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August 29, 2025

Company name: JOYFUL HONDA CO., LTD.

Representative: Ikuo Hirayama, President

(Securities code: 3191; Tokyo Stock Exchange Prime Market)

Contact: Hirohiko Kubo, Deputy Manager, Administration
Division

(Phone: +81-29-822-2215)

Notice Concerning the Formulation of the Medium-Term Management Plan

JOYFUL HONDA CO., LTD. (the “Company”) hereby announces that it has formulated a Medium-Term Management Plan for the three-year period from the fiscal year ending June 2026 to the fiscal year ending June 2028.

**WONDERFUL
JOYFUL**

50TH
ANNIVERSARY

Medium-Term Management Plan

Fiscal years ending June 2026 through June 2028

The joy of our customers is our joy



The Company's MVV

MISSION (The mission we must accomplish)

Co-create the Joy and Dreams of Communities by "Securing Essential Items^{*1}" and "Making Proposals for a Better Life^{*2}"

VISION (The ideal state we are aiming for)

Become the Top "Living Space Innovator[®]^{*3} in Japan

VALUE (What we value to accomplish our MISSION and realize our VISION)

"((SEED))" + Five Action Guidelines ⇒ See the next page

- *1 "Securing Essential Items": The Company's original keyword meaning that there are always things that are definitely necessary. It is becoming increasingly necessary, both in normal times and in emergencies, to have a product lineup at reasonable prices based on a thorough knowledge of what and when customers may need.
- *2 "Making Proposals for a Better Life": To develop products, services, and spaces that are suitable for the times and environment, while uncovering the latent needs of our customers and developing such needs. It is positioned as a concept that conflicts with prioritizing the convenience of creators or sellers.
- *3 "Living Space Innovator[®]": A pioneer to provide comfortable living spaces for customers and local communities

((SEED)) and Five Action Guidelines

MISSION

VISION

VALUE

((SEED))

Something very **S**pecial
Extraordinary **E**xperiences
Every team-member **E**mpowered
Daring driven by **D**ata, logic, and instinct

To be something very special to our customers and local communities
We will provide an extraordinary Customer Experience (CX)
And this CX will be provided by every team member empowered
To this end, we will always be daring and not fear taking risks and making decisions
with confidence based on facts, data, logical thinking, and observations that apply
instinct.

Five Action Guidelines

1. Envisage everything from the customer's perspective
2. Continue to resolve our customers' "inadequacies"
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

Review of the previous medium-term management plan

Priority measures	Details of each measure (excerpts)	Overall evaluation
Action for "Securing Essential Items"	Creating systems to promote broad and deep customer support base Acquire repeat customers across generations by realizing "ultimate one-stop shopping"	Positives: <ul style="list-style-type: none"> - Nikkei Business magazine: Ranked No.1 in the special feature "NPS Ranking 2025: 10,000 People's Favorite Brands in the home improvement center category"^{*1,2} - Improved score in the Great Place To Work (GPTW)^{*3} survey (Percentage of positive evaluation: 30% in FYE June 2023 → 42% in FYE June 2025) Challenges: <ul style="list-style-type: none"> - Poor performance at the Oyama Ekimae Store, a new store format of the station-front pre-furnished property. This led to a significant revision to the plan for multiple store openings - Delayed revenue growth at JOYHON Yoshioka Store - Although the ID-POS platform has been established, the accumulation of IDs is insufficient because it is only for the Reform Division
	Continuous improvement of customer satisfaction (CS) and employee satisfaction (ES) New ID-POS development, MD/DC system construction, streamlined and smarter operations	
Action for "Making Proposals for a Better Life"	Evolution into a one-and-only "multi-purpose and multi-functional select store" Aiming for category upgrades, a "keen eye" to fully support all ranges of customers from beginners to professionals	Positives: <ul style="list-style-type: none"> - Enhancement of specialized products with the expansion of Pro Shop Challenges: <ul style="list-style-type: none"> - Miscalculation for the range of character merchandise deployed in all stores - Delays in digital marketing and in-house app development
	Expand touchpoints with customers (store openings, EC, media, advertising) Increase customer attraction through the use of digital marketing and the development of in-house apps point system	
Promotion of open innovation	Proactive approach to industry-academia collaboration and local community revitalization Tie up with government, municipalities, academic institutions, and local companies to launch projects that transcend organizational boundaries	Positives: <ul style="list-style-type: none"> - Co-sponsored events, including collaboration with public sectors 82 times/year (FYE June 2025) Challenges: <ul style="list-style-type: none"> - Delay in promoting M&A due to insufficient M&A promotion system
	Lead the industry reorganization and achieve flexible alliances and collaborations M&A, business alliances, business acquisitions, supply chain management	
Actions to become a "corporate partner in local community development"	Medium- to long-term GX planning and introduction of green energy Reduce greenhouse gas emissions by 43% compared to FYE June 2013 (target for FYE June 2025) Promoting carbon neutrality within the region through rooftop solar power generation and storage battery systems	Positives: <ul style="list-style-type: none"> - GX project and carbon neutrality proceeding as planned - Expansion of disaster prevention supplies and conclusion of disaster cooperation agreements, etc. Concluded nine disaster cooperation agreements with seven municipalities and other administrative bodies, and one business operator during the period
	Continued introduction of new sustainable products and services Total 3,000 items (target for FYE June 2025, approximately 10 times the size of FYE June 2022)	

^{*1} NPS (Net Promoter Score): An index to quantify customer loyalty. It is used to measure customers' level of attachment and trust by asking them about their willingness to recommend a company, brand, or service to their friends and acquaintances. In the survey, a question is asked to customers if they would recommend a particular brand/service to a friend or acquaintance. The respondents are requested to respond on an 11-point scale from 0 (not recommend at all) to 10 (highly recommend), and are classified as Promoter (9 to 10 points), Passive (7 to 8 points), and Detractor (0 to 6 points). The NPS score is then calculated by subtracting the ratio of Detractors from the ratio of Promoters.

