



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

NITORI HOLDINGS

Integrated Report 2023

2022.2.21 - 2023.3.31



Enriching homes of people all over the world

New Phase, New Growth.

Vision 2032

3,000 stores Net Sales **¥3** trillion

NITORI Group's Aspiration

The mission to “enrich homes of people all over the world”, is what lies at the root of all actions of each and every employee of NITORI Group. Moreover, our activities are guided by our commitment to do our utmost to achieve the long-term vision by gathering the strength of our employees.

With the mission as our root of all business activities, we will achieve the vision, and will share a diverse range of enrichment with our customers and all other stakeholders.

Message from the Chairperson

Please look forward to NITORI Group's continued growth and development along with the remarkable growth of Asian economy

Representative Director & Chairperson
(Chief Executive Officer)

似鳥昭雄

Making a full-scale, concentrated investment in Asia

The NITORI Group's roots can be traced back to 1972, when a chance to participate in an observation tour of chain stores in the U.S. led to NITORI Group's mission to "enrich the lives of the Japanese people." To grow as a chain store is what leads to realization this mission. In order to realize the mission, we have adopted a management approach in which we set a vision of "long-term targets of 30 years" in terms of the number of stores and sales, and then worked

backwards to set specific targets for each short period of time.

With the opening of the store in Taiwan in 2007, we broadened our mission to "Enrich homes of people all over the world" and expanded our overseas operations with a focus on the East Asian region. For more than 30 years, we have established trading companies and other bases in Asia, built close relationships with many partner companies, and established and strengthened many group companies, including our own factories that play a key role in our supply chain. As a result, we have grown as a business that

integrates manufacturing, logistics, IT and retail, with the Asian countries and regions.

During the past several years, the world has been greatly affected by the COVID-19 pandemic and the sudden economic downturn caused by the invasion of Ukraine. In the meantime, we have been striving to offer "enrichment to homes" to as many customers as possible and have made a series of preparations for the full-scale operation of our overseas business development. We have decided to concentrate the management resources of our global sales business in the Asian region, which is expected to achieve significant economic growth over the long term and is the core of the supply chain that supports the NITORI Group, and to fully accelerate the expansion of global chain store operation. In the fiscal year ending March 31, 2023, we opened stores in the ASEAN countries and regions, Malaysia and Singapore, and including these, we have opened 36 stores overseas. In the fiscal year ending March 31, 2024, we plan to open a total of 206 new stores in Japan and overseas, 77 of which will be in Asia, including new countries and regions such as Thailand, Hong Kong, Republic of Korea, Vietnam and the Philippines, in addition to countries and regions where we already have stores. We will further accelerate the pace of new store openings to capture the growth of Asia and respond quickly to the needs of Asian customers.

Meanwhile, we will continue to actively open new stores in each of our group businesses in Japan, including small stores for the convenience of our customers, as well as stores in suburban areas and small market areas. Within a few years, we expect to open more than 300 stores per year. We will strive to expand the number of stores and the number of customers, which are the barometer of our contribution to society.

A Year of Strong Employee Growth in a Challenging Environment

The earnings environment was unprecedentedly severe due to the combination of the yen's depreciation and soaring logistics and crude oil prices. Despite these challenges, sales and ordinary income both exceeded the previous year, and we have achieved 33 consecutive years of sales and ordinary income growth since our listing, coming first in the world ranking alone. I believe this is the result of our employees working together to reduce costs and to improve and reform all aspects of our operations. It is said that "adversity is the best opportunity for education," and it was a year in which I was able to experience the growth of our employees. I am sincerely grateful and the fact that we were able to achieve results in this difficult environment gave us a great deal of

confidence. I believe that we were able to do so because of our vision and mission to "enrich homes of people all over the world."

Employee growth is NITORI Group's greatest strength

We have spent about five times the average training expenditure of listed companies to train many specialists, and we will further strengthen our efforts to develop human resources who have their own mission and vision, think and act on their own to realize them, not for the company or their managers. In addition to global human resources (P14: Developing Global Human Resources), who is in charge of overseas expansion, we believe that IT human resources (P14: Developing IT Human Resources), who will support our growth through our unique in-house IT infrastructure, are also important. In April 2022, we established Nitori Digital Base as a "base" where excellent IT personnel from Japan and overseas can come together to further accelerate NITORI Group's IT and DX. We plan to increase the number of IT personnel with expertise in both business and IT from the current 400 to 1,000 by 2032.

We also continue to focus on strengthening our logistics functions. In the domestic logistics network, we are proceeding with the reconstruction of our domestic logistics centers network with a total investment of approximately 350 billion yen. The main focus will be on optimizing the allocation of bases and consolidating their functions, with the aim of expanding functions to accommodate the increased volume of goods due to accelerated store openings and increased demand for e-commerce, as well as to reduce CO₂ emissions, improve efficiency and substantially reduce costs. In addition, we are transferring our knowledge and expertise to overseas logistics in order to respond to the acceleration of overseas store development.

Please look forward to the further evolution of our business model and our global development

Going forward, we will enter a phase of expansion centered on opening of new stores. NITORI Group will continue to take on the challenge of realizing the mission and vision of providing further "enrichment to homes" to more customers. I would like to ask all of our stakeholders, including customers who purchase our products, as well as our shareholders, business partners and group employees, for their continued support and encouragement and to look forward to the future development of the NITORI Group.

Message from the President

Promoting acceleration of global business development and expansion of business fields to achieve Vision 2032

Toshiyuki Shirai

Representative Director & President
(Chief Operating Officer)



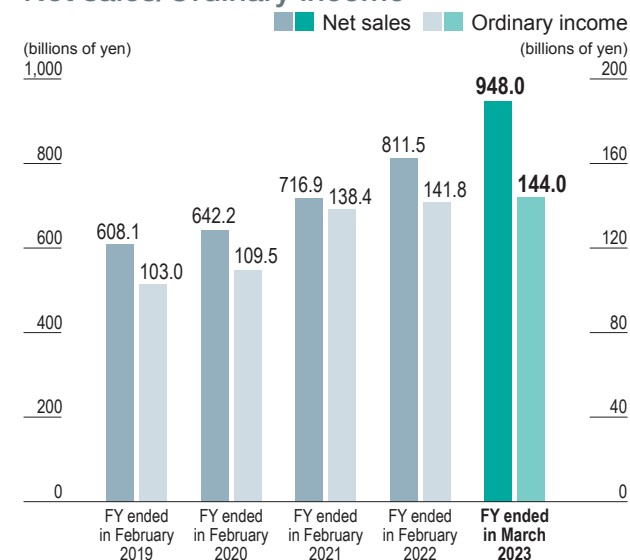
Summary of Fiscal Year Ending March 31, 2023

Despite adversity, the company has achieved 36 consecutive terms of sales and profit growth, achieved 33 consecutive years since our listing, be coming first in the world ranking alone.

As the global economy began to normalize from the effects of the COVID-19 pandemic, it was hit by significant inflationary pressures due to Russia's invasion of Ukraine. The sharp depreciation of the yen and the soaring prices of raw materials and trade costs, along with a sudden shift to tighter monetary policies in many countries and regions outside of Japan, have resulted in an unprecedentedly harsh business environment. Even in such an environment, our employees worked together to achieve sales of 948 billion yen (an 16.8% increase YOY) and ordinary income of 144 billion yen (an 1.6% increase YOY), despite an irregular period of 13 months and 11 days due to a change in the

fiscal year end. This was our 36th consecutive year of sales and profit growth on a sales and ordinary income basis, and the 33rd consecutive year since the company was listed. On the other hand, net income attributable to shareholders of the parent company was 95.1 billion yen (down 1.6% from

Net sales/Ordinary income



the previous year) due to extraordinary losses, mainly from impairment losses related to real estate under operating leases. We would like to express our deepest gratitude to our customers for their purchases as well as to our shareholders and other stakeholders for their support.

Various Challenges in Overcoming Adversity

NITORI Group has promoted extensive and thorough cost reductions and operational reforms by utilizing the business model that integrates manufacturing, logistics, IT and retail, such as strengthening vertical merchandising by increasing in-house purchase of raw materials, reducing costs through promoting in-house production and extending compressed packaging that leads to distribution cost reductions. In addition, we have made efforts to maintain and improve our mission to "offer the unexpected" by changing product specifications and introducing new products in response to the necessity to revise the prices of some products. NITORI Group also implemented various promotion campaigns such as price cuts to support everyday life and home appliances and delivery charges discounts, which were well received by our customers.

Active investment, reinforcement and development of systems to improve group capabilities

Regarding store development, we achieved a net increase of 101 stores. Opening of more than 100 stores in one year was the first time for NITORI Group. In Japan, we continued to actively open various type of new stores, including Deco Home and N+, in addition to large-scale Nitori stores in central Tokyo, such as the Meguro Dori Store and the Ikebukuro Sunshine 60 Dori Store. In the overseas market, we have decided to

temporarily withdraw from the U.S. business, which was hampered by high tariffs and other barriers, in order to focus our resources on the Asian market, where significant growth is expected, and our supply chain and human resources can be most effectively utilized. In addition to accelerating store openings in existing Asian countries and regions, we have opened stores in Malaysia and Singapore, and have begun store development in the Southeast Asian market. As a result, in the fiscal year ending March 31, 2023, we opened a net total of 101 new stores in Japan and overseas, bringing our total store count to 902.

Furthermore, we have worked on the following: established Nitori Digital Base as a foundation for acquiring and training IT personnel to strengthen our IT department, entered into a capital and business alliance with EDION Corporation, which handles highly relatable products with of Nitoris', strengthened various human resource development programs, including the resumption of U.S. seminars, which had been suspended due to the COVID-19 pandemic, and improved the work environment and such.

Strategy to Achieve Vision 2032

Direction of growth strategies and approach to corporate growth

At NITORI Group, every employee shares the mission of enriching homes around the world, which is at the heart of everything we do. The guiding principle of our activities is to do our utmost to achieve our long-term vision of "3,000 stores, ¥3 trillion in sales by 2032," by mobilizing the Group's strengths. We have formulated five medium- to long-term management strategies based on two basic policies: to provide more customers around the world with quality

Medium- to long-term management strategies

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

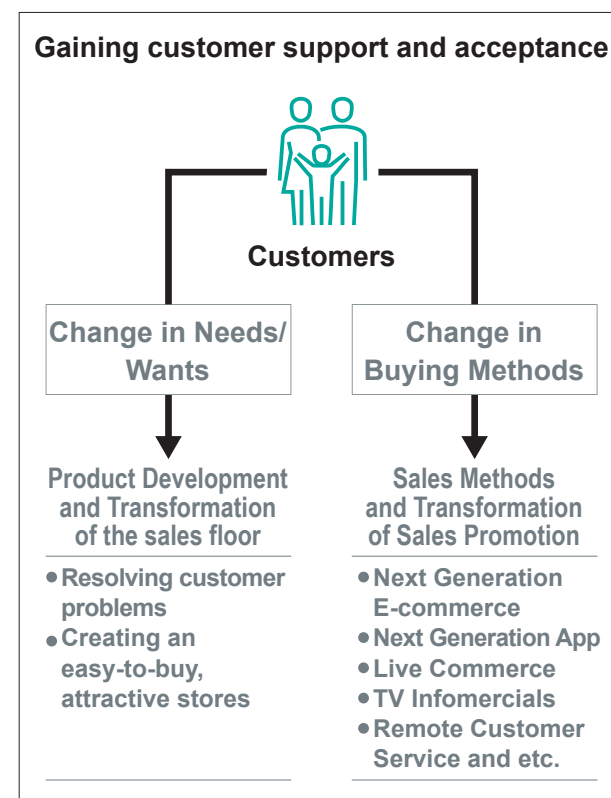


Message from the President

products at affordable prices by establishing a global chain, and to offer the joy of total coordination of living spaces.

1) Expanding business fields and gaining customer support

As customers' purchasing behavior and values continue to diversify, we aim to expand our customer base and increase the number of customers by offering more attractive and wide-ranging product lineup, "offering the unexpected" price, quality, ease of purchase, and suggesting coordination than before, and by using evolving technology to provide and propose these to our customers. We will continue to build strong relationships with customers by strengthening our customer analysis functions and maximizing group synergies, with NITORI app at the core, in order to evolve into a business that understands the needs and wants of individual customers and responds to them individually.



2) Accelerating expansion of global chain store operation

In order to provide "enriched homes" to more Asian customers, we will accelerate and expand our store openings by concentrating investment of our management resources in Asia. In Mainland China, we have opened stores in all direct-controlled cities with the opening of a store in

Chongqing. We will continue to accelerate and focus on the expansion of store opening. In Taiwan, we will expand our business with new formats in mind. Also, of the six major ASEAN countries, where the middle-income class is sure to grow rapidly along with economic growth, following the opening of stores in Malaysia and Singapore we plan to open a store in Thailand at the end of August. In addition, we will begin opening stores in Hong Kong, Republic of Korea, Vietnam and other countries and regions.



3) Business foundation reform through supply chain management, IT and organizational strategies

We have built a system to control the entire supply chain with our own IT network, but as our global expansion progresses, the complexity of our sales bases and manufacturing and procurement sites increase, so that efficient and stable supply chain management will become more and more important. We will continue to evolve and develop further by utilizing the evolving IT technology.

With a total of approximately 350 billion yen investment in the development of domestic logistics bases, we are working to reduce costs, optimize inventory levels, and shorten lead times by consolidating functions and strategically and efficiently reallocating them through the privatization of bases.

With regard to organizational structure and human resource development, we are working backward from our vision and systematically developing them necessary to achieve it, while at the same time, building a personnel system that enables each employee to balance self-realization and life events.

4) Promotion of M&A and alliances to expand business fields

We will seek strategic alliances and M&A that will lead to the realization of synergies, such as realizing economies of scale and strengthening businesses and functions.

5) Sustainability management to both resolve social issues and achieve our mission

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

NITORI Group's Sustainability

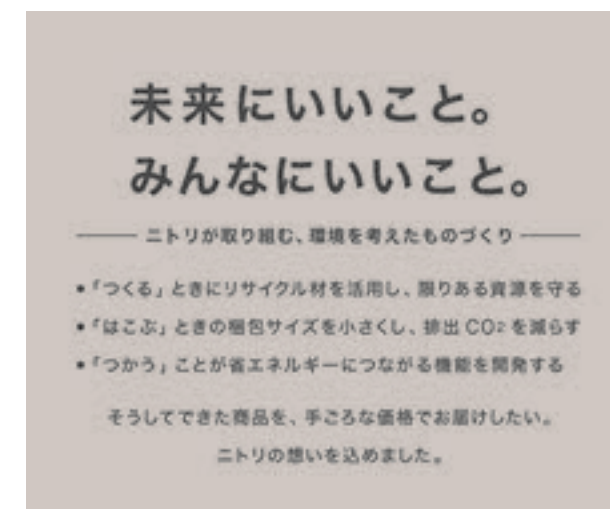
We have identified seven Materiality Issues for sustainability and are promoting initiatives to resolve environmental and social issues. We are committed to simultaneously offering comfortable lifestyles for our customers and solving environmental and social issues by taking advantage of our business model that integrates manufacturing, logistics, IT and retail (see pages 29-30: Sustainability of the NITORI Group).

In particular, we are actively working to promote the effective use and recycling of resources and are striving to reduce resource consumption and waste emissions. We are developing products with an eye toward the effective use of resources from the planning and design stages, even after customers have used them, and are aiming to expand the number of products that can be recovered and recycled.

As part of this effort, the recycling collection of curtains and down feather quilts was expanded to Nitori, Nitori EXPRESS and SHIMACHU in Japan. The collection of futon-mattresses and carpets, which customers has had difficulty disposing of, was undertaken on an experimental basis at some stores, with three companies collaborating to establish an initiative to recycle them by transforming them into cement products through collection, intermediate treatment, and recycling processes.

In response to Climate Change Issues, we have endorsed the TCFD recommendations and are disclosing information based on them, including greenhouse gas emission reduction targets (see pages 49-50: Response to Climate Change Issues).

With the participation and efforts of all employees in Japan and overseas, we will achieve sustainable growth through the NITORI Group's unique approach to sustainability management.



NITORI Group will connect the hopes of our customers and the limited resources to the future.



Making new down-feather products with love and sincerity.



The curtain that made you smile, will make someone else smile.

Message to Stakeholders

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

Introduction

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Editing Policy

We have issued the 2023 Integrated Report to aid investors, shareholders, and other stakeholders' understanding of our processes and potential for achieving a long-term, sustainable enhancement of our corporate value. In planning and structuring this Integrated Report, we have focused on communicating "expansion of our long-term sustainable growth and contribution to environmental, social, and economic sustainability," while also referring to the disclosure framework provided by the International Integrated Reporting Council (IIRC).

Target Scope

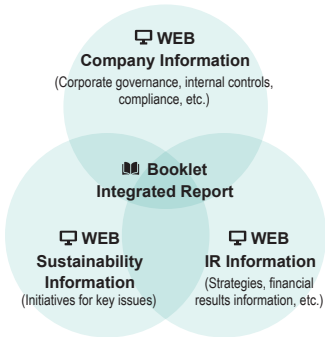
We set as many domestic and foreign NITORI Group companies subject to consolidated financial statements as possible as the target of our reporting. However, depending on the item, the reporting target may differ.

Target Period

February 21, 2022 to March 31, 2023
In this report, the fiscal year ended March 31, 2023, is referred to as fiscal 2022 or FY2022.

The Activity Report also includes some recent content.

The significance of this report

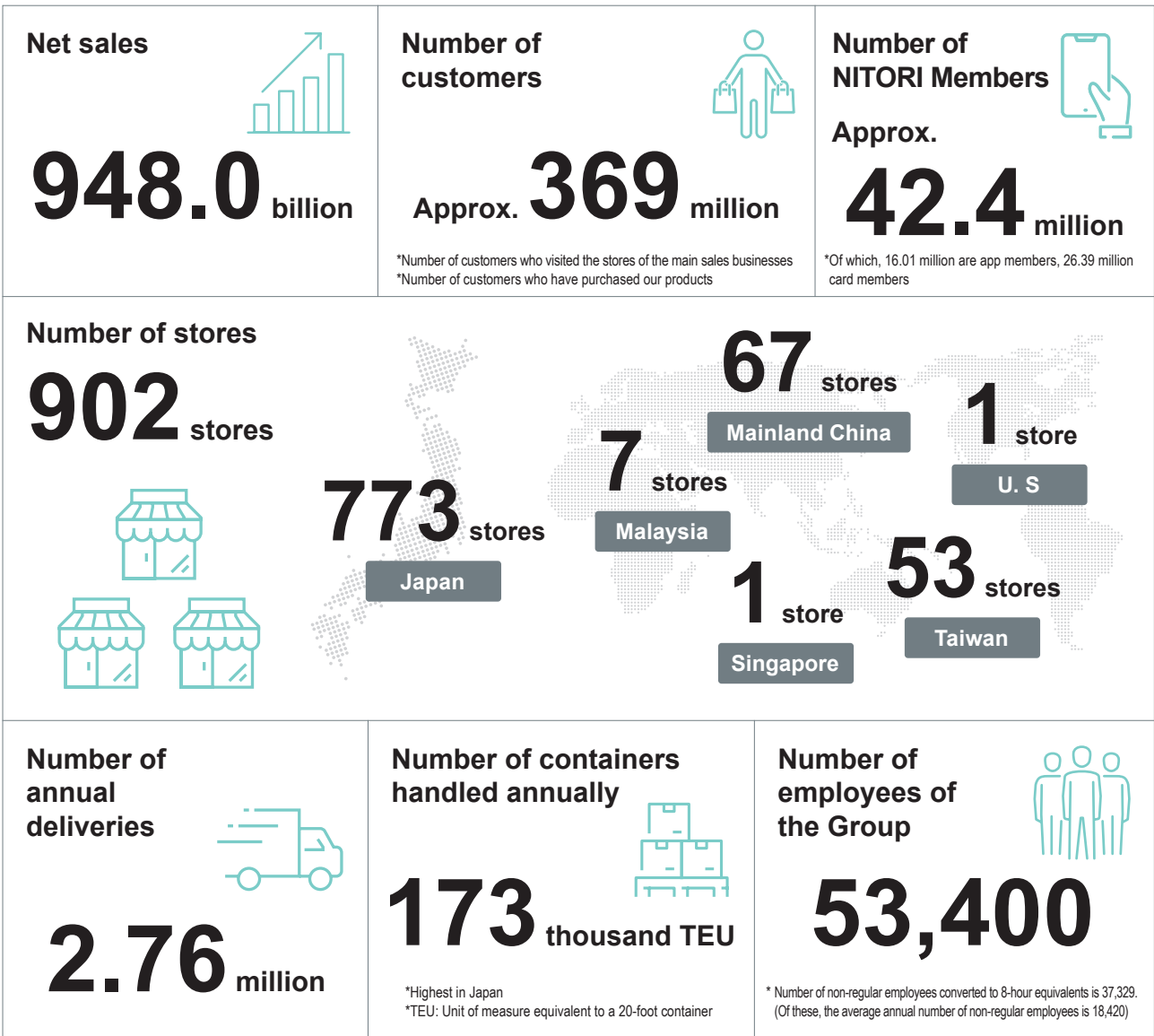


Disclaimer Regarding Forward-Looking Statements

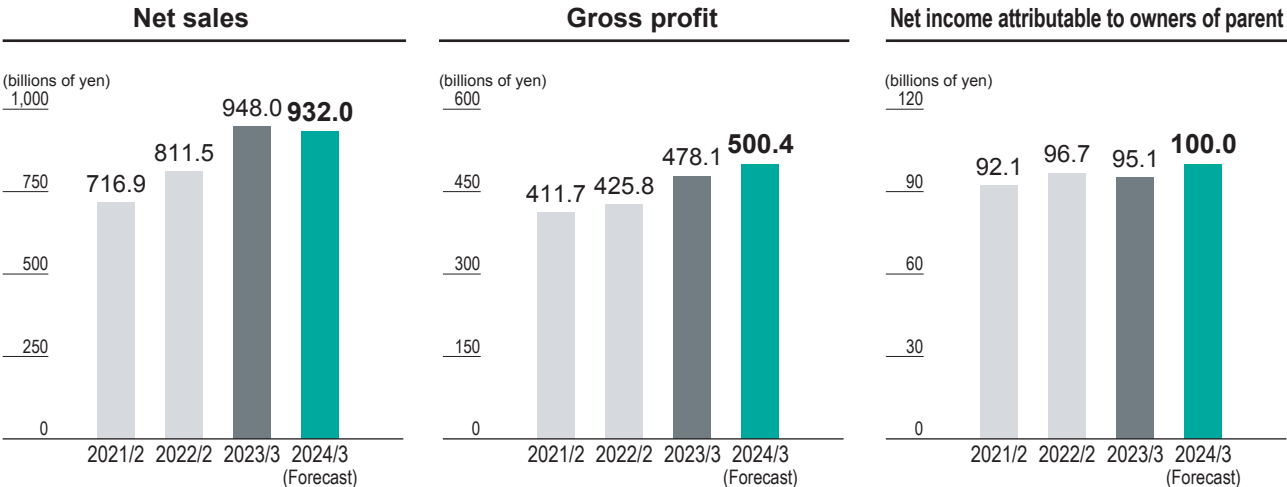
This report contains plans, strategies and forecasts, and forward-looking statements regarding the business performance of NITORI Holdings and affiliated companies. These statements are not historical facts. These forward-looking statements are based on the current assumptions and beliefs of NITORI Holdings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

Current status of NITORI Group

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



*Numeric figures are from fiscal year ended March 31, 2023



Overseas Strategy

Accelerate global expansion through concentrated investment in Asia

Strengthening and dramatically growing the global business is one of NITORI Group's most important tasks in achieving Vision 2032. We will accelerate our overseas expansion together with our employees in Japan and overseas by utilizing the structures, knowledge and systems we have prepared and built for this purpose.

