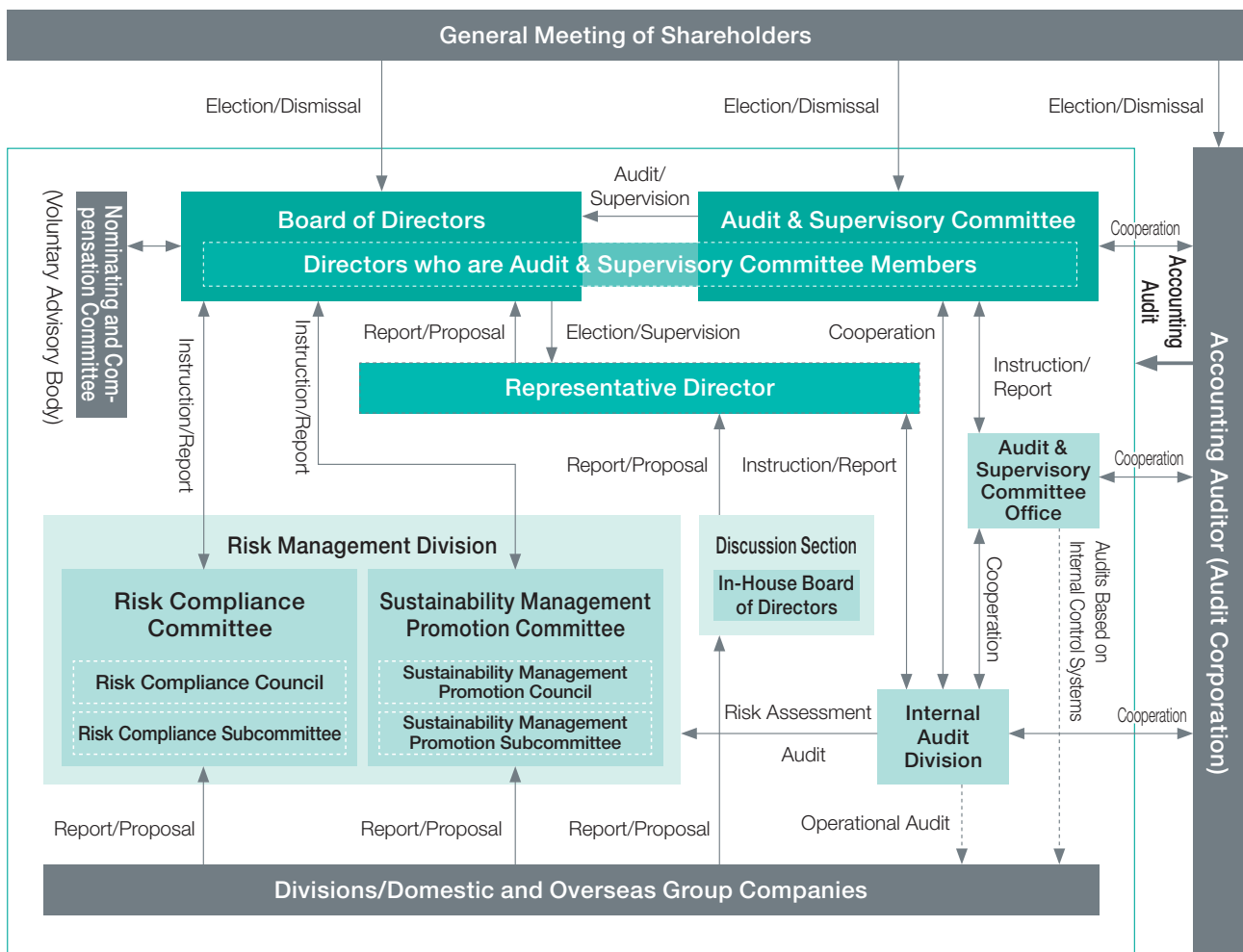


# Strengthening Corporate Governance Structure

## → Policy

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

## Corporate Governance Structure



## Board of Directors

In order to facilitate constructive and open discussions at Board of Directors meetings in an efficient manner, Nitori has set the number of directors at 17 or less. In addition, by appointing several independent outside directors with a wealth of experience and high-level insight, the Company aims to invigorate the Board of Directors' discussions and strengthen its supervisory function for appropriate decision-making and business execution. In principle, our policy is to have at least one-third of the Board of Directors be independent outside directors.

