



Nitori Holdings Co., Ltd.



NITORI

Financial Results Presentation for the Fiscal Year 2019

April 6 , 2020

TSE1st.&Sapporo Code : 9843

achieved growth both in sales and profit for 33 consecutive fiscal years



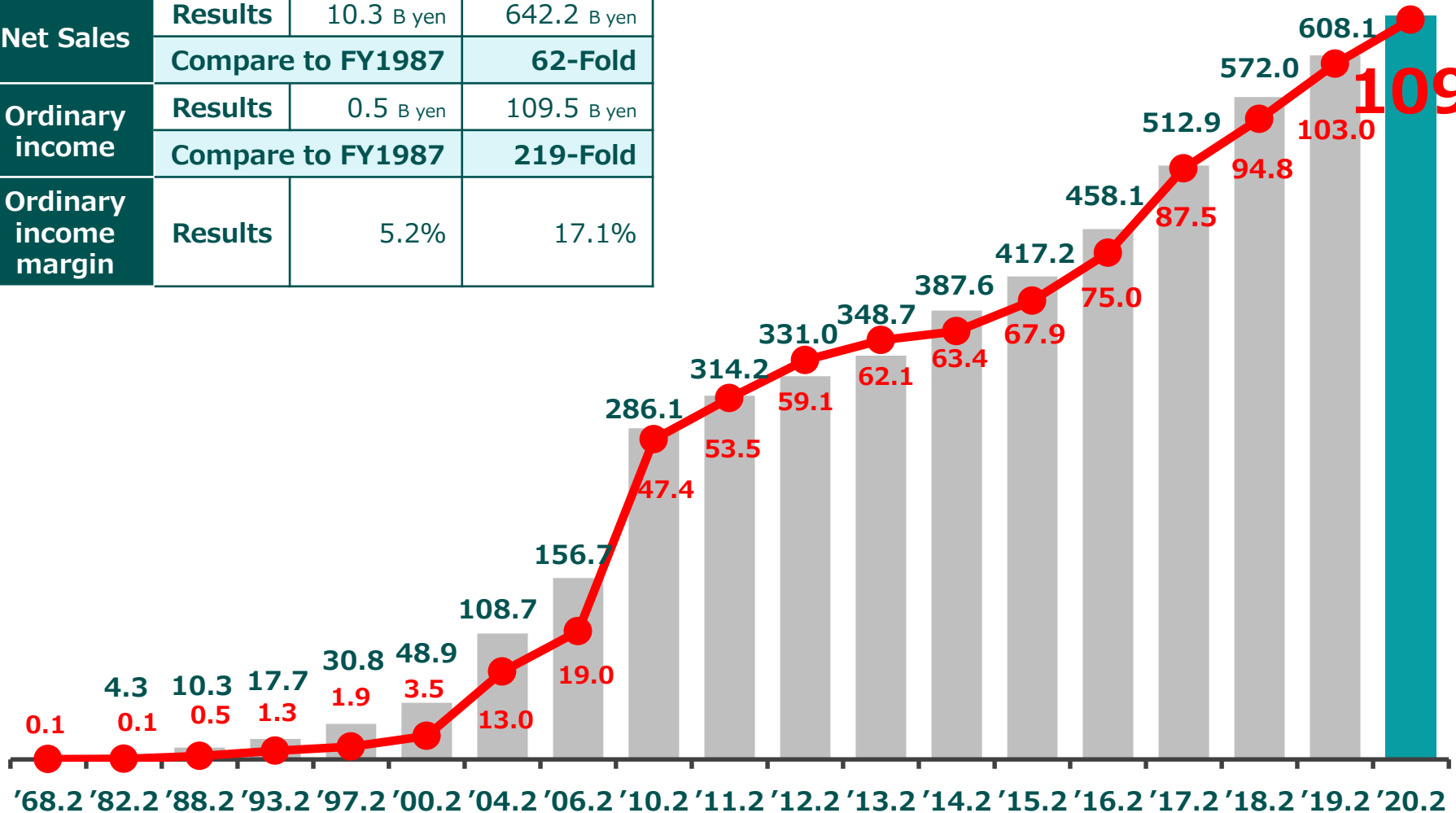
		FY1987	FY2019
Number of Stores	Results	16 Stores	607 Stores
	Compare to FY1987	38-Fold	
Net Sales	Results	10.3 B yen	642.2 B yen
	Compare to FY1987	62-Fold	
Ordinary income	Results	0.5 B yen	109.5 B yen
	Compare to FY1987	219-Fold	
Ordinary income margin	Results	5.2%	17.1%

■ Net Sales(Billions of Yen)

● Ordinary Income(Billions of Yen)

642.2

109.5



'68.2 '82.2 '88.2 '93.2 '97.2 '00.2 '04.2 '06.2 '10.2 '11.2 '12.2 '13.2 '14.2 '15.2 '16.2 '17.2 '18.2 '19.2 '20.2

Number of stores, customers

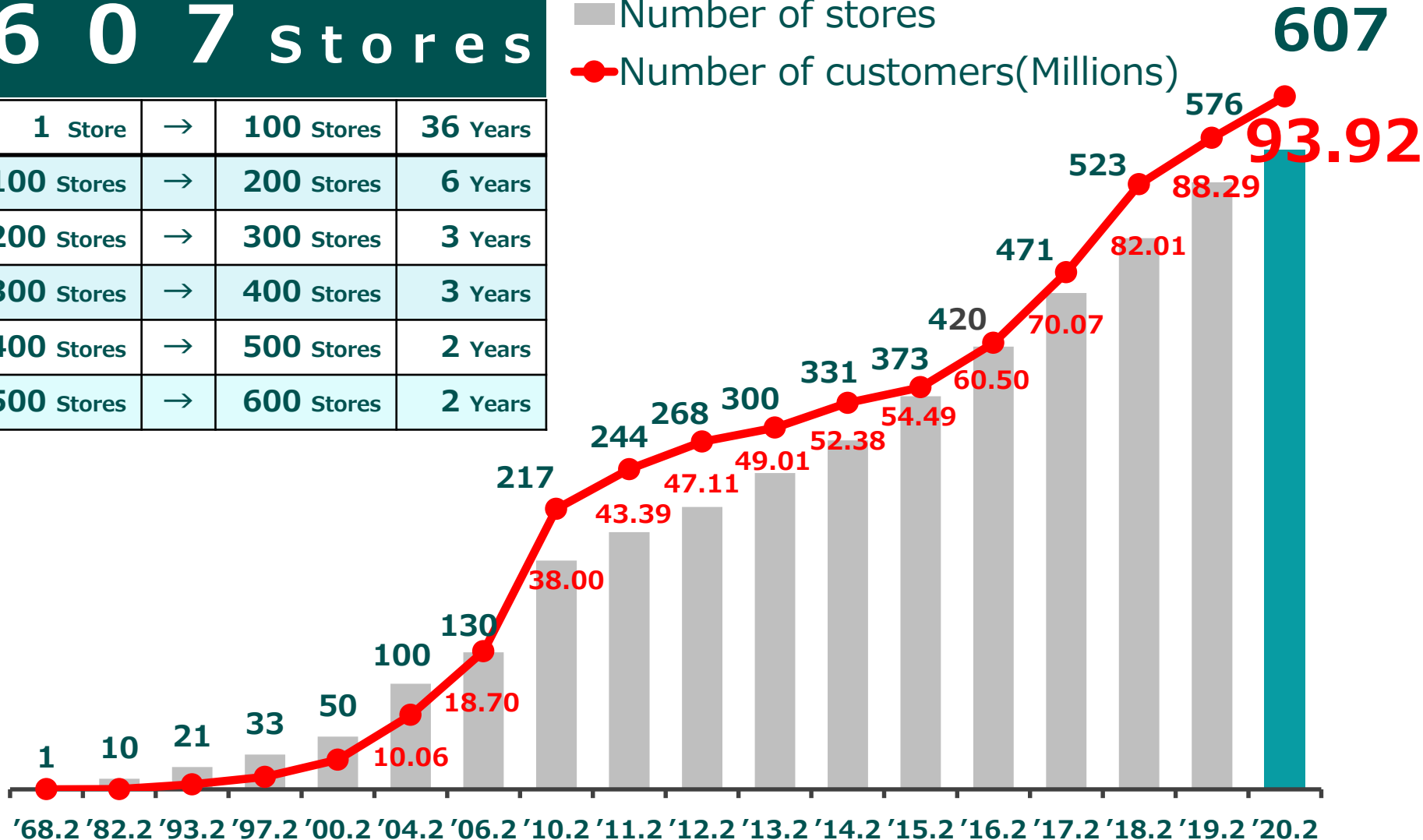


607 Stores

1 Store	→	100 Stores	36 Years
100 Stores	→	200 Stores	6 Years
200 Stores	→	300 Stores	3 Years
300 Stores	→	400 Stores	3 Years
400 Stores	→	500 Stores	2 Years
500 Stores	→	600 Stores	2 Years