Competitive Advantage

Mission Statement and Vision

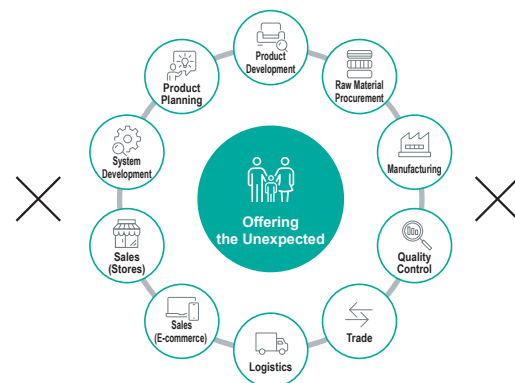
Mission Statement

"Enrich homes of people all over the world"

Vision 2032

3,000 stores
Net Sales ¥3 trillion

Business Model



Human Capital



Overview of activities aimed at accelerating the opening of overseas branches.

Themes

Support for overseas business by the Japan headquarters

Clarification of know-how and transfer of explicit documentation

Product proposals based on lifestyle studies in new countries and regions

Global omni-channel promotion (platform-building, global standardization)

Overview of initiatives

Supporting issues related to developing business in all countries and regions outside Japan. Encompasses human resources development, development of educational tools, store creation, omni-channel development, store work standardization, product supply and inventory management, etc.

Providing systems and manuals in local languages for using the know-how employed in Japan throughout every aspect of overseas operations, including the creation of sales floors that offer clear product suggestions, development of standards for product displays and placement of promotional materials and faster and more efficient human resources development.

Using our understanding of lifestyles in each country and region to promote NITORI products that resolve frustrations and inconveniences of local people in a clear way using sales floors and POP and promotional materials in local languages, as an alternative to conducting market research on best-selling lines.

Evolving from e-commerce deployed in each country and region to the development of a shared global platform. Pursuing cost reduction measures and faster expansion to respond promptly to rapid changes in customers' "purchase behavior."

Key measures for each country and region in FY2023

Mainland China

- Focusing on opening stores in Beijing, Suzhou, Chengdu, Wuhan and Chongqing.
- New shop openings on the e-commerce platform Pinduodow.
- Apps for our own websites within WeChat
- Active recruitment of new graduates for the future (approx. 400)



Taiwan

- Implementation of major total and additional floor refurbishments
- Preparation for opening new formats
- Strengthening TV and SNS advertising
- Additional app features (to reach 1.35 million members)



Other countries and regions in Asia

- Opening of stores in Thailand, Hong Kong, Republic of Korea, Vietnam, Indonesia, the Philippines and other countries from 2023 onwards.
- Improved sales efficiency through optimization of product assortment
- New openings on e-commerce platforms
- Research on newly entering countries



Masanori Takeda

Director
General Manager of Global Merchandising Division
General Manager of Global Sales Promotion Office
In charge of Overseas Sales Business

Acceleration of store openings in FY2023 and beyond

NITORI Group will provide equal enrichment to customers all over the world.

Following the opening of new stores in Malaysia and Singapore in FY2022, we will open a store in Thailand at the end of August. We are also planning to open a new store in Hong Kong, Republic of Korea and Vietnam, while at the same time we are conducting research and considering opening stores in Indonesia, the Philippines and India, and will further accelerate the opening of new stores in Asia. The challenges of global expansion include human resource development, establishing a supply chain network and pursuing economies of scale through the standardization of products. NITORI Group will work together to establish a system that enables us to open stores anywhere in the world by utilizing the knowledge and strengths that we have cultivated in Japan.

NITORI Group's Human Capital

Working together to realize the mission and supporting growth and evolution

Since its inception, NITORI Group has repeatedly rejected the status quo and has continued to take on unprecedented challenges. The driving force behind this is our employees. Based on the belief that 'individual growth leads to corporate growth', we have focused on the development of a wealth of elites and specialist personnel. We encourage and support each individual to proactively aim for growth towards what they want to become.

→ Related Page: P51-52 Promote human resource development and organizational development

Education that leads to the “ideal self” of employees

Transfer-based education

Develop diversified human resources by transferring and experiencing various departments.

In-house training programs

Learning the necessary knowledge and experience at the NITORI Group to link the company's mission with its own mission.

Self-development

Providing assistance, support and educational materials to help acquire qualifications and knowledge to get closer to the “ideal self”.

The concept and system of human resources development, which started with domestic employees, has now been expanded to cover all employees across the globe. We are also working to create an organization that values and nurtures people who continue to take on challenges, so that each and every employee of the NITORI Group, can make steady progress towards realizing their mission, and grow both as a company and as an individual.



Job shadowing training programs, in which participants accompany employees in different departments to gain work experience.



Interior coordination training programs, for selected members, where participants learn from professional coordinators.

Developing Global Human Resources

Based on the mission of “Enriching homes of people all over the world,” the chain store theory and by effectively utilizing the capabilities of the NITORI Group, we are developing global human resources who can solve problems and build systems to provide products and services that suit customers in each country and region.

To develop human resources who have a broad perspective and can utilize diversity and work together with employees around the world, we provide a variety of training programs and study opportunities, including global training and diversity management training, first in Japan. We also actively promote global transfer-based education in the hope that our employees will grow as they expand the overseas business. We also provide opportunities for employees to take on their own challenges, such as an open recruitment system for overseas assignments and the opportunity to be dispatched to overseas stores as a ‘task force’. Overseas employees are given training programs that help them understand NITORI Group, such as seminars in Japan to see Nitori stores and distribution centers, and learning about the chain store theory.



Development of IT human Resources



In April 2022, the NITORI Group established Nitori Digital Base as a “base” for bringing together talented IT personnels from Japan and overseas. We are focusing on recruitment and training to increase the number of internal IT personnel to 1,000 by 2032. In addition to specialized skills, on-site knowledge and the ability to solve problems from a front-line perspective are essential for NITORI Group's IT personnel. For this reason, all of our IT personnel will experience working at NITORI stores and logistics departments. We are also promoting the conversion of employees from non-IT fields into IT personnel through a step-by-step training program that covers everything from IT basics to the latest technologies. They will support the growth of the NITORI Group by fully utilizing the power of IT technology, from improving customer convenience in shopping and services, to building systems to support accelerated overseas expansion, to reforming operational efficiency.

Discussion

Sharing the best practices and developing a framework for the education system to develop overseas human resources, which is the key to realizing NITORI Group’s mission.



Hiromi Abiko
Director
General Manager of HR Education Division
Director responsible for Sustainability Management Promotion

H.I
Merchandising Division, Buyer of Kitchen & Dining Team

Joined the company in 2005. After working in 7 stores, has worked in 2 stores as a store manager since 2014. In 2017, seconded to Mainland China. After working as a store manager and an area manager, engaged in the education and training of local employees. worked in the Merchandising Division since 2021. After experiencing delivery/re-order buyer, has been in the current position since 2022.

K.K
NITORI RETAIL (MALAYSIA) SDN. BHD.

Joined the company in 2004. Worked in 4 stores before becoming a store manager in 2012. worked in the Organizational Development Office since 2013, in charge of diversity promotion and internal public relations. After working as a delivery/re-order buyer and a buyer, was seconded to Malaysia in January 2023, to work in the Merchandising Division tasks.

Joined the company in 1984. After working in the Corporate Business Department and the Business Systems Office, became the first female store manager in 1999, and was appointed to the Merchandise Department in 2002. In 2015, was appointed manager of the Merchandising Division, in charge of product development and sales floor proposals to enrich people’s lives through coordination. Current position since 2021.



Specialists are nurtured by an education system designed backwards from the mission.

Director Hiromi Abiko

— NITORI Group’s Approach and System for Human Resource Development

Director Hiromi Abiko

NITORI Group has always had its mission and vision at its core. In human resource development, we envision the future organization and human resources necessary to realize our mission and vision, and work backward from there to create the education system. For example, being able to deliver a wider range of “unexpected” products and services to people in more countries and regions, means that the scope of our business has expanded and evolved beyond the current level. For this reason, we have made great efforts to educate our employees, including through observation tours to the U.S. (see p. 51: Promoting Human Resource and Organizational Development). We believe that through education consisting of a step-by-step curriculum and work experience in a wide range of fields, we can nurture a wealth of elites who possess what we call the “4Cs” (Change, Challenge, Competition, Communication). A

specialist with the 4Cs is a person who responds to change, aims for personal growth in a competitive environment while repeatedly making improvements and reforms, and pursues overall optimization through close cooperation with inside and outside the company. They are required to have a high level of expertise as well as an understanding of all aspects of supply chain operations.
Through your own experiences, what is your impression of NITORI Group’s approach and structure for human resource development? When expanding overseas, communications seems to be particularly important among the 4Cs. What do you think?

K.K

I joined NITORI Group because I sympathized with its mission and the consistency with which it focuses on training human resources to realize the mission. When I first started working at a store, I had a vague idea that I wanted to build my career in the store operations and eventually become a store manager or an area manager. Unexpectedly, I was

transferred to the Organizational Development Office, where I was involved in the production of the company newsletter, which gave me many opportunities to interact with people in the Merchandising Division, and I became fascinated with manufacturing and began to pursue a career in the Merchandising Division. In 2016, I was assigned to the

Highlight

Human Capital of NITORI Group

Discussion: Human Resource Development, the Key to Realizing NITORI Group's Mission

Merchandising Division, which I had longed for, and gained experience as a delivery/re-order buyer and a buyer. I was seconded to Malaysia at the end of January this year, and this was an unexpected posting as well. Currently, I am involved in a wide range of operations, including preparation for opening stores and human resource development,

making the most of my experience. Through transfer-based education, I have become more and more clear about what I want to do and my ideal self. I feel that the extensive educational programs available to help me achieve this goal have been very beneficial to my own career development.

H.I

I joined the NITORI Group because I sympathized with the mission, and also saw potential in the business. I had been working in stores in Japan for a long time, but when the chance to work in Mainland China came up, I thought it would be a challenge for my personal growth. When I started working overseas, I encountered many problems that I had rarely experienced in Japan, such as the difficulty in receiving supplies of equipment, products, etc., which could

be immediately arranged, if in Japan. I returned to Japan with the desire to solve these problems. I then worked in the Merchandising Division in delivery operations, where I acquired the skills to understand and control the entire flow of products from the time they are produced, to the time they are placed on store shelves.

Eventually, I would like to work overseas again and become someone who can solve local problems.

Working experience overseas helped me clarify how I want to be in the future and my ideal self.

H.I



— Issues and Directions for Overseas Human Resource Development

Director Hiromi Abiko

NITORI Group will accelerate opening stores in the Asian region in order to achieve its Vision 2032. Therefore, the development of overseas human resources is an urgent task. We would like to increase the number of local staff who can share values and work together with us to realize NITORI Group's mission by standardizing and permeating the domestic education system on a global scale.

On the other hand, each country and region has its own unique lifestyle, culture, and way of thinking. We feel that we need to be flexible in our approach, adopting methods that are appropriate for each country and region, and devising ways to communicate.

Could you please share your experiences and opinions based on your overseas experiences?

K.K

I recognize that one of my roles in Malaysia is to share what I have learned in Japan with the local employees. Japan is a high context culture, but that may not be how it is in overseas, so I try to carefully explain and communicate in detail. However, it is not easy to do so. Whether it is the language, communication method or structure problem, I try to break down each issue and think about it before applying it to the next. I feel that I have gradually acquired the skill of communicating in a simple manner, without becoming overloaded with information or becoming difficult to understand because I am so conscious of being careful. My current mission is to support the growth of local buyers and watch them become full-fledged professionals. I would like to

take on challenges together with them so that their encounter with the NITORI Group will give them a sense of excitement about the future and help them move toward their own personal mission.

We must further increase the speed of human resource development in order to achieve our Vision 2032. Although there are differences in language, culture, and other aspects, I feel that it is important to carefully respond to each issue one by one while sharing values.

Director Hiromi Abiko

I am aware of the same issues. In the past, NITORI Group has expanded into Taiwan, Mainland China and other countries, creating new stores and training human resources. I feel that there are aspects of what we have learned that can be shared and utilized more as best practices, and that each of your experiences in opening stores in Malaysia will

serve as a foundation for the future, and that we must create a system that will allow us to utilize these experiences in the next country where we open new stores. This will also be a great treasure for our company.

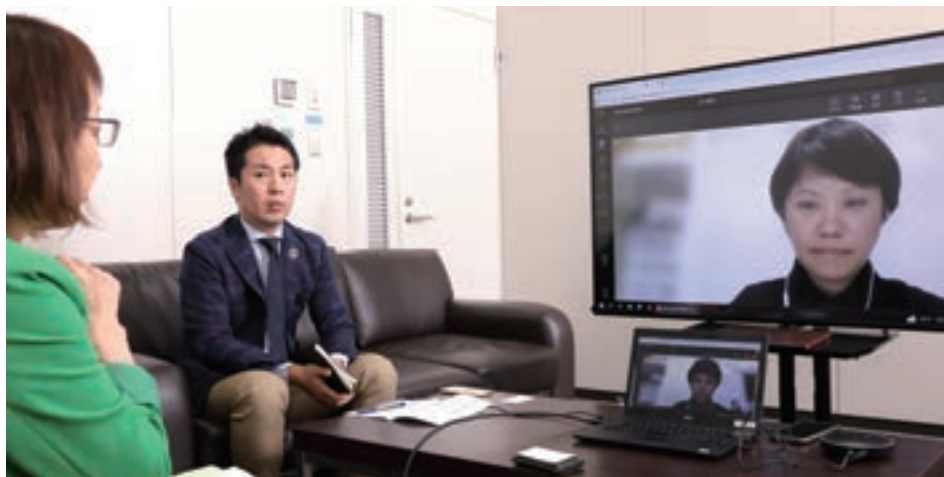


I want to continue to take on daily challenges together with my co-workers working overseas.

K.K

Human Capital of NITORI Group

Discussion: Human Resource Development, the Key to Realizing NITORI Group's Mission



H.I

There are two things that I have found important through my experience in Mainland China. The first is to "listen carefully" and the second is to "use local language." By listening carefully to the opinions of the local people, rather than unilaterally imposing Japanese rules, I was able to deepen my sense of unity. Also, by using local language, even a little bit at a time, I felt closer to the people I was meeting. I realize that these two things are the key to having smooth communications. My experiences in Mainland China were a valuable experience in which I was able to grow myself together with the local employees.

Since joining the company, my mission has consistently been to serve others as much as possible. I now have a stronger desire to contribute not only to the achievement of Vision 2032, but also to the future.

Director Hiromi Abiko

Yes, I agree. In Japan, we have a system in place to compile a detailed database of each individual's personnel data and list the most suitable personnel in the most suitable positions. We recognize the need for a similar system for overseas human resources and are already working on it. However, I believe that it is necessary to establish a model that can be expanded overseas and become a true global standard, rather than focusing on Japan and how to expand that model overseas.

Therefore, the flow of information and human resources must also be global and dynamic, and once that framework is in place, we will be much closer to realizing our mission and vision. One of Chairman words, with which I have great sympathy is, "You are not here to sell furniture, but to create a system for a prosperous living." The growth of each and

Until now, information has mainly been provided from Japan to overseas, but I believe that the flow of information will become more multilayered, from overseas to Japan and from overseas to overseas, and that we should accelerate our transformation to achieve further growth. We already have many excellent local human resources in our overseas offices. I believe that sharing and utilizing the information and knowledge they have with the entire Group will greatly motivate local employees and will be the driving force to accelerate the growth of the NITORI Group. I would like to be one of the driving forces behind this.

every employee is the core of the NITORI Group's growth. The strength of the NITORI Group lies in the fact that we have many people who continue to grow while constantly asking themselves what they can do to realize the mission, and in the fact that we have a system that supports and makes the most of their growth. I would like to continue to further refine this system in the future.

NITORI Group's Financial Strategy



We will accelerate investment in future growth to achieve our vision while maintaining a highly profitable business model

Masaomi Zenji

Executive Officer
General Manager
Accounting & Finance Division

1 Summary of Business Results for the Fiscal Year Ending March 31, 2023

Despite a challenging environment with weak yen and soaring raw material prices, the NITORI Group achieved sales and ordinary income growth for the 36th consecutive year. Please tell us about the key points of the business performance for the fiscal year ending March 31, 2023.

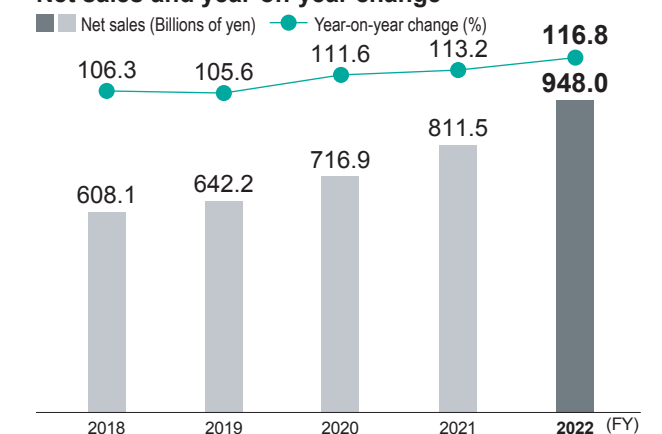
While facing various headwinds such as the sharp depreciation of the yen and soaring logistics and raw material costs, NITORI Group achieved its 36th consecutive year of sales and ordinary income growth with net sales of 948.0 billion yen and ordinary income of 144.0 billion yen.

The increase in ordinary income was also made possible by the irregular accounting period, but we believe it was the result of the persistence of all employees, a company-wide review of all operations, cost reductions, and expense reductions.

Although the gross profit margin decreased to 50.4% (52.5% in the previous year) due to the exchange rate and rising trade costs, and the ordinary profit margin decreased to 15.2% (17.5% in the previous year) due to increased shipping and delivery costs and labor costs, we were able to secure ordinary income growth as a result of the sales and profit growth effect. We feel that we were able to demonstrate the strength of our business model that integrates manufacturing, logistics, IT and retail, while dealing with the factors that deteriorated profitability. In addition, we have made thorough efforts to improve the efficiency of logistics and delivery, including the use of compressed packaging for products. We believe that this would not have been possible without our business model, in which all processes in the supply chain are controlled in a single integrated manner.

Net sales grew steadily due to the expansion of the number of stores (a net increase of 101 stores from the end of the previous

Net sales and year-on-year change



fiscal year) and the growth of existing store sales (101.2% year-on-year), and also due to the increase in the number of app members and the success of new attempts in the e-commerce business, including the well-received live commerce. The number of stores at the end of the period totaled 902, including 773 stores in Japan (net increase of 65 stores from the end of the previous period) and 129 stores overseas (net increase of 36 stores from the end of the previous period).

Although sales per customer increased to 107.2% of the previous year's level, the number of customers decreased to 94.4% of the previous year's level. The Company intends to

NITORI Group's Financial Strategy

increase the number of customers by strongly introducing new products and changing product specifications, improving the value of “offering the unexpected” and strengthening its approach to customers through TV commercials, various promotion campaigns and individualized proposals to customers using the NITORI app.

On the financial side, total assets increased 15.2% from the

end of the previous fiscal year to 1,133.7 billion yen due to investments for the expansion of the number of stores and the restructuring of domestic distribution bases. Shareholders' equity increased 11.6% to 818.0 billion yen. As a result, the equity ratio remained almost unchanged at 72.2% (74.5% at the end of the previous period).

As for store openings, we will continue to actively open stores in Japan, while at the same time accelerating store openings in Asian countries and regions, averaging about a total of 300 stores per year within the next few years.

The total amount of investment in the development of domestic logistics bases, which has been underway since past fiscal years, is expected to be approximately 350 billion yen, including already executed investments. Of the eight logistics centers to be built, Ishikari DC and Kobe DC have already started operation, and construction of Nagoya DC, Satte DC, Sendai DC and Fukuoka DC has already begun. We also expect this reform to have the effect of reducing CO₂ emissions. In addition, we will need to develop overseas logistics bases as our overseas business expands in the future.

Human Capital investment is another important theme. In addition to global human resources, we will strengthen recruitment and training of IT personnel with a plan to expand our IT staff to 1,000 by 2032. As part of this plan, we established

Nitori Digital Base in April 2022. We will increase the ratio of in-house system development and promote innovation.

In order to realize our mission and vision, NITORI Group has been developing its own unique business model and at the same time expanding its products and services. In pursuit of further growth, we view M&A and alliances as important strategic tools, and we will work to strengthen existing businesses as well as those that contribute to the expansion of our business fields.

We will also expand our assets through active investment. Depending on the external environment and the timing of investments, we expect to temporarily raise external funds and experience fluctuations in profitability, management efficiency, and various financial indicators, but we will maintain financial discipline and a business model that generates high profits, thereby ensuring financial stability and efficiency over the medium to long term. We will continue to aim to achieve our targets of an equity ratio of at least 60%, ROA of at least 15%, and ROE of at least 15%.

2 Financial Features

Could you describe the financial characteristics of your unique business model?

I would say the high level of profitability and productivity. We secure a gross profit margin of more than 50% and an ordinary income margin of more than 15%, and our gross profit per employee on sales is approximately 2.5 times the national average. The high level of profitability is the root of value creation that enables bold investments, business expansion and business model evolution.

The ever-increasing number of stores and customers are the metrics of social contribution and the key growth driver of its performance. Compared to 30 years ago, the number of stores has increased 43-fold and sales have increased by 53-fold.

Meanwhile, ordinary income has grown 107-fold. Although total assets have expanded along with the number of stores, we have maintained an equity ratio of over 70% and ROA and ROE, which indicate investment efficiency, in excess of 12% without significantly altering our financial balance.

Since the fiscal year ended February 2022, capital expenditures have exceeded 100 billion yen annually, including investments to rebuild the domestic logistics network, but have not significantly exceeded the ample operating cash flow.

Financial risks include foreign exchange risk and impairment risk for store assets and products inventory. Regarding foreign exchange risk, we will consider policies and methods for the utilization of forward exchange contracts, taking into account our recent reflections on this issue. However, as the ratio of overseas sales increases in the future, the diversification of settlement currencies will increase, and we expect to see a natural hedging effect that will reduce foreign exchange risk.

On the other hand, there is limited risk of impairment on store assets and products inventory. In addition to the number of customers who make purchases, which we consider our most important KPI, we have established various management indicators to monitor profitability, financial ratios, and efficiency of store operations on a daily basis.

We have very few unprofitable stores due to our unique and rigorous research at the time of opening stores and our store management capabilities. Moreover, we do not perceive product inventories as a major risk factor due to our development capabilities and the stability of actual turnover rates.

Keys of financial strategy to achieve Vision 2032
3,000 stores Net Sales ¥3 trillion

Opening stores	Opening stores at an average of about 300 stores per year within the next few years
Logistics	Reforming domestic logistics bases. Total investment is approximately 350 billion yen.
Human Capital	Expanding the number of IT personnel to 1,000 by 2032. As part of this plan, Nitori Digital Base was established in April 2022.
M&A	Expanding the Group's business fields through M&A and alliances

3 Future financial strategies

What is NITORI Group's financial strategy for the future to achieve the Vision 2032?

