

JOYFUL HONDA

INTEGRATED REPORT **2025**

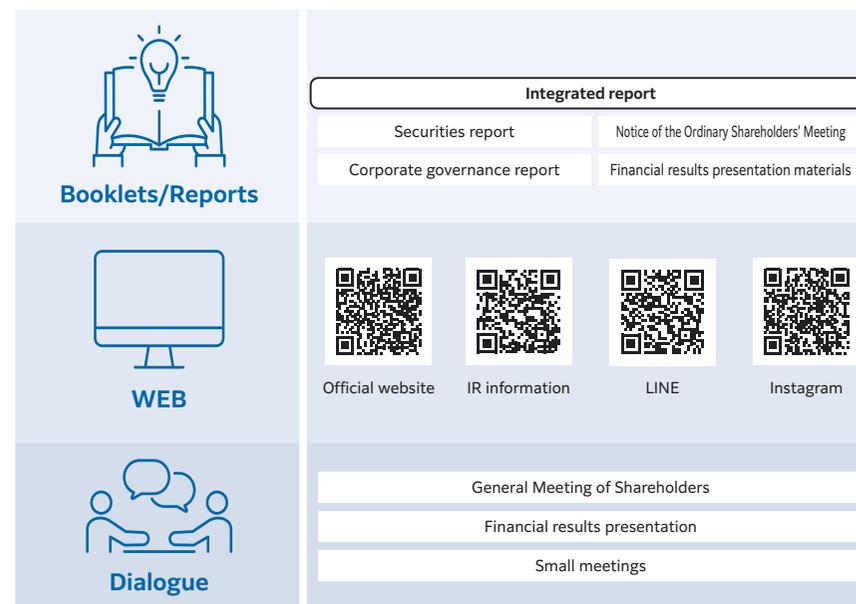
JOYFUL HONDA CO., LTD. Integrated report 2025

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Comprehensive overview of communication



Editorial policy

We have published Integrated Report 2025 with the hope that stakeholders, including investors, shareholders, and business partners, will gain a better understanding of our business activities and value creation processes. We leverage our strength of having an impressive product lineup to resolve our customers' problems and propose and provide comfortable lifestyles.

We hope that this booklet will provide you with a better understanding of our business and competitive advantages.

Period covered by the report

June 21, 2024, to June 20, 2025 (includes disclosures and descriptions of business activities implemented on or after June 21, 2025)

Guidelines referenced

- The Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"
- IFRS Foundation's "International Integrated Reporting Framework"

A caution concerning forward-looking statements

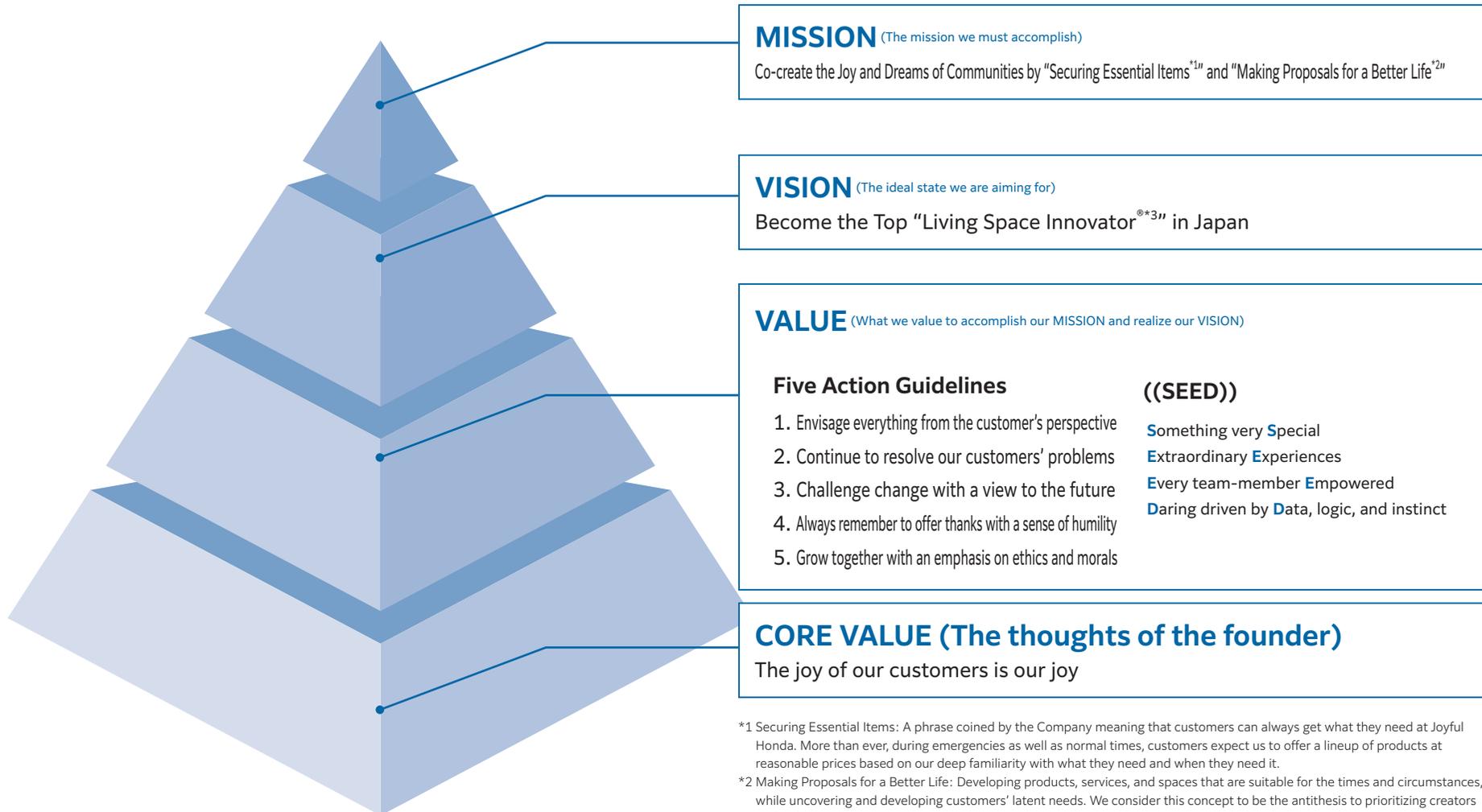
This integrated report contains forward-looking statements regarding the Company's future plans, strategies, and results for the future. These statements are based on information currently available to the Company and are intended to express the Company's current plans. Please note that these are subject to risks and uncertainties related to economic developments and market demand. We kindly ask for your understanding that strategies may be updated as circumstances evolve.

Management philosophy

MVV system (management philosophy)

Joyful Honda's management philosophy is composed of MISSION, VISION, and VALUE, which express the Company's purpose of existence, the ideal state it aims to achieve in the future, and its values, respectively. The origin of this philosophy is the core value of the Company's founder, Shoya Honda, which is "The joy of our customers is our joy."

In order to continue to create stores that offer new discoveries, we will continue to earnestly work on being aware and doing new things on a daily basis.



*1 Securing Essential Items: A phrase coined by the Company meaning that customers can always get what they need at Joyful Honda. More than ever, during emergencies as well as normal times, customers expect us to offer a lineup of products at reasonable prices based on our deep familiarity with what they need and when they need it.

*2 Making Proposals for a Better Life: Developing products, services, and spaces that are suitable for the times and circumstances, while uncovering and developing customers' latent needs. We consider this concept to be the antithesis to prioritizing creators and sellers.

*3 Living Space Innovator[®]: A pioneer providing comfortable living spaces for customers and local communities

JOYFUL HONDA

Basic stance on management and social mission

In the 39 years since I joined the Company, I have been involved in nearly every department—from store operations to merchandise, logistics, renovations, and managing subsidiaries—gaining broad experience, from working on the front lines to managing the back office. The consistent foundation during this time has been our CORE VALUE as stated repeatedly by our founder, Shoya Honda: “The joy of our customers is our joy.”

This is more than a slogan; it is a code of conduct institutionalized through innumerable applications on the front lines. For example, if we prioritized efficiency, we might reduce entrances and exits to lessen security and staffing workloads. However, our founder was insistent that customers have no trouble entering or leaving our stores, so we deliberately installed many entrances, placed restrooms throughout the premises, and took other steps to prioritize customer convenience. Even for measures that may seem inefficient to employees, our stance of always making decisions based on what is comfortable for the customer remains ingrained in our DNA.

This stance is symbolized by the concept of resolving our customers' problems. Whatever is troubling or inconveniencing our customers, we resolve right then and there. This encapsulates our reason for existence and comprises the core of our

Ikuo Hirayama
President

corporate culture. The services we have created on the front lines to resolve customers' problems—for example, same-day carpet alteration and tablecloth cutting sales—are too numerous to list. Since our founding, our unwavering commitment to the customer perspective—rather than efficiency above all else—underpins the Joyful Honda customer experience today. We will maintain this commitment, keeping our CORE VALUE at the very center of our management and sustaining it into the future.

Our history and strengths

Product lineup centered on national brands

Our defining characteristic is a product lineup centered on national brands, not private labels. While many retailers expand private labels to boost profit margins in the short term, we deliberately chose a different path. We have consistently prioritized building trust with our business partners by faithfully fulfilling requests from professionals and experts who let us know that certain products are essential to them. This choice, which is sometimes seen as inefficient, has ultimately resulted in strong customer loyalty.

This philosophy is also evident in our foray into hardware stores for business use, or "Pro Shops." The products professionals and experts demand cannot be substituted with similar items. By reliably stocking the specified products at these stores, we earn their trust, eventually convincing them that they can get whatever they need by taking a trip to Joyful Honda. At our Pro Shops, we have expanded services to include business card printing and workwear name embroidering in an earnest effort to give customers what they need. These reinforced merchandise and services ultimately feed back into our large stores, enhancing the overall competitiveness of our entire store network.

Competitive advantages built throughout a history of growth

Our growth has always been guided by customer feedback. When we opened our very first store in Arakawaoki, it had just under 1,400 m² of floor space. Under our founder's continual instruction to always stock products customers ask for, we never allowed our stock to run out so that we could fulfill each and every request. This resulted in a very cramped sales floor, so we stacked the shelves to the ceiling and eventually put some products outdoors. Even that had its limits, so we ultimately acquired the surrounding property to expand the store to its current size of over 26,000 m².

We learned from this experience; starting with our Newport Hitachinaka Store (our 10th), we established a format under which we plan and build stores to be large-scale facilities from the outset. Along those lines, we created new formats for pet stores, materials stores, and more, advancing toward a diverse business structure unique to the Company.

These efforts embodied our earnest stance centered on national brands and created our history of faithfully translating customer feedback into real-world results, and the interplay of our stance and history gave way to our distinctive large-store model and specialty store expansion. The synergy from these elements highlights Joyful Honda's competitive advantages.



Providing social value

The 2011 Tohoku earthquake and tsunami was the moment when we sensed our role in society most keenly. Our Newport Hitachinaka Store suffered extensive interior damage, yet the very next day, so many customers seeking diapers, milk, and other daily necessities began arriving that long lines formed. Thanks to our employees who took it upon themselves to report to work, we were able to resume operations within ten days, starting with outdoor sales using portable generators. In that pivotal moment, we realized our responsibility as a part of everyday infrastructure in the community. Our customers continued to trust us and shop with us, laying the foundation for our corporate growth.

Beyond our response during emergencies, our commitment to resolving customers' problems during normal times shaped the Company's value. As a new employee, I learned a lot from our founder's earnest approach to responding to customer feedback. For example, he once opened the packaging for a pair of gloves right there on the floor to sell just one to a customer with full use of only one hand. Witnessing such innovative thinking and flexible solutions helped me internalize the commitment to resolving customers' problems. Since then, we have come up with countless ideas for solving small problems, such as shortening shovel handles to make them easier to use in tight spaces and developing tools for cleaning ponds.

Resolving customers' problems is not about major technological breakthroughs; it is the commitment to understanding everyday problems and responding earnestly. In emergencies, we support the community as a part of everyday infrastructure. In normal times, we steadily enhance daily life. No matter the circumstances, we will continue to fulfill our responsibility as a company that is always there for the local community.



Looking back on the previous medium-term management plan (fiscal years ended June 2023 to June 2025)

During the previous medium-term management plan, we faced changes in the external environment, including surging material costs and the expansion of the e-commerce market. For the fiscal year ended June 2025, our results fell short of quantitative targets—net sales were ¥128.9 billion against a target of ¥160.0 billion, EBITDA margin was 10.8% compared to the target of 11.5%, and ROE was 6.9% while the target was 9.5%.

These shortfalls were primarily due to delays in new store openings, which we acknowledge as a significant issue. Additionally, areas to improve in order to strengthen our management foundation became clear, such as delays in digitalization and the underperformance of stores operating under the new business model.

On the other hand, priority measures yielded some results. In terms of Securing Essential Items, we strengthened our disaster risk reduction and security product sections to accommodate changes in social circumstances. As for Making Proposals for a Better Life, employee ideas resulted in new offerings, namely disaster prevention supplies designed from a female perspective and disaster kits for pets. I never could have come up with these ideas, but they were very well received by customers. In terms of promoting open innovation, we experimented with new approaches like pop-up stores to sow seeds for future success. For becoming a partner in local community development, we held 82 events in the fiscal year ended June 2025, helping us acquire new customers and revitalize communities.

Accordingly, the clarity with which we can now see both our achievements and our issues is immensely informative for our next medium-term management plan. We take these lessons seriously and will use them to drive the next medium-term management plan.

The new medium-term management plan (fiscal years ending June 2026 to June 2028)

Under the new medium-term management plan (fiscal years ending June 2026 to June 2028), we set out three basic policies based on the achievements and issues of the previous plan: (1) Deepen existing businesses and explore and implement new initiatives, (2) Invest in intellectual capital, and (3) Continue ESG management. These three basic policies serve as our compass for sustainable growth and guide us in further developing the strengths we have cultivated since our founding while venturing into new growth areas.

To deepen existing businesses and explore and implement new initiatives, we intend to expand our revenue base by further strengthening the synergy between our

strengths—large stores and specialty stores—and forming dominant trade areas. Specifically, we will actively promote new specialty store openings and have plans to launch 20 to 30 stores operating under the new business model during the new medium-term management plan. Keeping existing home centers as our core, we will develop stores specializing in materials, pet goods, gardening supplies, remodeling, and more to meet customers' needs in each region.

We will also move forward with an analog-based digital strategy: the OMO^{*1} strategy. We will link our traditionally phone- and email-based reservation service with a smartphone app to create a seamless system covering everything from order placement to payment and pickup. We will provide services faster than online shopping to enable professionals to order materials at night and pick them up the next morning on their way to the job site. We will leverage these strengths distinct to physical stores as we promote the OMO strategy.

To invest in intellectual capital, we will advance initiatives in pursuit of both investing in people and creating culture. Human resources are our greatest asset. Accordingly, we will strengthen our training systems and data analysis functions to cultivate human resources with expertise. We will also foster a culture that respects diversity and promote career support for female employees and promote them to managerial positions; we have set a target to increase the percentage of managerial positions held by women to at least 7.0% by the fiscal year ending June 2028. Additionally, we aim to increase the positive evaluation rate in the Great Place to Work[®] (GPTW^{®*2}) survey from 42% in 2025 to at least 50% and will take steps to create workplaces where everyone can work in their preferred style. Through these initiatives, we will establish environments where employees can maximize their expertise and creativity, which will serve as the driving force for sustainable growth.

To continue ESG management, we will further enhance our efforts in the areas of Environment, Society, and Governance. I will provide details in the following section.

We will promote these three pillars in pursuit of net sales of ¥150–160 billion, EBITDA margin of 11.0% or higher, and ROE of 8.0% or higher by the fiscal year ending June 2028. The path ahead is by no means easy. However, I am confident that we can achieve our targets because we listen earnestly to customer feedback and continuously create new value on the front lines.

Continue ESG management

For the Company, sustainability is a major theme at the core of our management. Strengthening initiatives in the three areas of Environment, Society, and Governance will

*1 Online Merges with Offline (OMO): A method that integrates online and offline channels to provide a smooth experience for customers to buy products and services without being aware of the channel

*2 Great Place To Work[®] (GPTW[®]): An organization that conducts surveys on corporate employee satisfaction in roughly 170 countries and publishes certified companies and rankings



directly contribute to enhancing our corporate value over the long term and is also a contemporary endeavor to apply our CORE VALUE: “The joy of our customers is our joy.”

For Environment, we have taken steps to introduce renewable energy from an early stage. At our Chiba New Town Store, we installed solar panels in part of the parking area, achieving mega-level power generation impossible with panels on the roof alone. Looking ahead, we will expand our use of renewable energy by installing similar “solar

carports” at multiple stores. We will also purchase green power and introduce high-efficiency equipment with the aim of reducing greenhouse gas emissions by 70% compared to fiscal 2013 and achieving carbon neutrality by 2030, faster than any other company in the industry. Additionally, we are actively introducing sustainable products as part of our product-based environmental activities. We reached 3,199 sustainable products in 2025 and intend to continue expanding this number.

For Society, we are promoting initiatives based on the idea that a company cannot exist without the community. We collaborate with local governments, fire and police departments, the Japan Self-Defense Forces, and other organizations to conduct disaster risk reduction drills and host community events at individual stores. These activities not only maintain safety and security in the community but also create new touchpoints with customers. We will continue to work with local communities to create joy and dreams through our unique value offerings: Securing Essential Items and Making Proposals for a Better Life.

For Governance, we will continue to strive for highly transparent governance. We have established a structure in which three of our five Directors are External Directors in an effort to strengthen our management supervision capacity. At meetings of the Board of Directors, managers from the front lines join the management team in discussions, resulting in effective decision-making. Under this structure, we practice highly transparent management by rigorously ensuring accountability. Our ESG management initiatives were so highly regarded that we received an AA (Leader) rating in the 2025 MSCI ESG Ratings.^{*3}

Reducing environmental impact, co-creating with local communities, and highly transparent governance. We believe that earnestly building upon these three actions is the driving force for sustainable corporate value enhancement and the path to fulfilling our responsibility as a trustworthy company.

Message to stakeholders

Since our founding, everything we do at Joyful Honda has started with listening to customer feedback. To everyone reading this integrated report, I want to reiterate the values I hold dear and my commitment for the future.

First, to our customers. Our reason for existence is to realize your joy. We will continue to provide products and services you are happy to have in your daily lives and resolve your problems so that you can enjoy a better quality of life. Looking ahead, we will leverage digital technology while maintaining our focus on the customer experience at our physical stores to further enhance the reassurance you get from knowing that you will find solutions at Joyful Honda.

Next, to our investors. We are building a foundation on organic growth rooted in the community to achieve stable growth over the medium and long term. From this foundation, we will also pursue M&As to accelerate sustainable growth. We will enhance capital efficiency and sustain shareholder returns while creating value as a company fulfilling its responsibilities to society.

Now, to our local communities. The Company has always been rooted in its connections to local communities. We work alongside local governments and residents, striving to exceed expectations whenever they reach out to us. By surpassing each expectation, we aim to build trust as an indispensable presence in the community.

Finally, to our employees. As I see it, we cannot foster job satisfaction unless we have created comfortable workplaces. Relaxing rules on hairstyles and clothing to create environments where individuality is respected has actually led to higher customer satisfaction in some cases. When we accept each other’s differences and create places where everyone can work in their preferred style, job satisfaction naturally increases. We will continue to enhance our training and systems to support your growth and happiness.

Our journey cannot be encapsulated in a grand slogan. We will continue to stand on the front lines, listen intently to customer feedback, and resolve each and every problem. One by one, these solutions will build trust and fuel our growth. We will continue to take one step at a time, engaging with all stakeholders in earnest to achieve growth distinct to Joyful Honda.

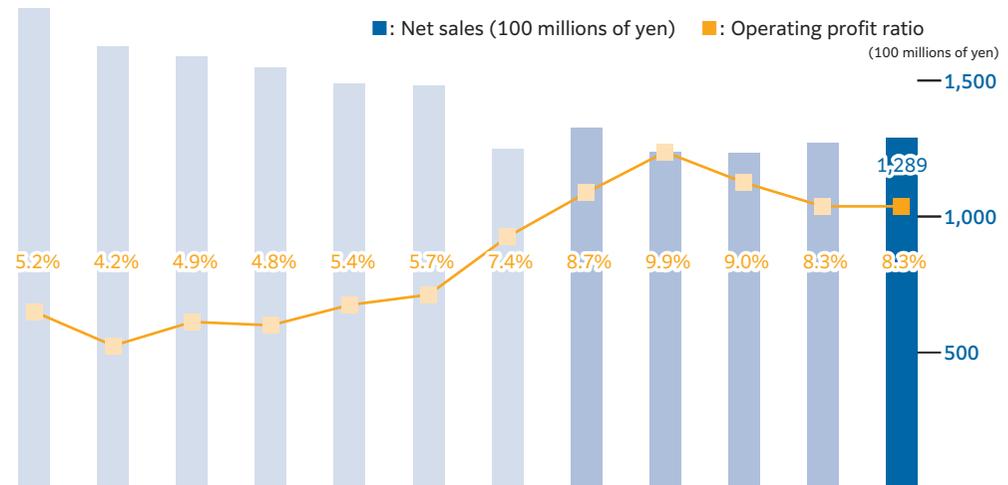
^{*3} MSCI ESG Ratings: A global index for evaluating ESG investment, provided by MSCI ESG Research LLC. Companies’ ESG performance is ranked on a 7-level scale—from AAA (the highest) to CCC (the lowest)—corresponding to industry-specific ESG risks and companies’ capacity to manage those risks in comparison to their competitors.

Growth trajectory

The joy of our customers is our joy

Since the Company's founding in 1975, the Company has developed a distinctive business model based on expanding its customer base and corporate base and ultra-large stores through top-down management by the owner. After being listed on the First Section (now the Prime Market) of the Tokyo Stock Exchange in 2014, we have developed hardware stores for business use and specialty stores as a foray into a new business model since 2018.

Since our founding, we have consistently upheld our CORE VALUE: "The joy of our customers is our joy." By focusing on the fundamental purpose of business—resolving our customers' problems and offering an extensive lineup of products—we will deliver joy to our customers while ensuring the sustainable growth of Joyful Honda.



Year	1975	1976	1977-1995	1998	2000-2011	2014	2018	2020	2022	2023	2025
Event	Joyful Honda Co., Ltd., established in Tsuchiura City, Ibaraki Prefecture	Arakawaoki Store opens as its first home center	Yachiyo Store, Koga Store, Satte Store, Ichihara Store, Kimitsu Store, Chiba Store, Moriya Store, and Tomosato Store open	Newport Hitachinaka Store, an ultra-large hardware store, opens as its 10th home center	Ultra-large stores: Nitta Store, Chiba New Town Store, Utsunomiya Store, Mizuho Store, and Chiyoda Store open	Lists on the First Section of the Tokyo Stock Exchange	Pet's CLOVER Higashiomiya Store, its first store specializing in sales of pet items, opens	Hondaya Chiba Miyakocho Store, its first hardware store for business use, opens	JOYHON Oyama Ekimae Store opens in Oyama City, Tochigi Prefecture	JOYHON Park Yoshioka Store opens in Yoshioka Town, Kitagunma District, Gunma Prefecture	
Phase	Expansion of "customer base and corporate base"			Establishment of the ultra-large store model and strengthening of governance			Taking on the challenge of a "new business model"				

Founding-1990s

- December 1975** Joyful Honda Co., Ltd., is established in Tsuchiura City, Ibaraki Prefecture, with the business objectives of sales of lifestyle goods and housing materials
- March 1976** Joyful Honda Arakawaoki Store opens as its first home center in Tsuchiura City, Ibaraki Prefecture
- March 1983** Smile Honda Co., Ltd. (now Reform Division), established in Tsuchiura City, Ibaraki Prefecture
- April 1985** Joyful Athletic Club Co., Ltd. (now MTJ FITNESS Corporation), established in Tsuchiura City, Ibaraki Prefecture
- September 1985** Honda Sangyo Co., Ltd., established in Tsuchiura City, Ibaraki Prefecture
- June 1995** Honda Sangyo Co., Ltd., opens THE GLOBE Mishuku Store in Setagaya, Tokyo

1990s-2010s

- March 1998** Joyful Honda Newport Hitachinaka Store opens in Hitachinaka City, Ibaraki Prefecture
- July 2006** Fashion Cruise shopping mall complex opens in the grounds of Joyful Honda Newport Hitachinaka Store
- March 2013** Joyful Shaken & Tire Center Co., Ltd. (now BACS Boots Co., Ltd.), opens in Inzai City, Chiba Prefecture (located in the grounds of Joyful Honda Chiba New Town Store)
- April 2014** Listed on the First Section (now the Prime Market) of the Tokyo Stock Exchange
- November 2017** Honda Sangyo Co., Ltd., opens THE GLOBE Tsukuba Store in Aeon Mall Tsukuba, a large commercial facility in Tsukuba City, Ibaraki Prefecture

2010s-present

- March 2018** Hondaya Chiba Miyakocho Store opens (first hardware store for business use) in Chuo Ward, Chiba City, Chiba Prefecture
- March 2018** Pet's CLOVER Higashiomiya Store opens as its first store specializing in sales of pet items in Minuma Ward, Saitama City, Saitama Prefecture
- February 2020** Entered contract with Idemitsu Kosan Co., Ltd., to transfer self-service gasoline station and kerosene-filling stand businesses
- March 2020** Joyful Honda Reform Co., Ltd. (now Reform Division), and Honda Sangyo Co., Ltd., are absorbed; Joyful Athletic Club Co., Ltd. (now MTJ FITNESS Corporation), and Joyful Shaken & Tire Center Co., Ltd. (now BACS Boots Co., Ltd.), are made non-consolidated subsidiaries
- March 2021** Transferred some shares of Joyful Athletic Club Co., Ltd., to Gold's Gym fitness center operator THINK FITNESS Corporation
- April 2021** Transferred a 100% stake in Joyful Shaken & Tire Center Co., Ltd. (now BACS Boots Co., Ltd.), to AUTOBACS SEVEN Co., Ltd.
- April 2022** JOYHON Oyama Ekimae Store opens in Oyama City, Tochigi Prefecture
- April 2023** JOYHON Park Yoshioka Store opens in Yoshioka Town, Kitagunma District, Gunma Prefecture
- June 2025** Joyful Honda Shizaikan Isesaki Nirazukamachi Store opens as its first materials store in Isesaki City, Gunma Prefecture

JOYFUL History

Expansion of “customer base and corporate base” (Founding–1990s)

The birth of Joyful Honda

Joyful Honda founder Shoya Honda was born in Ogawa Town (now part of Omitama City), Higashiibaraki District, in Ibaraki Prefecture. His family ran Honda Lumber Store, a lumber merchant hailed as the best in the northern Kanto region, and Shoya was involved in its management as an executive director. On a trip to North America to purchase lumber, Shoya encountered the rapidly growing culture of home improvement stores. By then, the ubiquity of car ownership in the USA had made suburban stores central to daily life. Many families would visit such stores on weekends to buy products to make their homes more comfortable. Also at that time, lumberyards were converting their warehouses into home improvement stores, stocking them with hardware and DIY tools and watching the items fly off the shelves.