■ Number of stores

● Number of customers (Millions)



Overview of Consolidated Financial Results



(Billions of Yen)

	FY2019		FY2018		Change	
	Actual	(to sales)	Actual	(to sales)		(YOY)
Net sales	642.2	-	608.1	-	34.1	105.6%
Gross profit	35.4	55.2%	33.1	54.5%	2.2	106.9%
SG&A expenses	246.8	38.4%	230.6	37.9%	16.2	107.0%
Operating income	107.4	16.7%	100.7	16.6%	6.6	106.6%
Ordinary income	109.5	17.1%	103.0	16.9%	6.4	106.3%
Profit attributable to owners of parent	71.3	11.1%	68.1	11.2%	3.2	104.7%

Consolidated Balance Sheets



(Billions of Yen)

	20 Feb. 2020	20 Feb. 2019	Change	Major factors on changes
Current assets	263.5	211.0	52.5	
(Cash and deposits)	159.1	102.3	56.8	
(Inventory)	65.5	62.9	2.6	
Non-Current assets	419.6	408.2	11.4	
(Property, plant and equipment)	307.3	302.0	5.3	
(Investments and other assets)	24.5	18.8	5.7	
Total assets	683.2	619.2	63.9	
Current liabilities	97.0	95.0	2.0	
(Accounts payable - trade)	19.7	20.9	(1.1)	
(Short-term loans payable)	2.7	2.6	0.1	
Non-Current liabilities	25.3	24.0	1.2	
(Long-term loans payable)	4.0	6.0	(2.0)	
Total liabilities	122.3	119.0	3.2	
Total net assets	560.8	500.1	60.6	Net income +71.3
Total liabilities and net assets	683.2	619.2	63.9	

Consolidated Cash Flows



(Billions of Yen)

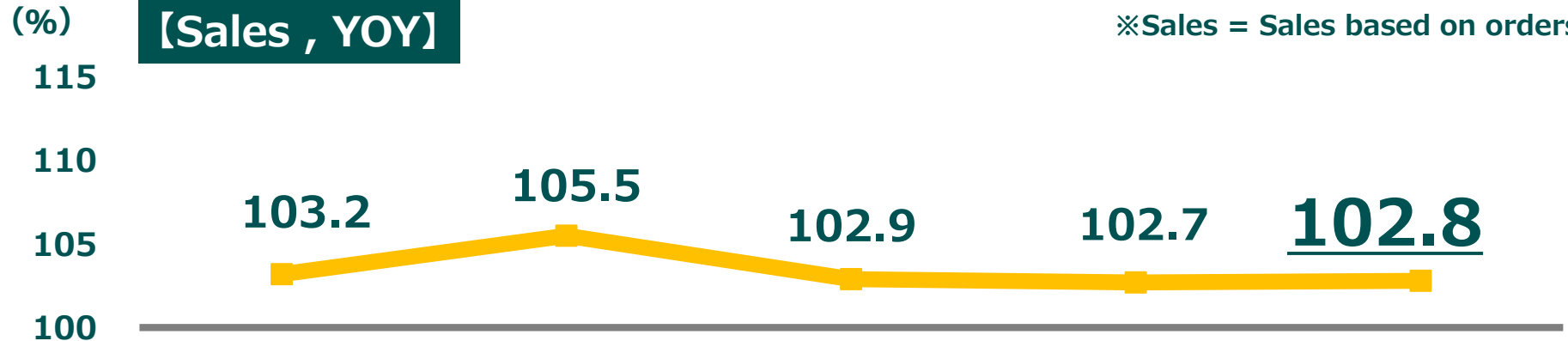
	FY2018	FY2017	Change	Major factors on changes
Operating activities	96.3	81.6	14.6	<ul style="list-style-type: none"> • Income before income taxes +105.0 • Depreciation and amortization +16.5 • Income taxes paid (34.1)
Investing activities	(41.4)	(30.4)	(11.0)	<ul style="list-style-type: none"> • Purchase of property, plant and equipment (17.4) • Purchase of Intangible assets (6.5)
Financing activities	(13.8)	(11.3)	(2.5)	<ul style="list-style-type: none"> • Shareholder paid (11.6)
Net increase in cash & cash equivalents	40.7	39.1	1.6	
Cash & cash equivalents at end of the year	140.7	100.0	40.7	
Free cash flow	54.8	51.2	3.6	(CF from Operating activities + CF from Investing activities)