Investment for growth will be the core of our strategy. In addition to opening more stores domestically and globally, we will accelerate investments to strengthen and reform our business foundation by upgrading our logistics base network,

enhancing NITORI app functions and e-commerce, increasing our Human Capital including global and IT personnel and promoting DX.

4 Forecast for Fiscal Year Ending March 2024

What is the outlook for the fiscal year ending March 2024, and what are the assumptions for that outlook? Also, what are the plans for shareholder returns?

Regarding the forecast of consolidated results, we forecast net sales of 932.0 billion yen and ordinary income of 147.0 billion yen. Due to the irregular financial results of the previous fiscal year, sales are expected to decrease, but ordinary income is expected to increase.

Regarding the assumptions for the forecast, we plan a comparable store year-on-year ratio of 104.4%, capital expenditures of 102.0 billion yen, and an assumed exchange rate of 130 yen to the U.S. dollar.

Our basic policy for shareholder returns has been to maintain stable dividends based on business growth and profitability,

financial soundness (cash generation, cash holdings, and equity ratio levels), investment conditions, and capital efficiency. The annual dividend per share for the fiscal year ending March 31, 2023 was 146 yen, an increase of 6 yen over the previous year. 150 yen per share, an increase of 4 yen over the previous year, is planned for the fiscal year ending March 31, 2024, which would be the 20th consecutive year of dividend increase.

We are at a stage where we must prioritize investment in growth in order to achieve our 2032 Vision, and we intend to continue to steadily increase dividends in line with profit growth.

5 Message

What are your aspirations for constructive dialogue with stakeholders, including enhanced disclosure of information, including non-financial information?

NITORI Group will expand its investment in growth to realize its mission and vision. At the same time, we will strengthen the functions of our business model that integrates manufacturing, logistics, IT and retail, and further evolve our advantages.

We will also continue to identify and address issues at an early stage by establishing appropriate management indicators and monitoring them more thoroughly than ever before. Furthermore, in addition to the promotion of resource recycling, climate change countermeasures and green logistics, we will also focus on Sustainability Policy, which we must fulfill as a global

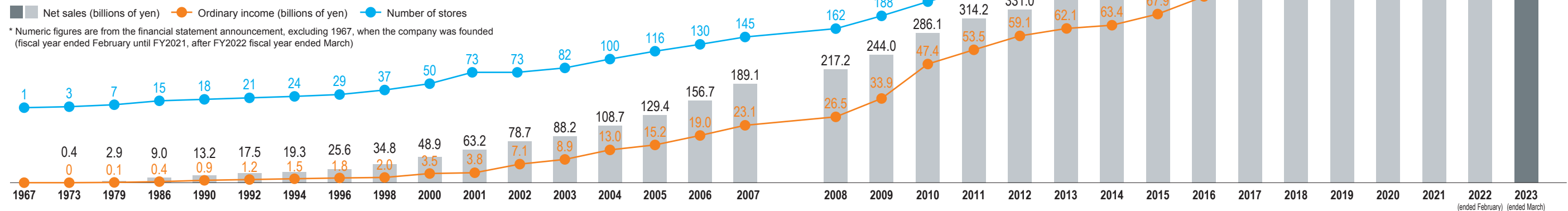
company, such as respect for human rights, diversity and the improvement of the labor environment. We are committed to disclosing information and conducting investor relations activities to communicate not only our financial information but also the progress of our business model and strategies and the status of our sustainability initiatives in an easy-to-understand manner, so please do not hesitate to contact us with any questions or comments that you may have.

NITORI Group's History [Our Value Creation Journey]

The driving force behind our growth is our mission to

“enrich homes of people all over the world.”

We will continue to grow by responding flexibly to the changes of the times, rejecting the status quo, and working for reform.



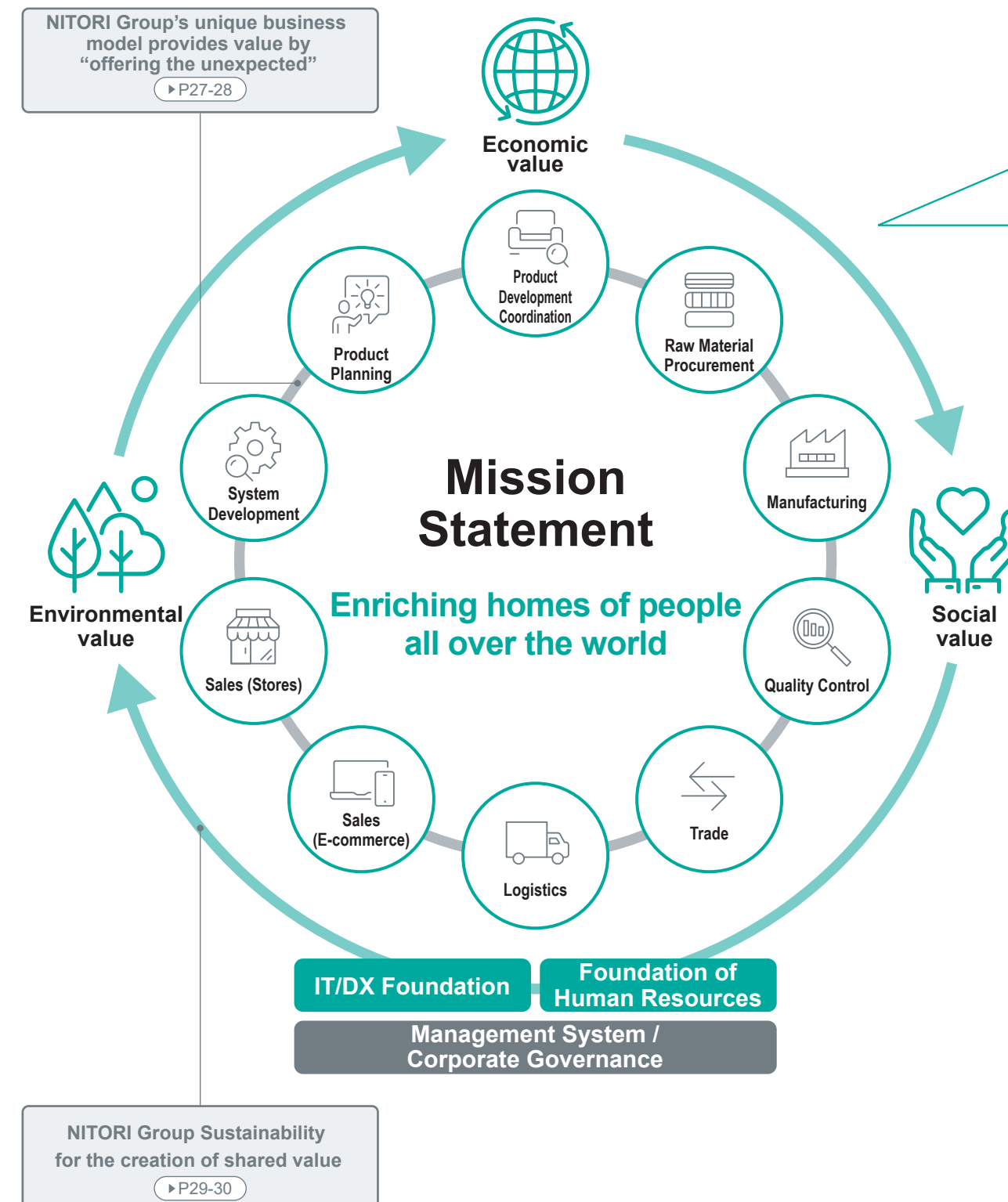
Creation of Management Policy		Establish a business model that will revolutionize the furniture industry		Domestic nationwide development/ Overseas expansion		Globalization and expansion of business fields	
1967	1973	1994	2005	2013	2017	2021	
NITORI Furniture Store established	Direct purchase from manufacturers started	Began operating an overseas factory	Hanoi factory in Vietnam began operating	Opened the first store in the U.S.	The new factory in Ba Ria-Vung Tau, Vietnam, began operation	Management integration with SHIMACHU CO., LTD.	
Founding spirit	Break through from being just a furniture store	Established factories overseas in order to achieve low prices for products with Japanese quality	Opened Kaohsiung Dream Mall Store	Aki-Home Full-scale global business development			
“To bring the comfortable and enriched living of the U.S. to Japan”	Opened large stores which sold products that make daily life more enjoyable and convenient	Achieved 100 stores and ¥100 billion in net sales	Opened NITORI-net	Opened Wuhan Star City Store	SIAM NITORI becomes wholly owned subsidiary	Opened the first store in Malaysia	
	Achievement of total coordination	Established NITORI-net	Price Cut Declaration	Launched NITORI app service		Opened the first store in Singapore	
	Started direct import of overseas products	Launched the online sales business	Price cuts on 1,000 items following the global financial crisis	Opened Nitori Printemps Ginza Store as the first store inside a department store		Nitori Digital Base established	
	Adding cost competitiveness that is one step ahead						



Value Creation Model of NITORI Group

In order to realize our mission, NITORI Group has built all functions in-house, from planning and manufacturing to sales.

To maximize the creation of shared value and value creation of “offering the unexpected” in the future, we will continue to challenge the evolution of our customer-oriented business model.



How NITORI Group creates value through its' business model

NITORI Group's business model that integrates manufacturing, logistics, IT and retail, was developed in the process of realizing the mission. The business model enables us to consider overall optimization in all phases from manufacturing to logistics and sales.

Furthermore, at our stores, we are able to hear directly from our customers on a daily basis. The following are just a few examples of how our efforts to address the problems and changing values of our customers has resulted in initiatives that are good for our customers, the environment and society and NITORI Group.

Compressed packaged products

Product development that considers total optimization from planning and design stages.

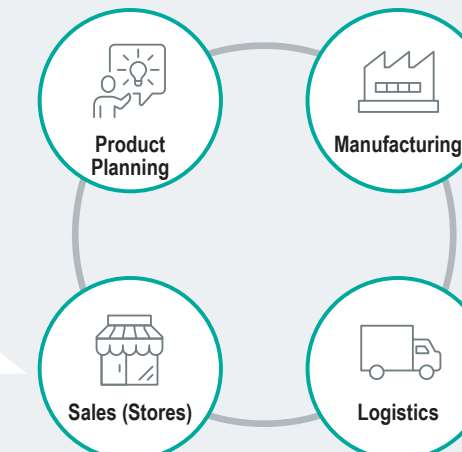
In response to customer requests to take home and use large products on the same day they are purchased, the packaging, especially bedding products, was compressed. As a result, environmentally and socially friendly effects were created.



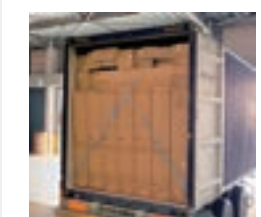
Improve customer convenience

✓ Easy to take home

Products that were difficult to take home due to their size, can now be taken home on the same day they are purchased.



Transportation Cost Reduction CO₂ reduction



Countermeasures against out-of-stock products and reduction of store workloads

✓ Increased amount of products on shelf

In addition to helping to prevent product shortages, it also reduces the number of times products need to be put out, leading to a reduction in store workload.



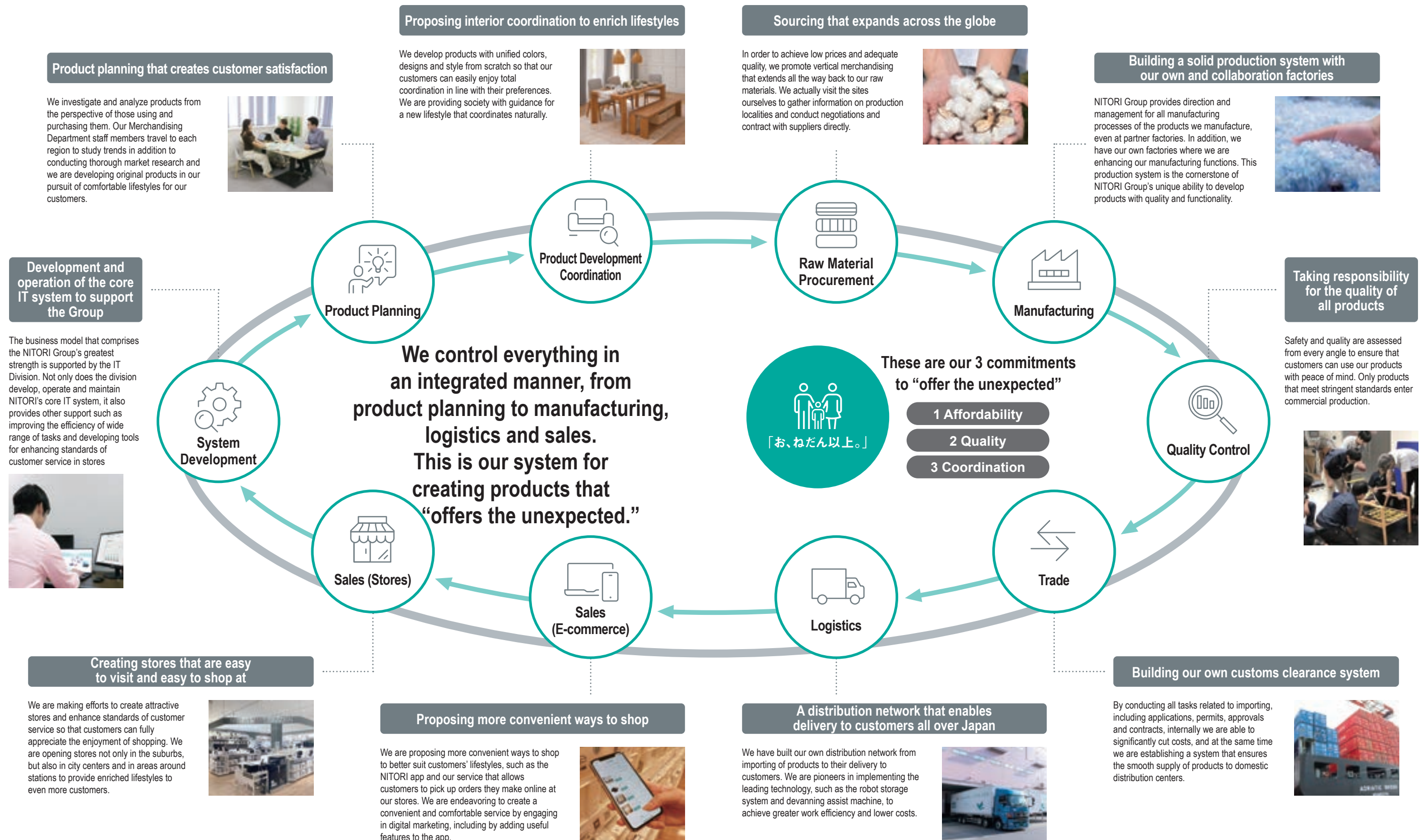
✓ Improved loading and transportation efficiency

The number of products that can be loaded into a container or truck during transportation is increased, greatly improving the efficiency of products transportation, which also contributes to improved driver productivity. Furthermore, the reduction in the number of containers and trucks leads to a reduction not only in transportation costs but also in CO₂ emissions.

NITORI Group's Strength (Business Model)

A manufacturing-distribution-IT-retail business: NITORI Group's unique business model provides value by “offering the unexpected”

We have built all the functions of a business model that integrates manufacturing, logistics, IT and retail within NITORI Group, utilizing our strong human resource foundation and global network of partner companies. We will continue to take on the challenge of evolving our customer-oriented business model in order to “offer the unexpected.”



NITORI Group's Sustainability

Sustainability of NITORI Group, supporting "Creation of Shared Value"

☑ Sustainability Policy

Taking steps toward achieving our mission while resolving the issues of the world, aiming for a better future.

NITORI Group has been advancing to accomplish its mission of enriching homes around the world. The Group's unique business model that integrates manufacturing, distribution, IT and retail was developed in the course of this process. By allowing us to achieve thorough efficiency enhancement and cost reductions, this business model makes it possible for us to offer customers products and services that live up to the concept of "offering the unexpected." Furthermore, this business model enables us to take actions for total optimization from the perspective of sustainability, leading to the creation of new value that contributes to resolving environmental and social issues. By repeating the process of rejecting the status quo and promoting innovation, we will sincerely address each issue of the ever-changing world. Aiming for and pursuing a "better future" for our customers and all of our stakeholders, the environment, and society, we are committed to sustainability management befitting NITORI Group.

☑ Materiality Issues

- NITORI Group positions Sustainability Management Promotion as an important management strategy and identifies materiality issues in order to realize its mission and vision
- In identifying environmental and social issues, we examined them from the two aspects of "importance to stakeholders" and "importance to the Company"

1
Contribution to enriched lifestyles by "offering the unexpected"

2
Product safety and security through comprehensive quality control

3
Promotion of environmentally friendly business

4
Fair and honest trade and respect for human rights in the supply chain

5
Contribution to local communities

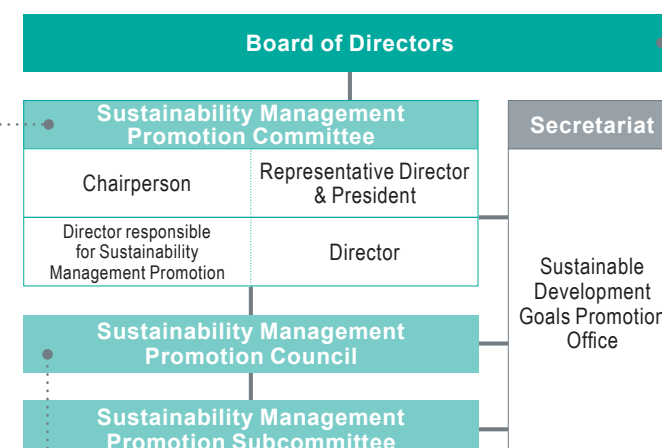
6
Creation of a rewarding work environment and promotion of diversity

7
Effective corporate governance

▶ P43 - 44

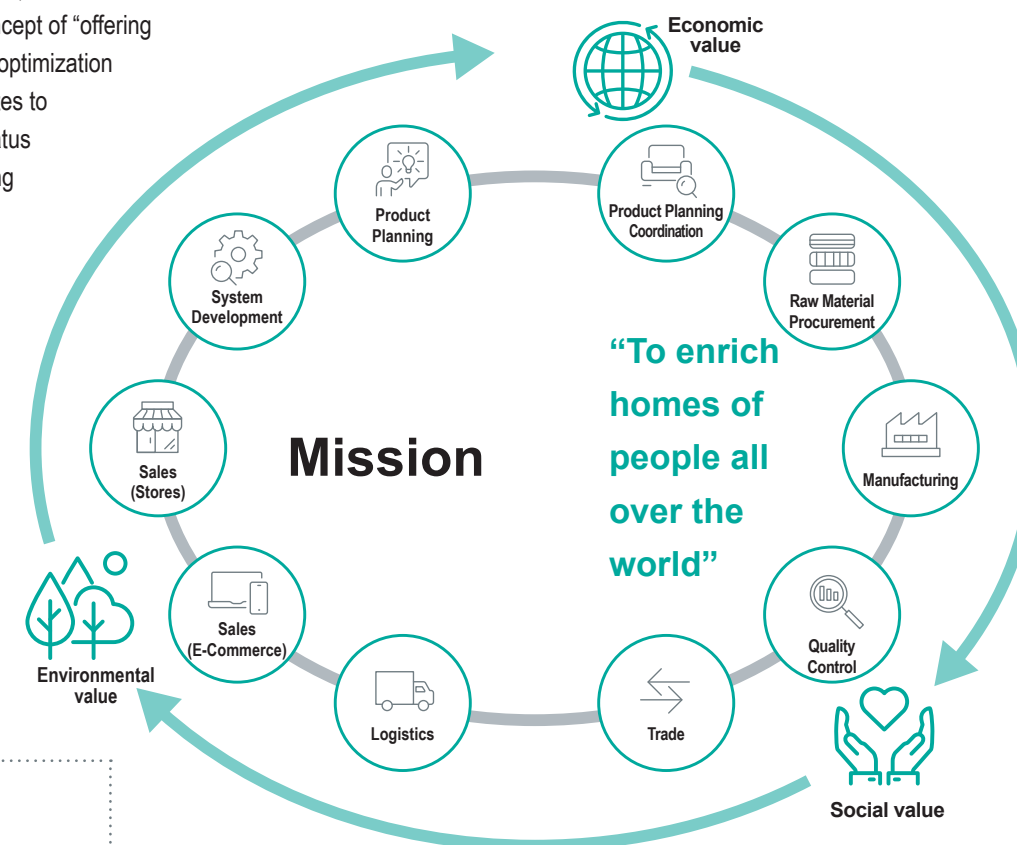
☑ Management Promotion System

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



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

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



☑ Communication and Dialogue

- NITORI Group places great importance on dialogue with its various stakeholders, including customers, local communities, employees, suppliers, shareholders and investors.
- We will respond promptly to the opinions of our stakeholders in order to improve our corporate value and realize our mission and vision.

Endorsed Initiatives



External Evaluation



Evolution of the NITORI Group toward Value Creation

We have created a unique business model to deliver value of “offering the unexpected” to our customers by providing appropriate quality and a uniform assortment of colors and styles. This business model reduces intermediate costs as much as possible and passes the savings on to our customers by bringing the entire process of manufacturing, logistics, IT and sales in-house. We will continue to invest in the future to improve and further strengthen each value chain issues.

By addressing environmental and social issues at each step of the value chain, we will promote shared value creation with stakeholders and respond to risks and opportunities, thereby enhancing the sustainability of the NITORI Group and society.



Product Development



Coordination



► Strength

Based on thorough market research, we provide unique private brand (PB) products that resolve customers' discontent, dissatisfaction and inconvenience. We plan, procure raw materials and develop products on our own, offering products that are high quality and high profit margins.

Initiatives for Medium- and Long-term Strategies

We are expanding our product lineup to contribute to a more prosperous home living than ever before. Especially since we believe that home appliances, along with furniture and interior decorations, add color to our lives, we offer home appliances that combine functionality and design, aiming to create a total coordinated product lineup. In addition to products for single person households, we are also expanding our lineup of large-sized products for families. NITORI Group will continue to develop products that combine convenient functions with price advantages.

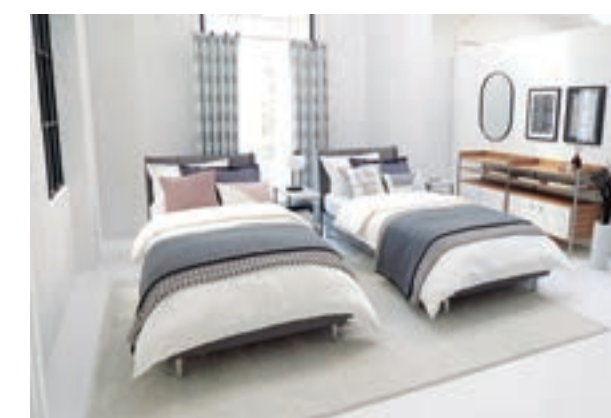


► Strength

With the philosophy of "Interior Design for Every Home," NITORI Group will continue to develop and propose products that help our customers realize the enrichment of their lifestyle by naturally coordinating their rooms and making their lives more enjoyable.

Initiatives for Medium- and Long-term Strategies

We will strengthen our ability to make proposals to make coordination more familiar and accessible. Our products must be available in a variety of colors, shapes and styles, be affordable and have convenient functions. In addition, we will express ideas of how enjoyable and different lifestyle can be by adding these products to the home. If our customers feel that their rooms are naturally and wonderfully furnished as a result of shopping at Nitori, that is the realization of the joy of coordination.



