

Be the Top “Living Space Innovator[®]”

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Editorial policy

We have published this integrated report with the hope that stakeholders, including institutional investors and shareholders, will gain a better understanding of our business activities and value creation processes.

We leverage our strength of having an overwhelming 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.

Guidelines referenced

- The Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"
- International Integrated Reporting Council's (IFRS Foundation), "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 this is subject to risks and uncertainties related to economic developments and market demand. We kindly ask for your understanding that the strategy may be updated as circumstances evolve.

Message from the President

Constantly innovating and challenging,
we will promote the creation of stores
brimming with smiles and vitality
and loved by their local communities

Ikuo Hirayama
President



The joy of our customers is our joy

My name is Hirayama, and I was appointed President in July 2023.

This year marks the 38th year since I joined Joyful Honda. I have worked on the sales floor to store manager for about 12 years, and have also served as General Manager of the Merchandising Department, General Manager of the General Administration Department, General Manager of the Corporate Planning Department, Director and Senior Executive Officer and General Manager of the Administration Division, and COO.

Until the death of the founder, then-Chairman Shoya Honda, in 2013, I was also a generation that received direct guidance in various situations.

I would like to share one episode with you about Chairman Honda, who demonstrated exceptional leadership and grew the Company to one with its highest net sales of 180 billion yen (in FY2012) in just one generation. This is

an episode from when I was working as the person in charge in the wood products sales section at the age of 23.

One day, a customer who wanted just one glove came to the store. The person had limited mobility in one hand, so they only wanted one glove. However, as the store did not sell gloves like that at the time, I was going to decline the request, but the then-Chairman Honda, who was watching our interaction, immediately tore open the bag and gave the customer a single glove.

Even if you have a wide range of products, if you don't have what the customer truly needs, then it's as if you don't have any products at all, for that customer. At that moment, the company will lose all meaning. I learned this from the chairman.

Since the Company's foundation, the value we have held dear is "The joy of our customers is our joy." We leverage our strength of having an overwhelming product lineup to resolve our customers' problems and propose and provide comfortable lifestyles.

The first store, the Arakawaoki Store (Tsuchiura City, Ibaraki Prefecture), started out in March 1976 as a small 1,388 square-meter store. We have always put ourselves in the customer's shoes and continued to take on challenges. If a product that a customer had inquired about was not in stock, we would immediately order it and add it to our product lineup. If our store became too full, we would expand the floor space on an ongoing basis. As a result, the Arakawaoki Store now covers an area of over 26,000 square meters (8,000 tsubo).

On March 15, 2011, we opened our 15th store, the Chiyoda Store (in Chiyoda-machi, Oura-gun, Gunma Prefecture). This was four days after the Great East Japan Earthquake. The brand-new store suffered significant damage, with the ceiling almost completely collapsed.



Joyful Honda Arakawaoki Store, which opened in 1976

Under normal circumstances, I think it would be a prudent business decision to postpone the opening until we can assess the extent of the earthquake damage. However, despite the power outage, we managed to open the store by setting up generators and carrying out a thorough inspection to ensure the safety of our customers. It was also the day we had promised the customers, and of course, the customers had also been affected by the disaster and were having trouble securing daily necessities.

At the time, I was the store manager of the Newport Hitachinaka Store (Hitachinaka City, Ibaraki Prefecture), and I felt the expectations for Joyful Honda with my whole being. Many customers, having heard that we were open, came to our store from as far away as Fukushima Prefecture to pick up their necessary items. In a situation where other companies' stores could not open due to the earthquake, they were grateful to Joyful Honda for our quick response. I recall a customer who remembered the time and had since moved to Kanagawa Prefecture saying, "Please open a branch in Kanagawa soon."

I have become keenly aware that by meeting customer expectations in times of normalcy, there will be many people who will rely on us in times of emergency, and I have reaffirmed the significance and value of the Company.



The Newport Hitachinaka Store after the Great East Japan Earthquake

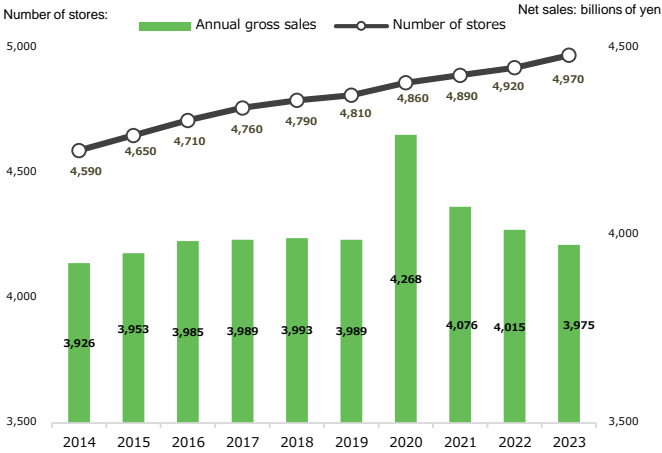
Rooted in the local community through securing essential items and making proposals for a better life

In recent years, the external environment surrounding the Company has become increasingly challenging, with an increase in the number of competing stores and intensifying competition. Moreover, the wave of population decline and aging is also affecting the working environment of our customers, specifically carpenters, and it is expected that this trend will accelerate even more in the future. The number of carpenters, which was 900,000 in 1980, had decreased to 300,000 in 2020, and is said that it will decrease to 150,000 in 2035.

In the future, as the working-age population declines, our mission is to be responsive to the changing needs of our customers. I have the same feeling, but for the local people who are dependent on the local carpenters, the world will be more and more inconvenient in the future. However, it is precisely because is the era that the number of do-it-yourself (DIY) opportunities and the demand for home centers with a wide product lineup will increase. If that happens, I see it as an opportunity for us.

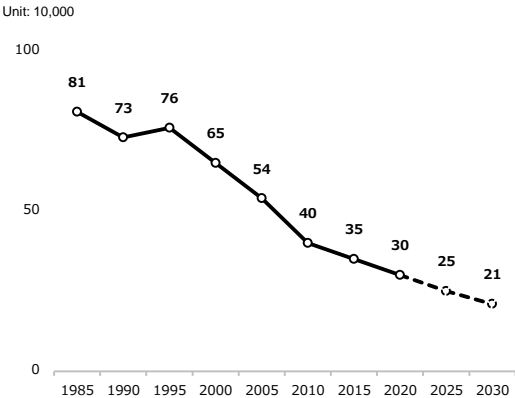
Our corporate mission, "Co-create the Joy and Dreams of Communities by Securing Essential Items and Making Proposals for a Better Life," is also our determination to contribute to local communities by leveraging our strength of product lineup. We aim to become a store that is a pillar of the local community, where customers can say, "If I go to Joyful Honda, everything will work out!" through "securing essential items" and "making proposals for a better life" from employees with specialist knowledge and expertise in their field.

Total number of home centers and annual gross sales



Source: Japan DIY・HC Association website

Number of carpenters



Source: Ministry of Internal Affairs and Communications, population census

Overview of the financial results for the fiscal year ended June 2024

Let me review the business results for the fiscal year ended June 2024.

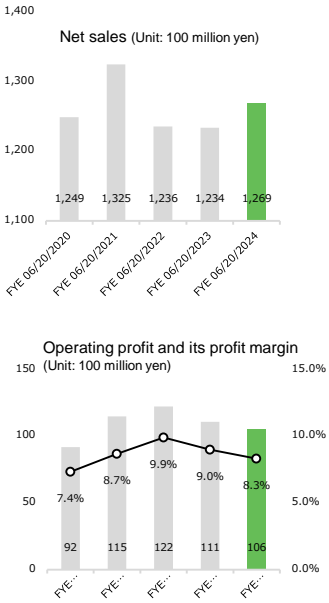
Net sales increased 2.9% year on year due to the full-year contribution of revenue from the JOYHON Yoshioka Store, which opened in April 2023. Existing store net sales decreased 0.4% year-on-year.

In terms of profits, the gross profit margin fell due to the impact of price reductions for seasonal products and changes to the merchandising strategy, etc., and in terms of SG&A expenses, personnel expenses increased due to the implementation of a base salary increase for all employees. On the other hand, as a result of our efforts to reduce costs, such as by reducing heating and lighting expenses by changing the supplier, the three profits including operating profit exceeded forecasts. With regard to net income before taxes, a

gain on reversal of asset retirement obligations of approximately 1.4 billion yen due to the purchase of the land on which the Hitachinaka Store is built was recorded as extraordinary income.

As a measure to improve capital efficiency in our financial strategy, we purchased and canceled approximately 5 billion yen's worth of treasury shares in accordance with our policy on the purchase of treasury shares. We will continue to consider the purchase of treasury shares as part of our policy.

As specific initiatives, we set “returning to our starting point and creating a new corporate culture” as our fundamental policy, and we prioritized the following three themes in my first year as President: (1) actively investing in our human capital, (2) breaking away from homogeneous competition, and (3) contributing to the realization of a sustainable and prosperous society.



Main theme (1) Actively invest in our human capital

- Implement investments that contribute to improving employee motivation and the work environment
- The average score for all questions in the survey of job satisfaction (GPTW) for all employees improved by 4 points

■ Main initiatives

- Base pay increase as a response to rising prices
- Introduced a scholarship repayment support system
- Continuously increased the number of annual days off for regular employees
- Extended the maximum age for rehiring hourly wage employees from the age of 70 to 75
- Introduced a pay raise system for hourly wage employees after age 60
- Implemented a job group conversion (promotion of hourly wage employees to regular employees)
- Established a new paid special leave, "refreshment leave," for hourly wage employees
- Changed the Company's grooming rules in order to achieve a "workplace that respects diversity" where employees can work in style they like



Main theme (2) Break free from EBIT homogeneous competition

- Strengthen the opening of Pro Shop "Honda-Ya" and specialty stores
- Strengthen existing stores, reviewing zoning, and Honda-Ya's shop-in-shop concept
- Strengthen existing stores by holding local community events at the store and attracting popular tenants by making use of the spacious premises, etc.



▲ Honda-Ya Utsunomiya Motoimaizumi Store (Opened in February 2024)



▲ Honda-Ya's shop-in-shop concept (Arakawaoki Store)



▲ Attract popular tenants (Newport Hitachinaka Store)



▲ Public viewing of a B.League Ibaraki Robots game

Main theme (3) Contribute to the realization of a sustainable and prosperous society

- Promote the use of renewable energy through solar power generation and storage battery systems at the Company's stores
- Actively introduce sustainable products
- In addition to concluding agreements on how to respond to disasters with local municipalities during emergencies, also hold co-hosted events for regional revitalization and disaster prevention



▲ Emergency in-house power generation system



▲ Events to revitalize local communities (Kamimaru Grand Harvest Festival (Utsunomiya Store))

◀ Strengthen the handling of sustainable products (Number of items: 2,014)

Progress of the medium-term management plan

For the fiscal year ending June 2025, we had set a net sales target of 160 billion yen in our medium-term management plan. However, in light of the divergence between the forecast for the fiscal year ended June 2024 and the targets of the medium-term management plan, we have revised the quantitative targets for net sales, EBITDA, and ROE.

The main factors were: (1) a revision to the pre-furnished property opening plan for the Oyama Ekimae Store due to a miscalculation in budget estimates, (2) a miscalculation in budget estimates for the JOYHON Yoshioka Store, and (3) a reduction in the range of character merchandise.

In order to improve net sales, it is urgent that we restructure our store opening system and bolster our existing stores, and we will strengthen our efforts to do so.

Performance and forecasts		Unit: 100 million yen		
	FYE 6/20/2023 result	FYE 6/20/2024 result	FYE 6/20/2025 forecast	Difference
Net sales	1,234	1,269	1,280	+11
Operating income	111	106	106	+0
Ordinary income	122	116	117	+1
Net profit	85	91	80	-11

Performance and forecasts of quantitative targets in the medium-term management plan		Unit: 100 million yen		
	FYE 6/20/2023 result	FYE 6/20/2024 result	FYE 6/20/2025 forecast Revised	FYE 6/20/2025 forecast Initial
Net sales	1,234	1,269	1,280	1,600
EBITDA	140	142	140+	180
Margin	11.4%	11.2%	10.9%	11.5%
ROE	7.3%	7.6%	6.6%	9.5%

Status of response and initiatives for issues and challenges		
Issues	Challenges	Response and initiatives
Poor performance of vacant stores near stations	<ul style="list-style-type: none">Develop a new store formatImprove the accuracy of our research on store locations and areas	<ul style="list-style-type: none">Now considering the opening of a store at Honda-Ya with a materials department with an area of 1,000 to 2,000 tsubo (3,300 to 6,600 square meters)Introduce a commercial area research system
Store openings are limited	<ul style="list-style-type: none">Strengthen our store development capabilities and collaboration with local municipalitiesSecure store locations and land	<ul style="list-style-type: none">Accelerate openings of specialty stores such as Honda-Ya, which has established a store format, and Pet's CLOVER, which has achieved growth in business performanceConsider business alliances and M&A, strengthening of store development capabilities
JOYHON Yoshioka Store budget not met	<ul style="list-style-type: none">Improve customer numbersRevise MD as a "living" specialist store	<ul style="list-style-type: none">Implement a good-value-for-money MD strategyReduce character merchandise and expand daily necessities
Mismatch between character merchandise and core business	<ul style="list-style-type: none">Enhancing solutions for "living"Initiatives unique to physical stores	<ul style="list-style-type: none">Create sales floor where customers can experience products and enhance customer participation eventsStrengthen the reopening of the culture school

2025 marks the 50th anniversary of the Company's founding, and the main theme is "Cultivate Fans of Joyful Honda!!"

The Company will celebrate its 50th anniversary of its founding in 2025. In human terms, we are at the halfway point in a 100-year lifespan, or to borrow a phrase from the Analects, "At the age of fifty, one knows one's destiny." In order to achieve sustainable growth for the next 100 or 200 years, we have made "Cultivate Fans of Joyful Honda!!" our fundamental policy for the fiscal year ending June 2025. While continuing with the main themes for the fiscal year ended June 2024 (such as investing in human capital), we have set five main themes that take into account the current situation of the Company.

The first is "actively invest in our human capital." We will continuously improve the working environment so that employees can work with peace of mind. We will also work to create an educational system and environments that are conducive to studying so that you can really feel your growth.

This is a bit off topic, but due to the recent extreme heat, employees have been feeling unwell, and even wearing air-conditioned clothing has not helped. For this reason, we limit consecutive outdoor work to 45 minutes, and take breaks in between, taking care to manage the physical condition of our employees.

The second is to "seriously address customer issues." Here, we will strengthen our customer service capabilities as we pass on specialized knowledge and skills backed up by our education systems. Physical stores, of course, need strong merchandise offerings, but customer service is extremely important as well. With confidence backed up by education, we will also tackle this problem-solving seriously, which is the spirit of our founding.

The third is "digital strategy." Last year, we worked to improve operational efficiency by maintaining merchandise master data and promoting the use of mobile devices. These efforts have greatly improved the efficiency of our employees' work and are making progress in improving our operations. With this digital strategy, we aim to drive digital transformation (DX), advance business improvements, and expand our touchpoints with customers.

Ultimately, we are pushing ahead with our digital strategy with an eye to online payments and other methods, while also improving customer convenience and security.

The fourth is "investment to increase the appeal of existing stores." Because of the strong performance of Honda-Ya, we are promoting Honda-Ya's shop-in-shop concept for existing stores. We renovated three stores in the fiscal year ended June 2024. At the same time as introducing the shop-in-shop concept, we will be changing the zoning within stores and investing in order to further increase its appeal. We are also planning these for about three stores this fiscal year. With regard to the shop-in-shop concept renovations carried out in the previous term, business performance is improving at all three stores.

The fifth is "building a proactive store opening system." To enable speedy store openings, we have established a new specialized department and have built an efficient store opening system that reduces the time it takes to open a new store. We will also actively consider M&A and business partnerships with the aim of improving corporate value through the realization of synergy effects.



Communication with local communities

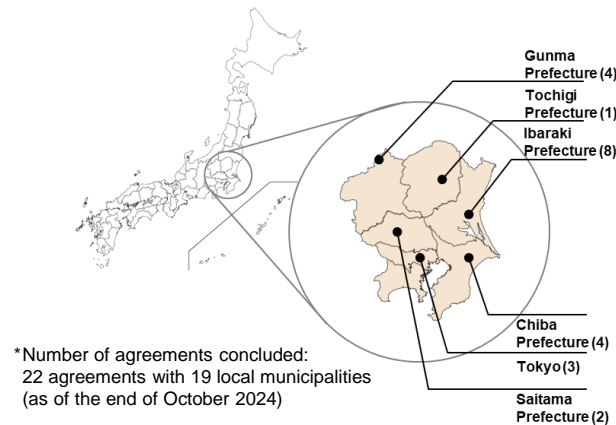
Although we operate stores within the Kanto region, each store differs in terms of its local characteristics, customer base, store size and trade area. The product composition, product lineup and services have been developed based on the feedback of customers in the local community where the stores are located, so each store retains its own unique local character. Existing stores have grown together with the local communities. We hope to continue to be “an indispensable part of the local community.” Starting from the fiscal year ended June 2024, we have been able to co-host local events with the cooperation of each store and the local municipalities and local companies in the areas where we have stores. Through the sale of local agricultural products that convey the charm of the local community, events and workshops that families can enjoy together, etc., they have become a forum for publicity for everyone who has participated, as well as a place for communication in the local community. Collaborating with local communities to make the most of the unique characteristics of each area where our stores are located is a strength that only the Company, which has a long-standing experience of working with local communities, can offer.

We have also concluded disaster agreements with local municipalities, etc., to prioritize that necessary supplies are supplied to disaster areas in the event of natural disasters, etc., and to provide our store premises as evacuation facilities during floods, etc. In the fiscal year ended June 2024, we concluded a disaster agreement with Satte City (Satte City, Saitama Prefecture) and a comprehensive agreement with Yoshioka Town (Kitagunma-gun, Gunma Prefecture). As of the end of the fiscal year (June 20), we had concluded 20 agreements with 18 local municipalities, etc.

In addition to the University of Tsukuba Soccer Club, which we have been supporting with the aim of promoting local sports, and Joyful Honda Tsukuba FC, which is actively involved in local soccer clinics, etc., we concluded a sponsorship agreement with the Ibaraki Robots, a team in the men's professional basketball league B.LEAGUE, in January 2024.

This initiative is not simply about supporting the Ibaraki Robots. The Ibaraki Robots are diligently engaged in activities that contribute to the local community through basketball, in collaboration with their parent company, Globis Corporation, and local companies. Following this example, we would like to contribute to society through our sports teams by offering free invites to children who will lead the next generation and people from various facilities, etc.

Number of agreements with local municipalities, etc.



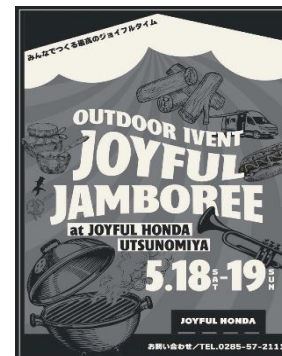
Events in collaboration with local municipalities, etc.

Disaster prevention and local community revitalization events with local municipalities and businesses in areas where stores are located

▼The Disaster Preparedness Festa (Moriya Store)



JOYFUL JAMBOREE ▶
(Outdoor event at the Utsunomiya Store)



Creating environments at worksites that are brimming with smiles and vitality

The three stakeholders, our employees, our customers and our shareholders, are all equally important, but the starting point for business activities is, after all, our employees, i.e. human capital. By creating a work environment where employees can enhance their own abilities and grow, and by ensuring that each and every one of them has a sense of purpose in their work, we can ultimately resolve our customers' "inadequacies" and as a company we can generate profits. With these profits, it is possible to return profits to shareholders in the form of rising share prices and dividends, as well as to employees.

After becoming President, I declared to my employees that I would make worksites places brimming with smiles and vitality. Through visiting worksites and repeatedly talking with employees, I felt that we could still bring out more of the Company's strengths and the abilities of our employees. In November 2023, the "JOYFUL Petit" pop-up store that opened in a commercial facility in Kashiwa City, Chiba Prefecture, by primarily members of the Diversity Promotion Committee and female employees, became a good opportunity for human resource development, as new perspective initiatives were born from the members who participated in the new business, such as "disaster preparedness goods designed by women." Amidst the significant changes in the external environment surrounding the Company, such as a population decline, further intensification of competition, rising raw material prices, and increasing operating costs, we must thoroughly consider and implement the significance of our physical stores, the Company's strengths, and measures to improve customer value, and adapt to environmental changes to turn crises into opportunities. For that reason, we will continue to invest actively in human capital, which is the source of our profits, and work to create attractive stores that are brimming with smiles.

Constant change is our starting point

We have defined our vision as “Becoming the Top ‘Living Space Innovator®’ in Japan”.

