Using product sales data, AI determines which products to display, where to display them, and in what quantities. This makes it easier for customers to find the products they need.

AI-driven development

We are incorporating AI into the system-development process to deliver systems more quickly and accurately.

Circularity (Resources and Energy)

Materiality Issues ❶❷❸❹❺





Strength

By making the most of our integrated business model, we are promoting circular business with a focus on the entire lifecycle from the "manufacturing" stage through to "after use," creating a mechanism in which products, resources, and value circulate. We also leverage the Group's strength of owning freestanding stores and distribution centers to expand the "NITORI Power Plant" initiative, which installs solar panels on the rooftops of our own properties. By circulating not only products but also energy efficiently, we create products and services that contribute to sustainable and enriched lifestyles while maintaining the affordable prices and quality embodied by "Offering the Unexpected."

Initiatives for Medium- and Long-Term Strategies

To respond to higher prices resulting from the depletion of raw materials and energy, as well as tighter environmental regulations, we have positioned the Promotion of Circular Business as one of our key growth strategies. By advancing initiatives to "reduce," including energy saving, lower resource use, and waste reduction, we also contribute to lower costs. In addition, by expanding resource circulation through recycling collection and resource recycling, and by using renewable energy, we are reducing environmental impact and enhancing business resilience.



TOPICS Recycling Collection Initiatives

We are promoting recycling collection initiatives, focusing on products that customers often say are "too good to throw away." To resolve customers' concerns while conserving limited resources, we collect not only our own products but also products made by other companies. This initiative received the 2025 Good Design Award in recognition of its nationwide network of stores serving as collection points, its extensive track record in collecting and processing products, and its collection of products from other companies.

GOOD DESIGN AWARD 2025



Promotion of Circular Business

The Nitori Group promotes circular business with an eye on the entire lifecycle 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 advance environmentally considerate design, with a particular focus on creating products designed with future recycling in mind. Furthermore, under the concept of applying "after use" expertise in 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
Environmentally considerate design	Aim to **achieve 100% environmentally considerate design for the products we develop** while maintaining "Offering the Unexpected" value.
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" value.

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 recycled resources	Aim to reduce waste emissions by **50%** or more. * Emissions per 100 million yen in revenue compared to FY2018
		Aim to achieve a **100%** recycling rate of collected products.
	After discharge ● Recycled rather than 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

Environmentally considerate design

At the "manufacturing" stage, we advance "environmentally considerate design." We have established the Nitori Group's own definition of environmentally considerate design and began disclosing performance data in the fiscal year ended March 31, 2026 (▶P71). Because the Nitori Group undertakes product development in-house, we aim to absorb costs within our integrated business model and achieve environmentally considerate design while maintaining "Offering the Unexpected" value at affordable prices.

FY2050 Quantitative Goal	March 2026	
Aim to achieve 100% environmentally considerate design for the products we develop while maintaining "Offering the Unexpected" value.	20.6%	Percentage by weight of private-brand products sold that meet the Nitori Group's definition of environmentally considerate design*. * This definition has been independently established in consideration of the Group's business and product characteristics, with reference to the approaches in environmentally considerate design guidelines, including the guidelines on the promotion of effective utilization of resources and promotion of decarbonization issued by relevant government ministries and agencies, such as the Ministry of Economy, Trade and Industry and the Ministry of the Environment.

Examples of Environmentally Considerate Design



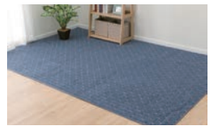
Easy to Sort Mattress (easier disassembly and sorting)

The pocket coil mattress has been designed for easier disassembly, allowing it to be dismantled and sorted in approximately 10 minutes using household tools such as scissors when performed by two people.



Recycled down quilt (made from recycled materials)

Down collected through recycling collection is carefully washed and sorted, then remanufactured into Nitori down quilts.



Siam Nitori rugs and carpets (use of recycled raw materials)

Rugs and carpets made from recycled raw materials, including the equivalent of approximately 57 million PET bottles annually*.
* Calculated based on one 500 ml PET bottle weighing approx. 22.4 g.



Compressed-packaged sofas (compressed packaging)

Compression-packaging technology makes sofas more compact, improving truck-loading efficiency and helping to curb greenhouse gas emissions during transportation.

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.

Learn more

Reduction and Recycling of Waste

In addition to initiatives to independently dismantle, sort, and recover materials from mattresses at distribution centers (▶P36), we are also working to reduce waste and recover resources at stores. By collecting paper promotional materials and other items used in stores as resources instead of discarding them, we are promoting resource circulation. We will continue to advance waste reduction and resource recovery companywide.

Recycling Collection

In addition to the ongoing collection of curtains, towels, and down quilts, we began recycling collection for small home appliances in certain regions in April 2026. For customers who purchase small home appliances at Nitori stores or on NITORI-Net, we collect the same type and number of small home appliances free of charge.

We will continue to expand the range of items that can be collected and recovered as resources, resolving customers' everyday challenges while conserving limited resources.

Learn more

Response to Climate Change

Learn more

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.

NITORI Power Plant

As a renewable-energy initiative, we are promoting the NITORI Power Plant, a solar power generation project based on a surplus-electricity utilization scheme under the FIP (Feed-in Premium) system. Solar panels are installed across the entire rooftops of stores and logistics facilities. By supplying surplus electricity (electricity generated beyond each site's own consumption) to Group locations without solar panels, we are establishing a renewable-energy circulation system. This enables the generation and efficient use of renewable energy without waste, contributing to approximately three times the reduction in greenhouse gas emissions compared with conventional schemes.

Leveraging the abundant rooftop assets at each site, we plan to expand the initiative to 180 locations in Japan by FY2030.



A Wide Range of Business Fields

Materiality Issues ❶❷❺

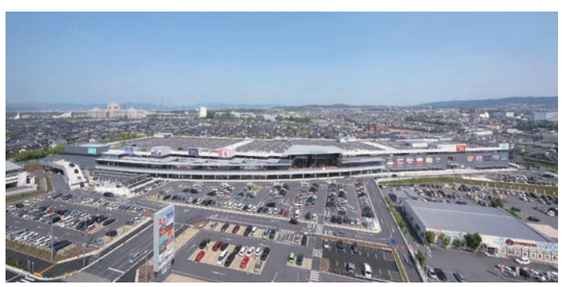
Nitori Group operates a range of businesses to enable customers to experience enriched lifestyles.



N+

Launched in March 2019, N+ is an apparel brand for women. Inspired by the concept of "total coordinated clothing for adults," it brings a light touch of color to everyday life through coordinated color and pattern palettes and versatile pieces that can be styled from work to off-duty occasions. It offers comfortable, easy-care items at prices accessible to customers.





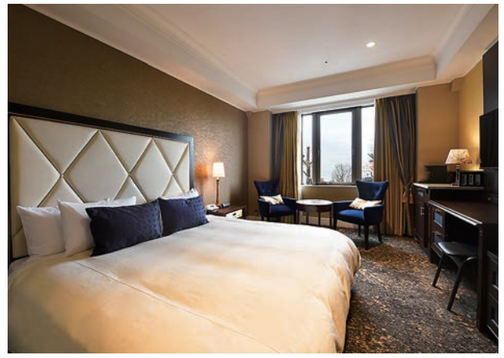
Shopping Mall Business Division

We are developing a mall business that caters to the diverse lifestyles of our customers. This involves researching and attracting tenants that will make the local community happy. Entire malls join together to aim to provide an enjoyable shopping experience, contributing to the enriched lives of our local customers. As of March 31, 2026, we have around 500 active tenants that we are managing at Nitori and Shimachu facilities.

Corporate Sales & Interior Renovation Business Division

Corporate Sales Business

We address the various needs of corporate clients, including offices, commercial facilities, medical and welfare facilities, and lodging facilities. Our strength lies in our ability to provide a seamless, one-stop service covering everything from planning proposals and interior construction through to the manufacture of custom-made products, offering products of appropriate quality at prices accessible to customers. We also focus on collaborations that leverage the Group's reputation and sales infrastructure, online sales, and new product development. As an Official Partner of the 20th Asian Games Aichi-Nagoya 2026, we will be responsible for fitting out movable accommodation facilities. By repurposing these facilities after the Games, we will continue advancing initiatives toward the realization of a sustainable society.





Renovation Business

We offer comprehensive space solutions that include Nitori furniture, home appliances, and home fashion products. In particular, our high-quality modular kitchens, offered at prices accessible to customers, have been highly praised. Customers can also coordinate them with the same surface materials used for Nitori furniture. In addition, the introduction of online consultations has improved customer convenience. By expanding our product lineup and offering space solutions unique to Nitori, we provide richer lifestyles through renovation.

Nitori Facility

Nitori Facility is responsible for waste disposal, cleaning, and security, as well as for insurance services as an insurance agency for the Nitori 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 Human Capital Management

Materiality Issues 5 6

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 educational program that is designed on an annual basis to provide training as well as support for the self-development of employees. Through active job rotation, each employee plays an active role in a wide range of businesses. 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 talent 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 Human Capital

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

To enable every employee to envision their "ideal self" and grow systematically toward achieving it, we design training programs for each year of employment and develop "specialists in chain store management" who can thrive globally. The Nitori Group's investment in education is more than five times the average for listed companies. 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.

Nitori College Education System

Number of years of employment	Base: Competency: Analytical thinking skills	Competitive growth capabilities	Communication	Leadership	Achievement orientation	Career support	Theory	Overseas: Global: Japan	Overseas	Core Competency: Chain store theory	Coordination	IT	Personal Growth: E-learning	Mileage
From 11th year onward	Visionary Leader Development Training V Training for the Ideal Role at Responsibility Level 5					Small-group selective training programs	Seminars by Chairperson, President, and Other Executives (Mission/Vision)	Global Talent Training III	Overseas Visionary Training III	Policy Seminar/JRC Dispatch Innovative Organization Development Training U.S. Seminar (Selective Course) Data Table Analysis and Application Seminar Line Staff Training Program / Creative Line Training Program	Specialized Course	Coordination Mate	Data Analysis Human Resource Training	Curriculum for five job categories / Career development / Video content Educational mileage (training experience, participation in outside seminars, assistance for qualification examinations, assistance for life events)
6th-10th year	Visionary Leader Development Training IV Store Manager Job-Shadowing Program Visionary Leader Development Training III							Global Talent Training II	Overseas Visionary Training II	U.S. Seminar (Selective Trainee Course) SCM Training II SCM Training I				
4th-6th year	Visionary Leader Development Training II Visionary Leader Development Training I							Global Talent Training I	Overseas Basics of Sales Floor and Products Overseas Visionary Training I	Chain Store Theory IV: Product Strength Enhancement Seminar Chain Store Theory III: Basic Sales Floor and Product Seminar U.S. Seminar (Introductory Course)	Planning Course		Digital Literacy Training III	
3rd year	Store Comparison Training								Overseas In-Store Operations	Store Comparison Training	Advisor Course		Digital Literacy Training II	
2nd year	Training for 2nd year employees								Overseas Chain I	Chain Store Theory II: In-Store Operations Seminar				
1st year	Training for 1st year employees Professional Fundamentals Training								Overseas New Employee Training	Chain Store Theory I: Mid-Career Development Seminar Chain training for new employees	Basic Course	Coordination Training	Digital Literacy Training I	

U.S. Seminar

Since 1981, a total of more than 15,000 employees have participated in the seminar through March 31, 2026. In the United States, the starting point of the Nitori Group's mission, participants experience firsthand the "enriched life" created by leading companies and the systems that make them possible. 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.



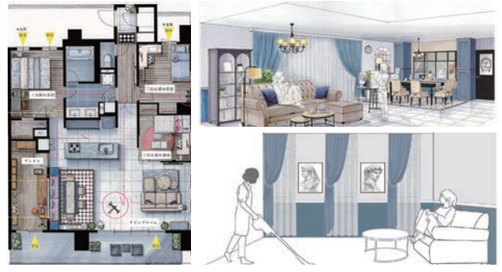
NBS (Nitori Business School)

This is our original digital educational content that systematically summarizes business skills and general knowledge related to work and competencies (▶P47 Nitori College Education System) in a quick, accessible manner. We provide opportunities to broaden knowledge and help employees move closer to their "ideal self" through book recommendations by colleagues and discussions amongst personnel.



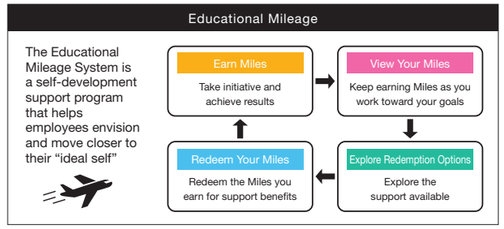
NCS (Nitori Coordinate School)

NCS is a self-development program offering four courses that cover everything from the fundamentals of coordination to specialized knowledge such as perspective drawing and presentation techniques. This fiscal year, a total of 2,589 employees participated, including 562 overseas employees. The program enables employees around the world, including part-time employees, to learn about coordination together across national and regional boundaries.