Currently, we have 10 directors, five of whom are outside directors. By doing so, we aim to develop and strengthen the supervisory and restraining functions over management and business execution. In addition, we have established an internal board of directors to discuss important matters related to business execution in advance. Furthermore, in order to respond quickly and accurately to changes in the business environment, we have introduced an executive officer system to facilitate prompt decision making and business execution.

## Audit & Supervisory Committee

The Audit & Supervisory Committee monitors management from a fair and independent standpoint in accordance with the Audit & Supervisory Committee Auditing Standards. Nitori has set the number of directors who are members of the Audit & Supervisory Committee at five or less.

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

In addition, the Board of Directors and the Audit & Supervisory Committee work closely with each other by hearing audit policies and audit plans from the accounting auditors and receiving reports on audit results as needed. Furthermore, the Audit & Supervisory Committee Office has been established to assist the Audit & Supervisory Committee.

## Accounting Auditor

The Company has appointed Deloitte Touche Tohmatsu LLC as its accounting auditor and receives advice and guidance from a third-party perspective on the appropriateness and legality of its accounting and accounting-related internal controls.

## Nominating and Compensation Committee

The Nominating and Compensation Committee is a voluntary advisory body to the Board of Directors to ensure objectivity and transparency in determining policies and procedures regarding the nomination of candidates for directors and their compensation, and to further enhance the corporate governance structure of the Company. The Nominating and Compensation Committee consists of three independent outside directors and two representative directors, and the majority of the committee members must be independent outside directors.

## Internal Audit Division

The Company has established the Internal Control Office as its internal audit division. The Internal Control Office audits whether the operations of each divisions are properly and efficiently conducted in accordance with laws, the Articles of Incorporation, and internal regulations based on an annual audit plan, and reports audit findings and related information to the Audit & Supervisory Committee on a regular basis. In addition to the Audit & Supervisory Committee, the Internal Control Office reports to the Board of Directors and the accounting auditor when important matters arise, thereby maintaining organizational cooperation.


## Risk Management Division

In order to minimize losses and disadvantages incurred by the Group, we have formulated Risk Management Regulations and a Business Continuity Plan (BCP) and have established a risk management system led by the Risk and Compliance Committee. Various drills are conducted based on the Business Continuity Plan (BCP). At the "Risk and Compliance Council," which is held monthly, subcommittee activities are promoted for important risks determined by the Board of Directors, and the risk prevention system is reviewed, the education system is strengthened, and measures are taken to address new issues. In this way, we are strengthening the Group's risk management system.

In addition, the Sustainability Management Promotion Committee discusses Group-wide sustainability matters and provides advice to the Board of Directors on the progress of initiatives. Through this process, the Nitori Group determines its direction and measures for sustainability.

## Directors and Executive Officers

### Directors (As of June 26, 2025)

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 Internal Control/Governance	10 Finance	11 Sustainability
 <b>Akio Nitori</b>	Representative Director & Chairperson (CEO) Nominating and Compensation Committee Member (Chairperson)	●	●	●	●		●	●				
 <b>Toshiyuki Shirai</b>	Representative Director & President (COO) Nominating and Compensation Committee Member	●	●		●	●		●				●
 <b>Masanori Takeda</b>	Executive Vice President & Director, In Charge of Overseas Sales Business, and General Manager of Global Sales Promotion Office	●	●	●	●		●		●			
 <b>Hiromi Abiko</b>	Director and General Manager of HR Education Division		●	●				●		●		●
 <b>Yoshihiko Miyauchi</b>	Director Independent Outside Director	●			●		●		●		●	●
 <b>Naoko Yoshizawa</b>	Director Independent Outside Director Nominating and Compensation Committee Member	●				●	●	●	●			
 <b>Takao Kubo</b>	Director Full-time Audit & Supervisory Committee Member		●		●				●	●	●	
 <b>Yoshiyuki Izawa</b>	Director Independent Outside Director Audit & Supervisory Committee Member (Chairperson) Nominating and Compensation Committee Member	●				●	●		●	●	●	
 <b>Hisayoshi Ando</b>	Director Independent Outside Director Audit & Supervisory Committee Member Nominating and Compensation Committee Member					●	●		●	●	●	●
 <b>Masahito Kanetaka</b>	Director Independent Outside Director Audit & Supervisory Committee Member						●	●	●	●		●

