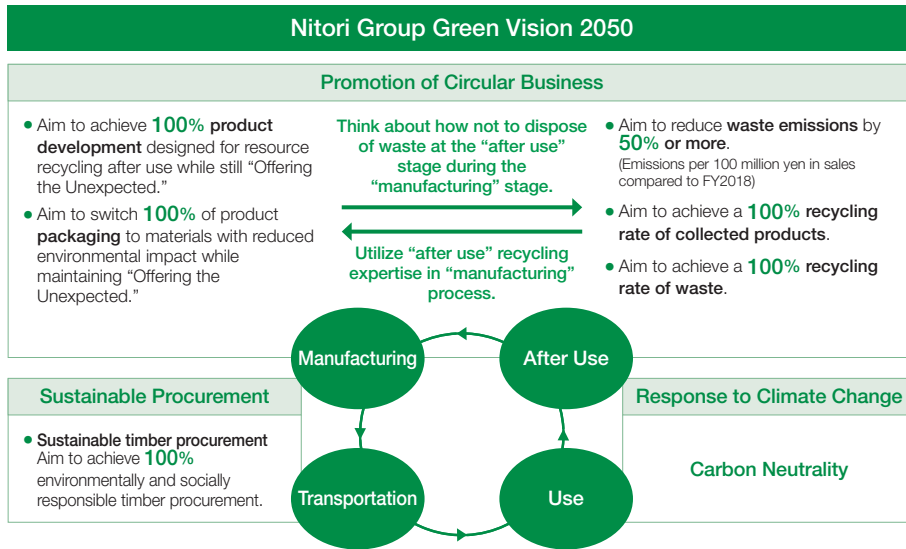


Nitori Group Green Vision 2050

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



Goals and Results of the Nitori Group Green Vision 2050

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

Major Efforts in FY2024

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

Efforts for greenhouse gas emission reduction

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

Efforts for sustainable timber procurement

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

Efforts to increase the recycling rate of industrial waste

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

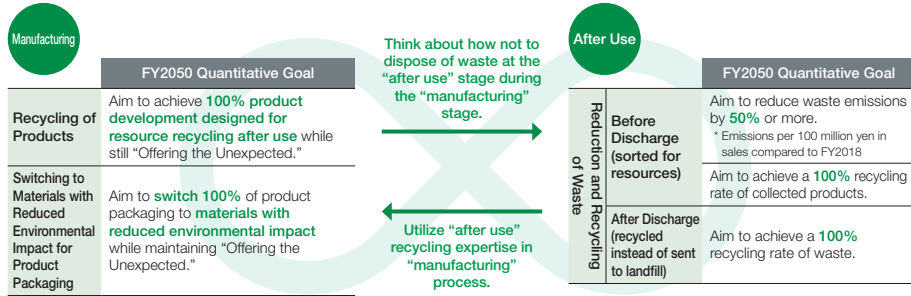
The Nitori Group Aims to Realize Sustainable "Enriched Lifestyles."

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

Promotion of Circular Business

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

Overview of circular business promotion



Utilize for Manufacturing

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

Examples



Significant contribution to carbon neutrality in the future

Accumulation of Expertise

- What kind of structure can be “sorted”?
- What kind of materials can be “recycled”?

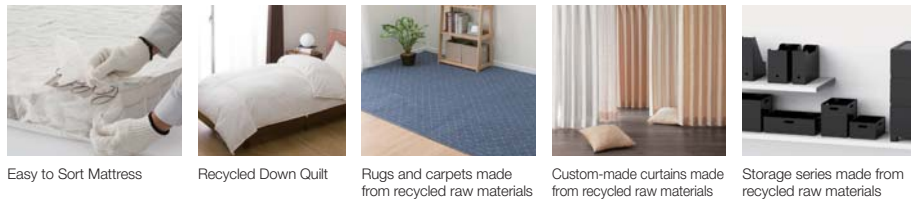
Examples



Recycling of Products

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

Examples of Major Initiatives



Switching to Materials with Reduced Environmental Impact for Product Packaging

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

Goal for FY2050	Major Initiatives	Examples of Major Initiatives
Aim to switch 100% of product packaging to materials with reduced environmental impact while maintaining “Offering the Unexpected.”	<ul style="list-style-type: none"> • Reduction of petroleum-derived materials such as polypropylene (PP) • Elimination of packaging itself • Elimination and simplification of excessively high-performance packages • Reduction of package size, thickness, and weight • Use of new materials instead of plastics (paper, plant-derived materials, textiles, etc.) 	About plastic materials (1) Eliminate Plastic individual package → Changed to paper header only
		(2) Reduce Slipper hangers replaced with plastic cords to reduce use of petroleum-derived materials
		(3) Change Plastic packaging for bedding → Switched to paper mounts

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

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



Reduction and Recycling of Waste – Recycling of Collected Products

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



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

* Total from FY2022 to FY2024 (all stores)