Educational Mileage

Educational Mileage is a self-development support program designed to keep employees motivated to learn as they work toward their "ideal self." Employees are awarded points called "Mileage" for proactively taking action and engaging in self-development. Mileage points can be used to participate in in-house training, attend seminars outside the company, receive support for certification exams and books, 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 field. This framework is used by everyone from first-year employees to 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.

Repeatedly ask "why," and identify the true cause.

Observation	Identify problems at the actual site with the actual things
Analysis	Estimate causes and circumstances, and "determine the facts"
Judgment	Improvement and reform proposals

NWC (Nitori Group World Circle)

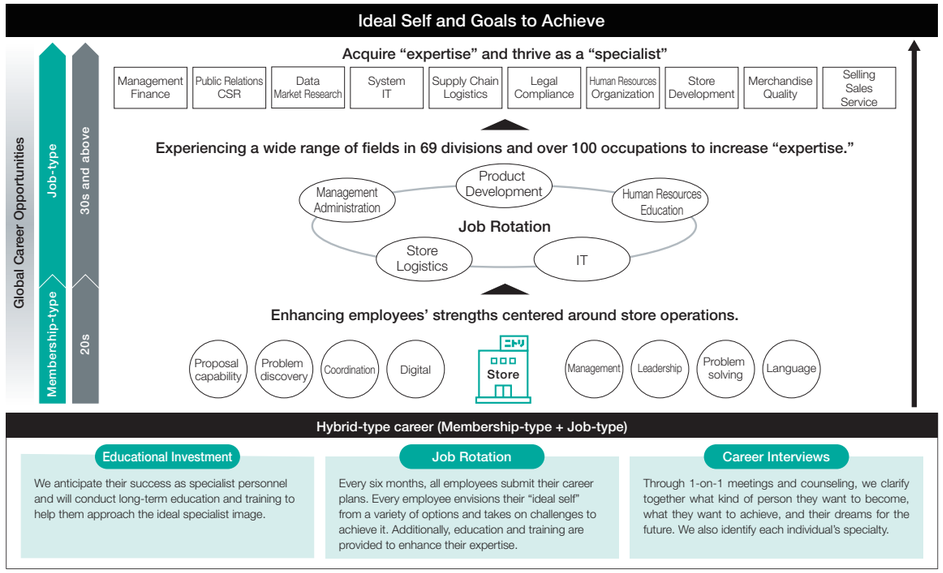
NWC is an initiative that is part of small group activities. Problems are identified in daily operations, causes are estimated, countermeasure plans are devised, and results are achieved through repeated experimentation and verification. It plays an important role as an opportunity to directly propose on-site-led improvements and reforms to the management. This activity is conducted across the Group, including overseas. From 2006, the starting year of the activities, to FY2026, a total of 4,463 circles have participated. These activities provide an opportunity to change the company for the better through the power of every employee.



Across a Job Rotation + 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 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 Nitori Group, and the range of career choices available to employees is expanding.

Nitori Group's Job Rotation



Excellence Award in the Large Companies Category at the Career Ownership Management Award 2026 for the Second Consecutive Year

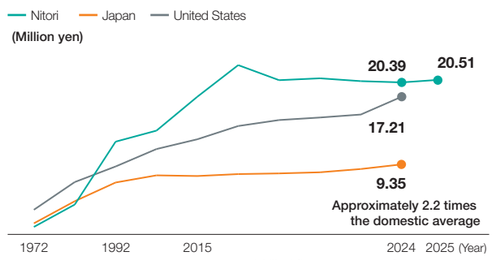
Nitori received the Excellence Award in recognition of its continued advancement of career ownership management through a cohesive framework extending from recruitment and post-hire development to global career opportunities, all centered on each employee's "ideal self." Its student-centered recruiter system, the visualization of training through a training management system, and training programs focused on behavioral change are organically linked with learning opportunities provided through NBS (▶P48) and the Global Education Committee.

2026 Career Ownership Management Award 優秀賞 大企業の部

Achieved 23 Consecutive Years of Base Pay Increases While Maintaining High Labor Productivity

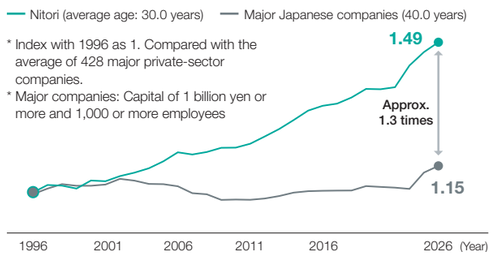
In FY2024, Nitori Group's labor productivity reached 20.39 million yen, approximately 2.2 times the national average. In addition, base pay increases for 23 consecutive years have resulted in a high wage index of approximately 1.3 times the average of major Japanese companies. Furthermore, the average age of Nitori Group employees is approximately 10.0 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 such an 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 fiscal 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. 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. We have clearly defined the qualities expected of a "global leader" and, from Japan, support the delivery of standardized training worldwide. At the same time, we provide original training tailored to employees in each country and region, thereby fostering Nitori's core competencies (▶P47 Nitori College Education System).

National Staff Education System

	Competencies (Observation, Analysis, Judgment, etc.)	Core Competency		Language Education
	Onboarding & Visionary Leader Development	Chain Store Theory	Coordination	
Area Manager	Visionary Leader Development Training IV [Followership, logical thinking, planning skills]	U.S. Seminar [Selective Trainee Course]	NCS Planning	Japanese Language Proficiency Test N1
		Chain Store Theory IV [Product Strength Enhancement]		Advanced Course Target: Equivalent to N2 Contents: Reading comprehension/ Preparation for N1
Store Manager	Visionary Leader Development Training III [Time management and future growth challenges]	U.S. Seminar [Selective Introductory Course]		In-house made mock test → Weak point countermeasure Equivalent to N3
	Visionary Leader Development Training II [Internal motivation and feedback]	Japan Training [Store Comparison]		Intermediate Course Target: Equivalent to N3-N4 Contents: Grammar, daily conversation
Floor Manager Store Operations Manager	Visionary Leader Development Training I [Self (and others) analysis and time management]	Chain Store Theory III [Basic Sales Floor and Product]	NCS Advisor	In-house made mock test → Weak point countermeasure Equivalent to N5
	Training for 2nd year employees (second half) (Visionary Leader Development Training Basics) [Problem solving, leadership, followership]	Chain Store Theory II [In-Store Operations]		
Associate	Training for 1st year employees [Time management; assertive communication; observation, analysis, and judgment]	Chain Store Theory I [Mid-Career Development]	NCS Basics	Beginner's Course Target: Beginning learners Contents: Characters, greetings, time
	Overall training for new employees [New employee training manual; Corporate Philosophy; observation, analysis, and judgment]	Outline of Chain Store Theory [New employee training manual]		

As in Japan, training programs are systematically structured by starting with the Group's vision of the "ideal leader" and identifying the capabilities required to develop such leaders. In particular, NCS* has been introduced to teach the core competencies of "chain store theory" and "coordination." Locally hired staff also receive training in "observation, analysis, and judgment" and language education, as employees do in Japan.

* NCS: Nitori Coordinate School

Online Chain Store Theory Training for ASEAN Countries

We provide online training on chain store theory, which is also regarded as essential in Japan, to employees across ASEAN countries. The true purpose of training is not merely to improve participants' understanding or satisfaction with the training itself, but to enable them to apply what they learn in their day-to-day work. Accordingly, the programs incorporate practical examples tailored to participants' roles and responsibilities to help them acquire and retain this knowledge.



Online training

Japanese-Language Education for Locally Hired National Staff

Language training is provided entirely in-house, with employees teaching their fellow employees. In particular, we are strengthening Japanese-language education for employees in Japan and overseas whose first language is not Japanese. By also teaching Japanese culture and enabling employees to communicate in Japanese with their Japanese colleagues, the program aims to facilitate smoother day-to-day operations.



Online training

Develop Management Talent Who Will Lead the Next Generation

The Nitori Group believes that continuously developing management talent to lead the next generation contributes to the sustainable growth of the entire Group. We therefore focus on developing next-generation leaders who will help realize our mission and vision.

Developing Expertise and a Management Perspective through Job Rotation

Employees gain experience working on-site at stores and logistics to learn operations and management through the "job rotation" (▶P49), 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 fosters 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.

Developing Talent to Drive Global Management

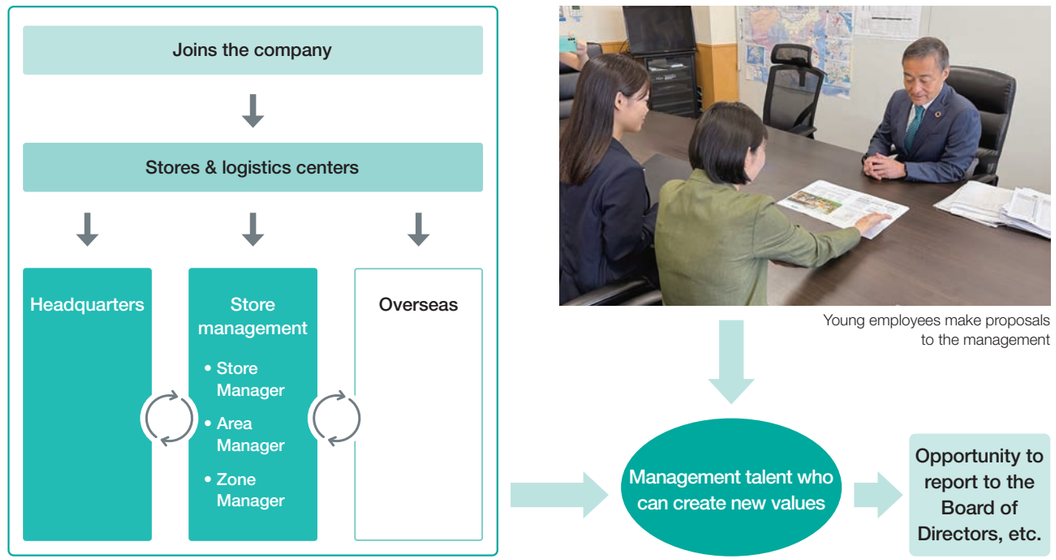
The Nitori Group's less hierarchical structure enables us to make speedy decisions. As a result, even young employees have the opportunity to propose ideas directly to the management. This allows them to gain exposure to the front lines of management at an early stage and acquire the various skills necessary for management. Then, by repeated practice of "Observation, Analysis, and Judgment" (▶P48) from the perspective of total optimization and accumulating experience in autonomous problem solving, they will eventually grow into leadership talent 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. (▶P17–18, ▶P61–66)

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



Creating Comfortable Working Environments

Promotion of Diversity

Policy

The Nitori Group works to foster a corporate culture in which employees with diverse circumstances and backgrounds recognize and respect one another. Believing that such an environment enhances job satisfaction and contributes to corporate growth, we promote workplaces where everyone can be themselves and make full use of their abilities.

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.

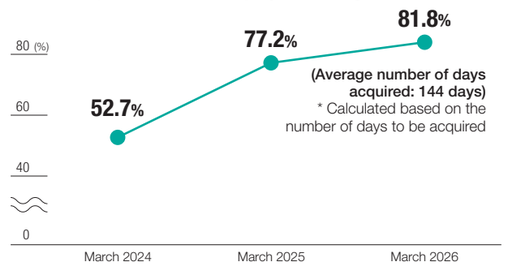
Promotion of Employees' Active Participation

The percentage of women workers in management positions is on the rise, accounting for 20.8% of all management positions. Considering individual circumstances, such as life events, we surveyed all employees and regularly held discussions involving directors on 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 these efforts, in March 2025, we 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 an environment that supports women's career development.

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 81.8%. 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, being able to choose their own shifts.

Nitori Group Rate of Male Employees Taking Childcare Leave



* 7 company figures: Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, and Shimachu

Post-Retirement Rehiring System

To fulfill our mission to "Enrich the everyday lives of people all over the world," the Nitori Group believes it is essential to have senior talent with a wealth of experience and knowledge. We continuously rehire employees up to the age of 70 if they meet our criteria. Additionally, we maintain the compensation level for rehired employees at up 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 senior talent with extensive experience and knowledge can thrive as they work to achieve our mission.

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 can work in good health.

Learn more

Nitori Group Health Management System

The Nitori Group regards health management as a key management priority, based on the belief that the health of its employees is essential to achieving its mission and vision. We have established a framework under which the company, health insurance association, labor union, and each division work together, with the Health Management Promotion Committee taking the lead in continuously planning, implementing, evaluating, and improving related initiatives. We are also making these initiatives more visible through the Nitori Group Wellness Report and Health Management Strategic Map while working to encourage healthier lifestyles and greater health awareness. In addition, we are expanding participation in and continuing to implement health-promotion initiatives such as walking campaigns.



The Group also received the FY2024 Minister of Education, Culture, Sports, Science and Technology Award for Excellence in Physical Fitness Promotion. The award recognized the collaborative framework between the company and its health insurance association, as well as the continued implementation of its walking campaign.