Witnessing this firsthand, Shoya became convinced that as Japanese people shifted their focus from clothing and food to housing, enhancing living environments was key to improving quality of life. From then, he set his sights on what would come to be known in Japan as “home centers.” After learning how to manage a store, he set out on his own in 1975 on land he had inherited from his father in Tsuchiura City, Ibaraki Prefecture. This marked the beginning of Joyful Honda.

The name Shoya chose when founding the company, “Joyful Honda,” is imbued with his fervent wish to create a company brimming with smiles from customers and employees. To avoid competing with his family’s lumber store, he founded his business on the concept of offering an extensive lineup of products and proposing new value for homes and lifestyles.



Founder: Shoya Honda

Using customer feedback to create better stores

After opening its first store in Arakawaaki in 1976, Joyful Honda rapidly expanded primarily along main roads in suburban Kanto, opening stores in Yachiyo, Koga, Satte, Ichihara, Kimitsu, and Chiba. While competitors at the time carried only 10,000 to 20,000 items, Joyful Honda achieved an impressive lineup of over 60,000 products per store by 1987. By surpassing others both in scale and variety, its presence had become unmatched.

This growth was underpinned by the belief that selection is more important than efficiency. While competitors focused on standardization and efficiency, Joyful Honda rigorously adhered to its policy of valuing customer feedback above all and ensuring that whatever they needed was always in stock. Its vast selection of merchandise spanned everything from consumables to DIY and hobby supplies. Its customer base expanded rapidly as people came to expect that a trip to Joyful Honda meant finding whatever they needed and discovering something new.

Establishing a corporate base

During this period, we also expanded our business domains, establishing a reform business in 1983, fitness clubs in 1985, and an affiliated company handling interior work in 1987. We built a multifaceted system that stretched beyond retail to support people’s homes and lifestyles. This enabled Joyful Honda to evolve beyond a home center into a company that provides comprehensive support for people’s homes and lifestyles. This diversified business foundation lay the solid groundwork that would support the later success of ultra-large stores.



Joyful Honda Arakawaaki Store, which opened in 1976

Establishment of the ultra-large store model and strengthening of governance (1990s–2010s)

Establishment of the ultra-large store format

The 1991 amendment of the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment made it possible to construct large commercial facilities. Seizing this opportunity, Joyful Honda embarked on the challenge of creating ultra-large stores that surpassed its existing store model. When we opened our Newport Hitachinaka Store in 1998, it featured an area equivalent to roughly 35 football fields, attracting significant attention as one of Japan's largest home centers.

The store presented a massive lineup of products under one roof, from daily necessities to construction materials, gardening supplies, and pet goods. For general consumers, it was a convenient place to do everything from everyday shopping to home renovations. For professionals, it simplified shopping by enabling them to procure all the materials and tools they needed for their work. This one-stop shopping experience—where customers can resolve all their problems with a single visit—created new value for customers that was previously unavailable in retail spaces.

The brand image of Joyful Honda as synonymous with large stores instantly took hold, and our trade area expanded far beyond the region. Customers traveled from afar, and on weekends and holidays, many would bring their whole families to spend the entire day at Joyful Honda. We opened a series of ultra-large stores in Nitta, Chiba New Town, Utsunomiya, Mizuho, and Chiyoda, offering not only size, but also the value of an enjoyable shopping experience, which further differentiated us from our competitors.

The passing of our founder and the Company's listing on the stock exchange

In the 2000s, we strengthened our operational structure by incorporating related businesses as subsidiaries and reorganizing within the Group. The passing of our founder, Shoya Honda, in 2013 marked a significant turning point for the Company. While exploring business succession avenues, a fund became the largest shareholder, participating in management and taking the helm of corporate leadership.

Following these developments, the company was listed on the First Section (now the Prime Market) of the Tokyo Stock Exchange in April 2014. This achievement substantially enhanced management transparency and established systems to earn trust among stakeholders. Later, the Company bought back shares from the fund and began full-fledged independent management.

This process strengthened our governance and further elevated management transparency. We enhanced our relationships with investors, local communities, and a broad range of other stakeholders, and built an unshakable business model on the twin pillars of our ultra-large store format and transparent management structure.

With a site area equivalent to roughly **35** football fields, it boasts the largest scale of any home center in Japan.

Annual number of customer visits is approx. **30** million

* Total number of customers (number of people passing through cash registers) at 23 stores

Net sales per store: **¥7.3** billion

* Performance in FY2024 for 17 home centers, excluding specialty stores



Arakawaoki Store (first store)



Utsunomiya Store



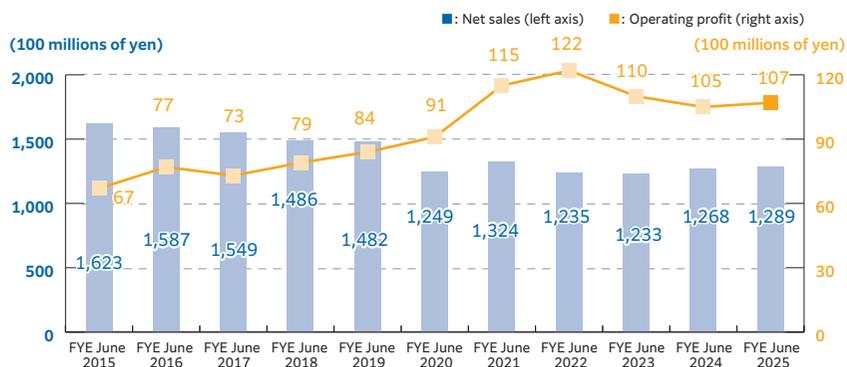
Newport Hitachinaka Store

Taking on the challenge of a “new business model” (2010s–present)

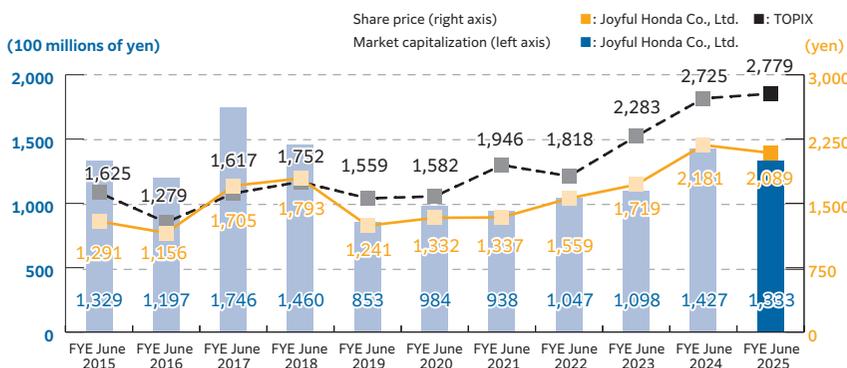
Record-high profits

In the late 2010s, our performance stagnated temporarily due to the pullback of one-time demand for earthquake reconstruction and the contraction in fuel sales. To overcome these circumstances, we launched a series of structural reforms in 2018. We strengthened our earnings structure by improving operations, reducing overhead, reorganizing businesses, transferring our gasoline and kerosene operations, and more. As a result, in the fiscal year ended June 2021, we recorded an operating profit of ¥11.5 billion on net sales of ¥132.4 billion, achieving record-high profits for the first time in nine years. It went beyond a mere recovery in performance; it was a major turning point that strengthened our management foundation for sustainable growth.

Net sales and operating profit



Market capitalization, share price, and TOPIX



Rising to the challenges of stand-alone stores and a new business model

Concurrently, we accelerated our development of specialized formats to build new pillars of growth. In 2018, we launched Pet's CLOVER pet specialty stores and the first Hondaya hardware store for business use. Both leveraged the expertise we cultivated in our home center business, offering new solutions to accommodate diversifying lifestyles. Specifically, for Hondaya, we have expanded to five stores as of June 2025, steadily establishing a distinctive store format.

Our efforts on these new business models provide value people can only get at Joyful Honda, further differentiating us from our competitors. In 2023, we opened JOYHON Park Yoshioka, our first ultra-large store in 12 years. Located in Yoshioka Town, Gunma Prefecture, the facility is a one-stop shopping park combining commerce and entertainment, with more than 40 tenants aside from the home center. The new store format, which integrates shopping with recreation and experiences, represents an evolution of the conventional large-store model.

It embodies our founder's vision: "Continuing to create stores where discoveries are always waiting." This spirit remains alive in our organizational culture and has driven our ongoing innovation and pioneering. Our forays into new business models and opening of the store in Yoshioka can be interpreted as contemporary embodiments of this spirit.



Message

Vision dating back to our founding

Founding spirit and origins

Our founder, Shoya Honda—my father—launched Joyful Honda driven by a strong sense of urgency in anticipation of changing times. The second son of a lumber merchant, he experienced business expansion alongside the postwar surge in housing demand. Yet he believed conventional retail businesses—selling lumber, bicycles, fresh fish, and the like—would be replaced by new business models as the times changed. He sought to go beyond extending the lumberyard business and pioneer a completely new business model.

The turning point came when he encountered home improvement stores in North America. While lumber merchants traditionally operated primarily on credit and delivered merchandise themselves, home improvement stores used a simpler, more efficient system: customers brought cash and carried the goods home themselves. He saw sellers resisting the temptation to offer discounts, and customers actively enjoying the shopping experience, and this convinced him that the “home center” format would surely take root in Japan, too.

Thus, in 1975, Joyful Honda took its first steps. My father’s guiding principle was to transform the act of shopping into an experience to enjoy. He wanted customers to go beyond buying necessities to make new discoveries and experience surprises while walking through the store. His goal was to provide a place where shopping could be a form of leisure. The “Joyful” in our company name embodies this sentiment.

My father was also fond of reminding employees that if a customer went to the trouble to go to a store but failed to find what they wanted, the store may as well not exist. He required every employee to take note of customer feedback and replenish out-of-stock items by the next day. If a wholesaler didn’t have an item in stock, they would buy it from somewhere else to make sure it was on the shelves. This level of rigor resulted in strong customer loyalty.

He also stressed that proper customer service went beyond placing products on shelves; it involved suggesting alternatives and new ways to use items. If a customer couldn’t find what they were looking for, we would guide them to another product while proposing new methods of use, thereby resolving their problems. We have done these small things enough times to build strength as a store capable of proposing solutions.



Masaru Honda
Director & Counselor

The founder's spirit revealed in stories

The founder's spirit is most evident in specific decisions and initiatives on the front lines. The countless stories of these decisions and initiatives taught me the lengths to which one can go to put the customer first.

One example is the story of selling screws and nails individually. While it is generally more efficient to sell several screws and nails at a time in bags, my father held true to his ideal that customers should be able to buy the exact number they need. He consistently prioritized resolving our customers' problems, even at the one-time cost of efficiency. His stance engendered trust and satisfaction among customers, consequently driving sales growth. This approach of valuing trust over efficiency remains in the Company's DNA today.

My father also boldly challenged industry norms. Back then, rules were many and restrictive; for example, wholesaling to large stores was prohibited, and sellers were not allowed to offer discounts or otherwise deviate from listed prices. My father rejected these rules as being against the customers' best interests, and routinely broke them, at times even preparing for confrontation. Although manufacturers would sometimes staunchly oppose his discounts on stationery or popular beverages, he held firm in his conviction to deliver quality products to customers in the right quantities at fair prices.

These stories demonstrate how true customer value often lies precisely where companies tend to make cuts in the name of streamlining and efficiency. In my view, the Company's strengths are built on our constant focus on this customer-first perspective.

My role and perspective as Counselor

My role as Director & Counselor is, first and foremost, to continuously observe stores from the customers' perspective. This goes beyond speaking directly with store managers and employees; I also walk through each store as if I were an actual customer, pointing out things I see right then or circling back to request improvements later. As I see it, doing this over and over has helped preserve the founder's spirit and engendered greater trust and satisfaction among customers.

When touring stores, I pay particular attention to the state of customer service. When a customer asks about a product, the easiest thing to do is point them in the right direction, but that is neither kind to the customer, nor does it lead to true satisfaction. Joyful Honda store employees walk with the customer to the location of the product and engage in conversation along the way, seeking to understand why they are making their purchase and what they hope to accomplish. This allows us to suggest alternatives or facilitate new discoveries, even if the specific item the customer seeks is not available. It also results in customers remembering employees' faces and deciding to visit our stores again—at no other time does our front-line employees' value shine brighter.

Conflicts sometimes arise between efficiency and our customer-first approach. However, ensuring customer satisfaction should be the aim of everything we do. Maintaining our unwavering commitment to customer satisfaction is our founding principle, and I see it as my role to fulfill as Director & Counselor.

Message for the future

In preserving the founder's spirit into the future, the most important thing to me is to avoid imposing it on employees. We need the younger generation to understand what our founder was thinking when he founded the company and his mindset when building our businesses and then think for themselves and take action. My role is to continue conveying our history and vision, and I am satisfied as long as employees are glad they do what they do.

The most crucial element to employee satisfaction remains our steadfast commitment to the customer-first perspective. Customer feedback—even when it is unpleasant to hear—is what allows the Company to grow and shapes our competitive advantages. Meeting all expectations is no easy task, but continuously striving to get closer to 100% is our mission. These efforts sometimes yield results that exceed customer expectations, which increases regular customers and die-hard fans.

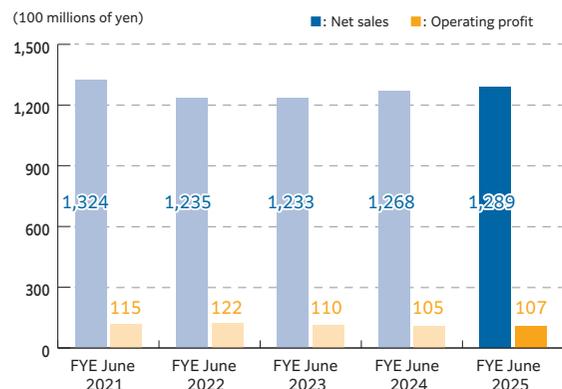
I also want our employees to treasure each and every customer interaction. Building relationships where customers remember our faces and names creates value that no amount of advertising or efficiency measures can replace. The same applies to the trust we have built with local residents and business partners. Our reason for existence is to always be a company that brings joy to our customers and society.

In closing, I want to express my sincere gratitude once again to everyone reading this integrated report. Joyful Honda will cherish our founder's spirit as we continue to pioneer without fear of change. We aspire to continue being a company that is always there for our customers, communities, and employees as we forge a path to the future together.



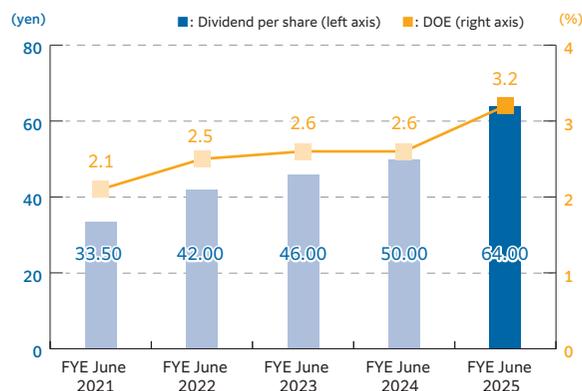
At a glance

Net sales and operating profit



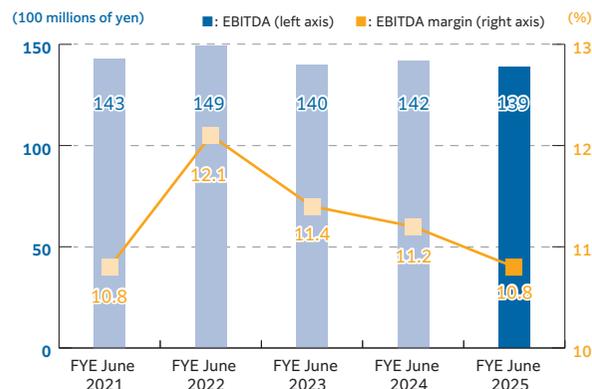
In addition to investing in people and strengthening digital strategies and existing stores, we devoted energy to establishing a system for new store openings. As a result, in the fiscal year ended June 2025, we recorded net sales of ¥128,980 million and operating profit of ¥10,748 million.

Dividend per share & DOE



In the fiscal year ended June 2025, the dividend per share was ¥64, including an interim dividend of ¥32 (which includes a ¥5 dividend to commemorate the 50th anniversary of our founding). DOE was 3.2%.

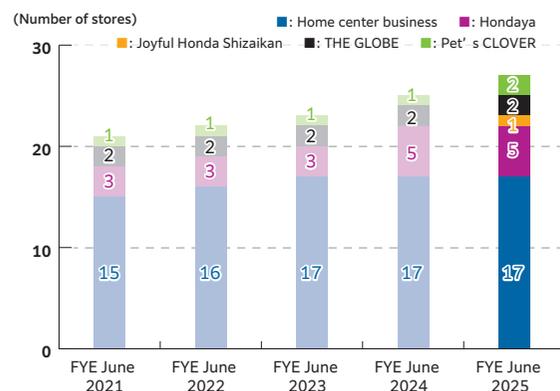
EBITDA & EBITDA margin



EBITDA has held steady around the ¥14,000 million mark in recent years. EBITDA margin is consistently around 11%. In the fiscal year ended June 2025, the respective figures were ¥13,900 million and 10.8%. While continuing to invest in digital strategies, existing stores, and new store openings, we used our mix & match* policy to maintain a high profit margin and achieve a proper balance between investments and returns.

* A sales method that offers discounts for a certain number of purchases among a group of specific products

Number of stores



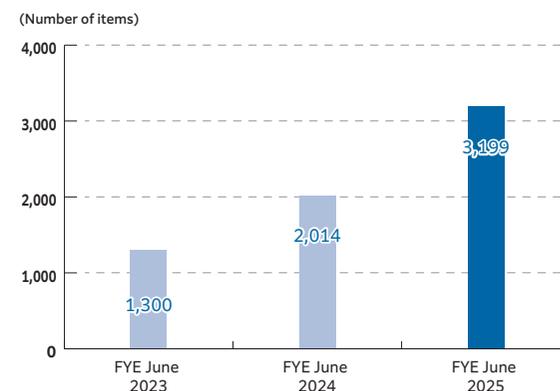
In June 2025, we opened the Pet's CLOVER Isesaki Tanakajimamachi Store and the Joyful Honda Shizaikan Isesaki Nirazukamachi Store in Isesaki City, Gunma Prefecture to bring our total number of stores to 27.

ROE



ROE is greatly influenced by a corporation's growth strategies, M&As, share repurchasing, and other elements of its capital policy. We aim for an ROE of 8.0% or higher through steady growth and control over equity capital.

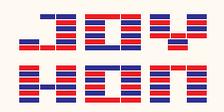
Sustainable products offered



We are increasing the number of sustainable products we offer as part of our product-based environmental activities. As of 2025, we handle 3,199 sustainable items, a 370% increase from 2022.

Main business activities

List of business models

Classification	Home centers			Stand-alone specialty stores				
	Name	JOYFUL HONDA	JOYHON	Joyful Honda Reform	Hondaya	Joyful Honda Shizaikan	THE GLOBE	Pet's CLOVER
Concept	General center for housing and lifestyle				A specialty store for professional users based on the concept of an artisan shop	A new style of materials provider in the image of Hondaya hardware stores for business use	Proposing a lifestyle with European antiques	Shop for meeting pets' needs at all stages of life
Brand logo								
Main business activities	<ul style="list-style-type: none"> Home center and home renovation businesses that offer an extensive product lineup and low prices to a broad customer base, from general consumers to professionals 				<ul style="list-style-type: none"> Sales of high-performance tools and work clothes 	<ul style="list-style-type: none"> Sales of high-performance tools and work clothes, building and housing materials, and more 	<ul style="list-style-type: none"> Sales of antique furniture and miscellaneous goods Online shop 	<ul style="list-style-type: none"> Sales of pet goods Trimming Pet hotel Animal hospital
Major fields	Housing/Lifestyle		Housing	Housing	Housing	Housing	Lifestyle	
Product groups	All	All	Reform	Materials & Professional-Use Items	Materials & Professional-Use Items	Interior & Living	Pet & Leisure	
Number of stores	15	2	16	6	1	2	3	
Stores	<ul style="list-style-type: none"> Ibaraki Prefecture: 4 stores (1 ultra-large store, 2 large stores, 1 medium store) Tochigi Prefecture: 1 store (1 ultra-large store) Gunma Prefecture: 2 stores (2 ultra-large stores) Saitama Prefecture: 1 store (1 ultra-large store) Chiba Prefecture: 6 stores (1 ultra-large store, 1 large store, 4 medium stores) Tokyo: 1 store (1 ultra-large store) 	<ul style="list-style-type: none"> Tochigi Prefecture: 1 store* Gunma Prefecture: 1 store <p>* The JOYHON Oyama Ekimae Store (Tochigi Prefecture) offers Daily Goods, Interior & Living, Pet Goods, and Materials & Professional-Use Items.</p>	<ul style="list-style-type: none"> Ibaraki Prefecture: 4 stores Tochigi Prefecture: 1 store Gunma Prefecture: 3 stores Saitama Prefecture: 1 store Chiba Prefecture: 6 stores Tokyo: 1 store 	<ul style="list-style-type: none"> Tochigi Prefecture: 1 store Saitama Prefecture: 1 store Chiba Prefecture: 3 stores Tokyo: 1 store 	<ul style="list-style-type: none"> Gunma Prefecture: 1 store 	<ul style="list-style-type: none"> Ibaraki Prefecture: 1 store Tokyo: 1 store 	<ul style="list-style-type: none"> Gunma Prefecture: 1 store Saitama Prefecture: 1 store Chiba Prefecture: 1 store 	

➢1 other commercial facility: Fashion Cruise at Newport Hitachinaka Store (large shopping complex)

As of September 30, 2025

Definitions of major fields

Our business is divided into two major fields: Housing and Lifestyle.

These fields are further broken down into seven product groups (Materials & Professional-Use Items, Interior & Living, Garden & Farm, Reform, Daily Goods, Pet & Leisure, and Other), forming a business foundation serving a broad range of lifestyle needs.

Strengths

Extensive product lineup

Product lineup only available at large stores

We leverage an extensive product lineup only available at large stores to accommodate the needs of different eras and communities. We use our expansive sales floor space to cover a broad range from everyday essentials to professional-grade supplies, spanning everything from mass-market to niche areas. This builds trust among customers, who come to know that they will always find what they need at Joyful Honda.

Additionally, our substantial inventory allows us to consistently accommodate seasonal fluctuations and sudden spikes in demand—yet another significant strength of the Company.

Procurement based on solid trust with manufacturers

Through close collaboration with manufacturers, we have established distinctive sourcing channels, offering exclusive products and jointly developed items. We also proactively support manufacturers' development activities by anticipating future market trends and envisioning promising products together.

These efforts allow us to provide customers with sales floors featuring new items that anticipate their needs, differentiating us from competitors.

Product targeting based on close collaboration with the front lines

Our supervisors work closely with store employees who interact directly with customers, incorporating insights from the front lines to make more targeted product selections. This reality-driven sourcing that reflects actual customer needs helps us to make our sales floors more appealing and maintain a product lineup that is consistently fresh and attuned to trends. This cycle underpins our competitiveness rooted in feedback from the front lines.



Ability to propose solutions

Highly specialized customer service

Our strength lies in the fact that we go beyond providing products to ascertain our customers' issues and propose optimal solutions. Our customers expect our employees to demonstrate high levels of expertise, and our employees actively acquire knowledge beyond their assigned areas by serving professionals and other experts among our customers. These experiences help them cultivate broad product knowledge and the ability to respond flexibly, enabling us to deliver smoother, more targeted shopping experiences.