Over the 50 years since the Company’s foundation, we have continued to be an Innovator to provide ever-more comfortable Living Spaces for customers and local communities. By accomplishing our Mission, we will continue to be the leader in the home center industry (and similar industries) and aim to be the No. 1* company in the industry in terms of evaluation by the market. Specifically, the overwhelming leader in terms of PBR (price to book ratio) and also to become the No. 1 in the industry in market capitalization.

The late Mr. Honda used to say: “We started out as a lumber company, but most lumber companies have been eliminated. If we had continued to operate as a lumber company, we would have been eliminated too. We have become the company we are today because we changed. So, always change. Change every day. Challenge yourself. “Constant change and taking on challenges” was our starting point.

In these uncertain times, we will once again face our customers head-on, reflect on what the value of “the joy of our customers is our joy,” and honestly implement measures to improve customer value to enhance our corporate value.



▲ Diversity promotion external project phase 1
The “JOYFUL Petit” pop-up store

The thoughts of the founder
“Continuing to create a store where there are always discoveries”

There are things that only become visible when there is wastefulness.

Even if it’s not selling, we will be patient and think about how to sell it. The act of thinking is to “dream,” isn’t it? It’s no good to just sell things. The ability to make proposals at worksites is vitally important. Always maintain an awareness of the issues. There should be no sales floor that would think this is correct. It’s a continuous process of creativity. What I want to convey is to continue to create stores that are more specialized and where there are discoveries to be made. To do that, we need to think about things from the customer’s perspective.



Origin of the Company name

The Company was named JOY+FUL with the aim of becoming a company that is brimming with the smiles of our customers (local community) and employees.



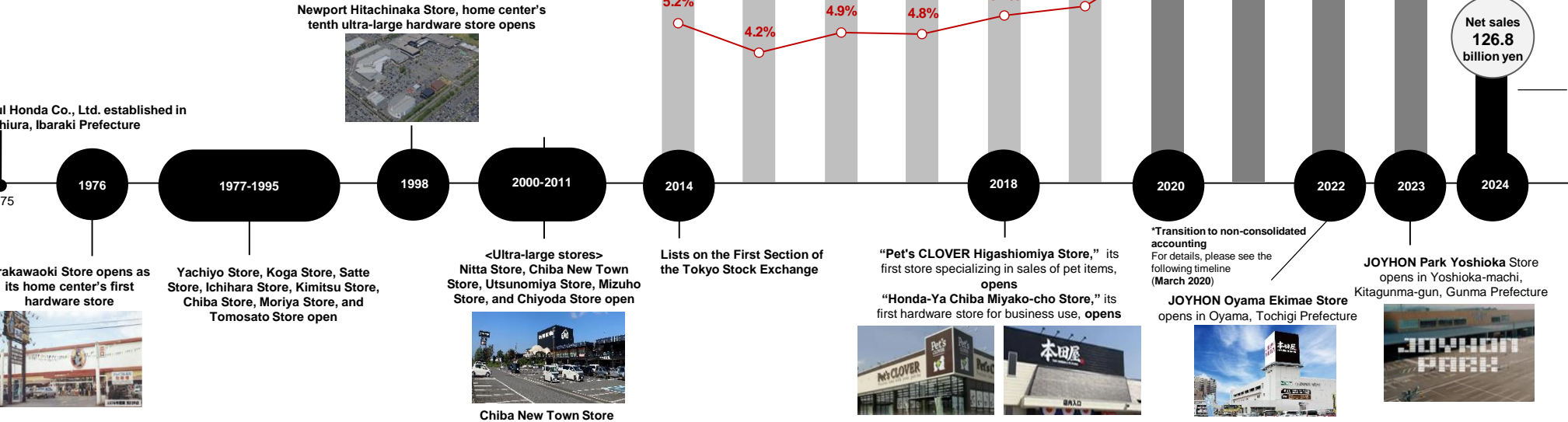
Expansion of “customer base and corporate base”

Business model based on “ultra-large stores”

Taking on the challenge of a “new business model”

“Returning to the starting point and basics of Joyful Honda”

Since the Company's founding in 1975, the Company has developed its 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 of the Tokyo Stock Exchange in 2014, we have been developing hardware stores for business use and specialty stores as a challenge in a “new business model” since 2018. “Returning to the starting point and basics of Joyful Honda” does not mean returning everything to the way it was in the past, but rather returning to “resolving problems” and “product lineup,” the starting point of our business. We will continue to achieve happiness for our customers and ensure the sustainable development of Joyful Honda.



1975-1995	2006-2014	2015-2019	2020-2024
<div>December 1975</div> <div>Joyful Honda Co., Ltd. is established in Tsuchiura, Ibaraki Prefecture, with the business objectives of sales of lifestyle goods and housing materials.</div> <div>March 1976</div> <div>Joyful Honda Arakawaoki Store opens as the first home center in Tsuchiura, Ibaraki Prefecture</div> <div>March 1983</div> <div>Smile Honda Co., Ltd. (currently Reform Division) established in Tsuchiura, Ibaraki Prefecture</div> <div>April 1985</div> <div>Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation) established in Tsuchiura, Ibaraki Prefecture</div> <div>September 1985</div> <div>Honda Sangyo Co., Ltd. established in Tsuchiura, Ibaraki Prefecture</div> <div>August 1987</div> <div>Joyful Naiso Co., Ltd. established in Tsuchiura, Ibaraki Prefecture</div> <div>July 1992</div> <div>Lake Kasumigaura Water Purification Promotion Foundation (since re-named Honda Memorial Foundation) established</div> <div>September 1994</div> <div>Tsukuba Shogyo Toshi Kaihatsu Co., Ltd. established in Tsuchiura, Ibaraki Prefecture</div> <div>June 1995</div> <div>Honda Sangyo Co., Ltd. opens THE GLOBE Mishuku Store in Setagaya-ku, Tokyo</div> <div>March 1998</div> <div>Joyful Honda Newport Hitachinaka Store opens in Hitachinaka, Ibaraki Prefecture</div>	<div>July 2006</div> <div>Fashion Cruise shopping mall complex opens in the grounds of Joyful Honda Newport Hitachinaka Store</div> <div>May 2010</div> <div>Smile Honda Co., Ltd. (present Reform Division), Honda Sangyo Co., Ltd., Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation), Tsukuba Shogyo Toshi Kaihatsu Co., Ltd., and Joyful Naiso Co., Ltd. are wholly-owned subsidiaries of Joyful Honda Co., Ltd.</div> <div>September 2010</div> <div>Tsukuba Shogyo Toshi Kaihatsu Co., Ltd. is merged into Honda Sangyo Co., Ltd. and Joyful Naiso Co., Ltd. is merged into Smile Honda Co., Ltd. (currently Reform Division)</div> <div>March 2013</div> <div>Joyful Shaken & Tire Center Co., Ltd. (currently BACS Boots Co., Ltd.) opens in Inzai, Chiba Prefecture (located in the grounds of Joyful Honda Chiba New Town Store)</div> <div>April 2014</div> <div>Joyful Honda Co., Ltd. listed on the First Section of the Tokyo Stock Exchange</div>	<div>June 2016</div> <div>Joyful Shaken and Tire Center Co., Ltd. (currently BACS Boots Co., Ltd.) is made a consolidated subsidiary</div> <div>November 2016</div> <div>Smile Honda Co., Ltd. (currently Reform Division) opens a showroom in Tsukuba, Ibaraki Prefecture</div> <div>June 2017</div> <div>The Exterior Center Division is assigned to Smile Honda Co., Ltd. (currently Reform Division)</div> <div>November 2017</div> <div>Honda Sangyo Co., Ltd. opens THE GLOBE Tsukuba Store in the grounds of Aeon Mall Tsukuba, a large commercial facility in Tsukuba, Ibaraki Prefecture</div> <div>March 2018</div> <div>Honda-Ya Chiba Miyako-cho Store opens (first hardware store for business use) in Chuo-ku, Chiba, Chiba Prefecture</div> <div>November 2018</div> <div>Pet's CLOVER Higashiomiya Store opens as its first store specializing in sales of pet items in Minuma-ku, Saitama, Saitama Prefecture</div> <div>July 2019</div> <div>Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation) opens Orange Theory Fitness Motoyawata in Ichikawa, Chiba Prefecture</div> <div>July 2019</div> <div>Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation) reopens Joyful Athletic Club Tsuchiura Store</div>	<div>February 2020</div> <div>The contract to transfer self-service gasoline station and kerosene-filling stand businesses is made with Idemitsu Kosan Co., Ltd.</div> <div>March 2020</div> <div>Joyful Honda Reform Co., Ltd. (currently Reform Division) and Honda Sangyo Co., Ltd. are merged into Joyful Honda Co., Ltd. Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation), and Joyful Shaken & Tire Center Co., Ltd. (currently BACS Boots Co., Ltd.) are made non-consolidated subsidiaries</div> <div>September 2020</div> <div>Honda-Ya Funabashi Natsumidai Store opens (second hardware store for business use) in Funabashi, Chiba Prefecture</div> <div>March 2021</div> <div>Honda-Ya Kashiwa Toyoshiki Store opens (third hardware store for business use) in Funabashi, Chiba Prefecture</div> <div>April 2021</div> <div>Transferred a 100.0% stake in Joyful Shaken & Tire Center Co., Ltd. (currently BACS Boots Co., Ltd.) to AUTOBACS SEVEN Co., Ltd.</div> <div>April 2022</div> <div>JOYHON Oyama Ekimae Store opens in Oyama, Tochigi Prefecture</div> <div>April 2023</div> <div>JOYHON Park Yoshioka Store opens in Yoshioka-machi, Kitagunma-gun, Gunma Prefecture</div> <div>February 2024</div> <div>Honda-Ya Utsunomiya Motoimaizumi Store opens (fourth hardware store for business use) in Utsunomiya, Tochigi Prefecture</div> <div>June 2024</div> <div>Honda-Ya Tachikawa Saiwai-Cho Store opens (fifth hardware store for business use) in Tachikawa, Tokyo</div>

The birth of Joyful Honda

The company's founder, Shoya Honda, decided in 1975 to establish Joyful Honda with the theme of "making living environments richer and more comfortable". When he traveled to the United States, he was impressed by the emergence of suburban stores as the motorization of North American society progressed. One type of store that particularly caught his eye was the home center. Convinced that consumers in Japan, their food and clothing needs having been met, would soon turn their eyes toward their living environments, he established the Company. The company's name, "Joyful Honda," is imbued with the founder's wish to be a company that is brimming with smiles from customers (the local community) and employees.

The Honda family, the founding family, operated Honda Lumber Store, a lumber merchant that was said to be the number one in the northern Kanto region, in Ogawa-machi, Ibaraki Prefecture (now Omitama). Honda, who was one of four siblings, with an older sister, an older brother and a younger brother, was engaged in management as an executive director, and was involved in purchasing timber in North America. However, his older brother took over the management of Honda Lumber Store, and Shoya Honda decided to look for a business opportunity to start his own business. At the time, in the United States, lumberyards were aiming to become home centers one after another, and they were transforming their warehouses into new business models, selling hardware and DIY tools, which were flying off the shelves.

Shoya, who observed the situation during a business trip to North America, set his sights on home centers and learned about store operations. Then, in 1975, he established the business on the land he had received from his father in Tsuchiura, Ibaraki Prefecture. That was the starting point for Joyful Honda, which was inspired by the home center trend that was popular in the United States. In order to avoid competition with his family's lumber business, he inevitably began business by stocking items that were not sold at lumber stores, and he

later began actively selling a wide variety of goods, expanding the business.

Incorporating customers' thoughts into store design

In general, retailers are thought to be more efficient when they promote their business by providing standardized services and merchandise. The larger the scale, the stronger this tendency becomes, but at the same time, the number of stores of the same type increases. Deliberately, we are challenging ourselves to create attractive stores that are always fresh and serve as a point of support for the local community.

Based on the desire to respond to customer sentiments such as "I can shop there with peace of mind" and "I am excited when I go there," our goal is to propose comfortable lifestyles to our customers through the provision of a wide range of merchandise, services and expertise.

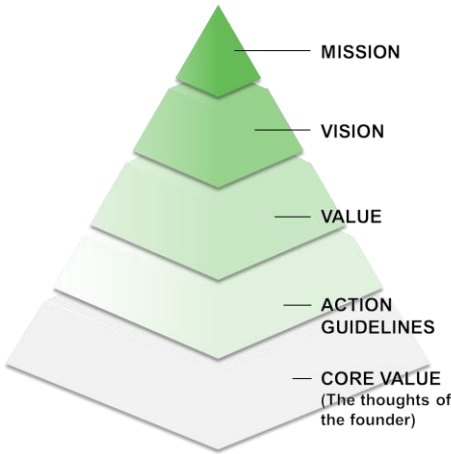
And these things also go hand in hand with the wishes of the founder, Shoya Honda, of "continuing to create a store where there are always discoveries." The Joyful Honda philosophy of "The joy of our customers is our joy" and the starting point of our business, resolving our customers' "problems" and "product lineup," are based on this way of thinking.



Founder: Shoya Honda

MVV System (Management Philosophy)

Joyful Honda's management philosophy is composed of MISSION, VISION, and VALUE, and expresses the Company's purpose of existence, the ideal state it aims to achieve in the future, and its values. The origin of this 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 diligently work on "being aware" and "doing new things" on a daily basis.



		Co-create the Joy and Dreams of Communities by "Securing Essential Items" and "Making Proposals for a Better Life"
MISSION	The mission we must accomplish	
VISION	The ideal state we are aiming for	Become the Top "Living Space Innovator" in Japan
VALUE	What we value to accomplish our MISSION and realize our VISION	(1) Something very Special (2) Extraordinary Experience (3) Every team member Empowered (4) Daring driven by Data, logic, and instinct
ACTION GUIDELINES	Five Action Guidelines	(1) Envisage everything from the customer's perspective (2) Continue to resolve our customers' "problems" (3) Challenge change with a view to the future (4) Always remember to offer thanks with a sense of humility (5) Grow together with an emphasis on ethics and morals
CORE VALUE (The thoughts of the founder)	Joyful Honda's decision-making standards and philosophy based on the founder's vision	The joy of our customers is our joy

Transitions from the first store to an ultra-large store

The first store, the Arakawaoki Store (Tsuchiura, Ibaraki Prefecture), opened in 1976, the year after the Company was founded. In the year after that, the Yachiyo Store (Yachiyo, Chiba Prefecture) and the Koga Store (Koga, Ibaraki Prefecture) were opened, and then the Satte Store (Satte, Saitama Prefecture), the Ichihara Store (Ichihara, Chiba Prefecture), the Kimitsu Store (Kimitsu, Chiba Prefecture) and the Chiba Store (Chiba, Chiba Prefecture) were opened in succession, and we expanded our store network in a series of locations, mainly along the roadsides in the suburbs of Ibaraki, Chiba and Saitama Prefectures.

In 1987, ten years after the opening of the Arakawaoki Store, the first store, the number of items per store exceeded 60,000, far surpassing the 10,000 to 20,000 items of competing stores, thereby establishing its unique position. By deliberately stocking merchandise that are not bestsellers and focusing on product lineup rather than efficiency, we have been able to meet the needs of a wide range of customers. As a result, we have been able to differentiate ourselves from our competitors and set ourselves apart from price competition. Subsequently, due to revisions to the Large-Scale Retail Stores Act concerning store openings, it became possible to construct large-scale commercial facilities. As such, from the late 1990s to the 2000s, we were able to open a succession of ultra-large stores with site areas of over 100,000 square meters one after another.

Starting with the Newport Hitachinaka Store (Hitachinaka, Ibaraki Prefecture), which opened in 1998, we have actively developed ultra-large stores with overwhelming sales capabilities, including the Nitta Store (Ota, Gunma Prefecture), the Chiba New Town Store (Inzai, Chiba Prefecture), the Utsunomiya Store (Kamimikawacho, Kawachi-gun, Tochigi Prefecture), the Mizuho Store (Mizuho-machi, Nishitama-gun, Tokyo), and the Chiyoda Store (Chiyoda-machi, Oura District, Gunma Prefecture).

As of the end of June 2024, the number of home centers was 17 (excluding 8 specialty stores), which is not very many compared to the 50 years since the Company was founded. This is entirely because we are thoroughly committed to a customer-centric business style. Instead of opening new stores, we have a strong desire to renovate and expand existing store spaces to enhance their appeal and make them the number one store in the local community.

In addition, as a result of expanding the product lineup to appeal to “not only general consumers, but also professionals who come to shop,” “merchandise that can only be purchased at Joyful Honda” has been steadily increasing, and this has also led to differentiation from competing stores.

The basic way of thinking that can be said to be the original form of Joyful Honda stores has been reflected greatly in the creation of our stores to date.

Annual number of customer visits is about 30 million

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

Net sales per store: 7.3 billion yen (*)

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



▲ Arakawaoki Store (first store)



▲ Satte Store



▲ Ultra-large store: Newport Hitachinaka Store

With a site area equivalent to 5.1 Tokyo Domes, it boasts the largest scale of any home center in Japan.

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

Shoya Honda, who led Joyful Honda since the Company's founding in 1975 and always put the customer first, passed away in September 2013 after collapsing at a store. At the time, Joyful Honda Co., Ltd. had grown to have net sales of over 180 billion yen, and while the Company was exploring business succession and having a fund participating in management as the largest shareholder, it was listed on the First Section of the Tokyo Stock Exchange (now the Prime Market) in April 2014. After being listed, the Company bought back shares from the fund and began full-fledged independent management.

It was an era when transparency was also required in corporate management. In order to embody the Company's value of “The joy of our customers is our joy,” it is necessary to meet the expectations of all stakeholders, starting with investors and customers.

By being listed, we are striving to enhance our corporate value by ensuring greater management transparency, reaffirming our expectations and role in the market, and shouldering this heavy responsibility.

Record-high profits, establishment of a large store model

After becoming a listed company in 2014, the Company's net sales gradually declined. Immediately before our listing, a special demand for reconstruction from the Great East Japan Earthquake and sales of gasoline and kerosene boosted our performance, but the special demand subsided and a reactionary decrease continued.

During this time, the Company undertook a structural reform challenge in 2018, and focused on reducing costs such as SG&A expenses through operational improvements. In 2020, we implemented a reorganization within the group organization in order to optimize the allocation of management resources and increase the competitiveness of our core businesses. We also made efforts to improve our profitability by transferring our gasoline and kerosene businesses. As a result, in FY2021, we recorded an operating profit of 11.5 billion yen on net sales of 132.4 billion yen, and we were able to achieve record profits for the first time in 9 years. Even following this, we continued to implement various reforms, responding flexibly to the changing times, and established the current large store business model, despite the impact of the worsening market environment due to COVID-19 and other factors.

Challenge of stand-alone stores and new business models

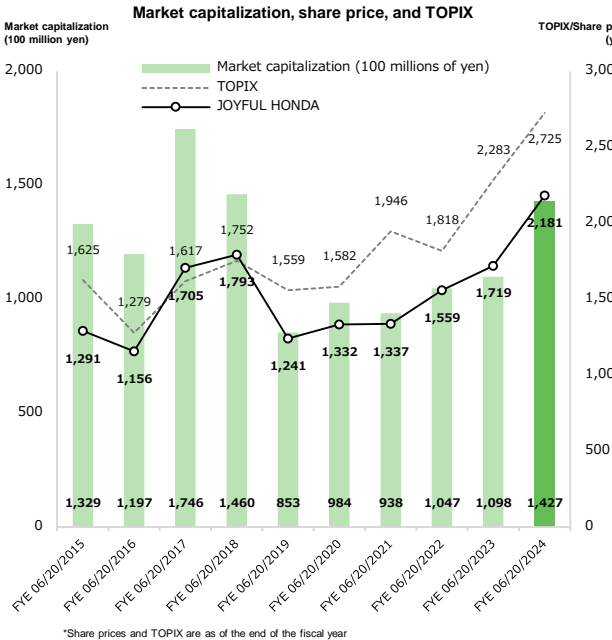
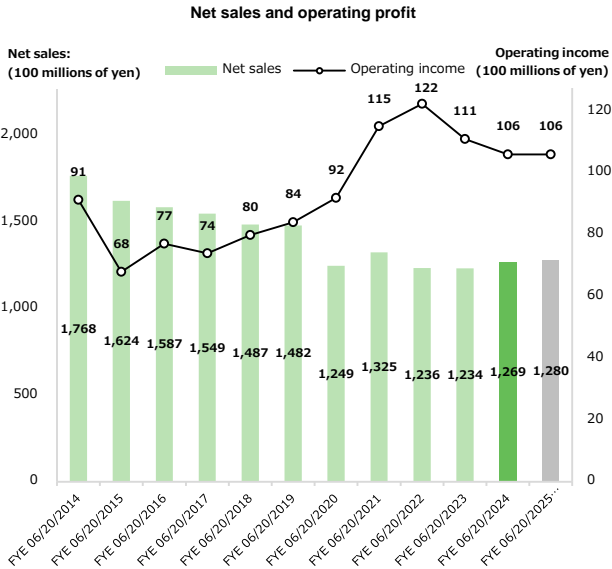
While establishing a business model for large stores, we are also constantly taking on the challenge of creating new stores. In 2018, we opened the Pet's CLOVER Higashiomiya Store (Saitama, Saitama Prefecture), a pet specialty store, and the Honda-Ya Chiba Miyako-cho Store (Chiba, Chiba Prefecture), the first store in our hardware store for business use for craftsmen, and we have begun opening new stores in a new store format as stand-alone specialty stores.