^{*2} Nikkei Business magazine (February 24, 2025 issue), Nikkei BP

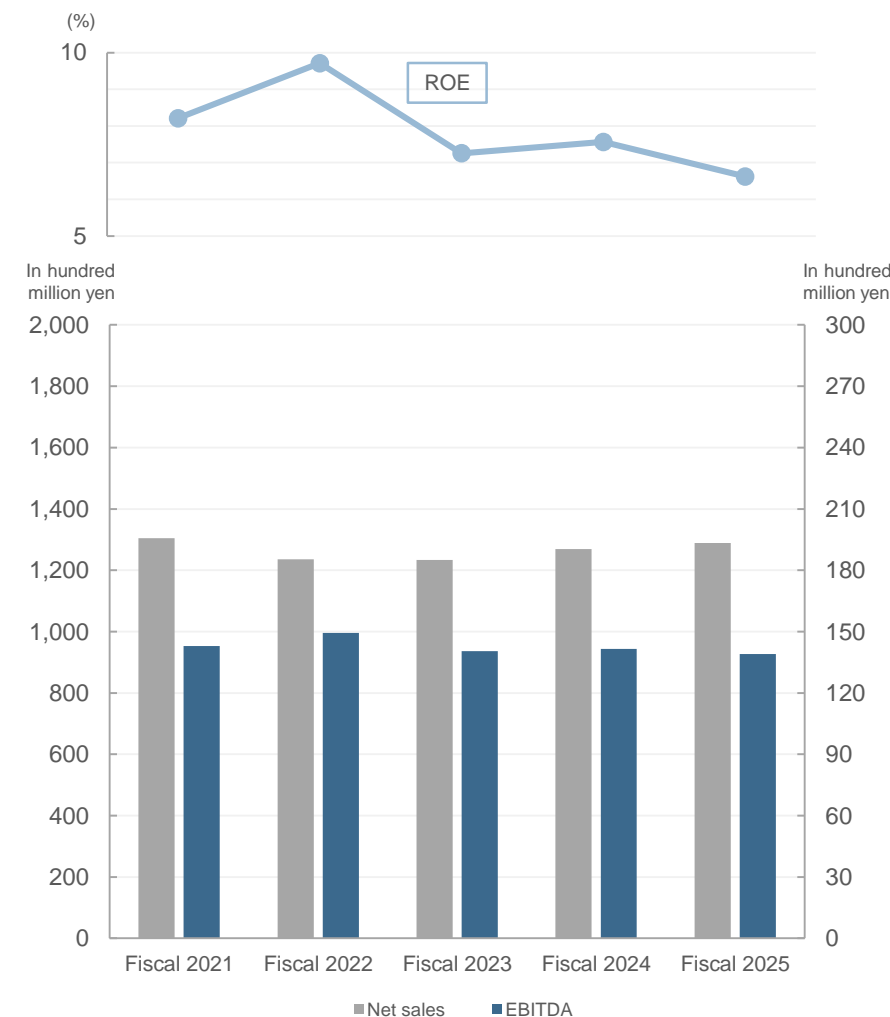
^{*3} GPTW®: Great Place To Work®: An organization that conducts surveys on corporate employee satisfaction in approximately 150 countries around the world and publishes certified companies and rankings

Review of the previous medium-term management plan

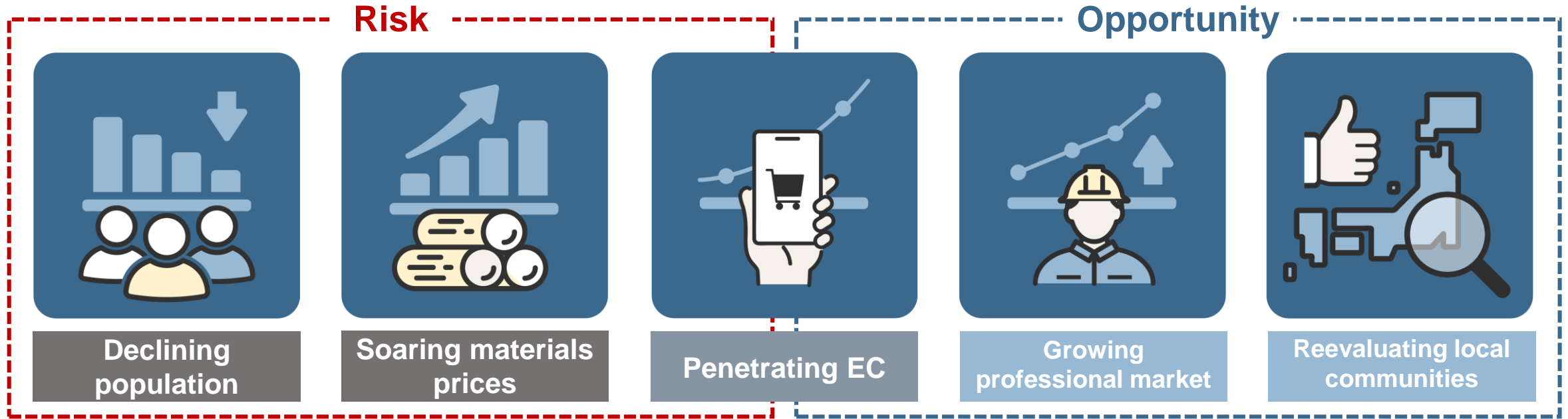
Results of the quantitative targets formulated in the fiscal year ended June 20, 2022

	Targets for the fiscal year ended June 20, 2025 (initial)	Results	Gap
Net sales	Over 160 billion yen	128.9 billion yen	(31.1) billion yen
EBITDA	Over 18 billion yen Margin 11.5%	13.9 billion yen Margin 10.8%	(4.1) billion yen (0.7)% points
ROE	9.5%	6.9%	(2.6)% points

