

## Domestic Strategy

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

Hiroshi Nagai

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



### Expanding Our Customer Base and Increasing the Frequency of Store Visits

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

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

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

### Expanding Store Network through Openings in Small Commercial Areas

By expanding our product assortment to cover a wider range of lifestyles, we are now able to open Nitori

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

\* Abbreviation for shopping center

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

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

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

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

## Overseas Strategy

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

Masanori Takeda

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



### First Stores Opened in the Philippines, Indonesia, and India

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

### Overview of Countries and Regions Where We Have Already Opened Stores

Regarding the overview of countries and regions where we have already opened stores, in Taiwan, where we entered the market in 2007, the number of stores has been steadily increasing, and we plan to further expand our store network across the entire country. In mainland China, where we entered the market in 2014, we are working to secure profitability despite the prolonged real estate downturn by rapidly relocating stores to high-performing SCs and optimizing sales floor areas, among other initiatives. Furthermore, starting with our first store opening in Malaysia in January 2022, we have opened 36 stores across six ASEAN countries and regions in just three years. This

pace is ten times faster than in Japan and four times faster than in Taiwan. Moving forward, we will continue to open stores of the optimal size in locations with high customer traffic and form dominant areas. We will also develop home fashion stores around our large-scale furniture stores to drive customer traffic to these stores, thereby efficiently expanding our market share. We will also enhance the efficiency of sales and store openings by developing a standard model for merchandise assortment tailored to the size of the store area. By expanding the number of stores in this way, we will not only enhance brand recognition but also improve the efficiency of our store operations and logistics.

### Human Resource Development to Support Global Business Expansion

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

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

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



## Izuru Ozawa

President and General Manager of Nitori Taiwan

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

## Katsunori Kobayashi

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

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

## Masatoshi Sano

Executive Officer, General Manager of NITORI RETAIL ASEAN

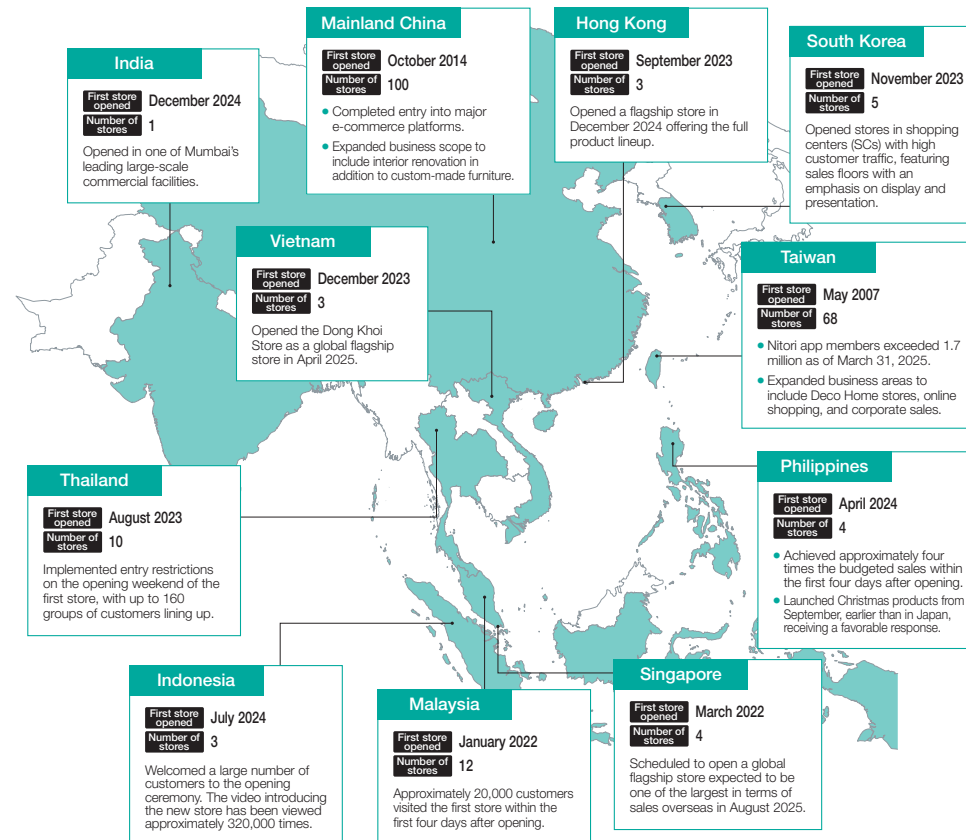
Joined Nitori in 1996. After serving as Area Manager in the Store Operations Division and Category Manager in the Merchandising Division, among other positions, he served as President and General Manager of Nitori Taiwan from 2020. He has been in his current position since March 2025.