Approach to Sustainable Manufacturing

At NITORI Group, environmentally conscious manufacturing is positioned as "Nitori's ecology", in which we promote initiatives in each of the phases of "manufacturing, transportation and using". Furthermore, we are developing products with a view to effective utilization of resources from the planning and design stages and expanding the number of products that can be collected and used as resources, considering "after use".

→ P45-46 NITORI Group's Environmentally Friendly Manufacturing and Initiatives -Nitori's ecology-

Manufacturing



Quality Control



▶ Strength

As part of vertical merchandising*, we have expanded manufacturing in our own overseas factories. We manufacture approximately 40% of furniture and a portion of bedding, curtains and carpets in our overseas factories. Through thorough quality control, reduction of manufacturing costs and optimization of supply volume, we support a stable supply to our expanding store and e-commerce sales network.

*Vertical Merchandising: Designing the entire process from the procurement of raw materials to the delivery of products to the customer's hands by itself.

Initiatives for Medium- and Long-term Strategies

The Hanoi factory, which manufactures mainly cupboards and other boxed furniture, beds and sofas, plans to start operation of the third factory in 2024. The plant will promote quick delivery and strengthen the production system. The Ba Ria-Vung Tau factory manufactures bedding, bed mattresses and curtains in an integrated production system. SIAM NITORI in Thailand manufactures environmentally friendly carpets and rugs by using recycled raw materials such as plastic bottles and adopting waterless coloring methods. At each of our factories, we are installing machinery to create a system that allows everyone to work safely and securely, even in factories that manufacture large furniture and heavy products.

Initiatives for Social Issues

Approximately 9,900 employees (of which 81% are women) work at our overseas factories. NITORI Group creates local employment and contributes to the development of local communities. The factory promotes automation and labor saving in the production lines for furniture and other large products. New machines, equipment and tools are constantly being installed, such as the “vacuum lift” (*picture on the right), which enables safe operation with less human power, even for large products. As a result, not only does this improve production efficiency, but also creates a comfortable working environment at work sites where there is a high ratio of female workers.

→ P56 Promoting initiatives to address environmental and social issues at NITORI's overseas locations and NITORI's own factories



▶ Strength

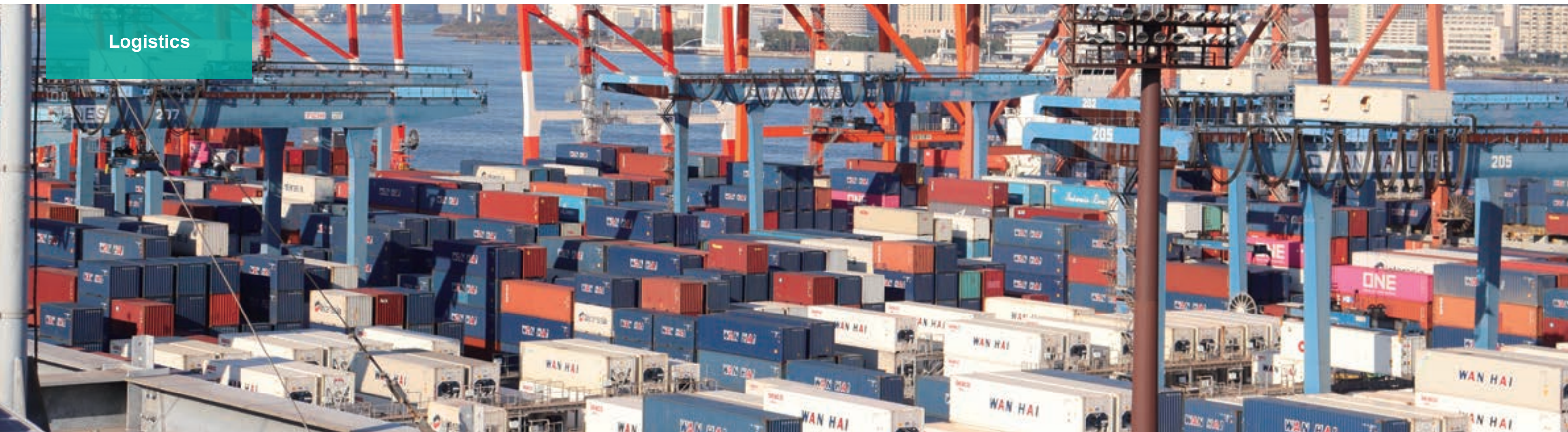
We have established our own strict global quality standards based on official standards in the places where we open stores, and conduct various tests, etc. from the product development stage. We audit quality assurance systems for new suppliers and quality improvement for existing suppliers. Together with our suppliers, we are building a system to provide safer and more reliable products.

Initiatives for Medium- and Long-term Strategies

In line with the global standardization of products in conjunction with the acceleration of overseas opening stores, we have launched initiatives for the common operation of quality standards, tests and forms. Through the digital transformation of quality control management, starting with the introduction of quality control management platform system, we will proceed to make operations seamless by coordinating quality control activities between countries and regions by 2025. In addition, we will promote the transfer to overseas bases of operations previously conducted mainly in Japan, such as development technology evaluation meetings and quality audits to confirm the safety of new products, with the aim of establishing a global products evaluation system and quality control management promotion system.



Logistics



► Strength

NITORI Group provides integrated logistics services from drayage transportation*, operation and management, within its own distribution centers to last-mile delivery. Overall optimization has realized lead-time reductions and cost reductions. NITORI Group will develop overseas logistics infrastructure by spreading its knowledge and expertise in order to expand its global business.

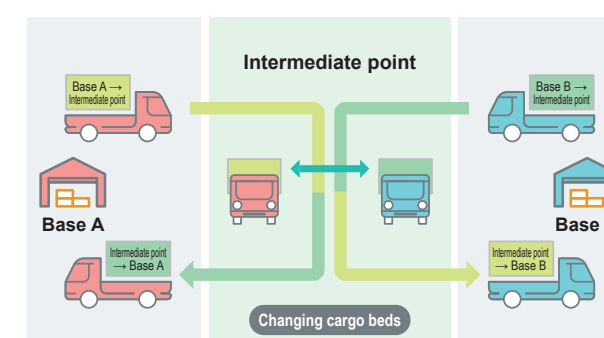
*Drayage Transportation: Transportation of containers arriving at major ports across Japan from overseas production factories to our inventory storage DCs (DC: Distribution Center).

Initiatives for Medium- and Long-term Strategies

As part of the restructuring of domestic logistics bases, a total of approximately 350 billion yen is being invested to establish 8 new DCs nationwide (Ishikari, Kobe, Nagoya, Satte, Sendai, Fukuoka, South Kanto and Kinki). Reforms are being promoted with the development of a logistics network, digital transformation of operations and standardization of operations, centered on the optimal placement of bases and the consolidation of functions. The Ishikari and Kobe DCs have already begun operations, and construction and operation of the Nagoya, Satte, Sendai and Fukuoka DCs will begin in sequence. We will promote overall optimization. We will not only rationalize inventory and lead time, but also reduce CO₂ emissions by improving transportation efficiency.



Initiatives for Environmental and Social Issues



It is now possible to exchange cargos at intermediate points in truck transportation between long distance bases.

Improving logistics efficiency not only leads to cost savings, but also contributes to solving environmental and social issues.

In order to improve the long-distance transportation efficiency and loading efficiency, NITORI Group has been restructuring its logistics bases, implementing modal shifts and introducing swap-body containers trucks. For example, swap-body containers trucks, which are trucks that can separate the body from the cargo bed, allow the bed to be swapped at intermediate points over long distances, thereby not only reducing empty transport after unloading at the transportation destination, but also reducing the burden on drivers in cargo handling operations. Efficient transportation leads to reduced CO₂ emissions and improved working conditions for drivers.

We will respond flexibly to the approaching 2024 overtime cap for drivers, and at the same time actively work to create an environment where women and elderly drivers can work with peace of mind.

Sales

(Domestic stores: Nitori/ Deco Home)



Sales

(Domestic Stores: Shimachu)



► Strength

Nitori is expanding its store network nationwide to make life more comfortable and convenient for more customers. We seek to create stores that makes it easy for customers to try out products and make purchases in a short period of time to ensure a pleasant shopping experience. It is also used as a place to receive products ordered through e-commerce and is an important base for connecting customers with the NITORI Group.

► Strength

With many stores in densely populated areas in the Tokyo metropolitan area and Kansai region, Shimachu offers a wide range of products for the home, including daily necessities, DIY and garden products, as well as furniture and interior furnishings. Shimachu is building stores that respond to all kinds of housing-related needs, including those of professionals.

Initiatives for Medium- and Long-term Strategies

In order to enable customers to experience new lifestyles, ideas for coordination and the appeal of our products, we have expanded sales floors where customers can see and touch products, at Nitori stores such as Meguro and Ikebukuro, which we opened in 2022. In the category of home appliances, we are expanding the variety and size of products we offer and emphasizing the coordination with our other products. Home appliance products were sold at different shelves in the store grouped by purpose of use, but sales floor with an expanded area for home appliances have been made where all the home appliances are sold in the same area, so it is convenient to shop. At the same time, to improve shopping convenience, we have installed self-checkout machines and introduced a new service in the "in-store mode*" of the NITORI app.



*In-store mode: function in the NITORI app which allow customers to check the sales floor and inventory status of products, order products and pay for them without the actually taking products to the cash register.

Initiatives for Medium- and Long-term Strategies

Shimachu is promoting reforms to develop private brand (PB) products, create stores that are easy to shop at, and build efficient distribution network by taking advantage of synergies within the NITORI Group as key issues. Shimachu is working on remodeling existing stores and creating standardized layouts in preparation for opening new stores. In addition, Shimachu is working to improve convenience through the introduction of a membership program common to both Nitori and Shimachu stores and the renewal of the app.



Plans for Store Opening in FY2023

Total of **902** stores
[Net increase of **129** stores]

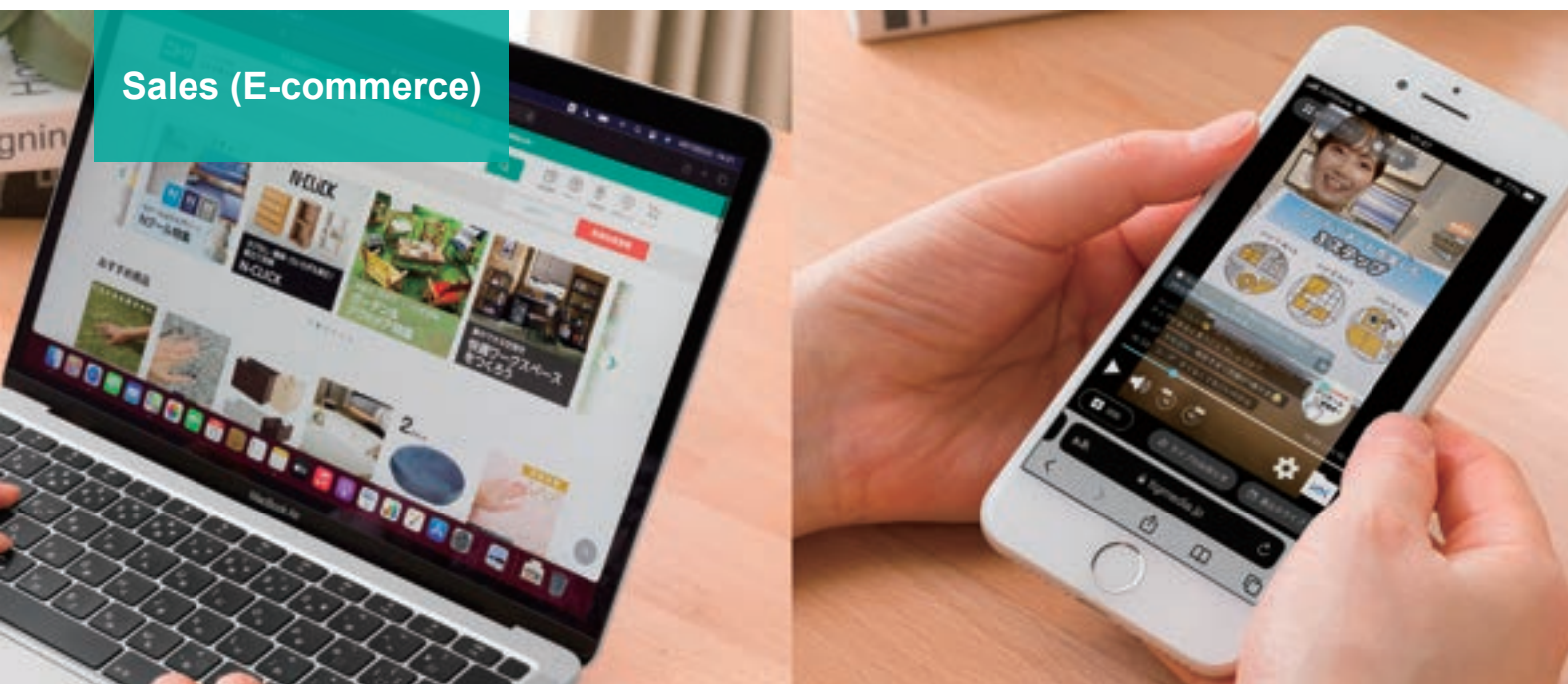
559 stores
(+36 stores)

229 stores
(+62 stores)

60 stores
(+30 stores)

54 stores
(+1 store)

Sales (E-commerce)



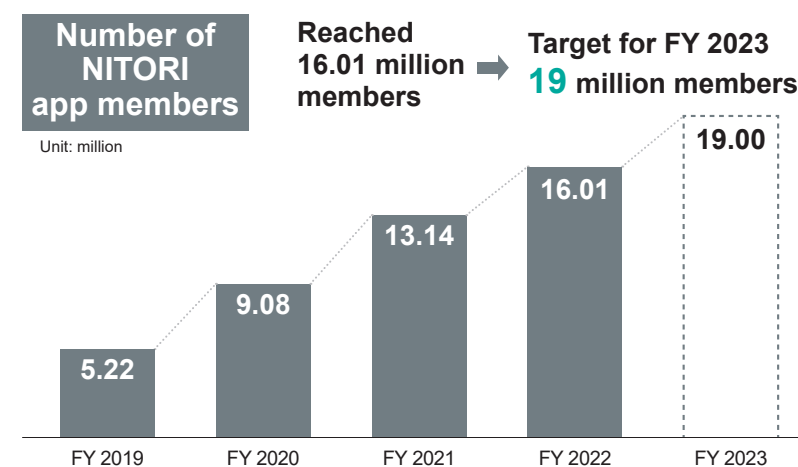
▶ Strength

In order to respond to diverse customer needs that cannot be covered by stores, the NITORI-net offers a wider selection of products and provides information and proposals to each individual customer. At the same time, utilizing the store network, NITORI Group will accelerate OMO and establish a competitive advantage by expanding our services and contents, such as in-store pickup and nationwide after-sales service.

* OMO: Online Merges with Offline

Initiatives for Medium- and Long-term Strategies

NITORI app has reached more than 16 million members. It serves an important hub function that enables customers to have a convenient and seamless shopping experience without any offline or online boundaries. Through the app, we have strengthened new interactive points of contact and channels with customers, such as online consultation for curtains and interior design and live commerce. We are working to create a framework for building ongoing relationships with our customers. To further improve convenience, we plan to renew the app in 2024.



A Wide Range of Business Fields

Expanding business fields to realize NITORI Group's mission and vision

NITORI Group operates a range of businesses to enable customers to experience enriched lifestyles. Having supplemented its established business by launching the N+ apparel brand and the NITORI Dining restaurant business, the Group is now able to offer proposals to customers in all areas of clothing, food and the home. We will continue extending the strengths cultivated within the Group into new business areas as we endeavor to achieve our mission and vision.

N+

Launched in 2019, N+ is NITORI Group's apparel brand for women. Inspired by the concept of "total coordinated clothing for adults," the brand proposes fashion at affordable prices that is comfortable to wear and can be easily coordinated. Looking ahead, we will increase the number of N+ stores and further extend the range of PB (private brand) products to provide our customers with attractive products at even more affordable prices.



Corporate Sales and Interior Renovation Businesses

NITORI has cultivated strengths in developing products and suggesting coordination through its residential furniture and home fashion businesses. The Corporate Sales and Interior Renovation Businesses draw on these strengths to propose interior design of business spaces for corporate customers and total renovation services for households, respectively. We will continue to take on the challenges of the rapidly advancing digital age, such as online consultation for home renovation, in pursuit of solutions to customer inconvenience.

NITORI MALL Business

To enable our customers to fully appreciate the NITORI MALL concept of "an abundance of products and affordable prices," we created a mix of shops focused on large specialty stores in each category with the ability to pull in a broad spectrum of customers, including popular stores selling apparel or household items, and restaurants. By developing the NITORI MALL business, we will keep on contributing to enriched lifestyles for local customers.

Nitori Facility Co., Ltd

Nitori Facility is responsible for waste disposal, cleaning and security, as well as for insurance services as an insurance agency for 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 improve efficiency, as well as enhance provision of benefits for employees.

Nitori Public Co., Ltd.








As a general advertising company, Nitori Public provides services to external client companies in a wide range of business fields. Nitori Public plays its part in enhancing corporate value by not only advertising and sales promotion business as an in-house company of NITORI Group, but by also running the restaurant chain business, traveling business, operation of Ginrinso (Otaru) a Japanese style hotel and gift stores of museums and exporting business, utilizing the Group's logistics network.

NITORI Dining Everyone's Grill

NITORI Dining Everyone's Grill is NITORI Group's restaurant business, which Nitori Public started in March 2021. The guiding concept is "to provide service that offers the unexpected and ensuring customer satisfaction in terms of both flavor and price." It procures only carefully selected ingredients, and by ensuring operational efficiency it has succeeded in developing menus that combine high quality with reasonable prices. The business will continue to develop new and upgrade the menu to achieve NITORI Group's mission and vision.



Materiality Issues and Sustainability Management Promotion Strategy

Materiality Issues	E	S	G	Shared Value	NITORI Group's Approach	Sustainability Management Issues	Objective
Contributing to prosperous home living by providing products and services that offers the unexpected 	●	●		Value creation for providing enriched lifestyles to customers	<ul style="list-style-type: none">(1) Pursue affordability, appropriate quality (functionality), and coordination(2) Resolve customers' frustrations and inconveniences(3) Offer new value that further enriches lifestyles (products and services that can lead to solutions to environmental and social issues)	Promoting environmentally friendly manufacturing/initiatives → P45 - 46	By 2030, (1) Reduce waste emissions (general and industrial waste) by 30% (Per 100 million yen of domestic sales, compared to FY2018) * (2) Achieve at least 95% recycling rate of industrial waste * (3) Promote "resource recycling" as an initiative to eliminate waste in the first place ● Expand product development with an eye toward recycling at the planning and designing stages (circular economy) ● Promote recycling (collection and recycling) of products and packaging materials *(1) and (2) are for domestic operations.
Product safety and security through comprehensive quality control 		●			<ul style="list-style-type: none">(1) Quality control and product safety measures as a manufacturer(2) Share with suppliers ideas and initiatives to build a culture of product safety	Expand waste reduction and recycling → P47 - 48	
Promotion of environmentally friendly business 		●		Simultaneous expansion of economic value and environmental and social value	<ul style="list-style-type: none">(1) Carry out all tasks more efficiently throughout the entire supply chain(2) Make effective use of all raw materials(3) Make effective use of recycled materials through innovation(4) Disclose and reduce greenhouse gas emissions from business activities	Response Climate Change Issues → P49 - 50	Greenhouse Gas Emissions Reduction Targets (Global, Scope 1.2) FY2030: 50% reduction compared with FY2013 (emissions per 100 million yen of net sales) FY2050: Become carbon neutral. (net zero emissions)
Fair and honest trade and respect for human rights in the supply chain 	●	●			<ul style="list-style-type: none">(1) Supplier contracts based on strict standards and on-site investigations(2) Establish true partnerships with suppliers Fair and honest trade, respect for human rights, work environment creation, etc.	Sustainable Procurement → P48	
Contribution to local communities 		●		Creation of social value through store openings and support in terms of human resources, the environment, and culture	<ul style="list-style-type: none">(1) As a company that offers lifestyle infrastructure, expand the store network and create stores supported by customers(2) Expand into global business (open stores and create employment)(3) Disaster assistance and social action programs in fields other than the main lines of business	Promoting Diversity → P53	<ul style="list-style-type: none">● Increase the percentage of women in management positions to around 40% in the 2030s.● Increase the percentage of non-Japanese employees in management positions by promoting assignment of non-Japanese employees to management positions● Increase the percentage of mid-career hires in management positions by continuing recruitment of specialists <div>Promote human resource development and organizational development → P51 - 52</div> <div>Creating a healthy and safe work environment → P54 - 55</div> <div>Promotion of initiatives to address environmental and social issues at overseas sites and own factories → P56</div> <div>Build true partnerships with suppliers → P57 - 58</div> <div>Promotion of CSR activities → P59 - 60</div> <div>Strengthen corporate governance structure → P61 - 66</div> <div>Ensuring the Effectiveness of the Board of Directors → P67 - 68</div>
Creation of a rewarding work environment and promotion of diversity 		●		Simultaneously achieve employees' job satisfaction and enhancement of corporate value	<ul style="list-style-type: none">(1) Education system that allows employees to realize self-growth(2) Transfer to a variety of job category in a wide range of business fields(3) Create a comfortable environment where everyone can work in good health with peace of mind		
Effective corporate governance 		●		Ensuring transparency and soundness of management Speedy decision-making and business execution	<ul style="list-style-type: none">(1) Build a foundation that supports medium- to long-term corporate growth Create decision-making systems and a basis for active discussions(2) Ensure compliance(3) Build a robust risk management system		





NITORI Group's Environmentally Friendly Manufacturing and Initiatives

Under the slogan of “Good for the future. Good for everyone,” NITORI Group is promoting environmentally friendly initiatives in each process of manufacturing, transportation and use, positioning them as “Nitori's ecology.” Furthermore, we consider “after use” and aim to develop products with a view to effective utilization of resources at the planning and design stages, and to expand the number of products that can be collected and recycled.



Recycled raw materials procured from crushed and chipped plastic bottles, etc.

Pigments are dissolved and colored by mixing directly with chips. No water is used therefore no waste water is produced.

Processed into wadding and spun into fine yarns

Processed into rugs and carpets, and delivered to customers.

Rugs and carpets made from recycled raw materials

The company's own factory in Thailand, SIAM NITORI, manufactures carpets and rugs from recycled raw materials such as plastic bottles. In the coloring process, a waterless coloring method is used.

Storage series using recycled raw materials



Responding to customer requests for color variations, we have developed a black color that contains approximately 20% or more recycled raw materials. This series is a storage series that takes advantage of the negatively regarded characteristic of recycled raw materials that “it is impossible to produce pure white products when they are used.”