Trend-forward sales floor designs

Another key strength is our ability to design sales floors that are on point with trends. By creating experimental, light-hearted sales spaces that anticipate customer needs, we uncover new demand. We constantly restructure our sales floors to align with seasonal themes and what people are interested in at that moment in time, offering new discoveries and experiences to customers. This flexible thinking and swift execution underpin our competitiveness even in rapidly changing market conditions.



Retro electric decorative signs



"American imports" corner



A lineup of products to meet the needs of elderly people

Human resource capacity

Substantial employee training

We champion the transfer of knowledge and skills between employees to pass real-world expertise and sales skills to the next generation. Beyond everyday OJT, we have systems in place to facilitate the sharing of expertise from each department, elevating insights gained on the front lines into organizational strengths. We also implement internal study sessions and other initiatives in an effort to impart product knowledge and enhance our ability to propose solutions. We use these ongoing learning opportunities to train each employee to be an authority in their field, building a system capable of proposing optimal products and services to our customers.

→ [Training system, P39](#)

Establishing comfortable work environments

We also devote energy to creating environments where employees can work with peace of mind for the long term. We boost employee motivation and engagement with better benefits and work environment improvements. Specifically, we are taking steps to develop systems that accommodate different work styles and life stages while making efforts to establish workplaces that reflect feedback from the front lines. These initiatives underpin the motivation and growth of each employee and ultimately improve the quality of services for our customers.

→ [Establishing comfortable work environment, P39](#)



Topics

Introducing self-checkouts

To streamline store operations and improve productivity, we are actively promoting the introduction of fully automated self-checkout stations as one of our digital strategies. Self-checkouts make things more convenient for customers and allow employees to focus on sales, enabling them to concentrate on customer service, store layouts, and other higher-value tasks.

Leveraging online shopping

To provide seamless shopping experiences spanning both online and offline channels and improve convenience for customers, we are expanding our online touchpoints with customers. Our order-and-pickup service allows customers to order a wide range of products, from professional-grade construction materials to lumber, gardening supplies, pet goods, outdoor gear, and business supplies, enhancing convenience for customers and improving their willingness to spend. Looking ahead, we will advance the OMO strategy* to create new value for customers by integrating real-world and digital shopping experiences.

* Online Merges with Offline (OMO): A method that integrates online and offline channels to provide a smooth experience for customers to buy products and services without being aware of the channel

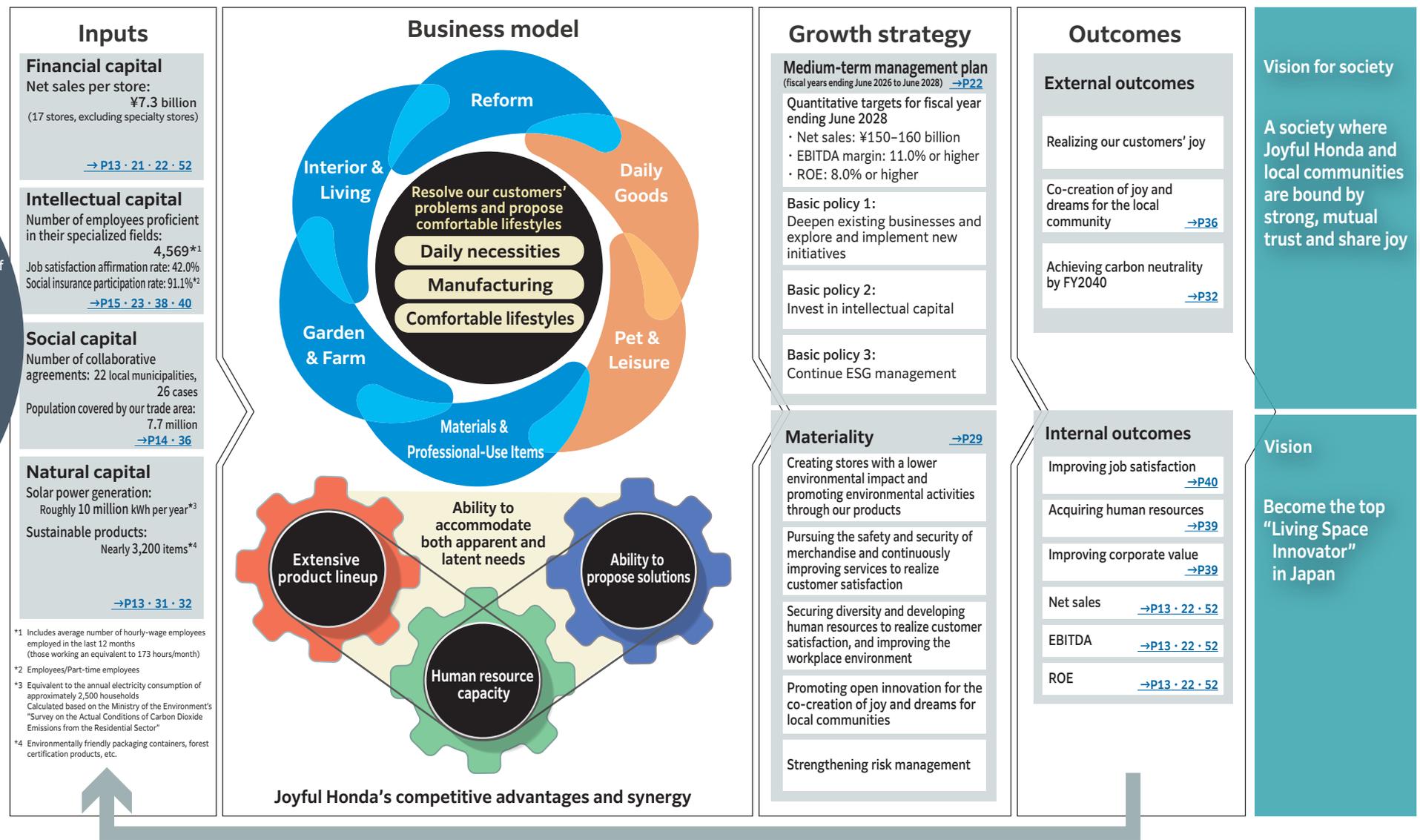


Value creation process

Our journey together with local communities has always been rooted in our founder’s spirit: “The joy of our customers is our joy.” Under our new medium-term management plan, we will both enhance our corporate value and create social value by resolving our customers’ problems and helping them live more prosperous lives, centered on our mission of Securing Essential Items and Making Proposals for a Better Life.

This page provides an overview of our value creation and demonstrates how our strengths interconnect to produce results.

CORE VALUE
The thoughts of the founder
“The joy of our customers is our joy”



Mission: Co-create the Joy and Dreams of Communities by “Securing Essential Items” and “Making Proposals for a Better Life”

Business model

We use the formidable scale of our large stores and community-focused sales floor operations to provide a wide array of products and services that support people's living and lifestyles.

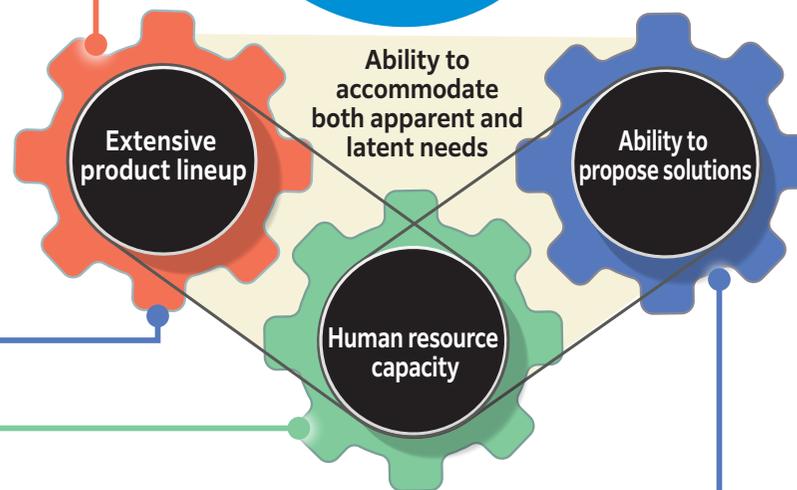
Our greatest strength is our ability to address all of our customers' daily challenges, leveraging our vast sales floor area; our large specialty stores offer everything from materials and professional-use supplies to daily necessities, gardening supplies, pet goods, and home renovation materials.

Our employees use everything at their disposal—their familiarity with the merchandise and sales floors, and their expert knowledge and skills—to provide solution-oriented customer service and create sales floors that allow us to provide daily necessities that underpin prosperous lifestyles. This resolves our customers' problems and helps them realize comfortable lifestyles.

With this business foundation, we create sustainable demand rooted in local communities and enhance our corporate value centered on the joy of our customers.



*1 SKU: An abbreviation for stock keeping unit, the smallest unit of inventory management. Fiscal year ended June 2025
 *2 Fiscal year ended June 2025
 *3 The GPTW® Survey conducted by Great Place To Work® Institute Japan was adopted as an employee satisfaction survey. GPTW® is an organization that conducts surveys about job satisfaction at corporations in roughly 170 countries and publishes rankings and lists of certified companies.
 *4 Ranked No. 1 in the home center category in the Nikkei Business magazine's special feature "NPS Ranking 2025: 10,000 People's Favorite Brands" based on the results of a December 2024 online survey of 10,335 men and women aged 20–69



Joyful Honda's competitive advantages and synergy

External environment

The environment surrounding the Company

The business environment surrounding the Company is changing substantially as social structures and consumer behaviors shift, raw material prices surge, and digitalization advances, among other developments. These changes represent risks in business operations, yet also present opportunities to create new value. By accurately assessing the external environment and flexibly responding to changes in demographics and market trends, we will strive for sustainable growth that is rooted in local communities.

Population decline

For the past several years, smaller municipalities have experienced higher rates of population decline.^{*1}

Depopulation carries risks, namely a shrinking customer base and changes in demand patterns in our trade areas. To address these risks, we will closely monitor changes in each trade area and enhance the appeal of existing stores, while also taking steps to create sustainable, locally rooted demand by developing new business models and services tailored to local characteristics.

Surging material prices

Prices for construction materials remain high, with rising raw material costs and logistics expenses significantly impacting corporate operations.^{*2,3} Surging material prices carry risks, namely increasing the expense of opening new stores and business involving renovations and construction. To address these risks, we will promote streamlining by strengthening our sourcing system and reconfiguring sales floor designs, while also taking steps to secure stable profits through highly specialized proposals centered on our materials stores.



Penetration of e-commerce

The domestic consumer e-commerce market expanded to roughly ¥26.1 trillion in 2024 (a 5.1% increase from the previous year) and the e-commerce penetration rate in the physical goods sector reached 9.8%.^{*4} While the penetration of e-commerce represents a risk to conventional store sales, it also presents opportunities to create new customer touchpoints by integrating online and offline channels. To address these risks, we will strengthen our official e-commerce presence in addition to taking steps to enhance convenience and create reasons for customers to visit our stores by integrating physical stores and digital channels under our OMO strategy, the analog-based digital strategy outlined in our new medium-term management plan.

Growth of the professional market

The professional market for construction and specialist contractors continues to grow steadily, driven by streamlining and expanding demand for highly specialized products. We view this trend as a new opportunity to expand profits. Through efforts including the shop-in-shop concept at Hondaya and other stores and opening new materials stores, we will strengthen our support for professionals among our customers, using both expertise and convenience to enhance their loyalty.

Reevaluating rural living

The spread of regional revitalization and diversification of lifestyles is encouraging more people to reevaluate the appeals and value of life outside the big cities. We view this as an opportunity to grow alongside our communities and will further promote corporate activities rooted in local communities through collaborative events with local governments and businesses, expanding our disaster risk reduction and crime prevention products, and more.



^{*1} Data book on demographics, Ministry of Land, Infrastructure, Transport and Tourism
<https://www.mlit.go.jp/policy/shingikai/content/001767216.pdf>

^{*2} Published materials substantiating increases in the cost of labor, raw materials, and energy (examples), The Small and Medium Enterprise Agency
<https://www.chusho.meti.go.jp/keiei/torihiki/gyoukai/konkyo.html>

^{*3} Construction material price index, Construction Research Institute
https://www.kensetu-bukka.or.jp/business/so-ken/shisu/shisu_shizai/

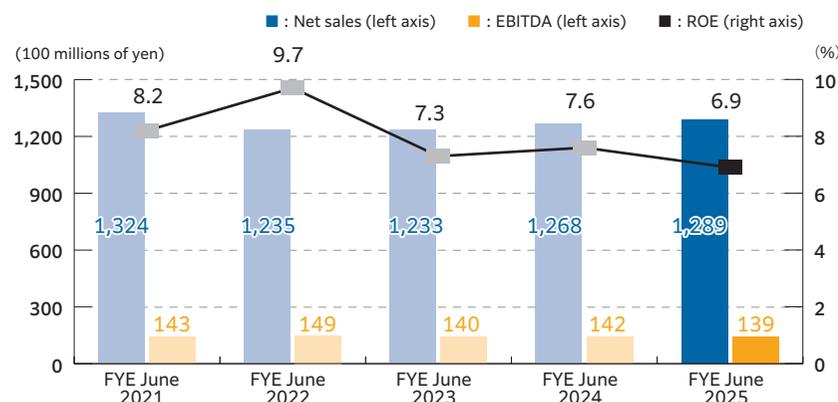
^{*4} 2024 project to establish a digital trade environment (e-commerce market survey), Ministry of Economy, Trade and Industry
https://www.meti.go.jp/english/press/2025/0826_003.html

Looking back on the previous medium-term management plan (fiscal years ended June 2023 to June 2025)

Overall assessment

Performance on quantitative targets

	FYE June 2025 target (initial)	Result	Difference
Net sales	Over ¥160 billion	¥128.9 billion	-¥31.1 billion
EBITDA	Over ¥18 billion Margin: 11.5%	¥13.9 billion Margin: 10.8%	-¥4.1 billion -0.7% points
ROE	9.5%	6.9%	-2.6% points



Influential factors for quantitative targets

Our level of achievement of quantitative targets during the previous medium-term management plan was influenced by both positive and negative factors. Positive factors included achieving first place in the home center category in the Nikkei Business magazine's special feature, "NPS¹ Ranking 2025: 10,000 People's Favorite Brands" (February 24, 2025, issue), more positive ratings in the GPTW² survey, and enhanced specialized product offerings through the expansion of hardware stores for business use.

Negative factors included revising plans for store openings due to poor performance at the Oyama Ekimae Store, delays in profit growth at the JOYHON Yoshioka Store, delays in digital marketing and in-house app development, and an insufficient M&A promotion system.

*1 NPS: Net Promoter Score, an indicator measuring customer loyalty based on whether they would recommend a company or brand to others, as opposed to customer satisfaction

*2 Great Place To Work® (GPTW®): An organization that conducts surveys on corporate employee satisfaction in roughly 170 countries and publishes certified companies and rankings

Priority measure 1: Action for Securing Essential Items

Overview

- Acquiring repeat customers across generations by realizing ultimate one-stop shopping
- Continuous improvement of customer satisfaction (CS) and employee satisfaction (ES)
- New ID-POS development, MD/DC system construction, streamlined and smarter operations

Positives

- Ranked No. 1 in the home center category in the Nikkei Business magazine's special feature, "NPS Ranking 2025: 10,000 People's Favorite Brands"
- Improved GPTW[®] Survey score (from 30% positive ratings in FYE June 2023 to 42% in FYE June 2025)

Challenges

- Disappointing profits at Oyama Ekimae Store/JOYHON Yoshioka Store

Priority measure 2: Action for Making Proposals for a Better Life

Overview

- Evolution into a one-and-only multipurpose and multi-functional select store
- Supporting a broad range of customers with category upgrades and a keen eye
- Using store openings, e-commerce, advertising, media, and more to diversify and expand customer touchpoints

Positives

- Enhancement of specialized products with the expansion of Pro Shops

Challenges

- Miscalculation of sales of character merchandise
- Delays in digital marketing and app development

Priority measure 3: Promotion of open innovation

Overview

- Promoting industry-academia collaboration and local community revitalization with national and local governments, academic institutions, and local businesses
- Exploring M&As, business transfers, and business alliances in anticipation of industry consolidation

Positives

- Hosted 82 regional collaborative events involving the government (FYE June 2025)

Challenges

- Delays in progress due to insufficient M&A promotion system

Priority measure 4: Actions to become a corporate partner in local community development

Overview

- Promoting local carbon neutrality by formulating a GX plan, introducing green energy, and using rooftop solar power generation and storage batteries
- Introducing sustainable products and strengthening disaster risk reduction system

Positives

- Reduced greenhouse gas emissions by 57.6% from 2013 levels
- Enhanced disaster risk reduction supplies and concluded disaster risk reduction agreements (21 local municipalities, 1 business operator)
- Introduced 3,199 sustainable products (4.7 times the number in FYE June 2022)

Challenges

- Continuing to strengthen GX promotion

Performance of our main businesses

Summary

During the previous medium-term management plan period, the economic outlook remained uncertain due to rising commodity prices associated with higher raw material and logistics costs driven by prolonged global political instability, as well as longer summers and winters and frequent heavy rains, typhoons, and other disasters caused by global warming.

Amid these challenging circumstances, both net sales and gross profit remained steady. Sales trends by product group are as follows.

Living fields

○Materials & Professional-Use Items



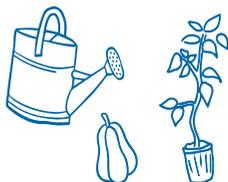
We have expanded our product lineup for the construction industry and strategically strengthened our professional-grade products. By opening new Hondaya stores and other hardware stores for business use and promoting the shop-in-shop concept, we have successfully met diverse customer needs, resulting in strong performance. This product group is highly profitable and drives revenue in the Living fields.

○Interior & Living



A group with many seasonal items that sell better or worse depending on the weather and temperature. Although warmer winters and other factors have resulted in slower ramp-ups into new seasons for seasonal items, the intense heat of summer has driven up sales of products for beating the heat, summer appliances, and the like.

○Garden & Farm



Like Interior & Living, this group has many seasonal items. Although demand increased in the wake of the COVID-19 pandemic, the intense heat has dampened interest in gardening and other outdoor activities, causing flower and vegetable seedlings and related categories to struggle.

○Reform



Although orders are on the decline due to factors such as rising construction costs, sales of energy-saving plumbing products, insulated interior windows, and solar power systems grew thanks to government subsidies.

Lifestyle fields

○Daily Goods



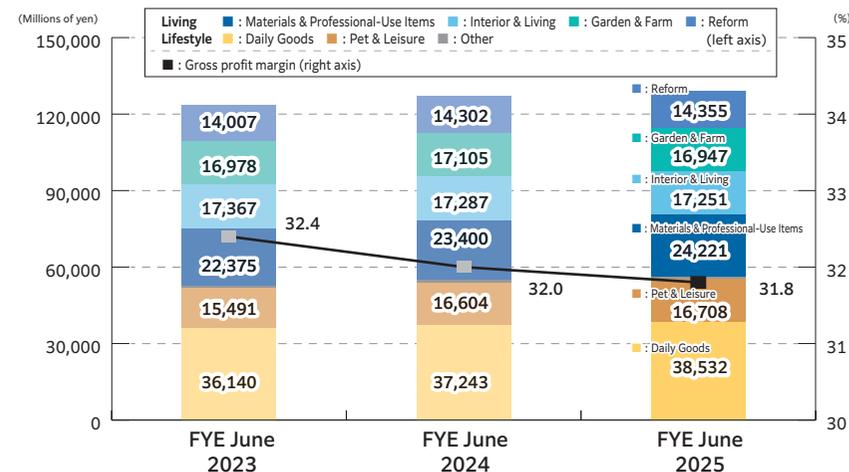
Amid increased budget-mindedness prompted by rising commodity prices, high-priced items did not sell well, but double-length toilet paper rolls, bulk laundry detergent, and other cost-effective essentials performed strongly. Demand also grew for disaster risk reduction supplies—for example, portable gas stoves, emergency food supplies, and portable power sources to prepare for earthquakes—as well as for security-related products driven by heightened awareness of crime prevention.

○Pet & Leisure



Demand remained firm for high-value-added pet goods, for example premium foods made with natural ingredients and functionality-first items. Accessories like leashes and pet apparel also performed well thanks to increased opportunities for outings.

Net sales and gross profit margin by product group



The new medium-term management plan (fiscal years ending June 2026 to June 2028)

Overall policy

Basic approach

We strive to become the top “Living Space Innovator®” in Japan by co-creating joy and dreams for the local community alongside our twin missions: Securing Essential Items and Making Proposals for a Better Life.

Our new medium-term management plan covers the three-year period from the fiscal year ending June 2026 to the fiscal year ending June 2028, during which we will view changes in the external environment (e-commerce market expansion, professional-grade market growth, reevaluation of rural living, etc.) as opportunities and advance our growth strategy based on three pillars: deepen existing businesses and explore and implement new initiatives, invest in intellectual capital, and continue ESG management.

Metrics & Targets

—Targets to achieve

Targets for FYE June 2028

Net sales	EBITDA margin	ROE
¥150-160 billion	11.0% or higher	8.0% or higher

—Reasons for selecting these indicators

To comprehensively demonstrate our growth potential, profitability, and capital efficiency, we decided to continue using net sales, EBITDA margin, and ROE as our main indicators as we did under the previous medium-term management plan.

Net sales	: Strive to expand on the basis of deepening existing businesses and exploring and implementing new initiatives
EBITDA margin	: Strive to achieve the target by maintaining a high operating profit ratio, even as investments in BPR and growth drive up the cost of depreciation
ROE	: Aim for 8.0% or higher through steady growth and control over equity capital

Overview of basic policies for achieving targets

Under our new medium-term management plan, we have set out the following three basic policies to achieve our targets.

■ 1. Deepen existing businesses and explore and implement new initiatives

We will achieve sustainable growth by further refining our strengths and tackling one new challenge after another. Our six growth strategies lie at the core of these efforts (please see P23). We will enhance both profitability and competitiveness by deepening existing businesses and through new initiatives.

[Strategies]

- Expand store network and establish specialized stores
- Analog-based digital strategy
- Expand synergy between home center and reform businesses
- Strengthen product lineup based on national brands (NB) and expand differentiated products
- Establish a new department specializing in M&As and aggressively promote them
- Establish a new format of stores dedicated to a particular specialty

■ 2. Invest in intellectual capital

Investments in intellectual capital are the engine that drives our six growth strategies. By investing in our human capital first and foremost, we aim to improve our performance, enhance employee benefits and motivation, and create a new culture within which everyone can flourish.

[Strategies]

- Strengthen data analysis functions and develop human resources with advanced expertise
- Develop human resources by visualizing skills and through multiple forms of OJT
- Targets: 50% positive ratings on the GPTW® Survey, 7% or more managerial positions held by women

■ 3. Continue ESG management

Environmental, social, and governance perspectives are at the core of our management, and we are pursuing both a sustainable society and corporate value. Through our GX plan, co-creation with local communities, and stronger governance, we will continue to be a trustworthy company.

[Strategies]

- Under the GX plan, reduce greenhouse gas emissions by 70% from FYE June 2013 levels by FYE June 2030
- Host regional collaborative events, events to revitalize local communities, disaster prevention events, etc.
- Continue to maintain governance structure (External Directors comprising a majority of the Board of Directors, etc.)

Basic policies of the new medium-term management plan (fiscal years ending June 2026 to June 2028)

Deepen existing businesses and explore and implement new initiatives



1. Expand store network and strengthen services to make Joyful Honda more accessible

We will renovate our core stores—home centers—and expand our stand-alone stores specializing in materials, pet goods, gardening, and more to form dominant trade areas. We plan to open a total of 20 to 30 new stores under the new medium-term management plan. We will enhance convenience and expand sales while striving to improve service capacity through optimal staffing.

2. Analog-based digital strategy

We will establish a new Digital Strategies Promotion Department to promote streamlining, expand customer touchpoints, and strengthen data utilization centered on our Online Merges with Offline (OMO) strategy. We will promote the use of apps and social media and digitizing operations in an effort to enhance our ability to serve and attract customers, maintaining customer visit levels at existing stores and enhancing customer satisfaction.

3. Expand synergy between home center and reform businesses

We will establish shared CRM* for our home center and reform businesses to promote customer referrals in both directions. We will expand specialized brands—namely Studio.Re for renovations and FREE DESIGN.EX for exteriors—to increase orders for quick renovation and larger projects. Through more expedient responses and stronger solution proposals, we will enhance our presence as the top store in each community.

* Customer relationship management (CRM): An approach aimed at streamlining and optimizing sales, marketing, and customer support functions, improving customer satisfaction, and increasing sales through the centralized management of customer data

4. Product-focused strategy

We will strengthen our introduction of differentiated imported products while maintaining our focus on trusted national brands (NB). These efforts will unearth latent demand and differentiate us from our competitors. Additionally, stable pricing will smooth out demand and promote efficiency in sales promotions and store layouts. We aim to increase both sales of NB products under mix & match and group set match policies by 30% compared to 2025, and the number of differentiated imported products we handle by 30% compared to 2025.