DOE (Dividend on equity ratio)	The Company will continue a progressive dividend policy and pay a commemorative dividend (+10 yen) in the fiscal year ended June 2025. Achieved initial target of raising DOE from 2.0% to 2.5% for all three fiscal years (3.2% achieved in the final year)
Acquisition of treasury shares	Repurchased treasury shares, accumulating approximately 11.5 billion yen over three years; shares repurchased have been canceled in accordance with our policy



Analysis of external environment



The Company sees changes in the customer base in its trading area due to a declining population, the expansion of the e-commerce market, and sales activities and store openings under the rising cost of building materials as challenges that it must address when considering its growth strategy, just like its competitors do. On the other hand, we believe that EC penetration, the growth of the professional market, and the trend toward the reevaluation of local communities under regional revitalization will provide new opportunities for the Company, which is closely tied to local communities, to better meet the needs of customers in the trading area and grow our business.

Basic concept of the medium-term management plan

1. The need for local revitalization players in the wake of demographic change
2. Further respond to the needs of customers in the trading area through the integration of stores and digital technology
3. Localized response depending on demands for the professional market

Medium-Term Management Plan FYE June 2026 - FYE June 2028

Basic Policy

Basic
policy

1

Deepen existing businesses and explore and implement new initiatives

2

Invest in intellectual capital

3

Continue ESG Management

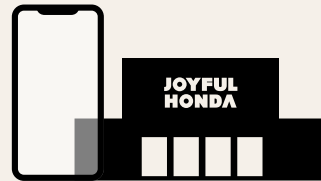
Basic policy 1. Deepen existing businesses and explore and implement new initiatives

Expanding the store network and strengthening services to make Joyful Honda more accessible



Analog-based digital strategy

Aggressive and defensive DX promotion
Integration of digital and analog



Expand synergies between home center business and reform business

Develop and expand customer base taking advantage of CRM



Deepen existing businesses

Explore and implement new initiatives

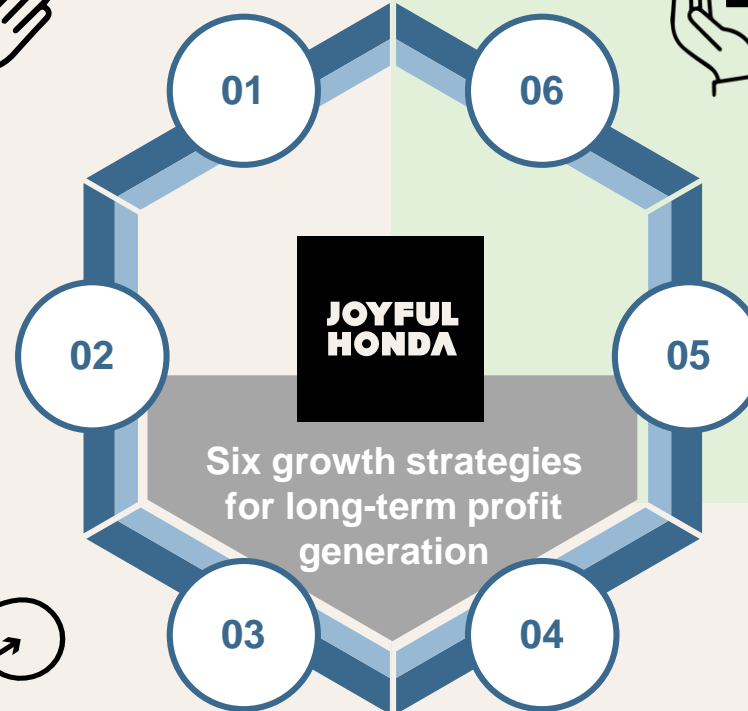


Establish a new format of stores dedicated to a particular specialty

Execute mergers and acquisitions that contribute to business expansion, growth, and transformation