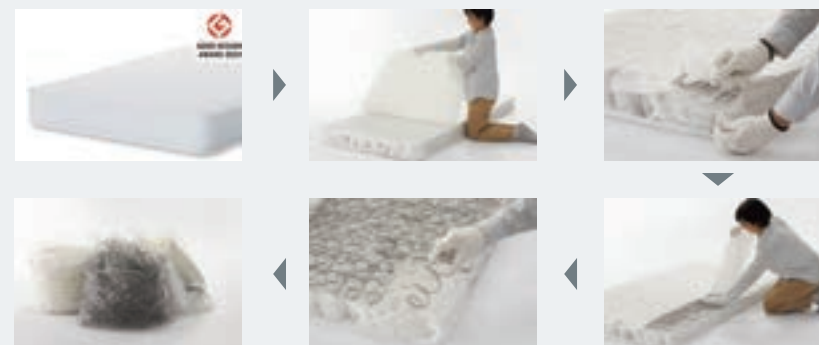
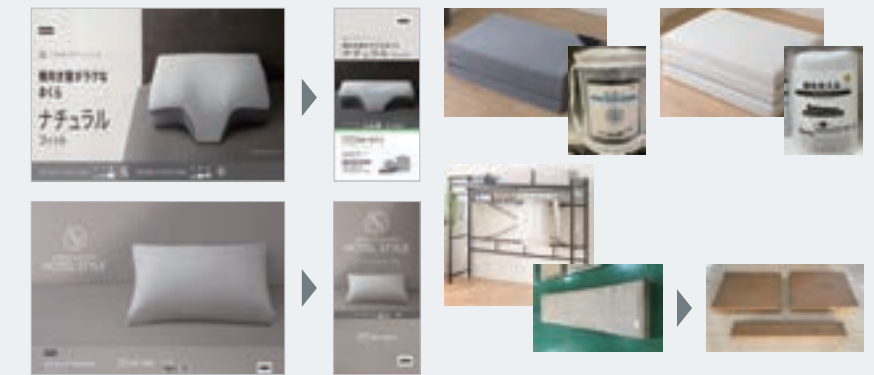
“Manufacturing”
×
Conserve Resources

“Transportation”
×
Reduce CO₂

Compressed packaged products

NITORI Group's unique compression technology has reduced the package size of bed mattresses to a quarter of the original size, and in recent years, we have been promoting downsizing further more, mainly bedding products such as pillows and futon-mattresses. Downsize packaging improves loading efficiency of containers and trucks, leading to reduction of CO₂ emissions during transportation, while at the same time providing convenience to customers by making it easier for them to take their products home.

→ Related Page: P26 NITORI Group's unique approach



Easy to disassemble for disposal: “Easy to Sort” pocket coil mattress

The expansion of products that can be easily disassembled and sorted after use will lead to the promotion of effective use of resources. NITORI Group has developed an “Easy to Sort” pocket coil mattress, which significantly reduces disassembly time from approximately 55 minutes to approximately 6 minutes compared to our previous products (according to our own research, with two people working). In addition to reducing the disposal burden on disposal companies and local governments, the mattresses can now be disassembled by customers themselves.



→ P47 Collecting products for recycling

Collecting products for recycling

Focusing on items that customers often remark that they have trouble disposing of (curtains, down feather quilts, carpets, mattresses, etc.), we are promoting initiatives to turn these items into resources by collecting them free of charge at our stores, regardless of their sellers or conditions.

“after use”
×
Conserve Resources

“Use”
×
Save Energy

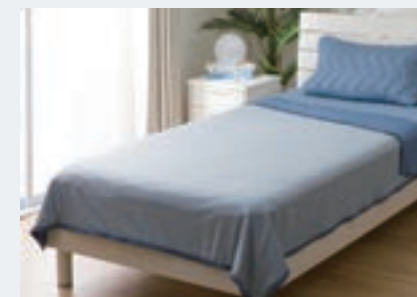
Functional lace curtains

The ECONATURE™ series, which uses a new material called “heat-blocking yarn,” is a lace curtain with excellent functionalities in cutting outdoor heat and cold and letting in just the right amount of light. It improves the heating and cooling efficiency of your home without the need for extensive remodeling and contributes to reduced energy consumption.



N Cool/N Warm

In response to the need for bedding that allows people to sleep comfortably without using air conditioning, we have developed the “N Cool” series of contact-cooling materials and the “N Warm” series of moisture-absorbing and heat-generating materials, which have been well received by many customers and contribute to reducing energy consumption by reducing the use of air conditioning when sleeping.



Reduce waste and expand recycling

Policy

NITORI Group recognizes the finite nature of resources and strives to reduce the amounts of resources used and the amounts of waste discharged by making effective use of resources and promoting resource circulation, not only within the Group but also throughout the entire supply chain, including suppliers. Specifically, aiming to be an enterprise that reduces waste, ideally generating no waste and recycles waste as resources, we strive to reduce the amounts of waste discharged while at the same time reducing the amount of waste that is not recycled but discharged by means of landfill or simple incineration. We will promote activities both before and after discharge of waste.

Targets

By FY2030,

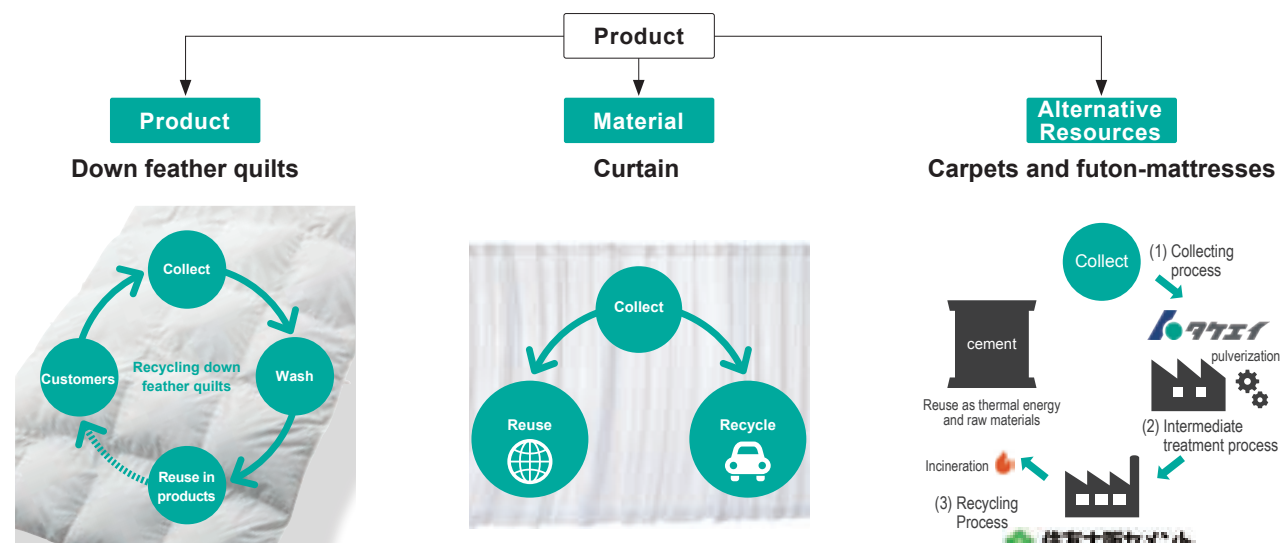
- (1) **30% reduction*** in the amount of waste discharged (general waste and industrial waste) compared with FY2018 (per 100 million yen of net sales in Japan)
- (2) **At least 95%*** recycling of industrial waste
- (3) Promote “conversion of waste into resources” as an initiative to eliminate waste in the first place.
 - Expand development of products with an eye toward recycling from the planning and design stages (circular economy)
 - Promotion of collecting products for recycling (collecting products and packaging materials)

* (1) and (2) are for domestic operations.

Become a company that considers “after use”

NITORI Group has established the system consisting of three recycling mechanisms (“reprocessing,” “materialization” and “resource recycling”) as part of its resource recycling efforts. We will continue to utilize this system to expand the number of products that can be collected and recycled.

Collecting products for recycling



In October 2022, we began selling “recycled down feather quilts” made of approximately 30% recycled down at part of our stores and on the NITORI-net. In fiscal 2022, stores collecting down quilts expanded nationwide.

In fiscal 2022, we expanded stores collecting curtains nationwide and reused them as products and fabric materials, as well as recycled them as heat insulators for automobiles. In June 2023, we began collecting curtains on a regular basis, establishing a system to reuse and recycle curtains at any time.

We have experimented and established a new mechanism through collaboration among the three companies to collect carpets and futon-mattresses at some of our stores and utilize them as heat energy and cement material. We aim to implement this initiative nationwide in the future, as we have done with the collection of curtains and down feather quilts.

Reviewing plastic-based packaging materials

Plastic packaging materials (cushioning materials, packages, etc.), which have a high environmental impact, are being reviewed in terms of both “reducing plastic waste” and “deciding which materials not to use.”

In terms of “reducing plastic waste,” we are working to “eliminate,” “reduce,” or “replace (with alternative materials that are easily recyclable)” plastic-based packaging materials. In addition, we are labeling the materials with their material names to make it easier for them to be used as resources rather than waste.

As for “deciding which materials not to use,” our policy is to not use polyvinyl chloride (PVC), Styrofoam, or multilayer composite sheets made of different materials, etc. We began our efforts in 2015, starting with large furniture for delivery and installation and have completed 100% of the switchover from Styrofoam to alternative materials. However, we will continue to switch to alternative materials for some of our take-out assembled furniture and mirrors, which are not yet compliant with this policy.



Conventional Styrofoam cushioning material

Recyclable cushioning material

Promotion of sorting at disposal

NITORI Group hopes to promote sorting at the disposal stage to reduce the amount of waste and disposal costs by turning them into resources instead of waste, as well as to make effective use of limited resources. We are currently conducting various verifications at our stores and distribution centers to convert waste into resources.

For example, at some distribution centers, large furniture and bed mattresses that are difficult to dispose of are dismantled by hand and sorted into metal and scrap materials. These materials are collected by a processor and recycled as resources or solid fuel. In addition, stretch film (packaging wrap) used at distribution centers is collected and recycled by a processor after sorting, and is converted into garbage bags for use as in-house supplies. This contributes to resource recycling within the Group. NITORI Group will continue to strive to establish a disposal flow that makes the most of its unique, integrated business model.



Dismantle discarded bed mattresses and sort metal parts → recycle as resources

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 abuses.


We are also working with our suppliers to create a traceability system that also takes biodiversity into consideration. With the cooperation of our suppliers, we have completed a trial program for traceability of timber procurement, and plan to perform full-scale operation in fiscal 2023. In order to ensure objectivity, we utilized the “Responsible Purchasing Checklist for Forest Products” published by WWF Japan, a global environmental NGO, to confirm and evaluate “traceability to the origin” and “appropriateness of forest management” in consideration of the environment and society.

In order to ensure that the entire supply chain is working in the same direction, we communicate and share the necessity of “sustainable timber procurement” at the annual management policy briefing for overseas suppliers.


Response to Climate Change Issues

➔ Policy

NITORI Group recognizes a range of risks caused by the impact of climate change, and by taking advantage of our unique business model, we pursue total optimization of all stages of our supply chain to improve efficiency, thereby reducing greenhouse gas emissions and mitigating the impact of climate change. In order to further effectively address climate change, which is an important management issue, NITORI Group has endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) and is participating in the TCFD Consortium, a forum for discussion among companies and financial institutions that support the TCFD. We also recognize the finite nature of energy essential to our business activities, and by leveraging our unique business model, we will work to reduce our use of energy through more efficient energy use throughout our supply chain.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



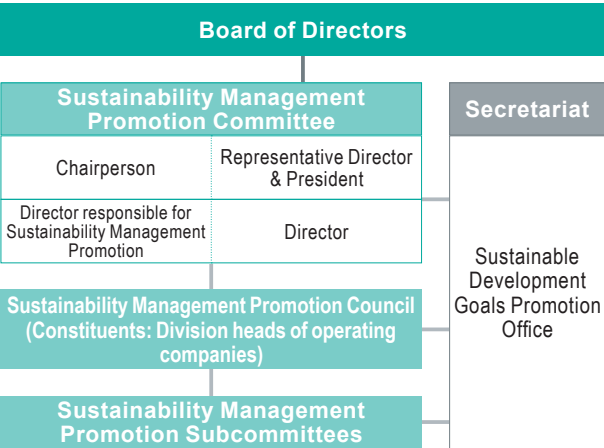
TCFD Consortium

Governance

Our approach to addressing climate change is part of our “Promotion of environmentally friendly business” activities, which is one of our materiality Issues.

The Sustainability Management Promotion Council sets specific targets for sustainability and compiles countermeasures. The Sustainability Management Promotion Committee discusses overall sustainability matters for the entire group. Based on these discussions, the Board of Directors provides advice on the progress of the initiatives and determines the direction and measures to be taken by the NITORI Group.

The progress of NITORI Group's sustainability initiatives, including those related to climate change, are reported to the Board of Directors at least once a year.



Risk Management

NITORI Group collects and analyzes information on a wide range of risk factors, including climate change-related regulations and their effects and consequences on our business. Significant opportunities and risks that require attention are evaluated and identified by the Sustainability Management Promotion Council, which is attended by the division heads of each business unit.

The evaluated and identified risks and opportunities are supervised and monitored under the Sustainability Management Promotion System, and issues are shared with the Risk Compliance Committee to integrate the organization's comprehensive risk management.

Strategies (risk and opportunity analysis)

Among various possible climate change scenarios, depending on the state of global warming prevention, NITORI Group examined the 4°C scenario and the 2°C scenario, which are considered representative, under the Sustainability Management Promotion System. In the 4°C scenario, we focused on the impact of physical risks, since extreme heat and severe storms may occur with no adequate countermeasures. In the 2°C scenario, the study focused on the impact of transition risks, because society is expected to change as technological innovation progress and regulations are strengthened to curb global warming.

Risk	Significant Changes and Alterations	Principal Risks	Main Initiatives
4°C scenario Impact of “physical risk”	<ul style="list-style-type: none">Intensification of extreme weather such as typhoons and floods (acute risk)Increase in average temperature (chronic risk)	<ul style="list-style-type: none">Production suspension and increased restoration costs due to plant damageDisruption of the supply chain of products and raw materialsDecrease in the value of seasonal products due to the unusual seasonal changes of weatherBusiness continuity risk and rising insurance premiums and operating costsOpportunity losses due to store closures caused by the disasterThreats to employee safety	<ul style="list-style-type: none">Sourcing from multiple suppliersDiversification of production areas, global merchandisingOptimize timing of products sales and improve digestion rateReview of Business Continuity Plan (BCP)Review safety confirmation system, conduct periodic drills, secure disaster supplies
2°C scenario Impact of “transition risk”	<ul style="list-style-type: none">DecarbonizationPoliciesTightening of regulationsTechnological innovations	<ul style="list-style-type: none">Rising energy costsIncreased capital investments for renewable energy and energy conservationIncreased operating costs due to the introduction of a “carbon tax” and “carbon pricing”Soaring raw material pricesLoss of market valuation and reputation	<ul style="list-style-type: none">Expand utilization of renewable energy sourcesMore efficient energy use, use of low emission technologiesPromote green logistics (joint transport, modal shift)Decarbonization of raw materialsUtilization of recycled raw materials
Opportunity	Significant Changes and Alterations	Key Opportunities	Main Initiatives
4°C scenario Impact of “physical risk”	<ul style="list-style-type: none">Intensification of extreme weather such as typhoons and floods (acute risk)Increase in average temperature (chronic risk)	<ul style="list-style-type: none">Ensure resilience of products supply systemEstablishment of BCP to have a resilient operating system for stores in the event of a disaster	<ul style="list-style-type: none">Diversification of production areas, global merchandisingEstablishment of supply chain managementReview of Business Continuity Plan (BCP)
2°C scenario Impact of “transition risk”	<ul style="list-style-type: none">DecarbonizationPoliciesTightening of regulationsTechnological innovations	<ul style="list-style-type: none">Responding to new and growing customer needs such as changing values (ethical consumption, energy and resource conservation needs, etc.)Improvement and differentiation of production capacity and asset valueUse of public support (tax breaks, etc.)Improve market valuation and reputation	<ul style="list-style-type: none">Promote the creation of environmentally friendly functional productsPromotion of recycling-oriented products (circular economy)Unique business model and expansion of business areas (fields)Commercialization of knowledge for solving social issues

Business domain: NITORI Group's main sectors (manufacturing, logistics, retail) including overseas bases *Time frame: 2050 *Analysis of impact on existing business portfolio

Indicators and targets

We aim to reduce Scope 1+2 greenhouse gas emissions (including overseas sites) as follows.

Fiscal 2030: **50% reduction** compared with fiscal 2013 (emissions per 100 million yen of net sales)

Fiscal 2050: **Become carbon neutral** (net zero emissions)

We will promote the development of products with environmentally friendly functions, including reduction of greenhouse gas emissions at the stage of product use by customers, and initiatives for waste reduction and recycling. We will also consider disclosing information on reductions of Scope 3 greenhouse gas emissions.

Measures

To achieve the above targets, we are pursuing several measures, including the utilization of renewable energy, the introduction of energy-efficient electric and gas facilities, and adoption of thermal barrier construction methods and use of materials with thermal insulation properties for our facilities. In addition, to promote these capital investments, we aim to introduce “Internal Carbon Pricing (ICP: internal carbon tax)” by the end of FY2023 and will make investment decisions based on future carbon costs (carbon tax, emissions trading, etc.). Regarding the utilization of renewable energy, we plan to start and expand solar power generation on the rooftop of our facilities. Furthermore, by the end of 2024, NITORI Group plans to install EV charging infrastructure that is virtually 100% powered by renewable energy at approximately 300 NITORI Group stores.

➔ Details: Press Releases > Expansion of EV Charging Infrastructure at Domestic Stores (as of July 2023, Japanese Only)



Promote development of human resources and organization

Policy

NITORI Group aims to realize an organization with wealth of elites through human resource development based on transfer-based education, which allows employees to experience a variety of occupations every two to three years in a wide range of business fields and by providing a variety of training programs at NITORI University that is tailored to the individual. In order to achieve this goal, we will continue to create an organization and corporate culture that values and nurtures people who continue to take on new challenges.

→ Related Page: P13-19 Human Capital of NITORI Group Trilogy: Human Resource Development, the Key to Realizing NITORI Group's Mission

20's
Operation

30's
Control • Manage

40's
Management Specialist
Talent Specialist

50's
Administration

Career planning, Open recruitment and Self-development

Transfer-based education

Work experience in a variety of departments, with a focus on stores

Transferring through a wide range of departments and building expertise in those areas.

Defining and deepening one's expertise

Acquisition of comprehensive skills required for management-level positions

Mass education

Specialized education

Mass education

Specialized education

Career support to realize your “ideal self”

At NITORI Group, all employees have the opportunity twice a year to think about your “ideal self” in the next 30 years and submit it to the company in the form of a “30-year career design sheet”. The responses, learning status, counseling history and all other information are stored in the talent management system and by identifying individual interests, skills and aptitude, we design job assignments in line with business plans.

Furthermore, from FY2022, we have introduced company-wide 1-on-1 meetings at least once a month. By deepening the relationship between managers and their subordinates and extracting learning from day-to-day work, we encourage proactive employee behaviors and improve productivity for the entire organization.

For Global and IT Human Resource Development

To develop global human resources, we have an internal open recruitment system for overseas assignments and dispatch task forces to overseas, and actively promote employees who voluntarily raise their hands in their desired careers. In addition, we provide specialized IT training to enable employees who do not have IT backgrounds to become IT personnel, including basic education, cloud technology and data science.

→ Related Page: P14 Global Human Resource Development, IT Human Resource Development

Education system

In order to nurture true specialists who can contribute to the society, we have an education system that allows each employee to explore his or her own potential through various educational opportunities, and to move forward with an eye on your “ideal self”.

Number of years of employment	Base						Overseas		Core competency			Personal Growth			
	Analytical thinking skills	Competitive growth capabilities	Communication	Leadership / HR development	Achievement orientation	Career support	Theory	Global	Chain store theory	Coordinate	IT				
From 11th year onward	Visionary Leader Development Training V						Seminars by Chairperson, President, and Other Executives (Mission / Vision)	Japan	Overseas	Policy Seminar/ JRC Dispatch	NITORI Coordination Training Programs (NCS) Basic Course / Advisor Course / Planning Course / Specialized Course	Data Analysis Human Resource Development			
6th-10th year	Visionary Leader Development Training IV							Global Training IV	Overseas Training II	Innovative organization training			Coordinate Mate	Digital Literacy Training III	
	Visionary Leader Development Training III									U.S. seminar (Trainee Course)					Creative Line Training Program
	Visionary Leader Development Training II									ASEAN Seminar					
	Visionary Leader Development Training I									Chain IV Seminar on how to strengthen products					
4th-6th year	Visionary Leader Development Training I						Global Training II	Overseas Training I	Chain III Basic seminar on the sales floor and products	Digital Literacy Training II					
3rd year	Training for 1st to 3rd year employees						Small-group selective training programs	Overseas Training I	Chain II Seminar about in-store operations	U.S. seminar (Introductory Course)	Digital Literacy Training I				
2nd year								Overseas Training I	Chain I Mid-career development seminar						
1st year								Overseas Training I	Chain I Mid-career development seminar						

→ Related Page: P74 Sustainability Data book (Human Resource Development)

PICK UP U.S. seminar (Introductory Course)

The U.S. seminar is one of the NITORI Group's unique educational curriculums. All employees in their third year of employment participate in the introductory course, where they experience the “joy of shopping” and the “enriched life” in the United States, the starting point of NITORI Group's mission. In order to maximize the learning experience, we have established an education system whereby employees are exposed to chain store theory through various training programs from their first year, and after gaining knowledge, they participate in the U.S. seminar in which they establish a structure where they continue to learn even after returning from the U.S. seminar.

Chain training for new employees

Chain I Mid-career development seminar

Store Comparison Training

U.S. seminar (Introductory Course)

Learn about the fundamentals of chain store theory

Understand the principles (ideal vision) of the chain store and reaffirm NITORI's mission and vision.

Understanding NITORI's strengths and weaknesses based on research of domestic competitors.

Based on what was learned, experiencing the “enriched life” in the U.S. with all five senses.

51

52

Diversity

Policy

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

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.

My Area System

In March 2023, we introduced "My Area System" which allows employees to commute to work without having to relocate, limiting the area in which they work in. There are no restrictions on the period of use of this system, and employees who use this system will not receive a reduction in compensation. We are also implementing measures to increase incentives for relocation, such as expanding benefits for employees who relocate, so that each employee can make choices that match their career path and life stage.

Key points of the system

- Areas covered: Tokyo metropolitan area and Kansai area
*expansion planned in the future
- Compensation: No reduction
- Position: Unlimited
- Term of use: Unlimited (can be applied for or cancelled at any time)

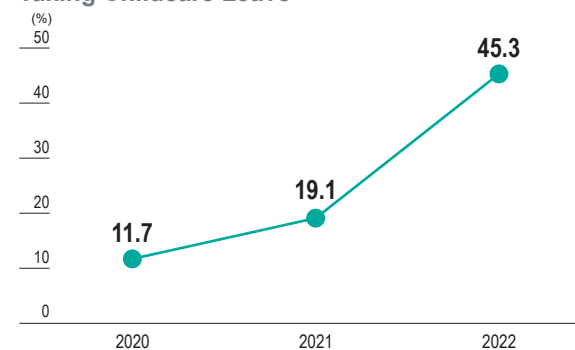
Other support systems for balancing life and work

We are working to develop a culture that allows both men and women to take childcare leave. The number of male employees who have taken childcare leave has increased significantly over the past three years. In addition, the special paid leave for personal injury or illness, which allows employees to accumulate expired annual paid leave, can be used not only for injury or illness, pregnancy, childcare or nursing care, but also for the purpose of infertility treatment from 2020. The range of coverage is being expanded to meet the needs of employees.