Counseling System

We have appointed in-house counselors to help employees resolve concerns and anxieties and to support their growth and career development. In areas where there may be no single right answer, counselors work through issues together with employees and help them find their own answers. In 2026, we also introduced an AI-powered counseling system, establishing a framework that allows employees to seek advice freely and with confidence 24 hours a day, 365 days a year. Through these various forms of support, we are creating an environment in which employees can take ownership and thrive as they pursue their "ideal self" and the goals they aspire to achieve.



Measures to Prevent Harassment

To prevent harassment, we designate an awareness month and provide practical training for managers, promoting a proper understanding of harassment and greater awareness of prevention. We also continue to educate all employees through videos and confirmation tests incorporated into company-wide compliance training. In addition, we have established an environment in which employees can seek advice with confidence by raising awareness of consultation channels and maintaining an internal reporting system. We are also expanding the availability of multilingual posters to provide better support for our diverse workforce.



Ensuring Appropriate Working Hours

Nitori Group promotes work-life balance and has created a system to prevent employees from working long hours. Through measures such as a work interval system and simultaneous lights-out at the head office and headquarters, we ensure appropriate working-hour management while safeguarding employee health and improving productivity. We also continue implementing measures to reduce overtime, resulting in measurable improvements.

These efforts have been recognized through White Company Certification, which we have maintained since 2018, including its highest Platinum rating since 2021. We also received White Company Awards in the health management category in the fiscal year ended March 31, 2024, and the student evaluation category in the fiscal year ended March 31, 2026. We will continue implementing effective measures and creating a comfortable working environment.

Recruiting for the Future

Policy

Under its recruiting philosophy, "Your Dream Creates Who You Are," the Nitori Group is creating an environment that supports people who have dreams and goals and continue embracing challenges while using their experiences and trial and error as opportunities for growth. In April 2026, we introduced year-round recruitment to support students at each stage of their challenges and growth and enable more flexible career choices. We will continue developing recruitment practices that allow diverse talent to realize their full potential.

Learn more about Nitori Group Fair Recruitment Declaration

New Graduate Recruitment

Ranked No. 1 for Liberal Arts Major Students (Consecutively for 2024, 2025, 2026, and 2027 Graduates) and No. 14 for Science Major Students in the "MyNavi / Nikkei Ranking of the Most Popular Companies for University Students"

Rather than viewing joining the company as the ultimate goal in itself, we want students to continue finding fulfillment in their work after joining us. Each student is therefore paired with a dedicated recruiter who works closely with them and supports them in proactively designing their own career.



Internship

Ranked No. 1 in the Overall Category in the "Rakuten Minshu Internship Ranking of the Most Popular Companies" (7 Consecutive Years since FY2019)

Received the Grand Prize in the Category of Internship / Work Experience (Hands-On Experience) in the 9th "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 the fiscal year ended March 31, 2026, approximately 30,000 students participated in the program. Internships for first- and second-year university students were also very successful, with more than 1,500 students discussing what it means to "work" together.



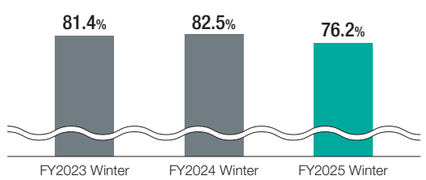
Employee Engagement Survey

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 demonstrate their abilities. Based on that approach, we conduct an "Employee Engagement Survey" of all employees once every six months. The survey results for winter FY2025 show an overall satisfaction rate of 76.2%. Amid an increasingly challenging business environment characterized by intensifying competition across industries and business formats and rising raw material prices and logistics costs, we have undertaken a fundamental review of our organizational structure and implemented extensive cost reductions. We recognize that the survey result was affected by uncertainty during this transitional period as we prioritized strategic investment to strengthen the foundation for future growth, as well as by the failure to achieve the performance targets used to determine performance-based compensation. We take these results seriously and are now treating the creation of a framework that allows each employee to concentrate on value-creating work, through greater operational efficiency driven by DX, as our highest priority. Meanwhile, satisfaction with the "flexibility of working styles" improved, indicating that a culture supporting diverse working styles is steadily taking root as part of the organization's foundation. Going forward, while maintaining the momentum of our reforms, we will reduce employee workloads through greater operational efficiency and enhanced support systems at the front line. We will also accelerate the creation of a workplace environment in which every employee can realize their full potential.

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



Creating Nitori Group Fans

Aiming to become a company that people feel glad exists, 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 members of society that nurture and support the Nitori Group.

The Nitori Group Supports the Activities of the Following Public Interest Incorporated Foundations

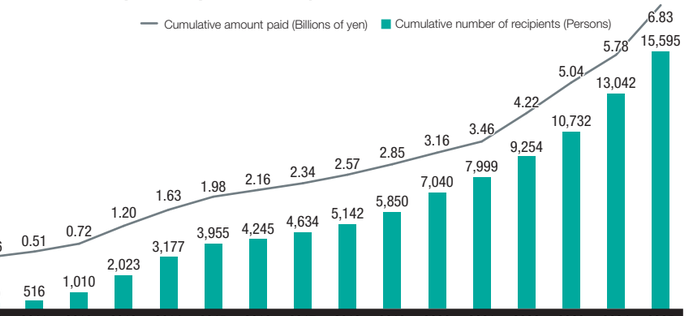
Nitori International Scholarship Foundation

The Nitori International Scholarship Foundation was established in March 2005 by Nitori founder Akio Nitori using his personal assets. It began as a way of giving back to the countries and regions, primarily in Asia, that had contributed significantly to the Group's growth. Over the 21 years through the end of FY2025, the Foundation provided a cumulative total of 6.83 billion yen in support to 15,595 recipients from 49 countries and regions. Centered on non-repayable scholarships, its wide-ranging support extends to university students in Japan and overseas, as well as high school and junior high school students in Japan. In recent years, the Foundation has also provided student housing in Tokyo and Kyoto and financial assistance to Ukrainian evacuees in Japan.

In FY2025, the Foundation marked its 20th anniversary by holding a commemorative ceremony and releasing a commemorative video. It plans to support more than 2,800 scholarship recipients in FY2026. Going forward, the Foundation will continue expanding access to learning through scholarships and fostering connections between people and society, thereby contributing to the development of the next generation and society as a whole.

Support Achievements (Cumulative Number of Recipients up to FY2025)





FY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	2,553

Cumulative Number of Recipients by Country/Region

Japan	5,945	
Asia and Oceania	8,996	19 countries/regions
Europe	523	9 countries/regions
North America	91	2 countries/regions
Africa and Middle East	27	12 countries/regions
Latin America	16	6 countries/regions
Total	15,595	49 countries/regions

FY2025 Support Achievements

(Number of recipients, unless otherwise stated)

Japan Scholarships		Overseas Scholarships	
Approx. 600 million yen	849	Approx. 350 million yen	1,502
Overseas students: 164 University students: 277 High school students: 238 Junior high school students: 171		9 countries/regions	Allied with 97 schools
		Taiwan, Vietnam, mainland China, Thailand, Malaysia, Philippines, South Korea, Indonesia, India	
Financial Assistance to Ukrainian Evacuees		Approx. 100 million yen	202

* Following changes to the domestic support program from FY2026, each recipient supported during the second half of FY2025 is counted as 0.5, reflecting the six-month payment period. Recipient counts for each category and the total therefore include 0.5 increments. As the displayed figures are rounded, the sum of the category figures may not equal the total.

Nitori Culture Foundation

The Nitori Culture Foundation was established in April 2011 to support the development and preservation of culture, the arts, and traditions and to serve as a bridge to the creation of new culture. In July 2025, Otaru Art Base opened its fifth museum, the Otaru Ukiyo-e Museum. This is a group of museums in Otaru, Hokkaido operated by the Foundation. The annual number of ticket purchasers subsequently exceeded 240,000, an all-time high. The Foundation will continue promoting initiatives that contribute to the development of local culture and tourism.



Nitori Foundation

The Nitori Foundation was established as a general incorporated foundation in April 2025 and transitioned to a public interest incorporated foundation in December of the same year. The Foundation primarily provides grants to support the welfare and public-service sectors in Hokkaido. In 2025, it awarded approximately 10 million yen in total grants to 13 organizations to help fund the purchase of air conditioners for nursery schools and other facilities. For its second grant cycle, beginning in 2026, the Foundation plans to broaden the scope of its support and provide approximately 1 billion yen in total grants for the purchase of ambulances and fire engines. Through its ongoing support activities, the Foundation will continue working to address social issues.



Examples of CSR Initiatives for the Next Generation

Development of Web-Based Educational Materials for Elementary School Students

Together with Benesse Corporation, we developed the inquiry-based learning materials "How Resources Circulate: Learning from Companies' Approaches to Circularity," based on the elementary school social studies topic "Where Does Our Waste Go?" The materials were created in collaboration with Benesse and under the supervision of Mitsuru Nakata, a teacher at Sapporo Municipal Yamahana Elementary School, out of a desire to help children, who are our customers of the future, learn about Nitori's initiatives and aspirations and join us in thinking about the future. By teaching children ways to reduce waste and conserve resources, the materials aim to encourage each child to see these issues as personally relevant and take action. They have been available through Benesse's ICT learning platform for elementary and junior high schools, Mirai Seed, since April 2026.



Zero Carbon Challenge Cup

Nitori Group supports the Zero Carbon Challenge Cup, a contest to present activities to establish a decarbonized society.

This fiscal year, we presented the "Nitori Best Dream for the Future Award" to Kunimoto Primary School of Kunimoto Academy. Starting from the simple realization of "What a waste," the school undertook numerous initiatives, including dyeing with plants, growing trees from seed, composting, and donating children's clothing.

This award carries the hope that we can all build a bright future filled with dreams and hopes through this initiative.



Kineko International Film Festival

We sponsor the Kineko International Film Festival by providing products and other forms of support, helping children enjoy memorable cinematic experiences. Held in Setagaya, Tokyo, under the slogan "Futako Tamagawa Becomes a Movie Theater for Children!" this children's film festival screens works from around the world at venues throughout the Futako Tamagawa area, including cinemas, commercial facilities, cafés, and public squares.

This fiscal year, we provided rugs, floor chairs, stuffed toys, and other items, helping create comfortable spaces where young visitors could relax and enjoy the films.

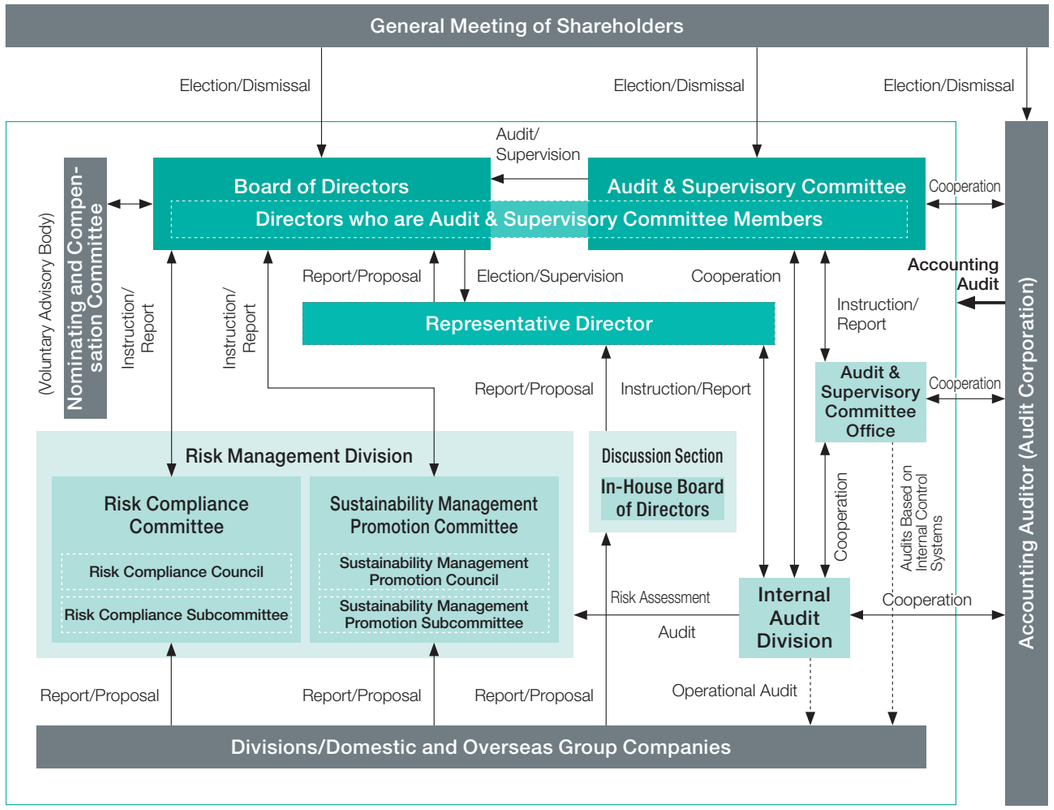


Strengthening Corporate Governance Structures

Policy

The Nitori Group prioritizes 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 that enables it 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 fewer. 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, six of whom are independent outside directors. By implementing this, we aim to develop and strengthen the supervisory and restraining functions over management and business execution.