Of the skills, etc. held by each Director, a maximum of six main skills are marked with ●. 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 "Offering the Unexpected" to achieve total coordination.
4 Supply Chain Management	Skilled in evolving our unique business model that integrates Manufacturing-Logistics-IT-Retail Business, and in optimizing the structure from procurement to sales.
5 IT/DX	Skilled in driving company-wide business process improvements through IT utilization and DX.
6 Global	Skilled in driving overseas business with a macroeconomic perspective and knowledge of global business.
7 HR Development	Skilled in enhancing human capital, with extensive experience in human resource training and development.
8 Legal Affairs/Risk Management	Skilled in identifying and controlling potential risks to the business, with knowledge of legal affairs, compliance, etc.
9 Internal Control/Governance	Has experience in managing large organizations and knowledge of internal controls and has the skills to optimize the organization's management and oversight structure.
10 Finance	Skills to support corporate management from a financial perspective, with knowledge of accounting, finance, taxation, etc.
11 Sustainability	Equipped with a sustainability management perspective, which is essential for the sustainable development and growth of a company.

### Executive Officers (As of July 1, 2025)

#### Executive Vice Presidents

Masanori Takeda

#### Managing Executive Officers

Naoshi Takei/Manabu Nakamura/  
Hiroshi Nagai/Kazuyuki Hashimoto/  
Junichi Yoshima/Tadashi Kudo

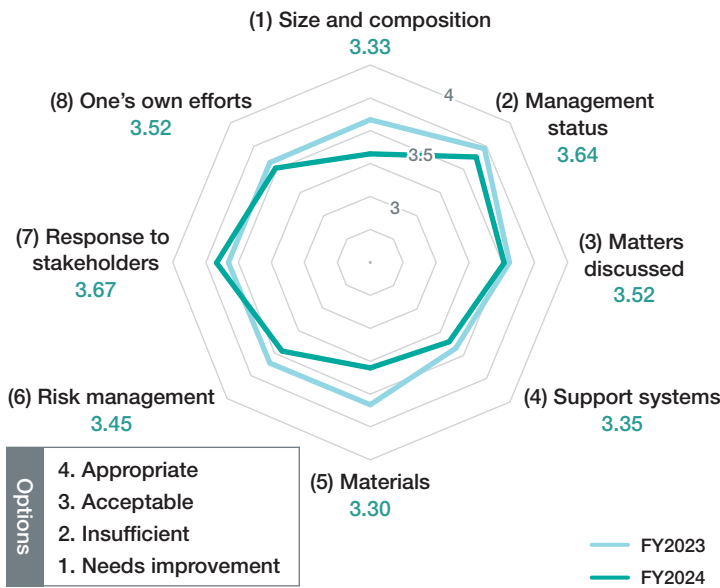
#### Senior Executive Officers

Hiroki Murabayashi/  
Kenichiro Aoya/  
Kazuya Tsukada/  
Akihiro Kushida

#### Executive Officers

Ei Sugiura/Toshinori Arai/Masaomi Zenji/  
Tetsuya Okuda/Takuya Ono/Tetsuo Yamamoto/  
Masatoshi Sano/Yuichi Maruhashi/Hiroyuki Tajiri/  
Noriaki Hase/Hideki Sasaki/Ryo Takahashi/  
Katsunori Kobayashi/Fumihide Kimura