YOY changes in comparable stores

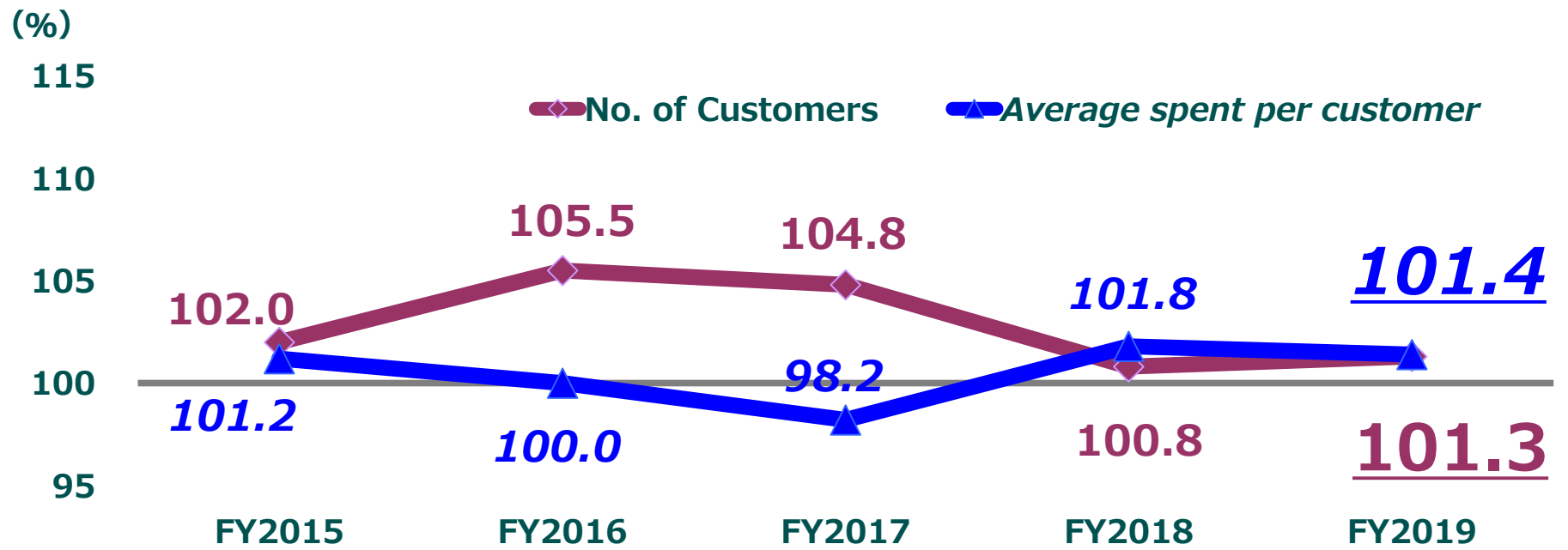


【Sales , YOY】

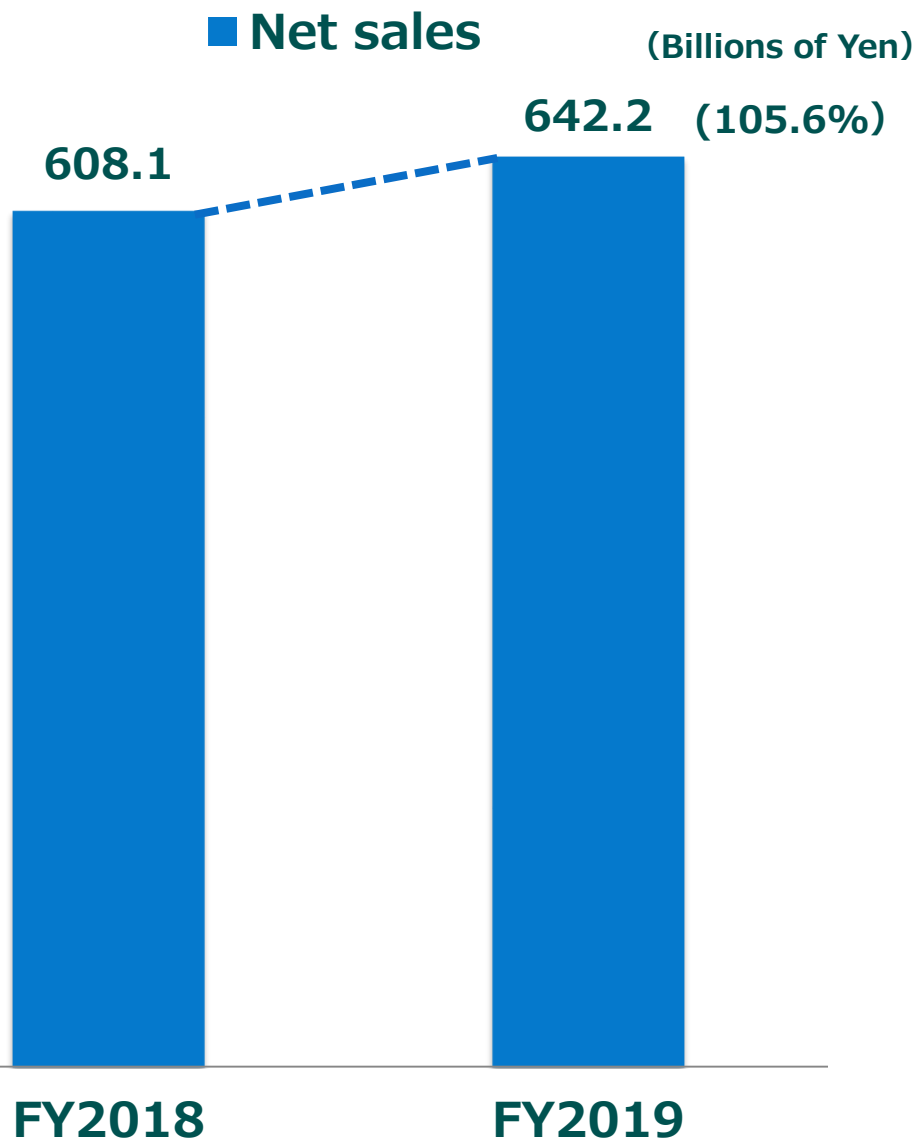
※Sales = Sales based on orders



【No. of Customers・Average Spend per Customer , YOY】



Consolidated Sales



【Net sales】	Amount	YOY
Store sales(Global)	¥574.6bil.	105.2%
E-commerce	¥44.3bil.	114.6%
B to B & Renovation Sales	¥10.3bil.	107.8%
Rent income	¥7.3bil.	100.6%
Others	¥5.5bil.	86.6%
Total	¥642.2bil.	105.6%

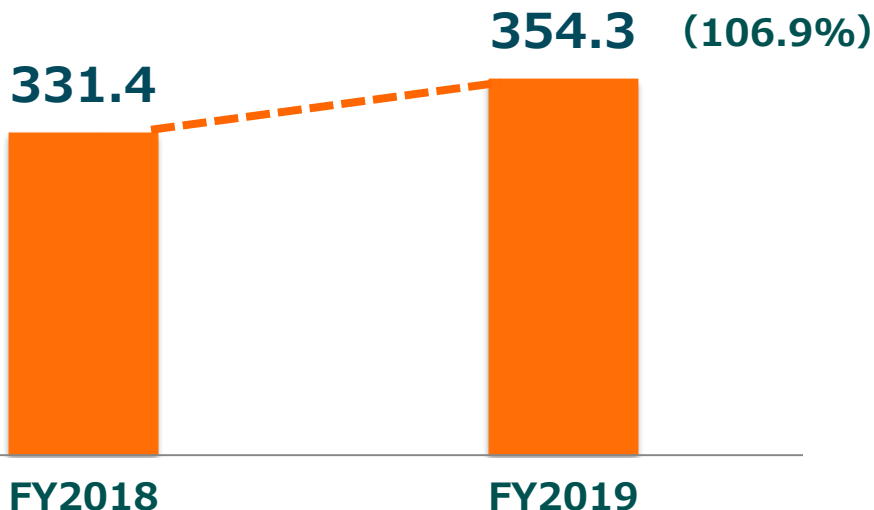
Sales comp. by region

Hokkaido	4.6%	+0.1pt	Chugoku & Shikoku	7.3%	(0.1)pt
Tohoku	5.5%	+0.0pt	Kyusyu & Okinawa	8.5%	+0.1pt
Kanto	30.5%	(0.3)pt	EC	6.9%	+0.5pt
Hokuriku & Koshinetsu	5.2%	(0.1)pt	B to B & Renovation	1.6%	+0.0pt
Chubu & Tokai	9.9%	(0.2)pt	Overseas	3.0%	+0.1pt
Kinki	14.9%	0.0pt	Others	2.1%	(0.1)pt

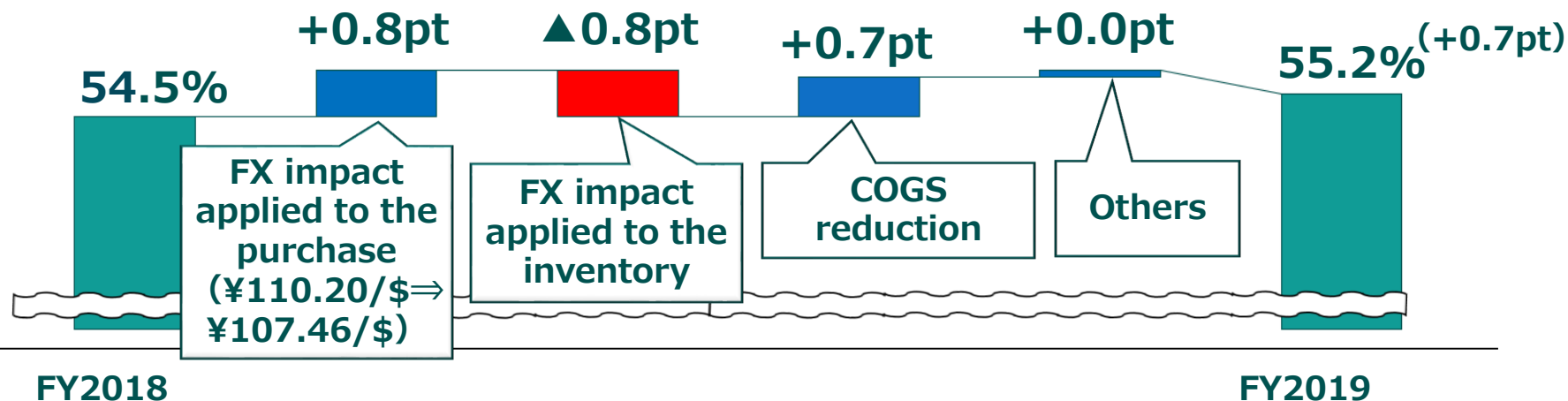
Gross profit · SG&A expenses

【Gross profit】

(Billions of Yen)



【Gross profit margin】



【SG&A】	Amount	YOY	Ratio to sales	Change
Personnel	¥72.0bil.	104.4%	11.2%	(0.1)pt
Rents	¥37.2bil.	101.9%	5.8%	(0.2)pt
Delivery charge	¥27.9bil.	106.6%	4.4%	0.0pt
Advertising	¥16.8bil.	101.4%	2.6%	(0.1)pt
Outsourcing	¥18.3bil.	111.0%	2.9%	+0.1pt
Store fixtures expense	¥4.2bil.	148.7%	0.7%	+0.2pt
Depreciation			¥14.5bil.	
Capital investment			¥23.1bil.	