5. Execute M&As to help expand and reform businesses

In the fiscal year ending June 2026, we will establish a new department specializing in M&As, which will pursue initiatives with a sense of urgency. We will acquire businesses and human resources that contribute to Securing Essential Items and Making Proposals for a Better Life, focusing primarily on home center-adjacent domains. With industry consolidation and business succession in our sights, we will pursue scale expansion alongside enhanced expertise to compound our non-linear growth.

6. Establish a new format of stores dedicated to a particular specialty

We will establish new store formats tailored to local demand, and open five to 10 stores under the new medium-term management plan. By combining multiple formats centered on our strengths, we will enhance products and services rooted in local communities. At the same time, we will strengthen professional human resources and establish a system for continuously developing new business models.

Invest in intellectual capital

Investments in intellectual capital are the growth engine that drives our efforts to deepen existing businesses and explore and implement new initiatives. Developing human resources and reinforcing organizational strength are essential for adapting locally to changes in the external environment and realizing our digital strategies, which hold significant growth potential for the Company. Accordingly, under the new medium-term management plan, we will further advance our existing training system, build a framework to strengthen our merchandising, and further accelerate training so that our human resources are capable of responding flexibly to change. By investing in our

Actively invested in our human capital	Improve job satisfaction affirmation rate Achieve a GPTW® rating of 50.0% by FYE June 2028 by fostering the founder's spirit ("The joy of our customers is our joy")
	Systematize and establish a mechanism for passing down our strengths as a professional group (stores) Visualize skills, enhance internal and external training, and conduct multifaceted OJT, seeking to expand capacities in all directions
	Strengthen marketing and other data analysis functions (Head Office) Strengthen development of human resources with advanced expertise in data utilization
Create a culture	Utilize human resources regardless of superficial attributes, support career development for female employees Utilize human resources regardless of gender, age, and career background and raise the percentage of managerial positions held by women to at least 7.0% by FYE June 2028
	Establish systems that facilitate new value creation and form values on which to focus Implement measures that encourage diversity and independence (e.g., a culture of ambition and volunteering)



human capital first and foremost, we aim to improve our performance, enhance employee motivation, and create a new corporate culture within which everyone can flourish.

Continuing ESG management

Continuing ESG management involves pursuing sustainable growth with environmental, social, and governance aspects at the core of our management.

In terms of the environment, we have set a target to reduce greenhouse gas emissions by 70% compared to 2013 by the fiscal year ending June 2030 and are moving ahead with our introduction of solar carports and other forms of renewable energy.

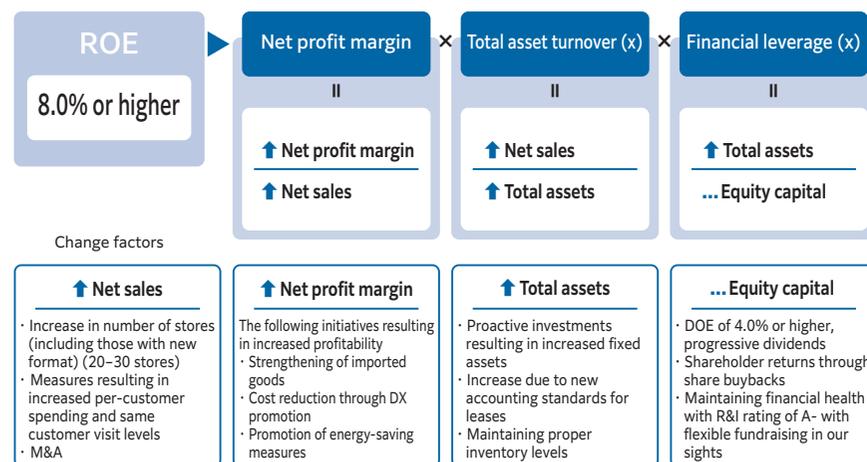
As for governance, we have established a system of committees in which External Directors comprise a majority, as well as a performance-linked remuneration system. We also utilize off-site meetings to complement Board of Directors meetings and ensure effective discussions.

In terms of society, we realize local community development through regional collaborative events and disaster risk reduction activities, continuing to be a trustworthy company in local communities.

Financial strategies

Improving return on capital

Under the new medium-term management plan, we target sales of ¥150–160 billion, an EBITDA margin of 11.0% or higher, and ROE of 8.0% or higher by the fiscal year ending June 2028. We will enhance return on capital by improving all components of ROE: net profit margin, total asset turnover, and financial leverage. Specifically, we will improve net profit margin by strengthening existing businesses and new services, expanding



imported products, and enhancing productivity through digital utilization and increase total asset turnover through business expansion on the strength of new store openings and M&As. We will also maintain financial leverage through the proper control of equity capital based on cash allocation, aiming to achieve an ROE of 8.0% or higher while anticipating asset increases due to growth investments and new accounting standards for leases.

Cash allocation

Under the new medium-term management plan, we will proactively invest in growth and flexibly provide shareholder returns to build a foundation for growth over the medium and long term. Over the three-year period, for EBITDA (after taxes), we anticipate cash inflows of ¥36–40 billion and project cash outflows of ¥40–48 billion for growth investments such as store openings, IT/DX, and M&As, BPR investments for existing businesses, and share buybacks and dividends, and will maintain financial health by securing cash and deposits of ¥20–32 billion.

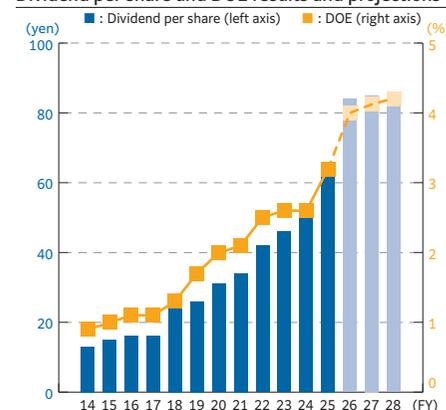
Cash allocation (cumulative, three years)

Cash and deposits (before)		¥32 billion
CASH-IN	EBITDA (after taxes)	¥36–¥40 billion
CASH-OUT	BPR investments (existing businesses, sustainability management)	
	Growth investments (store openings, IT/DX, M&As, new businesses)	
	Maintain, repair, and renovate existing facilities	¥26–¥31 billion
	Purchase of treasury shares	
	Dividends (minimum)	¥14 billion
Cash out total		¥40–¥48 billion
Cash and deposits (after)		¥20–¥32 billion

Shareholder returns

We will adopt progressive dividends as a basic policy, raising the dividend on equity (DOE) ratio to 4.0% or higher in and after the fiscal year ending June 2026. Regarding treasury shares, we will maintain holdings at around 5% of the total issue, retiring any shares in excess, in principle. We will provide flexible shareholder returns commensurate with the business environment, aiming to achieve both long-term corporate value enhancement and stable returns.

Dividend per share and DOE results and projections



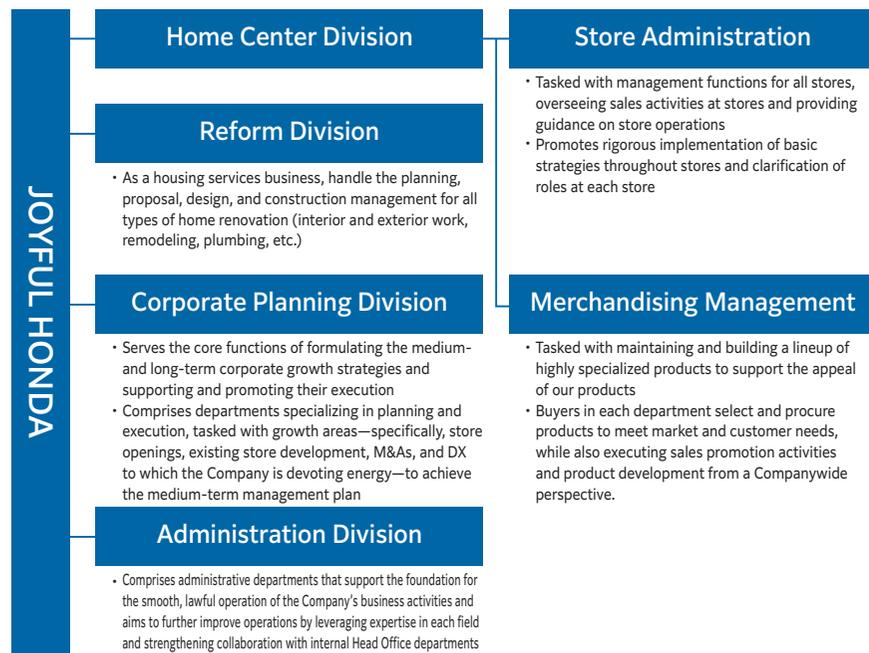
* Numbers of shares adjusted for stock splits

Companywide system for realizing the new medium-term management plan

To realize our new medium-term management plan, we revised our organizational structure effective June 21, 2025, with the aim of strengthening our management structure and accelerating our promotion of business.

We established two new divisions—the Corporate Planning Division and the Administration Division—directly under the President to create a structure that expedites communication with management. The Corporate Planning Division will promote growth strategies, including new store openings, existing store development, M&As, and DX. The Administration Division will enhance expertise by consolidating administrative functions in an effort to streamline operations and strengthen governance.

We concurrently reorganized the merchandising management structure within the Home Center Division, dividing the Merchandising Department into six groups to delegate authority, enabling faster product strategy implementation more closely aligned with real-world circumstances. We also expanded the role of the Product Planning Department to cover the entire Company—including the Reform Division—to strengthen Companywide collaboration in sales promotion and product development. Through these organizational changes, we established a system for achieving both sustainable growth and expedited management.



Strengths in professional human resources are the key to success for earning support from customers for the next 50 years

Executive Officer General Manager, Home Center Division

Kazunobu Takanohashi

Joined the Company in 2005. After serving as Store Manager of the Satte Store, General Manager of the Management Planning Department, General Manager of the Store Operation Department, Store Manager of the Chiyoda Store, and Store Manager of the Yoshioka Store, Takanohashi was appointed Deputy General Manager of Store Administration and General Manager of the Store Operation Department in the Home Center Division in 2023. He was appointed to his present position in June 2025.



Review of the fiscal year ended June 2025

The fiscal year ended June 2025 was characterized by a relentless business environment. The home center market expanded for the first time in four years, and the first time since the COVID-19 pandemic. Industry consolidation through M&As and other means gained further momentum, reducing the number of companies, while the total number of home centers reached an all-time high. Additionally, structural transformations became increasingly apparent, driven by surging raw material costs, labor shortages, and other societal issues. Amid these circumstances, we focused on establishing strategies through backcasting, strengthening our Head Office systems, reorganizing the store lineup, and rebuilding our training systems. These are all essential measures to ensure that we can replicate our value proposition—resolving our customers' problems through our strengths in attentive customer service and support—well into the future. While our strengths as a professional group rely heavily on individuals, presenting many challenges, we recognize that we must overcome them to earn our customers' support for the next 50 years, and will therefore strive to do so with swift, steady progress.

Policies under the new medium-term management plan

We view our basic policy to invest in our human capital—the foundation of the strategies and growth in our new medium-term management plan—as an essential priority. The support we receive from our professional human resources sets us apart from competitors. Accordingly, our people are the key to success in executing our strategies and initiatives and achieving our goals. The new Store Training Section in our Store Support Department is visualizing and systematizing the strengths of our professional human resources to build mechanisms for passing them down and transforming them into explicit knowledge. Furthermore, we are working with the Digital Strategies Promotion Department to accelerate transitions to DX, cultivating highly accurate decision-making skills by strengthening marketing and other data analysis capabilities and advancing training thereof.

Through these initiatives, we aim to enhance not only convenience for customers, but also staff engagement and productivity in stores to achieve growth that contributes to enhancing our corporate value.

Building a foundation for further growth: Promoting M&As and strategic utilization of digital technology



Executive Officer General Manager, Corporate Planning Division
Masakazu Okajima

Joined the Company in 1993. Served as Store Manager of the Yachiyo Store, Store Manager of the Utsunomiya Store, Store Manager of the Mizuho Store, General Manager of the Store Operation Division, and General Manager of Sales in the Reform Division. Appointed General Manager of the Store Administration Division in the Home Center Division in 2023. Okajima was appointed to his present position in June 2025. He was also made Representative Director of Honda Co., Ltd., in September 2025 (present position).



Deputy Manager, Corporate Planning Division
Atsushi Watanabe

Joined the Company in 2001. After serving as Manager of the Exterior Center Division, and Director of the Corporate Planning Office at Joyful Honda Reform Co., Ltd. (now the Company's Reform Division), Watanabe was appointed General Manager of the Reform Division in July 2023. He was appointed to his present position (concurrently serving as General Manager of the Corporate Planning Department and General Manager of the M&A Promotion Department) in July 2025.

Review of the fiscal year ended June 2025

In the fiscal year ended June 2025, we took steps to strengthen our system for opening new stores and opened hardware stores for business use ("Pro Shops"), pet specialty stores, and others, increasing both revenue and profit with net sales up 1.6% from the previous year and ordinary profit increasing 2.0%. The new Pro Shops also positively impacted the Materials & Professional-Use Items departments of existing stores, increasing their net sales year-on-year as well. Meanwhile, we have implemented capital policy flexibly and continuously, for example selling shares of the Company and repurchasing them to mitigate the resulting supply-demand imbalance, increasing the dividend for the 12th consecutive year, and expanding shareholder benefits.

Additionally, as measures under the previous medium-term management plan, we worked proactively to expand our product lineup in specialized fields, strengthen human resources in each department, and co-sponsor events with government agencies and others. These measures were successful—we were awarded first place in the home center category in the Nikkei Business magazine's special feature, "NPS¹ Ranking 2025: 10,000 People's Favorite Brands" (February 24,

2025, issue). The measures also helped us boost employee satisfaction—we improved our job satisfaction affirmation rate as indicated by the GPTW[®] Survey. Regarding our GX plan and introduction of green energy, the solar power generation facilities and storage batteries we installed produced greater-than-expected results. We also introduced 3,199 sustainable products, compared to our target of 3,000 items. In short, we achieved the goals set out in the previous medium-term management plan.

However, some challenges also remained at the end of the fiscal year, as we were unable to achieve the results we had envisioned in some areas. For example, we were forced to revise plans for opening multiple stores due to the poor performance of the Oyama Ekimae Store, which represented our foray into a new store format for vacant properties near train stations. We also only partially completed the construction of ID-POS, and our M&A promotion system was insufficient.

Policies under the new medium-term management plan

Our new medium-term management plan starting in the fiscal year ending June 2026, which marks the Company's 50th anniversary, contains the goals to improve the value of existing stores and promote store openings to expand our store network while devoting energy to promoting M&As and the strategic utilization of digital technology. To achieve these goals, in June 2025, we established a new Corporate Planning Division to be the department responsible for planning and execution.

Specifically, to strengthen efforts in areas where we were unable to achieve the results we had envisioned during the previous medium-term management plan—namely, the domains of M&A and digital technology—we established the new M&A Promotion Department and the Digital Strategies Promotion Department.

The M&A Promotion Department aims to proactively promote M&As in pursuit of expertise and will strategically promote M&As to help expand and reform businesses, focusing primarily on projects that enhance the value of the customer experience in our stores.

The Digital Strategy Promotion Department is promoting both defensive and offensive DX—the former to improve operational efficiency and convenience for customers, and the latter to use the resources gained from the former to improve the customer experience at our stores and also to expand customer touchpoints and enhance customer satisfaction—in an effort to further enhance the value of our stores.

The Store Development Department plans to use the business foundations gained through M&A and digital strategies to enhance product and store expertise while establishing new store formats, which will accelerate store openings, including those on properties that are currently vacant.

Additionally, the strength of our employees is essential for enhancing the value of our stores. Accordingly, we will expand internal and external training to accommodate their desire to learn, embrace their proposals, and provide comfortable, fulfilling work environments that allow them to tackle new challenges.

We will strive to make every Joyful Honda location a place that is always loved by local customers, employees, shareholders, and all other stakeholders.

* Great Place To Work[®] (GPTW[®]): An organization that conducts surveys on corporate employee satisfaction in roughly 170 countries and publishes certified companies and rankings

Proactive growth investments and further investment in intellectual capital geared toward creating fans of JOYFUL HONDA

Deputy Manager, Administration Division

Hirohiko Kubo

Joined the Company in 1998. After serving as a sales floor manager in home center merchandising and working in the General Administration Department of the Head Office, Kubo was appointed General Manager of the General Administration Department in 2018. He was appointed General Manager of the Business Management Department and Public Affairs & IR Department in 2023. Appointed to his present position (while retaining the aforementioned positions) in June 2025.



Review of the fiscal year ended June 2025

Under the Joyful Honda Fundamental Policy on Sustainability, we respect individual human rights and diverse values while striving to create fulfilling work environments. In the fiscal year ended June 2025, we focused on investing in our human capital, implementing key initiatives including granting restricted stock to employees (including hourly-wage employees) through the employee stock ownership plan as an incentive, increasing base pay to help employees improve their standard of living and fight inflation, and continuously increasing the number of annual days off for full-time employees. Additionally, in the fiscal year ended June 2024, we extended the age limit for hiring hourly-wage employees from 70 to 75, relaxed rules pertaining to hair style and color, facial hair, and other grooming standards, and introduced a student loan repayment support system (up to ¥1.2 million in total support) and GLTD insurance.* As a result, we improved our job satisfaction affirmation rate (GPTW® Survey) to 42%, an eight-point improvement from the previous year. However, our P/B ratio has remained around 1x, and we recognize that we must invest further in and execute measures for intellectual capital, a key driver of value creation.

Policies under the new medium-term management plan

In the fiscal year ending June 2026, the first year of our new medium-term management plan, we established an Administration Division to decentralize management, further expedite communication with management, and strengthen support systems. The division is deeply involved in supporting our investment in intellectual capital and continuation of ESG management, the second and third basic policies of our new medium-term management plan that serve as the growth engine for the first policy ("Deepen existing businesses and explore and implement new initiatives"). With a P/B ratio that far outstrips our competitors, we also aim to be the industry leader in market capitalization. We are targeting a 50% job satisfaction affirmation rate by the fiscal year ending June 2028, a 70% reduction in GHG emissions compared to 2013 by the fiscal year ending June 2030, and carbon neutrality by 2040. To achieve these targets, we will strive to encourage diversity and independence through employees' voluntary participation in store operation, advance our medium- to long-term GX plan, and maintain governance and make timely, proper disclosures. In the fiscal year ending June 2026, we will focus on creating fans of Joyful Honda by investing in growth, flexibly providing shareholder returns, and developing human resources while improving environments to facilitate that development.

* GLTD: Group long-term disability insurance, a form of insurance that pays employees' incomes when they are unable to work due to illness or injury

Striving to create fans of Joyful Honda by continuing to earnestly resolve our customers' problems

General Manager, Store Administration Division

Mitsuyuki Muto

Joined the Company in 2000. After serving as a pet center store manager and buyer, Muto was appointed Manager of the Pet Center Division in 2011. He was appointed Manager of the New Business Section in 2022 and General Manager of the Store Support Department in the Home Center Division in 2023. Appointed to his present position in July 2025.



Review of the fiscal year ended June 2025

Since the COVID-19 pandemic, the home center market has matured and plateaued. Nevertheless, many companies have accelerated store openings, leading to obvious oversaturation. Competition for the limited market has intensified, activating industry consolidation efforts for survival. Additionally, prices remain on the rise due to increasing labor costs and surging raw material prices; with no end in sight, the pressure on household budgets persists.

Last year, to adapt to these circumstances, we focused on building a more robust organization under the slogan "Creating Stores with Growth Potential." By expanding individual job responsibilities from departments to teams, employees now have access to a broader, deeper pool of knowledge and skills. Our efforts established a team-based organizational structure, laying the foundation for a system where team members can cover for each other.

Policies under the new medium-term management plan

As a form of store administration, we retained the slogan from last year ("Creating Stores with Growth Potential"). For the Company to have growth potential, our stores must be the ones customers choose. To achieve this, we will build upon the team-based structure established last year by implementing a training system that improves our level of customer service and taking steps to develop a professional group with knowledge that is both broad and deep. We will also establish specialized teams for passing down advanced skills and focus our energy on building a succession system through a skills acquisition curriculum.

To realize our growth strategy to expand our store network and strengthen our services to make Joyful Honda more accessible, we will focus on the strengths we have had since our founding—product presentation, extensive knowledge, and service delivered with outstanding skills—in an effort to fulfill the fundamental purpose of Joyful Honda's business: creating fans of Joyful Honda by continuing to earnestly resolve our customers' problems.

We will focus on national brand (NB) products that meet the diverse needs of customers, while also catering accurately to the demands of professionals and specialized categories

General Manager, Merchandising Management Division

Shigeru Honda

Joined the Company in 1991. After serving as Store Manager of the Hitachinaka Store, Store Manager of the Arakawaoki Store, and Nitta Area Manager, he became General Manager of Merchandising Department I in 2019. He was appointed to his current position in July 2023.



■ Review of the fiscal year ended June 2025

Overall, the market struggled with the sales of high-priced and high-performance products due to rising prices, but EDLP products^{*1} and mix & match products^{*2} saw significant growth due to a rise in defensive consumer sentiment. Despite the rice shortage, which caused a surge in rice prices, we were able to maintain sufficient stock, resulting in significant sales growth. Unstable weather conditions also caused vegetable prices to continue rising, leading to higher demand for home gardening and an increase in sales of vegetable seedlings. The relaxation of COVID-19 and influenza countermeasures led to a decrease in sales of disinfectant and sanitation-related products, and sales of timber and exterior construction materials declined due to fewer new housing starts. Meanwhile, we are currently expanding our lineup of tools, workwear, and electrical materials with a focus on specialization to meet the demands of skilled tradespeople. Customers have responded positively to our ability to maintain sufficient inventory levels, enabling them to purchase the quantities they need.

■ Policies under the new medium-term management plan

We have pursued a super-store strategy for many years, delivering products directly to each store based on the idea that each store serves as a distribution center. Moving forward, however, our current logistics system will become inefficient as we progressively accelerate the opening of specialty stores and expand our store network. For this reason, we began the partial operation of TC logistics^{*3} last year. As we roll out specialty stores, we face the need for efficient store operation using a small number of staff. We will therefore strengthen TC logistics and promote single-item delivery, on-time delivery, and inspection-free location-based delivery. We will focus on fast-paced NB products for both development and procurement to flexibly provide products that meet the increasingly diverse needs of our customers, while also catering accurately to the demands of professionals and specialized categories. In addition, we will strengthen the introduction of imported differentiated products such as garden items, interior goods, and antiques, and propose new lifestyles for our customers.

^{*1} EDLP products: An abbreviation of Everyday Low Price products, referring to products sold under a pricing strategy that offers consistently low prices rather than holding special sales or promotions

^{*2} Mix & match products: A sales method that offers discounts for a certain number of purchases among a group of specific products

^{*3} TC logistics: A pass-through type logistics center that does not store products as inventory but handles sorting and transshipment. This type of center can achieve improved delivery speeds by quickly sorting the received goods according to the delivery destination and shipping them immediately.

Sustainable growth aimed at realizing a century of love for Joyful Honda

General Manager, Reform Division

Satoshi Honda

Joined the Company in 2022. After serving in the New Business Section from 2023 and as Deputy General Manager of the Corporate Planning Section from 2024, Honda was appointed to his present position in July 2025.



■ Review of the fiscal year ended June 2025

In October 2024, we acquired the housing repair business Nagomi Kobo Co., Ltd., in an absorption-type merger, strengthening our sales structure. At existing stores, we strengthened our sales of kitchens, bathrooms, interior windows, and water heaters through the distribution of flyers providing information on the use of government subsidies. We maintained a strong performance in window-related products, in particular, by expanding the display of security items such as shutters and grilles. In the exterior division, net sales remained at the previous year's level despite a decrease in carport sales due to regulatory changes. Contracts exceeding ¥5 million reached 113% of the previous year's level thanks to the strengthening of high-value-added proposals such as FREE DESIGN. EX and Studio. Re.

■ Policies under the new medium-term management plan

We have one of the largest showrooms and exterior exhibition spaces in the region, and we have built a strong track record as a community-focused business. One of the Company's distinguishing features is the way we have leveraged our ability to make proposals, backed by proven results, as a strength. Under the new medium-term management plan, we aim to further enhance the customer experience by strengthening our ability to swiftly propose solutions that address two key customer needs: resolving their problems and improving their quality of life (QOL). In this context, our highest priority will be business improvements aimed at thoroughly ensuring that we do not keep customers waiting: the foundation for meeting their needs. In collaboration with the newly established Digital Strategies Promotion Department, we will pursue multifaceted initiatives to strengthen relationships with local customers and partner construction companies through the introduction of CRM,^{*4} MA,^{*5} SFA,^{*6} and construction management systems utilizing DX. We will also raise awareness and encourage the use of our remodeling services among customers who use our home centers. Through these efforts, we aim for sustainable growth, realizing another half-century of love for Joyful Honda.

^{*4} Customer relationship management (CRM): An approach aimed at streamlining and optimizing sales, marketing, and customer support functions, improving customer satisfaction, and increasing sales through the centralized management of customer data

^{*5} Marketing automation (MA): Systems to streamline interactions between companies and customers and automate the stimulation of prospective customers' purchase intent. MA is aimed at reducing the workload involved in marketing activities and promoting communication with customers.