## Ensuring the Effectiveness of the Board of Directors



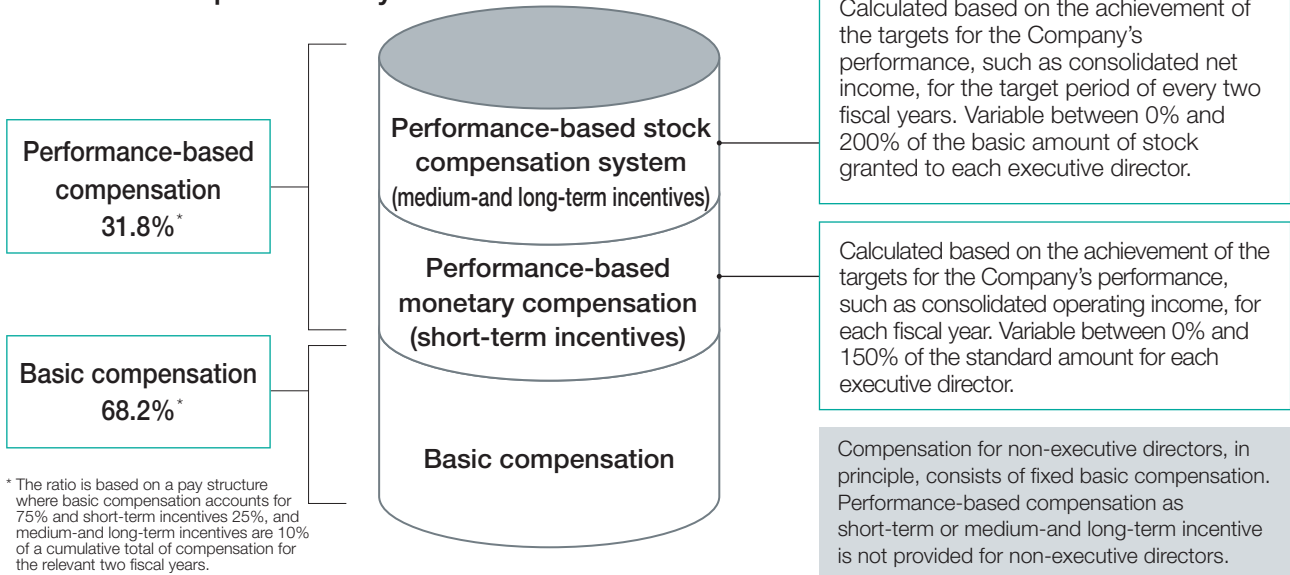
In analyzing and evaluating the effectiveness of the Board of Directors in FY2024, our Board of Directors reviewed the issues identified in the effectiveness evaluation conducted in FY2023, using a questionnaire to determine the status of improvement and progress.

### 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

Based on the issues identified through the evaluation of the effectiveness of the Board of Directors and the open and honest opinions of each director freely responded to the questionnaire, our Board of Directors has decided that the most important issue is “deepening discussions on the Nitori Group’s growth strategy.” In addition, we decided to continue our efforts from the previous year to “ensure appropriate deliberation time for important proposals” and “promote smooth communication among directors.” Moreover, we have decided to further enhance functions and effectiveness of the Board of Directors by taking on a new initiative to “strengthen discussions on group risk management.”

## Executive Compensation System



\* The ratio is based on a pay structure where basic compensation accounts for 75% and short-term incentives 25%, and medium-and long-term incentives are 10% of a cumulative total of compensation for the relevant two fiscal years.

### Performance Share Unit

To strengthen the link between the compensation structure and medium-and long-term increase in corporate value, the Company has adopted a **performance-based compensation system (Performance Share Unit)** in which compensation is provided in accordance with the achievement of consolidated performance targets for every two fiscal years.

### Restrictions on Transfer After Delivery

To promote medium-and long-term profit sharing with shareholders, the Company’s shareholding guidelines set forth that a three-year restriction shall be imposed on the transfer of stock granted as performance-based stock compensation.

### Clawback Provisions

The Company’s shareholding guidelines set forth that the Company may request an eligible director to **return the incentives (clawback)** if misconduct or illegal conduct causes a material breach regarding financial reports.

## Special Discussion

# The Current Landscape: Developing Nitori Group's Next Generation of Leaders



## Tetsuo Yamamoto

Executive Officer and Representative Director & President of Nitori Public Co., Ltd.

Joined Nitori in 1994. After serving as Store Manager and Area Manager of the Store Operations Division and working in the Merchandising Division, he held the positions of Manager of the E-Commerce Division in 2008 and General Manager of the Advertising Division in 2021. He has served as Executive Officer of Nitori Holdings Co., Ltd. since 2023 and has been in his current positions since January 2025.

## Miyako Chino

Representative Director & President of Nitori Facility Co., Ltd.

Joined Nitori in 2001. After working in the Store Operations Division and the New Graduate Recruitment Division, she engaged in establishing a system for improving quality in the Product Quality Control & Improvement Office. Following roles in the Merchandising Division, the HR Education Division, and the President's Office, she was seconded to Nitori Facility Co., Ltd. in 2021. She has been in her current position since June 2024.

## Mitsuyoshi Kubota

Representative Director & President of Shimachu CO., LTD.

Joined Nitori in 2000. He held the positions of Area Manager, Zone Manager, and General Manager of the Store Operations Division. Subsequently, he was seconded to Shimachu CO., LTD. in 2021, where he was appointed as Executive Officer and General Manager of the Store Operations Division. He was appointed as Director in 2023 and Managing Director in 2024, and he has been in his current position since September 2024.

## Yoshiyuki Izawa

Outside Director

Joined Mitsui & Co., Ltd. in 1970. He was appointed as Director in 2000 and Representative Director, Executive Vice President of the company in 2008. In 2009, he became Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. and in 2015, Representative Director & Chairperson of BlackRock Japan Co., Ltd. Since 2022, he has served as Outside Director of Nitori, a position he continues to hold.

