

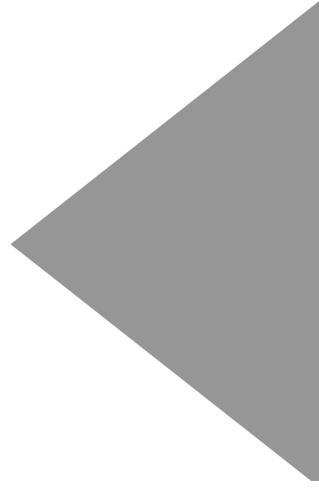


FYE Mar. 2025–FYE Mar. 2027
Medium-Term
Management Plan



May 24, 2024

Nakayamafuku Co., Ltd.



Nakayamafuku Group New Medium-Term Management Plan (FYE Mar. 2025 – FYE Mar. 2027)

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Development into a Management Strategy Based on Our Management Philosophy

1. Our Approach from Management Philosophy to Management Strategy

Management Philosophy

Coexist with society, and use our business activities as a means of contributing to society by helping our shareholders, suppliers, customers, employees, and other parties we deal with to achieve happiness.



Management Vision

Nakayamafuku aims to develop markets, grow as a company, and enrich the environment in which people live through the home products we sell and the information we distribute.



Basic Sustainability Policy



Nine material issues



Business strategies

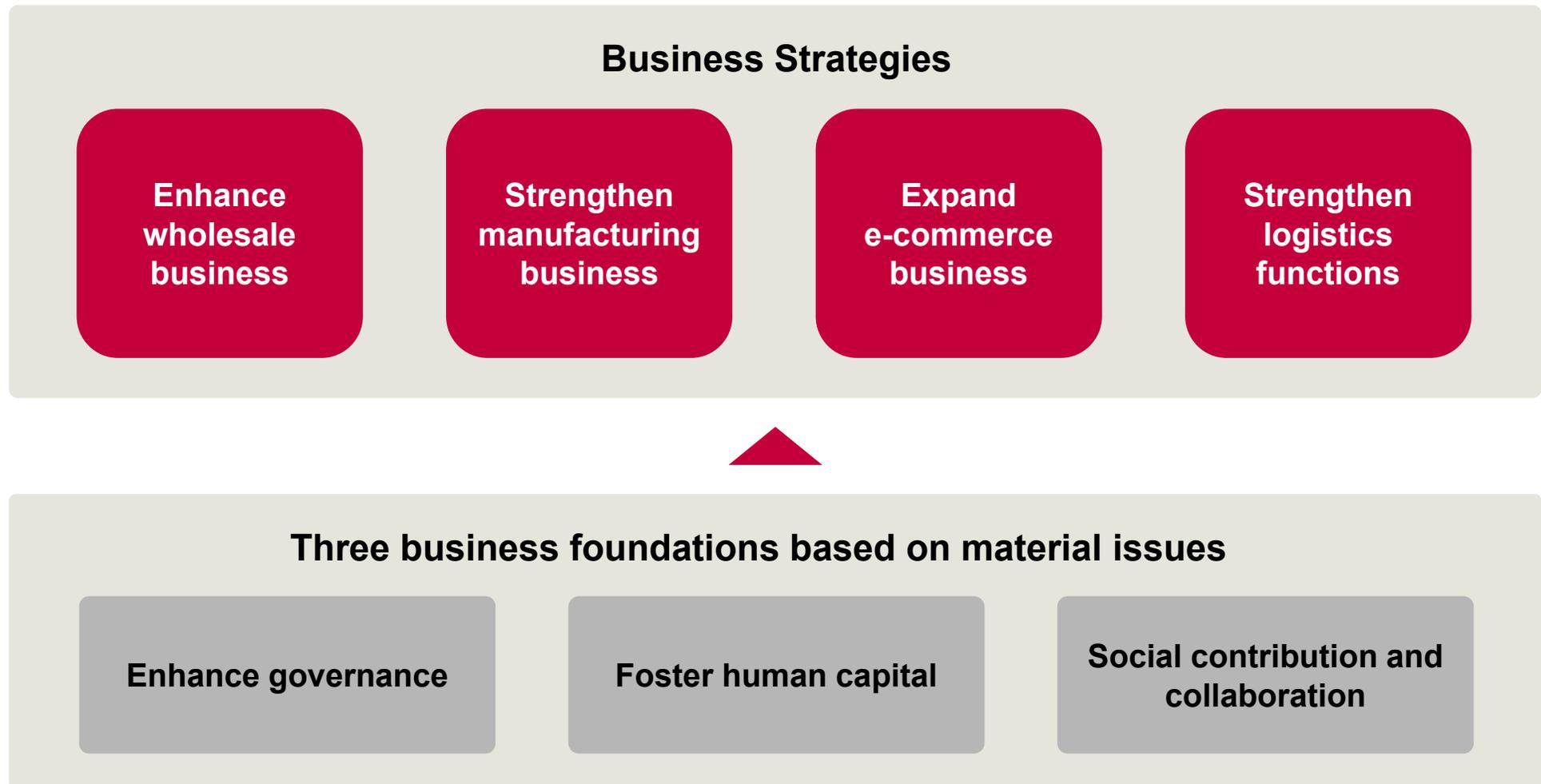
2. Nakayamafuku Group's Nine Material Issues