^{*6} Sales force automation (SFA): Tools that use IT to streamline sales activities and centralize information management. They digitize and share customer data, sales progress, and daily sales reports to support efficient sales activities.

Materiality

Basic approach

To co-create the joy and dreams of the local community, it is essential that we realize a sustainable society. We have identified materiality (important issues) aimed at solving social issues through our corporate activities, placing sustainability at the core of our management. We have strengthened our measures to address materiality at the operational level, and we have a structure in place in which the Board of Directors decides policy through ongoing deliberation at the Sustainability Committee and Management Council.

Materiality (important issues) identification process

In accordance with the Joyful Honda Fundamental Policy on Sustainability, the Company has identified five important issues (materiality), shown on the right, to balance the medium- to long-term sustainable growth of the Company with the realization of a sustainable society.

In identifying materiality, we referred to ESG ratings (MSCI), the SDGs, megatrends, etc., and after a wide range of issues were extracted, they were repeatedly discussed and examined by the Sustainability Committee, and their validity was confirmed. After deliberation, the Board of Directors then officially determined materiality based on the opinions of independent External Directors.



Important issues (materiality)	Risk and opportunities
Creating stores with a lower environmental impact and promoting environmental activities through our products	Risks <ul style="list-style-type: none"> ● Increased costs due to the introduction of a carbon tax ● Increase electricity and product procurement costs due to higher electricity prices ● Increased cost of goods sold due to regulations on plastics ● Increased investment costs due to ZEB conversion ● Increased air-conditioning costs due to rising temperatures
	Opportunities <ul style="list-style-type: none"> ● Reduction in electricity consumption (CO₂ emissions) through the installation of solar power generation equipment at stores, parking lots, etc. ● Brand value improvement and increased sales due to early sales of environmentally friendly products and implementation of environmentally friendly measures ● Increase in demand for disaster-related products due to the increasing severity of natural disasters
Pursuing the safety and security of merchandise and continuously improving services to realize customer satisfaction	Risks <ul style="list-style-type: none"> ● Decline in customer trust due to product complaints and troubles ● Damage to brand value due to purchasing merchandise contrary to the principles of the SDGs ● Consider alternative measures due to worsening relations with suppliers, increased costs
	Opportunities <ul style="list-style-type: none"> ● Improvement in brand value through increased customer satisfaction ● Improved competitiveness by strengthening relationships with suppliers
Securing diversity and developing human resources to realize customer satisfaction and improving the workplace environment	Risks <ul style="list-style-type: none"> ● Difficulty in securing human resources due to the decline in the working population and the resulting rise in labor costs ● Bias in values and a loss of business opportunities due to the dilution of diversity
	Opportunities <ul style="list-style-type: none"> ● Strengthening our competitiveness and acquiring excellent human resources through diversity management ● Improvement in employee motivation by achieving a better work-life balance
Promoting open innovation for the co-creation of joy and dreams for local communities	Risks <ul style="list-style-type: none"> ● Decrease in sales due to damage to brand value
	Opportunities <ul style="list-style-type: none"> ● Increase in sales due to improvement in brand value
Strengthening risk management	Risks <ul style="list-style-type: none"> ● Business suspension or sales decline due to store damage from natural disasters ● Accidents involving in-store customers during a disaster ● Information leaks and damage to brand value as a result of cyberattacks, etc.
	Opportunities <ul style="list-style-type: none"> ● Expanding demand for disaster-related products ● Becoming an evacuation site at times of disaster through the conclusion of disaster agreements with local municipalities

The Company's environment is changing day-by-day. Amid this increasing uncertainty, there is a strong demand to address environmental issues, social responsibility in the supply chain, human rights, diversity, and so on.

In this environment, the Company has identified the following five important issues as materiality and set KPIs and is managing their progress. The achievement status of these targets for the fiscal year ended June 2025 and the targets for the new medium-term management plan period are shown below.

Important issues (materiality)	Measures	Goals (ideal state)/KPIs	FY2025 status of progress (June 20, 2025)	Targets for the new medium-term management plan period (fiscal years ending June 2026 to June 2028)	Related SDGs
Creating stores with a lower environmental impact and promoting environmental activities through our products	<ul style="list-style-type: none"> Reduction in CO₂ emissions Waste reduction (recycling stations, collection of unnecessary soil, etc.), reduction of container and packaging materials (environmentally friendly packaging containers) 	<ul style="list-style-type: none"> (Short term) emission intensity: More than 1% reduction compared to the previous year (Medium term) emission intensity: 43% reduction compared to 2013 by 2025 (Long-term) 2050: Carbon neutrality 	<ul style="list-style-type: none"> GHG emissions: 57.6% reduction compared to FY2013 	<ul style="list-style-type: none"> GHG emissions reduction (Medium term) FY2030: 70% reduction compared to FY2013 (Long term) FY2040: Carbon neutrality 	
Pursuing the safety and security of merchandise and continuously improving services to realize customer satisfaction	<ul style="list-style-type: none"> Pursuing the safety and security of merchandise, and improvement of the level of customer satisfaction and service quality Fair trade and supply chain management 	<ul style="list-style-type: none"> Sustainable products and services: Total 3,000 items Net sales: Over ¥128 billion (by the fiscal year ending June 2026: Over ¥160 billion) EBITDA: Over ¥14 billion (margin 10.9%) (by the fiscal year ending June 2026: EBITDA of over ¥18 billion, margin 11.5%) ROE: 6.6% (by the fiscal year ending June 2026: 9.5%) 	<ul style="list-style-type: none"> Sustainable products: 3,199 items Net sales: ¥128.9 billion EBITDA: ¥13.9 billion (Margin: 10.8%) ROE: 6.9% 	<ul style="list-style-type: none"> Net sales: ¥150–160 billion (by June 20, 2028) EBITDA margin: 11.0% or more (by June 20, 2028) ROE: 8.0% or more (by June 20, 2028) 	
Securing diversity and developing human resources to realize customer satisfaction and improving the workplace environment	<ul style="list-style-type: none"> Respect for human rights (establishment of a human resource policy) Human resource development initiatives Improving workplace environments and occupational health and safety 	<ul style="list-style-type: none"> Labor distribution rate: 50.0% Percentage of women in managerial positions: 7.0% or more (by June 20, 2028) Average overtime hours: 6 hours/month or less Average paid leave take-up rate: 60.0% or more Return to work after childcare leave rate: 95.0% or more (by June 20, 2028) Male childcare leave take-up rate: 75.0% or more (by June 20, 2028) (Initial target: 15% or more by March 31, 2026) Job satisfaction affirmation rate: 50.0% or more (by June 20, 2028) 	<ul style="list-style-type: none"> Labor distribution rate: 50.0% Percentage of women in managerial positions: 4.7% Average overtime hours: 3.3 hours/month Average paid leave take-up rate: 79.9% Return to work after childcare leave rate: 86.5% Male childcare leave take-up rate: 63.1% Job satisfaction affirmation rate: 42.0% 	<ul style="list-style-type: none"> Labor distribution rate: 50.0% Percentage of female workers in managerial positions: 7.0% or more (by June 20, 2028) 10.0% or more (by June 20, 2030) Average overtime hours: 6 hours/month or less Average paid leave take-up rate: 60.0% or more Return to work after childcare leave rate: 95.0% or more (by June 20, 2028) Male childcare leave take-up rate: 75.0% or more (by June 20, 2028) Job satisfaction affirmation rate: 50.0% or more (by June 20, 2028) 	
Promoting open innovation for the co-creation of joy and dreams for local communities	<ul style="list-style-type: none"> Provision of a back-up function at times of disaster Provision of living infrastructure functions 	<ul style="list-style-type: none"> Under disaster agreements with local municipalities, we will prioritize the supply of goods to disaster-stricken areas, and we will also provide the Company's premises as evacuation facilities Shopping support services for the elderly 	<ul style="list-style-type: none"> Disaster agreements, etc., concluded with local municipalities, etc.: 26 (21 local municipalities, 1 business) Disaster prevention events held in collaboration with administrative agencies, local municipalities, and local companies: 16 Regular operation of the Joyful-Go Free Shuttle Bus to provide shopping support for the elderly and others, and the distribution of transportation fare discount vouchers in collaboration with local municipalities and others 	<ul style="list-style-type: none"> Under disaster agreements with local municipalities, we will prioritize the supply of goods to disaster-stricken areas, and we will also provide the Company's premises as evacuation facilities Shopping support services for the elderly 	
Strengthening risk management	<ul style="list-style-type: none"> BCP measures Information security measures 	<ul style="list-style-type: none"> Even at times of disaster, we will continue to operate as much as possible when the safety of our customers and employees is ensured, and we will strive to contribute to the restoration of local infrastructure, etc. We will continue to review and improve our personal information protection policy to ensure that it is effectively and appropriately administered 	<ul style="list-style-type: none"> Safety confirmation drills based on the BCP manual: 4 times per year In the case of an e-commerce site data leak, we will strengthen system security and support for reopening with the help of specialized consultants Purchase cyber insurance to prepare for damages caused by cyberattacks and data leaks Thoroughly manage data and implement education on personal information management for employees and part-time employees based on our regulations on personal information protection 	<ul style="list-style-type: none"> Even at times of disaster, we will continue to operate as much as possible when the safety of our customers and employees is ensured, and we will strive to contribute to the restoration of local infrastructure, etc. We will continue to review and improve our personal information protection policy to ensure that it is effectively and appropriately administered 	

Sustainability management

Joyful Honda Fundamental Policy on Sustainability

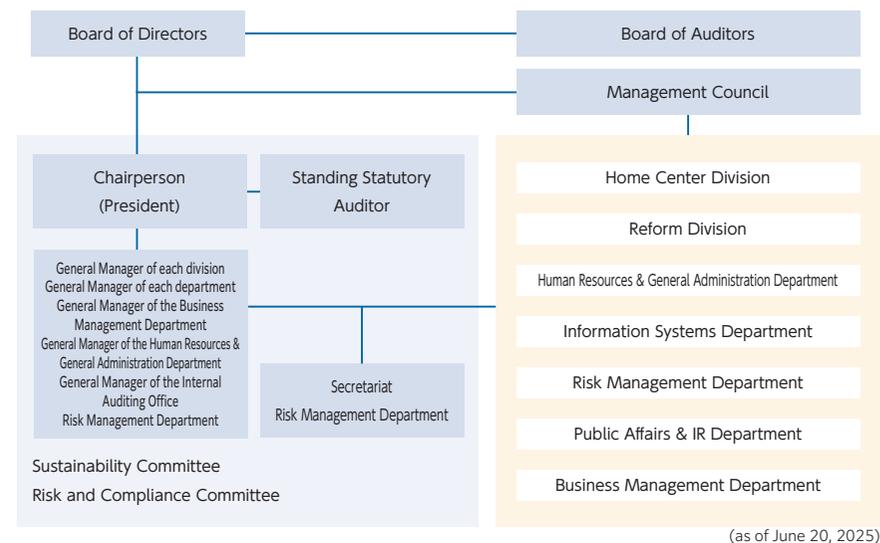
Under the management principles rooted in our mission statement, "Co-create the Joy and Dreams of Communities by Securing Essential Items and Making Proposals for a Better Life," we aim to work together with a diverse range of stakeholders to achieve both a sustainable society and sustainable corporate growth. To this end, we will continue to create new value and contribute to solving social issues.

Joyful Honda Fundamental Policy on Sustainability

1. We are taking steps to reduce the environmental impact of our corporate activities, aim to be considerate of the global environment, and build a recycling-oriented society.
2. Through participation in local communities, we contribute to the creation of a richer living environment for everyone in the region.
3. We provide safe and reliable products and services, building trust with society.
4. We respect individual human rights and diverse values and strive to create workplace environments that provide job satisfaction.
5. We will comply with all laws and regulations as well as social norms and will conduct our business activities fairly and in good faith.

Promotion system

Under the Fundamental Policy on Sustainability, we have established the Risk and Compliance Committee and the Sustainability Committee as bodies responsible for formulating strategies and plans to address social issues, setting indicators, and monitoring the status of implementation. The President serves as the chairperson of the Management Council, the ultimate executive decision-making body, and also chairs both committees. He bears the crucial responsibility of evaluating and managing the Company's response to risk, compliance, and sustainability issues based on managerial decisions. The matters discussed and decided upon by the Management Council and the two committees are reported quarterly to the Board of Directors. Based on these reports, the Board supervises progress on initiatives and the achievement of targets set to address risks and opportunities and provides approval and guidance for any necessary measures.



[→Materiality identification process P29](#)

[→List of important issues \(materiality\) P30](#)

Environment

Measures to address climate change

Basic approach (reducing CO₂ emissions)

We consider climate change a critical issue directly linked to corporate management. We are working to mitigate and adapt to its impacts through measures such as reducing greenhouse gas emissions and utilizing renewable energy. We aim to reduce the risks arising from climate change while creating new opportunities, thereby achieving sustainable growth and earning the trust of society.

Specifically, we have been implementing measures for the reduction of CO₂ emissions to achieve our materiality targets, including carbon neutrality by FY2040. In addition to improving the efficiency of lighting and air conditioning units, we have also reviewed our electricity suppliers and progressively introduced solar power generation equipment. As a result, we were able to reduce CO₂ emissions for FY2025 by 57.6% compared to FY2013.

Through these efforts, we aim to create stores with a lower environmental impact and optimize energy use, while strengthening measures against climate change and ensuring sustainable corporate growth.

Details of specific initiatives

Creation of stores with a lower environmental impact

■ Use of renewable energy (solar power generation equipment)

Solar power generation systems have been installed on the roofs of 11 stores and began full-scale operation in June 2025. The total power generated by these systems reaches approximately 10 million kWh per year. This enables us to use renewable energy to cover around 25% of the electricity demand at those particular stores, which is expected to reduce CO₂ emissions by about 3,800 tons annually.

Ten of the stores with solar power generation systems are equipped with storage batteries, allowing them to maximize the use of renewable energy by storing electricity during periods of high power generation and using it during the evening and nighttime, when demand is high. In preparation for disasters and other emergencies, we have systems in place to utilize storage batteries to maintain product supply and continue some business operations.

[→See our announcement about the installation and full-scale operation of solar power generation systems and storage batteries at 11 stores.](#)



■ Net Zero Energy Building (ZEB)* initiatives

We promote the transformation of buildings into Zero Energy Buildings (ZEBs) through energy conservation and the use of renewable energy, aiming to reduce environmental impact while also ensuring comfort.

The Joyful Honda Chiba Store held a grand re-opening in April 2018 after its rebuilding, which was undertaken with a subsidy from the Ministry of Economy, Trade and Industry's FY2017 ZEB Demonstration Project. Based on verified results, the building achieved a 67.5% energy reduction compared to standard buildings and a 15% reduction compared to the design value. The store obtained "ZEB Ready" certification in 2018.

In addition, the JOYHON Yoshioka Store was opened in April 2023 as a facility that conforms to the Nearly ZEB standard. The grand re-opening of Gold's Gym Tsuchiura Ibaraki Joyful Athletic Club was also held in July 2019 after its rebuilding, which was undertaken with a subsidy from the FY2018 ZEB Demonstration Project. It became the first sports club in Japan to obtain "ZEB Ready" certification.

* A Net Zero Energy Building (ZEB) is a building that aims to enable significant energy savings through high-efficiency equipment, advanced design, and the use of natural energy, and to combine renewable energy sources so that it achieves net zero annual net primary energy consumption.



Initiatives at the head office and stores

LED lighting

By replacing store and head office lighting with energy-saving LEDs and controlling proper illumination levels, Joyful Honda is striving to reduce electricity consumption and control CO₂ emissions. All sales floor lighting at stores has now been converted to LEDs. Moving forward, we also plan to progressively switch warehouse, exterior, and signboard lighting to LEDs.



Air-conditioning units

Based on the repair plan, we are progressively replacing aging, low-efficiency equipment with high-efficiency equipment. Electric air conditioning has been replaced with more energy-efficient GHP (gas heat pump) units in ten of our 15 home centers. In addition to reducing energy consumption, this also contributes to leveling out electricity demand.



Furthermore, in the Satte and Nitta areas, we have achieved further reductions in greenhouse gas emissions by switching from LP gas GHP to city gas GHP, which has a lower CO₂ emission coefficient, in line with new infrastructure development.

Promotion of environmental activities through products

SGEC/PEFC Forest-certified products

We promote the sale of "forest-certified" products, which are certified as having been harvested from wood from sustainably managed forests. We provide a system where customers can contribute to sustainable forest protection by purchasing these products.

- SGEC (Sustainable Green Ecosystem Council)

A Japanese forest certification system that certifies the production and distribution of domestic timber through sustainable forest management based on international standards

- PEFC (Programme for the Endorsement of Forest Certification)

An international scheme for mutual recognition of forest certification systems from around the world

Expanding the implementation of sustainable products and services

We aim to achieve revenue growth with consideration for the environment by promoting the early sale of environmentally friendly products and expanding related services. As of the fiscal year ended June 2025, the number of these items reached 3,199, representing a significant increase of approximately 4.7 times compared to the fiscal year ended June 2022.

Environmentally friendly packaging containers

We are promoting the adoption of product packaging that uses environmentally friendly materials and designs to reduce the burden of waste disposal and promote resource recycling.



Resource recycling service PASSTO

We introduced the unwanted item collection and redistribution service PASSTO in December 2023 to reduce waste and promote resource recycling in the community. The service collects used clothing and fashion accessories free of charge, facilitating reuse and redistribution.

Collection points are currently in place at 16 stores, including the Mizuho Store, Newport Hitachinaka Store, Utsunomiya Store, Nitta Store, Chiyoda Store, Yoshioka Store, and Chiba New Town Store.



Initiatives in line with the TCFD Recommendations

Basic approach

In June 2023, we expressed our support for the TCFD (Task Force on Climate-related Financial Disclosures) and have been strengthening our organizational structure and information disclosure based on the perspectives of “Governance,” “Strategy,” “Risk Management,” and “Metrics & Targets.” We aim to engage in reducing the risks arising from climate change and creating new opportunities, thereby achieving long-term growth and earning the trust of society.

Governance

Under the Joyful Honda Fundamental Policy on Sustainability, we have established the Risk and Compliance Committee and the Sustainability Committee under the supervision of the Board of Directors. The committees review our strategies and plans related to climate change, as well as monitoring their progress. In addition to leading decision-making as the chairperson of the Management Council, the President also chairs both committees, promoting problem-solving through management decision-making.

Strategy

To understand the impacts of climate change, we conducted an analysis using two scenarios developed by the International Energy Agency (IEA): the 2°C or lower scenario and the 4°C scenario. In the 2°C or lower scenario, we anticipate transition risks such as carbon taxes and rising electricity prices, as well as opportunities for brand value enhancement and sales growth through the early sale of environmentally friendly products and the expansion of GX stores. In the 4°C scenario, we expect physical risks from rising temperatures and increasingly serious natural disasters, but there are also opportunities, such as increased demand for disaster prevention products and enhanced resilience through solar power and storage batteries.

Overview

World in the 2°C or lower scenario

A scenario in which the rise in temperature is kept within sustainable limits through changes in society, such as stricter regulations and fundamental technological innovation, leading to a decarbonized society

World in the 4°C scenario

A scenario where, in the absence of effective measures other than existing policies being taken to achieve a decarbonized society, temperature rise continues, and extreme weather and natural disasters increase in severity

Risks, opportunities, and financial impact assessment

2°C or lower scenario

Risks and opportunities	Types of risks and opportunities	Risks and opportunities items	Financial impact assessment	Timeline assessment *1
Transition risks	Policies/Laws and regulations	Increased costs due to the introduction of a carbon tax	Moderate	Medium to long term
		Increased cost of goods sold due to regulations on plastics, leading to a shift to recycled plastics and bioplastics	Moderate	Medium to long term
	Technology	Increased investment costs due to ZEB conversion of buildings	Moderate	Short to long term
	Market	Increased electricity and product procurement costs due to higher electricity prices	Large	Medium to long term
Opportunities	Reputation	Decline in brand value due to delays in addressing climate change and insufficient information disclosure	Moderate	Medium to long term
	Resource efficiency	Reduction of waste disposal costs through transition to a circular economy	Small	Medium to long term
	Energy sources	Reduction of energy costs by converting to ZEB (introduction of solar power + energy conservation)	Moderate	Short to long term
	Products & services/ Markets	Improvement of corporate brand value through proactive environmental initiatives	Moderate	Medium to long term
Increase in sales through the early procurement and sale of environmentally friendly products		Large	Medium to long term	

4°C scenario

Risks and opportunities	Types of risks and opportunities	Risks and opportunities items	Financial impact assessment	Timeline assessment *1
Physical risks	Chronic risks	Increase in air-conditioning costs due to rising temperatures	Moderate	Medium to long term
	Acute risks	Decrease in sales due to temporary store closures caused by natural disasters and repair costs incurred	Small	Medium to long term
Opportunities	Products & services/ Markets	Increase in sales of disaster prevention products due to the intensification of natural disasters	Moderate	Medium to long term
	Resilience	Securing power supply through solar power and storage batteries enables early resumption of business in times of disaster	Small	Short to long term

*1 The timeline axis is defined as follows.

Short term: Around 2027; Medium term: Around 2030; Long term: Around 2050

Impacts and countermeasures/policies for each scenario

2°C or lower scenario

Risks and opportunities	Current initiatives	Future countermeasures
Increased costs due to the adoption of carbon taxes associated with policies and regulations aimed at decarbonization	<ul style="list-style-type: none"> Put rooftop solar power generation into operation at all stores where it is possible to do so (11 stores) 	<ul style="list-style-type: none"> Risk hedging against higher electricity prices and carbon taxes through the introduction of CPPA² and in-house solar power generation, etc.
Increased electricity and product procurement costs due to higher electricity prices		<ul style="list-style-type: none"> Decrease product procurement costs through increased efficiency in the supply chain
Increased cost of goods sold due to regulations on plastics	<ul style="list-style-type: none"> Changed to use of paper straws and wooden stirring sticks at food service outlets 	<ul style="list-style-type: none"> Consideration of and switchover to plastic alternatives
Increased investment costs due to ZEB conversion	<ul style="list-style-type: none"> Chiba Store has been certified as ZEB Ready Yoshioka Store is operating as a GX Store³ 	<ul style="list-style-type: none"> Promotion of GX Stores³
Improvement in brand value and increased sales due to early sales of environmentally friendly products and implementation of environmentally friendly measures	<ul style="list-style-type: none"> Installed EV charging stations Currently expanding implementation of sustainable products and services <ul style="list-style-type: none"> * 3,199 items as of 2025 (4.7 times the number in 2022) Installed recycling stations 	<ul style="list-style-type: none"> Information transmission and disclosure measures for Company initiatives through website, etc. Building of a system to focus on environmental products at suppliers and rapidly introducing them Introduction of new value-added products and services

*2 CPPA (Corporate Power Purchase Agreement): A contract between a corporate entity, such as a corporation or local municipality, and a power generation company for the long-term purchase of electricity

3 GX Store: Next-generation store aiming for carbon negative (GX Store is a registered trademark of iGRID SOLUTIONS Inc.)

4°C scenario

Risks and opportunities	Current initiatives	Future countermeasures
Increase in air-conditioning costs due to rising temperatures	<ul style="list-style-type: none"> Air-conditioning control systems, including some intelligent control systems, have been installed in about half of stores 	<ul style="list-style-type: none"> Successive upgrading of air-conditioning equipment to the latest high-efficiency units Introduction of intelligent air-conditioning control systems at all stores Installation of air curtains
Increase in demand for disaster-related products due to the increasing severity of natural disasters	<ul style="list-style-type: none"> Expanded selling space and items related to disasters Concluded disaster-related agreements with local municipalities Established a system for rapid resumption of business activities for products that are needed during times of disaster 	<ul style="list-style-type: none"> Build a system to focus on the development trends of products related to rising temperatures and disaster prevention

Risk management

The GX promotion team works in coordination with the Risk and Compliance Committee to collect and analyze a broad range of information, including information on transition risks and physical risks. The Sustainability Committee plays a central role in companywide efforts to address issues considered important, with oversight from the Board of Directors.

Metrics & Targets

Our main metric is greenhouse gas (GHG) emissions. We are targeting a 43% reduction in Scope 1 and 2 GHG emissions by 2025 (versus 2013), a 51% reduction by 2030, and carbon neutrality by 2050. However, we have already achieved a 46.6% reduction in FY2024 and reached a 57.6% reduction ahead of schedule in FY2025. Therefore, we have set new targets. Moving forward, we aim for a 70% reduction by 2030 and carbon neutrality by 2040. We have also introduced a calculation system for estimating GHG emissions, and we have built a system to enable the swift aggregation and disclosure of Scope 3 emissions, in addition to Scopes 1 and 2.

Results

	GHG emissions		
	FY2023	FY2024	FY2025
Scope1	7,801 t-CO ₂	7,762 t-CO ₂	8,248 t-CO ₂
Scope2	39,421 t-CO ₂	32,796 t-CO ₂	23,977 t-CO ₂
Scope1+2	47,222 t-CO ₂	40,558 t-CO ₂	32,225 t-CO ₂
Reduction rate against GHG emissions target values	37.9% reduction	46.6% reduction	57.6% reduction
Scope3	925,754 t-CO ₂	849,045 t-CO ₂	866,954 t-CO ₂
Scope1+2+3	972,976 t-CO ₂	889,603 t-CO ₂	899,179 t-CO ₂

* The calculation period is from July to June of the next year.