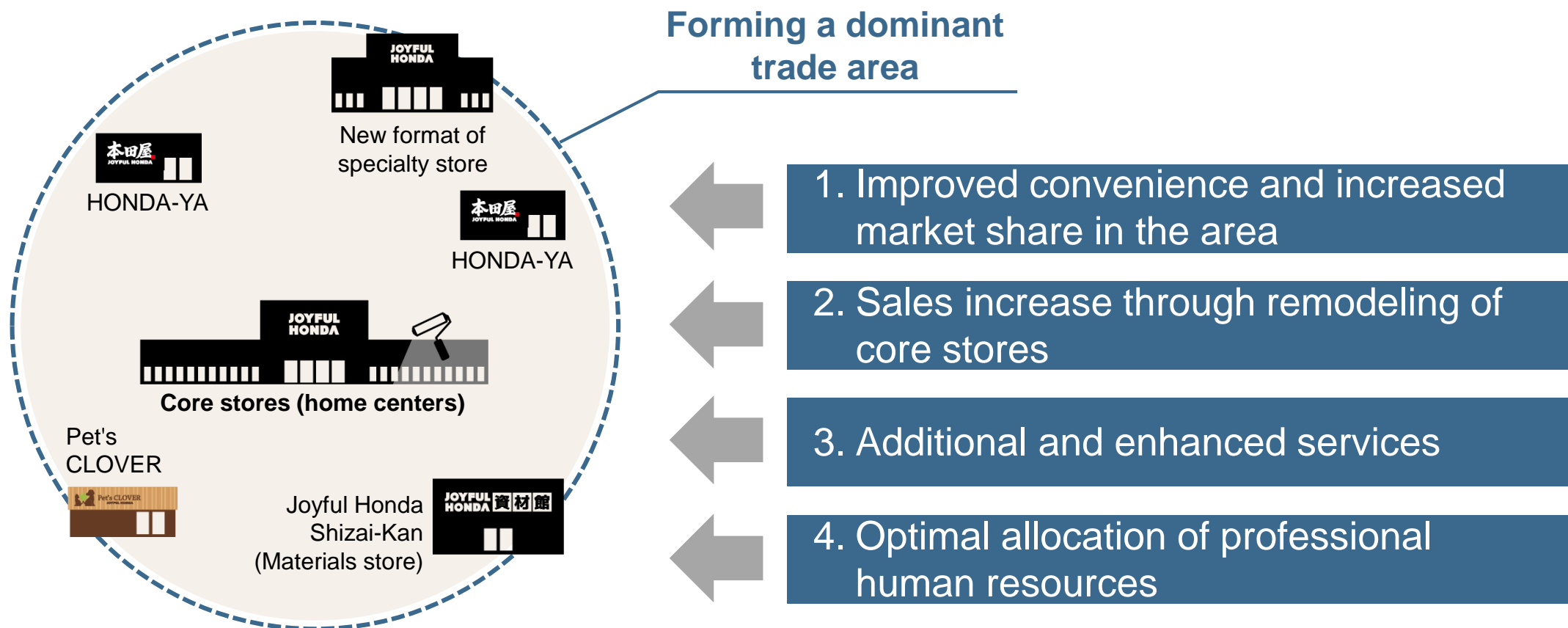
Product focus strategy



Intellectual capital investment (investment in people, creation of culture) will be the engine of the six growth strategies

Expanding the store network to make Joyful Honda more accessible

Deepen existing businesses



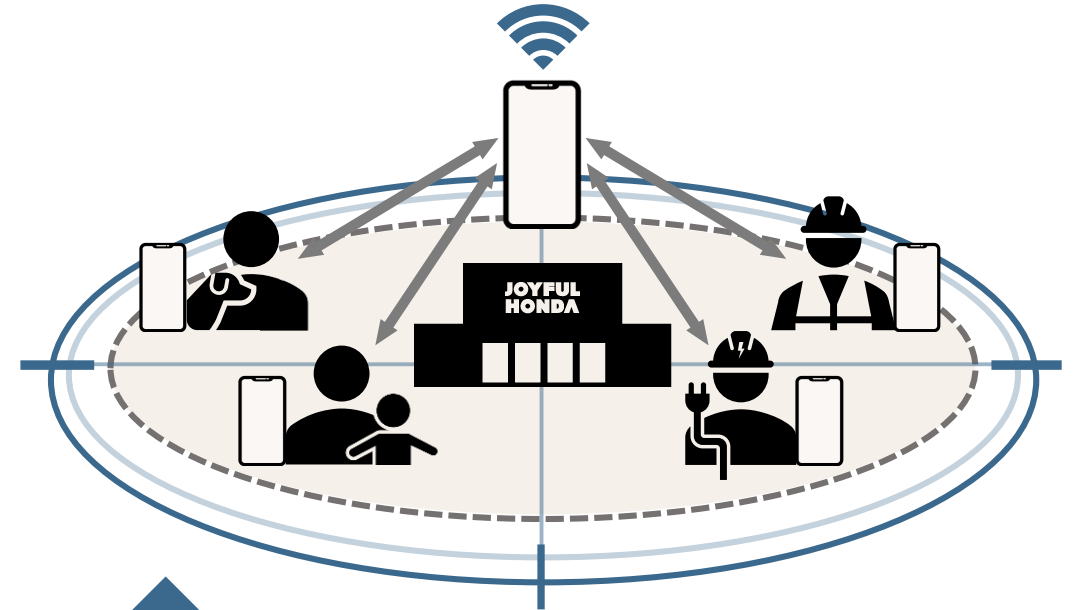
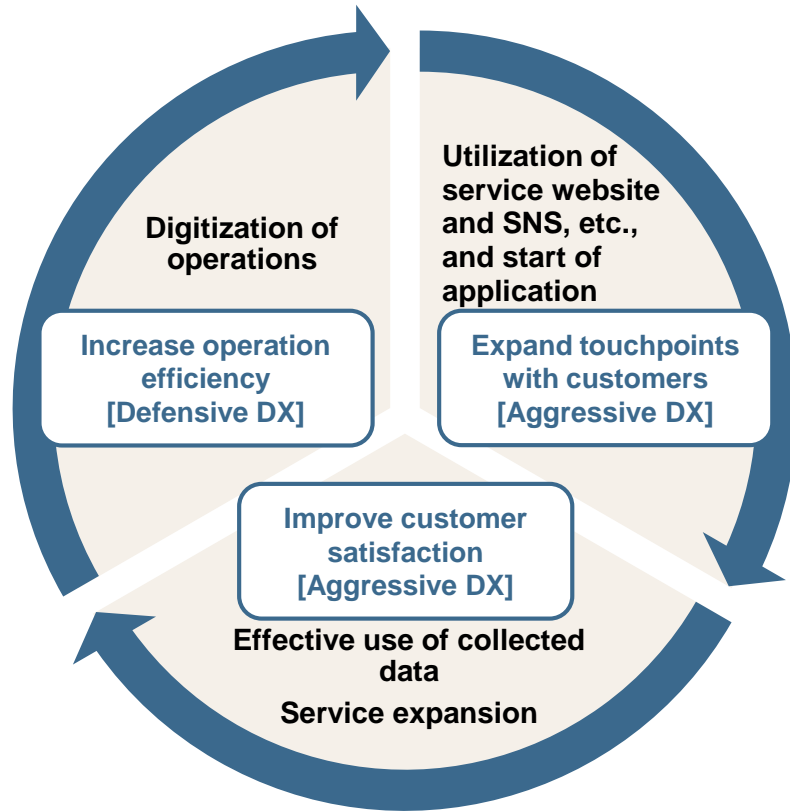
Strategy

Target

- Form a dominant trade area by opening stand-alone specialty stores around core stores (including remodeling). Aim to increase net sales and reduce costs. Pursue customers' convenience by implementing the optimal allocation of employees
 - Open new format stores, including stand-alone specialty stores and Joyful Honda Shizai-Kan [add 20-30 stores (cumulative total for the current medium-term management plan period)]
- * The Company aims to expand net sales based on six growth strategies. No plans to open large stores during the period of the current medium-term management plan