Currently, in addition to specialty stores "Pet's CLOVER" and "Honda-Ya," we are also operating "THE GLOBE" (antique and miscellaneous goods sales). Going forward, we will accelerate the opening of new stores, focusing on Honda-Ya, for which we have already established a store format with the opening of five stores to date, and we will also consider opening new specialty stores that leverage the expertise we have cultivated through our home center business.


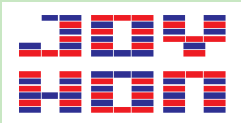



In 2023, we opened a new business model, JOYHON Park Yoshioka (Yoshioka-machi, Gunma Prefecture), as our first ultra-large store in 12 years. "JOYHON Park Yoshioka" is a one-stop shopping park with a unique, wide-area commercial zone, and in addition to the "JOYHON Park Yoshioka Store" it is made up of over 40 tenants who have expressed their support and agreement the challenge of creating a new form of entertainment park.

In order to continue to be stores that are loved by the local community, and to resolve our customers' "problems," we will continue to "innovate" and "take on challenges."

▼JOYHON Yoshioka Store (opened in April 2023)

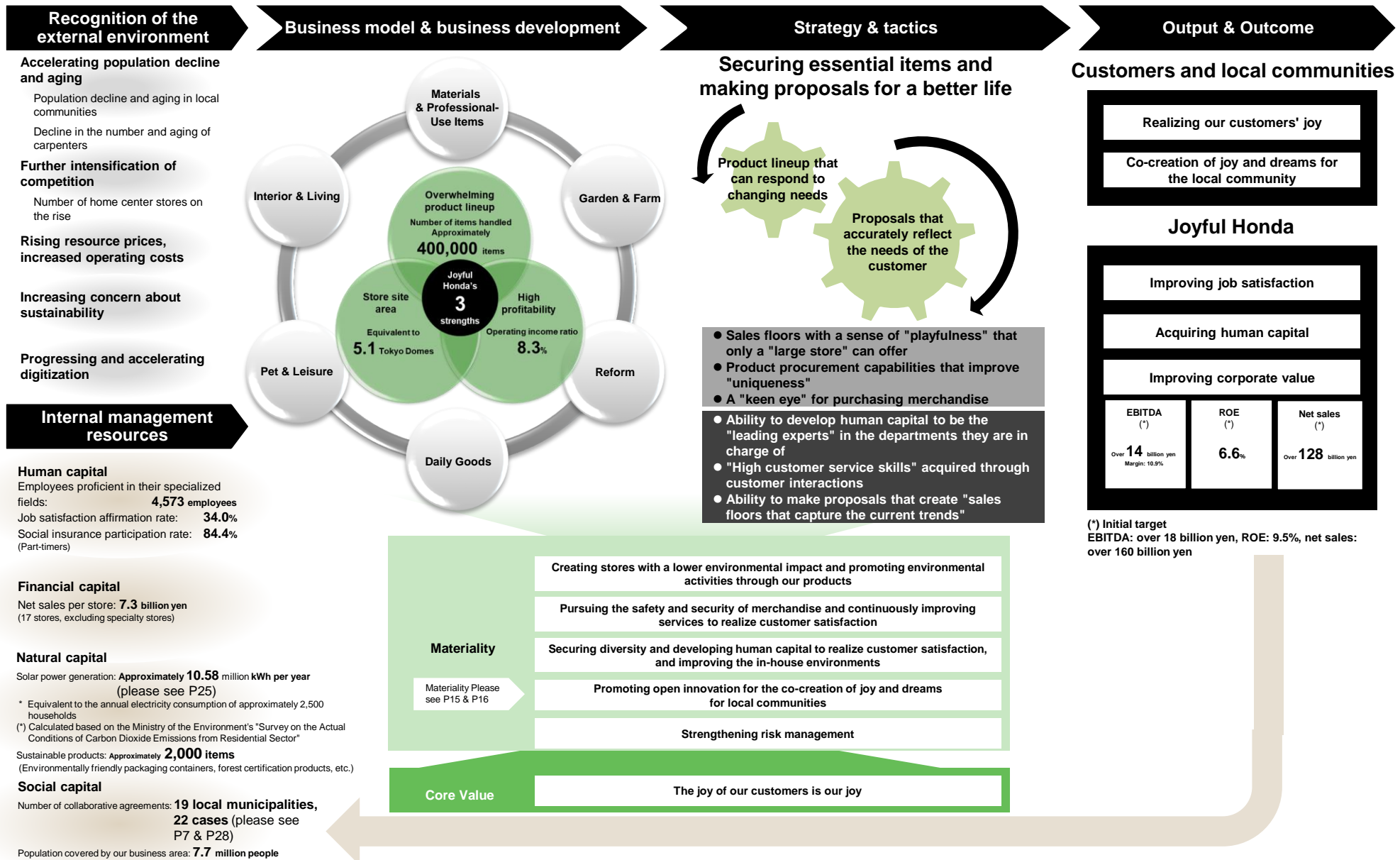


List of business models

	JOYFUL HONDA JOYHON		HONDA-YA	THE GLOBE	Pet's CLOVER
Brand logo	 				
Main business activity	<ul style="list-style-type: none"> Home center business Reform business 		<ul style="list-style-type: none"> Sales of high-performance tools and work clothes 	<ul style="list-style-type: none"> Antique furniture and miscellaneous goods for sale, online shop 	<ul style="list-style-type: none"> Pet goods sales, trimming, pet hotel, animal hospital
Concept	<ul style="list-style-type: none"> General center for housing and lifestyle 		<ul style="list-style-type: none"> A specialty store for professional users based on the concept of an artisan shop 	<ul style="list-style-type: none"> Proposing a lifestyle with European antiques 	<ul style="list-style-type: none"> A pet total life support shop with a product lineup that only a specialty store can offer
Segment classification within the Company	[Housing field] <ul style="list-style-type: none"> Materials & Professional-Use Items Interior & Living Garden & Farm Reform 	[Lifestyle field] <ul style="list-style-type: none"> Daily Goods Pet & Leisure 	[Housing field] <ul style="list-style-type: none"> Materials & Professional-Use Items 	[Housing field] <ul style="list-style-type: none"> Interior & Living 	[Lifestyle field] <ul style="list-style-type: none"> Pet & Leisure
	*The Oyama Ekimae Store specializes in materials & professional-use items and pet goods.				
Number of stores:	17		5	2	1
Stores	Gunma Prefecture: 3 stores (2 ultra-large stores, 1 JOYHON) Tochigi Prefecture: 2 stores (1 ultra-large store, 1 JOYHON) Ibaraki Prefecture: 4 stores (1 ultra-large store, 2 large stores, 1 medium store) 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)		Tochigi Prefecture: 1 store Chiba Prefecture: 3 stores Tokyo: 1 store	Tokyo: 1 store Ibaraki Prefecture: 1 store	Saitama Prefecture: 1 store

*The definition of scale is as follows: ultra-large stores have a site area of 100,000 m² or more and a sales floor area of 50,000 m² or more; large stores have a site area of 50,000 m² or more and a sales floor area of 30,000 m² or more; and stores with less than these figures are defined as medium stores.

Value creation process



Materiality

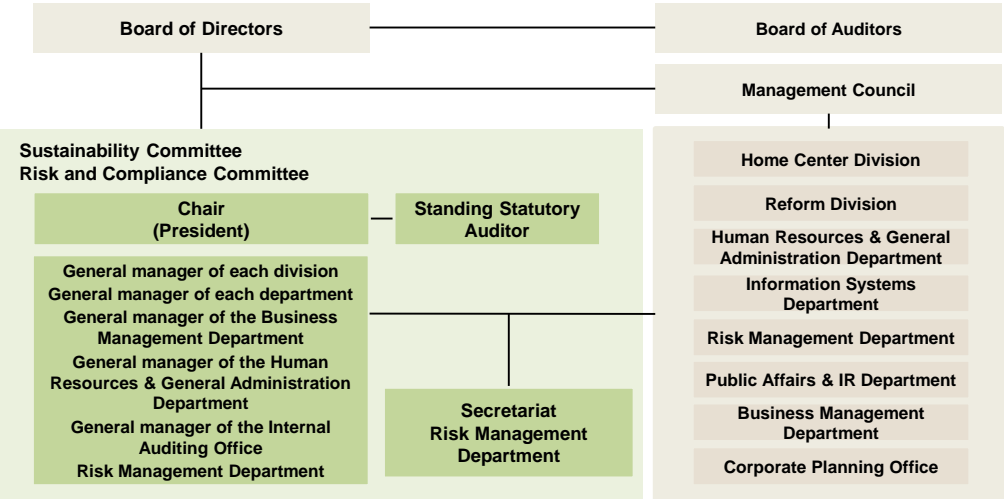
In accordance with the Joyful Honda Sustainability Fundamental Policy, the Company has established the materiality of five items as important issues to be recognized in order to balance the contribution to the medium- to long-term sustainable growth of the Company and the realization of a sustainable society, as shown in the table on the bottom right.

In identifying materiality, we referred to ESG ratings (MSCI), the SDGs, megatrends, etc., and after a wide range of issues were extracted, they were discussed and examined by the Sustainability Committee, and their validity was confirmed. The Board of Directors identifies materiality based on the opinions of independent External Directors. The promotion system (response) for materiality is strengthened at the operational level, and through repeated deliberations at the Sustainability Committee and Management Council, the policy is decided at the Board of Directors.

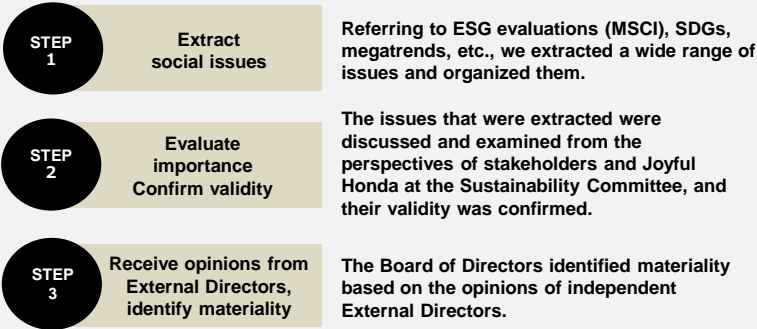
Joyful Honda - Fundamental policy on sustainability

- 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








Materiality (important issues) identification process



Materiality	Risk and opportunities
Creating stores with a lower environmental impact and promoting environmental activities through our products	<div><div>● Increased costs due to the introduction of a carbon tax</div><div>● Increased electricity and product procurement costs due to higher electricity prices</div><div>Risks</div><div>● Increased cost of goods sold due to regulations on plastics</div><div>● Increased investment costs due to ZEB conversion</div><div>● Increased air-conditioning costs due to rising temperatures</div><div>Opportunities</div><div>● Brand value improvement and increased sales due to early sales of environmentally friendly products and implementation of environmentally friendly measures</div><div>● Expanding demand for disaster-related products due to the increasing severity of natural disasters</div></div>
Pursuing the safety and security of merchandise and continuously improving services to realize customer satisfaction	<div><div>● Decline in customer trust due to product complaints and troubles</div><div>● Damage to brand value due to purchasing merchandise contrary to the principles of the SDGs</div><div>Risks</div><div>● Consider alternative measures due to worsening relations with suppliers, increased costs</div><div>Opportunities</div><div>● Improvement in brand value through increased customer satisfaction</div><div>● Improved competitiveness by strengthening relationships with suppliers</div></div>
Securing diversity and developing human capital to realize customer satisfaction, and improving the in-house environments	<div><div>● Difficulty in securing human resources due to the decline in the working population and the resulting rise in labor costs</div><div>● Bias in values and a loss of business opportunities due to the dilution of diversity</div><div>Risks</div><div>Opportunities</div><div>● Strengthening our competitiveness and acquiring excellent human capital through diversity management</div><div>● Improvement in employee motivation by achieving a better work-life balance</div></div>
Promoting open innovation for the co-creation of joy and dreams for local communities	<div><div>● Decrease in sales due to damage to brand value</div><div>Opportunities</div><div>● Increase in sales due to improvement in brand value</div></div>
Strengthening risk management	<div><div>● Business suspension or sales decline due to store damage from natural disasters</div><div>● Accidents involving in-store customers during a disaster</div><div>● Information leaks and damage to brand value as a result of cyber attacks, etc.</div><div>Risks</div><div>Opportunities</div><div>● Expanding demand for disaster-related products</div><div>● Becoming a base for evacuation at times of disaster through the conclusion of disaster agreements with local municipalities</div></div>

List of materiality

The environment surrounding us is becoming increasingly uncertain. There is a strong demand to address environmental issues, social responsibility in the supply chain, human rights, diversity, and so on. To continuously co-create the joy and dreams of the local community, the realization of a sustainable society is essential. Therefore, we will place sustainability at the core of our management and solve social issues through our corporate activities.

Materiality	Risk and opportunities	Measures	Goals (ideal state)/KPIs	FY2024 status of progress	Related SDGs
Creating stores with a lower environmental impact and promoting environmental activities through our products	<div> <div>Risks</div> <ul style="list-style-type: none"> ● Increased costs due to the introduction of a carbon tax ● Increased 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 </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> ● Brand value improvement and increased sales due to early sales of environmentally friendly products and implementation of environmentally friendly measures ● Expanding demand for disaster-related products due to the increasing severity of natural disasters </div>	<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 neutral 	<p>FY2024 results</p> <p>With a reduction rate of 46.6% against the target values for GHG emissions, we achieved the 2025 target one year ahead of schedule.</p>	
Pursuing the safety and security of merchandise and continuously improving services to realize customer satisfaction	<div> <div>Risks</div> <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 </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> ● Improvement in brand value through increased customer satisfaction ● Improved competitiveness by strengthening relationships with suppliers </div>	<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 (10 times the scale of 2022 performance) ● Net sales: over 128 billion yen (By the fiscal year ending June 2025) ● EBITDA: over 14 billion yen (margin: 10.9%) (By the fiscal year ending June 2025) ● ROE 6.6% (By the fiscal year ending June 2025) 	<p>FY2024 results</p> <ul style="list-style-type: none"> ○ Sustainable products: 2,014 items ○ Net sales: 126.8 billion yen ○ EBITDA: 14.2 billion yen (Margin: 11.2%) ○ ROE 7.6% 	
Securing diversity and developing human capital to realize customer satisfaction, and improving the in-house environments	<div> <div>Risks</div> <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 </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> ● Strengthening our competitiveness and acquiring excellent human capital through diversity management ● Improvement in employee motivation by achieving a better work-life balance </div>	<ul style="list-style-type: none"> ● Respect for human rights (establishment of a human resources policy) ● Human resource development initiatives ● Improving workplace environments and occupational health and safety 	<ul style="list-style-type: none"> ● Labor distribution rate: 50% ● Percentage of women in managerial positions: 10% or more (By the fiscal year ending June 2030) ● Average overtime hours: 6 hours/month or less ● Average paid leave acquisition rate: 60.0% or more ● Return to work after childcare leave rate: 95% or more (By March 31, 2026) ● Male childcare leave acquisition rate: 15% (By March 31, 2026) ● Job satisfaction affirmation rate: 50% or more (By the fiscal year ending June 2025) 	<p>FY2024 results</p> <ul style="list-style-type: none"> ○ Labor distribution rate: 50% ○ Percentage of women in managerial positions: 1.9% ○ Average overtime hours: 3.8 hours/month ○ Average paid leave acquisition rate: 81.0% ○ Return to work after childcare leave rate: 93.5% ○ Male childcare leave acquisition rate: 52.7% ○ Job satisfaction affirmation rate: 34.0% 	
Promoting open innovation for the co-creation of joy and dreams for local communities	<div> <div>Risks</div> <ul style="list-style-type: none"> ● Decrease in sales due to damage to brand value </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> ● Increase in sales due to improvement in brand value </div>	<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"> ○ Concluded 20 disaster agreements and comprehensive agreements with local municipalities, etc. (As of June 2024) ○ In addition to commencing operations of the Joyful-Go Free Shuttle Bus to provide shopping support for the elderly and others, we also support the pick-up and drop-off support systems operated by local municipalities, etc. We are also implementing initiatives such as presenting transportation fare discount vouchers based on the amount of purchases made by customers who visit our stores. 	
Strengthening risk management	<div> <div>Risks</div> <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 cyber attacks, etc. </div> <div> <div>Opportunities</div> <ul style="list-style-type: none"> ● Expanding demand for disaster-related products ● Becoming a base for evacuation at times of disaster through the conclusion of disaster agreements with local municipalities </div>	<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. ● Regarding the personal information protection policy, we will continue to review and improve it to ensure that it is effectively and appropriately administered 	<ul style="list-style-type: none"> ○ We have developed a BCP manual, which we review as necessary, and carry out training. In FY2024, we conducted four safety confirmation drills based on the manual. ○ It was discovered through a security investigation in January 2024 that personal information, including customer credit card information, may have been leaked due to unauthorized access by a third party. In light of the results of the investigation, we are strengthening our system security measures and monitoring systems. 	

Medium-term management plan

FY2023 performance

EBITDA 14 billion yen

EBITDA margin 11.4%

ROE 7.3%

Net sales 123.3 billion yen

FYE June 2023 fundamental policy
Let's expand fans across generations!

Main themes

1. Expanded customer base and grow net sales through a store opening strategy
2. Brushed up measures for implementing each fundamental policy to a level that can be deployed horizontally across all stores
3. Expanded our customer base by re-organizing the sales floor from the customer's perspective, exceeding existing concepts
4. Made proactive investments to create non-financial value
→ Co-create SDG solutions with local communities

FY2024 performance

EBITDA 14.2 billion yen

EBITDA margin 11.2%

ROE 7.6%

Net sales 126.8 billion yen

FYE June 2024 fundamental policy
Return to our starting point and
create a new corporate culture

Main themes

1. Actively invested in our human capital
- Create safe working environments
2. Broke away from homogeneous competition
- Strengthen Honda-Ya's store openings and the shop-in-shop concept for existing stores
3. Contributed to the realization of a sustainable and prosperous society
- Initiatives for decarbonization

FY2025 target (Initial target)

EBITDA Over 14 billion yen (over 18 billion yen)

EBITDA margin 10.9% (11.5%)

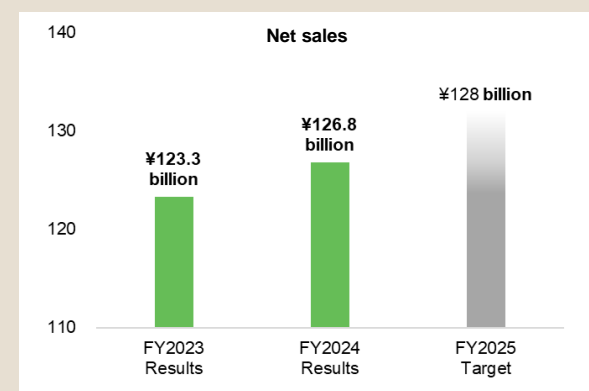
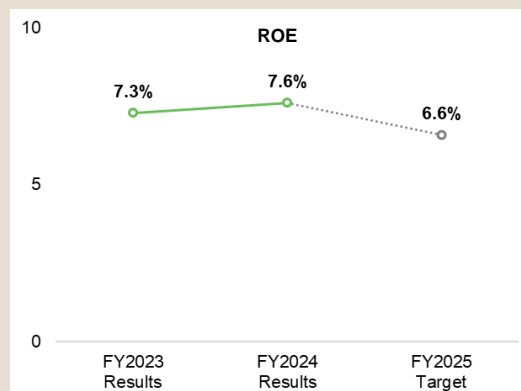
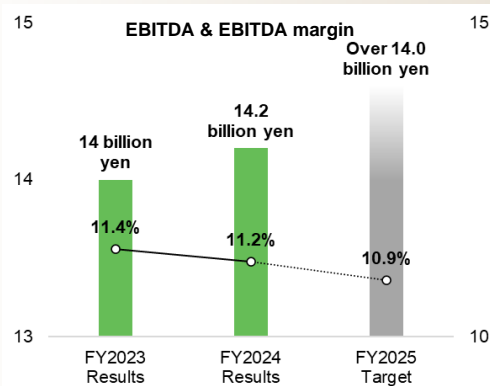
ROE 6.6% (9.5%)

Net sales 128 billion yen (over 160 billion yen)

FYE June 2025 fundamental policy
Let's cultivate fans of Joyful Honda!!