No. of stores as of 20 Feb. 2020



607
Stores
(+31)



433

30



14

2



DECO HOME

(China)

94

34

Prefecture	No. of stores	Prefecture	No. of stores	Prefecture	No. of stores
Hokkaido	23 (+1)	Yamanashi	3	Shimane	2
Hokkaido	23 (+1)	Ishikawa	5	Hiroshima	15 (+1)
Aomori	6	Toyama	4	Yamaguchi	7 (+1)
Akita	5 (+1)	Fukui	3	Kagawa	4
Iwate	4	Hokuriku & Koshinetsu	34	Tokushima	3
Yamagata	5	Shizuoka	14	Kochi	3
Miyagi	10 (+3)	Aichi	28 (+2)	Ehime	6 (▲1)
Fukushima	7 (+1)	Mie	9 (+2)	Chugoku & Shikoku	49 (+1)
Tohoku	37 (+5)	Gifu	10	Fukuoka	24 (+2)
Tokyo	48 (▲1)	Chubu & Tokai	61 (+4)	Oita	5
Kanagawa	31 (+3)	Osaka	38 (+5)	Miyazaki	4
Saitama	32 (+1)	Kyoto	14 (+2)	Saga	5 (+1)
Chiba	29 (+4)	Nara	6	Nagasaki	4
Gunma	8 (+1)	Hyogo	31 (+1)	Kumamoto	8 (+1)
Tochigi	10 (+2)	Shiga	9 (+1)	Kagoshima	7
Ibaraki	14 (+1)	Wakayama	5	Okinawa	5 (+1)
Kanto	172 (+11)	Kinki	103 (+9)	Kyushu & Okinawa	62 (+5)
Niigata	9	Tottori	2	Japan	541 (+36)
Nagano	10	Okayama	7		

Major indicators of management efficiency (1)

Scope	Number	Indicator	unit	Target		2020.2	2019.2	2018.2	2017.2	2016.2
Group (Twelve months)	1	Return on assets	%	Over 15%	○	16.8	17.6	18.3	19.4	18.3
	2	Total asset turnover	Times	Over 2	×	0.99	1.04	1.10	1.14	1.12
	3	Ordinary income margin	%	Over 10%	○	17.1	16.9	16.6	17.1	16.4
	4	Earnings per share	¥	Over ¥100	○	635.42	608.05	574.49	540.93	425.10
	5	Return on equity	%	Over 15%	×	13.5	14.5	15.4	16.6	14.7
	6	Equity ratio	%	Over 60%	○	82.0	80.7	80.1	80.7	79.5
	7	Interest coverage	Times	Over 20	○	1,031	998	1,350	1,457	967
	8	Sales growth rate	%	Over 10%	×	5.6	6.3	11.5	12.0	9.8
	9	Ordinary income growth rate	%	Over 10%	×	6.3	8.6	8.3	16.7	10.4
	10	Ratio of gross profit to sales	%	Over 48%	○	55.2	54.5	55.0	54.2	53.2
	11	Ratio of break-even point to sales	%	Under 80%	○	65.8	65.6	66.5	65.0	65.6

Major indicators of management efficiency (2)



Scope	Number	Indicator	unit	Target		2020.2	2019.2	2018.2	2017.2	2016.2
Sale of furniture and home furnishing	12	Sales per tsubo	K	Over ¥950K	○	105.5	103.4	101.7	98.1	93.8
	13	Stock turnover	Times	Over 9	×	5.0	5.3	5.6	5.5	5.4
	14	Operating assets turnover	Times	Over 2.9	○	3.4	3.6	3.9	4.0	4.0
	15	Ratio of profit distribution	%	Over 20%	○	30.3	31.0	30.5	31.3	30.2
	16	Ratio of real estate cost to gross profit	%	Under 25%	○	21.2	21.6	21.7	21.1	21.7
	17	Ratio of sales promotion cost to gross profit	%	Under 6%	○	5.7	6.2	6.3	6.2	6.1
	18	Labor productivity	M	Over ¥10M	○	1,980	1,922	1,875	1,899	1,843
	19	Sales floor per labor	Tsubo	Over 60	×	34.8	34.7	34.3	36.6	38.2
	20	Operating income per tsubo	K	Over 150K	○	16.0	16.0	15.5	15.1	13.4
	21	Stock per tsubo	K	Under 90K	×	9.5	8.9	8.2	8.1	8.1
	22	Average age of labor	age	30~35	○	33.7	33.6	33.4	33.4	33.3
	Results (○won/×lost)						○15×7	○15×7	○17×5	○18×4

Main measures of FY2019



Results of 4Q sales



※Sales = Sales based on orders

4Q sales YOY by month

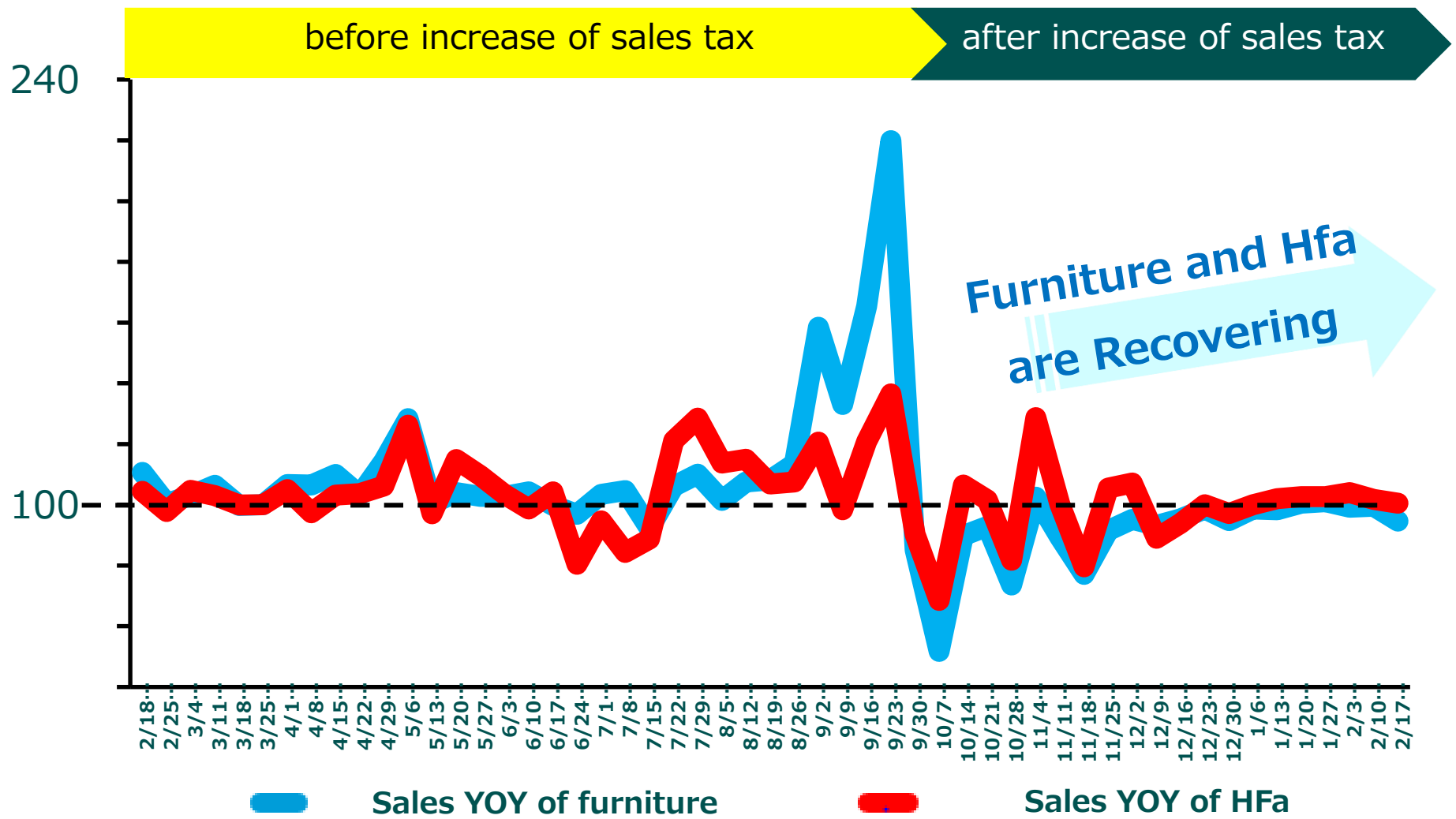
	Sales		Numbers of Customers		Average spend per customers	
	Existing Stores	All Stores	Existing Stores	All Stores	Existing Stores	All Stores
Dec.	92.7%	95.4%	95.2%	99.4%	97.4%	96.0%
Jan.	97.1%	99.4%	97.1%	101.0%	100.0%	98.4%
Feb.	101.6%	104.0%	102.0%	106.1%	99.6%	98.0%
Total of 4Q	96.7%	99.2%	97.7%	101.8%	99.0%	97.5%