(Other major systems)

Maternity and childcare support leave / Shorter working hours /
Childcare expense subsidy system on Sundays and holidays /
Teleworking system / Spouse maternity leave

NITORI Group Rate of Male Employees Taking Childcare Leave



*NITORI Holdings, NITORI, Home Logistics, Home Cargo, NITORI Facility, and N+ 6 company figures

Building the Alumni Network

We have introduced the Alumni Network, which provides regular opportunities for interactive information exchange and events to build lasting amicable relationships between alumni (retirees) who are active in new fields, as well as between alumni and current employees. We expect that continued connection with alumni will not only lead to the activation of the use of the re-employment system (job return system), but also to the creation of ideas and opportunities to provide new added value to our customers.

Creating a healthy and safe work environment

Policy

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

At NITORI Group, convinced that creating a comfortable work environment and ensuring the physical and mental health of our employees are essential for corporate growth, we are promoting health and productivity management. The company, labor union, and health insurance society work together to support the health of employees and their families by proactively promoting the improvement of the work environment, diversity, and employees' health.



Mitsuru Ohki, Managing Executive Officer, President, NITORI Health Insurance Society

Health Management Promotion System

The Health Management Promotion Committee, which is a joint effort between the company and the NITORI Health Insurance Society, actively plans, proposes and implements collaborative health projects and makes repeated improvements every year. We are striving to improve the health literacy of the organization and its employees.

Employee Family Health Support and Community Involvement

NITORI Group promotes health support for employees and their families, offering free health checkups and gynecological examinations for employees and their dependents.

In addition, NITORI Group is a member of the Association for Health and Management, a general incorporated association, and is involved in discussions and deliberations on health management issues in cooperation with other companies, seeking better health management methods and specific measures.



For the seventh consecutive year, NITORI Group has been recognized by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council as one of the "2023 Excellent Corporations for Health Management (Large Corporations)".



Health Education

To improve health literacy and health awareness among employees, we provide health education through original booklets and e-learning programs. NITORI Group creates and distributes the "Women's Health Support" booklet, which focuses on health issues such as lifestyle, menopause, and cancer specific to women, and the "NITORI Heart Supplement" booklet, which introduces self-care to improve mental and physical conditions and enhance performance.



Raising health awareness through events

As part of the collaborative health program between the NITORI Group and the NITORI Health Insurance Society, various health events are held annually within the Group. One example is the "Health Checkup Challenge," an event in which employees are challenged to improve from the results of last year's health checkup, the "Walking Campaign," in which employees aim to walk 8,000 steps a day while having fun together in a team competition format and the "Anti-smoking Campaign" to support employees who want to quit smoking right now. We will continue to strive to plan events in which employees can actively participate and which will provide an opportunity to change their mindsets.



Measures to prevent harassment



To ensure proper understanding and prevention of any kind of harassment, NITORI Group is promoting the creation of workplaces where harassment is neither tolerated nor allowed to occur, through such measures as the establishment of a month to strengthen the understanding of harassment and the implementation of practical training programs in communications and dialogue for managers*. In addition, we have established an internal reporting environment by setting up a harassment consultation desk and making it known through internal newsletters and posters.

*During company-wide compliance training programs for all employees, including managers, a video on "Harassment Prevention" is distributed and a confirmation test is administered. Individuals can also learn through an original video "Is this or could this be an abuse of authority?", with specific examples and careful explanations to help individuals correctly understand harassment and preventative measures.

Ensuring appropriate working hours

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



Recruitment

New graduate recruitment

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

➔ NITORI was ranked No. 1 overall in the humanities in the "My Navi/Nikkei Ranking of the Most Popular Companies for University Students Graduating in 2024 (liberal arts)."



Recruitment from overseas

In order to further accelerate our overseas business development, we are actively recruiting global human resources. In addition to recruiting by participating in the Boston Career Forum, a job hunting event for Japanese students studying abroad, in recent years we have been strengthening our efforts to recruit overseas students in Japan, thereby promoting the globalization of our company.



Internship

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 FY2022, approximately 24,000 students participated in our internship program. In the newly launched program for first and second-year university students, in which more than 500 students participated, participants thought and discussed about what it is to "work" with the recruiters.

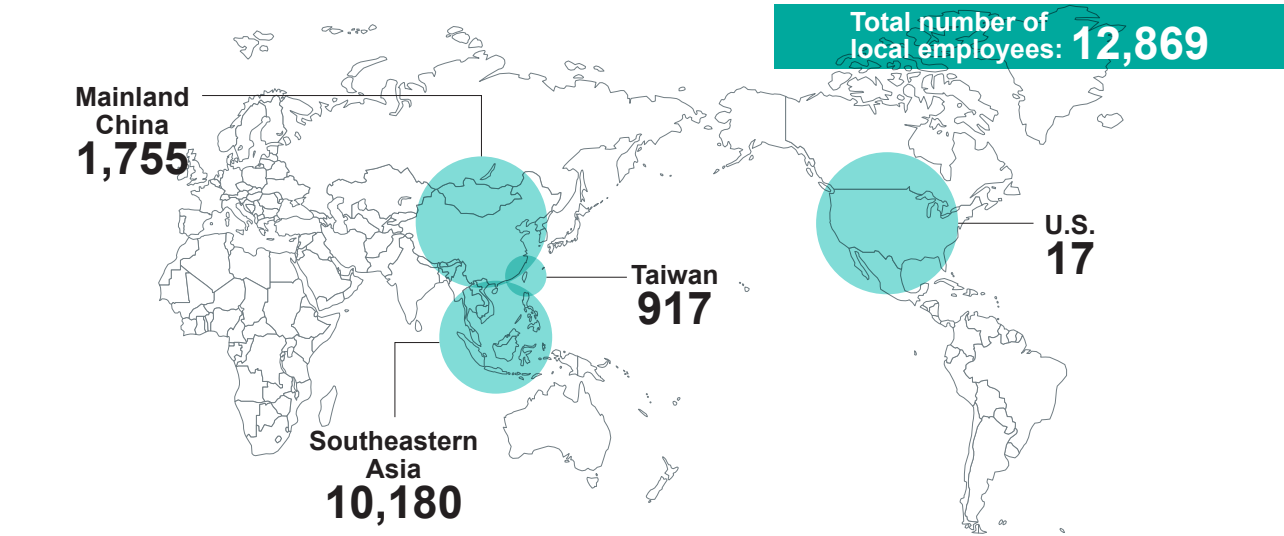
➔ NITORI was ranked No. 1 in the overall category in the "Rakuten Minshu Internship Ranking of the Most Popular Companies" for fourth consecutive years.



Promoting initiatives to address environmental and social issues at overseas locations and NITORI's own factories

Local Employees overseas

NITORI Group has stores, offices and its own factories overseas, where 12,869 local employees work (*as of March 31, 2023). Many of these local employees not only support the stable supply of products as NITORI Group's overseas bases, but also contribute to the enrichment of local homes. The presence of stores and our own factories, etc. in those areas also creates local employment and contributes to the development of local communities.



Initiatives of our own factories overseas to address environmental and social issues

	Initiatives to address environmental issues	Initiatives to address social issues (comfortable workplace / benefits)
Vietnam NITORI FURNITURE Hanoi Factory, Ba Ria-Vung Tau Factory	<ul style="list-style-type: none">• "Easy to Sort" pocket coil mattresses will be made even easier to disassemble in the future by reviewing the way the components are joined together.• Review of painting methods to eliminate wasteful use of paint• Recycling waste paint and reusing it as cleaning detergent for equipment and parts• Effective use of scrap (lumber, urethane, fabric)	<ul style="list-style-type: none">• Factory cafeterias (free meals are served)• Dormitory (free of charge, to support employees who otherwise need to commute long distances)• Creation of a safe and secure work environment *Monitoring of safety management (for prevention of accidents, etc.), attendance management (securing of breaks), etc.• Widely recruiting and actively hiring Vietnamese who used to work in Japan (including those who can speak Japanese and technical intern trainees)
Thailand SIAM NITORI	<ul style="list-style-type: none">• Carpet and rug manufacturing using recycled raw materials such as plastic bottles* and waterless coloring methods• Use of plastic bags made of recycled materials (for packing products)• Reduction of exhaust emissions by switching to electronic forklifts• Construction of a new factory with an energy-saving structure with high heat shielding effect	<ul style="list-style-type: none">• Renovated cafeteria and newly equipped in-house kitchen (free meals are served)• Review of labor environment and education system (initiatives to reduce overtime)

The equivalent of approximately 66 million plastic bottles are recycled annually.
* Calculated based on the amount of PET bottles collected, etc. published by the Council for PET Bottle Recycling Promotion. Number of PET bottles converted as one 500ml PET bottle (23g).



Waste paint recycling facility



Cafeteria inside the factory

Developing True Partnerships with Suppliers

Policy

NITORI Group calls upon our suppliers to not only comply with laws and regulations, but also to build what NITORI Group calls “true partnerships” with suppliers, with the aim of realizing sustainable growth throughout the entire supply chain.

True partnership

- (1) A relationship where both sides aspire to learn about the most advanced topics, including those relevant to corporate management, share the knowledge and work hard together.
- (2) A fair, honest, highly transparent and open relationship where both sides can engage in active exchange of opinions.
- (3) A relationship where both sides share not only ideas and management methods for the creation of a culture of product safety but also the importance of fulfilling social responsibilities, such as being environmentally conscious^{*1}, respecting human rights^{*2}, and maintaining an appropriate work environment^{*3} and grow together to achieve the mission.

^{*1} Being environmentally conscious in accordance with NITORI Group's Environmental Policy

^{*2} Prohibition of forced labor, child labor and discrimination, etc.

^{*3} Preventing overwork, ensuring more leave than statutory requirements, paying the statutory minimum wage, ensuring workplace safety, maintaining a comfortable workplace environment where employees work in good health, etc.

Audit of potential new suppliers

In order to deliver safe and secure products to customers, NITORI Group audits potential new suppliers to check eligibility requirements. We conclude contracts only with suppliers that have passed a rigorous on-site investigation covering a total of 244 items, including quality assurance items and responses to environmental and social issues.

→ Related Page: P74 Sustainability Data Book “Status of Performance of Audits of New Overseas Suppliers”

Endorsement and Signature to the Supplier Code of Conduct

In order to fulfill our social responsibility with our suppliers, we have established a Supplier Code of Conduct. This Code of Conduct is clearly stated to all suppliers and has been endorsed and signed by them. In the event that a violation of this Code of Conduct 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 takes into account environmental and social issues* at the Management Policy Briefing for Overseas Suppliers for FY2022.

- Develop products that can be sorted after use and recycled.
- Promotion of compression packaging
- Promotion of environmental certification etc.



Supplier Evaluation

We conduct Audits of existing suppliers twice a year to understand the actual status of existing suppliers and to identify risks. The audit items are reviewed on a case-by-case basis and are mainly in the five categories of “development,” “quality,” “logistics and trade,” “corporate stance” and “sustainability (items addressing environmental and social issues)” (46 items in total). 431 suppliers were audited in the second half of FY2022.

→ Related Page: P74 Sustainability Data Book “Status of Performance of Audits of New Overseas Suppliers”

Supplier Interview



This overseas supplier is responsible for the manufacture of many of NITORI's products, especially “N Polda”, NITORI's suspension wall storage, and has been a supplier to us for more than 10 years. The company is highly conscious of quality and has been participating in NITORI Group's NWC activities since 2015, with “zero defect rate” as its ultimate target. They are a company that is always actively improving and evolving in quality control and environmental considerations.

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

NITORI has high awareness of quality and a strong desire for development, and through our partnership, we have also been able to further enhance our awareness and level of quality control and improve our production technology. In particular, our main product, NITORI's “N Polda” series, has given us opportunities to propose peripheral products, improve quality, research and upgrade manufacturing facilities and improve production efficiency, which led to enhanced competitiveness by embodying our management philosophy of “Quality + Delivery Date = Trust, Trust + Innovation = Development” which led to improvement of our competitiveness.

What do you emphasize in manufacturing?

In product development, we strive to address environmental and social issues as well as safety. In our efforts to reduce environmental impact, we strive to reduce waste in the manufacturing process, convert to natural gas which leads to CO₂ reduction, and utilize recycled raw materials. In addition, to ensure that our employees can work with peace of mind, we pay attention to the stability of their lives and strive to create a safe work environment. As a result, our retention rate has improved, with more than 80% of our employees having been with us for more than 10 years, and 30% of them for more than 20 years. We believe that it is an important social responsibility to maintain a high level of engagement and cohesion, and to be a company where the company and its employees can mutually strive and grow.

What prompted you to participate in NWC?

We have been in business for more than 30 years, and we joined NWC in 2015 because we thought we should always be exposed to new ideas and example cases for further growth in the future. I learned the importance of continuing these steps.

Please tell us about the changes you have made through your participation in NWC.

The first is a change in employee awareness. Management has taken the initiative in visiting manufacturing sites to discuss and verify improvement measures with on-site employees, thereby raising each employee's awareness and sense of responsibility for quality. Second, analytical skills were improved. By conducting daily analysis, summarizing it weekly, checking it monthly and constantly repeating the PDCA cycle, on-site employees improved their accuracy in identifying issues and considering solutions in the manufacturing process. As a result, both production efficiency and sales improved significantly, and the company won the Gold Award at the NWC in 2022. Employees are now more confident in their quality improvement activities, leading to a revitalization of the worksite. Currently, we are taking on the challenge of further improvement of quality control by spreading the learning from the NWC to all of our suppliers.

Nitori World Circle (NWC) activities

NITORI Group members of both Japan and overseas, form groups of like-minded individuals to identify problems in day-to-day operations and promote improvements and reforms which can be directly delivered to the management. In fiscal year 2022, a total of 371 teams participated, 33 of which were from overseas suppliers and many cases of supplier-led improvement and reform activities were presented.



Promotion of CSR activities

Policy

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

Development of “Future IT Human Resources”

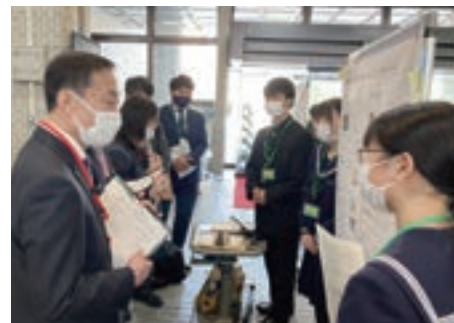


We have signed a partnership agreement with Hokkaido, Sapporo City and Hokkaido University, and are working to develop “Future IT Human Resources” who can use the power of digital technology and data to solve problems in local communities and create the society of the future. We will continue our efforts with the aim of producing many future leaders from Hokkaido, the place of our founding, who will play an active role in the local community, thereby creating vitality for the entire town and furthermore, becoming a bridge to the world.

Examples of initiatives

IT human resources development for each level of education, including elementary, junior high school, high school, university and graduate school students

- Hokkaido University “NITORI Future Society Design Course”
 - Cutting-edge research making use of actual stores
 - Research outcomes are published in journals. Patent applications are filed for certain research outcomes.
 - Invitation of public applications for research using data and assignments provided by NITORI
- Research activities by high school students (Hokkaido Board of Education's project)
 - NITORI offers insights into practical IT utilization through classes, etc.



LEARN with NITORI



The Research Center for Advanced Science and Technology of the University of Tokyo and NITORI Group jointly launched LEARN with NITORI, a new education support project, in 2021. LEARN, a program giving children the opportunity to discover the joy of learning while demonstrating their individuality through various activities and experiences, is run by Senior Research Fellow Kenryu Nakamura of the Research on Individually Optimal Learning as part of Corporate Sponsored Research Programs. Making use of NITORI Group facilities as well as other facilities, NITORI Group provides a “learning” program that only the Group can offer. During the year of 2022, the program was held 14 times in 11 cities across Japan, with 339 children and 343 parents participating. The Chairman himself actively participated in the programs, sharing his own experiences and deepening exchanges with children and their parents during lectures and question-and-answer sessions. In recognition of these activities, the Chairman received the “University of Tokyo Shokumon Award” in 2022.



Examples of initiatives

- Hunting at the Museum: You Seize the Evidence of History
Otaru Art Village Western Art Museum (Hokkaido)
- Find the best cherries in the orchard
NITORI Kanko Orchard, Hokkaido, Japan
- Insects in the mountains of Oita Prefecture
Yufuin Recreation Center (Oita Prefecture)
- The secret of bamboo shoots
Atami Ginzan Silver Mine (Shizuoka Prefecture)
- What is a part-time job? ~Let's try it first before feeling uneasy about it~
NITORI store (Miyagi Prefecture)
- Find the secrets of the mansion! ~Learn Japanese Culture~
Shikousou (Tokyo, Japan)

Zero Carbon Challenge Cup

NITORI Group has been supporting the Zero Carbon Challenge Cup since 2015. In the main event, finalists from diverse organizations (schools, companies, local governments, NPOs, etc.) and of all ages from around Japan present their activities that are leading to the creation of a zero carbon society. The Zero Carbon Challenge Cup is a venue for sharing and disseminating knowledge and information on initiatives and for facilitating further collaboration and motivation, all with the ultimate aim of achieving a zero carbon society that delivers a prosperous future for everyone. From among some 30 finalists, NITORI Group selects a winner of the NITORI Best Dream for the Future Award. This award reflects our desire to join with others in building a bright future, filled with dreams and hopes, through decarbonization initiatives.



Supporting sports

NITORI Group is committed to contributing to local communities and society by encouraging healthy and fulfilling lifestyles, both physically and mentally, through various sports.

● NITORI Ladies Golf Tournament

We have been organizing a women's professional golf tournament in Hokkaido since 2010 to vitalize Hokkaido through sports. Moreover, we support female professional golfers. At present, NITORI has sponsorship agreements with ten players.

● NITORI JD. LEAGUE

Under a three-year contract from 2022 to 2024, we are the title partner of the NITORI JD. LEAGUE, the Japanese women's softball league, to support the promotion and development of softball in Japan.

● NITORI Women's Running Team

Established in April 2015, the team began its activities with the ambition to win medals in the Olympics. Since 2020, the team's target has been to come within the top eight teams in the All Japan Industrial Teams Women's Ekiden (relay race) in addition to training for marathons.



*As of March 31, 2023

Supporting human resources development / Supporting culture, arts, and tradition

NITORI Group is supporting the following two foundations

● NITORI International Scholarship Foundation

The NITORI International Scholarship Foundation, launched in March 2005, is a way of expressing our appreciation to people in Asian countries for their tremendous support that is contributing so much to NITORI Group's accomplishment of its mission. So far, the foundation has supported a total of 9,254 students in 46 countries and regions in Japan and overseas by offering non-repayable benefit-type scholarships. In addition, from FY2023, we will begin operating a new “student dormitory” for scholarship students. In order to contribute to friendship and human resource development in countries around the world, we will expand our support to the young generation that bears the future.



● NITORI Culture Foundation

The NITORI Culture Foundation was founded in April 2011, to support the development and succession of culture, arts, and tradition and to be a bridge for the formation of a new culture. Otaru Art Village, a group of museums in Otaru City, Hokkaido, operated by the foundation, opened its fourth museum, the Museum of Western Art, in 2022. With a total of 400,000 visitors a year, the museum is attracting attention as a tourist attraction in Otaru.

Strengthening Corporate Governance Structure

➔ Policy

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

Directors and Executive Officers

Directors (As of June 22,2023)



Akio Nitori
Representative Director & Chairperson (Chief Executive Officer)

Member of the Nominating and Compensation Committee



Toshiyuki Shirai
Representative Director & President (Chief Operating Officer)

Member of the Nominating and Compensation Committee



Fumihiko Sudo
Director, Executive Officer & Vice President



Fumiaki Matsumoto
Director, Executive Officer & Vice President



Masanori Takeda
Director
General Manager of Global Merchandising Division
General Manager of Global Sales Promotion Office
In charge of Overseas Sales Business



Hiromi Abiko
Director
General Manager of HR Education Division



Takaaki Okano
Director



Takao Kubo
Director

Member of Audit & Supervisory Committee (Full-time)

Outside Directors (As of June 22, 2023)



Yoshihiko Miyauchi
Director
* Independent Outside Director



Naoko Yoshizawa
Director
* Independent Outside Director

Member of the Nominating and Compensation Committee



Yoshiyuki Izawa
Director
* Independent Outside Director

Member of Audit & Supervisory Committee

Member of the Nominating and Compensation Committee



Hisayoshi Ando
Director
* Independent Outside Director

Member of Audit & Supervisory Committee

Member of the Nominating and Compensation Committee



Masahito Kanetaka
Director
* Independent Outside Director

Member of Audit & Supervisory Committee

Executive Officers (As of July 1, 2023)

Executive Vice Presidents
Fumihiko Sudo / Fumiaki Matsumoto

Senior Executive Officers
Isao Arai / Tsuyoshi Okamura / Hiroki Murabayashi / Yoshihisa Sato / Kenichiro Aoya/ Soichi Oda, Kazuya Tsukada

Executive Officers
Tadashi Kudo, Akio Igarashi, Toshinao Matsushima, Ei Sugiura, Harumi Sawai, Akihiro Kushida, Toshinori Arai, Masaomi Zenji, Tetsuya Okuda, Takuya Ono, Tetsuo Yamamoto, Masatoshi Sano, Yuichi Maruhashi, Hiroyuki Tajiri, Noriaki Hase, Hideki Sasaki, Ryo Takahashi, Katsunori Kobayashi

The Aspirations of Newly Appointed Director

Masahito Kanetaka
Director
* Independent Outside Director

Member of Audit & Supervisory Committee

I am very pleased to have recently assumed the position of outside director at NITORI Holdings. I joined the National Police Agency in 1978 and was involved in police administration for nearly 40 years until I retired as Commissioner General of the National Police Agency in 2016, working to ensure the safety and security of all citizens. During my tenure as Commissioner General of the National Police Agency, I was in charge of the Japanese police force, dealing with crimes that are becoming more international and IT-oriented, and directing police forces nationwide to contribute to the realization of the world's best public safety. From 2016, as President of the Police Mutual Aid Association, I was responsible for social security for approximately 1 million police personnel and their families nationwide. Through these experiences, I have deepened my experience and knowledge not only in criminal justice but also in organizational management and crisis management in various situations. Although I have no experience in corporate management, I would like to contribute to the realization of the NITORI Group's mission and vision as an outside director of NITORI Holdings based on the experience and knowledge I have acquired so far, and to do my utmost to continuously enhance corporate value. I look forward to serving the Nitori Holdings.

Skills Matrix

Of the skills, etc. held by each Director, maximum of six main skills are marked with ●.

Name	Title	Knowledge and experience the Company expects of Directors									
		(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) Finance	(10) Sustainability
Akio Nitori	Representative Director & Chairperson (CEO)	●	●	●	●		●	●			
Toshiyuki Shirai	Representative Director & President (COO)	●	●		●	●		●			●
Fumihiko Sudo	Director Executive Officer & Vice President	●	●	●	●	●			●		
Fumiaki Matsumoto	Director Executive Officer & Vice President	●	●		●	●	●		●		
Masanori Takeda	Director	●	●	●	●		●		●		
Hiromi Abiko	Director		●	●				●			●
Takaaki Okano	Director	●	●		●			●			
Yoshihiko Miyauchi	Outside Director	●			●	●	●		●		●
Naoko Yoshizawa	Outside Director	●				●	●		●		
Takao Kubo	Director Full-time Member of Audit & Supervisory Committee		●		●				●	●	
Yoshiyuki Izawa	Outside Director Member of Audit & Supervisory Committee (Chairperson)	●			●	●	●		●	●	
Hisayoshi Ando	Outside Director Member of Audit & Supervisory Committee					●	●		●	●	●
Masahito Kanetaka	Outside Director Member of Audit & Supervisory Committee						●	●	●		●

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 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 "offers the unexpected" to achieve total coordination.
(4) Supply chain Management	Skilled in evolving our unique business model that integrates manufacturing, logistics, IT, and retail, 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 organizational development and 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, governance, compliance, etc.
(9) Finance	Skills to support corporate management from a financial perspective, with knowledge of accounting, finance, taxation, etc.
(10) Sustainability	Equipped with a sustainability management perspective, which is essential for the sustainable development and growth of a company.