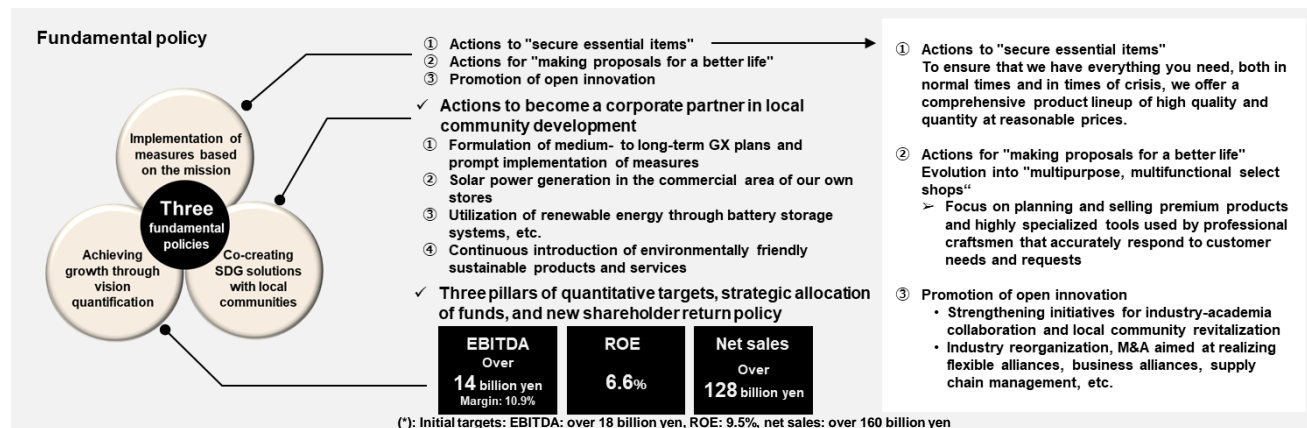
Main themes

1. Actively invested in our human capital
- Continuously improve working environments where employees can work with peace of mind and establish an education system
2. Seriously address customer issues
- Work to pass down customer service skills that combine advanced expertise and responsiveness
3. Digital strategy
- DX and CX
4. Invest to improve the appeal of existing stores
- Strengthen existing stores by restructuring sales floors and promoting leasing
5. Building a system that allows for proactive store openings
- Build a speedy store opening system, consider M&A



Measures in the medium-term management plan

Fundamental policy and measures, quantitative targets (post-revision targets)



To achieve our vision of becoming the top "Living Space Innovator[®]" in Japan, we have formulated three fundamental policies in our medium-term management plan for the period from the fiscal year ended June 2023 to the fiscal year ending June 2025. We position these three fundamental policies as issues that need to be addressed, and we are working on various measures to solve these issues.

As a specific example of the first issue, "implementing measures based on the corporate mission," in order to realize the ultimate one-stop shopping for customers who visit our stores, we are strengthening our product lineup in each product group by actively introducing highly specialized materials, tools, etc. used by professional craftsmen such as carpenters, and reviewing and expanding disaster preparedness goods sales areas. In the area of promoting open innovation, we aim to be a community-based corporate group, and we will continue to strengthen our collaboration with local municipalities, local companies, customers, and employees, as well as create stores that meet the needs of the areas where our stores are located.

The second issue is "co-creating SDG solutions with local communities" as part of our efforts to combat global warming and reduce greenhouse gas emissions. Joyful Honda is working to create environmentally friendly stores in order to achieve our goal of being carbon neutral by 2050 and reducing our emissions by 43% by 2025 (compared to 2013 levels). Solar power generation systems have been installed and are in operation at 11 stores: Arakawaoki Store, Koga Store, Satte Store, Ichihara Store, Kimitsu Store, Chiba Store, Tomisato Store, Newport Hitachinaka Store, Nitta Store, Mizuho Store, and Yoshioka Store. To achieve this goal, we are considering countermeasures from all angles, such as optimizing lighting facilities, GHP and EHP air-conditioning equipment, introducing solar carports, and purchasing green energy. In the future, we will build "GX Stores," next-generation stores that circulate the green energy generated by solar power in the stores and facilities to the local community, which will serve as bases for disaster prevention and mitigation in the local community. We will also promote initiatives to realize a recycling-oriented business based on local-production-for-local-consumption network for electricity.

Through these initiatives, we aim to achieve high profit margins in our core businesses and realize the quantitative targets we have set.



▲Promoting greenhouse gas reduction through the introduction of solar power generation



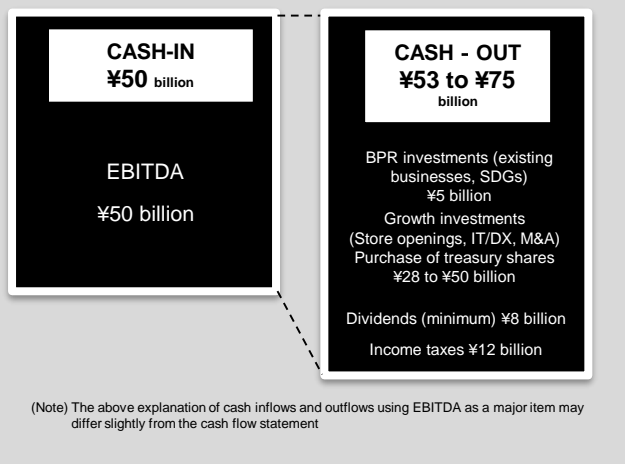
▲"Honda-Ya" shop-in-shop concept in a home center
(Moriya Store, Kimitsu Store, Oyama Ekimae Store, Arakawaoki Store)



▲As a "stronghold for the local community" in times of emergency, we have enhanced our product supply, and expanded and created dedicated sales areas for disaster preparedness goods

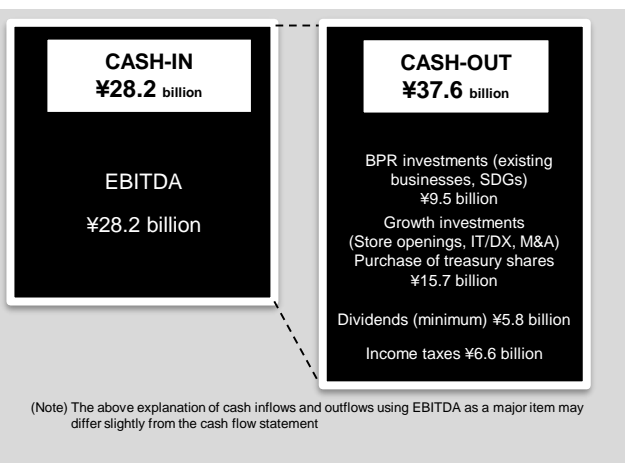
Cash allocation

Plan (cumulative total for fiscal year ended June 2023 to fiscal year ending June 2025)



Regarding cash allocation, we plan to maintain the structure where cash outflows exceed cash inflows in the future as well. We will continue to purchase treasury shares and maintain progressive dividends while securing funds for investment in growth.

Cumulative performance through the fiscal year ended June 2024

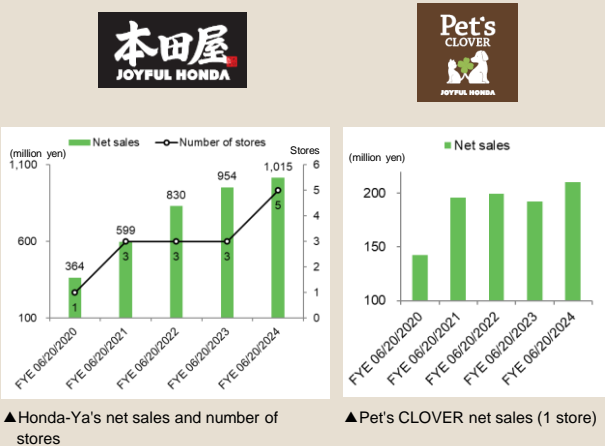


Establishing a store format

Although our stores all look the same at first glance, we have built each and every one of them ourselves. Of course, Honda-Ya is slightly different, but the store format is well established. The net sales of Honda-Ya stores has been increasing as the number of stores grows. The fourth and fifth stores did not operate all year round, so their growth appears to be limited, but once they were opened, they have been able to consistently secure a certain level of profits.

Furthermore, Pet's CLOVER, of which there is only one store, has finally taken shape. We will continue to accelerate the opening of new stores while also addressing the social issues facing the pet industry.

We are considering business partnerships and M&A while being mindful of our speed of growth.



Making Nagomi Kobo Co., Ltd. into a subsidiary

In November 2023, we made Nagomi Kobo Co., Ltd. (hereafter, the company) a subsidiary. The company receives requests from construction companies for single-family homes, newly built condominiums, reforms, etc., and its business is to repair scratches on floors, fittings, and decorative materials, etc., that occur during construction. By integrating the repair business with our existing reform business, the Company will be able to respond to the needs of our customers in an even wider range of areas. For example, when renovating old traditional Japanese houses, which are currently very popular, by approaching this from both a reform and repair perspective, making effective use of existing materials, the result will be a finish that retains a more elegant atmospheric feel than before, and it will also be possible to offer new value to customers, as it will also contribute to the SDGs.

Furthermore, we think that the company's technology and knowledge can be used to create new usage techniques and services for the products sold at home centers, and that by adding the merchandise they use, we can expand the DIY market even further. The number of carpenters will decrease significantly in the future. We want to broaden the range of "being able to do it by yourself (DIY) or ask someone else to do it for you."

In October 2024, we absorbed Nagomi Kobo into the Company, and it is currently engaged in business as the Repair Workshop of the Company's Reform Division.

▼ Restoring scratches and dirt on the house as cleanly as possible



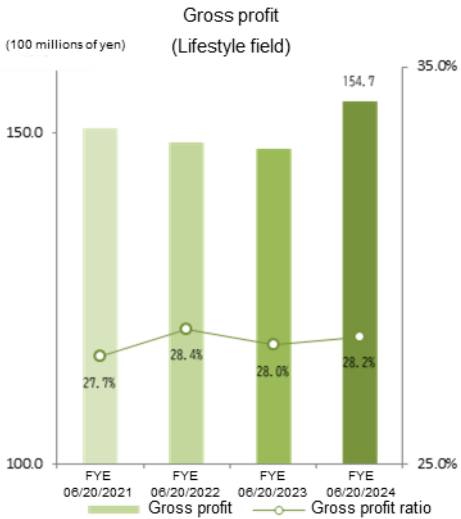
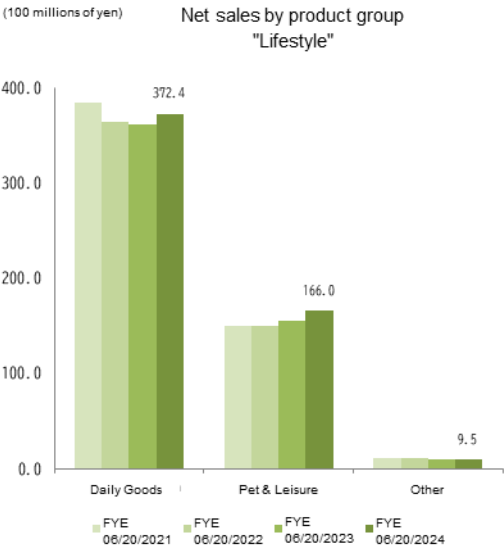
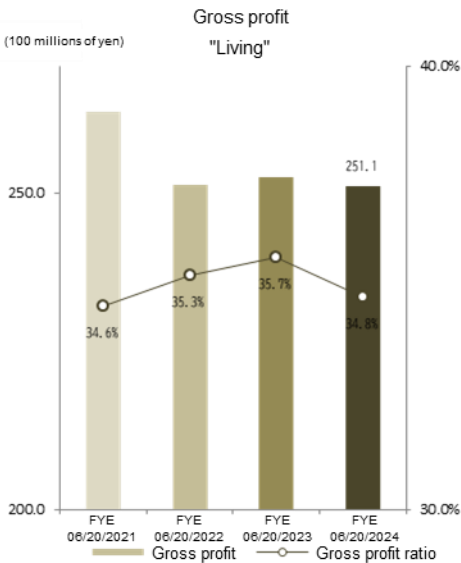
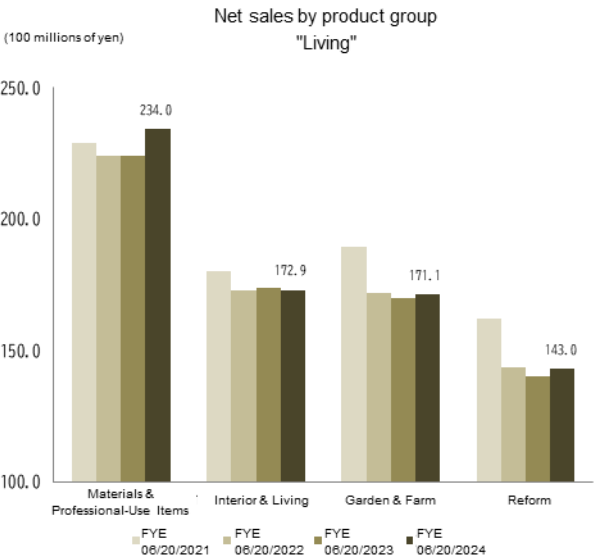
Performance of our main businesses

"Living"

In the fiscal year ended June 2024, due to the impact of a decrease in the number of housing starts caused by rising raw material prices and increased acquisition costs, sales of timber and building materials were sluggish. However, the effect of opening the ultra-large JOYHON Yoshioka Store in April 2023 and opening two new standalone "Honda-Ya" specialty stores for craftsmen (Utsunomiya Moto-Imaizumi Store and Tokyo Tachikawa Saiwaichho Store), in the current fiscal year, as well as the effect of the "Honda-Ya shop-in-shop concept" at existing home centers (Arakawaoki Store, Moriya Store, Kimitsu Store, Oyama Ekimae Store), has led to continued strong sales of brand safety shoes and work clothes with fans. On the other hand, due to the impact of the extreme summer heat, sales of flower seedlings and other items in the gardening department were sluggish, and due to the warm winter, sales of winter goods such as heating appliances were also slow.

"Lifestyle"

In the fiscal year ended June 2024, due to the reclassification of COVID-19 as a Class 5 infectious disease in May 2023, the demand for recreational goods recovered, although not completely, due to the increase in opportunities to head outdoors. In addition, the use of bicycle helmets became encouraged, though not mandatory, in April of the same year, and the trend for bicycle goods improved. In the pet-related area, we continue to hold dog and cat adoption events, which lead to the sale of pet food and accessories. In particular, sales of high-value-added food products that use functional and natural materials have been strong. Moreover, due to the heightened awareness of disaster prevention, sales of disaster preparedness goods such as disaster food, water and other stockpiled goods, portable power sources and portable toilets have been strong.



Messages from division managers and department managers



Yuichi Ohata

Executive Officer
General Manager,
Home Center Division

Review of FY2024 (current situation analysis and issues)

In April 2023, we opened our first large-scale store in 12 years, the JOYHON Yoshioka Store, as our third store in Gunma Prefecture. After a long period of preparation, we opened the store as the culmination of all the work the Company had done up to that point. We did not reach the target values for the first year, but we have many customers from far away who repeatedly come to our store, and we have received favorable reviews.

Although the Yoshioka Store considers its trading area to be a wide area, there are many powerful competing stores within the trading area. It has taken longer than expected for the store to penetrate the local market, so the local staff have been listening to customer feedback and reviewing and changing the layout and product lineup. As a result, most categories are currently trending upward.

At our existing stores, we have been renovating layouts and product lineups by changing the way aisles are arranged and the placement of categories and fixtures to accommodate one-stop and quick shopping, to match changes in customers' lifestyles and shopping habits.

“Aiming to be the No.1 company that is seriously committed to solving our customers' housing and lifestyle issues”

Although this is still ongoing, we have received positive feedback for integrating the product lineup of our specialty store "Honda-Ya," which focuses on tools and work clothes, into a medium-sized home center. We are considering expanding it into a large-scale store in the future.

Policies for FY2025 (Initiative policies and countermeasures)

The home center industry is likely to see a decrease in the number of companies as the number of stores tends to increase in the face of a declining population. In order to survive, it is necessary to continue to be indispensable stores that are supported by the local communities.

As our policy for FY2025, we have set ourselves the goal of becoming a company that everyone recognizes as a "company that is seriously committed to solving our customers' housing and lifestyle issues." Since our foundation, we have been increasing our product lineup not only based on what "sells" or "doesn't sell," but also with the aim of being stores that respond to even the smallest needs of our customers.

Due to the impact of the declining birthrate and aging population, as well as the experience of the COVID-19 pandemic, our customers' lifestyles and shopping styles have changed significantly. As a result, we have changed the way we operate our stores and display our products, but our original philosophy and spirit remain unchanged.

As initiatives to be strengthened in particular, we will (1) Actively promote the creation of "themed sales areas" that gather together crime prevention and disaster preparedness goods, products that support the elderly, etc., and "sales areas that showcase products recommended by store staff." (2) Pursue the breadth and depth of the specialized products and commercial-use products used by professionals in each category. (3) Further broaden and deepen the knowledge of our employees. We would like to focus on refining these three areas and achieve a clear differentiation.

By placing importance on the ideas and spirit that have been passed down over the 50 years since the Company's foundation, and by making the most of the size of our stores and the knowledge of our staff, we will become a store that people can rely on, where they know that "if you go to Joyful Honda, your problems will definitely be solved," and we will enhance our value as a store that people come to from afar.

Also, when we opened the JOYHON Yoshioka Store, I learned anew that when opening a large-scale store, there are issues to be addressed, such as the fact that it places a heavy burden on the operations of the Head Office and the management of existing stores. Furthermore, because there are so many merchandise items, it takes time for new staff to acquire product knowledge. As an initiative for FY2025, we have begun developing systems and organizational structures to speed up the pace of store openings.



Masakazu Okajima

General Manager,
Store Administration Division

“Since our foundation, our goal has been to 'become the leading expert in one's field'”

- Developing human capital capable of handling a wide product lineup -

Since our foundation, the Company has placed importance on the value of "becoming the leading expert in one's field".

In order to meet the needs of our customers, we have increased the number of products we handle, and now we have over 300,000 items. However, simply having a wide range of products is not enough to meet the needs of our customers. Deep knowledge of how to handle this product lineup, as well as specialized skills to deal with products that require repair and maintenance (e.g., engine machinery, bicycles, etc.) are also required. Without employees who have this knowledge and skill, we will end up just being a mere seller of things. We believe that only by having a full range of products to "secure essential items" and making proposals for a better life that are tailored to the customer and resolve their "problems" can we achieve the Company's MVV of "co-creating the joy and dreams of the local community."

It is not easy to produce "leading experts" in human capital, but the Company has many experts who have been cultivated over our 50-year history, and we are creating systems so that they can use this important resource to gain knowledge and skills in their respective fields.

Through these efforts, we aim for stores where employees can grow, and where value can be provided to our customers, and where both employee satisfaction (ES) and customer satisfaction (CS) are improved.



Messages from a division managers and a department managers



“Co-creation of joy and dreams for the local community”

Shigeru Honda

General Manager, Merchandising Management Division

Joyful Honda has been aiming to become a group of specialty stores for many years. By offering a highly specialized product lineup and providing safe and reliable products, we believe we can earn the trust of both professionals and general customers.

In addition, due to the recent increase in extreme weather events, we are working to strengthen the product lineup in disaster preparedness goods sales areas so that we can support local communities in the event of a sudden disaster. In the area of household goods, as customers become increasingly conscious of the need to protect their livelihoods amid rising prices, we are expanding our range of everyday low-price (EDLP) products and striving to set prices that will allow customers to enjoy shopping with peace of mind. We aim to “secure essential items” so that customers can find the things they need in the quantities they need.

In the ever-changing living environment, we will continue to plan, develop and introduce products directly imported from overseas and products that are one rank above the rest in order to help enrich the lives of our customers, and we will continue making proposals for a better life.

By continuing to implement these measures, we will continue to strive for the “co-creation of joy and dreams for the local community.”



“A group that solves housing issues”

- We will become a group of reliable and proud home solution specialists who create homes brimming with joy and smiles, and who foster the richness of human capital and living -

Atsushi Watanabe

General Manager, Reform Division

Review of FY2024 (current situation analysis and issues)

The reform market in FY2024 was affected by the reclassification of COVID-19 as a Class 5 infectious disease under the Infectious Diseases Control Act, and as a result of a shift in consumer behavior from domestic consumption (such as home improvement, furniture, and appliances) to external consumption (such as travel and eating out), demand for reform was on a downward trend.