After tax increased, having recovered a sales by the demand of fresh start.

Sales trend after increase of sales tax



(%) Sales YOY changes in comparable stores by furniture and HFa



“CA1”

(a combination sofa)



✓ Various combinations are possible according to the room space and using.

“GIO”

(a bed with drawers)



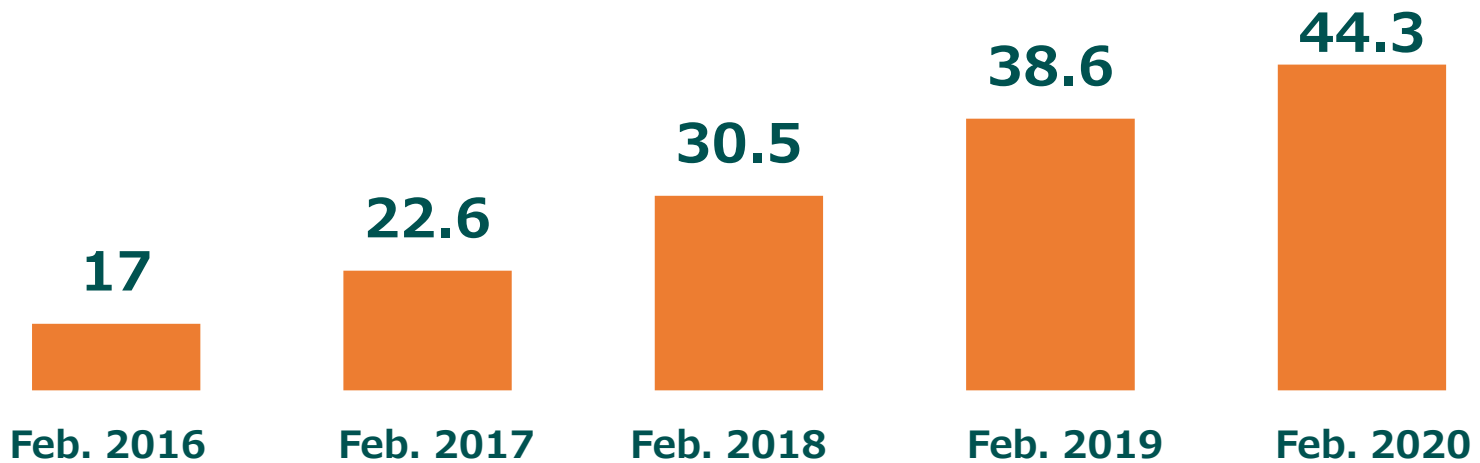
✓ With four drawers.
✓ It has full slide rail that is easy to open and close.

E-Commerce

(Billions of Yen)

Sales

(YOY 114.6%)



Below these were only website products that most popular sales expansion in 4Q



Only website products
YOY 140%

Coordinate planning



IN BLOOM



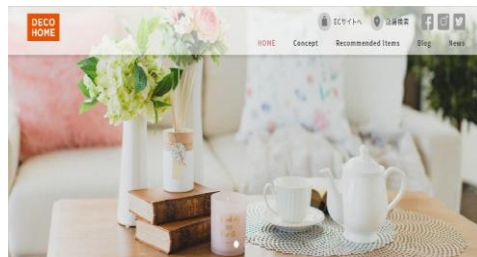
IN LOUNGE

Product development



Cosmetic series
"GUARDIO"

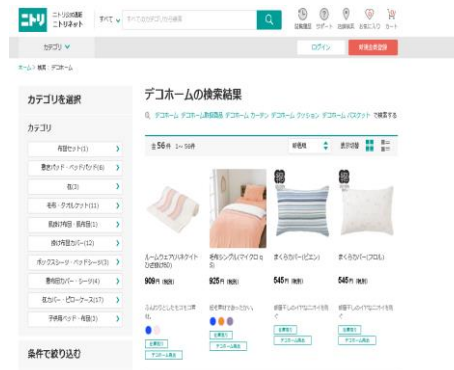
Linking official website and EC website



DECO HOME

好きな時に、好きな場所を
もっと手軽にデコレーション

Official website



EC website

Brand concept



For ma'am.
“In your life,
moreover,
enjoy your
color with your
coordination.”

Location and EC website



- ✓ Starting experimental stores mainly in the Kanto region.
- ✓ Starting the EC website.

Opening stores in Japan



Noshiro(Akita)



Fukuoka-minami (Fukuoka)



Fushimi-mukaijima(Kyoto)



Hanazono-inter(Saitama)



Deco home rasora-sapporo (Hokkaido)



Deco home mallage saga (Saga)



Renovation concept



Prototype counter department



Evolution of display methods



Evolution of purchasing methods

2nd FY2020~

Feb 2020

Accelerating standardization

Feb 2019

Renovating Narimasu shop

Renovating Niiza shop

- Evolution of furniture & Hfa floor
- Evolution of purchasing methods

- Evolution of furniture floor
- Evolution of purchasing methods

Renovation (Narimasu)



Prototype counter department



Digital catalog

Self check-out

Displaying by coordination

Concierge service for interior



Renovating to flagship store at Xujiahui



Success for re-writing of
NITORI in China

YOY 2 digits growth

Renovating to standard store at Qibao



Success for adapting of know-how
NITORI in japan for China

YOY 2 digits growth

Issues of china



**Project completed as originally planned.
In the next phase, it will be taken over by Japan HQ and assigned to each department in order to execute a global expansion.**

① Renovation



After trying a renovation of large store.
⇒ Improved performance and big growth.