* Scope 3 emissions may increase due to a longer calculation period.

Target

GHG emissions target values	
FY2030	FY2040
70.0% reduction compared to FY2013	Carbon neutrality

Society

Contributing to local communities

Basic approach

Throughout the history of Joyful Honda, we have focused on being a company that progresses together with the local community, based on our CORE VALUE, “The joy of our customers is our joy.” Through our business activities, we contribute to the safety, security, and well-being of local communities. Our contributions range from rapid business recovery in times of disaster and disaster prevention collaboration with local municipalities, to fostering the next generation through sports, supporting the daily lives of the elderly and local residents, and even animal protection activities. We will continue to aim to be a company firmly rooted in the local community, supporting people’s lives.

Back-up function in times of disaster

■ Stable supply of goods to local communities

As a company responsible for maintaining lifelines in local communities, we emphasize the rapid resumption of operations in the event of a disaster. In the 2011 Tohoku earthquake and tsunami, all stores resumed business just hours after the disaster (except for the severely damaged Newport Hitachinaka Store, which re-opened the following day), supporting the lives of many customers. Based on that experience, we have developed a BCP manual to address risks such as earthquakes and floods. We have built systems to ensure the stable supply of products not only in normal times but also in emergencies, to protect our customers’ lives.

■ Comprehensive collaboration agreements with local municipalities, etc.

We have also concluded disaster cooperation agreements with numerous local municipalities and other organizations, supporting the safety and daily lives of local residents by prioritizing the supply of goods during large-scale disasters and providing temporary evacuation sites at our store premises and facilities. Meanwhile, during normal times, we maintain and strengthen systems for effective collaboration through joint disaster prevention drills and awareness-raising events.

In addition, we have signed comprehensive collaboration agreements with some local municipalities to promote collaboration across a wide range of areas, not limited to disaster prevention. These areas include regional revitalization, environmental conservation, support for child-rearing, health and welfare, and the promotion of culture and sports. In this way, we are engaged in ongoing efforts to address local issues.



Regional collaborative events

■ Disaster prevention events

The Company collaborates with government and corporate organizations to hold events that raise awareness of disaster prevention by providing local communities with knowledge and measures that are useful in times of disaster.

In April 2025, we held “Yoshioka Disaster Prevention Days @ JOYHON Park” at JOYHON Park Yoshioka (Yoshioka Town, Kitagunma District, Gunma Prefecture). This event, based on the theme of “Everyday Disaster Preparedness with Family and Community,” featured a diverse program, including simulated evacuation shelter experiences, emergency food tasting sessions, displays of vehicles used by the police, fire department, and Self-Defense Forces during disasters, and demonstrations of power supply from these vehicles. In October 2024, we also participated in a disaster prevention drill at the request of Satte City, with which we have a disaster agreement. Approximately 300 people, including local residents and elementary school students, participated in the disaster preparedness drill. We distributed disaster preparedness checklists and presented displays of emergency supplies and preserved foods.

In addition, each store serves as a local community disaster prevention base, selling disaster preparedness goods and providing disaster prevention information throughout the year. In the fiscal year ended June 2025, we held a total of 16 regional collaboration events, including 14 disaster prevention events and 2 disaster prevention events held in collaboration with local events.

The following are the main disaster prevention and other events.

- September 7–8, 2024: Utsunomiya Store “Kaminokawa Disaster Prevention Days” — Hints to Protect Your Lifestyle
- October 12, 2024: Satte Store participated in the “Satte City Disaster Prevention Drill”
- April 5–6, 2025: Arakawaoki Store “Disaster Prevention Days” — Survival Road Camp
- April 19–20, 2025: Yoshioka Store “Yoshioka Disaster Prevention Days” — Everyday Disaster Preparedness for Families and the Community



Promoting sports

University of Tsukuba Soccer Club

We make annual donations to Tsukuba University to support academic and research activities, as well as to promote sports. In 2005, Tsukuba University became the first national university to display Joyful Honda's logo on its football team uniforms for league matches. Through initiatives such as this, we contribute to educational activities and local sports promotion in the local community while deepening our collaboration with Tsukuba University.



Ibaraki Robots

We have a sponsorship agreement with the Ibaraki Robots, a team in the men's professional basketball league B.LEAGUE. Together with the local community, we support the team and promote ongoing activities aimed at fostering the next generation through sports, as well as contributing to the local community.



Tsukuba FC

Tsukuba FC is a club aiming to create an environment where people across a broad range of age groups, from children to adults, can enjoy playing football throughout their lives. This club has been proactively addressing "junior high school club activity reform," undertaking the role of a secretariat in the transition of club activities to local communities, and is attracting attention as a model case for the whole country. Additionally, in January 2023, it launched an after-school children's club program. It also utilizes the club facilities to provide programs for "learning" and "playing" centered around "sports." The club provides local children with a variety of growth opportunities.

Moriya Half Marathon

Since 2011, we have continued to sponsor the Moriya Half Marathon as an official partner. We also provided special sponsorship for the 41st Half Marathon held on February 2, 2025, working together with the local community to help make the event exciting. The manager of the Moriya Store presented a greeting at the opening ceremony, and we see the event as a valuable opportunity to deepen our interaction with local elementary and junior high school students and their parents. Every year, many



employees also participate as runners, enjoying the event together as members of the community.

Shopping support services for the elderly

We are working in collaboration with local municipalities to promote policies aimed at improving convenience for the elderly and local residents. We provide a wide range of support for the shopping environment, such as operating the complimentary Joyful-Go Free Shuttle Bus, which operates around the vicinity of our stores, providing bus stops for the city's free bus routes, and offering discount coupons for the shared taxi service, in proportion to the amount spent at the Company's stores.



Joyful-Go Free Shuttle Bus



Share Taxi Tsuchiura



Kaminokawa Town Kamitan-Go



Utsunomiya City Local Transport



Moriya On-Demand Shared Transport



Cooperation with the operation of the Ota-City-operated free bus

Animal rescue activities

We collaborate with RENSA and SBI PRISM SSI CO., LTD., to support adoption events for rescued dogs and cats. By providing store facilities, information, and operational support, we create opportunities for animals in unfortunate circumstances to meet new owners. We will continue to engage in animal rescue activities together with the local community.



Our approach to human capital management

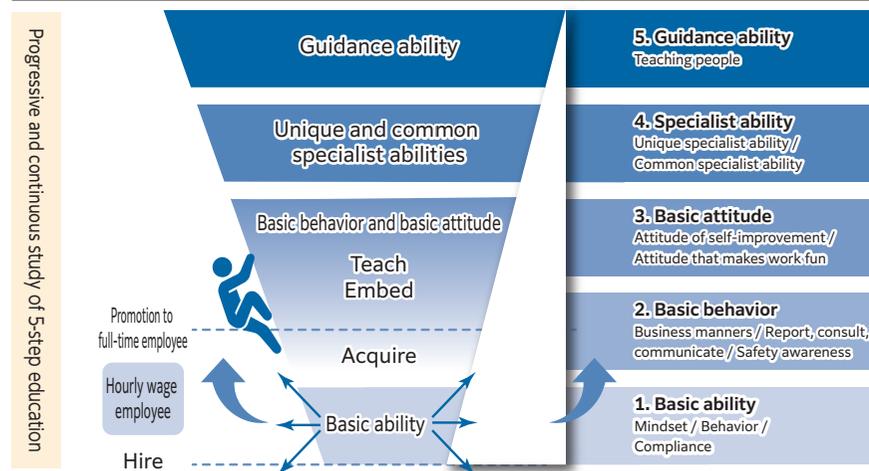
Strategy related to human capital

We aim to be an organization where all employees can truly gain a sense of their own growth. We promote human resource initiatives that go beyond systems and structures to include everyday conversations and ways of working. By setting forth clear career paths and providing growth opportunities fairly, we create an environment where employees can take on challenges with confidence. Through fair and transparent evaluation and treatment, we aim to foster a corporate culture where employees feel supported by the organization.

We have also established an education system through which employees can progressively and continuously learn across five areas—"basic abilities," "basic behavior," "basic attitude," "specialist abilities," and "guidance abilities"—supporting them to steadily enhance their skills from a fundamental to advanced level. Through these systematic education and human resource initiatives, we aim to enable employees to proactively leverage their abilities and grow into human resources that meet the expectations of customers and the local community, driving the sustainable enhancement of corporate value.

Based on our mission statement, "Co-create the Joy and Dreams of Communities by Securing Essential Items and Making Proposals for a Better Life," and other management principles, we have established a human resource policy and are engaged in human resource development from a medium- to long-term perspective. Responding to significant changes in the management environment, such as the rapid reform of working styles and increasingly intense competition, including with companies in different industries, it is essential that we help all our employees grow as a professional group that can provide satisfaction and joy to

Progressive and continuous education and study



our customers. We value the ability of employees not only to rely on their own skills but also to comprehensively utilize the knowledge and expertise of their colleagues, creating organizational results through collaboration. For this reason, we aim to educate our employees to grow as "human resources who can think and act independently," and provide them with opportunities to practice our action guidelines: "challenge change with a view to the future." Through these initiatives, we promote the development of professional human resources to support sustainable growth.

Human resource policy

[Emphasis on communication and the pursuit of rationality, fairness, and transparency]

By prioritizing communication with employees and establishing and operating a human resource system that pursues rationality, fairness, and transparency, we will faithfully fulfill our accountability to our employees

[Human resource management based on "job groups"]

In building and operating the personnel system, we will classify employees into job groups based on the nature of their work, the degree of their responsibilities and authority, and the roles and contributions expected of them. We will clearly define each job group and conduct assessments, treatment, and training appropriate to each job group

[Respect for the individual and emphasis on abilities and aptitudes]

We consider the working environment of our employees, respect them as individuals, and assign, transfer, and promote them based on their abilities, aptitudes, and intentions

[Providing growth opportunities]

We will require our employees to grow as "human resources who can think and act independently," and provide them with opportunities to do so through the implementation of our action guidelines of "challenge change with a view to the future"

[Salary determination based on job responsibilities]

To achieve highly fair treatment, we will determine salaries based on the size of each employee's responsibilities and their performance in fulfilling those responsibilities

[Distribution of added value and management results]

Based on the thinking that "the source of personnel expenses is added value," total personnel expenses are determined based on the amount of added value. Based on the concept of "distribution of management results," when profits exceed targets, a certain percentage is distributed to employees

[Bonuses determined based on performance]

All employees are expected to "contribute to profit creation," and bonuses are paid based on each individual's contribution to performance

[Implementation of measures to enhance job satisfaction]

We will regularly assess employee job satisfaction and continuously consider and implement measures to improve job satisfaction

Initiatives to address each specific theme

Human resource development

Human resource development policy

Our policy on developing human resources and improving the workplace environment, including ensuring the diversity of human resources, is presented below.

Human resource development policy

We consider the working environment of our employees, respect them as individuals, and assign, transfer, and promote them based on their abilities, aptitudes, and intentions.

Training system

We have established a structured training system to support the growth of each employee. We distribute work manuals and videos as training materials to all stores to help new employees and others acquire the knowledge and skills essential to perform their duties.

In addition, dedicated OJT trainers are assigned at the Head Office to enhance on-site practical training. Each store also has a dual-role OJT coordinator who supports employees as a mentor in their day-to-day work.

Through this system, we promote the development of human resources throughout the organization who possess the Company's key strength of an advanced ability to propose solutions. We envision a solution proposal ability that combines extensive product knowledge with the ability to accurately comprehend each customer's lifestyle and needs. Through training and daily practice, we hone this ability to propose the best products and services for our customers, continually providing new value to their lives.

The training performance for the fiscal year ended June 2025 is as shown on the right.

Evaluation system

We clearly define the behavioral traits expected of our employees to fulfill our corporate mission, "Co-create the Joy and Dreams of Communities by Securing Essential Items and Making Proposals for a Better Life," based on the Five Action Guidelines* derived from this mission. We reflect this in the evaluation system, promoting the growth of each employee while also contributing to the enhancement of corporate value. Through this system, we will support our employees' challenges and contribute even more to local communities.

* →[Five Action Guidelines under our management philosophy: P2](#)

Training implemented

(June 21, 2024, to June 20, 2025)

Training/workshop name	Lecture style	Target	Number of people	Total hours
New manager training	Group (1 day)	Newly appointed managers and supervisors	19	152
New employee training	Group (3 nights 4 days)	New employees	54	1,728
New employee OJT	In person + online	New employees (excluding the Reform Division)	49	19,600
OJT manager training	Group (1 day)	Assistant store managers, general administrators, and managers of stand-alone stores	18	288
OJT basic classes	Online	Leadership groups and expert groups	405	810
OJT staff training	Group (1 day)	Leadership groups and expert groups People responsible for new employee education	98	1,372
Mid-career hires initial training	Online	Mid-career hires	16	56
Evaluators' workshop for 360-degree assessment	E-learning	Full-time employees (excluding practical job groups)	1,657	1,242
Internal training for supervisor groups	Group (1 day)	Supervisor groups in the Reform Division	23	184
Internal training for expert groups and practical job groups	Group (1 day)	Expert groups and practical job groups in the Reform Division	178	1,424
Regular traffic safety classes (3 times in total)	E-learning	Employees in the Reform Division	1,274	233
Customer harassment training	Group (1 day)	Person responsible for preventing unjust demands	71	213
Customer harassment training	Online	All employees (at stores)	4,414	3,310
Harassment training	In person	All employees (at stores)	2,927	2,927
Total			11,203	33,539

*1 Training results exclude knowledge and technical training.

*2 In the previous year (fiscal year ended June 2024), an aggregate of 29,812 employees attended a total of 24,550 hours of training, excluding knowledge and technical training.

Establishing comfortable work environments

Promotion of diverse working styles

We support diverse working styles to ensure that all of our employees can continue working according to their own life stage and circumstances. For example, we have established the Area Employee System, which enables flexible arrangements in cases where transferring is difficult due to illness or caregiving responsibilities, or when employees wish to work within a specific region.

We have also introduced a remote working system to promote working styles unconstrained by time or location. This system helps reduce the burden of commuting, maintain physical and mental health, and improve work efficiency. Flexible systems such as this create an environment where employees can pursue their careers with peace of mind. At the same time, they contribute to supporting the balance between work and childcare, which will be discussed next.

Supporting a balance between work and childcare

We have established various programs, at levels exceeding the statutory requirements, to ensure that employees can balance work and family life, especially childcare, with peace of mind. In addition to extending the period of reduced working hours for childcare and creating a special leave system to encourage male employees to participate in childcare, we also support working styles that match individual lifestyles through flexible work systems.



In the fiscal year ended June 2025, the rate of male employees taking childcare leave or other leave for childcare purposes was 78.9%. In August 2022, these initiatives were recognized, and we received the Minister of Health, Labour and Welfare's certification (Kurumin certification) as a childcare support company. We are working to create an environment where employees can balance childcare and work with peace of mind and fully demonstrate their abilities.

Conducting job satisfaction surveys

We conduct job satisfaction surveys every year to promote the creation of an environment in which all of our employees can maximize their abilities, based on a foundation of trust between employees and the company. In the fiscal year ended June 2025, the job satisfaction affirmation rate was 42%. Based on the survey results, we are able to make ourselves aware of the current situation and use this knowledge as a guideline for realizing our vision of "Becoming the Top 'Living Space Innovator'® in Japan."

The job satisfaction affirmation rate is incorporated as an element of the basic policies of the medium-term management plan, clearly demonstrating through numerical values the creation of an environment in which employees can work with a positive mindset. In this way, it contributes to raising awareness throughout the organization.

The survey results are also reflected in management evaluation. The targets (performance evaluations) for Executive Directors and Executive Officers are examined and approved at the beginning of the term by a non-statutory compensation committee consisting of a majority of External Directors with an External Director as the chairperson. The level of compensation is determined, together with the actual evaluation, at the end of each fiscal year. By positioning the results of the job satisfaction surveys as one of the evaluation metrics, we have established a system in which management takes responsibility for improving employee engagement. This enables management and employees to work together to promote the creation of a rewarding workplace.

Diversity & inclusion (D&I)

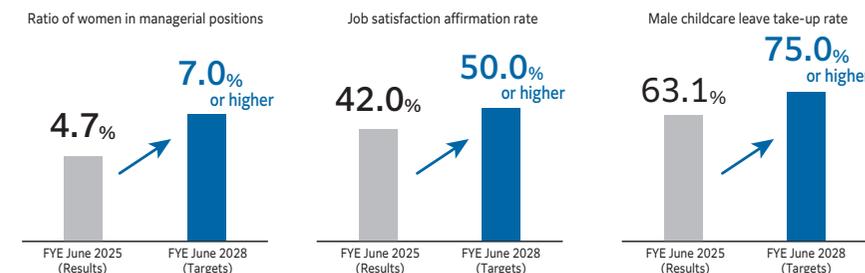
From the perspective of "creating a corporate culture" set forth in the basic policy of the new medium-term management plan, "invest in intellectual capital," we regard diversity & inclusion (D&I) as a key management issue. By fostering a culture wherein diverse human resources can leverage their strengths and respect each other, we will achieve organization-wide creativity and sustainable growth.

Metrics and targets related to human capital

The Company uses the following metrics to measure its policies on human resource development, including the securing of human resource diversity, and on the improvement of workplace environments. The targets and performance for the relevant metrics are as follows.

Metrics	FY2024 performance (June 21, 2023–June 20, 2024)	FY2025 performance (June 21, 2024–June 20, 2025)	Targets
Ratio of women in managerial positions	1.9% (4 people)	4.7% (11 people)	7.0% or higher (by June 20, 2028) 10.0% or higher (by June 20, 2030)
Proportion of women among sales floor managers	13.0%	13.0%	13.0% or higher (by March 31, 2026)
Gender pay gap among workers	All workers	58.8%	60.8%
	Full-time employees	71.8%	72.5%
	Fixed-term workers, etc.*1	80.0%	81.4%
Ratio of mid-career hires in managerial positions	47.8%	51.1%	—
Social insurance participation rate: (employees/part-time employees)	92.2%	91.1% (Part-time employees: 84.8%)	—
Average overtime hours	3.8 hours/month	3.3 hours/month	6 hours/month or less
Average paid leave take-up rate	81.0%	79.9%	60.0% or higher
Return to work after childcare leave rate	93.5%	86.5%	95.0% or higher (by June 20, 2028)
Male childcare leave take-up rate*2	52.7%	63.1%	75.0% or higher (by June 20, 2028)
Job satisfaction affirmation rate*3	34.0%	42.0%	50.0% or higher (by June 20, 2028)

*1 "Fixed-term workers, etc." includes hourly-wage employees and daytime employees.
 *2 In accordance with the provisions of the "Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Childcare and Family Care Leave" (Act No. 76 of 1991), the percentage of employees taking childcare leave, etc., as stipulated in Article 71-6, Item 2 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labour No. 25 of 1991) was calculated.
 *3 We have adopted employee satisfaction surveys based on the GTPW® Survey conducted by Great Place To Work® Institute Japan.



Women's empowerment

The Company has 11 women in managerial positions, accounting for 4.7% of all managers (FYE June 2025). We recognize the need to further increase the appointment of women. To this end, rather than simply setting numerical targets, we focus on creating a workplace environment in which women can thrive. We established the Women's Empowerment Committee (now the Diversity Promotion Committee) in 2021, which identifies issues and proposes improvement measures on an ongoing basis. By transforming the organizational culture and implementing effective measures, we are steadily promoting the appointment of women to managerial positions.

Promotion of mid-career hires to managerial positions

In the fiscal year ended June 2024, the Company hired three mid-career employees for managerial positions, followed by two more in the fiscal year ended June 2025. At present, 51.1% of managerial positions are held by mid-career hires. We will continue to actively recruit human resources who have gained experience and insights outside the Company as managers, leveraging their abilities to strengthen our organization-wide capabilities.

Diversity Promotion Committee

We have expanded and developed the Work Style Reform Project, which we launched in 2022, merging it into the Diversity Promotion Committee in November 2023. This committee examines front-line issues from multiple perspectives and promotes initiatives for improvement. In addition to promoting the advancement of women, we aim to create workplace environments where all employees, from new recruits to mid-level employees, can fully demonstrate their abilities, regardless of whether they are regular or non-regular employees.

Additionally, as an external project, we have opened a pop-up store called JOYFUL Petit, planned mainly by our female employees and featuring products selected from a female perspective.



Initiatives for business partners

Declaration of partnership building

At Joyful Honda, we have declared our commitment to co-existence and co-prosperity with our suppliers and business partners, working to enhance added value across the entire supply chain and to build sustainable business relationships. Please see below for details.

[→Declaration of partnership building](#)



Multi-stakeholder policy

We are committed to co-creating value with our shareholders and a diverse range of other stakeholders including employees, business partners, customers, and local communities, and to appropriately distributing the resulting benefits. We promote initiatives that contribute to developing local communities. This includes returning these benefits to employees and showing consideration for business partners. Please see below for details.

[→Multi-stakeholder policy](#)

External assessments

Joyful Honda has received an "AA" rating in the MSCI ESG ratings, one of the world's leading providers of ESG metrics.

* The use of data from MSCI ESG Research LLC or its affiliated companies (hereinafter referred to as "MSCI") by Joyful Honda Co., Ltd., and the use of MSCI logos, trademarks, service marks, or index names do not constitute sponsorship, endorsement, or promotion of Joyful Honda Co., Ltd. MSCI's services and data are the property of MSCI or its information providers, and such information is provided "as is" without warranties.

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Appointment of Directors

Standards for election of Directors and Statutory Auditors

We have established the standards for election of Directors and Statutory Auditors to enhance the effectiveness of the Board of Directors and achieve sound and transparent management. Our basic policy is to appoint human resources who possess excellent insight and expertise, as well as independence and diversity.

Please see the standards for election below.

→Standards for election

Standards for the independence of External Directors and Statutory Auditors

We have also established standards for independence to ensure that the External Directors and Statutory Auditors supervise management from an independent standpoint and fulfill their roles in providing useful advice. These standards are aimed at ensuring objectivity and neutrality and further enhancing the effectiveness of the Board of Directors.

Please see the standards for independence below.

→Standards for independence

Reasons for the appointment of Directors

Name	Position	Internal/ External	Independent	Committee member
	President	Internal	—	Nomination/Compensation
Reason for appointment				
Ikuo Hirayama	At the Company, Mr. Ikuo Hirayama has been engaged in operations such as store management and the Merchandising Department for many years and has successively held positions such as General Manager of the Merchandising Department, General Manager of the Administration Group, and Senior Executive Officer & COO. Since June 2023, he has been serving as President of the Company and is leading the Company by demonstrating strong leadership. He has a wealth of experience in store management and the ability to execute business, as well as a wide range of knowledge about the Company's business, and the Company judges that he is qualified to further enhance the corporate value of the Company.			
Name	Position	Internal/ External	Independent	Committee member
	Director & Counselor	Internal	—	—
Reason for appointment				
Masaru Honda	Mr. Masaru Honda has held important positions at the Company and Group companies. He has a wealth of experience and wide-ranging insight related to the management of the Company. As a Director, he appropriately fulfills his role, including making decisions on important management matters and supervising business execution. The Company believes that he is qualified to continue to further enhance the corporate value of the Company.			
Name	Position	Internal/ External	Independent	Committee member
	External Director	External	Independent	Nomination/Compensation Chairperson of the Nomination Committee
Reason for appointment				
Touko Shirakawa	Ms. Touko Shirakawa, although she does not have direct experience in corporate management, has worked for many years in various fields as a journalist, writer, educator, and committee member of various public councils on themes such as work style reform, diversity, women's empowerment, work-life balance, autonomous career development, and SDGs, and has a wealth of experience and wide-ranging insight. We believe that, by leveraging this experience and insight, she will make useful suggestions on overall management, supervise management decisions and business execution from an independent and objective standpoint, and play a sufficient role in improving our employees' work styles and career development for women.			

Name	Position	Internal/ External	Independent	Committee member
	External Director	External	Independent	Nomination/Compensation Chairperson of the Nomination Committee
Reason for appointment				
Keita Tokura	Mr. Keita Tokura, although he does not have direct experience in corporate management, has been engaged in corporate legal affairs mainly in the fields of corporate mergers and acquisitions, various financial transactions, including capital markets, as well as corporate governance. He also has extensive experience and broad insight into corporate strategic decision-making, including legal matters, M&A, and IT, having worked in the M&A advisory division of a securities company. We believe that, by leveraging this experience and insight, he will make meaningful suggestions on overall management, supervise management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company's future business strategies.			
Name	Position	Internal/ External	Independent	Committee member
	External Director	External	Independent	Nomination/Compensation
Reason for appointment				
Shinichi Shibayama	Having held important positions at Nomura Research Institute, Ltd., and its group companies and been engaged in the management of multiple companies, Mr. Shinichi Shibayama has a wealth of experience and insight related to corporate management and consulting. In addition, he served as President of the Japan Society for Corporate Communication Studies and possesses both academic knowledge and practical experience in the field of public relations. We believe that, by leveraging this experience and insight, he will make meaningful suggestions on overall management, supervise management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company's business strategies and other areas.			