On the other hand, against a backdrop of rising costs for reform work,

such as construction materials and labor costs, the unit price per reform work increased, and the decline in demand was offset by the rise in unit prices, so we believe that the market size remained flat year-on-year, with a slight increase.

That trend is the same at the Company, and although the number of properties decreased, the unit price per property has increased. In addition, as a result of the Yoshioka Store, which is a new store, being open throughout the year, the performance was an increase in revenue, with reform net sales of 102.1% compared to the previous year.

By product category, due to the impact of government subsidies, construction performance aimed at improving functionality, such as toilet and bathroom replacement and the installation of insulating interior windows, increased, as did related work around windows, such as curtains and blinds.

On the other hand, the construction performance related to space proposals aimed at improving living environments was not favorable, and we struggled with system kitchens and interior work. In addition, the rise of specialist contractors has led to a decline in the performance of home exterior wall-related construction work.

In addition to functional improvement reform backed by national subsidies, how to capture demand for renovations and rebuilding aimed at improving living environments will be an issue in the future.



Policies for FY2025 (Initiative policies and countermeasures)

Since it is expected that national policy subsidies will continue for the next few years, we predict that reform work aimed at improving functionality will continue to remain strong.

In response to these demands and the need for repairs to lifelines, we will aim to take a speedy approach by enhancing our in-store reception counters.

On the other hand, due to the continuing downward trend in the number of new housing starts and the decline in the number of households themselves, we predict that the demand aimed at improving functionality of housing equipment reform work and lifeline repairs will eventually trend towards a contraction in the market. For this reason, by enhancing the number of proposal-style booths in our showrooms, we will strengthen our ability to make proposals aimed at improving living environments, and create a foothold for the expansion of renovation work. In addition to strengthening our showroom functions, we will develop human capital through the implementation of various design and sales contests, and the promotion of qualification acquisition, and aim to improve our ability to make proposals.

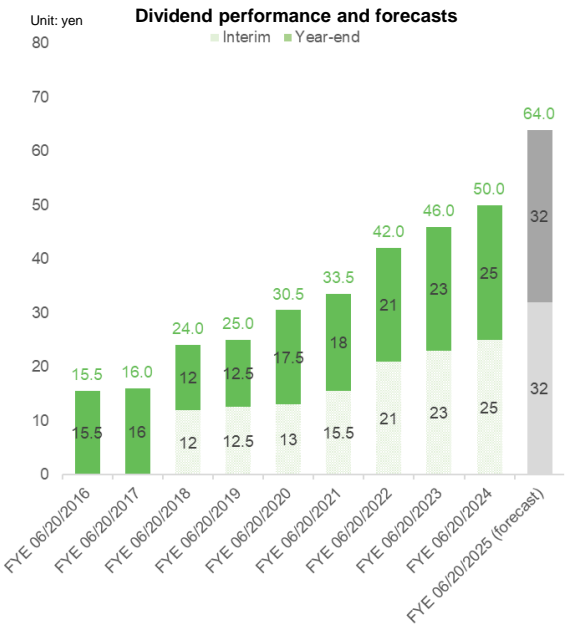
By strengthening showroom functions and promoting human capital development to improve our ability to make proposals, we will contribute to local communities by creating as many fans of Joyful Honda as possible, so that we can be a reliable presence for people when they are facing difficulties or are unsure what to do.

Financial and capital policy

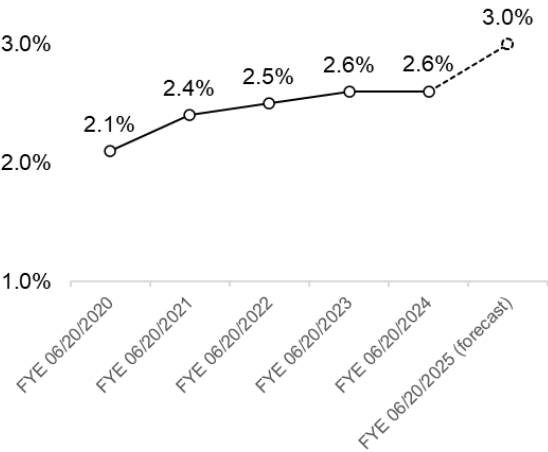
Shareholder returns (dividend forecast)

The dividend policy is to set DOE at 2.5% from the interim dividend for the fiscal year ended June 2023. For the fiscal year ending June 2025, we are assuming that DOE will be around 3% including the commemorative dividend for the 50th anniversary of our foundation. We intend to continue to pay progressive dividends in line with our dividend policy and consistent profit growth.

For the fiscal year ended June 2024, the dividend was increased by 4 yen as a progressive dividend. From FY2024 to FY2025, the dividend was increased from 50 yen to 54 yen per year. In addition, we have added the 5 yen dividend to commemorate the 50th anniversary of our foundation to both the interim and year-end dividends, resulting in a forecast of 64 yen.

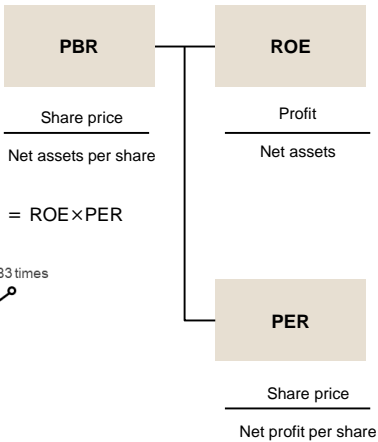
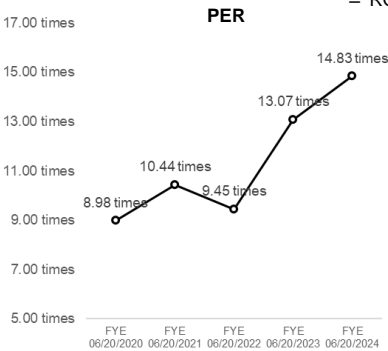
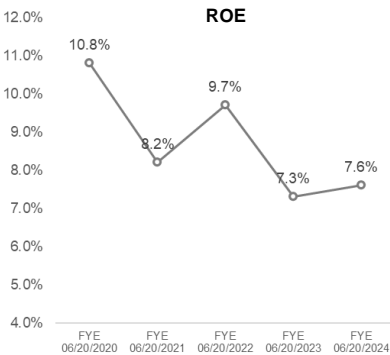
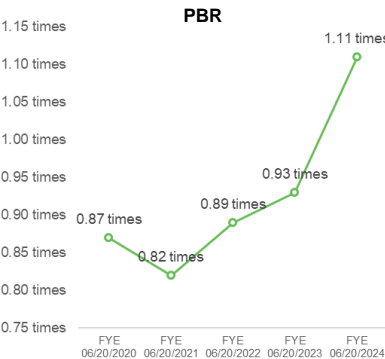


Dividend on equity ratio (DOE)



Action to implement management that is conscious of cost of capital and stock price

At the Board of Directors meeting held on December 5, 2023, Joyful Honda assessed its current situation with regard to its "action to implement management that is conscious of cost of capital and stock price," and determined policies and targets for improvement, as well as specific initiatives to achieve these. In order to further improve our medium- to long-term corporate value, we will strengthen our initiatives to achieve the goals of our medium-term management plan.



<Main measures>

- Actions to secure essential items (*1)
(*1) There are always things that are definitely necessary
- Taking action for making proposals for a better life (*2) While uncovering the latent needs of our customers and developing them
- Purchase of treasury shares
- Strategic allocation of funds
- Actions to become a corporate partner in local community development
- Promotion of open innovation
- Strengthening of corporate governance

Environmental initiatives

Creation of stores
with a lower environmental impact

A "ZEB" is a building that aims to achieve a balance of zero annual primary energy consumption by controlling energy loads through advanced architectural design, actively utilizing natural energy, introducing high-efficiency equipment systems, etc., thereby achieving significant energy savings while maintaining the quality of the indoor environment, and then introducing renewable energy.



Zero-Energy Building (ZEB) Initiative

The Home Center Chiba Store received support subsidies for the FY2017 ZEB Demonstration Project, which is aimed at promoting energy-saving investment by the Ministry of Economy, Trade and Industry, completed its rebuilding work, and held a grand re-opening on April 23, 2018. The performance of the energy reduction in the first year of verification resulted in a 67.5% reduction compared to standard buildings and a 15% reduction compared to the ZEB design value, thus achieving "ZEB Ready." We also newly opened the JOYHON Yoshioka Store on April 26, 2023, which conforms to the Nearly ZEB standard, which is a standard equivalent to "Nearly ZEB."

The renovation of Joyful Athletic Club Tsuchiura has been completed and a grand opening was held on July 15, 2019. The building is the second ZEB building to be constructed by the Company and its rebuilding work was completed with a subsidy from the FY2018 ZEB Demonstration Project. The building is Japan's first athletic club to obtain ZEB Ready status.



Reduction in CO₂ emissions

CO₂ emissions

In addition to switching to energy-efficient lighting and air-conditioning units, we have also reviewed our electricity suppliers and introduced solar power generation equipment. As a result, compared to 10 years ago, we have reduced CO₂ emissions across the Company (excluding tenants) by 31.6%, including new store openings, and reduced the CO₂ emission intensity (CO₂ emissions per total floor area) by 46.8%.

CO₂ emissions
[April 2013 - March 2014] 37,270t
→ [April 2023 - March 2024] 25,487t

CO₂ emissions intensity
[April 2013 - March 2014] 0.05224t-CO₂/m²
→ [April 2023 - March 2024] 0.02781t-CO₂/m²

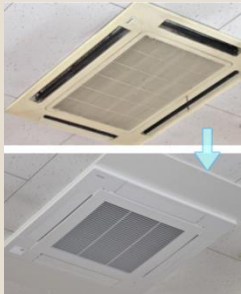
LED lighting

By replacing store and head office lighting with energy-saving LED lighting, adjusting to proper illumination levels, and reducing power consumption, Joyful Honda is striving to prevent global warming through a reduction in CO₂ emissions.



Air-conditioning units

In line with our maintenance program, we are replacing older, inefficient air-conditioning units in stores and the head office with new, more efficient models. 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 crude oil-equivalent energy consumption, we are taking the leveling out of power demand into consideration at our facilities. Further, in the Satte and Nitta areas, we are striving to prevent global warming and reduce CO₂ emissions by switching from LP gas GHP to city gas GHP, which has a lower CO₂ coefficient, in line with new infrastructure development.



Solar power generation

We have installed rooftop solar panels at 11 stores and 16 facilities.

The total annual power generation of all facilities is approximately 10.58 million kWh. Approximately 25% of the annual electricity demand is being met by solar power at facilities where we have installed them.

We have also installed storage batteries along with solar panels at 7 stores and 9 facilities. In addition to the benefits of using renewable energy in normal times, storage batteries are also expected to provide a temporary waiting area for employees, and power supply for some business activities and pet store areas in the event of a disaster. Even if the remaining capacity drops to the set minimum (20% of the storage battery capacity at around 8 p.m.) during a power outage, the capacity design (356.2kWh) ensures that the storage battery capacity will not run out until the morning when the solar power generation starts again.

[Purpose of installation]

As a lifeline that supports the lives of local communities, the concept is to design stores that address “climate change issues” and “disasters that are becoming more frequent and severe due to climate change issues.” Regardless of the store size, solar panels and storage batteries will be installed on roofs whenever possible to reduce greenhouse gas emissions and reduce the burden on the power grid. Additionally, in the event of a disaster, we aim to supply electricity to our facilities and continue our operations.

Through this initiative, we believe we can provide peace of mind to local communities and our customers through decarbonization that supports future lifestyles and BCP (continuation of store operations) that supports today's lifestyles.

In times of disaster, we will ensure a stable supply of electricity to achieve the **smooth continuation and early resumption of our operations**, and provide our customers with “**what they need, when they need it.**”



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, and by purchasing these products, you can contribute to the protection of sustainable forests.

- 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):
A program for mutual recognition of forest certification systems from around the world.

Environmentally friendly packaging containers

We are promoting the adoption of environmentally friendly product packaging for merchandise packaging and containers with the aim of achieving labor savings in waste disposal.

▼A sales floor for water-based pouch paints that enable us to decrease trash and reduce CO₂



Resource recycling service PASSTO

With the aim of reducing waste and contributing to resource recycling in the local community, we have introduced a service provided by ECOMMIT that handles the collection, sorting and redistribution of unwanted items in a single process, and has started free collection of clothing and fashion accessories from December 2023.

Currently, it is 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 related to TCFD Recommendations

As part of our initiatives related to TCFD recommendations, we are working on “creation of stores with a lower environmental impact” and “promotion of environmental activities through products” not only by providing products and services in our stores, but also by engaging in a wide range of activities for the prosperous future of local communities.

The TCFD*1 recommends that all companies make disclosures around “Governance,” “Strategy,” “Risk Management,” and “Metrics & Targets” related to climate change, and we will promote disclosure in line with these recommendations. We will also work on measures to reduce risks and seize opportunities based on an analysis of the impact (risks and opportunities) of climate change on our business. The Company announced its support for the TCFD recommendations in June 2023.

*1 TCFD (Task Force on Climate-related Financial Disclosures)

Strategy

The TCFD*1 recommendation recommends in the “Strategy” section that “studies based on various climate-related scenarios, including a 2°C or lower scenario” be conducted. Based on this recommendation, two scenarios were selected for the scenario analysis: the 2°C or lower (1.5°C/2°C) scenario, which is the goal of the Paris Agreement and has a more pronounced impact on the transitional aspects, and the 4°C scenario, which has a more pronounced impact on the physical aspects. The financial impact in 2050 was qualitatively assessed based on the WEO*3 and other data published by the IEA*2.

*2 IEA (International Energy Agency)

*3 WEO (World Energy Outlook)

World in a 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

▶ 1.5°C Please see the IEA "Net-Zero Emissions by 2050 Scenario"

▶ 2°C Please see the IEA "Announced Pledges Case"

World in a 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

▶ Please see the IEA "Stated Policies Scenario"

Risks, opportunities, and financial impact assessment

A 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 Increase in sales through the early procurement and sale of environmentally friendly products	Moderate Large	Medium to long term Medium to long term

*1 The timeline axis is defined as follows

Short term: Around 2025

Medium term: Around 2030

Long term: Around 2050

A 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

Impacts and countermeasures/policies for each scenario

A 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 Increased electricity and product procurement costs due to higher electricity prices	<ul style="list-style-type: none"> Put rooftop solar power generation into operation at all stores (11 stores) where it is possible to do so 	<ul style="list-style-type: none"> Risk hedging against higher electricity prices and carbon taxes through the introduction of CPPA*2 and in-house solar power generation, etc. 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"> Adoption 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 Store*3 	<ul style="list-style-type: none"> Promotion of GX stores*3
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 *2,014 items as of 2024 (Three times more than in 2022) Installed recycling stations 	<ul style="list-style-type: none"> Information transmission and disclosure measures for Company initiatives through websites, 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 producer 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.)

A 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

Metrics & Targets

We are targeting a 43% reduction in greenhouse gas (GHG) emissions by 2025 (versus 2013) and zero GHG emissions by 2050 with respect to Scope 1 and 2.

Performance

GHG emissions			
	FY2022	FY2023	FY2024
Scope 1	9,578 t-CO ₂	7,801 t-CO ₂	7,762 t-CO ₂
Scope 2	41,417 t-CO ₂	39,421 t-CO ₂	32,796 t-CO ₂
Scope 1 + Scope 2	50,995 t-CO ₂	47,222 t-CO ₂	40,558 t-CO ₂
Reduction rate against GHG emissions target values	32.9% reduction	37.9% reduction	46.6% reduction
Scope 3 ^{*5}	883,227 t-CO ₂	925,754 t-CO ₂	849,045 t-CO ₂
Total	934,222 t-CO ₂	972,976 t-CO ₂	889,603 t-CO ₂

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

*Scope 3 emissions may increase due to expansion of the scope of calculation

Targets

GHG emissions target values		
FY2025	FY2030	FY2050
Compared to FY2013 43.0% reduction	Compared to FY2013 51.0% reduction	Carbon neutral



Contributing to local communities

Supply of goods to local communities

Joyful Honda stores were also affected by the Great East Japan Earthquake of March 2011. However, to meet the needs of the many customers who came to our stores after the disaster, almost all of our stores in the area secured a safe space and resumed business just hours after the earthquake, using generators for electricity and taking other necessary steps. The only exception was our Newport Hitachinaka Store, which suffered major damage, but it too re-opened for business the next day.

In order to resolve the concerns of local community members and to ensure a speedy resumption of business in times of disaster, we have also formulated a manual on how to respond to risks such as earthquakes and flooding and BCP measures.

Comprehensive collaboration agreements with local municipalities, etc.

The Company has also concluded comprehensive collaboration disaster agreements with 19 local municipalities, etc., to prioritize that necessary supplies are supplied to disaster areas in the event of natural disasters, etc. We also provide our store premises as evacuation facilities during floods, etc. With the cooperation of many local companies and organizations, we also hold events that focus on disaster prevention, and directly convey disaster prevention information that can be used immediately in the event of an emergency to many customers.



Supporting the activities of animal welfare organizations

The Company is supporting the activities of pet adoption meetups for shelter dogs and cats, together with RENZA, a general incorporated association with a wealth of experience in creating opportunities for potential pet adopters to meet shelter cats and dogs, and SBI PRISM SSI Co., Ltd., a pet insurance company. Specifically, the support includes providing a place to hold pet adoption meetups (the Company's store facilities), notifications concerning the meeting, and operational assistance on the day. In the hope of reducing the number of unfortunate dogs and cats that have yet to find a home for a variety of reasons, the Company will continue to cooperate with its partners on cat and dog welfare activities.



Shopping support service for elderly people

The Company, in collaboration with local municipalities where its stores are located, is actively engaged in supporting shopping for the elderly and local community residents, with the aim of improving convenience, etc. This includes operating the complimentary Joyful-Go Free Shuttle Bus, which circulates around the city, providing bus stops for the city's free bus routes, and offering discount coupons for use when using the shared taxi service, in proportion to the amount spent at the Company's stores.

Joyful-Go Free Shuttle Bus



Share Taxi Tsuchiura



Kaminokawa-machi Kamitan-Go



Moriya On-Demand Shared Transport



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



Promotion of local sports

University of Tsukuba Soccer Club

Joyful Honda makes annual donations to Tsukuba University to support academic and research activities, as well as to promote sports. Having received a donation from the Company, Tsukuba University became the first national university to put the Company's logo on the uniforms of its soccer team from 2005 and has been competing in league matches. The Company is contributing to educational activities and local sports promotion in the local community while collaborating with Tsukuba University.

Joyful Honda Tsukuba FC

Tsukuba FC is a club aiming to create an environment where people ranging from children to adults, including women, can enjoy playing football throughout their lives.

This club has also been proactively addressing "junior high school club activity reform," which has become a social issue in recent years, playing 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.

From January 2023, we launched an after-school children's club program, and we provide programs for "learning" and "playing" centered around "sports" at our facilities.



Ibaraki Robots

We have a sponsorship agreement with the Ibaraki Robots, a team in the men's professional basketball league B.LEAGUE. We will continue to support the "Ibaraki Robots" together with the local community, and promote next-generation development and community contribution activities through sports.



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 June 2024, the Joyful Honda Newport Hitachinaka Store (Hitachinaka, Ibaraki Prefecture) and the FASHION CRUISE Newport Hitachinaka Store (Hitachinaka, Ibaraki Prefecture) held a disaster prevention event called "Hitachinaka Disaster Prevention Days 'Hints for Protecting Your Life'" in collaboration with Ibaraki Toyota Motor Corporation, which is promoting disaster prevention measures using automobiles.

Hitachinaka is located along the coast, and it is a region where the entire local community is required to improve its disaster preparedness against tsunamis and earthquakes, and many customers participated in the event.

In addition, each store serves as a local community disaster prevention base, selling disaster preparedness goods and providing disaster prevention information throughout the year.

The following are the local disaster prevention events held in 2024.