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Discussion by Outside Directors



Establish a risk management system covering the entire group to realize the vision 2032.

Role as the Outside Director

Izawa: I recognize that my role as an outside director is to contribute to the enhancement of corporate value by influencing the executive divisions from two perspectives, that of an investor and that of a global manager, based on

my experience at the world's largest asset management company over the past seven years. In particular, with regard to overseas operations, I would like to make suggestions and provide advice as deemed necessary with regard to recognizing and responding to risks that the Company may face in the future as it accelerates its global expansion.

Ando: In my case, what is expected of me as an outside director of the Company is to provide “quality meddling” based on my long experience in public administration regarding opportunities and risks that may be difficult for people within the Company to recognize, specifically, I believe that I should communicate to executive directors so that they can have a bird’s eye view and awareness of the macro environment that will bring about changes in the industrial structure, such as carbon neutrality and digitalization.

Izawa: Indeed, you explain things from a completely different angle than the other members and in very easy-to-understand language.

Ando: In terms of the effectiveness of the Board of Directors, it’s you who always initiates discussions and elicits comments from the members.

Izawa: I believe that it is important to go through a quality debate before making a resolution and I try to encourage a lively discussion on all agenda items. For example, last year’s withdrawal from the U.S. market was the subject of heated debate within the Board of Directors, but in the end everyone agreed on the resolution, and I believe I was able to fulfill my function as a Board member. Leading the discussion in such a direction is one of the roles a director should fulfill.

Ando: Since it is the executive directors who actually develop practical operations in corporate management, outside director is required to obtain sufficient understanding of his or her own opinion from the executive directors through discussions and to see through to actual actions afterwards. As a move in line with such a role, during the period under review, as an outside director I proposed the need for verification work on supply chain cybersecurity measures, and through careful discussions within the company, I was able to share my understanding with the executive directors. The project has already started, and we will continue to monitor its progress.

Evaluation of NITORI Holdings

Izawa: We are not a so-called dictatorial company. It is true that Chairman leads the group with his charisma and strong leadership as the founder, but at the same time, he always listens to the opinions of others in the company, and the internal board members also actively express their own opinions. I think this is a different type of company from others and can be said to be very unique.

Ando: I also feel that everyone in the company, including the board members, expresses their opinions openly and without any sense of judgment, and that this culture permeates down to the very bottom of the organization. When I attend internal meetings and see the expressions on the faces of the members, I can clearly see that they are not waiting for instructions from the top, but are taking the initiative.

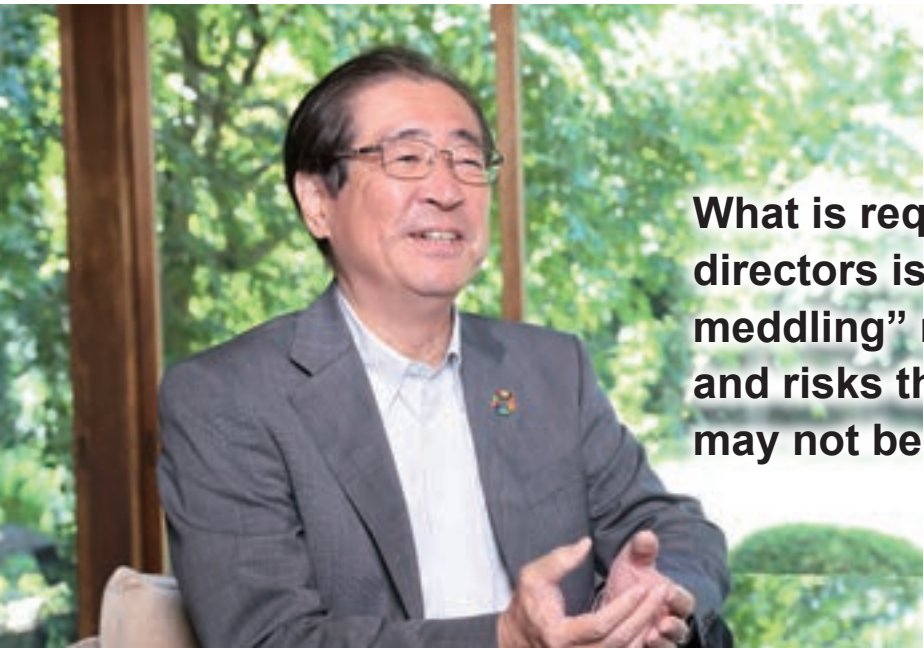
Izawa: I think the corporate governance is also highly effective. I think the Board of Directors is highly effective and most appropriate in the selection of Directors, the operation of the Board of Directors, as well as the selection of the agenda.

Ando: Along with the selection of the agenda, I also think highly of the way in which the Board of Directors decides when the discussion reaches a point where it is ready for a resolution. At our company, it is not uncommon for discussions to be sent back to the board if they are deemed to be inconclusive and insufficient . It can be said that the discussions are firmly grounded.

Izawa: Another thing that I think is commendable is financial discipline. The accounting approach regarding impairment is very conservative, and I think it is wonderful that even with this accounting policy, the company has achieved 36 consecutive years of sales and profit growth.

Ando: While pursuing the challenging target of 3 trillion yen by 2032, I have the impression that, in a positive sense, the people on the front lines are very firm and disciplined in

Discussion by Outside Directors



What is required of the outside directors is to provide “quality meddling” regarding possibilities and risks that executive officers may not be aware of.



I think NITORI Group is a different type of company from others and can be said to be very unique.

their approach. It is difficult to maintain discipline under the pressure of achieving the targets, but this perfect balance of vision and firmness is one of the strengths of our group, and I feel that the strong awareness of top management is at work.

Responding to changes in the environment (risks and opportunities)

Izawa: I believe that the first challenge for the future is to respond to the declining population in Japan. Even the best business model will eventually become obsolete as the market changes. Our company is no exception. To survive in the domestic market, we need to review and restructure our business model in response to changes in consumer values and purchasing behavior.

Ando: With the declining birthrate and aging population, the demand for seniors will expand while the overall population will decrease, so it is important to take this as an opportunity to respond to new needs through marketing to seniors.

In addition, the birthrate is expected to decline and the population is aging rapidly in Asian countries as well as in

Japan. If we can establish products and services for seniors that are viable in Japan, there will be room for global expansion.

Izawa: While the expansion of overseas operations will be essential to achieve our vision, overseas is a very difficult market to conquer because of the numerous individual risks. First, as an urgent task, it is necessary to identify and specify where the risks lie.

Ando: My top priority for our company, including global expansion, is to ensure cyber resilience. We have built a unique business model in which the entire function is performed in-house and we have built up a successful track record by maintaining a “risk is all within ourselves” attitude. However, continuing this model going forward means that the risks we take on as our business expands will be of a different scale. The most significant of these would be cybersecurity. This is not to say that we should stop doing things ourselves, but we must examine and determine at an early stage whether and to what extent we can expand the scale of our business through in-house production, or whether we need to consider outsourcing at some point in the future.

Izawa: What is needed is to recognize all risks, not only overseas and in Japan, but for the entire group, minimize them and determine the extent to which we can respond to them. I would like to see the Company establish a global risk management system as soon as possible, while utilizing external organizations as well.

Sustainability

Izawa: In terms of sustainability, we are clearly more advanced than our competitors in terms of ESG’s E (Environment), especially in CO₂ reduction and recycling.

In CO₂ reduction, we have just initiated a plan to install solar panels at our stores and distribution warehouses, and have established a low-cost system that enables stable procurement of renewable energy and the novelty of this system has been highly evaluated by investors.

In the area of recycling, we are also actively promoting various initiatives, including the manufacture and sale of carpets made from recycled raw materials such as PET bottles.

Ando: I believe that the company is effectively promoting the environmental characteristics of its products under the

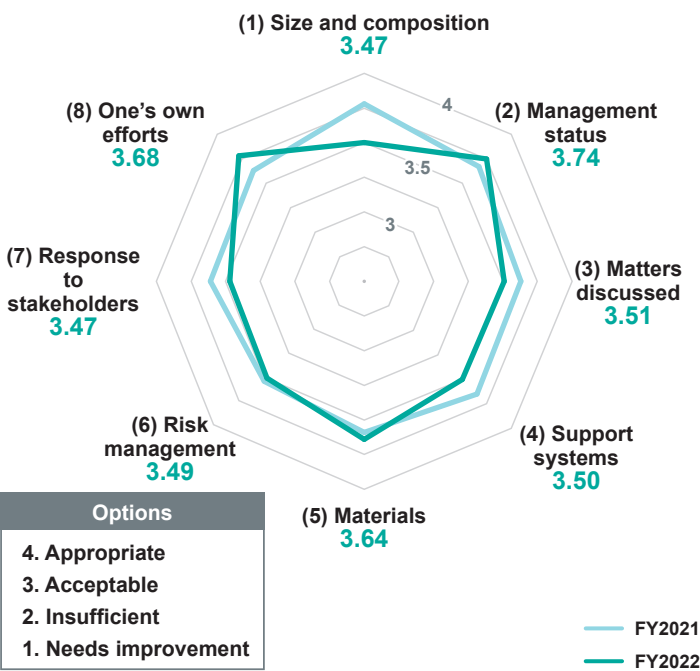
theme of co-creation with consumers, such as “resource recycling with our customers,” in addition to offering products with built-in 3R (recycle, reuse, and reduce) by taking advantage of the unique business model that integrates manufacturing logistics, logistics, IT and retail.

Izawa: I think we should continue to strengthen environmental disclosure in this area, not only in terms of promotion, but also in TCFD and IR.

Ando: As SDGs and ESG initiatives become indispensable to enhance corporate value, open disclosure of information on environmental initiatives is already part of a company’s sales strategy. I hope that the Company will continue to be more aggressive in communicating their “Promotion of environmentally friendly business” to their stakeholders.

Ensuring the Effectiveness of the Board of Directors

Board of Directors' effectiveness evaluation



In analyzing and evaluating the effectiveness of fiscal 2022 Board of Directors, we confirmed the status of improvements and progress of the issues identified in the effectiveness evaluation conducted in the previous fiscal year. The Board of Directors also compiled the evaluations and candid opinions of each director in the form of a questionnaire, and based on the results, the Board of Directors conducted an analysis and discussion on each issue to improve the functioning of the Board of Directors.

Evaluation categories of the questionnaire

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

Results of the assessment of the effectiveness of the Board of Directors in fiscal year 2022 and priorities for the Board of Directors in fiscal year 2023

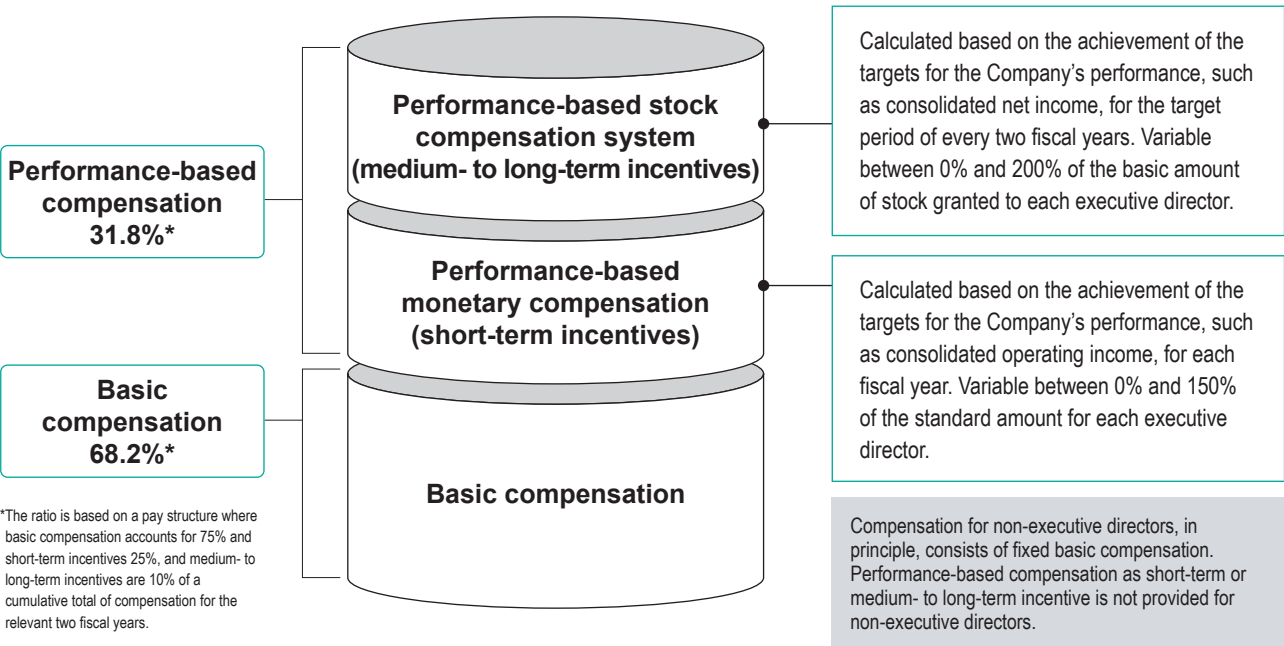
The results of the analysis by the NITORI Group Board of Directors showed that the Board of Directors is composed of a well-balanced group of directors with diverse knowledge and experience, that all directors, including outside directors, participate in active and free discussions at the Board of Directors meetings, that the frequency of Board of Directors meetings is appropriate and that the agenda of the Board of Directors meetings is properly managed.

On the other hand, although the current composition of the Board of Directors is not necessarily a major issue, the percentage of outside directors has decreased compared to the previous year, and it can be said that the discussion on the expansion of diversity and the appropriateness of the composition should be further deepened. There is still room for improvement in such areas as "enhancement of discussions on risk management" and "enhancement of provision of important information to outside directors," which were issues in the previous year's effectiveness evaluation, and further promotion of "deepening discussions on NITORI Group's growth strategy" is strongly required through the resolution of these issues.

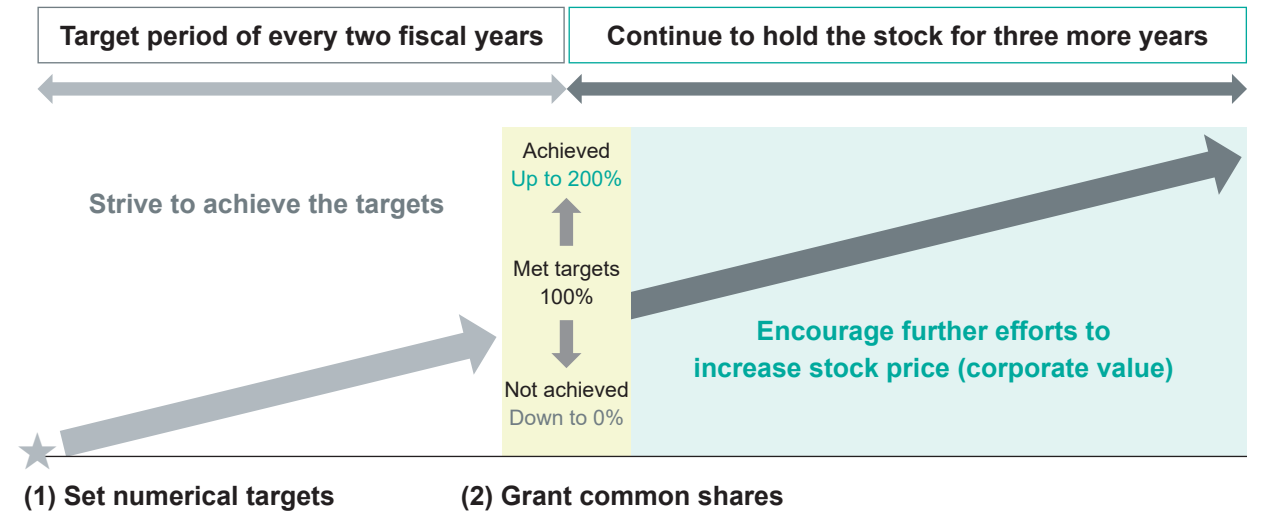
Based on the issues identified through the evaluation of the effectiveness of the Board of Directors and the opinions of the directors, the Board of Directors has decided that the most important issue is to "deepen discussions on the NITORI Group's growth strategy" and will work on each issue to achieve further improvement. (Figure below)



Executive compensation system



Performance-based stock compensation system



Performance Share Unit	Restrictions on transfer after delivery	Clawback provisions
To strengthen the link between the compensation structure and medium- to long-term increase in corporate value, the Company has adopted a performance-based compensation system (Performance Share Unit) in which compensation is provided in accordance with the achievement of consolidated performance targets for every two fiscal years.	To promote medium- to 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.	The Company's shareholding guidelines set forth that the Company may request an eligible director to return the incentives (clawback) if misconduct or illegal conduct causes a material breach regarding financial reports.

Transition of Key Management Indicators

	(Million yen)										(Thousand USD)
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
Income/Loss											
Net sales	¥ 387,605	¥ 417,285	¥ 458,140	¥ 512,958	¥ 572,060	¥ 608,131	¥ 642,273	¥ 716,900	¥ 811,581	¥ 948,094	\$ 7,099,706
Gross profit	201,656	218,337	243,543	278,274	314,778	331,421	354,364	411,791	425,897	478,106	3,580,247
Selling, general and administrative expenses	138,583	152,029	170,503	192,497	221,400	230,642	246,886	274,104	287,627	338,029	2,531,300
Operating income	63,073	66,307	73,039	85,776	93,378	100,779	107,478	137,687	138,270	140,076	1,048,946
Ordinary income	63,474	67,929	75,007	87,563	94,860	103,053	109,522	138,426	141,847	144,085	1,078,966
Net income attributable to owners of parent	38,425	41,450	46,969	59,999	64,219	68,180	71,395	92,114	96,724	95,129	712,367
Cash flow from operating activities	46,154	52,923	57,343	77,930	76,840	81,664	99,337	150,879	85,565	91,398	684,425
Cash flows from investing activities	(32,376)	(43,023)	(35,899)	(42,047)	(82,751)	(30,424)	(44,486)	(195,985)	(119,980)	(132,538)	(992,499)
Cash flows from financing activities	(10,540)	(6,654)	(9,943)	(6,414)	655	(11,340)	(13,862)	30,309	17,729	36,903	276,347
Cash and cash equivalents at the end of the year	21,179	25,713	36,794	66,035	60,923	100,053	140,791	125,487	127,076	125,115	936,916
Depreciation and amortization	8,850	8,921	9,398	10,406	11,357	12,311	14,575	16,024	20,407	22,272	166,784
Capital expenditure	30,083	45,033	26,605	42,828	64,172	32,237	26,191	22,323	101,454	117,328	878,598
Financial Position											
Total assets	321,703	404,793	414,541	487,814	550,507	619,286	683,247	930,884	983,840	1,133,771	8,490,125
Net assets	247,898	310,531	330,968	394,778	441,668	500,192	560,861	685,392	732,813	818,096	6,126,230
Equity	247,099	309,413	329,695	393,693	440,991	499,721	560,571	642,096	732,813	818,096	6,126,230
Key Management Indicators											
Gross profit to net sales ratio (%)	52.0	52.3	53.2	54.2	55.0	54.5	55.2	57.4	52.5	50.4	50.4
SG&A expenses to net sales ratio (%)	35.8	36.4	37.2	37.5	38.7	37.9	38.4	38.2	35.4	35.7	35.7
Operating income to net sales ratio (%)	16.3	15.9	15.9	16.7	16.3	16.6	16.7	19.2	17.0	14.8	14.8
Rate of return on equity (ROE) (%)	16.8	14.9	14.7	16.6	15.4	14.5	13.5	15.3	14.1	12.3	12.3
Equity ratio (%)	76.8	76.4	79.5	80.7	80.1	80.7	82.0	69.0	74.5	72.2	72.2
Ordinary income to total assets ratio (ROA) (%)	20.9	18.7	18.3	19.4	18.3	17.6	16.8	17.2	14.8	13.6	13.6
Payout ratio (consolidated) (%)	14.3	14.6	15.3	15.2	16.0	16.0	17.0	15.1	16.3	17.3	17.3
Price earnings ratio (PER)	13.3	20.2	19.4	22.7	30.7	23.1	26.1	25.7	19.1	18.9	18.9
Per Share Information											
Net income per share (EPS) (Yen, USD)	350.27	376.14	425.10	540.93	574.49	608.05	635.42	817.01	856.71	841.90	6.30
Net assets per share (BPS) (Yen, USD)	2,248.80	2,806.99	2,981.27	3,530.51	3,938.89	4,452.99	4,984.29	5,691.11	6,489.57	7,239.04	54.21
Dividend per share (Yen, USD)	50	55	65	82	92	97	108	123	140	146	1.09
Other Data											
Number of shares issued at the end of the year	57,221,748	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496	114,443,496
Stock price at the end of the year (Yen, USD)	9,340	7,600	8,260	12,250	17,625	14,050	16,560	20,970	16,350	15,930	119.29
Total market value	534,451	869,771	945,303	1,401,933	2,017,067	1,607,931	1,895,184	2,399,880	1,871,151	1,823,084	13,651,976
Number of stores in Japan	312	346	383	428	467	505	545	651	708	773	773
Number of stores overseas	19	27	37	43	56	71	66	71	93	129	129
Net increase in number of stores	31	42	47	51	52	53	31	111	79	101	101
Total sales floor area (㎡)	1,478,205	1,568,596	1,678,835	1,806,666	1,928,461	2,037,213	2,099,997	2,726,935	2,828,992	2,961,391	2,961,391
Total number of employees	16,884	19,092	20,759	22,111	24,816	27,506	29,936	36,669	37,229	37,329	37,329

(Notes) 1. The Company conducted a two-for-one stock split of its common shares effective February 21, 2014. The above per share information is calculated under the assumption that the stock split was conducted at the beginning of FY2011.
2. Translation into US dollars has been made at the exchange rate of 1 USD to 133.54 yen.
3. The total number of employees includes the average number of temporary employees (calculated on the basis that one day is eight hours).
4. The fiscal year ending March 31, 2023 is 13 months and 11 days from February 21, 2022 to March 31, 2023 due to a change in the fiscal year-end.