In response to the environment surrounding our company, and in order to lay the foundation for the development of Nakayamafuku and society from our 100th year and beyond, we have identified material issues under our management philosophy and will address them together with the SDGs

| | Material Issues | Main Initiatives |
|--------------------|--|--|
| E (Environment) | <ul style="list-style-type: none"> Protect limited resources while giving consideration to energy consumption and the environment | <ul style="list-style-type: none"> Initiatives to tackle climate change |
| | <ul style="list-style-type: none"> Contribute to environmental improvement for social development | <ul style="list-style-type: none"> Conserve resources Develop products that contribute to the environment Environmentally considerate product transport |
| S (Society) | <ul style="list-style-type: none"> Nurturing people to achieve happiness | <ul style="list-style-type: none"> Health and productivity management Engagement |
| | <ul style="list-style-type: none"> Create an environment where individuals feel a sense of purpose and pride | <ul style="list-style-type: none"> Work-style reforms and securing personnel |
| | <ul style="list-style-type: none"> Develop personnel that provide new value | <ul style="list-style-type: none"> Diversity and inclusion Social contribution and collaboration |
| | <ul style="list-style-type: none"> Provide products that improve health and enrich the lives of consumers they are delivered to | <ul style="list-style-type: none"> Strengthen manufacturing business (Business Strategy) Expand e-commerce business (Business Strategy) |
| | <ul style="list-style-type: none"> Provide support and supply products so that people's lives are not interrupted | <ul style="list-style-type: none"> Enhance wholesale business (Business Strategy) Strengthen logistics functions (Business Strategy) |
| G (Governance) | <ul style="list-style-type: none"> Sustainably grow our company | <ul style="list-style-type: none"> Governance Risk management |
| | <ul style="list-style-type: none"> Become a company that is trusted by society | <ul style="list-style-type: none"> Dialog with shareholders and investors Compliance, measures to prevent harassment |

3. Business Strategies and Business Foundations

To achieve the management vision we are promoting various strategies for the wholesale business, manufacturing business, e-commerce business, and logistics functions



Nakayamafuku Group New Medium-Term Management Plan

nFG 2026
NAKAYAMAFUKU GROUP

1. Positioning of the Nakayamafuku Group New Medium-Term Management Plan NFG 2026

- Nakayamafuku Co., Ltd. will celebrate its 100th anniversary in March 2025. We have taken this opportunity to draw up the Nakayamafuku Group New Medium-term Management Plan NFG 2026, and will commence initiatives based on the new medium-term plan in the fiscal year 2024.
- Up to this point our operations had hinged on tailoring the wholesale business to the market environment, but going forward we aim to achieve lasting increases in corporate value as a Group by enhancing governance under a holding company structure, and expanding the wholesale, manufacturing, and other businesses.

Our first 100 years

◆ Operations hinge on tailoring the wholesale business to the market environment

- For general retailers
 - For general supermarkets, supermarkets, hardware stores, specialty stores, discount stores, e-commerce
- Developed own “Bestco” brand
- Conducted M&A in manufacturing and e-commerce businesses

Our next 100 years

◆ Achieve lasting increases in corporate value as a Group

- Implement Group governance under a holding company structure
- Enhance/reinforce the wholesale business
- Achieve further growth/earnings expansion in manufacturing business
- Expand business in other home-use product markets
- Strengthen logistics functions to support the above-mentioned businesses
- Implement M&A

March 1925:
Founded

March 2025:
100th anniversary

nf10 Phase 3
NAKAYAMAFUKU NEXT10
(2022–2024)

nfg2026
NAKAYAMAFUKU GROUP
(2024–2026)

[Supplementary] Approach to and Objectives of Changes in Subsidiary's Operating Structure