Status of Directors' activities

<Regular agenda>

- Matters concerning management plans such as medium-term management plans
- Matters concerning the General Meeting of Shareholders
- Matters concerning the approval of the financial results, etc.
- Matters concerning Directors, such as the selection of the Representative Director and the determination of changes in Directors and Directors' remuneration
- Matters concerning important personnel appointments, such as the appointment of Executive Officers
- Matters concerning the selection of members of the Nomination and Compensation Committee
- Matters concerning dividends of surplus
- Matters concerning the assessment of the effectiveness of the Board of Directors
- Matters concerning the results of the job satisfaction survey (GPTW®)
- Matters concerning the activity report of the Risk and Compliance Committee and the Sustainability Committee
- Matters concerning the Company's initiatives to address Japan's Corporate Governance Code
- Matters concerning Directors and Officers Liability Insurance (D&O)
- Matters concerning internal control planning
- Matters concerning budget approval
- Matters concerning financial results forecasts

<Non-regular agenda>

- Matters concerning organizational changes and revisions to related regulations
- Matters concerning treasury shares
- Matters related to significant investments (store openings, existing store renovations, IT, etc.)
- Matters concerning M&A
- Matters concerning integrated reports
- Matters concerning the shareholder benefits program

Attendance by each Director

In FY2025, the Board of Directors met 14 times. The status of attendance by each Director is shown on the right.

Position	Name	Attendance (attendance rate)
President	Ikuo Hirayama	14/14 (100%)
Director & Counselor	Masaru Honda	14/14 (100%)
External Director	Touko Shirakawa	14/14 (100%)
External Director	Keita Tokura	14/14 (100%)
External Director	Shinichi Shibayama	—*

* Appointed in September 2025

Introduction of Directors and other Officers



Skills matrix

	Name	Corporate management	Industry experience	Legal/Governance	Financial accounting /M&A	Human resources /Diversity	IT/Digital	Environment/Society
	Ikuo Hirayama	●	●			●		
	Masaru Honda	●	●					●
Director	Touko Shirakawa			●		●		●
	Keita Tokura			●	●		●	
	Shinichi Shibayama	●		●	●			
	Shinsuke Uchinashi	●		●	●			
Statutory Auditors	Yumiko Otagiri			●	●			
	Akiko Ozawa			●		●		

*1 The above list does not cover all of the expertise, experience, and knowledge possessed by the Directors and Statutory Auditors.

*2 Industry experience refers to experience in the distribution or retail industry.

Explanation of each skill area

- Corporate management** : The business management knowledge and experience to assess changes in the business environment, develop appropriate strategies, and practice responsible corporate management.
- Industry experience** : Extensive knowledge and experience in the distribution and retail industry, and extensive knowledge of a wide range of business operations.
- Legal/Governance** : Knowledge of legal affairs, compliance, and internal controls to support the foundation of fair and sound business activities.
- Human resources / Diversity** : The skills to enhance human capital, such as human resource development and promoting diversity.
- IT/Digital** : The skills to promote improvements in business processes through the use of IT and DX.
- Environment/Society** : Expertise in sustainability and a strong understanding of social issue resolution, with the ability to contribute to sustainable corporate growth.

List of Directors, Statutory Auditors, and Executive Officers



Ikuo Hirayama
President
Number of shares of the Company held
25,300 shares
(as of June 2025)
Attendance at Board of Directors meetings
14/14 (100%)

March 1987 Joined the Company
September 2015 Director, General Manager, Merchandising Department and General Manager, Merchandise Development Office
February 2016 Director
February 2016 Director, Honda Sangyo Co., Ltd.
March 2016 Managing Director, Honda Sangyo Co., Ltd.
April 2017 Managing Director, General Manager, Administration Group, General Manager, Corporate Planning Department, and General Manager, General Administration Department, the Company
July 2017 Managing Director, General Manager, Corporate Planning Group
July 2018 Managing Director
February 2019 Director, JOYFUL AK Co., Ltd.
June 2019 Director & Senior Executive Officer, General Manager, Administration Group, the Company
March 2021 Director, MTJ FITNESS Corporation (to present)
June 2021 Director, Senior Executive Officer & COO, the Company
August 2022 Director, Senior Executive Officer & COO and General Manager, Reform Division
June 2023 President (to present)
May 2025 Director, JOYFUL AK CO., LTD. (to present)
September 2025 Director, HONDA Co., Ltd. (to present)



Masaru Honda
Director & Counselor
Number of shares of the Company held
1,847,500 shares
(as of June 2025)
Attendance at Board of Directors meetings
14/14 (100%)

March 1986 Joined Honda Sangyo Co., Ltd.
October 1992 Director
October 1998 Senior Managing Director
January 2001 Director, Joyful Honda Co., Ltd.
October 2003 President, Honda Sangyo Co., Ltd.
August 2005 Director, the Company
September 2017 Counselor
September 2017 Director
April 2018 Chairman, Honda Sangyo Co., Ltd.
March 2020 Retired as Chairman
April 2020 Director & Counselor, the Company (to present)



Touko Shirakawa
External Director
Number of shares of the Company held
0 shares
Attendance at Board of Directors meetings
14/14 (100%)

April 2002 Fully-fledged start of writing activities
April 2013 Visiting Professor, Sagami Women's University
September 2015 "National Conference for Promoting Dynamic Engagement of All Citizens," Cabinet Secretariat
March 2016 Private Member of Parliament, Committee Member, "Council for Gender Equality, Expert Committee on Priority Policies," Gender Equality Bureau Cabinet Office
September 2016 Expert Member, "Council for the Realization of Work Style Reforms," Cabinet Secretariat
March 2017 Expert Committee Member, "Council for Gender Equality Expert Committee on Priority Policies," Gender Equality Bureau Cabinet Office
May 2017 Follow-up Meeting Committee Member, "Japan's Plan for Promoting Dynamic Engagement of All Citizens," Cabinet Secretariat
March 2018 Public Board Member, "Council for Initiatives for Promoting the SDGs in the Securities Industry," Japan Securities Dealers Association (to present)
April 2018 Visiting Professor, Center for General Education, Showa Women's University (to present)
October 2018 Follow-up Meeting Committee Member, "Council for the Realization of Work Style Reforms," Cabinet Secretariat
June 2019 Committee Member, "Investigative Committee on the New Ways of Convenience Stores," Ministry of Economy, Trade and Industry
March 2020 Committee Member, "Investigative Committee for Promotion and Deployment of Telework," Ministry of Internal Affairs and Communications
April 2020 Specially Appointed Professor, Graduate School of Sagami Women's University (to present)
April 2020 Outside Director, sawacompany Ltd. (now miratap inc.) (to present)
September 2020 External Director, the Company (to present)
April 2021 Outside Director, Daiwa Asset Management Co. Ltd. (to present)
July 2021 Director, People & Communities Network
July 2022 Outside Director, SUMITOMO LIFE INSURANCE COMPANY (to present)
April 2025 Visiting Professor, Diversity Promotion Organization, Showa Women's University (to present)



Keita Tokura
External Director
Number of shares of the Company held
0 shares
Attendance at Board of Directors meetings
14/14 (100%)

April 2004 Joined the Legal Training and Research Institute of Japan, Supreme Court of Japan
October 2005 Graduated from the Legal Training and Research Institute of Japan, Supreme Court of Japan, and registered as an attorney-at-law
Joined Anderson Mori & Tomotsune (now Anderson Mori & Tomotsune Foreign Law Joint Enterprise)
Worked at Daiwa Securities SMBC Co. Ltd.
April 2008 Registered as an attorney-at-law in the state of New York, U.S.A.
June 2012 Partner, Anderson Mori & Tomotsune (now Anderson Mori & Tomotsune Foreign Law Joint Enterprise) (to present)
January 2014 External Statutory Auditor, Idein Inc. (to present)
April 2016 Part-time Lecturer, Faculty of Economics, Seikei University
December 2019 Part-time Lecturer, Graduate School of Law, Hitotsubashi University (to present)
April 2020 External Director, the Company (to present)
September 2020 External Director, the Company (to present)



Shinichi Shibayama
External Director
Number of shares of the Company held
0 shares
Attendance at Board of Directors meetings
—

April 1980 Joined NEC Corporation
August 1990 Joined Nomura Research Institute, Ltd.
April 2000 General Manager, Management Consulting Division
April 2002 Division Manager, Consulting Division I
April 2004 Division Manager, Consulting Business Promotion Division
April 2005 General Manager, Public Relations Department, and General Manager, Investor Relations Department
April 2009 General Manager, General Affairs Department
April 2012 Representative Director and President, NRI Data i Tech, Ltd.
July 2015 Professor, The Graduate School of Information & Communication (now The Graduate School of Social Design)
April 2017 External Director, Wilson Learning Worldwide Inc. (to present)
June 2018 Director, SHIDAX CORPORATION
June 2019 President, Japan Society for Corporate Communication Studies
June 2019 Director, Senior Managing Corporate Officer, SHIDAX CORPORATION
April 2020 Director, Public Relations Society of Japan (to present)
June 2022 Professor, The Graduate School of Management and Education Technology (to present)
April 2025 External Director, the Company (to present)
September 2025 External Director, the Company (to present)



Shinsuke Uchinashi
Statutory Auditor
(External Statutory Auditor)
Attendance at Board of Directors meetings
—
Attendance at Board of Auditors meetings
—

April 1979 Joined Fuji Bank Limited (now Mizuho Bank, Ltd.)
August 2004 General Manager, Kamata Branch, Mizuho Bank, Ltd.
April 2010 Executive Officer and General Manager, Credit Supervision Division IV
May 2011 Senior Executive Operating Officer, JUKI CORPORATION
March 2013 Managing Officer
March 2017 Director and Managing Officer
March 2018 Director and Senior Managing Officer
March 2020 Representative Director and Senior Managing Officer
January 2021 Representative Director, President and COO
March 2023 Director and President
September 2023 Outside Director, AIMECHATEC, Ltd.
July 2024 Director, JUKI CORPORATION
March 2025 Advisor
September 2025 External Statutory Auditor, the Company (to present)



Yumiko Otagiri
Statutory Auditor
(External Statutory Auditor)
Attendance at Board of Directors meetings
14/14 (100%)
Attendance at Board of Auditors meetings
17/17 (100%)

October 2002 Joined Chuo Aoyama Audit Corporation
July 2007 Joined KPMG FAS Co., Ltd.
December 2015 Joined Nihon M&A Center Inc.
October 2019 General Manager, Corporate Planning Office, TOKYO PRO Market Business Department
April 2021 General Manager, Strategic Promotion Office, President's Management Office
September 2021 External Statutory Auditor, the Company (to present)
April 2022 Senior Manager, Project Management Section, Project Management Strategy Department, Project Management Division, Nihon M&A Center Inc.
October 2022 Senior Manager, M&A Advisory, Grant Thornton Taiyo Advisors Co., Ltd.
September 2024 Director, M&A Advisory (to present)



Akiko Ozawa
Statutory Auditor
(External Statutory Auditor)
Attendance at Board of Directors meetings
—
Attendance at Board of Auditors meetings
—

December 2012 Registered as an attorney-at-law with the Tokyo Bar Association
December 2012 Joined Century Law Office
January 2021 Seconded to the Secretariat of the Japan Casino Regulatory Commission, an external bureau of the Cabinet Office
June 2023 External Auditor, Churitsu Electric Corporation
January 2024 Reemployment Surveillance Inspector, Ministry of Defense (to present)
January 2024 Judicial Commissioner, Tokyo Summary Court
March 2024 External Auditor, Challenge Inc. (to present)
March 2024 External Auditor, THIRD Inc.
February 2025 Established GK General Law Office, Representative Director (to present)
September 2025 External Statutory Auditor, the Company (to present)



Masakazu Okajima
Executive Officer
General Manager,
Corporate Planning Division

March 1993 Joined the Company
June 2012 Store Manager, Yachiyo Store
June 2013 Store Manager, Utsunomiya Store
July 2016 Store Manager, Mizuho Store
June 2019 General Manager, Store Operation Division
July 2021 General Manager, Sales, Reform Division
July 2023 General Manager, Store Administration, Home Center Division
July 2025 Executive Officer, General Manager, Corporate Planning Group (to present)
September 2025 Representative Director, Honda Co., Ltd. (to present)



Kazunobu Takanohashi
Executive Officer
General Manager,
Home Center Division

October 2005 Joined the Company
July 2017 Store Manager, Satte Store
June 2019 General Manager, Corporate Planning Division, Corporate Planning Department
October 2019 General Manager, Store Operation Division, Store Operation Department
July 2021 Store Manager, Chiyoda Store
July 2022 Store Manager, Yoshioka Store
July 2023 Deputy General Manager, Store Administration and General Manager, Store Operation Department, Home Center Division
July 2025 Executive Officer, General Manager, Home Center Division (to present)

Assessment of the effectiveness of the Board of Directors

Assessment process

The Company has been conducting self-assessments of the effectiveness of the Board of Directors since the fiscal year ended June 2019, with the aim of improving the functioning of the Board of Directors. Through this self-assessment, we undertake a continuous process of verifying whether the Board of Directors is functioning properly and taking the necessary measures to address identified issues, thereby further enhancing the Board's effectiveness.

FY2025 assessment results and issues

Method of assessment

- Target: All Directors (5 people) and all Statutory Auditors (3 people)
- Period: June 2025
- Method: Questionnaire with name identification

Assessment results

As in the previous assessment, the Company received high marks in all categories, including the composition, operation, agenda, and the system supporting the Board of Directors.

<Improvements from FY2024>

- The heads and representatives of the departments that submitted proposals attended Board of Directors meetings and conducted direct Q&A sessions, enabling the prompt sharing of points of revision and issues raised, leading to speedy business execution
- Three off-site meetings were held in the fiscal year ended June 2025, apart from Board of Directors meetings, enabling discussions on the formulation of the next medium-term management plan

Challenges

Moving forward, we will continuously work on the following matters to further improve effectiveness.

- We will utilize off-site meetings to enable more focused discussions concerning medium- to long-term management issues, risks, and human capital
- The initiators of proposals will attend the relevant Board of Directors meeting and respond directly to questions on their proposals, thereby responding swiftly and accurately to points to be revised and issues raised
- In addition to continuing to distribute meeting materials in advance and simplifying the summary explanations given at meetings, we will share the details of prior discussions at the Management Council with the Board to enhance the substance and depth of discussions

Remuneration for Directors

Fundamental policy

The remuneration of Directors shall be determined in accordance with the following fundamental policy.

- It shall be in accordance with the roles and responsibilities required of each Director.
- The remuneration of Directors shall be designed to encourage contributions that lead to the enhancement of corporate value over the medium to long term, reflecting the results while considering an appropriate balance with short-term results.
- The remuneration of Directors shall be at a level that contributes to securing and maintaining the human resources necessary to improve corporate value.

Composition of remuneration of Directors

Details of composition (fiscal year ended June 2025)

Category	Details	Proportions in the case of the President	Proportions in the case of Non-Executive Directors	Proportions in the case of External Directors
Basic remuneration (fixed remuneration)	Fixed remuneration paid as remuneration apart from performance-linked remuneration	Approx. 57%	Approx. 66%	Approx. 66%
Performance-linked remuneration (short term: bonuses)	Remuneration linked to short-term performance	Approx. 24%	—	—
Performance-linked remuneration (medium to long term: share-based remuneration)	Remuneration linked to medium- to long-term performance	Approx. 19%	Approx. 34%	Approx. 34%

Revision of the remuneration level

The Compensation Committee uses data from external surveys of executive remuneration and benchmarks the median remuneration of companies listed on the Tokyo Stock Exchange Prime Market and the top 25% of companies in the retail industry to review the remuneration table, as necessary.

Metrics and reasons used to determine the level of remuneration

Metrics	Linked remuneration	Reason for selection
Competency	Performance-linked remuneration (medium term: share-based remuneration)	Based on the belief that not only results (performance) but also job performance in the process of achieving those results should be prioritized, we conducted a 360-degree assessment of the competencies (10 items) expected of the Company's management.
ROE	Performance-linked remuneration (short term: bonuses)	The interests of shareholders and the company are aligned, and the company has adopted the generally expected standard for publicly traded companies.
Performance assessment	EBITDA	Depreciation is a highly variable factor depending on circumstances, so it has been adopted to indicate the profitability of the core business.
	PBR	We have adopted price book-value ratio as a comprehensive assessment metric for management.
	GPTW®	Based on the idea of "regularly assessing job satisfaction and routinely considering and implementing measures to improve job satisfaction," we have adopted Great Place To Work® as our employee satisfaction survey.

Changes in metrics used to determine remuneration, etc.

Types and timing of remuneration	FYE June 2020	FYE June 2021	FYE June 2022	FYE June 2023	FYE June 2024	FYE June 2025
Fixed remuneration	Rank Performance assessment Competency					
Remuneration linked to short-term performance (bonuses)	Performance assessment EBITDA ROE					
Remuneration linked to medium- to long-term performance (share-based remuneration)	Performance-linked share-based remuneration* EBITDA Labor productivity Competency Performance assessment Competency					
Restricted stock remuneration	— — — Decided by the Board of Directors					

* Paid as share-based remuneration without performance conditions attached to Non-Executive Directors and External Directors

Information security

Basic approach

We recognize that risks such as cyberattacks, system failures, and personal information leaks may have a significant impact on our business activities and social credibility. We therefore regard the proper protection of information assets as a key management issue and continue to pursue stronger information security as part of our internal control and risk management systems.

Information security system

We have established a system to maintain information security and continuously improve it, to properly manage and protect all information assets we hold.

Under the President, who serves as the Chief Information Security Officer, the general manager of each division is appointed as an Information Security Manager, and the general manager of each department or store manager is appointed as an Information Security Section Manager, establishing a management and supervision system on a departmental level. This three-layer structure enables consistent risk management from the executive to the operational level.

We also regard it as a fundamental principle to maintain the confidentiality, integrity, and availability of information assets, and we review risk-sharing and countermeasures at meetings of the Management Council, based on regular risk assessments.

In terms of operations, we take measures such as access rights management, system monitoring, antivirus measures, and data backup to prevent unauthorized access and misuse. We also review the operational status through regular audits by the internal audit office and make improvements as needed.

Specific initiatives

Personal information protection

We implement thorough management based on our regulations on personal information protection. We provide training for both full-time and hourly-wage employees, ensuring they adhere to the proper handling of personal information.

Preparation for system failures

We outsource our core system to a major vendor's data center, and we have established a framework that can maintain robust security even in the event of a system failure.

Employee education

The Company continuously provides education on information management to improve the information literacy of all employees. Using a PC-based education and training system, we conduct ongoing training on themes such as "personal information protection laws," "handling personal information," and "proper use of social media," so that each employee understands the importance of personal information.

We are working to ensure an awareness of proper information handling.

In addition, in 2024, we revised our guidelines on the use of social networks and provided examples to illustrate the risks associated with sharing information on social media. We have clearly communicated the points for employees to be mindful of, such as prohibiting the posting of confidential information obtained through work or information related to customers and business partners, as well as personal information, copyright, and discriminatory expressions. We have also clarified the reporting and consultation process in case any inappropriate posts are discovered.

Through these initiatives, we are progressively fostering a corporate culture in which all employees are aware of their social responsibilities and are able to communicate information responsibly.

Initiatives to acquire PrivacyMark certification

We have launched a project to obtain PrivacyMark certification, aiming to further strengthen our efforts to properly manage personal information. We have appointed representatives from each department to the project and are currently making the preparations needed for certification, such as establishing systems and reviewing operational rules. We will continue to hold regular discussions to further improve the Company's overall level of personal information protection, with the goal of obtaining this certification.

Topics

Unauthorized access countermeasures

We are progressively enhancing security awareness among employees through training, in addition to strengthening our information security framework, to respond to the threat of cyberattacks. We regard the incidents of unauthorized access and personal information leakage that occurred in 2024 very seriously. We have been working on analyzing the causes and preventing any recurrence. As part of these efforts, we have completely overhauled our e-commerce site, upgrading it to a new system without reusing the old infrastructure. This has enabled us to (1) reduce the risks associated with operating our own servers; (2) implement multilayered security measures such as always-on SSL,^{*1} two-factor authentication, and monitoring by white-hat hackers; and (3) establish a payment environment that complies with PCI DSS^{*2} Level 1 standards. We have also taken out cyber insurance and implemented comprehensive risk management measures to prepare for any potential damages.

*1 SSL: A mechanism that encrypts data communication between a website and a web server, preventing unauthorized observation and tampering by third parties

*2 PCI DSS: An international security standard aimed at protecting credit card data

Round-table discussion with External Directors

The evolution governance for both offense and defense

— Our External Directors discuss Joyful Honda's corporate value creation —



■ Joyful Honda's continually evolving governance

— How would you evaluate Joyful Honda's current governance structure?

Shirakawa When I became a Director in 2020, I was surprised at the advanced governance structure that the Company already had in place at that time. It had already established a non-statutory nomination and compensation committee, as well as external assessments and 360-degree assessments of Directors, making the structure extremely transparent. We maintain close collaboration with the Statutory Auditors, and, as External Directors, there are plenty of opportunities to participate in discussions.

Shibayama When I met with the President for the first time as a newly appointed External Director, I was impressed by his deep understanding of governance. I think it is excellent that he is trying to establish governance not just as a system but as a culture. This includes linking remuneration for Directors to the job satisfaction affirmation rate, based on employee engagement surveys (GPTW®).

Tokura In the retail industry, the motivation and fulfillment of store employees are at the core of business management. Raising the GPTW® score is a challenging task, and I feel that the Company is very progressive for incorporating it as a metric for management evaluation.

Shibayama The current composition of the Board of Directors includes two Internal Directors and three External Directors, with External Directors holding the majority. How did the Company come to have such a progressive governance system?

Tokura I think that the experience of being a fund owner was significant. During that period, the Company established a system in which External Directors took the lead in corporate governance. I have heard that this approach was further advanced a couple of notches by Mr. Kugisaki, a former External Director.

— Do you perceive any issues regarding the Company's governance?

Tokura The current system is functioning very well. If I had to raise one issue, it might be that the President's range of responsibilities is too broad. Given the Company's wide range of business areas, I believe that we could further divide responsibilities in areas such as management, finance, and human resources, and delegate authority, giving the President time to focus more on strategic issues. I feel that appointing human resources to management positions and clarifying roles within the management team would enable the Company to advance to the next stage of growth.

Shirakawa I get the impression that the members of the senior management team hold multiple roles and are extremely busy. I have seen young people within the Company grow significantly over the past few years, and I feel that the overall strength of the organization would increase if a system were put in place to delegate a little more authority to the next generation.

I also feel that there is room for further growth in terms of women's empowerment and diversity. The Company has many female store employees with high potential, and I feel that the management team should take on the challenge to create environments in which these employees can further demonstrate their abilities.

Shibayama I have only recently become an External Director of the Company, but from an outside perspective, it seems to me that some remnants of a sort of "regional company" culture still linger here. Compared to city-based companies, there is a tendency among regional companies to be more cautious and conservative. Conversely, however, this tendency is also a testament to the Company's sincere and honest corporate culture. I am convinced that by flexibly incorporating digital capabilities and external human resources, it has great potential to develop more sophisticated management systems.

■ Effectiveness of the Board of Directors and depth of discussions

— What are your views on the discussions held at meetings of the Board of Directors?

Tokura The discussions are extremely vigorous. In discussions about the medium-term management plan, participants raised fundamental questions such as "Is the large-store strategy sustainable in the future?" This led to in-depth discussions that significantly influenced management policies. Opinions are divided on some proposals, and proper decision-making processes have been established, including thorough voting processes, rather than decision-making merely as a formality.

Shirakawa The fact that opinions are divided attests to the soundness of governance. The Statutory Auditors also participate in discussions from the same perspective as directors, and deeper discussions are made possible through the free exchange of opinions among all those involved. This diversity of perspectives enhances the validity of the conclusions reached.

Shibayama I have been involved with several companies before, but I feel that it is rare to see Board of Directors meetings where the Statutory Auditors speak up so actively. Participants enjoy a high degree of freedom in expressing opinions, and mutual

understanding has deepened through the process of discussion. The Company's Board of Directors truly deserves the moniker of a "functional board."

■ The growth strategy incorporated into the new medium-term management plan — As External Directors, what role did you play in the discussions aimed at formulating the new medium-term management plan?

Tokura From the early stages of formulation, we discussed the matter multiple times at meetings of the Board of Directors and continued to exchange candid views with Executive Officers in off-site meetings. I think that the input from External Directors was carefully reflected in the formulation process. The content of these discussions is certainly reflected in the policies set forth under the medium-term plan.

Shirakawa From a very early stage, the Internal and External Directors worked together in ongoing discussions concerning matters such as the analysis of strengths and weaknesses.

All of the Executive Officers have hands-on operational experience and have directly listened to customers' feedback on the front line. I believe that the accumulation of such "front-line knowledge" represents a steadfast strength of the Company. The current Pro Shop development represents our ability to shape this strength into a business.

— What challenges does the Company face in achieving the goals of the medium-term management plan, and what are the areas you will focus on going forward?

Shirakawa Population decline and staff shortages are unavoidable. In addition to promoting DX to streamline operations, we must have a system that makes maximum use of our human capital.

We have also come to understand that renovating and reinvesting in existing stores reliably yield results. Rather than restructuring the business portfolio, we will rebuild existing value by considering the characteristics of each trade area and location, determining which stores to leverage,



and identifying where to reinvest. I feel that this is the approach to growth most appropriate for Joyful Honda.

At the same time, climate change is bringing a change in the pattern of seasonal demand. Rather than regarding high temperatures as a chance phenomenon, we need to make business decisions based on global warming as a structural change.