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

* Total from FY2022 to FY2024 (all stores)



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

* Total from FY2023 to FY2024 (all stores)

Sustainable Procurement

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

Sustainable Timber Procurement

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

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

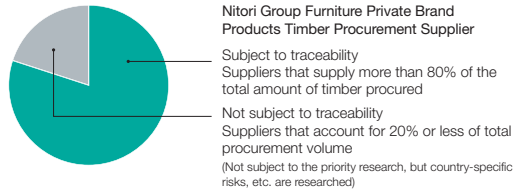
1. We comply with the laws and regulations of the logging countries and regions.
2. We strive to procure raw materials (certified wood or non-certified wood proven to be environmentally friendly) with assured traceability to their origin.
3. We do not contribute to the damage of high conservation value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

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

Timber Procurement Traceability

Subject of Research

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



Research Method

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

Evaluation Criteria and Results

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

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

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

Efforts Integrated with the Response to the Revised Clean Wood Act

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

Response to Climate Change

Policy

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

Disclosure Based on the TCFD Recommendations

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



Item	Overview
Governance	Nitori Group addresses climate change as part of our "Promotion of environmentally friendly business," which is one of our Materiality Issues. The Sustainability Management Promotion Council sets targets and compiles countermeasures. The Sustainability Management Promotion Committee discusses overall sustainability matters for the entire Group. The Board of Directors provides advice on the progress and determines the direction and measures to be taken by the Nitori Group. The progress of Nitori Group's sustainability initiatives is reported to the Board of Directors at least once a year.
Risk Management	The Nitori Group collects and analyzes information on a wide range of risk factors, including climate change-related regulations and their effects and consequences on our business. Significant opportunities and risks that require attention are evaluated and identified by the Sustainability Management Promotion Council, which is attended by the division heads of each business unit. The evaluated and identified risks and opportunities are supervised and monitored under the Sustainability Management Promotion System, and issues are shared with the Risk Compliance Committee to integrate the organization's comprehensive risk management.
Strategy (Risk and Opportunity Analysis)	Nitori Group examined the 4°C scenario and the 2°C scenario, which are considered representative, under the Sustainability Management Promotion System. In the 4°C scenario, we focused on the impact of physical risks, since extreme heat and severe storms may occur with no adequate countermeasures. In the 2°C scenario, the study focused on the impact of transition risks, because society is expected to change as technological innovation progress and regulations are strengthened to curb global warming.
Indicators and Goals	As our greenhouse gas emission reduction goal, we aim to reduce Scope 1+2 emissions (including overseas) as follows: <div style="display: flex; align-items: center; justify-content: center; gap: 20px;"> <div style="border: 1px solid black; padding: 5px;">Goal for FY2030</div> <div style="text-align: center;"> <p>Reduce by 50%</p> <p>compared to FY2013</p> <p>(Emissions per 100 million yen in sales)</p> </div> <div style="font-size: 24px;">→</div> <div style="border: 1px solid black; padding: 5px;">Goal for FY2050</div> <div style="text-align: center;"> <p>Carbon Neutrality</p> <p>(Practically zero emissions)</p> </div> </div>

Measures

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



Developing True Partnerships with Suppliers

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



Supplier Interview



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

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

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

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

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

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

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

Q What do you emphasize in manufacturing?

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

Specifically, we established needle-free area¹ and dedicated production lines for Nitori Group² to ensure the contamination prevention management of foreign objects throughout the product manufacturing processes. These measures enabled us to significantly reduce defective products.

*1 Needle-free area: a separated area for storing products that have been packaged and passed needle inspection. When entering the area, employees undergo security checks to ensure that they are not carrying foreign objects such as metals.

**2 Dedicated production lines: special production lines secured to meet strict quality requirements of Nitori Group, which include packaging and needle inspection lines, and storage areas in warehouses.

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

A We took the lead over other companies in replacing conventional foaming agents with carbon dioxide in the urethane foaming process, thereby contributing to a reduction in environmental impact. Furthermore, we installed solar panels covering approximately 30,000 m² on the roof of our factory. By using the generated power, we have reduced greenhouse gas emissions by approximately 3,000 t-CO₂ or more annually. Along with Nitori Group's steps toward achieving the "Nitori Group Green Vision 2050," we will continue to contribute to the sustainable development.

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

Employees Overseas

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

Initiatives of Company-Owned Factories Overseas to Address Environmental Issues

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



Initiatives to Achieve “Zero Waste of Materials”

Timber

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



Urethane

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



Nonwoven Fabric

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

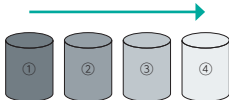


Initiatives on Water Resources

Reuse of Washing Water

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

After four washing cycles, the product is dyed.



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



Reuse of Dyeing Water

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



Filtration equipment used in wastewater treatment.