



August 1, 2025

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(Securities code: 3191; Tokyo Stock Exchange Prime Market)
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Notice Regarding Partial Revision of Basic Policy on the Internal Control System

JOYFUL HONDA CO., LTD. (the “Company”) hereby announces that, at the Board of Directors meeting held on August 1, 2025, the Company resolved to partially revise its Basic Policy on the Internal Control System, as detailed below. Changes are indicated with underlines.

1. System to ensure that the duties of the directors and employees of the Company are performed in accordance with laws and regulations and the Articles of Incorporation
 - (1) Establish internal regulations such as Compliance Regulations and ensure that directors and employees comply with them.
 - (2) Establish an Internal Auditing Office independent of each organization, and in cooperation with statutory auditors and accounting auditors, verify the legality and appropriateness of the execution of duties through internal audits, and ensure an appropriate reporting system to the Board of Directors and the Board of Auditors regarding issues related to the execution of duties identified through internal audits. In addition, establish a Risk Management Department to comprehensively manage risks, identify risk factors, provide guidance, and promote improvements.
 - (3) Establish a Risk and Compliance Committee to ensure and improve compliance with laws, regulations, and internal regulations in business activities.
2. System for storing and managing information related to the execution of duties by the Company’s directors and employees
 - (1) Information related to the execution of duties by directors and employees shall be stored and managed for a specified period of time in accordance with the Document Management Regulations, etc.
 - (2) During the retention period, the information shall be maintained in a state that allows for prompt access upon request for inspection from directors or statutory auditors.
3. The Company’s regulations and other systems for managing risks of losses
 - (1) Establish internal regulations such as Risk Management Regulations and ensure that directors and employees comply with them.
 - (2) In the event that risks actually materialize and significant damage is expected to occur, or when new risks arise, the Board of Directors shall promptly clarify the measures to be taken and shall issue instructions and notifications to the entire company as necessary.
 - (3) Establish a risk matrix to identify risks surrounding the Company, manage risks that could have a material impact on our business activities, and consider specific countermeasures. The Company shall also establish a Risk and Compliance Committee to provide advice to the Board of Directors and the Board of Auditors.

4. System to ensure that the duties of the directors and employees of the Company are performed efficiently
 - (1) The Company shall, in principle, hold a meeting of the Board of Directors at least once a month, and shall hold additional meetings as necessary, to resolve important matters concerning management policies and business execution, and shall supervise the execution of duties by directors. In addition, Management Councils shall, in principle, be held once a week to deliberate and decide on matters specified in the decision-making authority criteria table and proposals to be submitted to the Board of Directors, and to discuss and formulate important management matters.
 - (2) Clarify the division of duties and administrative authority in accordance with the Board of Directors Regulations, the Division of Duties Regulations, and the Administrative Authority Regulations, and ensure a system in which duties are performed appropriately and efficiently. Statutory auditors and the Internal Auditing Office shall cooperate to verify the effectiveness of the system.
5. System to ensure the proper conduct of operations within the corporate group consisting of the Company and its subsidiaries
 - (1) The Company shall establish internal regulations such as the Affiliated Company Management Regulations and develop systems to ensure the appropriateness and efficiency of operations at each company within the Group.
 - (2) The Company's Internal Auditing Office shall conduct audits of each company within the Group and provide verification and advice.
 - (3) The Group shall ensure compliance with laws, regulations and internal regulations by having subsidiaries participate in the Company's Risk and Compliance Committee to promptly respond to risks.
6. System for reporting to the Company on matters related to the execution of duties by directors and employees of its subsidiaries

The Company shall receive periodic reports on the status of business and hold prior consultations on important matters in accordance with the Affiliated Company Management Regulations.
7. Regulations and other systems for managing risks of losses at the Company's subsidiaries
 - (1) Based on the Risk Management Regulations established by the subsidiaries, if any misconduct or serious violation of laws, regulations, the Articles of Incorporation, or internal regulations, or other facts that give rise to concerns regarding risk management are discovered at any subsidiary, the subsidiary must report such facts to the Company's Risk and Compliance Committee.
 - (2) When the Risk and Compliance Committee of the Company receives a report from a subsidiary, it shall immediately investigate the facts and report them to the Board of Directors.
 - (3) The president of the subsidiary shall attend the Risk and Compliance Committee of the Company in order to manage various risks in business activities and respond promptly when actual risks materialize.
8. System to ensure that the duties of the directors and employees of the Company's subsidiaries are performed efficiently
 - (1) In order to clarify responsibilities and authority in corporate group management, an organization consisting of a group representative (President of the Company), executive officer (presidents of the subsidiaries), and principal department head (Manager of the Corporate Planning Division of the Company) shall be established.
 - (2) In order to strengthen the governance of the subsidiaries of the Company and implement swift and accurate decision-making processes, introduce a group approval system under which the group representative makes decisions, and important matters concerning subsidiaries are resolved at decision-making meetings of the Company attended by executive officers of the relevant subsidiaries.