Recognizing that developing successors for top management is the highest priority for ensuring sustainable growth, the Nominating and Compensation Committee—a voluntary advisory body to the Board of Directors—has engaged in ongoing discussions on the expected profiles and essential qualifications for executive talent. This Special Discussion brought together an outside director and committee member with next-generation leaders responsible for managing Group companies to exchange perspectives on the importance of succession planning and the strengths and characteristics of Nitori's human resource strategy.

### Point

- ✓ Continuity of Nitori's identity and definition of essential qualities of next-generation leaders
- ✓ Impact of the U.S. Seminar, reassignments, and Nitori's unique human resource strategy
- ✓ Message of commitment to future growth

## What Qualities Are Essential for Nitori Group's Next Generation of Leaders?

**Izawa:** For the Nitori Group to sustain growth amid significant societal shifts, the next generation of leaders must carry forward the founding spirit and corporate culture across generations while also staying alert to emerging trends. They will need the judgment to discern what should evolve and what should remain, as well as the courage to drive business model transformation. Effective succession planning requires a system to evaluate and develop management candidates with the qualities and capabilities needed for the next generation of leaders—those leading self-transformation within the company—and to maintain a pipeline at every organizational level.

The three qualities I consider essential for corporate managers are leadership, decisiveness, and agility. Fundamentally, corporate management depends on collaboration among the people around you. Leadership that inspires people to think, “I want to follow this person” and “We can work well together” is vital. Conversely, anyone who is indecisive or slow to act is ill-suited to be a corporate manager.



**Kubota:** That is certainly true in the context of leadership. People are everything to a company. From a leadership perspective, I believe that the company grows stronger when we consistently engage with on-site employees to cultivate a shared understanding of what currently matters most to our customers right now and foster autonomous growth by trusting each individual's abilities.

**Chino:** While I am capable of making decisions, I remain mindful that my limited experience may lead to mistakes. In approaching them, I first consider who will be affected and how the outcome will serve our customers and contribute to society more broadly. I then address each issue deliberately. Having clear decision-making criteria enables you to respond promptly, even when the results differ from your expectations.

**Yamamoto:** Since assuming the role of president in January of this year, I have been acutely aware of the importance of speed. As you rise to the top, your responsibilities expand, and you must make numerous decisions under tight time constraints. I am currently refining my approach to using my time efficiently to make faster and more accurate decisions while openly acknowledging my mistakes—learning from each error, reflecting on it, and moving forward.

**Izawa:** Even highly capable corporate managers make multiple mistakes. Failure is inevitable, and management is not about being flawless. The key is to reflect on why you failed, identify what could have been done differently, and leverage those insights for future success.

**Sustainable growth across generations comes from evolving while staying true to the company's identity.**

**Izawa:** I recommend that effective decision-making be grounded in a thorough examination of all relevant information and logical judgement.

At the same time, you will inevitably encounter situations where decisions must be guided by intuition rather than logic or data. I encourage you to gain experience and refine your intuition and instincts to prepare for such moments.



## Career-Defining Experiences and Lessons for Leaders

**Izawa:** I have highlighted the importance of accumulated experience. Have you encountered particular moments in your career that served as turning points—where you felt you truly grew?

**Yamamoto:** For me, a major turning point came with the launch of an e-commerce business. The challenge lay in introducing entirely new ideas to the company, but through collaboration with members of our Group companies, we were able to address each issue systematically. I believe our success ultimately stemmed from the understanding we fostered by consistently communicating the significance of the Nitori Group's involvement in e-commerce.



**Kubota:** A defining moment in my career was when, for the first time as a zone manager, I led the effort to turn an unprofitable store into a profitable one. With the support of on-site staff, logistics departments, and the Merchandising Division, we achieved a turnaround by introducing a new day-and-night shift system for store operations. That experience marked a real turning point for me.

**Chino:** My time in product quality control departments provided an experience that had a lasting impact on me. While I was addressing a product deficiency, I realized that my judgment and actions could carry significant implications for society. That experience unquestionably shaped my approach to work and my sense of responsibility.

**Izawa:** Listening to the three of you share your stories, I realized that it was your keen awareness of issues that allowed you to turn experiences into turning points. Without that focus, similar experiences might pass by unnoticed. This reminded me once again how crucial a high level of awareness is to effective leadership.