台南頂美店

② commonization × ③ optimization

products

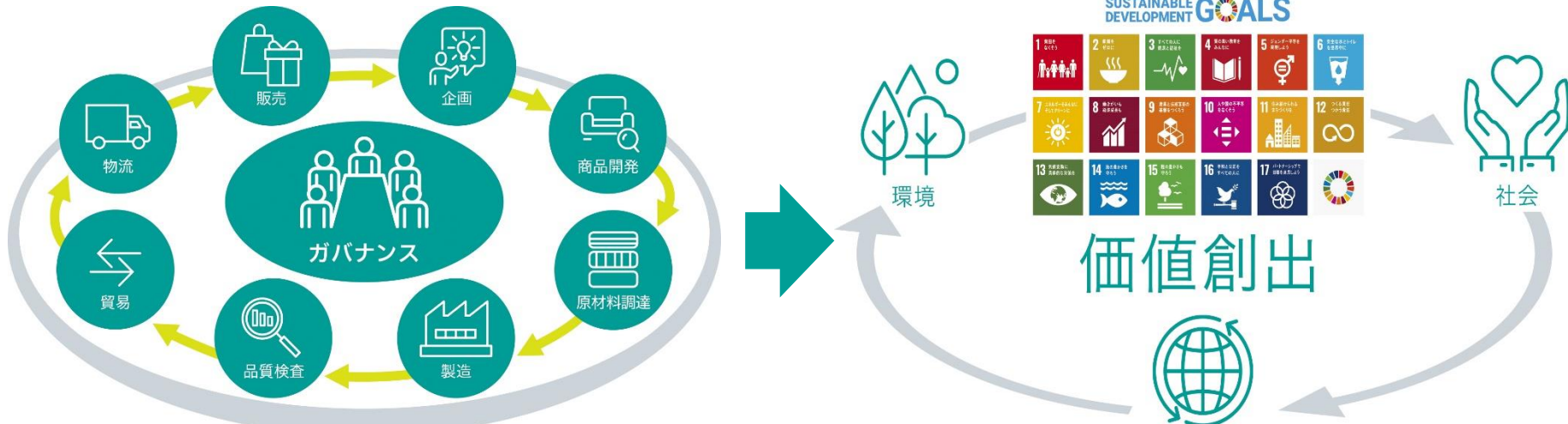
Counter department

marketing

NITORI's concept of ESG/SDGs



Contributing various fields by leveraging our unique Biz model

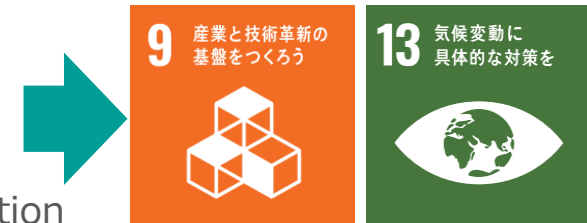


ex 1) Reduction of environmental load in logistics process

Improved loading efficiency by reducing product packaging size, as a results optimized delivery routes.

⇒ **Mitigating the impact of business activities on climate change = CO2 reduction**

- Annual CO2 emissions in logistics department: YOY about 670t reduction
- Number of deliveries per delivery truck: YOY 100.3%



ex 2) Use of recycled polyester (SIAM NITORI CO.,LTD.)

Manufacturing of carpets and rugs using recycled PET bottle fibers.

⇒ **Reuse / recycling = Environmental load reduction and contribution to recycling society**

Number of recycled PET bottles: About 200 million



NITORI's concept of ESG/ Corporate governance

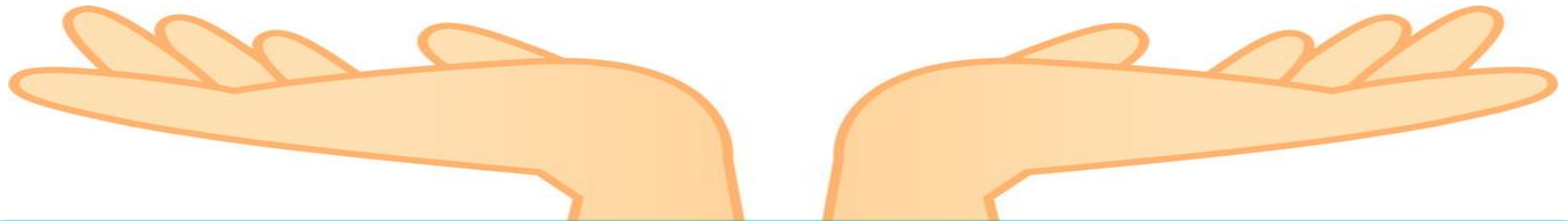


A corporate governance system that supports NITORI's strengths

Mission·Vision
(Over 30 Years long
term planning)

A unique Biz model
(NITORI Biz model*)

**Initiatives to address for
sustainable growth**
(ES)



A corporate governance system

**Active discussions
at board meetings**

**One-third or more
independent
outside board
member**

**Appropriate decision
process for
nomination and
compensation**

**Improving the effectiveness of the board
meeting**

Received the 8th Corporate Value Improvement Award, Excellence Award



Award companies

(In front row to left)

ALL NIPPON AIRWAYS CO., LTD.

Komatsu Ltd.

Shiseido Company, Limited

Nitori Holdings Co., Ltd.



Award point

To continuously utilize management goals and indicators that are conscious of capital productivity over the long term in order to improve corporate value.

Right)JPX CEO Kiyota

FY2020 Initiatives to address growth



1. Progressing of coordinate proposals and progressing of O2O
2. Developed Global Biz and expansion of Biz regions
3. Reinforcement for product development / production system / quality control system
4. Rebuilding domestic logistics bases
5. Optimization of HQ operations
6. Developed human resource for the future

Furniture



HFa

(consuming by each life stage)

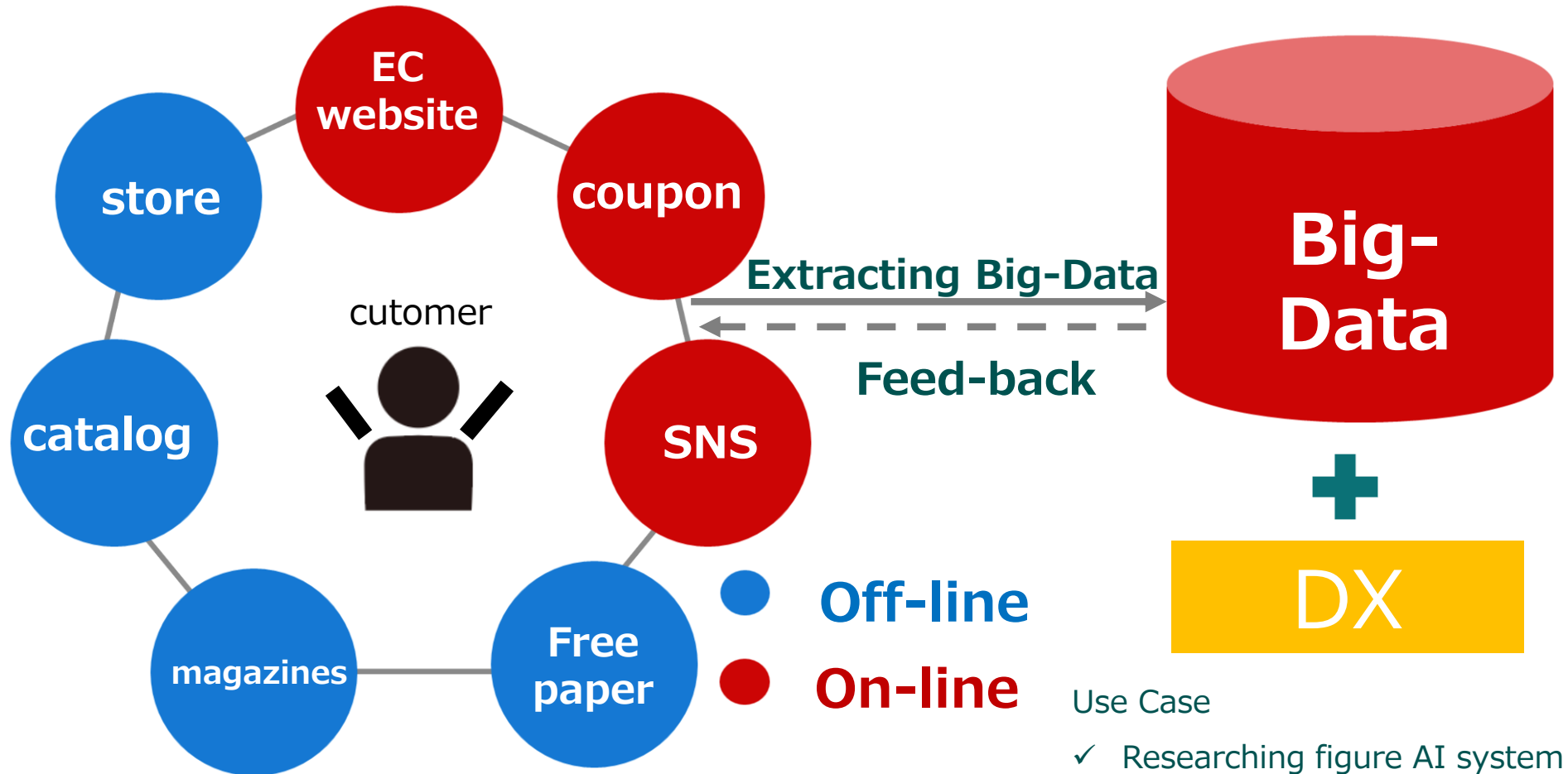
(Increasing purchase frequency)

Coordinating
= Further demand awakening



One to one marketing make more pleasure our customers

→ Via more high-level system it possible for them



2.