- (3) Based on the decision in (2) above, subsidiaries of the Company shall execute operations in accordance with the Division of Duties Regulations and Administrative Authority Regulations to improve operational efficiency. In addition, the department in charge of managing the Company's subsidiaries (the "Corporate Planning Department") will collaborate with the Company's Internal Auditing Office and Risk Management Department to verify the efficiency of operations.
9. System to ensure that the duties of the directors and employees of the Company's subsidiaries are performed in accordance with laws and regulations and the Articles of Incorporation
- (1) The Company's subsidiaries shall establish internal regulations such as Compliance Regulations and ensure that directors and employees comply with them.
- (2) The Company's subsidiaries shall establish an internal audit department, which shall work in cooperation with the statutory auditors of each subsidiary to verify the legality and appropriateness of the execution of duties through internal audits, and to identify risk factors, provide guidance, and promote improvements.
- (3) Presidents of the subsidiaries shall attend the Risk and Compliance Committee of the Company to ensure and improve compliance with laws, regulations and internal rules in business activities and to promote improvements.
10. System related to employees in the event that the statutory auditors of the Company request the appointment of an employee to assist with the duties of the statutory auditors
- The Company may appoint one or more employees to assist the statutory auditors in their duties when requested by the statutory auditors.
11. Matters concerning the independence of employees who assist the statutory auditors of the Company in their duties from directors
- In the case of appointing employees to assist statutory auditors, in order to ensure the independence of such employees, matters concerning their appointment, dismissal, transfer, and other personnel matters shall be subject to the prior consent of the Board of Auditors.
12. Matters concerning the securement of the effectiveness of instructions given to employees who assist the Company's statutory auditors in their duties
- (1) Directors and employees shall cooperate in the establishment of an audit environment that facilitates the smooth performance of duties by employees who assist the statutory auditors in their duties.
- (2) Employees who assist statutory auditors in their duties may, as necessary, receive advice on auditing matters from lawyers, certified public accountants, etc.
13. System for directors and employees of the Company to report to statutory auditors and other systems for reporting to statutory auditors
- (1) Directors and employees shall immediately report to the statutory auditors if they become aware of any facts that may cause significant damage to the Company, or any acts that violate laws and regulations, the Articles of Incorporation, etc.
- (2) In addition to the matters specified in the preceding paragraph, statutory auditors shall consult with directors to determine the items to be periodically reported to the statutory auditors or the Board of Auditors and the persons responsible for such reporting.
- (3) Statutory auditors may request reports from directors and employees when they deem it necessary for the performance of their duties.
14. System for reporting to statutory auditors by directors, statutory auditors, and employees of the Company's subsidiaries, or by persons who receive reports from such persons
- (1) Directors and employees of subsidiaries shall promptly report to the statutory auditors of the subsidiaries on matters requested by the statutory auditors of the subsidiaries, in addition to matters stipulated by laws and regulations, and shall also report to the statutory auditors of the Company through the Corporate Planning Department.

- (2) The Company shall include subsidiaries within the scope of its whistleblowing system and ensure that reports of serious violations of laws, articles of incorporation, or internal regulations at the subsidiaries, as well as other serious compliance issues, are appropriately reported to the statutory auditor via the Risk Management Department.
15. System to ensure that persons who report to the Company's statutory auditors are not subject to unfavorable treatment as a result of such reporting
- (1) When a report is made to the contact point of the whistleblowing system, the Risk Management Department shall promptly report the details of the case to the statutory auditors of the Company, excluding any information that could identify the whistleblower.
 - (2) Directors and employees of the Company and its subsidiaries shall be thoroughly informed that the fact of whistleblowing is prohibited from being taken into account in matters such as the transfer, personnel evaluation, disciplinary action, etc. of the whistleblower.
16. Matters related to the policy concerning procedures for advance payment or reimbursement of expenses incurred in the performance of duties of the Company's statutory auditors and the processing of other expenses or obligations arising from the execution of such duties
- When a statutory auditor requests advance payment of expenses incurred in the performance of his or her duties, reimbursement of expenses incurred, or payment of debts incurred, the Company shall promptly settle such expenses or debts, except in cases where such expenses or debts are deemed not necessary for the performance of duties of the statutory auditor.
17. Other systems to ensure that audits by the Company's statutory auditors are conducted effectively
- (1) Directors and employees shall endeavor to deepen their understanding of audits by statutory auditors and to improve the environment for such audits.
 - (2) Statutory auditors shall attend meetings of the Board of Directors and other important meetings as deemed necessary.
 - (3) Statutory auditors may access information on internal information systems such as accounting systems at any time.
 - (4) Statutory auditors shall, in principle, hold a meeting of the Board of Auditors once a month, and shall also hold additional meetings as necessary. In addition, statutory auditors shall hold liaison meetings with statutory auditors of each group company to exchange information and discuss matters related to the implementation status of audits. In addition, statutory auditors shall coordinate with the Internal Auditing Office and Risk Management Department to ensure appropriate communication and effective execution of audit duties. The statutory auditors shall also receive reports from the accounting auditors regarding accounting audits on a regular basis and exchange opinions.
18. System for eliminating anti-social forces
- The Company shall clearly demonstrate its firm stance against anti-social forces and ensure that all directors, statutory auditors, executive officers, and employees refrain from having any relationship with anti-social forces, including business relationships, and refrain from utilizing anti-social forces.