- March 9-10, 2024: Arakawaoki Store "Disaster Prevention Festa"
- April 20-21, 2024: Koga Store "Disaster Prevention Festa"
- May 19, 2024: Moriya Store "Disaster Prevention Festa"
- June 22-23, 2024: Newport Hitachinaka Store "Disaster Prevention Days"



▲ Poster for "Disaster Prevention Days"



▲ A disaster prevention lecture



▲ Emergency vehicle exhibition

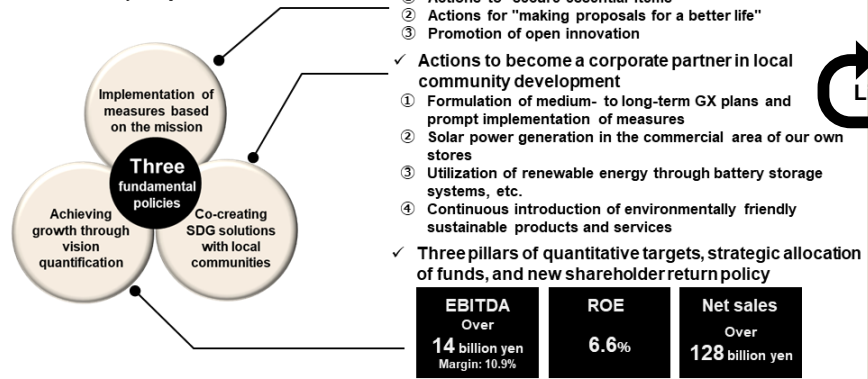


▲ Simulated evacuation center experience: "cardboard bed"

Human capital initiatives

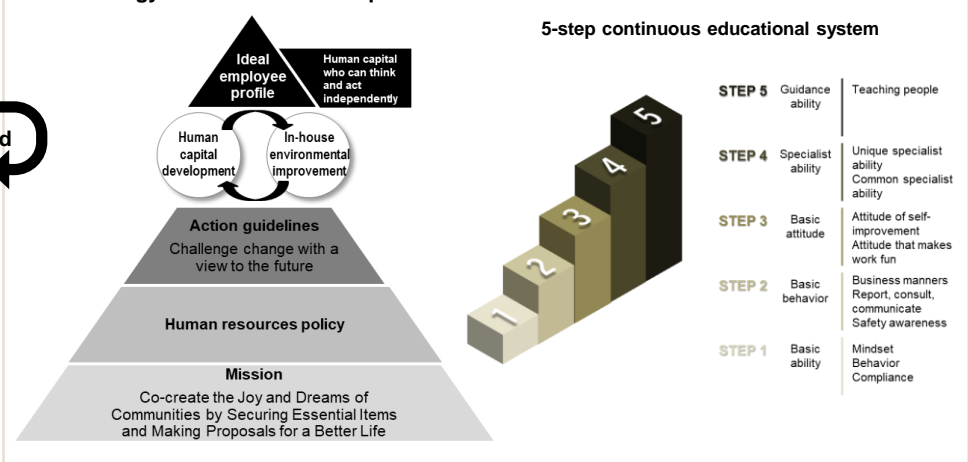
Management strategy (medium-term management plan/quantitative targets (post-revision targets))

Fundamental policy



(*): Initial targets: EBITDA: over 18 billion yen, ROE: 9.5%, net sales: over 160 billion yen

Strategy related to human capital



Strategy related to human capital

Joyful Honda's strategy for human capital is linked to management strategies such as the medium-term management plan, and aims to develop "human resources who can think and act on their own" by linking two cycles: (1) human resource development, including ensuring human resource diversity, and (2) improving in-house environments.

Human capital 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. 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 capital policy" and are engaged in human resources development from a medium- to long-term perspective. Responding to the rapid changes in the social environment surrounding the Company, such as the reform of working styles demanded and the intensification of competition between companies, including those in different industries, we must achieve further growth as a professional group that provides satisfaction and joy to our customers.

Employees are expected to grow as "human capital who can think and act on their own" so that they can provide satisfaction and joy to customers by making comprehensive use of not only their own abilities but also the knowledge, technology, and skills of their collaborators, and so that they can achieve results as an organization through team play. We are working to develop human capital as a professional group by providing opportunities for this through the practice of our action guidelines of "challenge change with a view to the future."

Human resources policy

- Emphasis on communication and the pursuit of rationality, fairness, and transparency
- By prioritizing communication with employees and establishing and operating a human resources 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 use a job group system that classifies employees based on differences in 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

In-house environmental improvement policy

We prioritize communication with our employees and are building and operating a human resources system that pursues rationality, fairness, and transparency. We also regularly assess the level of job satisfaction among our employees and are constantly thinking of and implementing measures to improve job satisfaction.

The Company is advancing initiatives in line with its human capital development policy, while also respecting individual human rights and diverse values. We strive to create working environments that provide job satisfaction, and we are promoting the nurturing of core human resources and the creation of environments where women and mid-career hires can fully demonstrate their abilities. In building and operating our human resources system, we will prioritize communication and pursue rationality, fairness and transparency. By implementing human resources management based on our "Job Group System," we will ensure the consistency, integrity, stability and continuity of the system, and increase employee trust in management. We are also strengthening our human capital by combining the allocation OJT trainers to key positions to train young employees and a diverse training system to enable employees to acquire the knowledge and skills essential for sales floor management. To be a professional group that provides satisfaction and joy to our customers, it is essential that each and every employee feels a sense of job satisfaction and pride in their work and company. Therefore, management and those in managerial positions will practice harnessing the collective strengths of all members to achieve performance targets, achieve results as an organization, and strive to create a workplace environment that provides job satisfaction.

Joyful Honda has adopted teleworking for some employees and is working to improve work-life balance for employees by improving work efficiency, reducing the burden of commuting, and helping employees to balance work with childcare and nursing care. The percentage of part-timers at the Company who are enrolled in social insurance is 84.4%, as shown in the table on the right. This level is higher than the health insurance enrollment rate of 48.7% and the welfare insurance enrollment rate of 43.1% for part-time workers (all industries) in the Ministry of Health, Labour and Welfare's "General Survey on Diversified Types of Employment (2019)," and it is leading to improvements in the working environment for part-timers.

Through these initiatives, we will expand the options available to our employees and part-timers, create an environment where they can fully demonstrate their abilities, and improve the trust of our employees, while constantly thinking of and implementing measures to improve job satisfaction.

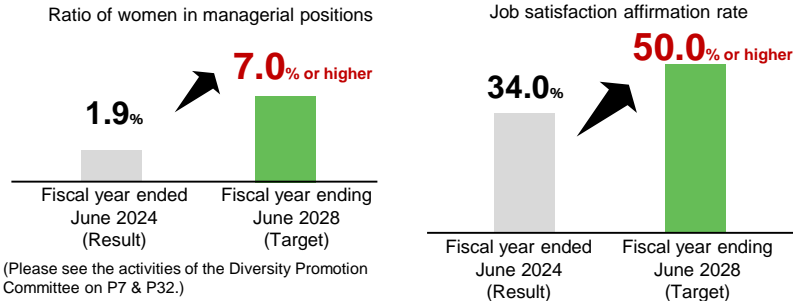
Metrics and targets related to human capital

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

Metrics		FY2024 performance (June 21, 2023-June 20, 2024)	Targets
Ratio of women in managerial positions		1.9% (4 persons)	7% or higher (by June 20, 2028)
Workers Gender pay gap	All workers	58.8%	—
	Full-time employees	71.8%	
	Fixed-term workers, etc. (Note) 1	80.0%	
Ratio of mid-career hires in managerial positions		47.8%	—
Social insurance participation rate (Employees/Part-timers)		92.2%	
Average overtime hours		3.8 hours/month	6 hours/month or less
Average paid leave acquisition rate		81.0%	60.0% or higher
Return to work after childcare leave rate		93.5%	95.0% or higher (by June 20, 2028)
Male childcare leave acquisition rate (Note) 2		52.7%	75.0% or higher (by June 20, 2028) (Initial target: 15% or more by March 31, 2026)
Job satisfaction affirmation rate		34.0%	50.0% or higher (by June 20, 2028)

(Note) 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 Child Care and Family Care Leave" (Act No. 76 of 1991), the percentage of employees taking child care leave, etc., as stipulated in Article 71-4, 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.



Initiatives for developing human capital and improving the in-house environment, including ensuring diversity of human capital

Diversity Promotion Committee

We merged the Women's Empowerment Committee, which was launched in 2021, and the Work Style Reform Project, which was established in 2022, and have further expanded and reorganized them into the Diversity Promotion Committee. By addressing the issues at worksites from multiple perspectives and aiming for solutions, we intend to make the company a place where employees can more fully experience a sense of working comfort and job satisfaction. Not only do we promote the advancement of women, but we also aim to create an organizational culture where all employees, from new recruits to mid-level employees, can fully demonstrate their abilities, regardless of age, gender, or whether they are regular or non-regular employees.



▲Diversity Promotion Committee
(President Hirayama is in the back of the photo)

Supporting a balance between work and family life

The rate of male employees taking childcare leave or other leave for childcare purposes was 52.7% (fiscal year ended June 2024). The Company is also working to create an environment that supports a balance between work and family life by establishing systems that exceed the legal standards for balancing work and childcare, such as extending the period of reduced working hours for childcare, and creating a special leave system to encourage male employees to participate in childcare.

In August 2022, our efforts and achievements in childcare-related systems were recognized, and we received the Minister of Health, Labour and Welfare's certification (Kurumin certification) as a childcare support company.



Conducting job satisfaction surveys

We conduct "job satisfaction surveys" every year. A company where its employees can feel job satisfaction is one where there is "trust" between the company and management and its employees. We believe that we are a corporation where each individual's abilities are maximized and where employees can truly feel the enjoyment of working. And every year, by understanding the current situation regarding "trust," we recognize that it is of the utmost importance to confirm the path to "Become the Top 'Living Space Innovator®' in Japan," which is our goal for the future. In addition, job satisfaction surveys are incorporated into the targets (performance evaluations) for executive directors and executive officers, which are approved at the beginning of the term by a voluntary Compensation Committee consisting of a majority of external directors with an external director as the committee chair.

Promotion of mid-career hires to management positions

The Company hired three mid-career employees for managerial positions in the fiscal year ended June 2024. Also, we plan to implement aggressive recruitment activities in the fiscal year ending June 2025. With each new store opening, the Company has conducted recruitment activities and developed core human capital, and as a result, as of September 2024, the percentage of mid-career hires among managers and supervisors was 50.4%. In the future, we will continue to promote people in line with their abilities, in accordance with our management philosophy of mission, vision and values.

Training system

The Company regularly conducts training for new employees, etc., and also distributes work manuals as training materials and video manuals to stores to help employees acquire the knowledge and skills essential for sales floor operations. We have also assigned three full-time OJT trainers to the Head Office and allocated part-time OJT trainers to stores, who take on a mentoring role, in an effort to strengthen our human capital. The training performance for the fiscal year ended June 2024 is as shown on the right.

Training/workshop name	Lecture style	Target	Number of people	Total hours
Mid-career hires initial training	Online	Mid-career hires	50	228
New personnel system workshop for hourly-paid employees	Online	Hourly wage employees, regular employees (Excluding practical job groups)	4,484	2,989
Practical job groups: Human resources system continuity workshop	Online	Practical job groups	222	148
Continuity workshop on the personnel system for the leadership, expert, and skilled job groups	Online	Leadership, expert, and skilled job groups	1,579	1,579
360-degree assessment: Assessor workshop	Online	Regular employees (Excluding practical job groups)	1,602	1,068
New employee training	Group (4 days, 3 nights)	New employees	13	416
OJT manager training	Face-to-face	Assistant store managers	35	560
OJT staff classes	Online	Leadership groups Expert groups	678	2,034
Proper use of social media and personal information protection laws	Online	All employees	5,145	3,430
Harassment and intellectual property rights	Online	All employees	5,145	3,430
Unfair Competition Prevention Act, Unauthorized Access Prevention Act, and compliance with laws and regulations in sales promotion activities	Online	All employees	5,145	3,430
Customer harassment training	Online	Supervisory and managerial positions	322	644
GLTD system workshop	Online	All employees (aged 60 or older, excluding part-time employees)	4,737	2,368
Regular traffic safety classes	E-learning	Reform Division (all employees)	449	598
New management class (Reform Division)	Online	Reform Division (new supervisory and managerial positions)	7	28
Mindset program	Group (1 day)	Reform Division (regular employees)	176	1,232
Human element program	Group (2 days, 1 night)	Regular employees (23 persons)	23	368
Total			29,812	24,550

*Training results exclude knowledge and technical training

Initiatives for business partners

Declaration of partnership building

We, Joyful Honda Co., Ltd., hereby declare that we will concentrate our efforts on the following matters in order to build new partnerships by promoting business tie-ups, and co-existence and co-prosperity, with our supply chain and value-creating business partners.

1. Co-existence and co-prosperity throughout the supply chain, and new business tie-ups transcending corporate scales, affiliations, etc.

We will strive to improve the value added throughout the supply chain by approaching, through our direct suppliers, suppliers that exist beyond them (from Tier N to Tier N+1), and aim to build coexistent and prosperity with our business partners through business tie-ups that will go beyond the existing trade relationships, corporate scales, etc. In this connection, we will also give advice and other assistance to help our business partners to introduce teleworking and formulate their BCP (Business Continuity Plan) from the viewpoint of business continuation in case of a disaster or other emergency, as well as of work style reform.

2. Compliance with “Promotion Standards”

We will comply with desirable trade practices between parent enterprises and subcontractors (“Promotion Standards” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and will actively work to correct trade practices and commercial customs that may prevent us from building partnerships with our business partners.



Multi-stakeholder policy

We recognize the fact that the co-creation of value with a wide range of stakeholders, including customers, shareholders, employees, business partners, clients, and local communities, is becoming ever more important in corporate management, and so we are working to appropriately collaborate with multiple stakeholders. Based on this, we will continue to promote initiatives keeping in mind the importance of giving back to employees and taking business partners into consideration, from the perspective that appropriately distributing the profits and results generated through the co-creation of value and productivity improvements to multiple stakeholders will lead to maintaining momentum for wage increases and sustainable economic development.

External assessments, etc.

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



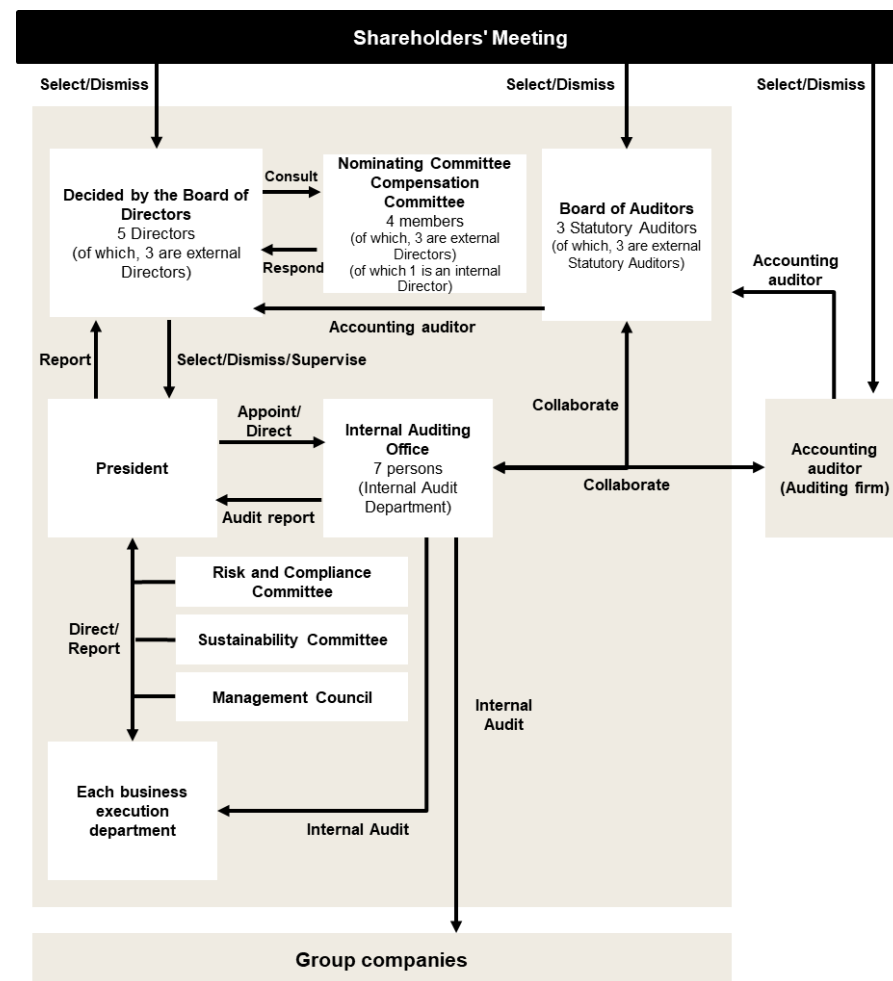
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Corporate governance - Basic way of thinking

Joyful Honda has been following a customer-centric management style since its foundation, thoroughly considering "what we can do to make our customers happy" in order to secure the trust of all our stakeholders, including customers, shareholders, business partners, employees, and local communities. We will continue to follow this principle, place importance on the people and culture of local communities, build relationships of trust with local communities, and aim to create stores that are rooted in local communities. For this reason, we position achieving an improvement in sustainable corporate value and highly transparent and sound management through the practice of actions based on our management philosophy, which consists of our mission, vision and values, as well as compliance with laws and regulations and social norms, as important management issues. While working to improve management efficiency, we are also promoting initiatives to enhance corporate governance, such as improving management oversight functions, strengthening risk management, and enhancing compliance systems.

Organizational chart of corporate governance

Under the Company's management philosophy, we aim to make swift management decisions in response to changes, while at the same time establishing a corporate governance system that demonstrates high management transparency and a strong management oversight function, and to improve corporate value and fully fulfill our accountability.. Specifically, we are working to ensure compliance and strengthen internal controls by collaborating with the Board of Directors, the Board of Auditors, the Risk and Compliance Committee (including its subcommittee, the Central Health and Safety Committee), the Sustainability Committee, the Management Council, and the accounting auditor. In addition, we believe that the role and function of external directors in corporate governance lie in supervising management from an external perspective in order to achieve sustainable growth and improve medium- to long-term corporate value, based on the knowledge and other attributes possessed by external directors. We believe that the function and role of external statutory auditors in corporate governance lie in their independence from directors, and that their role is to supervise business execution and ensure that corporate governance functions properly.



Overview of corporate governance system

Joyful Honda is a company with a Board of Auditors, consisting of a Board of Directors made up of five directors and a Board of Auditors made up of three statutory auditors. Out of the five directors, three are external directors, and we have established a system to enhance the supervisory functions of the Board of Directors by promoting discussions centered around independent external directors. In addition, all three statutory auditors are external statutory auditors.

Major institutions and their roles

Board of Directors	The Board of Directors consists of five directors (including three external directors), and, in principle, meets at least once a month. The Board of Directors resolves important matters related to the Company's management policies and business execution, and also supervises the status of the business execution of directors. In addition, statutory auditors attend the Board of Directors meetings and express their opinions as necessary.
Board of Auditors	The Board of Auditors consists entirely of three external statutory auditors and, in principle, meets once a month. At the Board of Auditors, reports are received on important matters relating to audits, information is exchanged, and discussions are held. Each statutory auditor attends important meetings, including the Board of Directors meetings, and audits the status of operations and assets. They receive reports from the accounting auditor and internal audit department, maintain close cooperation, and monitor the business execution of directors.
Management Council	The Management Council consists members consisting of the Directors and Executive Officers (the President, Executive Officers, and others appointed by the Chairperson) who deliberate and decide on matters stipulated in an Approval Authority Matrix and proposals to be submitted to the Board of Directors, as well as discussing and planning important management issues. In principle, the Management Council meeting is held once a week.
Internal Audit Department	Joyful Honda has established an Internal Auditing Office (7 members) under the direct control of the President, and is conducting systematic and comprehensive internal audits with the aim of ensuring the proper management and improvement of the overall operations of the Company and its affiliates. The Internal Auditing Office consists of six employees, including the head of the office, Mamoru Honda.
Nominating Committee Compensation Committee	The Company has established the "Nomination Committee" and the "Compensation Committee" as voluntary advisory bodies to the Board of Directors, with the aim of strengthening corporate governance by enhancing the transparency and objectivity of the decision-making process of the Board of Directors in relation to the nomination of directors and the determination of matters concerning compensation for directors and other officers. The "Nominating Committee" and "Compensation Committee" consist of three to five members selected from among the directors by a resolution of the Board of Directors, with a majority of the members being external directors. In addition, the chairs of the Nomination Committee and the Compensation Committee are selected from among the external directors by resolution of the Board of Directors.

The status of collaboration between the Board of Auditors, the internal audit department, and the accounting auditor

The Company has adopted a system of statutory auditors, and the Board of Auditors consists of three external statutory auditors and, in principle, meets once a month. At the Board of Auditors, reports are received on important matters relating to audits, information is exchanged, and discussions are held. Each statutory auditor attends important meetings, including the Board of Directors meetings, and audits the status of operations and assets. They receive reports from the accounting auditor and internal audit department, maintain close cooperation, and monitor the business execution of directors.

The Internal Auditing Office, statutory auditors, and accounting auditors exchange information as necessary and collaborate with each other from the perspective of mutually complementing and enhancing the efficiency of audits, and work to ensure close collaboration between internal audits of internal controls related to financial reporting, accounting audits and audits by statutory auditors, thereby enhancing the effectiveness of audits.

Status of the appointment of directors

Of the five directors, three are external directors. We have established the following standards or policies regarding the independence of external directors for their appointment.