Furthermore, we have established the In-House Board of Directors to discuss important matters related to business execution in advance. In order to respond quickly and accurately to changes in the business environment, we have also 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 may be members of the Audit & Supervisory Committee at five or fewer.

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

In addition, the Audit & Supervisory Committee works closely with the accounting auditors by learning about their audit policies and audit plans 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

Nitori 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 Nitori.

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.

The Nominating and Compensation Committee deliberates on decisions regarding the nomination of candidates for director and executive compensation. It also discusses matters such as establishing evaluation metrics for succession planning to support Nitori's sustainable growth.

Internal Audit Division

Nitori has established the Internal Control Office as its internal audit division.

The Internal Control Office audits whether the operations of each division 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 to its Group, Nitori has formulated Risk Management Regulations and a Business Continuity Plan (BCP) and has established a risk management system led by the Risk 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, Nitori is strengthening its 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 25, 2026)

Name	Title	① Corporate Management	② Rejecting Status Quo	③ Product Development	④ Supply Chain Management	⑤ IT/DX	⑥ Global	⑦ HR Development	⑧ Legal Affairs/Risk Management	⑨ Internal Control/ Governance	⑩ Finance	⑪ Sustainability
 Akio Nitori	Representative Director & Chairperson (CEO) (Chairperson) Nominating and Compensation Committee Member	●	●	●	●		●	●		●		
 Toshiyuki Shirai	Representative Director & President (COO) Nominating and Compensation Committee Member	●	●	●	●	●	●	●				●
 Hiroshi Nagai	Director	●	●			●	●		●			●
 Yoshihiko Miyauchi	Director Independent Outside Director	●			●		●		●		●	●
 Naoko Yoshizawa	Director Independent Outside Director Nominating and Compensation Committee Member	●				●	●	●	●			
 Ryoko Yamazaki	Director Independent Outside Director	●				●	●	●		●		
 Takao Kubo	Director 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						●	●	●	●		●

Knowledge and Experience Nitori Expects of Directors

See the table below for a summary of the skills possessed by each director.

① Corporate Management	Has had experience in managing companies as a business owner.
② Rejecting Status Quo	Equipped with a mindset essential for the Nitori Group's management team, which constantly rejects the status quo and repeatedly observes, analyzes, and judges in order to make improvements and reforms.
③ Product Development	Skilled in developing attractive products that are "Offering the Unexpected" to achieve total coordination.
④ 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.
⑤ IT/DX	Skilled in driving company-wide business process improvements through IT utilization and DX.
⑥ Global	Skilled in driving overseas business with a macroeconomic perspective and knowledge of global business.
⑦ HR Development	Skilled in enhancing human capital, with extensive experience in human resource training and development.
⑧ Legal Affairs/Risk Management	Skilled in identifying and controlling potential risks to the business, with knowledge of legal affairs, compliance, etc.
⑨ Internal Control/Governance	Has experience in managing large organizations and knowledge of internal controls and possesses the skills to optimize the organization's management and oversight structure.
⑩ Finance	Skilled in supporting corporate management from a financial perspective, with knowledge of accounting, finance, taxation, etc.
⑪ Sustainability	Possesses a sustainability management perspective, which is essential for the sustainable development and growth of a company.

Executive Officers (As of July 1, 2026)

Managing Executive Officers
Naoshi Takei/Manabu Nakamura/ Kazuyuki Hashimoto/ Junichi Yoshima/Tadashi Kudo

Senior Executive Officers
Hiroki Murabayashi/Kazuya Tsukada/ Akihiro Kushida/Yuichi Maruhashi/ Shuichi Aizawa

Executive Officers
Ei Sugiura/Toshinori Arai/Masaomi Zenji/Tetsuya Okuda/Tetsuo Yamamoto/Masatoshi Sano/Hiroyuki Tajiri/ Noriaki Hase/Hideki Sasaki/Ryo Takahashi/Katsunori Kobayashi/Fumihide Kimura/Kon Kawaguchi/ Masaya Sato/Keigo Onuki/Mitsuyoshi Kubota

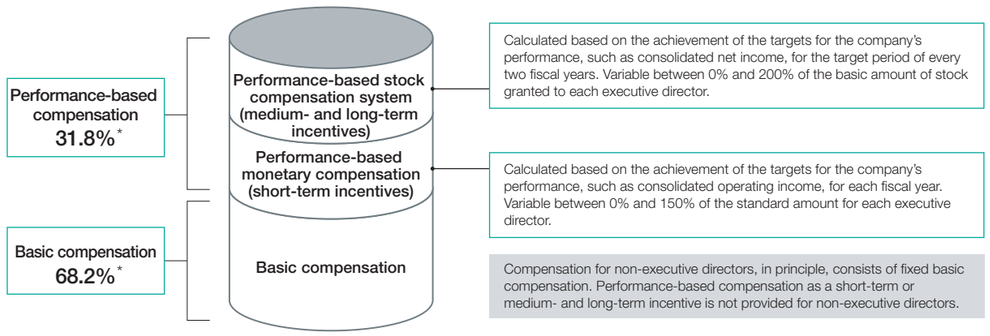
Ensuring the Effectiveness of the Board of Directors

In analyzing and evaluating the effectiveness of the Board of Directors in the fiscal year ended March 31, 2026, our Board of Directors reviewed the issues identified in the effectiveness evaluation conducted in the fiscal year ended March 31, 2025, to assess the level of improvement and progress. Additionally, as in the fiscal year ended March 31, 2025, the company conducted a questionnaire-based survey of all directors, establishing specific evaluation categories to assess the effectiveness of the Board of Directors. 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 provided in the questionnaire, our Board of Directors has decided to continue working on the initiatives from the previous fiscal year while reviewing the issues to be addressed as a priority in the fiscal year ended March 31, 2027, to make further improvements. Detailed information on the above-mentioned effectiveness evaluation for the Board of Directors is available on our website.
▶Initiatives Concerning the Board of Directors and the FY2025 Effectiveness Evaluation Results: https://www.nitorihd.co.jp/ir/governance/pdf/104.pdf (in Japanese only)

PDCA Cycle for Improving the Effectiveness of the Board of Directors

	Plan FY2025 Strategic Initiatives	Do FY2025 Initiatives Implemented	Check FY2025 Effectiveness Evaluation Results	Action FY2026 Planned Initiatives
Deliberation Topics	**❶ Ensuring appropriate deliberation time for important proposals** ➡ Revising the annual deliberation schedule to incorporate diverse business strategy agenda items **❷ Enhancing discussions on group risk management** ➡ Ensuring opportunities for concrete and substantive discussions on group-wide risks, particularly those related to overseas business expansion, in coordination with the Audit & Supervisory Committee, the Internal Control Office, and the Risk Compliance Committee **❸ Promoting smooth communication among directors** ➡ Considering informal meetings outside of formal board agendas to promote information sharing and exchange of opinions among directors	**Regarding ❶** ● Adopted five new themes for strategic discussions, including group risk management Added four more themes to the schedule, such as balance sheet analysis by business segment, based on outcomes from strategic discussions ● Secured adequate deliberation time per item by reducing the number of agenda items presented at each Board meeting Secured adequate deliberation time for group-wide operations, besides domestic and international Nitori businesses **Regarding ❷** ● Planned and implemented agenda items to discuss geopolitical risks and internal control status and challenges within Nitori Group **Regarding ❸** ● Held informal meetings outside the scope of formal board agendas to promote exchange of opinions among directors	● Recognized succession planning and the securing and development of executive talent as urgent priorities ● Identified a critical need for a broader macro perspective and dedicated time to further enhance strategic deliberations ● Acknowledged the vital necessity of executing management with a focus on the metrics demanded by the market	**❶ Ensuring appropriate deliberation time for important proposals** ● Reviewing the deliberation schedule to secure sufficient time for themes identified as urgent priorities ● Reviewing the schedule to enable continuous deliberation on key themes throughout the year ● Prioritizing individual themes and deliberating on their appropriateness at Board meetings during this review process **❷ Enhancing coordination with each committee** ● Reviewing the deliberation schedule to enhance coordination with each committee, including the Audit & Supervisory Committee and the Nominating and Compensation Committee, to ensure that their deliberation outcomes are periodically reported to the Board
Operation	● No strategic initiatives set for this area, as operational aspects received high evaluation scores, concentrating resources on deliberation issues		● Requested that materials provide information regarding the external environment and competitive landscapes ● Emphasized the need for earlier distribution of materials and thorough briefings during meetings, while understanding the confidentiality of investment projects	**❸ Enhancing board support systems** ● Releasing board materials, which were previously withheld due to high confidentiality, one week in advance, in principle ● Incorporating information on the external environment and competitive landscapes into briefing materials as much as possible

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.

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 degree of achievement of company 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 with respect to financial reports.



Special Discussion

Vision for the Nitori Group's Future Developed by Diverse Leadership

Ryo Takahashi
Executive Officer, Representative Director & President of N Plus Co., Ltd.

Joined NITORI Co., Ltd. in 1997. After engaging in recruitment in the New Graduate Recruitment Division, he held the positions of Store Manager and Area Manager of the Store Operations Division.
He was in charge of product planning and assortment strategies as Buyer and Merchandiser of the Merchandising Division starting in 2008, accumulating experience in a wide range of areas including human resources, store operations, and merchandise policy. Representative Director & President of N Plus Co., Ltd. since 2020.

Naoko Yoshizawa
Outside Director

Joined Fujitsu Limited in August 1988. She was appointed as Vice President of the Mobile Phones Unit of Fujitsu Limited in 2009, and Head of the Global Research & Development Center of Fujitsu Laboratories of America, Inc. in 2011. After holding various senior positions such as Head of AI Platform Business Unit and Vice Head of Digital Services Business, starting in 2019, she served as Corporate Executive Officer, EVP and Evangelist of Digital Software & Solutions Business Group of Fujitsu Limited. Since May 2021, she has served as an outside director.

Akihiro Kushida
Senior Executive Officer, General Director of NITORI FURNITURE VIETNAM EPE

Joined SATO Holdings Corporation (currently SATO Corporation) in 1986. He served as General Manager of a Singapore subsidiary and General Manager of the Corporate Planning Division. After managing a group company as a representative director & president, he joined NITORI Co., Ltd. in 2019, where he was assigned to the Global Merchandising Division and then a manufacturing facility in Vietnam. Since 2025, he has served as General Director of NITORI FURNITURE VIETNAM EPE.

Hiroshi Nagai
Director, Senior Managing Director of NITORI Co., Ltd.

Joined TOYOTA MOTOR CORPORATION in 1988. After working as part of the U.S. business, he joined FAST RETAILING CO., LTD. in 2001. After being appointed as Group Executive Officer and seconded to UNIQLO USA, he was engaged in managing retail business both in Japan and overseas. After joining NITORI Co., Ltd. in 2015, he was engaged in store operations as Store Manager, and served as General Manager of the Sales Planning Office and Managing Executive Officer. He has served as Senior Managing Director of NITORI Co., Ltd. since 2024.

Yuichi Maruhashi
Senior Executive Officer, Representative Director & President of Home Logistics Co., Ltd. and HOME CARGO Co., Ltd.

Joined NITORI Co., Ltd. in 2005. After working in store operations, he engaged in overseas business support and the merchandising division. Thereafter, he was assigned to a local subsidiary in China, where he served in business operations and the development of logistics systems. After being appointed as General Manager of Nitori Taicang Trading & Logistics Co., Ltd. in 2017, he held the positions of Executive Officer of the company as well as Representative Director & President of Home Logistics Co., Ltd. and HOME CARGO Co., Ltd. in 2023.

How four leaders heading the Nitori Group's business divisions and organizations envision the next growth and are driving corporate value. Yoshizawa, an outside director with a proven track record of leading DX business divisions and extensive executive experience, sat down with them to discuss their distinct backgrounds, philosophies, and visions for the future.

Journey and Roles of Each Leader

Yoshizawa: Today, I would like to invite our front-line leaders to openly discuss where the Nitori Group is headed and share their visions for the future. To start, could each of you tell us about your background and current responsibilities?

Nagai: My career began at an automobile manufacturer, where I was involved in domestic sales, overseas sales, and product planning. Having the opportunity early in my career to view Japan from an international perspective while working at one of its US sales subsidiaries is an invaluable asset. Later, I transitioned to the SPA sector, where I have witnessed from the inside the process of a domestic company transforming into a global enterprise. Discovering the joy of creating products and selling them myself marked a defining turning point in my career. Because of this experience, I feel as though I have already witnessed much of what is happening at Nitori today.

Although I am now in an executive position, I continue to stand on the sales floor and serve customers as always. Every conversation with customers while assisting them on the floor reminds me of the vital importance of the customers' perspective.