Analog-based digital strategy (OMO* strategy)

Deepen existing businesses



Increase in customer attraction, including frequency of customer visits

Strategy

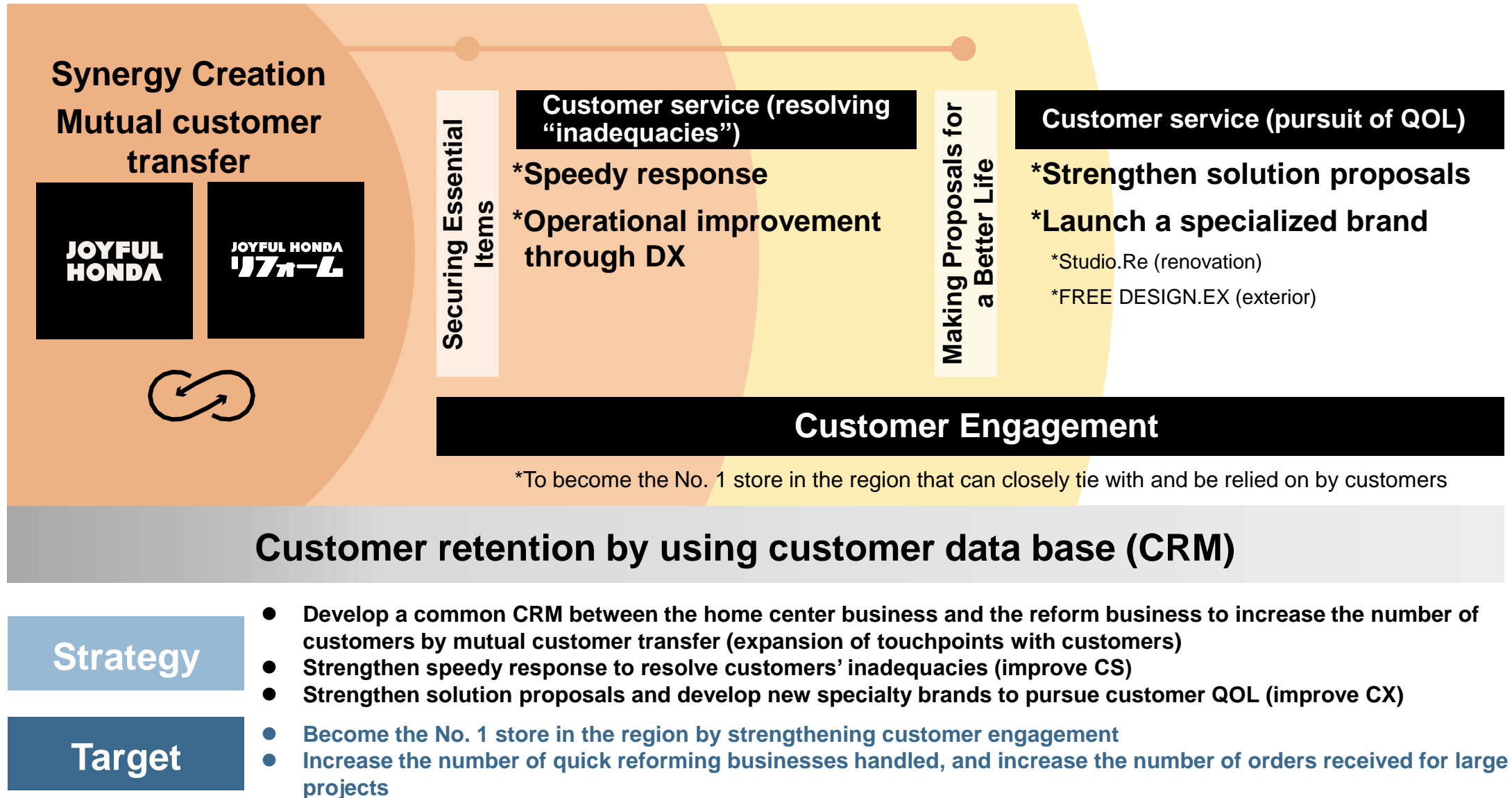
Target

- Establish the Digital Strategies Promotion Department to strengthen customer service through "increasing operation efficiency," attract more customers through "expanding touchpoints with customers," and enhance the sales force through "data utilization"
- Improve CX and maintain the number of customers visiting existing stores

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

Expand synergies between home center business and reform business

Deepen existing businesses



Further continue to strengthen product initiatives centered on NB products and pricing initiatives centered on stable pricing, to differentiate us from competitors

► Initiatives centered on national brands (NB)

- *By focusing on NB products, we can respond flexibly to diverse customer needs
- *By offering reputable specialty brands, we can accurately address professional demand and specialty categories
- *Establish originality by proactively incorporating attractive products, such as differentiated imported products

► Pricing initiatives

- *Increase frequency of store visits by setting stable prices at any time, rather than high-low pricing (short-term special pricing)
- *Aim to reduce the costs for sales promotion and sales space creation by equalizing demands

Strategy

- Offer a lineup of NB products of major manufacturers to pursue specialization
- Aim to uncover latent needs by deploying differentiated imported products

Target

- Target 130% net sales of NB products handled in mix-match^{*1} and group set-match^{*2} compared to FYE June 2025
- Target 130% sales of differentiated imported products compared to FYE June 2025