Standards for the independence of external directors and statutory auditors

In addition to the independence requirements for independent directors/auditors established by the Tokyo Stock Exchange, the Company shall determine that external directors and external statutory auditors do not have independence if they fall under any of the following (1) to (3).

- (1) Persons who are currently or have been in the past 10 years a business executive (Note 2) of the Group (Note 1)
 - (2) Persons who have fallen under any of the following categories a) to g) in the past three years
 - a. Business partners whose transactions with the Group exceed 10 million yen in a single fiscal year and exceed 2% of the net sales of either the Company or the business executive of such business partners
 - b. Major shareholders, or the business executives of such shareholders, who hold more than 5% of the total voting rights of the Company
 - c. Lenders to the Group that have lent an amount exceeding 2% of the Company's total assets for the most recent fiscal year (if such lender is a corporate entity, etc., the business executives of such lender)
 - d. Persons who have received donations or subsidies exceeding 10 million yen per year from the Group (if the related party is a corporate entity, etc., the business executives of such person)
 - e. Consultants, lawyers, certified public accountants, and other persons providing professional services who receive annual monetary or other property benefits exceeding 10 million yen per year from the Company in addition to their remuneration as officers, or persons belonging to organizations providing professional services such as consulting firms, law firms, and audit firms that receive compensation exceeding 10 million yen and exceeding 2% of their net sales or total annual income
 - f. In cases where the Company's business executives hold positions as external directors or auditors of other companies, the business executives of those other companies
 - g. Certified public accountants belonging to the auditing firm that is the Company's accounting auditor
 - (3) A spouse or relative within the second degree of kinship of the persons listed in (1) and (2) above
- (Note 1) The term "Group" refers to the Company and its subsidiaries. The same applies below.
- (Note 2) The term "business executive" refers to a business executive as defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act, and includes not only executive directors but also employees. The same applies below.

Reasons for the appointment of Directors

Name	Position	Internal/ External	Independent	Committee	Reason for appointment
Ikuo Hirayama	President	Internal	-	Nomination/ Remuneration	At the Company, Mr. Ikuo Hirayama has been engaged in operations such as store management and the Merchandising Department for many years, and has successfully 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.
Masaru Honda	Director & Counselor	Internal	-	-	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 of the Company, he has appropriately fulfills his role, such as making decisions on important management matters and supervising the business execution. The Company believes that he is qualified to continue to further enhance the corporate value of the Company.
Hiromitsu Kugisaki	External Director	External	Independent	Nomination/ Remuneration	Mr. Hiromitsu Kugisaki has been engaged in the overall corporate management at the Recruit Group, and has a wealth of experience and wide-ranging insight in the fields of management, including human resources, marketing, and compliance, as well as corporate governance. We believe that by leveraging his wealth of experience and wide-ranging insight, he will make useful suggestions on overall management, supervise the Company's management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company's business and human resource strategies.
Touko Shirakawa	External Director	External	Independent	Nomination (chairperson)/ Remuneration	Ms. Touko Shirakawa, although she does not have direct experience in corporate management, she has for many years worked 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 her wealth of experience and wide-ranging insight, she will make useful suggestions on overall management, supervise the Company's 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, among other areas.
Keita Tokura	External Director	External	Independent	Nomination (chairperson)/ Remuneration	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 his wealth of experience and wide-ranging insight, he will make meaningful suggestions on overall management, supervise the Company's management decisions and business execution from an independent and objective standpoint, and play a sufficient role in the Company's future business strategies and other areas.

Standards for Election of Directors and Statutory Auditors

1. Directors

(a) Policy for the selection of candidates for Directors

The Board of Directors shall be of an appropriate size to enable it to deliberate effectively and ensure appropriate decision-making and management supervision. From the perspective of ensuring diversity, the Board shall select several members from both within and outside the Company who possess outstanding insight and a high level of expertise.

(b) Standards for the selection of candidates for Directors

- (i) Shall have outstanding insight into corporate management
- (ii) Shall possess a spirit of compliance with laws and regulations, ethical standards, and social awareness
- (iii) Shall possess a high perspective and broad vision, as well as foresight and insight
- (iv) Shall possess the ability to make the best decisions for the Company in accordance with the "principles of business judgment"
- (v) External Directors shall have served for less than eight years in total, be capable of supervising management, and be able to provide useful advice and suggestions to management
- (vi) Shall be able to secure sufficient time to perform duties as a Director in good faith

(c) Procedures for selecting candidates for Directors

The President and the External Director who is the chairperson of the Nominating Committee shall prepare proposals for the selection of candidates for Directors, which shall be deliberated by the Nomination Committee, resolved by the Board of Directors, and submitted to the General Meeting of Shareholders for approval.

2. Statutory Auditors

(a) Policy for the selection of candidates for Statutory Auditors

In order to properly audit the execution of duties by Directors with neutrality and independence, the Company shall select persons who have outstanding insight into matters related to the management of the Company.

(b) Standards for the selection of candidates for Statutory Auditors

- (i) Shall have less than eight years of cumulative service as a Statutory Auditor, possess outstanding character and insight, and have expertise in one or more of the fields of law, financial accounting, or corporate management
- (ii) Shall possess a spirit of compliance with laws and regulations, ethical standards, and social awareness
- (iii) Shall have the ability to maintain impartiality from the perspective of independence
- (iv) Shall ensure sound management and transparency, and facilitate smooth communication with management
- (v) Shall be able to secure sufficient time to perform duties as a Statutory Auditor in good faith

(c) Procedures for selecting candidates for Statutory Auditor

The President and the External Director who is the chairperson of the Nomination Committee shall prepare a proposal for the selection of candidates for Statutory Auditors, and after deliberation by the Nomination Committee, taking into consideration the opinions of the Statutory Auditors (Board of Auditors), and after obtaining the consent of the Board of Auditors, the proposal shall be submitted to the Board of Directors for resolution and then to the General Meeting of Shareholders.

Status of Board of Directors' Activities

In FY2024, the Board of Directors met 14 times. The attendance and agenda items for each Director are as follows.

Position	Name	Attendance (attendance rate)
President	Ikuo Hirayama	14/14 (100%)
Directors	Taketoshi Hosoya	0/4 (0%)
Director & Counselor	Masaru Honda	14/14 (100%)
External Director	Hiromitsu Kugisaki	14/14 (100%)
External Director	Touko Shirakawa	14/14 (100%)
External Director	Keita Tokura	14/14 (100%)

(*) Taketoshi Hosoya retired from his position as Director at the end of the Ordinary Shareholders' Meeting held on September 19, 2023, so the attendance for the Board of Directors meetings held during his term of office is contained here.

Main agenda items for the Board of Directors

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.
Selection of representative Directors and appointments of Executives
Matters concerning Directors, such as deciding remuneration
Matters concerning important personnel appointments, such as the appointment of Executive Officers
Matters concerning the selection of members of the Nomination and Remuneration 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 Directors and Officers Liability Insurance (D&O)
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 facilities, tenant recruitment, etc.)
Matters concerning real estate transactions, etc.
Matters concerning M&A
Response to requests from the Tokyo Stock Exchange and matters concerning cross-shareholdings

Assessment of the effectiveness of the Board of Directors

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 a continuous process of verifying whether the Board of Directors is functioning properly and taking the necessary measures to resolve issues that are identified.

Assessment results and issues (FY2023)

Assessment results for FY2023	
Method of assessment	Target: All Directors (5 persons) and all Statutory Auditors (3 persons) Period: June 2023 Method: Questionnaire with name identification
Assessment results for FY2023	The Company received high marks for its use of management dashboards, which have stimulated discussion on the progress of the medium-term management plan and deepened discussion on risk management.

Issues for FY2024	
Matters concerning management strategy, policy, and human capital	Conduct deeper discussions using frameworks such as SWOT analysis (cross SWOT) and VRIO analysis.
Business execution	To achieve more precise and speedier business execution, heads of major departments and other relevant personnel will attend Board of Directors meetings and participate directly in discussions
Deepen discussion	Build a system for advance notification of the agenda for the next Board of Directors meeting to facilitate deeper and more active discussions

Assessment results and issues (FY2024)

Assessment results for FY2024	
Method of assessment	Target: All Directors (5 persons) and all Statutory Auditors (3 persons) Period: June 2024 Method: Questionnaire with name identification (25 questions)
Assessment results for FY2024	As in the previous assessment, the Company received high marks in all categories, including the composition of the Board of Directors, the operation of the Board of Directors, the agenda of the Board of Directors, and the system supporting the Board of Directors. <Main improvements> ● At off-site meetings (held quarterly) separate from the Board of Directors meetings, strategic and lively discussions were held utilizing the framework. ● The heads of major departments and the initiators attended Board of Directors meetings and conducted direct Q&A sessions, enabling quick response to points of revision and issues raised, leading to speedy business execution.

Issues for FY2025	
Faster business execution	The general manager or person in charge of the initiating department shall attend Board of Directors meetings and respond directly to questions, thereby responding to points to be revised and issues raised (ongoing issues)
Further deepen discussions	Continue to give advance notice of the agenda for the next meeting, ensure that meeting materials are distributed in advance, simplify the summary explanations given at the meeting, and share the details of prior discussions at the Management Council to further deepen discussions.
Facilitate disclosure operations	Regarding the resolution matters involving disclosure, opinions on draft disclosure documents shall be sought from each Director in advance, necessary revisions shall be made, and then a resolution should be passed to ensure smooth disclosure operations
Toward the formulation of the next medium-term management plan	At off-site meetings, we will focus on discussions for the formulation of the next medium-term management plan (scheduled to be announced in August 2025)

Remuneration for Directors

Joyful Honda has established a policy for determining the content of remuneration, etc. for individual Directors by resolution of the Board of Directors, and an overview of this is as follows.

<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 capital necessary to improve corporate value.

Composition of remuneration of Directors

The remuneration of the Company's Directors consists of performance-linked remuneration and remuneration other than performance-linked remuneration. Performance-linked remuneration consists of remuneration linked to short-term performance (bonuses) and remuneration linked to medium- to long-term performance (share-based remuneration), and remuneration other than performance-linked remuneration is fixed remuneration.

Although the ratio of remuneration may be subject to slight fluctuations depending on the assessment, etc., in each fiscal year, the President's remuneration is generally comprised of 55% fixed remuneration, 25% remuneration linked to short-term performance (bonuses), and 20% remuneration linked to medium- to long-term performance (share-based remuneration).

The structure of the President's remuneration

Fixed remuneration 55%	Short-term performance-linked remuneration (bonuses) 25%	Medium- to long-term performance-linked remuneration (share-based remuneration) 20%
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Metrics and reasons used to determine the level of remuneration for the President

Metrics	Reason for selection
Competency	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 top management.
ROE	The interests of shareholders and the company are aligned, and the company meets the generally expected standard for publicly traded companies
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
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.

Trends in metrics used to determine President's remuneration, etc.

Types and timing of remuneration	FYE 06/20/2019	FYE 06/20/2020	FYE 06/20/2021	FYE 06/20/2022	FYE 06/20/2023	FYE 06/20/2024
Fixed remuneration	<div><div>Rank-based</div><div>Rank Performance assessment Competency</div><div></div></div>					
Remuneration linked to short-term performance (bonuses)	<div><div>EBITDA Labor productivity</div><div>Performance assessment EBITDA</div><div></div><div>Performance assessment ROE</div><div></div></div>					
Remuneration linked to medium- to long-term performance (share-based remuneration)	<div><div>Business performance-linked share-based remuneration</div><div>EBITDA Labor productivity Competency</div><div></div><div>Performance assessment Competency</div><div></div></div> <div><div>Restricted stock remuneration</div><div>-</div><div>-</div><div>-</div><div>-</div><div>Decided by the Board of Directors</div><div></div></div>					

Nominating Committee

The Nominating Committee consists of three to five members selected from among the Directors by a resolution of the Board of Directors, with a majority of the members being External Directors. In addition, the chairperson of the Nominating Committee is selected from among the External Directors by resolution of the Board of Directors. The members of the Nominating Committee consist of Touko Shirakawa (External Director) as the chairperson, Ikuo Hirayama (President), Hiromitsu Kugisaki (External Director), and Keita Tokura (External Director).

During the fiscal year ended June 20, 2024, it was held twice, and deliberations were held on matters such as the requirements for candidates for External Director, research methods, executive appointments, and important organizational changes.

Compensation Committee

The Compensation Committee consists of three to five members selected from among the Directors by a resolution of the Board of Directors, with a majority of the members being External Directors. In addition, the chairperson of the Compensation Committee is selected from among the External Directors by resolution of the Board of Directors. The members of the Compensation Committee consist of Keita Tokura (External Director) as the chairperson, Ikuo Hirayama (President), Hiromitsu Kugisaki (External Director), and Touko Shirakawa (External Director).

The committee met four times in the fiscal year ended June 20, 2024 to discuss matters such as the assessment of executive officers, the setting of targets for the new fiscal year, the remuneration table for the President, and the allocation of shares under the restricted share remuneration system.

Risk management

Joyful Honda's risk management system is based on the "Risk Management Regulations," and the entire Group collaborates to identify and prevent risks that may arise in the course of our daily operations. Moreover, the Company has established the "Crisis Management Regulations" and an "Emergency Response Manual." In the event of an emergency, we have established a system to promptly assess the situation and swiftly and appropriately handle it, and minimize damage. In July 2024, we established the Central Health and Safety Committee as a subordinate body of the Risk and Compliance Committee. This committee assesses the activities of the Health and Safety Committees at each business site, regularly reports on their activities and progress to the Risk and Compliance Committee and the Board of Directors, and promotes subcommittee activities to strengthen our risk management system.

Risk and Compliance Committee

Consists of the President, General Managers of each division, standing Statutory Auditors, etc. (President, General Managers of each division, standing Statutory Auditors, General Managers of each department, General Manager of the Business Management Department, General Manager of the Human Resources & General Administration Department, General Manager of the Internal Auditing Office, General Manager of the Risk Management Department, and persons appointed by the chairperson (President)), as well as the presidents of subsidiaries, and regularly discusses the current situation and issues related to risk management and measures to be taken.

Messages from External Directors



Hiromitsu Kugisaki
External Director

“Creating economic value from intellectual capital by leveraging intellectual capital”

In a writing published 25 years ago in 2000, as an active manager at the time, I defined “corporate management” as “a system that aims to maximize corporate value by efficiently and effectively using financial and intellectual capital, purposely combining various elements (subsystems) such as financial management, purchasing management, human resource management, production management, and sales management in a way that functions as a whole, and creating customer value to generate cash flow that exceeds capital costs.”

There was an understanding that unless a corporation can generate cash flow returns that exceed capital costs, it will not be deemed to have created value. There was also an awareness that intellectual capital, which is not recorded on the balance sheet, is the source or driving force of value creation.

Intellectual capital is largely composed of three components: human capital, organizational capital, and relational capital. These components include the knowledge, experience, know-how, and motivation of employees, organizational knowledge,

organizational culture and systems, business processes and information systems, relationships with external stakeholders (customers, business partners, collaborative partners, local municipalities, local communities, etc.), and the degree of name recognition and corporate brand image as a corporation, etc.

In addition, leadership at the top and corporate governance are also important elements.

Only by enriching each element that constitutes this intellectual capital and leveraging it in an integrated manner can a corporation create value. And while intellectual capital is an intangible asset, I understand that its economic value can be captured using metrics known as MVA (market value added). In other words, the difference between market capitalization and net assets is the economic value of intellectual capital, and if PBR (Price Book-Value Ratio) does not exceed 1, then intellectual capital is not considered valuable by the market. In order to increase MVA, which is the economic value of intellectual capital, it is necessary to continue to increase NOPAT (net operating profit after tax) to a level that exceeds WACC (weighted average cost of capital); in other words, to continue to create value.

The Company has set its vision of “becoming the top “Living Space Innovator®” in Japan,” and aims to achieve an outstanding PBR and be No. 1 in the industry in market capitalization. In my understanding, this is synonymous with “continuously enhancing the economic value of intellectual capital by leveraging it.”

$PBR = ROE \text{ (Return on Equity)} \times PER \text{ (Price Earnings Ratio)}$, so to achieve an outstanding PBR requires that the Company will both continue to increase its net profits while appropriately controlling its capital, and that the market will assess the Company’s growth potential. I believe that the growth in market expectations is dependent on the richness of the intellectual capital possessed by the Company.

Although I personally assess that the Company’s intellectual capital is abundant, I feel a deep sense of remorse at the current situation where the economic value of intellectual capital is not being recognized (even if only temporarily, the PBR is below 1). I would like to return it to 1 as soon as possible and bring it up to double as soon as possible, and move closer to realizing our vision.

In the process of formulating the medium-term management plan, which is scheduled to be released in August this year, we are proceeding with discussions on the themes of making the most of our existing intellectual capital and maximizing our intellectual capital, as well as making effective use of our financial capital.

As an External Director, I will commit to the early realization of the vision by implementing governance with a high level of effectiveness from both a financial and intellectual capital perspective.



Touko Shirakawa
External Director

“We will pursue new business opportunities by further promoting human capital management”

I am Touko Shirakawa, an External Director.

I have served as a specially appointed professor at the Graduate School of Sagami Women’s University and as an expert committee member for the government’s “Promoting Dynamic Engagement of All Citizens,” “Working Style Reform,” “Declining Birthrates,” “Gender Equality,” “Regional Revitalization,” and other projects. I specialize in human capital management, women’s empowerment, diversity, and declining birthrates.

Issues in a society with declining population

For the retail industry, the decline of local economies due to the aging population and low birthrate is one of the most important issues. However, Joyful Honda’s strength lies in the fact that the area in which we operate, the northern Kanto region, is in a very advantageous position, even in Japan, where the birthrate is declining, as there is a tendency for the population to be concentrated in the Tokyo area. At the same time, it is also a fiercely competitive area with a large number of retail stores of various business models. In order to stand out from the crowd, the Board of Directors is having lively discussions about how to best utilize our capital, including new store openings and M&A, while also setting the mission of resolving customers’ problems and rooting ourselves in the local community by making proposals for a better life by securing essential items.

As a large store like no other, we have attracted attention for our overwhelming product variation, which allows customers to find “everything they need,” and have even been featured on TV. This is not to mention the fact that the Company has an extensive range of products for professionals in the construction and agricultural industries, which is our core business, but I was also impressed by the sophisticated system that supports this. From professionals to those who enjoy DIY projects on their days off, the reason why we have been trusted for many years is because we not only provide a large quantity of products, but also make efforts to deliver what the customer wants in the form they want. There was an instance when I was able to truly feel this.

High-quality product offerings

This was when we created a pop-up store called “JOYFUL Petit.” We opened a small “close to the station” store that only captured the essence of Joyful Honda for a limited time. (We opened a pop-up store called JOYFUL Petit in Kashiwa Modi (Kashiwa, Chiba Prefecture) from Thursday, November 16, 2023 to Tuesday, January 9, 2024)

Customers who use the station are different from those who come to the home center by car.

Messages from External Directors

Unlike the image of a home center being male-dominated, this store was centered around women.

It received great reviews, with customers saying, "It's amazing that you can buy plants at such a price," and "There are so many disaster preparedness items from a woman's perspective." The products were selected by the female members of Joyful Honda. This store was born from a project aimed at promoting women's empowerment and diversity. The story of how the female employees were approached by the business operator of Kashiwa Modi asking to open a store was realized mainly by the Diversity Promotion Committee.

Although from the perspective of overall sales, it was a small scale, I think it was significant in that the employees themselves were able to realize that "the high-quality products selected by Joyful Honda have value even outside of home centers." There have also been requests from elsewhere for more shops to open, so the process of developing a new project is currently underway.

Promotion of human capital management

JOYFUL Petit also established a Diversity Promotion Committee under the direct control of the President, and was able to achieve this by introducing a framework, which had not existed before, that utilizes the voices of women in management. This is part of the Company's initiatives to promote human capital. Investment in human capital is essential for the sustainable growth of a corporation. Based on the thinking that people are our greatest asset, we are working to create an environment where each and every employee can fully demonstrate their abilities. In addition to investing in individuals to support their reskilling and career development, it is also essential to invest in creating environments and a corporate culture that allows them to demonstrate their human capital. The degree of achievement is measured by the GPTW (a job satisfaction survey used in 150 countries around the world), and management bears responsibility for these figures. A 360-degree assessment of management has also been introduced, and remuneration determined by financial and non-financial metrics is also disclosed transparently within the Company.

We aim for growth while taking appropriate risks in order to pursue new business opportunities. To support healthy risk-taking, we provide advice from the perspectives of human capital and compliance, and we will continue to support the sustainable growth of the corporation. In terms of human capital, there is still a lot of room for growth. We would be most grateful for your continued support as you watch over our ongoing growth of the Company.



Keita Tokura
External Director

"Supporting sound risk-taking from the perspective of a legal professional"

I am Keita Tokura, an External Director.