Kushida: I began my career at an automatic identification printer manufacturer, where I worked in accounting and experienced an initial public offering in my twenties. Later, I relocated the overseas business headquarters to Singapore and established their regional headquarters from the ground up. Although I was sent abroad without being able to speak English at the time, I spent those seven years learning desperately. After returning to Japan, I served as CFO and ultimately spent three years taking charge of manufacturing sites. Once I had successfully put those operations on track, Nitori approached me. It was because the previous generation made way for the next that I was able to gain such a wealth of experience. Believing it was now my turn to do the same for the younger generation, I transferred at the age of 55. Today, as the head of NITORI FURNITURE, I oversee our manufacturing sites in Vietnam.

Maruhashi: When I joined the company mid-career in 2005, I strongly requested that I be assigned to follow the same path as regular recruits, and experienced a full cycle of job rotation from store associate, Assistant Store Manager, and Store Manager to the Merchandising Division, and finally overseas. The most significant experience was the twelve years I spent in mainland China from 2011 to 2023. Although I was not able to speak a word of Chinese when I first arrived, now I can travel alone to the most remote mountainous areas without any difficulty. I also experienced the COVID-19 lockdowns on the ground there. Since returning to Japan, I have been serving as the head of HOME LOGISTICS. Having walked through every step of the chain—from factories to stores and finally into the hands of our customers—is an invaluable asset to me today.

Takahashi: I am the only regular recruit among us and am now in my 30th year with the company. After working in stores, new store openings, recruitment, and as Store Manager and Area Manager, I spent ten years from 2008 in the Merchandising Division, taking charge of products including bedding, curtains, and storage bins.
Later, Chairperson Nitori appointed me to take charge of our apparel business. Although I had no prior experience in this area, I embraced the mission to create apparel based on Nitori's philosophy. Taking office in July, I worked backward from the launch of our first store the following March—arranging everything from register systems and product availability to recruitment and product assortment—bringing the entire business to fruition in just eight months.
Now, as the head of N Plus Co., Ltd., I am dedicated to delivering clothes that bring joy to our customers.

Yoshizawa: Your distinct journeys and diverse professional expertise are precisely what is driving Nitori forward today.



Global Perspectives and Deep Ground-Level Insights. Driving Nitori Forward through Diverse Expertise.

Special Discussion

Four Functions, One Will. "Manufacturing-Logistics-IT-Retail Business" Integration Creating Our Competitive Advantage.

What Are the Competitive Advantages of the Nitori Group?

Yoshizawa: All great corporations learn from their customers and take unwavering action. Despite these common traits, what is it that allows Nitori to maintain its unique competitive advantages?

Nagai: Nitori started as a furniture store. I believe our unshakable strength lies in this fact. Furniture has a long replacement cycle, often taking years before a customer needs their next piece. If our customers think of Nitori at that rare moment that comes only every few years—that trust is precisely our invaluable asset. How to enrich people's lifestyles, starting with furniture. As long as we remain true to this core goal, this company will never falter. There is also our concept of a "Manufacturing-Logistics-IT-Retail Business." It is not a mere slogan; it is our actual system. "Offering the Unexpected"—this can be made possible only by an integrated system, like ours, which directly controls the entire process from manufacturing and logistics to IT and retail by eliminating all inefficiencies. The system in which these "Four Functions" operate with "One Will" is our greatest strength, making it incredibly difficult for competitors to replicate.

Kushida: From the perspective of our manufacturing sites, the source of our competitive advantage comes down entirely to our ability to produce high-quality products at a low cost, in close proximity to our customers. Manufacturers in mainland China today are expanding their operations globally with their remarkable technical capabilities and pricing responsiveness while leveraging their massive domestic market. It is precisely because we are focused primarily on Japan and lag behind in scale that the knowledge of manufacturing and logistics that Nitori has built over the years becomes our vital edge.

Maruhashi: Logistics also plays a critical role in our competitive advantage. We have been steadily building and nurturing our own home delivery network for several years. As a result, even in a market where widespread price hikes have become the norm, our unit costs have actually decreased. We are now bringing to fruition the farsighted moves that the previous generation initiated. Prices kept in check by our logistics directly translate into value for our customers. This is something that can only be achieved by Nitori, precisely because we have all the functions needed in our supply chain.

Takahashi: The new business I manage is still a small ground-floor operation. Even so, the core of our competitive advantage is the same. We listen closely to the sales floor and customer feedback, constantly adapt our products, and verify the results through data—executing this cycle faster than anyone else. Furthermore, every division, despite its own busy operations, generously supports our new innovations. This sense of unity is precisely what represents the true essence of the Nitori Group.

Yoshizawa: The entire system of this seamless integration of manufacturing, logistics, IT, and retail delivers value to your customers. It is very apparent that these functions are working as a unified whole without any division, and that they form Nitori's unshakable foundation.



How We Are Driving Future Growth

Yoshizawa: Building upon that foundation, how do you generate future growth? Looking toward the future, what do you believe you should keep your sights on?



Nagai: When thinking about the future, what matters most is not the act of forecasting itself, but focusing on external changes. Changes in society, technology, competitors, and our customers—the ultimate "external" factor. If we misread their expectations, all efforts will come to nothing.
In a way, we are not unlike musicians setting out on tour with a new album. See how customers react in every city, draw inspiration from that feedback, and make the next song—manufacturing is no different. Hints for the future lie hidden right in our customers' reactions.
Recently, when we placed a home theater sofa on the sales floor that delivers immersive, dynamic sound and vibrations, customers immediately reacted by saying, "That's amazing." It is extremely rare to see such an enthusiastic reaction on a furniture sales floor. That experience reminded me once again that even furniture—something people often assume will never evolve—can fundamentally transform people's homes, depending on how we approach it.

Takahashi: As our mission evolves from "enriched living" into "enriched lifestyle," one of the key pillars supporting that lifestyle is apparel—the "clothing" aspect of food, clothing, and shelter. In a new business, initial ideas rarely turn out to be the right answer. Even in professional baseball, hitting .300 makes you an elite player. That is why I tell our members: let's accelerate our cycle so that we can step up to the plate ten times.
We recently launched a rebranding initiative to expand our customer base, and I have since visited nearly every store to speak directly with our team members on the sales floor. As a result, I received numerous comments that generations we had never reached before are now visiting our stores. I believe that it is only by swiftly stacking up steady, everyday efforts that a new business can achieve growth. As a result of these efforts, our stretch pants—developed through research into women's body types—have achieved cumulative sales of 190,000 units, and this winter, we will introduce outerwear and pants featuring our "N-Warm" moisture-absorbing and heat-generating material.

Kushida: From a manufacturing perspective, the room for growth actually lies more overseas. We have pushed forward with cost reductions and reviews of our raw materials over the past two years, but have yet to fully live up to our customer expectations. Therefore, as a manufacturer, we have begun a new initiative to open up our own sales channels. Through repeated exhibiting at overseas trade shows, a clear picture of which markets to target and how to reach them is finally starting to take shape.
The Nitori Group's mission states: Enrich the everyday lives of people all over the world. I am confident that building new sales channels as a manufacturer, rather than relying solely on store expansion, to drive the growth of the Group is another meaningful way to contribute. Furthermore, crafting furniture with the same quality as luxury pieces priced at one million yen overseas—but at a significantly lower cost—represents a market that no one has ever tackled, and is well worth the challenge.

Maruhashi: The more we expand, the greater our logistics responsibility becomes. In small businesses or new regions, without an established supply system, stockouts or excess inventory can easily lead to lost opportunities. To address these challenges, we have established a dedicated division and are pushing forward with creating a system to support our business growth. Creating an environment where the sales floor can focus entirely on serving our customers—that is the duty of the supply chain and the prerequisite for never keeping our customers waiting.



Yoshizawa: There are countless fields to venture into. However, the more you expand, the more your supply system that supports this growth is put to the test. Therefore, offense and defense are inseparable strategically.

Capitalizing on Changes and Accelerating Innovation. Focusing on Customers to Open Up Future Growth.

Good Products and Good Companies Are Chosen Globally.

What It Takes to Compete Globally

Yoshizawa: Markets are becoming increasingly complex and diversified. In this environment, what is needed for the Nitori Group to increase its presence?



Nagai: Looking ahead, the next piece of our "Manufacturing-Logistics-IT-Retail Business" is "Circularity." Since our business begins with furniture, attention to materials and the environment will inevitably become one of the biggest issues. Although the materials we use may still be small in volume, they have reached a point where they can no longer be ignored. They could certainly be procured at lower prices from other suppliers. However, that approach is no different from slash-and-burn agriculture; once everything is burned out, nothing is left. Our challenge is, rather than merely chasing low prices, the achievement of both maximum manufacturing efficiency in our own factories and sustainable, eco-friendly, and socially responsible procurement and production. This dual focus is essential for the future of manufacturing.

Kushida: From a market perspective, the region Nitori must truly open up is, without a doubt, overseas. We currently operate our own factories in Vietnam and Thailand; however, as our store network expands across Asia, we will face a question of where the optimal location for manufacturing will be. We must continue to take steps forward while keeping our eyes on management of the entire supply chain. Our fundamental principle is local production for local markets. Manufacturing closer to our customers shortens lead times, ensuring they can purchase what they want without delay. Mr. Maruhashi and I are in charge of this area. Since we have accumulated a wealth of knowledge in both manufacturing and logistics, it would be foolish not to utilize it.

Maruhashi: I will discuss two issues from the logistics standpoint. The first is the issue of people. Upon returning to Japan, I was struck by how distant "overseas" feels to our employees. For me, a business trip abroad is like taking a local train, as I have spent so many years working on overseas sites and traveling back and forth. I want our younger employees, in particular, to have that confidence to hop on a plane with just a single bag. I am confident that such a mindset will serve as the very foundation of their strength to compete globally. The second issue is the system to support our supply chain. Involved in launching operations in the U.S., mainland China, and our domestic DECO HOME, I had the same difficulties everywhere. The supply chain support could not keep pace while operations were still small. With only the supply chain of Nitori as a large-scale retailer, we always had an inventory problem. We must put in place a system that can robustly support these launch operations.

Takahashi: N Plus is still a new business with about 30 stores and is not yet at the stage of overseas expansion; however, we have already begun product development on a global scale. While an apparel business of this scale would normally rely on trading companies, in 2025, we directly sourced over 60% of our products from overseas as private-brand (PB) goods. I feel that we are now following the same path as Nitori did in its global expansion.



Nagai: To compete globally, you must have a flagship product. Whether or not a brand has that one definitive product will determine its success or failure.

Yoshizawa: On the other hand, to demonstrate competitiveness globally, you need to tailor products to be embraced by the local markets while deploying efficient production and logistics. At the same time, as an outside director, I would like to emphasize the critical importance of compliance, security, and governance. In countries and regions with different cultures and business practices, you must have stronger oversight than in Japan. Pursuing aggressive growth while ensuring sound corporate activities. You must keep this dual approach in mind.

Maruhashi: I completely agree. Unless it is respected as a good company providing good products, no company will have a place in the global market. To compete globally, transparency and integrity are indispensable.

How to Develop Next-Generation Talent and Organization

Yoshizawa: How will you develop future leaders of Nitori Group, and what kind of organization will you pass on to the next generation? Next, let's discuss this topic relating to Nitori's commitment to its stakeholders.

Nagai: Since we have every domain in-house, we can foster many experts. However, if we let our guard down, individual functions can easily become siloed and fragmented. If you successfully pass the baton from one process to the next, you must ensure everything is seamlessly flowing to deliver results. This is why next-generation leaders must have the ability to nimbly cross regional and functional walls and link everything together seamlessly.
Another major theme is how we translate the business principles our founder, Chairman Nitori, established all on his own into a shared global language. For the future of Nitori, there are truly countless challenges left to tackle.

Takahashi: At N Plus, our team members on the sales floor share their daily insights through daily reports, and we review hundreds of them each week. However, feedback from customers who tried on items but chose not to purchase them rarely reaches us. For that reason, the younger generation must collectively improve the ability to capture such unquantifiable voices, staying close to both the floor and our customers.
We are also focusing on fostering a corporate culture that does not discourage trying new approaches. In a new business, if given nothing but criticism, employees will shrink from taking action. So, at every major milestone, I always encourage my team members, saying, "If you keep challenging yourselves, you will surely make our customers happy." Building our apparel business into a major pillar that supports the daily lives of our customers. That is my commitment.

Yoshizawa: As in the IT sector, new ventures mostly fail. If even one out of twenty succeeds, it is a huge success. The real question is whether Nitori can foster a culture that allows for failure and continue to invest in new innovations. Doing so will create a corporate culture that encourages bold initiatives. People claim Japanese companies are losing their technical edge, but the real decline is not in individual skills but the collective ability to learn as an organization. Nitori already possesses immense organizational strength, and I sincerely hope to see you elevate that capability even further.