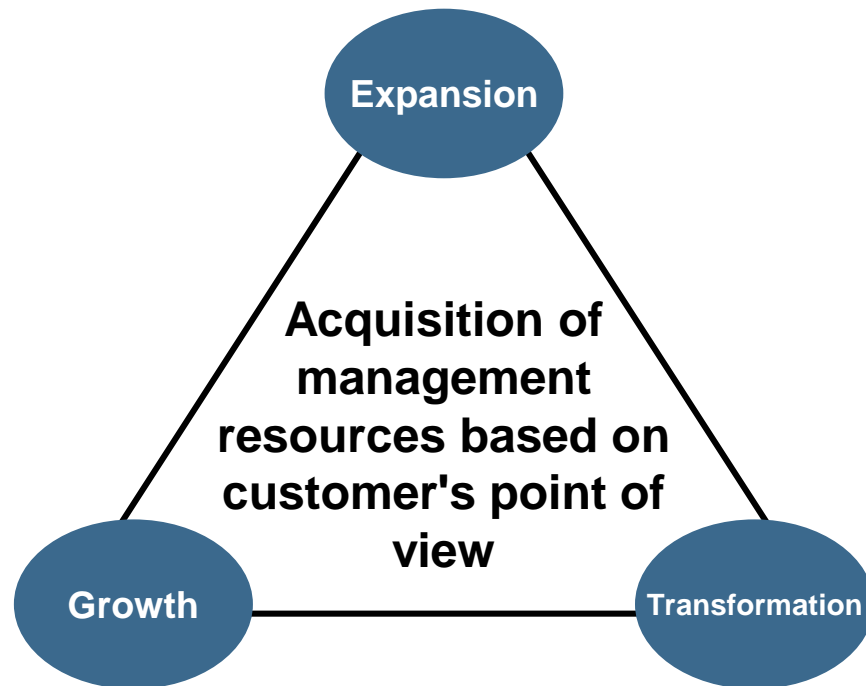
^{*1} Mix-match: A sales method that offers discounts for a certain number of purchases of a specific product

^{*2} Group set-match: A sales method that offers discounts for purchasing combinations of multiple products from different groups

Execute mergers and acquisitions that contribute to business expansion, growth, and transformation

Aggressively promote M&A in pursuit of expertise

- ▶ Envision multiple M&A that are expected to contribute to both quality and quantity for the purpose of acquiring non-continuous management resources
- ▶ To speed up the process, a dedicated M&A department will be established in FYE June 2026



Expansion

- ▶ **Expanding into areas peripheral to the home center business to further deepen our expertise**

Acquisition of businesses and services that contribute to "Securing Essential Items" and "Making Proposals for a Better Life"

Growth

- ▶ **Developing customers and trade areas contributing to sustainable growth**

Further expansion of scale through M&A, including industry reorganization and business succession

Transformation

- ▶ **Strengthening DX infrastructure**

Acquisition of services and human resources with potential synergies with JH

New format of stores dedicated to a particular specialty

Joyful Honda Shizai-Kan (materials store)



The first store opened in June 2025

Garden stand-alone store



Example

Strategy

- Establish new specialized store formats that are expected to be in demand in each region
- Plan to develop new formats that enable the expansion of products and services that meet the needs of the regions in which the stores are located, by combining formats based on Joyful Honda's strengths

Target

- Plan to open 5 to 10 stores in total during the period of the current medium-term management plan
- Strengthen human resources for specialty stores in line with store opening plans and establish a system that enables the continuous opening of specialty stores

Basic policy 2. Invest in intellectual capital

Investment in intellectual capital

Investment in people

▶ Improvement of job satisfaction affirmation rate

Achieve 50% GPTW® * by fostering the concept of "The joy of our customers is our joy" (target for FYE June 2028)

▶ Systematize strengths as a professional group and establish a system for succession (store)

Visualization of skills, expansion of internal and external training, and implementation of a wide variety of OJT with breadth and depth

▶ Enhance data analysis function, including marketing (head office)

Strengthening the development of highly specialized human resources in the area of data utilization

Creation of culture

▶ Utilization of human resources regardless of attributes and career support for female employees

Utilize human resources regardless of gender, age, or entry route, and increase the ratio of female employees in management positions to at least 7% (target for FYE June 2028)

▶ Building institutions that can create new value and forming values that should be emphasized

Expansion of initiatives to foster diversity and autonomy (e.g., hand-raising culture)



*GPTW®: Great Place To Work®: An organization that conducts surveys on corporate employee satisfaction in approximately 150 countries around the world and publishes certified companies and rankings

Basic policy 3. Continue ESG Management

Environment

- ▶ Medium- to long-term GX planning and introduction of green energy
- Reduce greenhouse gas emissions by 70% compared to FYE June 2013 (target for FYE June 2030)
- (Large solar carports installed at six stores)