I am a lawyer affiliated with Anderson Mori & Tomotsune, a foreign law joint enterprise. My specialty is in the field of M&A and corporate law, and I have been involved in corporate legal affairs for about 20 years, focusing on corporate governance, as well as various financial transactions, including corporate integration and alliances, and capital market transactions.

I was born and raised in a nature-rich environment in western Tokyo. I remember well how, when I was a child, I would be taken to the home center in my grandfather's Subaru Sambar. After retiring, my grandfather grew vegetables in a field near his house, so he would go shopping at the home center for the things he needed for his vegetable garden.

In those days, going to the home center with my grandfather was the most enjoyable time of all. Joyful Honda stores have a unique charm that is much more than just being a home center. The moment you step into an ultra-large store, which is equivalent to several Tokyo Domes, you are immediately struck by its immense scale. Every time I visited the store, I was amazed by the "What is this?!" feeling I got when I saw products I had never seen before, and I was touched by the hospitality of the store staff, who had a wealth of product knowledge.

In today's world, when you just need to buy a product you need, it's convenient to "click" on an e-commerce site. However, Joyful Honda can provide customers with an experience that goes beyond just purchasing a product. The very act of visiting a store is an extraordinary pleasure in itself and it is as if your senses are stimulated by the fresh encounter with "unexpected" products in the ultimate diverse product lineup.

We, the External Directors, will engage in serious discussions with the management team about the present and future of Joyful Honda. The members of the Company's Board of Directors each have different backgrounds and skills, which makes for a diverse group, but they share one thing in common: we are all fans of Joyful Honda. In that context, I am constantly thinking about the role I should fulfill as an External Director. As a lawyer, is it my duty to take a cautious and conservative approach to management, putting the "brakes" on to ensure that no mistakes are made and that there is zero risk? I don't think so. Of course, the perspectives of risk management and compliance are very important. On top of that, as a legal professional, I want to support the management team in sound risk-taking so that Joyful Honda can continue to be loved by all of its stakeholders, including customers, employees, business partners, and shareholders, and sustain its growth.

The Company has boldly taken on unprecedented initiatives. An example of this is that Joyful Honda was the first company in Japan to implement a shareholder return scheme involving a "bulk share repurchase transaction" (Japanese equivalent of an ASR transaction) in 2022.

In today's world, it is no longer acceptable for businesses to continue unless they fulfill their social responsibilities. The Company's Board of Directors also discusses the direction of management while always being mindful of an ESG perspective, and in particular, what unique value the Company can provide to local communities. In a society where the population is aging and declining, we, like other retail

companies, are facing the challenge of how to envision future growth. However, as Mr. Hirayama strongly proclaims in our fundamental policy for the fiscal year ending June 2025, "Cultivate Fans of Joyful Honda!!," even in difficult circumstances, as long as there are fans who love and support Joyful Honda, I believe that Joyful Honda will continue to take on challenges and continue to evolve while responding to changes in society. To achieve this, I will also do my best.

To our shareholders and investors, I would be grateful if you could continue to watch over the continued growth of Joyful Honda, which continues to take on new challenges, with a long-term perspective.

Introduction of Directors and other Officers



Directors



Ikuo Hirayama
President

Number of shares of the Company held
16,000 shares
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)



Masaru Honda
Director & Counselor

Number of shares of the Company held
2,040,000 shares
(as of June 2024)
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
September 2016 Counselor
September 2017 Director
April 2018 Chairman, Honda Sangyo Co., Ltd.
March 2020 Retired as Chairman
April 2020 Retired as Chairman
April 2020 Director & Counselor, the Company (to present)

Directors



Hiromitsu Kugisaki
External Director

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

April 1979 Joined Japan Recruit Center, Inc. (currently Recruit Holdings Co., Ltd.)
January 1988 General Manager, Human Resources Department
June 1991 Director, Human Resource Research Institute, Co., Ltd. (currently Recruit Management Solutions Co., Ltd.)
June 1997 President and Representative Director of the Board
June 2005 Director of the Board, Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
February 2014 Special Counselor, GREE, Inc.
June 2017 Council Chairman, Ezoe Memorial Foundation (currently Ezoe Memorial Recruit Foundation) (to present)
September 2017 External Director, the Company (to present)
January 2018 Counselor, International Air Cargo Terminal Co., Ltd. (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 Reform," Cabinet Secretariat
March 2017 Expert Committee Member, 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 Reform," 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, sanwacompany Ltd. (currently 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)



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
April 2008 Worked at Daiwa Securities SMBC Co. Ltd.
June 2012 Registered as an attorney-at-law in the state of New York, U.S.A.
January 2014 Partner, Anderson Mori & Tomotsune (currently Anderson Mori & Tomotsune Foreign Law Joint Enterprise) (to present)
April 2016 Part-time Lecturer, Faculty of Economics, Seikei University
December 2019 External Statutory Auditor, Idain Inc. (to present)
April 2020 Part-time Lecturer, Graduate School of Law, Hitotsubashi University (to present)
September 2020 External Director, the Company (to present)

Statutory Auditors



Shugo Okada
Statutory Auditor
(External Statutory Auditor)

April 1980 Joined The Fuji Bank, Ltd. (currently Mizuho Bank Ltd.)
May 2000 Branch Manager, Kinshicho Branch
April 2002 Branch Manager, Kinshicho Branch, Mizuho Bank Ltd.
July 2002 Branch Manager, Yamamoto Branch
May 2005 Branch Manager, Asakusabashi Branch
May 2007 Counsellor attached to the Corporate Planning Department, Mizuho Financial Group, Inc. Seconded to Mizuho Research Institute Ltd. (currently Mizuho Research & Technologies, Ltd.)
September 2007 Senior Executive Officer and General Manager of the Advisory Department, Mizuho Research Institute, Inc. (currently Mizuho Research & Technologies, Ltd.)
July 2017 Senior Executive Officer, General Manager of the Business Division, Advisory Department
September 2017 External Statutory Auditor, the Company (to present)



Shino Hirose
Statutory Auditor
(External Statutory Auditor)

April 2000 Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association)
April 2000 Joined Abe, Ikubo & Katayama
January 2004 Partner, Abe, Ikubo & Katayama (to present)
October 2006 Studied abroad at the University of International Business and Economics in Beijing, China
April 2008 Worked at the Embassy of Japan in China (until April 2010)
September 2014 External Statutory Auditor, the Company (to present)
June 2016 External Auditor, Nippon Suisan Kaisha Ltd.
June 2017 Auditor, Japan Asian Community Cultural Cooperation Organization
May 2018 Executive Director, Baseball Federation of Japan (to present)
September 2019 Director, Baseball Federation of Japan (to present)
June 2020 Auditor, Japan Basketball Association (to present)
June 2021 Outside Director, INNTECH CORPORATION
June 2023 Outside Director, Audit Committee Member, INNTECH CORPORATION (to present)



Yumiko Otagiri
Statutory Auditor
(External Statutory Auditor)

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 of the Corporate Planning Office, TOKYO PRO Market Division
April 2021 President, General Manager of the Strategy Promotion Office of the Headquarters
September 2021 External Statutory Auditor, the Company (to present)
April 2022 Senior Manager, Project Management Strategy Department, Project Management Division, Nihon M&A Center Inc.
October 2022 Senior Manager, M&A Advisory, Taiyo Grant Thornton Advisors Co., Ltd. (to present)

Executive Officer



Yuichi Ohata
Executive Officer
General Manager,
Home Center Division

February 1993 Joined the Company
February 2005 Store Manager, Nitta Store
July 2008 Store Manager, Utsunomiya Store
July 2009 Store Manager, Hitachinaka Store
June 2010 Store Manager, Moriya Store
June 2013 Store Manager, Koga Store
June 2015 General Manager, General Administration Department
April 2017 General Manager, Merchandising Department
July 2017 General Manager, Merchandising Department II
September 2017 Executive Officer, General Manager, Merchandise Division, Merchandising Department II
June 2019 Executive Officer, General Manager, Store Operation Division, Store Operation Department
October 2019 Executive Officer, General Manager, Corporate Planning Division, Corporate Planning Department
April 2020 Executive Officer, General Manager, Merchandise Division
July 2021 Executive Officer, General Manager, Merchandise Division
July 2023 Executive Officer, General Manager, Home Center Division
May 2024 Director, JOYFUL AK CO., LTD. (to present)

Skills matrix

			Composition			Committee member		Skills							
	Position	Name	External	Female	Male	Nomination	Remuneration	Corporate management	Industry experience	Legal/ Governance	Financial accounting/ M&A	Human Resources/ Diversity	IT/Digital	Environment/ Society	Global
Directors	President	Hirayama Ikuo			●	●	●	●	●			●			
	Counselor	Honda Masaru			●			●	●					●	
		Kugisaki Hiromitsu	●		●	●	●	●		●		●			
		Shirakawa Touko	●	●		Chairperson	●			●		●		●	
		Tokura Keita	●		●	●	Chairperson			●	●		●		
Statutory Auditors		Okada Shugo	●		●					●	●	●			
		Hirose Shino	●	●						●		●			●
		Otagiri Yumiko	●	●						●	●				

(Note) 1. The above list does not cover all of the expertise, experience, and knowledge possessed by the Directors, Statutory Auditors, and Executive Officers.

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

Financial highlights (10 years)

(Millions of yen)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
The fiscal year ended June 30 of each respective year	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Non-consolidated	Non-consolidated	Non-consolidated	Non-consolidated	Non-consolidated
Net sales	162,351	158,737	154,934	148,676	148,226	124,909	132,499	123,555	123,362	126,894
Gross profit	40,232	40,535	41,041	40,489	41,178	40,847	41,846	40,000	40,014	40,574
Selling, general and administrative expenses	37,954	37,456	38,256	37,288	37,683	31,659	35,766	33,261	34,818	36,438
Operating income	6,788	7,706	7,395	7,981	8,400	9,187	11,506	12,238	11,095	10,568
Ordinary income	8,070	8,946	8,021	8,800	9,751	10,593	12,773	13,224	12,240	11,645
Net income before taxes and other adjustments	7,743	8,505	8,996	8,127	6,711	14,110	12,898	13,916	12,250	12,978
Net income attributable to owners of the parent	4,560	5,453	6,130	5,594	4,384	10,949	8,985	11,098	8,528	9,091
Financial position										
Total assets	180,541	182,902	199,413	152,187	161,739	157,766	160,606	156,431	160,927	159,689
Total net assets (Shareholders' equity)	150,082	154,045	157,536	103,741	105,132	106,218	112,684	115,821	119,329	120,979
Interest-bearing liabilities	475	606	15,807	23,760	29,797	25,138	20,741	16,339	12,212	9,120
Cash flow										
Cash flow from operating activities	8,377	9,413	9,346	7,456	12,325	12,038	12,412	7,844	9,807	12,672
Cash flow from investing activities	-2,049	-9,993	-4,104	4,097	-5,268	6,020	2,074	1,367	-7,738	-9,059
Cash flow from financing activities	-1,816	-2,133	11,417	-51,897	3,996	-6,837	-6,865	-12,225	-9,566	-11,178
Free cash flow	6,328	-580	5,242	11,553	7,057	18,058	14,486	9,211	2,069	3,613
Profitability										
EBITDA	10,412	11,349	10,938	11,237	11,603	11,837	14,292	14,930	14,044	14,221
EBITDA margin (%)	6.4	7.1	7.1	7.6	7.8	9.5	10.8	12.1	11.4	11.2
Ratio (%)										
ROE	3.1	3.6	3.9	4.3	4.2	10.8	8.2	9.7	7.3	7.6
ROA	4.5	4.9	4.2	5.0	6.2	6.9	8.0	8.3	7.7	5.7
Shareholders' equity ratio	83.1	84.2	79.0	68.2	65.0	67.3	70.2	74.0	74.2	75.8
Shareholder returns										
Dividend payout ratio (%)	34.0	29.3	26.6	29.8	38.1	19.3	25.8	25.5	35.0	34.3
Per share (yen)										
Annual dividend per share	60.0	31.0	32.0	48.0	25.0	30.5	33.5	42.0	46.0	50.0
Profit per share	88.4	105.7	120.0	76.9	63.3	158.1	129.7	165.0	131.6	145.9
Net assets per share	2,907.9	2,984.6	3,094.3	1,498.6	1,518.5	1,533.5	1,626.7	1,751.8	1,842.4	1,957.4

Until the fiscal year ended June 2019, Joyful Honda Co., Ltd. prepared consolidated financial statements. However, in March 2020, Joyful Honda Reform Co., Ltd. (currently Reform Division) and Honda Sangyo Co., Ltd. were merged into Joyful Honda Co., Ltd. Joyful Athletic Club Co., Ltd. (currently MTJ FITNESS Corporation), and Joyful Shaken & Tire Center Co., Ltd. (currently 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 highlights

Climate change measures

Scope 1 (direct emissions)
Scope 2 (indirect emissions from energy sources)
Scope 3 (indirect emissions)

GHG emissions	
Scope 1	7,762 t-CO ²
Scope 2	32,796 t-CO ²
Scope 3	849,045 t-CO ²
Total	889,603 t-CO ²

*Calculation period: July 2023 to June 2024









Waste reduction

- Introduction of PASSTO, a service for collecting used clothing and fashion accessories
- Installation of recycling stations at each store for collecting plastic bottles, aluminum cans, and waste paper

Collection performance (fiscal year ended June 2024)

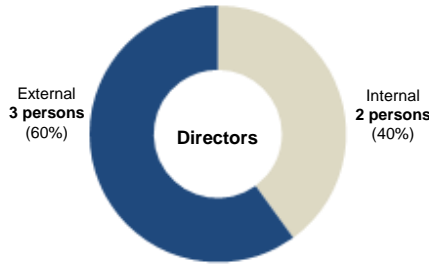
Plastic bottles	6.2 million bottles / Weight: 186,000 kg
Aluminum cans	4.03 million cans / weight 60,000 kg
Waste paper	905,000 kg

Labor management FY2024 performance (June 21, 2023 - June 20, 2024)

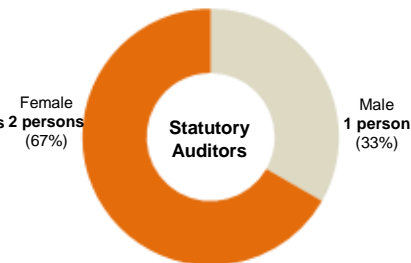
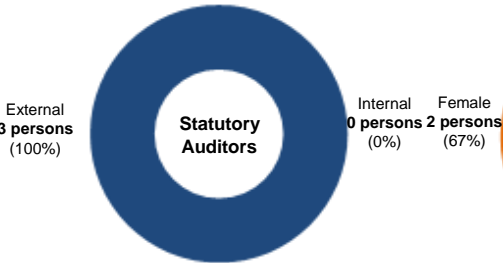
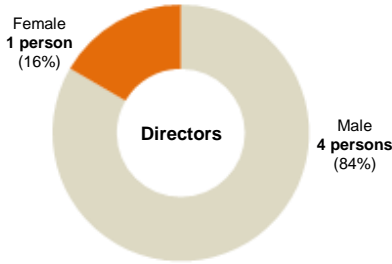
Number of employees (regular employees) 1,858 persons 	Job satisfaction affirmation rate 34.0% 	Education and training performance 24,550 hours 
	Ratio of mid-career hires in managerial positions 47.8% 	Male childcare leave acquisition rate 52.7% 
Percentage of women in managerial positions 1.9% 	Return to work after childcare leave rate 93.5% 	Average overtime hours 3.8 hours/month 

Governance

Ratio of external officers

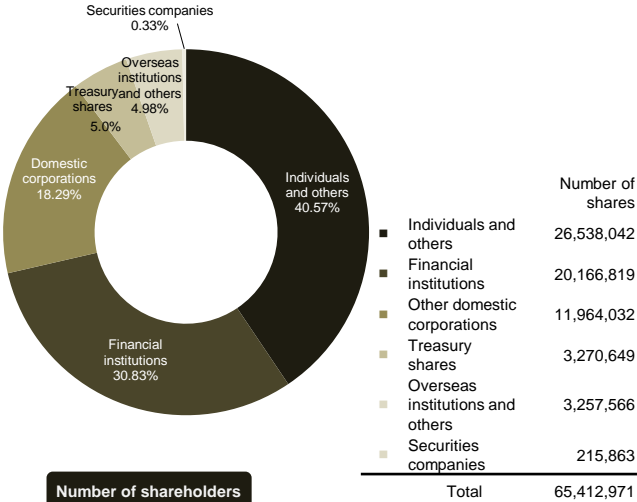


Ratio of female officers



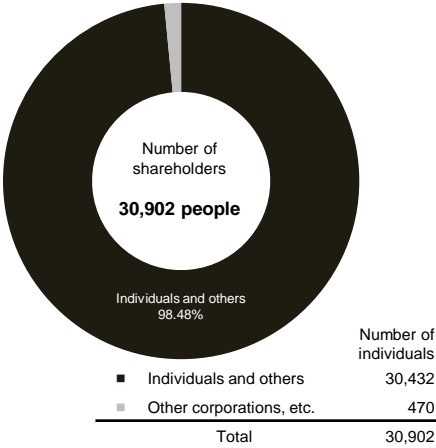
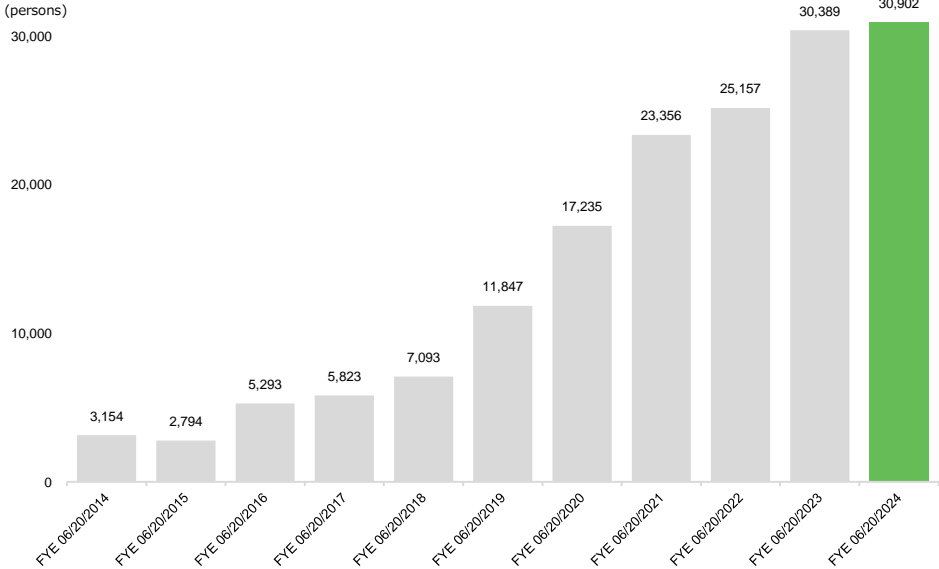
Stock status

Stock information



Number of shareholders

(persons)



Major shareholders

Name	Address	Number of shares owned (Thousands of shares)	Percentage of shares held relative to total shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd.	1-8-1 Akasaka, Minato-ku, Tokyo Akasaka Intercity AIR	5,949	9.57
ARCLANDS CORPORATION	445 Kamisugoro, Sanjo City, Niigata Prefecture	4,438	7.14
The Joyo Bank, Ltd.	2-5-5 Minami-machi, Mito City, Ibaraki Prefecture	2,810	4.52
AsuCreation Co., Ltd.	112, Tagiya, Omitama City, Ibaraki Prefecture	2,150	3.46
Masaru Honda	Omitama City, Ibaraki Prefecture	2,032	3.27
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,400	2.25
The Honda Memorial Foundation	136-12 Ogawa, Omitama City, Ibaraki Prefecture	1,259	2.02
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,125	1.81
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,125	1.81
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	1,125	1.81
Total		23,415	37.68

*The Company calculates figures by rounding down to the nearest hundredth.

(as of June 20, 2024)

Corporate overview

Corporate 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
Capitalization	¥12 billion
Fiscal year-end	June 20
Main business activity	Home center business, Home renovation business
Representative	Ikuo Hirayama, President
Number of employees (Non-consolidated)	4,573 (includes 2,715 hourly-wage employees(1)) (As of June 20, 2024)
	Note (1) Average number of hourly-wage employees employed in the last twelve months (those working equivalent to 2,080 hours/year)
Number of stores	Home centers: 17 stores
	└ Ultra-large stores 6 stores, Large stores 4 stores, Medium stores 5 stores, JOYHON 2 stores
	Specialty retail stores 8 stores
	└ THE GLOBE 2 stores, Honda-Ya 5 stores, Pet's CLOVER 1 store
	Commercial facility 1 store
	└ FASHION CRUISE 1 store
Net sales	¥126,894 million yen (year ended June 2024, non-consolidated)
Affiliated companies	MTJ FITNESS Corporation, JOYFUL AK Co., Ltd.

(as of June 2024)

Organizational chart