Kushida: My concern is the shortage of regular recruits who deeply understand manufacturing. Including myself, most of our manufacturing leaders were hired mid-career, and we risk continuing to rely too heavily on mid-career hiring. I want regular recruits like Mr. Takahashi to deepen their understanding of manufacturing. To achieve this, it is necessary to expand our job rotation system beyond Japan to include our overseas and manufacturing sites, allowing our younger generation to gain global experience early in their careers. By doing so, these regular recruits will eventually be able to establish overseas facilities and launch manufacturing operations for themselves. On top of that, there is a phrase I hold dear. Chairman Nitori's principle of "customer first, profit later"—I personally love this phrase. Once you earn your customers' trust, profits will follow on their own. To ensure we remain a company needed and relied upon by society, we will continue to tackle new challenges from the manufacturing sites.

Maruhashi: Ultimately, there are only two reasons why a business survives. Continuing to win customer support and developing human resources. Ensuring a supply system in my own area that never keeps our customers waiting, while developing the next generation. Fostering that casual confidence to travel abroad is a part of this. By never losing sight of our "Customer First" focus, we are fully committed to developing both our human resources and our systems.

Yoshizawa: What left the deepest impression on me from your discussion was that, without any prior coordination, every single one of your stories ultimately arrived at customers. Mr. Nagai finds his next innovation in the joy on the floor; Mr. Kushida builds products tailored to local lives; Mr. Maruhashi designs systems so the team can focus on customers; and Mr. Takahashi continuously captures those subtle voices. Despite your different paths and backgrounds, the four of you are completely aligned on this point. I truly feel that this ability to integrate diverse leadership under shared values is precisely the strength that will drive future growth.



Passing "Customer First, Profit Later" to Future Generations. Unchanging Values Develop the Organization of the Future.

Financial Strategy



Reaching a New Stage in Long-Term Growth Strategies

Masaomi Zenji

Executive Officer, General Manager of Finance & Accounting Division

From Cash Flow Management to Growth Investment

Over roughly the past three years, we have invested approximately 300 billion yen in large-scale logistics centers. With that logistics investment cycle now mostly complete, we will redirect the resulting funds toward areas with higher profitability. From the fiscal year ending March 31, 2027 onward, annual cash outflows will shrink to around 50 billion yen. This easing of financial constraints will allow us to more easily allocate funds to growth strategies, including overseas expansion.

Where operating cash flow remained available, we have also moved ahead of schedule to reduce interest-bearing debt. We currently maintain a net cash position on a net interest-bearing debt basis. As interest rates rise, it is more efficient to invest from cash on hand rather than new borrowing, so the cash reserves we have accumulated for the future are proving their value. Investing within the scope of cash generated from operations allows us to maintain a disciplined cash flow while steadily building up funds for growth. To facilitate this, we are focusing on portfolio management and will take steps to monetize or liquidate idle land where it exists. We are driving forward company-wide DX initiatives to enhance productivity through it, and our IT investments will likely increase.

Locking in the Growth Potential of Overseas Markets

We believe that overseas stores must be our top priority for future capital allocation. As Japan's population declines and continues to age, overseas markets will play an indispensable role in our growth strategy. This is precisely why we see major opportunity in countries such as Malaysia and Vietnam, which combine strong economic growth potential and young populations. In mainland China, as the closure of unprofitable stores has peaked out, we will shift to opening new stores in the fiscal year ending March 31, 2027. For now, we will concentrate our resources on the 11 countries and regions where we currently operate, including the six ASEAN nations.

On the other hand, our own infrastructure needed to support that store network remains limited. We operate factories in only two locations, Vietnam and Thailand, and while we have a logistics center in the Shanghai area of mainland China, we do not yet have one in the ASEAN region. Ensuring that our production and logistics infrastructure keeps pace with our store expansion, and which countries and regions to target for future capital expenditures—these will be the key challenges.

Overseas sales currently account for around 7% of total sales. We have set an initial target of raising this to 10%, and eventually to 30%. This expansion will also serve as a natural hedge to absorb the impact of the weak yen on our P&L. We will direct our funds into forward-looking investments to capture the momentum of these growing economies.

How to Leverage One Trillion Yen in Fixed Assets

In the domestic market, transforming our existing stores will be our primary theme. As consumer preference for low prices intensifies, we expect to see more cases of shifting toward a mall-style format and collaborating with tenants from other categories that can draw customer traffic, both of which will help boost customer visit frequency. Ultimately, the core drivers for increasing customer traffic are products and the floor. We will transform the floor into a space that highlights our products by refreshing fixtures and allowing for expanded product lineups. Renovating sales floors is a major strategic move that should itself be viewed as an investment. We also intend to nurture new categories such as home appliances, pet supplies, baby products, and apparel into our next pillars of growth. As Japan's demographic structure shifts, the question we face is how to effectively leverage our fixed assets, which exceed one trillion yen. As we consider asset efficiency, we must also look at cost of capital. By appropriately optimizing product features, we will continuously deliver products that customers will truly appreciate at prices that are more affordable than national brands. This careful balance between low prices and high quality is the grand theme we must pursue going forward.

The Imperative to Restore ROE to Double Digits

Our capital allocation prioritizes growth investments, but now that large-scale capital expenditures have been completed, it is time to review our capital policy, including the use of remaining funds. We regard the ROE of approximately 8% set out in the Ito Review as the minimum standard for dialogue with global investors, and a line we must not fall below.

Our ROE, which once stood at 15%, has now declined to 9.4%. As the gap between ROE and our cost of capital narrows, it could be argued that we are not fully leveraging the funds entrusted to us. Restoring ROE to double digits is a major imperative. We will consider options such as dividend increases and share buybacks while balancing them with growth investments. We will generate returns that exceed our cost of capital, reflect that in our share price, and keep our PBR consistently above 1x. Fulfilling these financial commitments is critical.



Addressing Discontinuous Growth through Finance

In addition to conventional organic growth through steady business operations, discontinuous growth driven by M&A is indispensable. To buy time, we intend to pursue cross-border M&A as well. Our adoption of IFRS from April 2024 was a strategic move to lay the groundwork for these efforts. It allows us to be evaluated by the same yardstick as companies worldwide, prevents goodwill from burdening our earnings, and prepares us to move with greater agility. Our 36-year run of consecutive increases in both sales and profits has reached a turning point, and this accumulated foundation will serve as the springboard for our next leap forward. As the era shifts from deflation to inflation, we find ourselves in a phase unlike anything we have experienced before. Should we pursue scale or focus on profitability? We will determine what level of investment is appropriate to achieve our mission and prioritize it when allocating funds. Our preparations to turn to the offensive are almost complete. Supporting these new strategies from a financial perspective will be the foundation for the Nitori Group's next leap forward.

Transition of Key Management Indicators

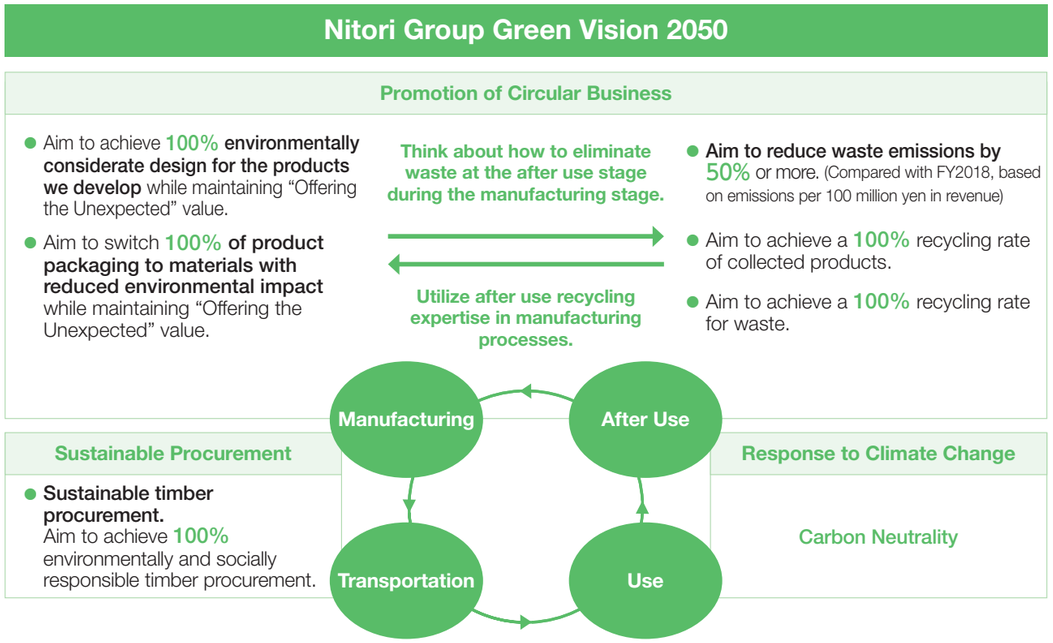
Japanese GAAP	IFRS	FY2016 (February 2017)	FY2017 (February 2018)	FY2018 (February 2019)	FY2019 (February 2020)	FY2020 (February 2021)	FY2021 (February 2022)	FY2022 (March 2023)	FY2023 (March 2024)	FY2024 (March 2025)	FY2025 (March 2026) (Million yen)	FY2025 (March 2026) (Thousand USD)
		← Japanese GAAP →							← IFRS →			
Operating Results, Cash Flows, and Capital Expenditure												
Net sales	Revenue	¥ 512,958	¥ 572,060	¥ 608,131	¥ 642,273	¥ 716,900	¥ 811,581	¥ 948,094	¥ 896,667	¥ 928,828	**¥ 912,248**	***$ 5,704,045***
Gross profit		278,274	314,778	331,421	354,364	411,791	425,897	478,106	457,403	473,923	**485,413**	***3,035,164***
Selling, general and administrative expenses		192,497	221,400	230,642	246,886	274,104	287,627	338,029	322,760	348,576	**363,747**	***2,274,416***
Operating income		85,776	93,378	100,779	107,478	137,687	138,270	140,076	124,274	117,665	**125,526**	***784,886***
Ordinary income	Profit before tax	87,563	94,860	103,053	109,522	138,426	141,847	144,085	124,838	117,448	**127,357**	***796,333***
Net income attributable to owners of parent	Profit attributable to owners of parent	59,999	64,219	68,180	71,395	92,114	96,724	95,129	90,158	82,546	**89,270**	***558,182***
Cash flows from operating activities		77,930	76,840	81,664	99,337	150,879	85,565	91,398	181,164	144,384	**148,911**	***931,106***
Cash flows from investing activities		(42,047)	(82,751)	(30,424)	(44,486)	(195,985)	(119,980)	(132,538)	(133,107)	(127,856)	**(55,103)**	***(344,547)***
Cash flows from financing activities		(6,414)	655	(11,340)	(13,862)	30,309	17,729	36,903	(55,378)	1,295	**(86,502)**	***(540,875)***
Cash/cash equivalents at the end of the year		66,035	60,923	100,053	140,791	125,487	127,076	125,115	117,978	136,001	**145,010**	***906,710***
Depreciation and amortization		10,406	11,357	12,311	14,575	16,024	20,407	22,272	61,082	66,143	**69,509**	***434,624***
Capital expenditure		42,828	64,172	32,237	26,191	22,323	101,454	117,328	137,525	123,885	**43,844**	***274,148***
Financial Position												
Total assets	Total assets	487,814	550,507	619,286	683,247	930,884	983,840	1,133,771	1,411,292	1,529,421	**1,571,284**	***9,824,825***
Net assets	Total equity	394,778	441,668	500,192	560,861	685,392	732,813	818,096	840,704	905,736	**988,570**	***6,181,272***
Equity	Equity attributable to owners of parent	393,693	440,991	499,721	560,571	642,096	732,813	818,096	840,700	905,729	**988,559**	***6,181,200***
Key Management Indicators												
Gross profit to net sales ratio (%)	Gross profit to revenue ratio (%)	54.2	55.0	54.5	55.2	57.4	52.5	50.4	51.0	51.0	**53.2**	***53.2***
SG&A expenses to net sales ratio (%)	SG&A expenses to revenue ratio (%)	37.5	38.7	37.9	38.4	38.2	35.4	35.7	36.0	37.5	**39.9**	***39.9***
Operating income to net sales ratio (%)	Operating income to revenue ratio (%)	16.7	16.3	16.6	16.7	19.2	17.0	14.8	13.9	12.7	**13.8**	***13.8***
Rate of return on equity (ROE) (%)	Rate of return on equity (ROE) (%)	16.6	15.4	14.5	13.5	15.3	14.1	12.3	11.3	9.5	**9.4**	***9.4***
Equity ratio (%)	Equity attributable to owners of parent to total assets ratio (%)	80.7	80.1	80.7	82.0	69.0	74.5	72.2	59.6	59.2	**62.9**	***62.9***
Ordinary income to total assets ratio (ROA) (%)	Profit before tax to total assets ratio (ROA) (%)	19.4	18.3	17.6	16.8	17.2	14.8	13.6	9.1	8.0	**8.2**	***8.2***
Payout ratio (consolidated) (%)		15.2	16.0	16.0	17.0	15.1	16.3	17.3	18.4	20.8	**19.5**	***19.5***
Price earnings ratio (PER)		22.7	30.7	23.1	26.1	25.7	19.1	18.9	29.6	20.3	**15.9**	***15.9***
Per Share Information												
Net income (EPS) (Yen, USD)	Profit (EPS) (Yen, USD)	540.93	574.49	608.05	635.42	817.01	856.71	841.90	797.78	730.42	**157.98***	***0.99****
Net assets (BPS) (Yen, USD)	Equity attributable to owners of parent (BPS) (Yen, USD)	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	**1,749.49***	***10.94****
Dividend (Yen, USD)		82	92	97	108	123	140	146	147	152	**-***	***-****
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	**572,217,480***	***572,217,480****
Stock price at the end of the year (Yen, USD)		12,250	17,625	14,050	16,560	20,970	16,350	15,930	23,600	14,830	**2,517.5***	***15.74****
Total market value		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	**1,440,557**	***9,007,425***
Number of stores in Japan		428	467	505	545	651	708	773	822	835	**860**	***860***
Number of stores overseas		43	56	71	66	71	93	129	179	213	**209**	***209***
Net increase in number of stores		51	52	53	31	111	79	101	99	47	**21**	***21***
Total sales floor area (m^2)		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	**3,163,251**	***3,163,251***
Total number of employees		22,111	24,816	27,506	29,936	36,669	37,229	37,329	38,811	42,421	**41,736**	***41,736***

Notes: 1. For convenience, translation into US dollars has been made at the exchange rate of 1 USD to 159.93 yen as of March 31, 2026.
2. The total number of employees includes the average number of temporary employees (on an 8-hour workday basis).
3. The fiscal year ended 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 31, 2025, which was disclosed in June 2025.
Due to this change, the results for the fiscal years ended March 31, 2023, March 31, 2024, and March 31, 2025, are provided under IFRS Accounting Standards.

