

Message from the President

Achieving our vision based on our integrated business model

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(Chief Operating Officer)



Summary of the Fiscal Year Ended March 31, 2025

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

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

* All figures are based on Japanese GAAP.

Five Medium- and Long-Term Management Strategies

1



Expanding business fields and gaining customer support

2



Accelerating expansion of global chain store operation

3



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

4



Promotion of M&A and alliances to expand business fields

5



Sustainability management to both resolve social issues and achieve our mission

Message from the President

1. Expanding Business Fields and Gaining Customer Support

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

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

2. Accelerating Expansion of Global Chain Store Operation

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

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

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

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

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

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

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

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

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



April 2025 Nitori Group entrance ceremony

Priority Issues for the Fiscal Year Ending March 31, 2026

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

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

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

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



November 2024 Product launch event

Nitori Group's Sustainability

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

As part of these efforts, we have established the “Nitori Group Green Vision 2050,” which sets forth

environmental goals for 2050 under three themes: “Promotion of Circular Business,” “Sustainable Procurement,” and “Response to Climate Change.” In line with these themes, we are promoting efforts to achieve our goals. (▶ P39–49)

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

Message to Stakeholders

Nitori Group will further strengthen and evolve its business model to realize its mission and vision. We will strive to meet the expectations of our

stakeholders, and we ask for your continued support.