## Nitori's Unique Human Resource Education That Accelerates Growth

**Izawa:** When I learned that the company had topped the Ranking of the Most Popular Companies for University Students for three consecutive years, I felt a sense of pride as an outside director. At the same time,

it led me to consider the factors driving this success. One possible reason for this could be the unique education system, such as the U.S. Seminar (▶P51).

## Each employee's growth, achieved by seizing opportunities, propels the next generation of top management to greater heights.



**Kubota:** I also regularly attend the U.S. Seminar and find it an excellent opportunity to revisit chain store theory—the foundation of the group's growth—and to reaffirm the mission and vision the company is striving to achieve.

**Chino:** As a trainer for the U.S. Seminar during my time in the HR Education Division, I particularly valued providing participants with a firsthand experience of our mission, "Enrich the everyday lives of people all over the world." Through the seminar, Nitori's purpose is consistently communicated. I believe that this helps employees internalize the company's mission in their daily work, allowing it to be shared and carried forward across generations, organizational levels, workplaces and regions.

**Izawa:** At present, many companies place emphasis on human resource education. Nevertheless, relatively few programs offer employees regular opportunities to reaffirm their management policies and corporate culture. What sets the U.S. Seminar apart is that it goes beyond merely conveying the mission and vision; it immerses participants in the culture that embodies them and opens a clear view into what lies ahead.

**Yamamoto:** I consider reassignments to be crucial in

human resource development as well. Under the distinct policy that "job rotation is education," employees are regularly presented with opportunities to take on challenges through short-term transfers across various operations, building solid careers by gaining experience and knowledge.

**Chino:** I have experienced work across so many different departments that I have been called "an embodiment of job rotation." Through this, I came to understand areas of the organization that are usually hidden from view, which enabled me to shift my focus from partial optimization to overall optimization.

**Kubota:** The Nitori Group has defined Change, Challenge, Competition, and Communication as key aspects that employees are expected to address, and I view job rotation as a practical embodiment of this 4C principle. I have also had opportunities to gain diverse experiences and encounter new challenges along the way. Taking them on has continually transformed me, bringing me to where I am today.

**Izawa:** Opportunities for significant career growth through job rotation undoubtedly stand as one of the Nitori Group's strengths. This is complemented by its human resource education, which is advanced and highly attractive.

Over my three years as an outside director, I have noticed that Chairperson Nitori places great value on people, which is evident in his attentive listening. From what I have seen, all employees seem energetic in their work. This company spirit strengthens the governance of the Board of Directors. The advanced human resource education and highly motivated employees should be actively communicated, not only to attract top talent but also to engage investors.

## Message to Stakeholders and Resolve for the Future

**Izawa:** Moving forward, we expect your leadership, as heads of your respective group companies, to make a significant contribution to the realization of our mission and vision. To ensure your message reaches your teams through internal discussions, I encourage you to articulate your own perspective (philosophy) on the kind of company you envision and to continue communicating it throughout the organization. These efforts will build strong momentum within your company and are expected to drive substantial business growth reliably.

**Kubota:** From the experiences and insights shared, I came to understand that the most essential role of top management is to consistently communicate their message. I have prioritized dialogue with on-site employees and will continue to create more opportunities for communication.

To advance business growth and contribute to the group, I focus on sharing my perspective internally and adopting continuously to change, while staying grounded in on-site awareness.

**Chino:** Since joining the company, I have followed the direction set by the founding president. As a corporate manager, I now recognize the need to define that direction myself.

With every new purchase, greater attention is being given to the fate of unwanted items, and we are

expected to demonstrate a group-wide approach to waste disposal and resource recycling.

As we are at the forefront of waste disposal, I see opportunities to deliver value to our customers and enhance employee satisfaction through sustainability. It is my intention to communicate more actively within my organization to share my perspective on creating a company where employees can work with confidence and energy.

**Izawa:** Nitori takes a unique approach to waste disposal. As corporate sustainability initiatives gain prominence, astute corporate managers are keeping a close watch on this issue.

**Yamamoto:** I believed I was conveying the idea that tackling new challenges brings fulfillment and benefits to both clients and the Group, yet I now see that this message has not been fully disseminated. This is also a timely opportunity to examine our organization and teams for any areas where rigidity may have set in, and to explore ways to further enhance employee motivation.

**Izawa:** Employees' autonomous growth will define the trajectory of the Nitori Group's future. I hope each of you will continue your efforts to reach new heights.