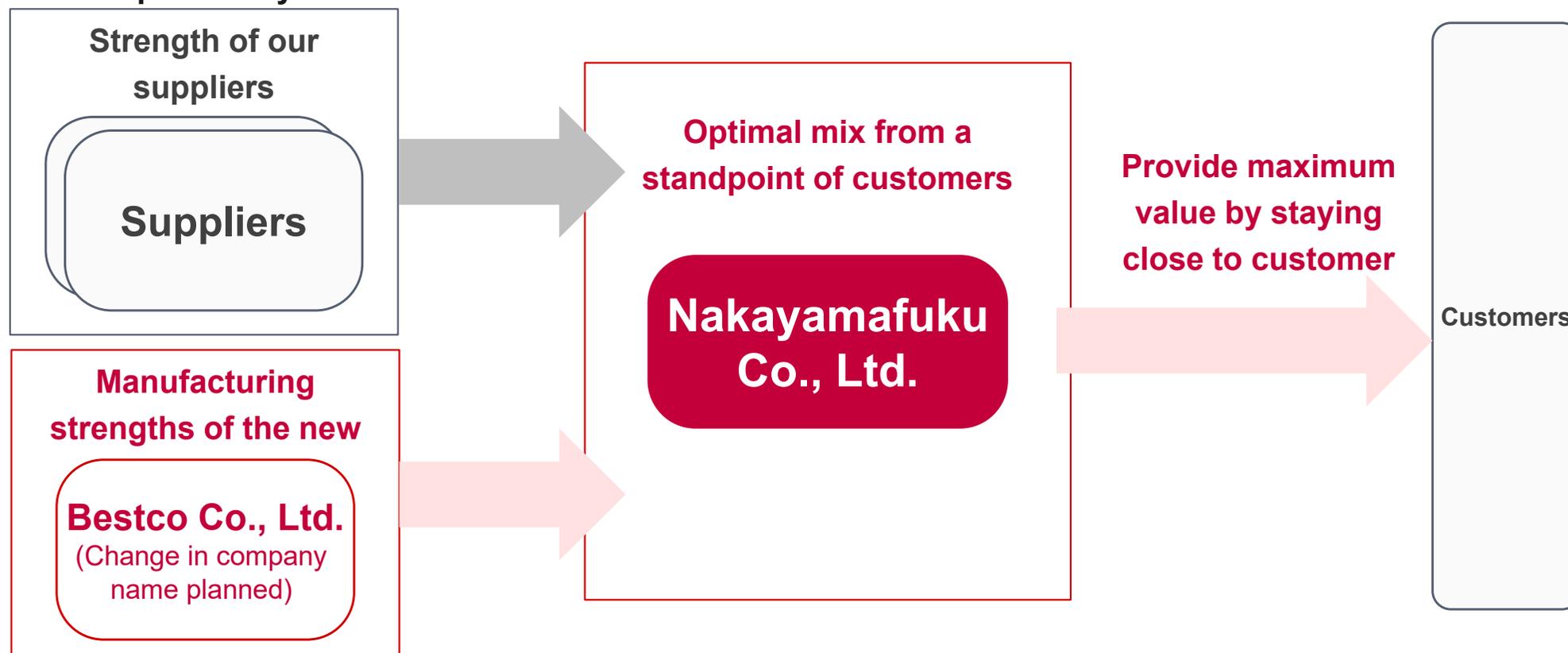
- In April 2024, we changed the operating structure of subsidiary Bestco, Co., Ltd., and plan to assign new company name in July.

<Objective>

We shifted to a structure under which Bestco has become a new operating company specializing in manufacturing, with the aim of leveraging both the strengths of our suppliers and the manufacturing strengths of the new company to provide maximum value to our customers.

<Expansion going forward>

Until now we have focused on the development of the Bestco brand, but going forward we plan to develop a variety of brands tailored to customer needs.



2. NFG 2026 Medium-Term Basic Policy and Medium-Term Priority Measures

Nakayamafuku Group New Medium-Term Management Plan “NFG2026”

Medium-Term Basic Policy

As well as expanding the wholesale, manufacturing, and other businesses in order to achieve lasting increases in corporate value as a Group, we will work to strengthen Group management

Medium-term priority measures

Priority measures by business

- ◆ Wholesale business: Rebuild our strengths as a wholesale business
- ◆ Manufacturing business: Promote further growth of manufacturing businesses of each section, as well as Group product strategies
- ◆ E-commerce business: Promote the characteristics of e-commerce businesses of each section to expand sales, and promote Group-based efficiency improvements
- ◆ Logistics functions: Enhance/improve efficiency to strengthen functions