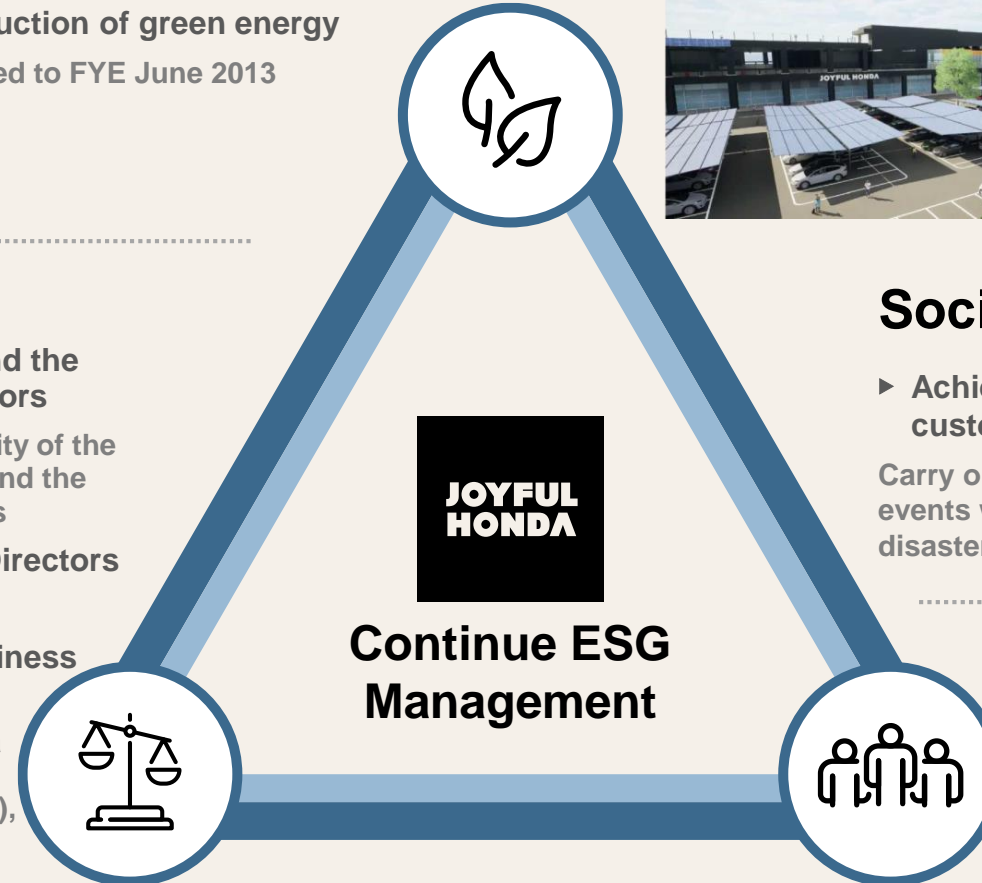
Governance

- ▶ The majority of the Nominating Committee and the Compensation Committee are External Directors
- From the fiscal year ended June 20, 2019, the majority of the committee members have been External Directors and the committees have been chaired by External Directors
- ▶ Improving the effectiveness of the Board of Directors
- More effective use of off-site meetings
- ▶ Remuneration for the President linked to business performance

Comprised of 57% of fixed remuneration based on a 360-degree assessment, 24% of bonus linked to short-term performance (ROE, EBITDA, PBR, GPTW), and 19% of share-based remuneration linked to medium- to long-term performance (based on the results in FYE June 2025)

Social

- ▶ Achieve local community development with all customers through local collaboration events
- Carry out community collaboration and revitalization events with government and partner companies, and disaster prevention events, etc.



Received "AA" rating in the MSCI ESG rating for fiscal 2025. (Received "A" rating in fiscal 2024)

Realization of growth through quantification of vision (1)

Numerical targets for FYE June 2028

Three pillars of quantitative targets to become the Top "Living Space Innovator ®" in Japan

Target for FYE June 2028

Net sales

150 to 160 billion yen

EBITDA Margin

11.0% or more

ROE

8.0% or more

■ Net sales

Aim to expand net sales mainly by deepening existing businesses and exploring and implementing new initiatives

■ EBITDA Margin

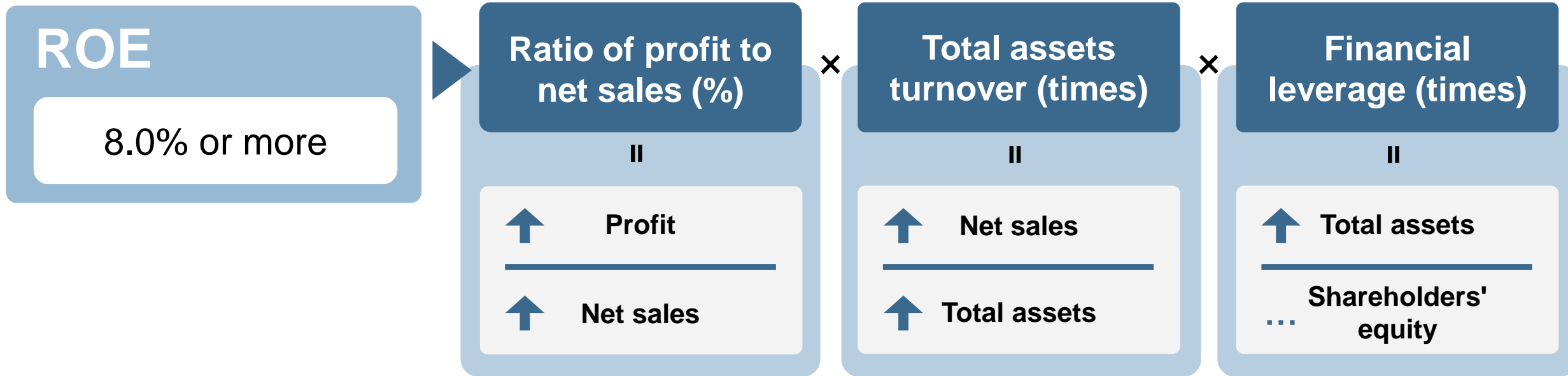
Aim to achieve the target by maintaining a high level of operating margin despite an increase in depreciation expenses, due to BPR investment and growth investment

■ About ROE

Aim for ROE of 8.0% or more through steady growth of profit and control of capital

Realization of growth through quantification of vision (2)

Improvement of ROE



Increase/decrease factors for each item

↑ **Net sales**

- *Increase in the number of stores, including new formats (20-30 stores)
- *Increase in spending per customer and maintenance of the number of customers through each measure
- *M&A

↑ **Profit**

Improved profitability through the following initiatives

- *Strengthening of imported products
- *Cost reduction through DX promotion
- *Promotion of energy-saving policies

↑ **Total assets**

- *Increase in fixed assets due to aggressive investment
- *Increase due to the new lease accounting standards
- *Adherence to appropriate inventory levels

... **Shareholders' equity**

- *DOE of 4.0% or more, progressive dividend
- *Shareholder return through share buybacks
- *Maintaining financial soundness of "A-" rating by R&I or its equivalent with a view to flexible fund raising