Global Biz development and expansion of Biz regions



Implement measures according to the market characteristics of each region and the growth stage

For steady growth

China

- Expansion of prototype counter department based on HFa standard store experiment.
- Standardization of shelving allocation, product lineup suitable for the region, EC biz expansion, etc.

For next growth

Taiwan

- Improvement of N-cool awareness and WEB advertising via commonization of TVCM.
- Build Nitori brand by making full use of SNS. → YOY CM 140%
- Expansion of EC biz.: YOY sales 120%

Promotion of omni-channel strategy

US

- Clarified target customers and developing for new products.
- Expansion of sales by utilizing pop-up stores and strengthening EC functions.

Reinforcement for product development / production system

Vietnam's Manufacturing Footprint

Dining

Dining chair

Target 1,000/day



Mattress

Annual production of 1 mil sets

[Ba Ria-Vung Tau + Hanoi]



Global quality control system

→ Build a system for the most efficient quality activities



globalization of the provisions and the rule



Global standard

reinforcement of affiliates technical evaluation meetings



At meetings

training for the supplier



QAV2·providing for tech

4. Rebuilding domestic logistics bases

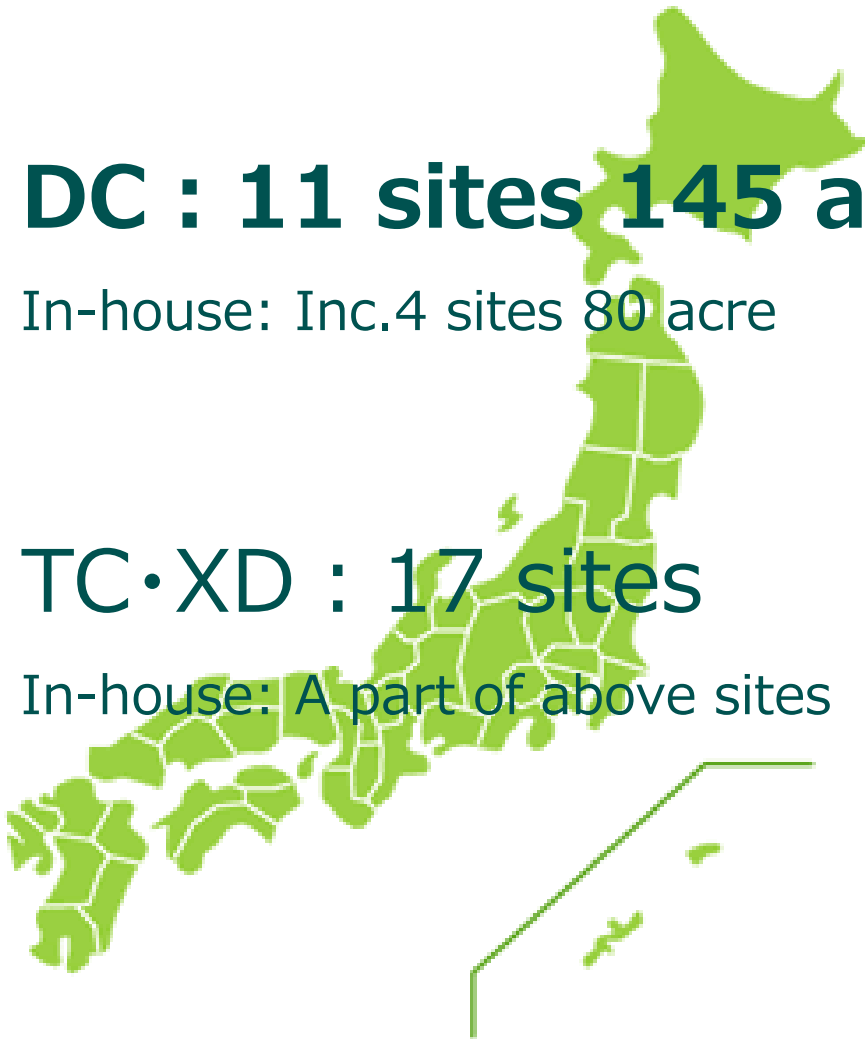


DC : 11 sites 145 acre

In-house: Inc.4 sites 80 acre

TC·XD : 17 sites

In-house: A part of above sites



1. Concept of domestic base
Including new and existing sites place / reorganization of function.

2. Optimization of inventory and lead time

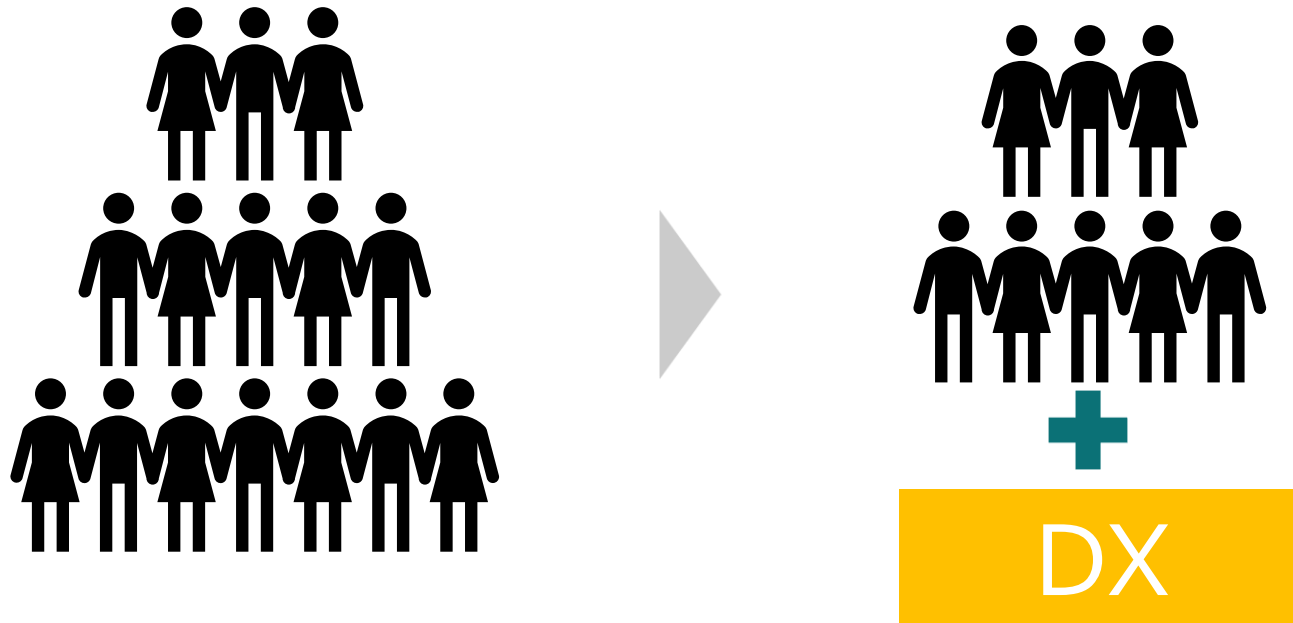
Review the delivery method to the store and the delivery frequency.