* The company conducted a 5-for-1 stock split of its common shares, effective October 1, 2025.
The total annual dividend per share for the fiscal year ended March 31, 2026, is omitted because a simple aggregation of the second-quarter-end dividend and the year-end dividend is not possible due to the impact of the stock split.
Without considering the impact of the stock split, the year-end dividend per share for the fiscal year ended March 31, 2026, would be 77.00 yen, and the total annual dividend would be 154.00 yen.

Nitori Group Green Vision 2050

The Nitori Group Green Vision 2050 is a set of goals for 2050 that aims to achieve 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.



Major Efforts in FY2025

For the fiscal year ended March 31, 2026, we calculated results for a new goal of environmentally considerate design. We will continue to promote cross-divisional measures to help create sustainable enriched lifestyles beyond the mere achievement of numerical targets, while working to manage the progress quantitatively and flexibly addressing challenges.

Efforts for greenhouse gas emission reduction

We reduced total greenhouse gas emissions by 5.7% year on year by expanding the renewable energy power plan for externally procured electricity, in addition to expanding the number of sites equipped with solar power generation systems. At Nitori, DECO HOME, and other stores, the floor and the headquarters worked as one to promote energy conservation, achieving a significant reduction.

Efforts for sustainable timber procurement

As a result of enhancing cooperation with suppliers since the previous fiscal year, including our response to the Revised Clean Wood Act, the sustainable timber procurement ratio increased by 1.1 percentage points year on year. To further enhance risk management in procurement, we are establishing a timber due diligence framework by conducting a pilot audit with the cooperation of our overseas suppliers.

Efforts to increase the recycling rate of industrial waste

The waste recycling rate increased by 1.5% year on year, driven by thorough sorting at logistics centers and closer cooperation with waste processors with high recycling rates. Utilizing our integrated business model, we also design products from the development stage for easy disassembly and sorting to promote resource circulation.

The Nitori Group Aims to Help Create Sustainable Enriched Lifestyles

We are engaged in business that uses limited resources, so we strive to offer our customers the chance to reduce their environmental impact by shopping at the Nitori Group. At the same time, we will continue "Offering the Unexpected" with prices and quality that everyone can easily afford.

Goals and Results of the Nitori Group Green Vision 2050

Theme	Item		Goal for FY2030 (mid-term goal)	Goal for FY2050 (long-term goal)	March 2025	March 2026	
Promotion of Circular Business	Environmentally considerate design		● Promote environmentally considerate design while maintaining our value of "Offering the Unexpected."	● Aim to achieve 100% environmentally considerate design for the products we develop while maintaining "Offering the Unexpected" value.	(Under calculation)	20.6%	Percentage by weight of private-brand products sold that meet the Nitori Group's definition of environmentally considerate design*1. *1 This definition has been independently established in consideration of the company's business and product characteristics, with reference to the approaches in environmentally considerate design guidelines, including the guidelines on the promotion of effective utilization of resources and promotion of decarbonization issued by relevant government ministries and agencies, such as the Ministry of Economy, Trade and Industry and the Ministry of the Environment.
	Switching to materials with reduced environmental impact for product packaging		● Promote switching of product packaging to materials with reduced environmental impact*2 while maintaining our value of "Offering the Unexpected."	● Aim to switch 100% of product packaging to materials with reduced environmental impact while maintaining "Offering the Unexpected" value.	61.5% (Our first calculation)	64.9%	The rate of the number of private-brand 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. (Compared with FY2018, based on emissions per 100 million yen in revenue) (in Japan)	● Aim to reduce waste emissions by 50% or more. (Compared with FY2018, based on emissions per 100 million yen in revenue) (Global)	34.9%	34.3%	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 Quilt 79.3%	Curtains 97.2% Towels 99.6% Down Quilt 78.8%	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)	87.5%	89.0%	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 or 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)	90.6%	91.7%	The rate of timber procurement from suppliers ranked Level A*3. For details (▶P21) *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%. (Compared with FY2013, based on emissions per 100 million yen in revenue) (Scopes 1 and 2)	● Carbon Neutrality (Scopes 1 and 2)	43.2%	45.4%	Reduced greenhouse gas emissions in Scopes 1 and 2 compared to FY2013 For details (▶P73)

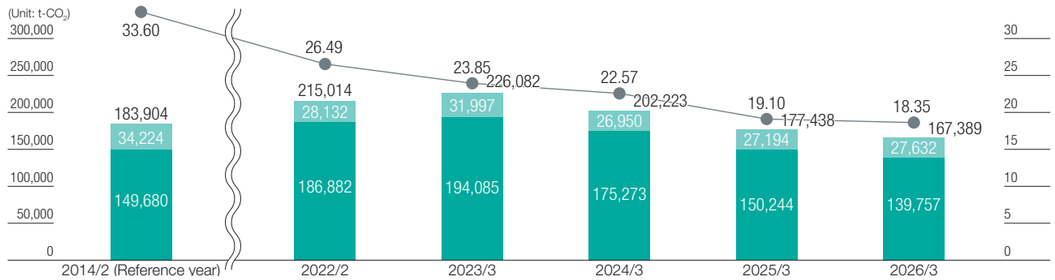
Sustainability Data Book

Greenhouse Gas Emissions from Nitori Group

Greenhouse Gas Emissions (Scopes 1 and 2)			Unit	February 2014 (Reference year)	February 2022	March 2023	March 2024	March 2025	March 2026
Group Total			t-CO_2	183,904	215,014	226,082	202,223	177,438	167,389
	Scope 1	Japan	t-CO_2	33,980	23,660	26,166	22,451	21,566	20,367
		Overseas	t-CO_2	244	4,472	5,831	4,499	5,628	7,265
	Scope 2	Japan	t-CO_2	143,533	138,454	141,133	128,942	101,365	77,002
		Overseas	t-CO_2	6,147	48,428	52,952	46,331	48,879	62,755
Intensity			t-CO_2/¥100M	33.60	26.49	23.85	22.57	19.10	18.35

* Nitori and its consolidated subsidiaries are in the scope of coverage.
  Japan: Stores, logistics centers, headquarters, factories, and other facilities managed by Nitori/Overseas: Stores, logistics centers, offices, and factories
* CO_2 emission factors: City gas and electricity in Japan use the emission factors in the "List of emission factors by business operator" (Ministry of the Environment); fuel uses the emission factors in "Calculation methods and list of emission factors" (Ministry of the Environment); and overseas electricity uses the latest emission factors for each country in "IEA Emission Factors."
* Figures are rounded to the nearest displayed unit; therefore, the total may not equal the sum of the individual figures.
* For certain overseas bases, the calculation covers a 15-month period.

Greenhouse Gas Emissions Transition



	February 2022	March 2023	March 2024	March 2025	March 2026
Revenue-based emissions intensity reduction rate (compared to FY2013)	**-21.2%**	**-29.0%**	**-32.8%**	**-43.2%**	**-45.4%**
Total emissions reduction rate (compared to FY2013)	**+16.9%**	**+22.9%**	**+10.0%**	**-3.5%**	**-9.0%**

Greenhouse Gas Emissions (including Scope 3)		Unit	March 2026 Result	Ratio		Unit	March 2026 Result	Ratio
Scope 3	1. Purchased goods and services	t-CO_2	3,335,060	66.6%	8. Upstream leased assets	t-CO_2	-	-
	2. Capital goods	t-CO_2	31,666	0.6%	9. Downstream transportation and distribution	t-CO_2	10,565	0.2%
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	t-CO_2	33,560	0.7%	10. Processing of sold products	t-CO_2	-	-
					11. Use of sold products	t-CO_2	862,313	17.2%
	4. Upstream transportation and distribution	t-CO_2	225,673	4.5%	12. End-of-life treatment of sold products	t-CO_2	296,686	5.9%
	5. Waste generated in operations	t-CO_2	21,570	0.4%	13. Downstream leased assets	t-CO_2	-	-
	6. Business travel	t-CO_2	11,474	0.2%	14. Franchises	t-CO_2	-	-
	7. Employee commuting	t-CO_2	11,445	0.2%	15. Investments	t-CO_2	-	-
Scope 1						t-CO_2	27,632	0.6%
Scope 2						t-CO_2	139,757	2.8%
Group Total						t-CO_2	5,007,401	100.0%

Previous Fiscal Year Total	5,575,539	-
Year-on-Year Change	89.8%	-

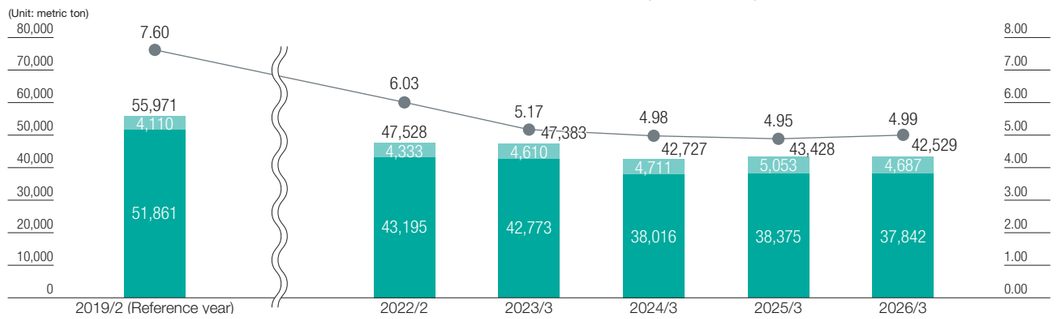
* Nitori and its consolidated subsidiaries are in the scope of coverage.
* The emission factors used are from the "Database on Emission Factor for Calculating GHG Emissions through Supply Chains Ver. 3.5" (Ministry of the Environment) and the "LCI Database AIST-IDEA Ver. 3.5.1" (National Institute of Advanced Industrial Science and Technology).
* Please refer to our website for the methods of calculation and emission factors of each category.
  https://www.nitorihd.co.jp/sustainability/materiality03/#materiality03-4 (in Japanese only)
* Figures are rounded to the nearest displayed unit; therefore, the total may not equal the sum of the individual figures.

Amount of Waste from Nitori Group's Domestic Operations

Waste generated			Unit	February 2019 (Reference year)	February 2022	March 2023	March 2024	March 2025	March 2026
Domestic Group Total			t	103,061	94,193	96,599	85,852	86,520	85,404
	Waste with value and other		t	47,090	46,665	49,216	43,125	43,092	42,875
	Total industrial and general waste		t	55,971	47,528	47,383	42,727	43,428	42,529
		General waste	t	4,110	4,333	4,610	4,711	5,053	4,687
		Industrial waste	t	51,861	43,195	42,773	38,016	38,375	37,842
		* Simple incineration and landfill disposal (of which)	t	-	5,010	4,778	3,966	4,800	4,294
		* Recycling rate	%	-	88.4	88.8	89.6	87.5	89.0
	General and industrial waste intensity		t/¥100M	7.60	6.03	5.17	4.98	4.95	4.99

* Japan: * Scope: Stores, logistics centers, headquarters, factories, and other facilities managed by Nitori
* The data covers waste generated by Nitori.
* Industrial waste includes mixed waste including sofas, case goods, waste plastics, and Styrofoam.
* "Waste with value and other" includes corrugated cardboard, metals (of value), mixed paper, etc. Corrugated cardboard is 100% recycled.