Realization of growth through quantification of vision (3) Cash allocation

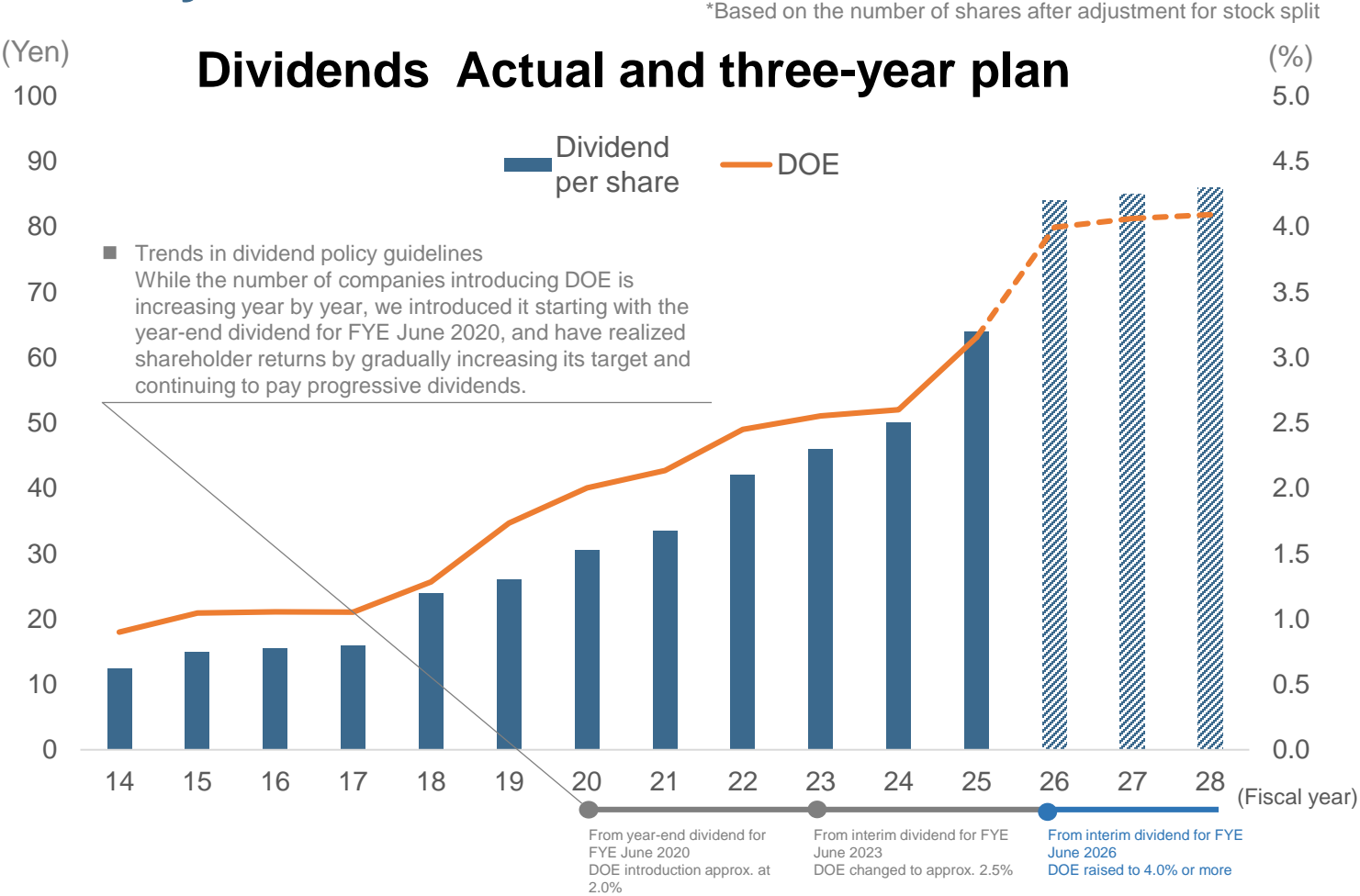
CASH-OUT > CASH-IN due to aggressive growth investment and flexible shareholder returns

Cash Allocation (three-year cumulative total)

Cash and cash equivalents (opening balance)		32 billion yen
CASH-IN	EBITDA (after tax)	36 to 40 billion yen
CASH-OUT	BPR Investment (Existing business, sustainability management)	26 to 31 billion yen
	Growth investment (Store openings, IT/DX, M&A, new business)	
	Maintenance, repair, and renovation of existing facilities	
	Acquisition of treasury shares	
	Dividend (minimum)	14 billion yen
	CASH-OUT Total	40 to 48 billion yen
Cash and cash equivalents (ending balance)		20 to 32 billion yen

Realization of growth through quantification of vision (4) Policy for shareholder returns

Policy for shareholder returns



► Dividends

Since its listing on the First Section of the Tokyo Stock Exchange in 2014, the Company has continued to pay progressive dividends during the period of the current medium-term management plan, and paid a commemorative dividend for the 50th anniversary of its founding in the fiscal year ended June 20, 2025. **Will raise the dividend to 4.0% or more of DOE (dividend on equity ratio) starting with the interim dividend for the fiscal year ending June 20, 2026, and continue to pay progressive dividends in line with sustainable profit growth.**

► Acquisition of treasury shares

Conduct share buybacks flexibly and continuously to improve capital efficiency and further increase EPS. There is no change in the Company's policy of holding treasury shares of 5% of the total number of shares issued as a guideline, and retiring any portion exceeding the level in principle.

Systematically control capital and ROE by flexibly implementing share buybacks in response to changes in the business environment, in addition to aggressive growth investments

Cautionary statement concerning forward-looking statements

This material is solely for the purpose of providing information to investors and is not intended as a solicitation to buy or sell.

This document is based on information available as of August 1, 2025.

Forward-looking statements in this document are based on targets and forecasts and do not constitute commitments or guarantees. You should also be aware that the Company's performance in the future may differ in some respects from the Company's current forward-looking statements.

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