The Nitori Group is focusing on expanding its global business to realize its mission of “enriching the everyday lives of people all over the world.” Products with “Offering the Unexpected” value, developed from our unique business model, are well received in each country and region, steadily enhancing our credibility and presence in the global market.

In this discussion, top executives from our overseas sales companies will speak about the current state of global expansion in each country and region.

### Point Highlights of the Special Feature

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



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

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

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

**Kobayashi:** Since opening our first store in mainland China in 2014, we have faced many challenges, including the difficulty of expanding our stores and logistics network across such a vast region. We have also tackled challenges related to store development, product

assortment, and human resource development, among others. In recent years, we have been pursuing a dominant store strategy, concentrating our openings in urban areas such as Shanghai and Shenzhen, and steadily expanding our store network. By leveraging the know-how we have acquired in mainland China, our business in Hong Kong has been making steady progress.

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

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

### How have local customers responded?

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



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

to highlight product features through in-store point-of-sale displays and other means.

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

**Kobayashi:** Our “Offering the Unexpected” value and ability to appeal to customers through physical stores are also major strengths in mainland China. In mainland China, there are many products that are low-priced simply because their production sites are nearby. However, when customers compare products of the same quality and functionality side by side, they find that Nitori



Dining products popular in Japan are also enjoying strong sales overseas

products are more affordable. For example, in the case of fragrances and similar items, customers can try the scent in-store. This encourages them to make a purchase, thinking that “At this price for this quality, it’s worth a try.” While many specialty shops fall into the high-price range, Nitori offers products at about one-third of the market price and still delivers satisfaction in usability. This will lead to customer trust in our products, recognized for their “Offering the Unexpected” value. We believe that these steady efforts will also lead to trust strong enough for customers to purchase high-end products, such as furniture. After all, gaining trust is crucial when the Nitori brand is not yet well known.

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

**Sano:** In that sense, it was a pleasant surprise that electric sofas and office furniture have been performing well in the ASEAN region right from the start. In particular, electric sofas account for a higher proportion of sales than they do in Japan. We believe this is because the combination of high performance and low price is something our competitors simply cannot match. From here, we hope to build trust in the Nitori brand and expand

that into other categories, such as beds. The sizes required for beds and mattresses vary by country and region, but the strength of our Group’s business model is its ability to adapt flexibly to this challenge.

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

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

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



Opening event in Taiwan



Streetcar advertisement implemented in Hong Kong

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



Shanghai Jinhongqiao Store, mainland China

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

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

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

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

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

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



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

### What are your thoughts on the future prospects?

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

**Kobayashi:** The recent market environment in mainland China is not favorable mainly due to a sluggish economy from the real estate downturn and consumers holding back on purchasing durable goods. However, it remains a highly attractive country and region with factors such as a market size of approximately 1.4 billion people and the world's second-largest GDP. Even amid the economic downturn, we are responding flexibly by increasing the number of stores focused on home fashion products,

among other initiatives. While steadily relocating stores to better locations, we also plan to continue expanding our business. We believe that by working on restructuring our business model to allow for continued growth, we will be able to achieve remarkable growth when the economy improves. In the e-commerce business, we have already launched stores on major platforms, and we will continue to promote and market the Nitori brand.

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

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



# Business Information Reform through IT and DX

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

Naoshi Takei

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



### Major Leap of NITORI-Net and Nitori App

Our mission has evolved from “home” into “lifestyle,” and the Group’s business fields have expanded rapidly. Even amid these circumstances, IT remains the foundation of the Group’s business model, “Manufacturing-Logistics-IT-Retail Business.” For about 30 years, we have been committed to in-house development, covering everything from planning, development, and implementation to operation and management of our systems. We are now developing

and operating most of our systems in-house, achieving the “expansion of system areas in line with the growth of the Group,” “quick response to changes in business,” and “accumulation of our unique technologies and expertise.”

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

### Creating Systems that Everyone Can Use

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

system that is unique to the Group and easy for everyone to use.

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

#### Topics Nitori Digital Base

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



## DX Case Study: Leveraging AI Technologies

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

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

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

## Development of IT Personnel

We are focusing on recruitment and training to increase the Group’s IT personnel to strengthen our business model. IT personnel at Nitori Group need not only specialized skills but also knowledge of store operations and logistics, as well as problem solving skills from customers’ perspective. Therefore, in principle, all IT employees gain experience working in stores or logistics departments to be able to solve

problems faster. We are also promoting the development of IT personnel from non-IT backgrounds by offering a phased educational program covering everything from basic IT knowledge to cutting-edge technologies. We aim to create an environment where employees in each department can solve various operational problems from an IT perspective.

### Transition Graph of IT Personnel

Unit: Number of people (approximately)