Strengthen Group management foundation

- ◆ Promote Group governance under a holding company structure
- ◆ Continue other initiatives to address material issues

2. NFG2026 Medium-Term Priority Measures (1/5)

Priority measures by business

| | Reflecting on current Medium-term Management Plan | Medium-Term Basic Policy and Medium-Term Priority Measures | |
|---------------------------|--|---|---|
| | | Medium-Term Policy | Medium-Term Priority Measures |
| Wholesale business | <ul style="list-style-type: none"> ● Expansion of wholesale business <ul style="list-style-type: none"> • Promote planning of priority sales measures with suppliers. Monitor state of sales and execute additional measures • Cooperate with external marketing companies to analyze market/purchasing trends. Use results in the Company's exhibitions and various sales promotion plans ● Improve efficiency of wholesale business <ul style="list-style-type: none"> • Secure profits by analyzing the level of gross profit set for each location. Identify issues for next fiscal year • Initiatives to reduce and normalize the level of inventory have born fruit, with inventory turnover time improving from a peak of 2.0 months in the 78th term (fiscal year ended March 31, 2024) to 1.25 months | <p>Rebuild our strengths as a wholesale business</p> | <ul style="list-style-type: none"> ● Rebuild product strategies <ul style="list-style-type: none"> • Draw up and execute a variety of product strategies to leverage the strengths and appeal of supplier products and the products of our manufacturing business ● Promote product measures with suppliers <ul style="list-style-type: none"> • Strengthen collaboration with suppliers and promote product strategies to achieve optimal product lineup, pricing, priority sales, etc. in all locations ● Strengthen sales capabilities <ul style="list-style-type: none"> • Based on product strategies, promote product proposals tailored to increasingly diverse needs. Strengthen overseas business by taking advantage of the market environment (weaker yen) • Bolster proposal-driven marketing that is customer-oriented and community-based through the use of marketing information and internal numerical analysis, as we did last year ● Enhance functions for each location <ul style="list-style-type: none"> • Clarify the roles and functions required of each location. • Improve profitability by planning and promoting measures, tailored to the role and functions of the location, to strengthen marketing and logistics |

2. NFG2026 Medium-Term Priority Measures (2/5)

Priority measures by business

| | Reflecting on current Medium-term Management Plan | Medium-Term Basic Policy and Medium-Term Priority Measures | |
|------------------------|--|---|--|
| | | Medium-Term Policy | Medium-Term Priority Measures |
| Manufacturing business | <p><Household goods></p> <ul style="list-style-type: none"> ● Changes to operating structure of Bestco Co., Ltd. <ul style="list-style-type: none"> · Began preparations for shifting to a new structure under which the operating company specializes in manufacturing ● Growth of Bestco brand <ul style="list-style-type: none"> · Selection and concentration on staple products ● Launch of new products <ul style="list-style-type: none"> · Focused on development of products with more clearly defined concepts | <p>Promote further growth of manufacturing businesses of each section, as well as Group product strategies</p> | <p><Household goods></p> <ul style="list-style-type: none"> ● Development of new brand through changes to operating structure <ul style="list-style-type: none"> · Rebuild the product lineup in the kitchen category, which is one of our strengths, by leveraging Group product strategy · Reduce purchasing costs, make inventory more efficient, and cut development expenses through product selection and concentration · Expand sales channels and achieve improvements in profitability by carefully targeting product development to address increasingly diverse needs |
| | <p><Plastic daily goods></p> <ul style="list-style-type: none"> ● Strengthened quality control <ul style="list-style-type: none"> · Enhanced awareness of quality control among employees by promoting the delegation of authority for personnel assignments to the front line · Established an environment for autonomous action | | <p><Plastic daily goods></p> <ul style="list-style-type: none"> ● Improve product competitiveness <ul style="list-style-type: none"> · Strengthen original products and ensure profitability by enhancing design and functionality · Continue initiatives to establish quality controls structure and improve quality |
| | <p><Interior goods></p> <ul style="list-style-type: none"> ● Strengthened sales capabilities <ul style="list-style-type: none"> · Secured stable net sales by improving product value-add | | <p><Interior goods></p> <ul style="list-style-type: none"> ● Strengthen sales capabilities <ul style="list-style-type: none"> · Create new earnings opportunities by expanding product categories · Expand sales area further |