Sustainability Data Book

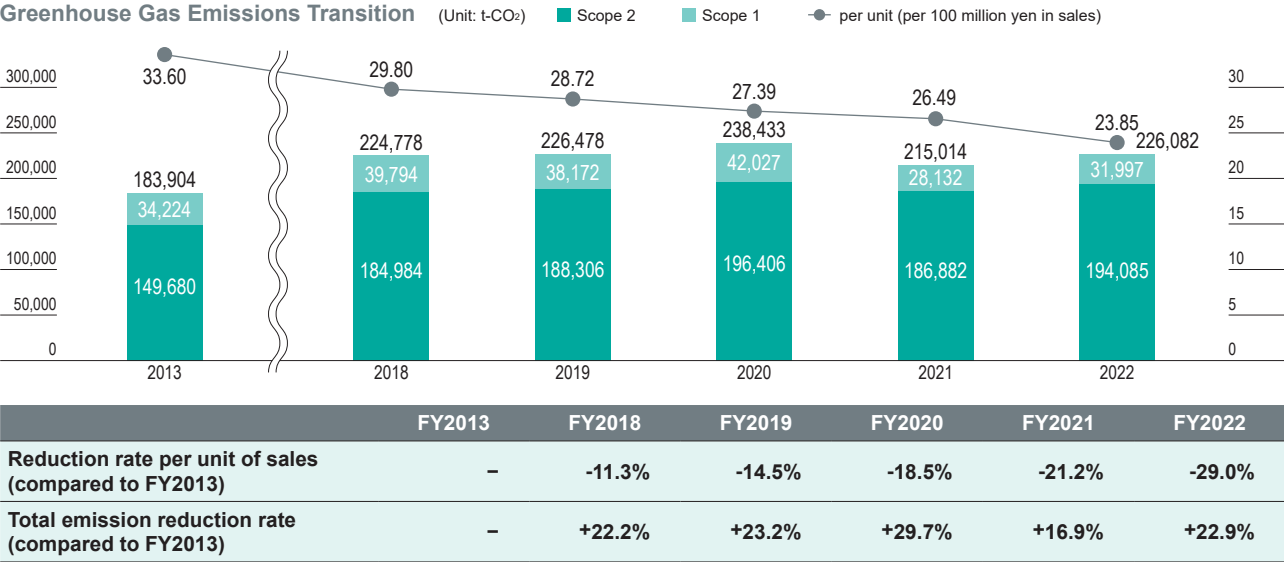
Environment

Greenhouse gas emissions from NITORI Group

- Interim target: 50% reduction in FY2030 compared with FY2013 (emissions per 100 million yen of net sales)
- Progress in FY2022: 29.0% reduction compared to FY2013 (33.60 t-CO₂ per 100 million yen in sales)

Greenhouse gas emissions			Unit	FY2013 (Reference year)	FY2018	FY2019	FY2020	FY2021	FY2022
NITORI Group			t-CO ₂	183,904	224,778	226,478	238,433	215,014	226,082
	Scope 1	Japan	t-CO ₂	33,980	36,014	35,389	39,925	23,660	26,166
		Overseas	t-CO ₂	244	3,780	2,783	2,102	4,472	5,831
	Scope 2	Japan	t-CO ₂	143,533	151,347	149,736	154,000	138,454	141,133
		Overseas	t-CO ₂	6,147	33,637	38,570	42,406	48,428	52,952
per unit			t-CO ₂ per 100 million yen	33.60	29.80	28.72	27.39	26.49	23.85

*Japan: Stores (NITORI, Deco Home, N+, SHIMACHU, Everyone's Grill), Home Logistics, Head Office and Headquarters (Sapporo, Tokyo, Osaka, Omiya), and HOME DECO
*Overseas: Stores (Mainland China, Taiwan, Malaysia, etc.), Offices (NTI, NTL), warehouses, and factories (NITORI FURNITURE, SIAM NITORI)
*NITORI Group's greenhouse gas emissions: Total of Scope 1 + Scope 2 emissions (including overseas operations)
*Greenhouse gas emissions associated with electricity consumption in Japan are calculated using the adjusted emission factor for each electric utility as stipulated in the Act on Promotion of Global Warming Countermeasures.
*Greenhouse gas emissions in FY2022 from overseas electricity use are calculated using the latest (2020) emission factors for each country in IEA Emission Factors 2022 published by the International Energy Agency (IEA).
*Emissions have been recalculated since FY2016 due to a review of target sites and revisions to energy types.



Energy consumption in the NITORI Group

Energy consumption		Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
NITORI Group	(Crude oil equivalent)	TJ	4,692.5	4,742.1	5,088.9	4,404.8	4,727.6	
	Japan	(Crude oil equivalent)	TJ	3,951.5	3,986.3	4,321.5	3,542.1	3,735.1
		Electricity	Mwh	303,004	307,138	327,597	310,297	325,640
		Gas	1,000m ³	11,750	11,583	13,063	7,876	8,383
		Gasoline / diesel oil	kℓ	575	588	552	507	623
		Fuel oil (kerosene, etc.)	kℓ	139	170	211	336	366
	Overseas	(Crude oil equivalent)	TJ	741.0	755.8	767.4	862.7	992.5
per unit	(Crude oil equivalent)	TJ per 100 million yen	0.62	0.60	0.58	0.54	0.50	

*Japan: Stores (NITORI, Deco Home, N+, SHIMACHU, Everyone's Grill), Home Logistics, Head Office and Headquarters (Sapporo, Tokyo, Osaka, Omiya), and HOME DECO
*Overseas: Stores (Mainland China, Taiwan, Malaysia, etc.), Offices (NTI, NTL), warehouses, and factories (NITORI FURNITURE, SIAM NITORI)

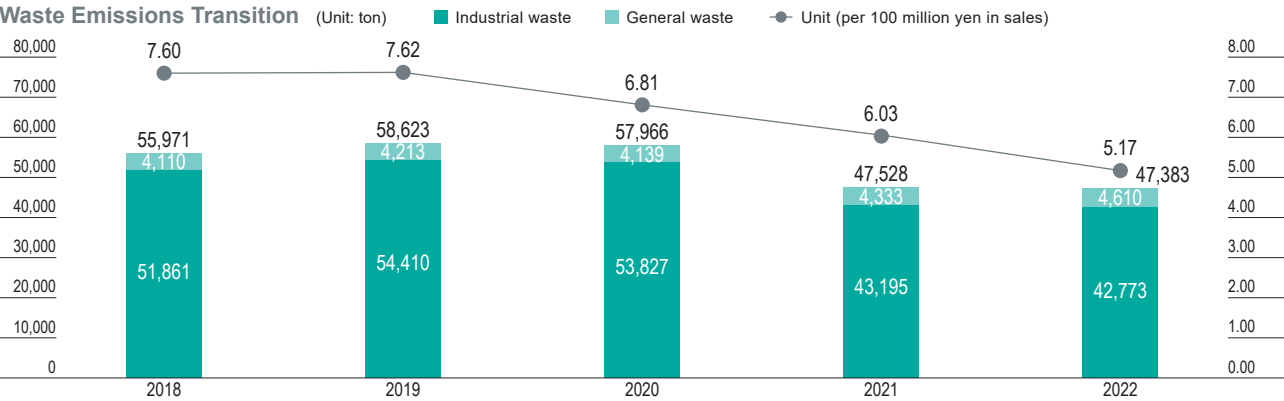
Amount of waste from NITORI Group's domestic operations

- Target (1): FY2030 Amount of waste discharged (general waste and industrial waste) 30% reduction compared with FY2018 (amount of waste per 100 million yen of net sales in Japan)
 - Target (2): FY2030 At least 95% recycling of industrial waste
 - Progress in FY2022: Target (1) 32.0% reduction compared with FY2018 (amount of waste per 100 million yen of net sales: 7.6 t)
Target (2): 88.8% recycling of industrial waste
- *(1) and (2) are for domestic operations

*This target was achieved ahead of schedule due to ongoing efforts to reduce waste. We will work on further reduction to maintain this level in the future.

Amount of waste discharged	Unit	FY2018 (Reference year)	FY2019	FY2020	FY2021	FY2022
NITORI Group						
	t	103,061	106,686	107,825	94,193	96,599
Waste with value and other	t	47,090	48,063	49,859	46,665	49,216
Total amount of general waste and industrial waste	t	55,971	58,623	57,966	47,528	47,383
General waste	t	4,110	4,213	4,139	4,333	4,610
Industrial waste	t	51,861	54,410	53,827	43,195	42,773
*Simple incineration and landfill disposal	t	-	-	-	5,010	4,778
*Recycling rate	%	-	-	-	88.4	88.8
General waste and industrial waste per unit	t per 100 million yen	7.60	7.62	6.81	6.03	5.17

*Japan: Stores (NITORI, Deco Home, N+, SHIMACHU, Everyone's Grill), Home Logistics, Head Office and Headquarters (Sapporo, Tokyo, Osaka, Omiya), and HOME DECO
*Waste for which the Company is a waste generator is covered.
*Industrial waste includes mixed waste including sofas, chests of drawers, cabinets, etc., waste plastics, and Styrofoam.
*Waste with value and other includes corrugated cardboard, metals (with value), mixed paper, etc. Corrugated cardboard is 100% recycled.



	FY2018	FY2019	FY2020	FY2021	FY2022
Reduction rate per unit of sales (compared to FY2018)	-	+0.3%	-10.4%	-20.7%	-32.0%
Percentage of total waste reduced (compared to FY 2018)	-	+4.7%	+3.6%	-15.1%	-15.3%

Water consumption in the NITORI Group

Amount of water used	Unit	FY2019	FY2020	FY2021	FY2022	
NITORI Group		m³	1,369,647	1,341,571	1,399,167	1,393,469
	Japan	m³	911,642	923,444	857,824	712,861
	Overseas	m³	458,005	418,127	541,343	680,608
per unit	m³ per 100 million yen	173.67	154.13	172.40	146.98	

*Japan: Stores (NITORI, Deco Home, N+, SHIMACHU, Everyone's Grill), Home Logistics, Head Office and Headquarters (Sapporo, Tokyo, Osaka, Omiya), and HOME DECO
*Overseas: Stores (Taiwan, Malaysia, etc.), Offices (NTI, NTL), warehouses, and factories (NITORI FURNITURE, SIAM NITORI)

Sustainability Data Book

Social

Employee data

	FY2021	FY2022	Target scope
Total number of employees *Based on actual number of persons	52,695	53,400	NITORI Group as a whole
Total number of employees *Number of non-regular employees on an hourly basis	37,229	37,329	
Number of regular employees	18,984	18,909	
Number of non-regular employees *Annual average (calculated on the basis that one day is eight hours)	18,245	18,420	

Diversity & Inclusion

	FY2021	FY2022	Target scope
Percentage of female employees (%)	65.3	65.9	NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, N+, and SHIMACHU
Number of new graduates hired	635	461	Full-time employees of NITORI, Home Logistics, Nitori Public, and SHIMACHU
Percentage of female new graduates hired	47.7	46.2	
Percentage of employment of persons with disabilities (%)	2.75	2.99	NITORI Holdings, NITORI, Home Logistics, Nitori Facility, N+, and SHIMACHU
Number of women in management positions *1	395	481	Full-time employees of NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, N+, and SHIMACHU
Percentage of women in management positions (%)	15.0	16.8	
Number of non-Japanese nationals in management positions	41	58	
Number of employees taking childcare leave	165	226	
Number of male employees taking childcare leave	43	105	
Male childcare leave utilization rate *2*4*7	–	46.3	
Number of employees taking spousal maternity leave	50	105	
Number of employees taking nursing care leave	5	5	
Number of employees working shorter working hours (pregnancy, childcare, nursing care)	258	294	NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, and N+
Average days of paid leave taken	9.6	12.3	
Average percentage of paid leave taken	57.7	71.9	
Average overtime hours (hours per month)	9.5	12.4	
Difference in wages between male and female workers*1*3*7 Total *5	–	61.8	NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, and N+
Difference in wages between male and female workers*1*3*7 Regular employment *6	–	73.6	
Difference in wages between male and female workers*1*3*7 Part-time employment	–	93.3	
Difference in wages between male and female workers*1*3*7 Total*5	–	51.3	SHIMACHU
Difference in wages between male and female workers*1*3*7 Regular employment*6	–	73.0	
Difference in wages between male and female workers*1*3*7 Part-time employment	–	105.2	

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

Human Resources Development

	FY2021	FY2022	Target scope
Total training hours	348,508	745,802	Full-time employees of NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, N+, and SHIMACHU
Average hours of education per employee	50.7	115.4	
Average days of education per employee	6.3	14.4	

*Types of training programs applicable to the above hours: training programs for first to third year employees, training programs for visionary leaders, global training programs, U.S. seminar, chain store theory training programs, coordination training programs, digital literacy training programs, etc.
→ Details: P52 Education System

Occupational Health & Safety

	FY2021	FY2022	Target scope
Number of qualified health managers	1,656	1,768	NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, N+, and SHIMACHU
Number of staff trained in health and safety standards during the previous year	420	354	

	FY2020	FY2021	FY2022	Target scope
Frequency rate of lost time injuries (%) *Absence from work for 4 days or more	2.20	2.62	3.18	NITORI Holdings, NITORI, Home Logistics, Home Cargo, Nitori Facility, N+, and SHIMACHU

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

Status of Performance of Audits of New Overseas Suppliers (*Including quality assurance items and response to environmental and social issues)

	Number of cases	Accepted	Conditional Acceptance (Improvement Request)	Rejected (no transactions permitted)
FY2021	99	12	76	11
Composition ratio	100.0%	12.1%	76.8%	11.1%
FY2022	234	18	189	27
Composition ratio	100.0%	7.7%	80.8%	11.5%

Audit items for potential new overseas suppliers (*selected items)

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

Status of evaluation of existing overseas suppliers

	First half of FY2021	Second half of FY2021	First half of FY2022	Second half of FY2022
Number of cases	441	460	415	431

Existing overseas suppliers evaluation factors (*Some of the 46 items in the five categories of “Development,” “Quality,” “Logistics/Trade,” “Corporate Stance,” and “Sustainability (items addressing environmental and social issues)” are excerpted from a total of 46 items.)

- Risk of factory shutdown ● Status of secondary supplier management ● Respect for Human Rights
- Creating a Safe Working Environment
- Compliance with international standards for assessment of working environment (prohibition of child labor, forced labor, and discrimination; assurance of health and safety; observance of appropriate working hours; fair compensation; freedom of association and possession of the right to collective bargaining, etc.) ● Sustainable forest utilization and conservation
- Understanding CO₂ emissions ● Amount (percentage) of recycled materials used
- Visualization of Chemical Substances ● Acquisition of Environmental Certifications
- Acquisition of other international certifications

Financial & Company Data

Company Stock Information (As of March 31, 2023)

Outline of Shares

Total number of authorized shares: 288,000,000

Total number of issued shares: 114,443,496

Number of shareholders: 27,464

Listed markets: Prime of the Tokyo Stock Exchange
Sapporo Securities Exchange

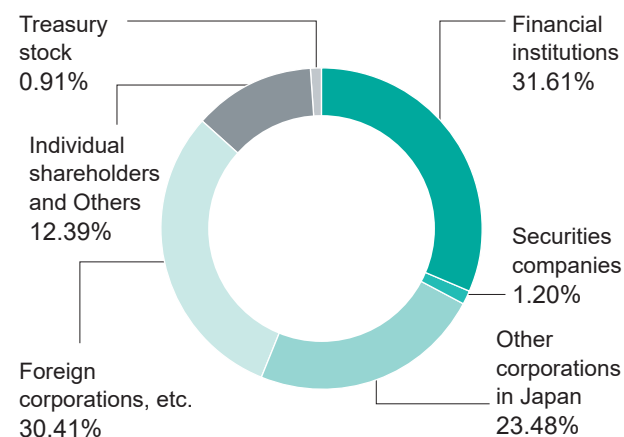
Securities code: 9843

Fiscal Year: April 1st of every year to March 31st of the following year

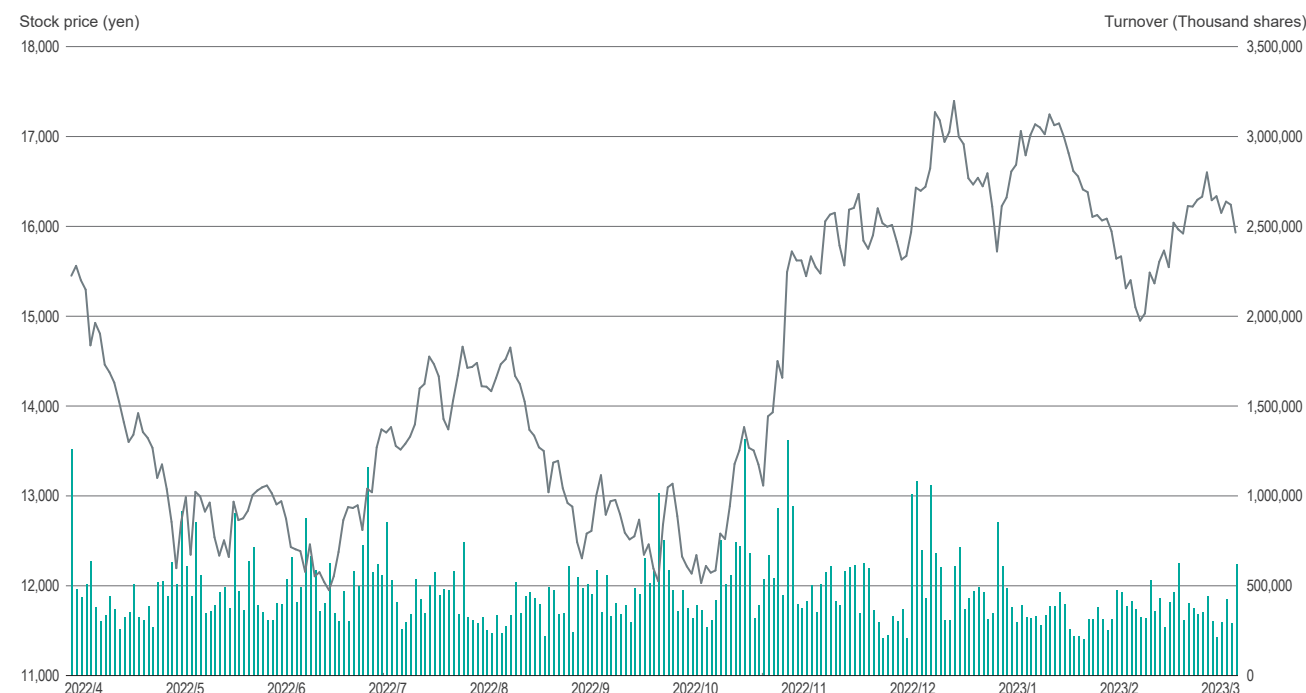
* The fiscal year ending March 31, 2023 is from February 21, 2022 to March 31, 2023.

Annual General Meeting of Shareholders: within 3 months from the day after the last day of the fiscal year
Administrator of shareholder registry: Sumitomo Mitsui Trust Bank, Limited

Distribution of Shares by Type of Shareholder



Stock Price and Turnover



Major Shareholders

(As of March 31, 2023)

Name	Number of shares owned (thousands)	Ratio to the total number of issued shares (%)
NITORI Trading Ltd.	20,799	18.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,518	13.68
Custody Bank of Japan, Ltd. (Trust Account)	6,593	5.81
NITORI International Scholarship Foundation	4,000	3.53
North Pacific Bank, Ltd.	3,860	3.40
Akio Nitori	3,410	3.01
Momoyo Nitori	3,078	2.71
National Mutual Insurance Federation of Agricultural Cooperatives	2,411	2.13
Nippon Life Insurance Company	2,056	1.81
STATE STREET BANK WEST CLIENT-TREATY 505234	1,844	1.63

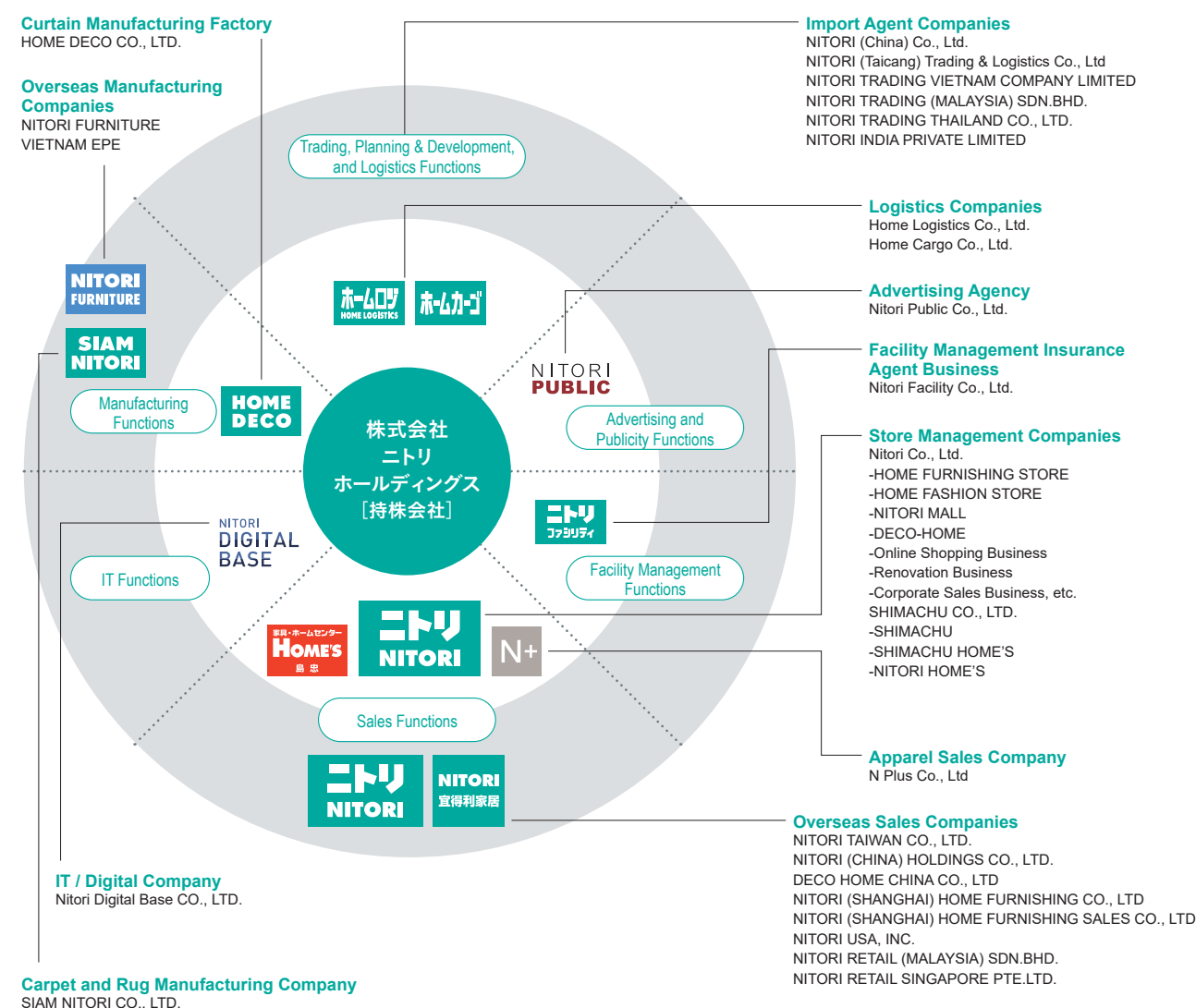
Notes:

- The numbers presented in "Number of shares held" above are calculated based on the list of shareholders.
- The Company's 1,044,307 shares of treasury stock are excluded from the above list of major shareholders.
- Calculations of equity positions exclude holdings of treasury stock.
- The number of shares owned by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are shares held in securities investment trusts and retirement benefit trusts.

Company Information (As of March 31, 2023)

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
Establishment	Established December 1967
Incorporated	March 1972
Revenues (Consolidated)	948,094 million yen
Ordinary Income (Consolidated)	144,085 million yen
Capital Stock	13,370 million yen
Number of Employees (Consolidated)	37,329 (including 18,420 average part-time employees)

NITORI Group List



NITORI Holdings Co., Ltd.

Sapporo Head Office

1-2-39 Shinkotonoi 7-jo, Kita-ku, Sapporo,
Hokkaido 001-0907

Tokyo Headquarters

3-6-20, Kamiya, Kita-ku, Tokyo 115-0043

Osaka Headquarters

1-1, Kamisu-cho, Toyonaka, Osaka 561-0823

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