Tokura The Company has only 17 stores, including both Joyful Honda and JOYHON stores, and the number of locations is not large. However, each store is sizable and has established a solid presence as a local community hub. Each store serves as part of the local infrastructure, contributing to the supply of goods and providing daily necessities during disasters. Our stores are characterized by a very strong relationship of trust with local residents.

A defining characteristic of Joyful Honda is our business approach centered on national brands, rather than relying on private labels. Prioritizing long-term trust with manufacturers and business partners over short-term profit margins enables us to ensure stable procurement and maintain quality. I believe that continuing to uphold honest business practices will support the Company's competitiveness.

Shibayama The customer's purchasing experience itself is undergoing significant changes. Businesses that formerly focused simply on selling products are now expected to evolve into companies that co-create value in everyday life. At stores, I am impressed by how many staff members can envision how customers will use our products and suggest these uses to them. These employees function not only as sellers but as partners in lifestyle proposals.

This approach also extends to our relationships with shareholders and local communities. I believe that, by not just selling products or shares, but creating new value through dialogue, a company can become part of the social infrastructure: a driving force for further growth.



■ Toward the sustainable enhancement of corporate value

— To conclude, please tell us about your aspirations for further corporate value enhancement.

Tokura The Board of Directors has set a new ROE target of 8.0%, and we have discussed shareholder returns, such as dividends and share buybacks, as a key theme. At the same time, we are also progressively revising the shareholder benefits program to increase the number of long-term shareholders. We aim for our shareholders to be fans of the Company as well.

As an External Director, I am conscious of practicing governance from the perspective of offense, as well as defense. It is vital for me to support the management team so that they are not hesitant to take on new challenges, while also ensuring soundness from a legal and risk management perspective. I believe that balancing bold decision-making with solid risk control is the key to further enhancing corporate value.



Shirakawa Joyful Honda is a company that delivers value through people. It is important not only to develop the abilities of each employee but also to create a corporate culture that will maximize these abilities.

I especially emphasize the link between employee growth and corporate growth, from the perspective of human capital management. When diverse human resources leverage each other's strengths, new ideas and services are born. I believe that the source of sustainable corporate value lies in establishing environments that enable this ongoing chain of creation.

Shibayama I hope to continue to monitor the soundness of management with an unflinching consciousness of my role as an External Director, acting as a representative of the Company's shareholders.

I also believe that communication lies at the core of management. Companies that maintain stable dialogue with their stakeholders have higher corporate value. From that perspective, too, I would like to contribute in my role as an External Director.

Risk management and compliance

Basic approach

In addition to complying with laws and social norms, we believe it is essential to practice actions based on our management philosophy (mission, vision, values) to earn the trust of all stakeholders. We have identified “strengthening risk management” as a key management issue (materiality), and we aim to enhance management efficiency and the effectiveness of management oversight functions.

Emergency Response Manual

We have established the Emergency Response Manual in preparation for large-scale earthquakes, natural disasters, accidents, and other emergencies, to ensure the safety of our employees and minimize damage. Under the Risk Management Department, we have also established a company-wide crisis management system centered on the Emergency Response Headquarters, which is headed by the President.

We have established a disaster prevention team (responsible for reporting and communication, initial firefighting, evacuation guidance, first aid, and security) at each business location to ensure prompt information sharing and safety checks during disasters. During normal times, we regularly conduct disaster drills, check evacuation routes, and maintain emergency contact networks.

Promotion system

We have established the Risk and Compliance Committee, chaired by the President, which monitors and deliberates on compliance and related issues. For risks related to risk management, compliance, and sustainability, the Risk Management Department plays a central role in creating a risk matrix. This matrix evaluates and identifies risks along two axes: the magnitude of loss/impact and the frequency of occurrence. We evaluate and identify significant risks and opportunities, taking into account the impact on the Company’s business, and manage them based on the Risk Management Regulations.

Meanwhile, the Sustainability Committee develops our responses to a wide range of risks and issues, including crisis management for natural disasters, initiatives related to human capital, and collaboration with local communities.

The Risk and Compliance Committee and the Sustainability Committee meet quarterly. The matters discussed and decided by each committee are reported to the Board of Directors, which, based on these reports, supervises the progress of initiatives and the achievement of goals relating to risks and opportunities, approves countermeasures, and provides necessary advice.

Initiatives

Business risks

We have identified increasingly intense natural disasters and changes in regulations as major risks for the Company. For details, please see the “Business and Other Risks” section of our annual securities report.

[→Annual Securities Report for the 50th Term](#)

Formulation of a BCP manual

We have established the Business Continuity Planning (BCP) Manual to ensure the continuation of our business operations during disasters such as major earthquakes, and to fulfill our responsibility to supply products to the local community. The Manual systematically outlines preparations to be undertaken in normal times, first-response actions when a disaster occurs, and recovery and resumption procedures. The Manual is reviewed annually.

We have established a clear command structure under the Emergency Response Headquarters, headed by the President, with general managers of each department at the center. We have also implemented an information-sharing system using our safety confirmation service.

In the home center business, our core business, we aim to resume provisional operations within three days after a disaster, utilizing generators, logistics networks, and temporary stores to ensure an early recovery. We also emphasize collaboration with our business partners and local municipalities. During disasters, we contribute to the community by providing supplies and facilities.

Initiatives to enhance compliance awareness

We have established the Joyful Honda Group Fundamental Policy on Compliance, distributed compliance guides to all employees, conducted study sessions, and utilized the internal network to maintain an environment where the compliance guides are always accessible. Compliance officers are assigned to each business location. We identify issues through area-specific representative meetings and surveys, which are used to examine countermeasures in committee discussions.

Internal whistleblowing system

We have established both internal and external contact points and a direct hotline to the Statutory Auditors, in accordance with our compliance regulations. Reported cases are objectively verified through collaboration with external law firms. The number of reports and the results of responses for each business year are reported to the Risk and Compliance Committee, and the Board of Directors oversees the operation of the whistleblowing system.

The Company’s Corporate Ethics Hotline Operating Regulations clearly state the confidentiality of whistleblowers’ identities and the prohibition of any disadvantageous treatment.

Financial data

		FYE June 2016 Consolidated	FYE June 2017 Consolidated	FYE June 2018 Consolidated	FYE June 2019 Consolidated	FYE June 2020 Non-consolidated	FYE June 2021 Non-consolidated	FYE June 2022 Non-consolidated	FYE June 2023 Non-consolidated	FYE June 2024 Non-consolidated	FYE June 2025 Non-consolidated
Operating results	Net sales	158,737	154,934	148,676	148,226	124,909	132,499	123,555	123,362	126,894	128,980
	Gross profit	40,535	41,041	40,489	41,178	34,940	41,846	40,000	40,014	40,574	40,985
	Selling, general, and administrative expenses	37,456	38,256	37,288	37,683	31,659	35,766	33,261	34,818	36,438	36,995
	Operating profit	7,706	7,395	7,981	8,400	9,187	11,506	12,238	11,095	10,568	10,748
	Ordinary profit	8,946	8,021	8,800	9,751	10,593	12,773	13,224	12,240	11,645	11,878
	Net income before taxes and other adjustments	8,505	8,996	8,127	6,711	14,110	12,898	13,916	12,250	12,978	11,695
	Net income attributable to owners of the parent	5,453	6,130	5,594	4,384	10,949	8,985	11,098	8,528	9,091	8,327
Financial position	Total assets	182,902	199,413	152,187	161,739	157,766	160,606	156,431	160,927	159,689	165,574
	Total net assets (shareholders' equity)	154,045	157,536	103,741	105,132	106,218	112,684	115,821	119,329	120,979	121,791
	Interest-bearing liabilities	606	15,807	23,760	29,797	25,138	20,741	16,339	12,212	9,120	14,684
Cash flow	Cash flow from operating activities	9,413	9,346	7,456	12,325	12,038	12,412	7,844	9,807	12,672	9,069
	Cash flow from investing activities	-9,993	-4,104	4,097	-5,268	6,020	2,074	1,367	-7,738	-9,059	-2,334
	Cash flow from financing activities	-2,133	11,417	-51,897	3,996	-6,837	-6,865	-12,225	-9,566	-11,178	-2,032
	Free cash flow	-580	5,242	11,553	7,057	18,058	14,486	9,211	2,069	3,613	6,735
Profitability	EBITDA	11,349	10,938	11,237	11,603	11,837	14,311	14,930	14,044	14,221	13,970
	EBITDA margin (%)	7.1	7.1	7.6	7.8	9.5	10.8	12.1	11.4	11.2	10.8
Financial metrics	ROE (%)	3.6	3.9	4.3	4.2	10.8	8.2	9.7	7.3	7.6	6.9
	ROA (%)	4.9	4.2	5.0	6.2	6.9	8.0	8.3	7.7	7.3	7.3
	Shareholders' equity ratio (%)	84.2	79	68.2	65	67.3	70.2	74	74.2	75.8	73.6
Shareholder returns	Dividend payout ratio (%)	29.3	26.6	29.8	39.7	19.3	25.8	25.5	35	34.3	47.3
Stock information*	Annual dividend per share (yen)	15.5	16.0	24.0	25.0	30.5	33.5	42.0	46.0	50.0	64.0
	Profit per share (yen)	52.8	60.0	76.9	63.3	158.1	129.7	165	131.6	145.9	135.2
	Net assets per share (yen)	1,492.3	1,547.1	1,498.6	1,518.5	1,533.5	1,626.7	1,751.8	1,842.4	1,957.4	2,021.1

* Annual dividend per share, profit per share, and net assets per share are calculated based on the number of shares adjusted for stock splits.

Until the fiscal year ended June 2019, Joyful Honda Co., Ltd., prepared consolidated financial statements. However, in March 2020, Joyful Honda Reform Co., Ltd. (now Reform Division), and Honda Sangyo Co., Ltd., were merged into Joyful Honda Co., Ltd., and Joyful Athletic Club Co., Ltd. (now MTJ FITNESS Corporation), and Joyful Shaken & Tire Center Co., Ltd. (now BACS Boots Co., Ltd.), were made non-consolidated subsidiaries, so we have shifted to non-consolidated financial statements from the fiscal year ended June 2020.

Non-financial data

		FYE June 2017 Consolidated	FYE June 2018 Consolidated	FYE June 2019 Consolidated	FYE June 2020 Non-consolidated	FYE June 2021 Non-consolidated	FYE June 2022 Non-consolidated	FYE June 2023 Non-consolidated	FYE June 2024 Non-consolidated	FYE June 2025 Non-consolidated
Environment	Scope 1, 2, and 3 emissions (tCO ₂)	—	—	—	—	—	934,222	972,976	889,603	899,179
	Waste collection performance	Plastic bottles (x10,000)	—	—	—	—	—	293	620	734
		Aluminum cans (x10,000)	—	—	—	—	—	212	403	470
		Waste paper (tons)	—	—	—	—	—	586	905	988
	Number of sustainable products (items)	—	—	—	—	—	—	1,300	2,014	3,199
	Number of stores with solar power generation	—	—	—	—	—	—	4	7	0
Society	Number of employees*	1,856	1,683	1,624	2,105	2,029	1,943	1,867	1,858	1,848
	Percentage of women in managerial positions	—	—	—	—	—	—	1.1	1.9	4.7
	Job satisfaction affirmation rate (%)	—	—	—	—	—	—	30.0	34.0	42.0
	Ratio of mid-career hires in managerial positions (%)	—	—	—	—	—	—	47.4	47.8	51.0
	Return to work after childcare leave rate (%)	—	—	—	—	—	—	97.8	93.5	86.5
	Education and training performance (hours)	—	—	—	—	—	—	13,163	24,550	33,539
	Male childcare leave take-up rate (%)	—	—	—	—	—	—	42.9	52.7	63.1
	Average overtime hours (hours/month)	7.0	5.1	5.6	8.7	7.5	12.5	4.0	3.8	3.3
	Average paid leave take-up rate (%)	23.6	29.2	43.9	45.3	44.8	56.6	71.1	81.0	79.9
Governance	Ratio of external officers (Directors and Statutory Auditors) (%)	46.2	35.7	46.7	63.6	63.6	66.7	66.7	75.0	75.0
	Ratio of female officers (Directors and Statutory Auditors) (%)	7.7	7.1	13.3	18.1	18.1	33.3	33.3	37.5	37.5

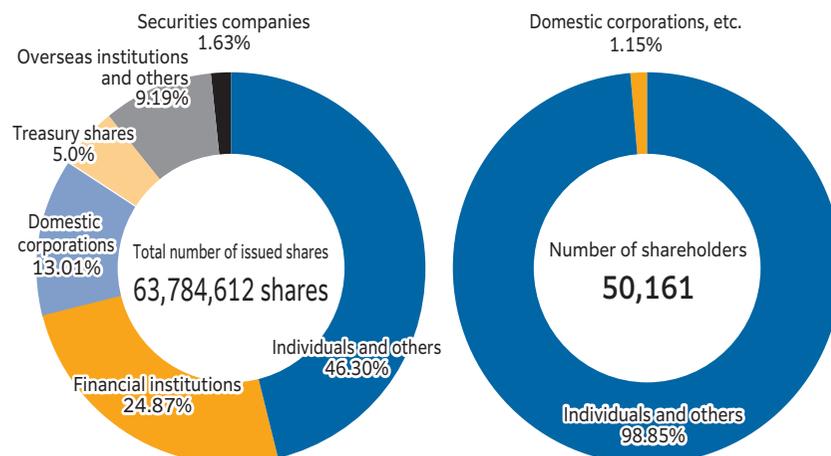
* Limited to full-time employees

Stock status (as of June 20, 2025)

Stock information

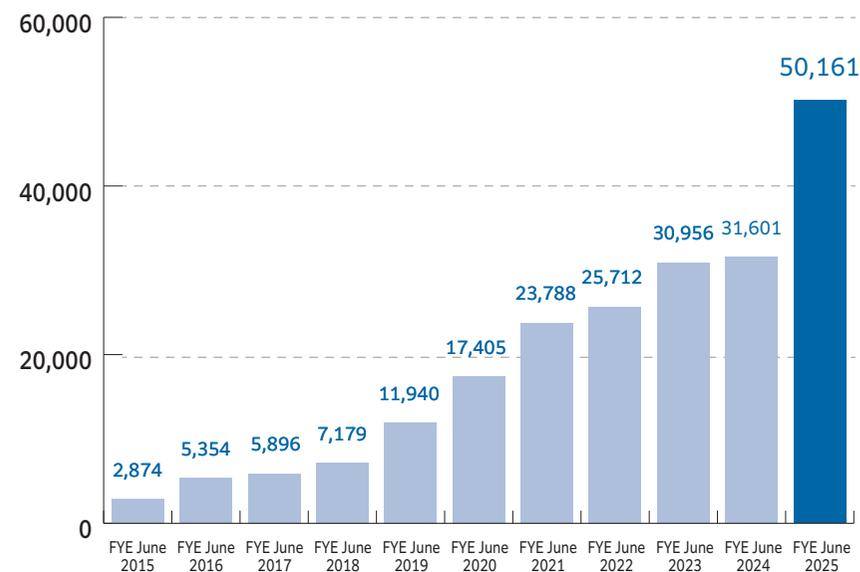
Securities exchange listing	Tokyo Stock Exchange (Prime Market)
Securities code	3191
Number of shares in each trading unit	100 shares
Fiscal year	From June 21 each year to June 20 of the following year
Record date for the payment of shareholder dividends	June 20 (year-end dividends) and December 20 (interim dividends)
Number of authorized shares	400,000,000 shares
Number of issued shares	63,784,612 shares
Number of shareholders	50,161
Administrator of the shareholder registry	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda Ward, Tokyo
Ordinary Shareholders' Meeting	September

Distribution of shareholder by type



Number of shareholders

(Shareholders)



Major shareholders

Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,523	9.11
The Nomura Trust and Banking Co., Ltd. (Honda founding family trust account)	3,300	5.44
Reno Co., Ltd.	2,000	3.30
Masaru Honda	1,847	3.04
AsuCreation Co., Ltd.	1,755	2.89
Mizuho Trust & Banking Co., Ltd., Securities Management Trust 0700040	1,400	2.31
The Honda Memorial Foundation	1,259	2.07
Isamu Honda	1,084	1.78
Mayumi Aoki	935	1.54
Joyful Honda Group Employee Shareholding Association	862	1.42

* The Company holds 3,189,390 treasury shares, but these are excluded from the major shareholders listed above.

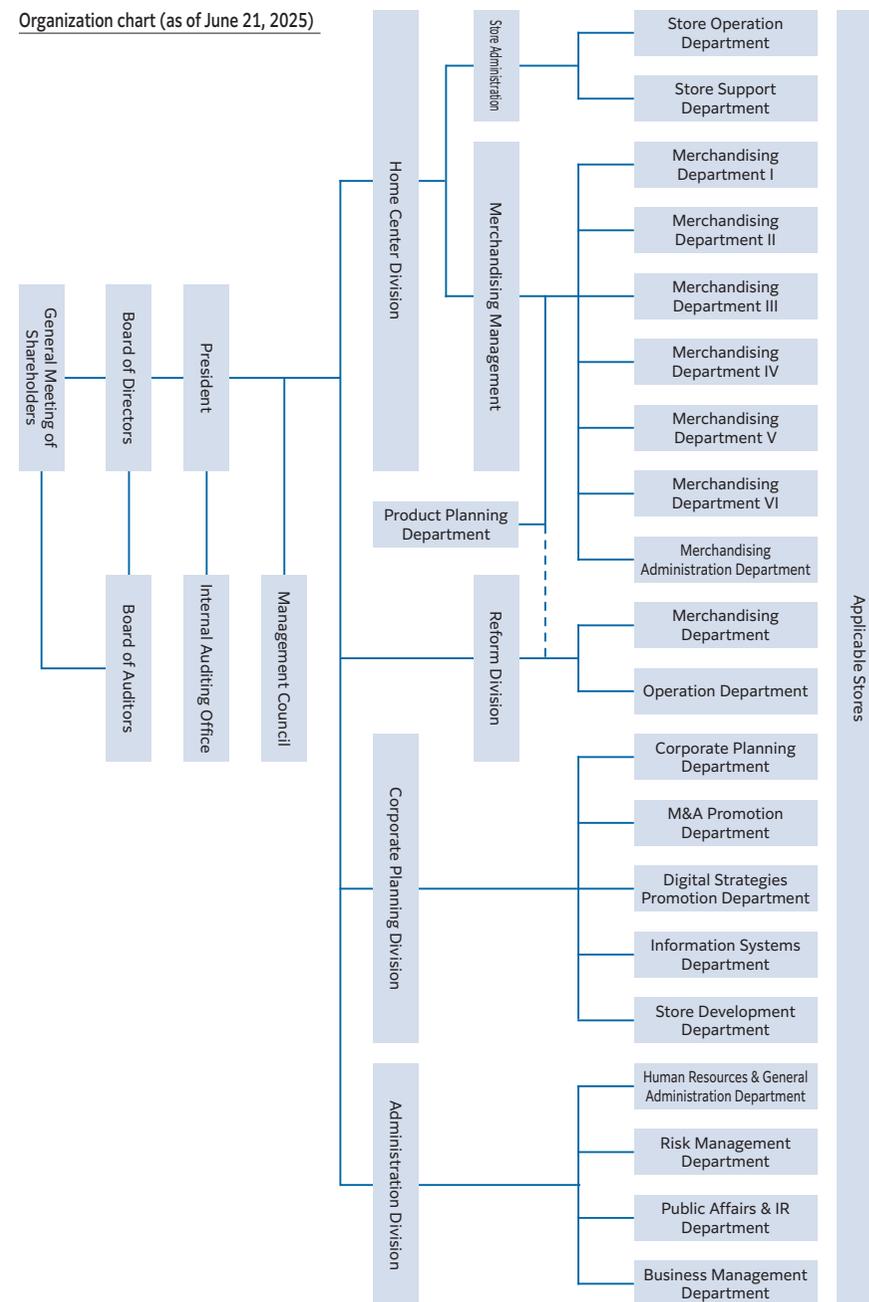
Corporate overview

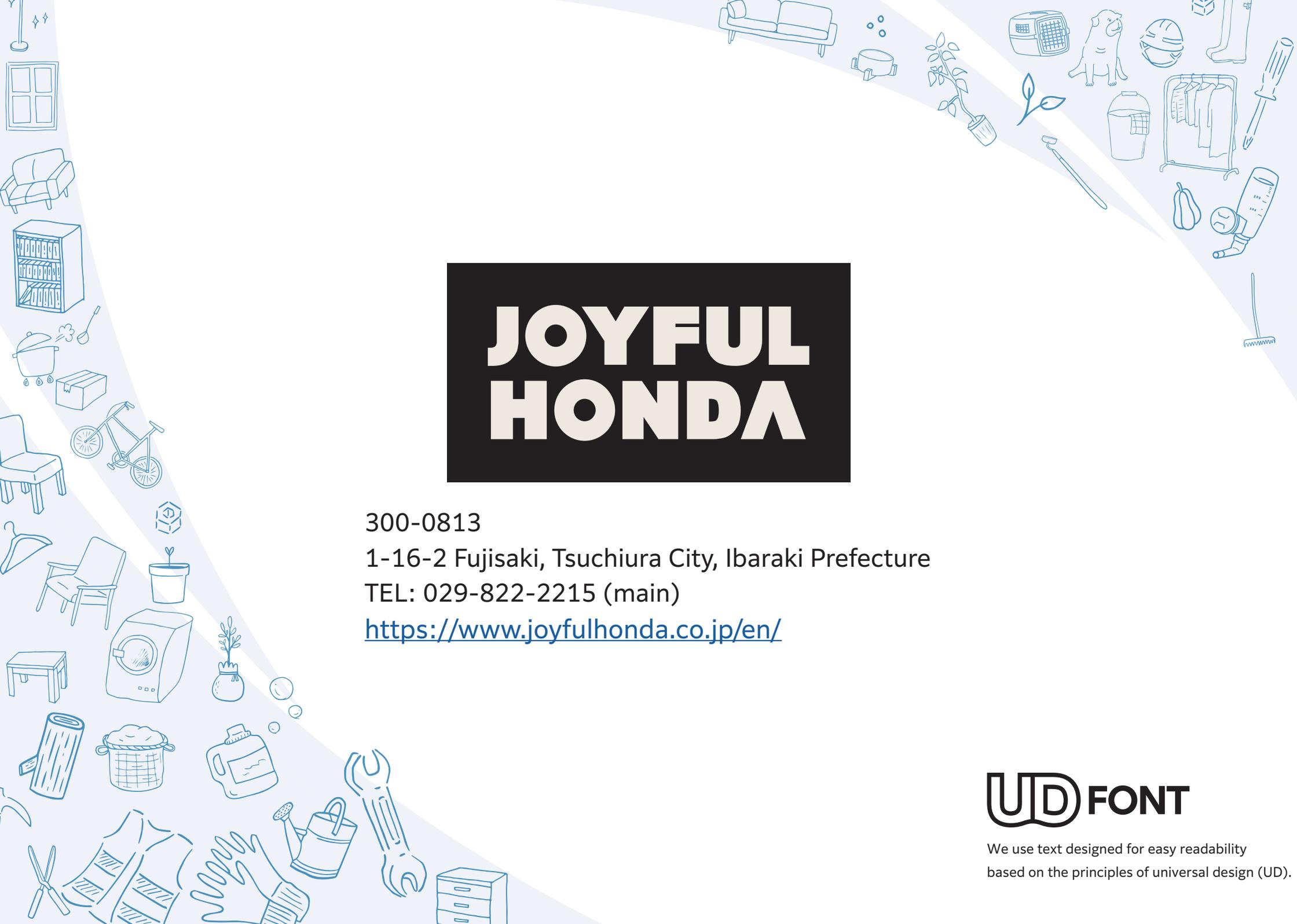
Company overview

Name	JOYFUL HONDA CO., LTD.
Head Office	1-16-2 Fujisaki, Tsuchiura City, Ibaraki Prefecture, 300-0813
Telephone	029-822-2215 (main)
Date of incorporation	December 15, 1975
Capital	¥12 billion
Fiscal year end:	June 20
Main business activities	Home center business, home renovation business
Representative	Ikuo Hirayama, President
Number of employees (non-consolidated)	4,569 (includes 2,721 hourly-wage employees*) (As of June 20, 2025) * Average number of hourly-wage employees employed in the last twelve months (those working equivalent to 173 hours/month)
Number of stores	Home centers: 17 stores Ultra-large stores: 7 stores, large stores: 3 stores, medium stores: 5 stores, JOYHON: 2 stores Specialty retail stores: 10 stores THE GLOBE: 2 stores, Hondaya: 5 stores, Pet's CLOVER: 2 stores Joyful Honda Shizaikan: 1 store Commercial facility: 1 store FASHION CRUISE: 1 store
Net sales	¥128,980 million (year ended June 2025, non-consolidated)
Affiliated companies	MTJ FITNESS Corporation, JOYFUL AK Co., Ltd.

(as of June 20, 2025)

Organization chart (as of June 21, 2025)





JOYFUL HONDA

300-0813

1-16-2 Fujisaki, Tsuchiura City, Ibaraki Prefecture

TEL: 029-822-2215 (main)

<https://www.joyfulhonda.co.jp/en/>

UD FONT

We use text designed for easy readability
based on the principles of universal design (UD).