Waste Emissions Transition



	February 2022	March 2023	March 2024	March 2025	March 2026
Revenue-based emissions intensity reduction rate (compared to FY2018)	**-20.7%**	**-32.0%**	**-34.5%**	**-34.9%**	**-34.3%**
Percentage of total waste reduced (compared to FY2018)	**-15.1%**	**-15.3%**	**-23.7%**	**-22.4%**	**-24.0%**

Water Consumption in the Nitori Group

Water Consumption	Unit	February 2022	March 2023	March 2024	March 2025	March 2026
Water Withdrawal	m^3	1,399,167	1,393,469	1,462,854	1,631,306	1,670,528
Water Discharge	m^3	1,399,167	1,393,469	1,462,854	1,631,306	1,670,528
Intensity	m^3/¥100M	172.40	146.98	163.30	175.61	183.12

* Nitori and its consolidated subsidiaries are in the scope of coverage.
  Japan: * Stores, logistics centers, headquarters, factories, and other facilities managed by Nitori
  Overseas: Stores, logistics centers, offices, and factories
* Figures are rounded to the nearest displayed unit; therefore, the total may not equal the sum of the individual figures.
* For certain overseas bases, the calculation covers a 15-month period.

Sustainability Data Book

Energy Consumption in the Nitori Group

Energy Consumption			Unit	February 2022	March 2023	March 2024	March 2025	March 2026
Group Total		(Energy conversion)	TJ	4,404.8	4,727.6	3,782.9	3965.3	4,211.3
	Japan	(Energy conversion)	TJ	3,542.1	3,735.1	2,984.4	3,057.7	3,080.5
		Electricity	MWh	310,297	325,640	300,509	310,512	320,412
		Gas	1,000 m^3	7,876	8,383	7,259	7,530	7,166
		Gasoline/diesel oil	kℓ	507	623	516	560	589
		Fuel oil (kerosene, etc.)	kℓ	336	366	260	231	156
	Overseas	(Energy conversion)	TJ	862.7	992.5	798.5	907.6	1,131
Intensity		(Energy conversion)	TJ/¥100M	0.54	0.50	0.42	0.43	0.46

* Nitori and its consolidated subsidiaries are in the scope of coverage Japan: Stores, logistics centers, headquarters, factories, and other facilities managed by Nitori/Overseas: Stores, logistics centers, offices, and factories
* Figures are rounded to the nearest displayed unit; therefore, the total may not equal the sum of the individual figures.
* For certain overseas bases, the calculation covers a 15-month period.

Employee Data

	March 2023	March 2024	March 2025	March 2026	Scope
Total number of employees * Based on actual number of persons	53,400	56,934	58,799	58,142	Whole Nitori Group
Total number of employees * Number of non-regular employees on an hourly basis	37,329	38,540	42,507	41,736	
Number of regular employees	18,909	18,934	20,171	19,432	
Number of non-regular employees * Annual average on an 8-hour workday basis	18,420	19,606	22,336	22,304	

* For employee data, Nitori Holdings adopted the Japanese Generally Accepted Accounting Principles (Japanese GAAP) through the fiscal year ended March 31, 2025, and the International Financial Reporting Standards (IFRS) beginning with the fiscal year ended March 31, 2026.

Human Resources Development

	March 2023	March 2024	March 2025	March 2026	Scope
Total training hours	745,802	889,971	1,218,445	1,228,941	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu Regular employees
Average hours of education per employee	115.4	162.0	167.8	154.3	
Average days of education per employee	14.4	20.2	21.0	19.3	

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

(▶P47 Nitori College Education System)

Diversity & Inclusion

	March 2023	March 2024	March 2025	March 2026	Scope
Percentage of female employees (%)	65.9	65.8	64.9	64.7	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu
Number of new graduates hired	461	1,045	1,193	654	Nitori, HOME LOGISTICS, NITORI PUBLIC, Shimachu Regular employees
Percentage of newly hired female graduates (%)	46.2	41.1	46.3	41.1	
Percentage of employees with disabilities (%)	2.99	2.95	3.11	3.06	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu
Number of women in management positions	481	534	611	717	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu Regular employees
Percentage of women in management positions (%)*1	16.8	17.5	18.8	20.8	
Number of non-Japanese nationals in management positions	58	70	80	89	
Number of employees taking childcare leave	226	191	240	240	
Number of male employees taking childcare leave	105	108	139	144	
Male childcare leave utilization rate*2 *4	46.3	52.7	77.2	81.8	
Number of employees taking spousal maternity leave	105	89	70	63	
Number of employees taking nursing care leave	5	6	12	29	
Number of employees working shorter hours (pregnancy, childcare, and nursing care)	294	342	332	391	
Average days of paid leave taken	12.3	12.1	11.0	11.3	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu Regular employees
Average percentage of paid leave taken	71.9	72.3	64.8	67.8	
Average overtime hours (hours per month)	12.4	11.0	9.7	5.7	
Difference in wages between male and female workers*1 *3 Total (%)*5	61.8	61.9	62.1	64.5	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus
Difference in wages between male and female workers*1 *3 Regular employment (%)*6	73.6	73.3	74.9	77.3	
Difference in wages between male and female workers*1 *3 Non-regular employment (%)	93.3	94.2	92.3	91.2	
Difference in wages between male and female workers*1 *3 Total (%)*5	51.3	50.0	52.3	54.2	Shimachu
Difference in wages between male and female workers*1 *3 Regular employment (%)*6	73.0	69.6	72.6	73.2	
Difference in wages between male and female workers*1 *3 Non-regular employment (%)	105.2	100.7	100.9	97.5	

*1 Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
*2 The percentage of employees who took childcare leave or other leave under Article 71-4 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25 of 1991) is calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991; hereinafter referred to as the "Childcare and Caregiver Leave Act").
*3 The number of workers is calculated based on working hours.
*4 Of the employees who were asked if they intended to take childcare leave in accordance with the April 2022 revision of the Childcare and Caregiver Leave Act, all employees who wished to take such leave (excluding those who had not yet reached their desired time to take leave) have taken childcare leave.
*5 The percentage of non-regular workers to all workers is high, and the percentage of women in that group is also high.
*6 Regular employees include employees who converted from fixed-term labor contracts to permanent contracts, and the percentage of women in that group is high. 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

	March 2023	March 2024	March 2025	March 2026	Scope
Number of qualified health supervisors	1,768	1,823	2,804	2,948	Nitori Holdings, Nitori, HOME LOGISTICS, HOME CARGO, Nitori Facility, N Plus, Shimachu
Number of staff trained in health and safety standards during the previous year	354	315	307	277	
Lost time injury frequency rate * Absence from work for 4 days or more	3.18	2.77	2.92	2.84	

* Formula: Frequency rate = Annual cumulative number of cases / Annual total hours worked × 1,000,000

Status of Performance of Audits of New Overseas Suppliers

(* Including Quality Assurance Items and Environmental and Social Issues Response Items)

	Audits Conducted	Accepted	Conditionally Accepted (Improvement Requested)	Rejected (No Transactions Permitted)
March 2023	234	18	189	27
Composition ratio	100.0%	7.7%	80.8%	11.5%
March 2024	297	26	206	65
Composition ratio	100.0%	8.8%	69.3%	21.9%
March 2025	339	31	269	39
Composition ratio	100.0%	9.1%	79.4%	11.5%
March 2026	338	38	252	48
Composition ratio	100.0%	11.2%	74.6%	14.2%

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 laws and regulations ● 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 laws and regulations
- Ensuring minimum wages as required by laws and regulations
- Overtime hours within stipulated hours/payment of overtime as required by laws and regulations ● Enrollment in legally mandated benefits
- Prohibition of child labor/forced labor/discrimination
- Acquisition of environmental/labor certifications

Status of Evaluation of Existing Overseas Suppliers

	1H of FY2022	2H of FY2022	1H of FY2023	2H of FY2023	1H of FY2024	2H of FY2024	1H of FY2025	2H of FY2025
Evaluations Conducted	415	431	451	443	433	420	437	447

Existing overseas suppliers evaluation items

(* Excerpted from a total of 50 items 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))

- 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 ● Tracking GHG emissions (Scopes 1, 2, and 3)
- Visualization of chemical substances ● Acquisition of environmental certifications ● Acquisition of other international certifications

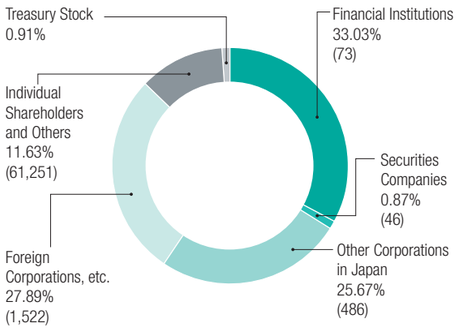
Financial & Company Data

Company Stock Information (As of March 31, 2026)

Outline of Shares

Total number of authorized shares: 1,440,000,000
Total number of issued shares: 572,217,480
(including 5,223,437 treasury shares)
Number of shareholders: 63,379
Listed markets: Tokyo Stock Exchange Prime Market
Sapporo Securities Exchange
Securities code: 9843
Fiscal year: April 1st of each year to March 31st of the following year
Annual general meeting of shareholders: Within 3 months from the day following the last day of the fiscal year
Administrator of shareholder registry: Sumitomo Mitsui Trust Bank, Limited

Distribution of Shares by Type of Shareholder (Number of Shareholders)

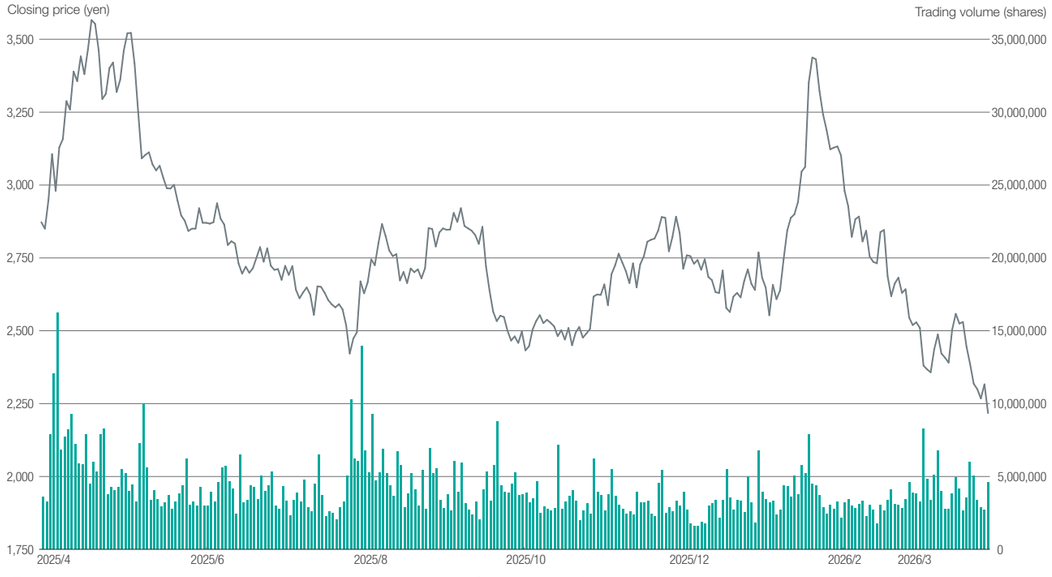


Major Shareholders (As of March 31, 2026)

Name	Number of shares held (thousands)	Shareholding ratio (%)
Nitori Trading Ltd.	103,999	18.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	88,426	15.59
Custody Bank of Japan, Ltd. (Trust Account)	40,501	7.14
Nitori International Scholarship Foundation	25,000	4.40
THE CHASE MANHATTAN BANK, N. A. LONDONSECS LENDING OMNIBUS ACCOUNT	21,350	3.76
Akio Nitori	17,052	3.00
National Mutual Insurance Federation of Agricultural Cooperatives	14,756	2.60
STATE STREET BANK AND TRUST COMPANY 505223	14,467	2.55
North Pacific Bank, Ltd.	12,702	2.24
Nippon Life Insurance Company	10,281	1.81

Notes: 1. The numbers of shares held above are calculated based on the shareholder registry.
2. The 5,223,437 treasury shares are excluded from the major shareholders listed above.
3. Shareholding ratios are calculated by excluding treasury shares.
4. The shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are held for securities investment trusts and retirement benefit trusts.

Trends in Stock Price and Trading Volume



* The company conducted a 5-for-1 stock split of its common shares, effective October 1, 2025. Stock prices per share are retroactively adjusted to reflect the stock split.

Company Information (As of March 31, 2026)

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 Shinkotoni 7-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
Foundation	December 1967
Establishment	March 1972
Capital Stock	13,370 million yen
Number of Employees (Consolidated)	58,142 (including 22,304 average temporary 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 TRADING (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 Company
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
-All Link Co., Ltd.

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.

Endorsed Initiatives

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

External Evaluations

FTSE4Good
FTSE JPX Blossom Japan Index
FTSE JPX Blossom Japan Sector Relative Index