Kanto DC

Further utilization of DX

Optimization via “speedup for operation” & “manpower saving” & “Automation”



Use case

- ✓ Auto Store picking system
- ✓ Applied of RPA for routine work
- ✓ Applied of robot technology for Ba Ria-Vung Tau



Building a platform of a talent pool

- ✓ Supporting autonomous career building by linking individual orientations with in-house education (Nitori University)

グロービス学び放題



Talent Pool イメージ

経営・財務	法務・コンプライアンス	市場分析	広報・CSR	店舗開発	商品・品質	物流	販売	仕組み・システム	人事
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自分にあった学習法を見つけるための4つのステップ

Learn how to learn

MECEとは
ある物事を「もしもなぜか」切り分けた状態のこと

MECE

コッターの
変革プロセス

テクノバート基礎

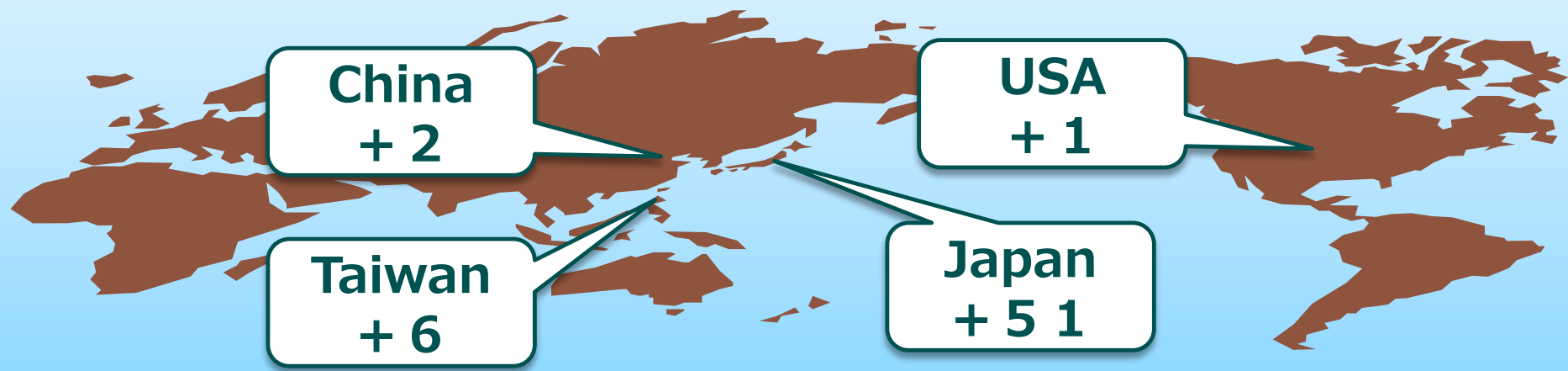
職位紹介ムービー

- マーチャンダイザー
- Hfaソフトバイヤー
- プランナー

Store roll-out plan in FY 2020



Store				Taiwan	USA	China	Total
End of FY2019	4 4 7	9 4	4	3 0	2	3 4	6 1 1
Openings	+ 2 5	+ 2 0	+ 6	+ 6	+ 1	+ 2	+ 6 0
End of FY2020	4 7 2	1 1 4	1 0	3 6	3	3 6	6 7 1



Impact for supply chain

Having been executing the following the item via owned our capabilities

1. Close cooperation with local suppliers by group companies in 8 countries and regions.
2. Building a product supply system that can maintain supply and demand.
3. Established Supplier policy.
(Optimization of raw material procurement, strengthening of management system)
4. Construction of production control system for the manufacture footprints.
5. Decentralization of production regions.
6. Ship ahead of time, focusing on products that sell well.
7. Implemented advance orders in order to ensure the raw materials, parts, and materials.

Activities of BCP

1. Promotion of remote work and video conference.
2. Keeping a social distancing.
3. Self-restraint of the event.

Plan in FY 2020



(Billions of Yen)

	FY2020 Plan		FY2019 Actual		Change	
		(to sales)		(to sales)		(to actual)
Net sales	653.2	–	642.2	–	11.0	101.7%
Gross profit	371.0	56.8%	354.3	55.2%	16.7	104.7%
SG&A expenses	258.8	39.6%	246.8	38.4%	12.0	104.8%
Operating income	112.2	17.2%	107.4	16.7%	4.8	104.4%
Ordinary income	113.3	17.3%	109.5	17.1%	3.8	103.4%
Profit attributable To owners of parent	75.7	11.6%	71.3	11.1%	4.4	106.0%

【Assumption】

Sales in comparable stores YOY 98.6% (NITORI+DECOHOME+EC)
1st half of YOY 96.2%, 2nd half of YOY 101.0%

FX rate 104yen/\$

Capital investment: 25 billion yen

Depreciation expense of 16 billion yen

Distribution of Profits to Shareholders



Shareholders dividends increase for consecutive 16 fiscal years

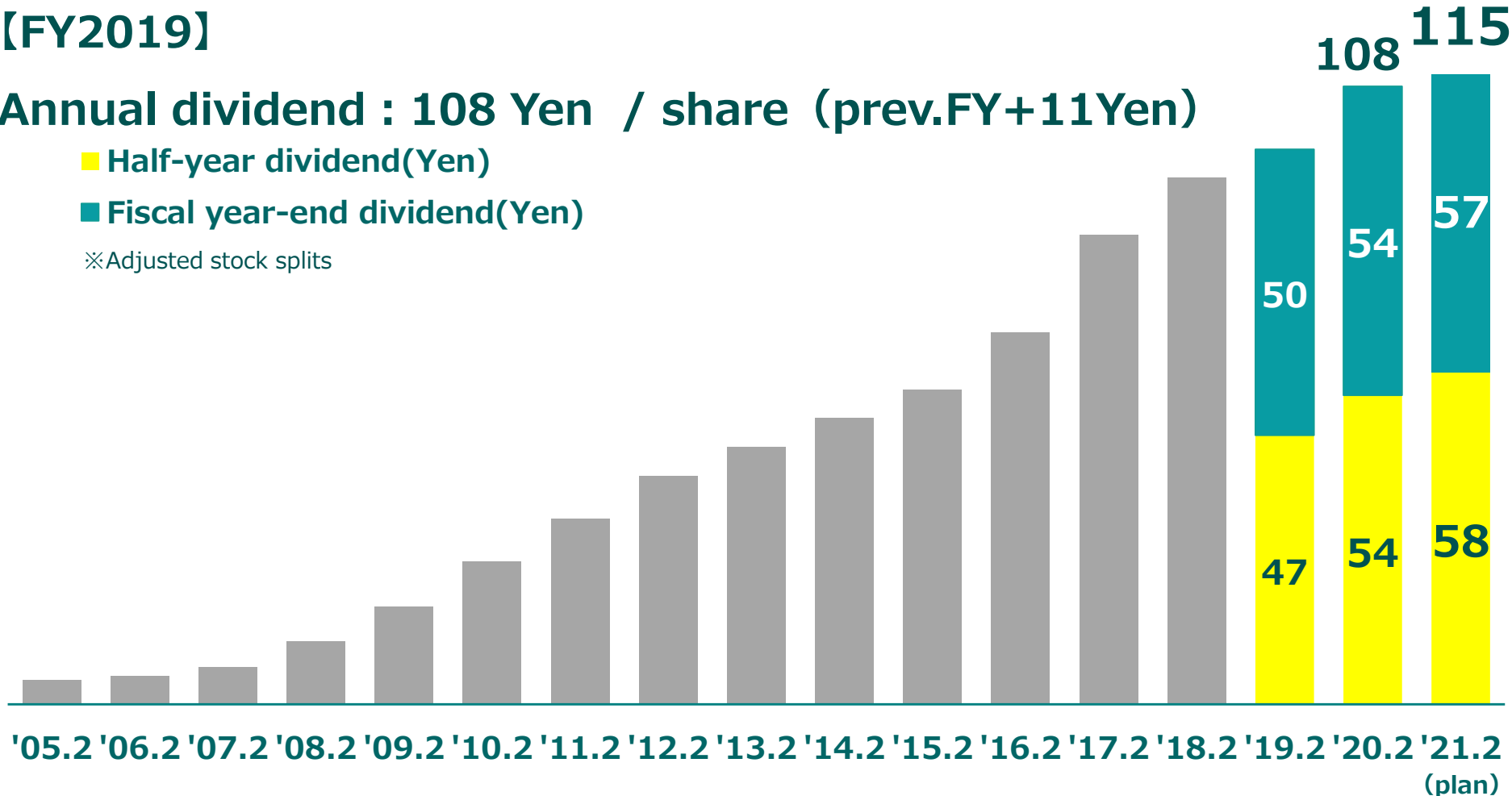
【FY2019】

(Unit : Yen)

Annual dividend : 108 Yen / share (prev.FY+11Yen)

- Half-year dividend(Yen)
- Fiscal year-end dividend(Yen)

※Adjusted stock splits





【見通しに関する注意事項】

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