2. NFG2026 Medium-Term Priority Measures (3/5)

Priority measures by business

| | Reflecting on current Medium-term Management Plan | Medium-Term Basic Policy and Medium-Term Priority Measures | |
|----------------------------|---|---|--|
| | | Medium-Term Policy | Medium-Term Priority Measures |
| E-commerce business | <p><B2C></p> <ul style="list-style-type: none"> ● Strengthen sales capabilities and improve efficiency <ul style="list-style-type: none"> · In the e-commerce departments of each section, increased the number of products and used social media to raise awareness using approaches tailored to the characteristics of the sales website · Brought outsourced operations in house. For inventory management in particular, controlled costs by leveraging the warehouses that are a resource of Nakayamafuku. Made plans to improve performance next fiscal year <p><B2B2C></p> <ul style="list-style-type: none"> ● Bolstered marketing to e-commerce operators <ul style="list-style-type: none"> · Strengthened proposal capabilities by expanding the number of products for e-commerce operators · While focusing on existing customers, secured future earnings by winning new sales channels in the expanding and changing e-commerce market | <p>Promote the characteristics of e-commerce businesses of each section to expand sales, and promote Group-based efficiency improvements</p> | <ul style="list-style-type: none"> ● Strengthen Group cooperation <ul style="list-style-type: none"> · Share information and know-how on B2C and B2B2C as one Group, and utilize it in the various e-commerce businesses · Promote product development and selection suitable for the e-commerce business as one of the Group's product strategies <p><B2C></p> <ul style="list-style-type: none"> ● Enhance own sales websites <ul style="list-style-type: none"> · Roll out products suited for sale on own websites, using products of Group companies as a resource · Consider strengthening and consolidating the multiple own e-commerce stores · Promote the improved efficiency of operations and logistics by bringing distribution in house and sharing information, in a continuation of the previous fiscal year <p><B2B2C></p> <ul style="list-style-type: none"> ● Strengthen sales capabilities <ul style="list-style-type: none"> · Continue to roll out product measures tailored to the individual needs of e-commerce operators · Bolster marketing to existing and newly won customers · Strengthen functions for supervising marketing by those in charge of e-commerce operator accounts at all Nakayamafuku locations. Promote sharing of information, strengthening of sales capabilities, and improvements in efficiency of marketing operations aimed at e-commerce operators |

* The above-mentioned e-commerce businesses are included in wholesale business for the B2B2C and other businesses for B2C in the reportable segments of the securities report, but from the perspective of consumer needs and product development, etc. in the e-commerce business, we will seek to expand them as the e-commerce business while working and organic links between the two sides.

2. NFG2026 Medium-Term Priority Measures (4/5)

Priority measures by business

| | Reflecting on current Medium-term Management Plan | Medium-Term Basic Policy and Medium-Term Priority Measures | |
|----------------------------|--|---|--|
| | | Medium-Term Policy | Medium-Term Priority Measures |
| Logistics functions | <ul style="list-style-type: none"> ● Various improvements in logistics systems <ul style="list-style-type: none"> • Began working on improving the efficiency of logistics systems, and identified and analyzed issues. Promoted the establishment of a system to implement measures in preparation for the next fiscal year • Began expanding the warehouse for the Fukuoka Branch with the aim of improving logistics efficiency in the Western Japan area • Rolled out improvement activities to reduce loss of sales opportunities by analyzing missing product ratios and delivery ratios, and strengthen cooperation with the sales side • Achieved reductions in process time by shifting to electronic and data-based processing of orders to and invoices from suppliers, with the aim of improving operational efficiency | <p style="text-align: center;">Enhance/ improve efficiency to strengthen functions</p> | <ul style="list-style-type: none"> ● Strengthen logistics functions <ul style="list-style-type: none"> • Implement thorough initiatives to improve efficiency and reduce costs in logistics operations. <ul style="list-style-type: none"> ▶ Reduce delivery expenses (cut waiting time, select delivery companies) ▶ Review and improve materials (improve methods for use, select materials companies) ▶ Improve work efficiency (reconsider shipment methods, locations, personnel assignment) ▶ Eliminate work-related accidents ● Strengthen Eastern/Western Japan locations <ul style="list-style-type: none"> • Following the expansion of the warehouse for the Eastern Kanto Branch, expand the warehouse at the Fukuoka Branch to make it a location for reinvigorating logistics functions in Western Japan (scheduled to be completed in November) ● Make maximal use of the strengths of logistics locations nationwide <ul style="list-style-type: none"> • Establish a delivery structure that enables customers to be supplied from the nearest point in the nationwide network of logistics locations that we will roll out • Implement initiatives as a Group to further improve the efficiency of e-commerce businesses |

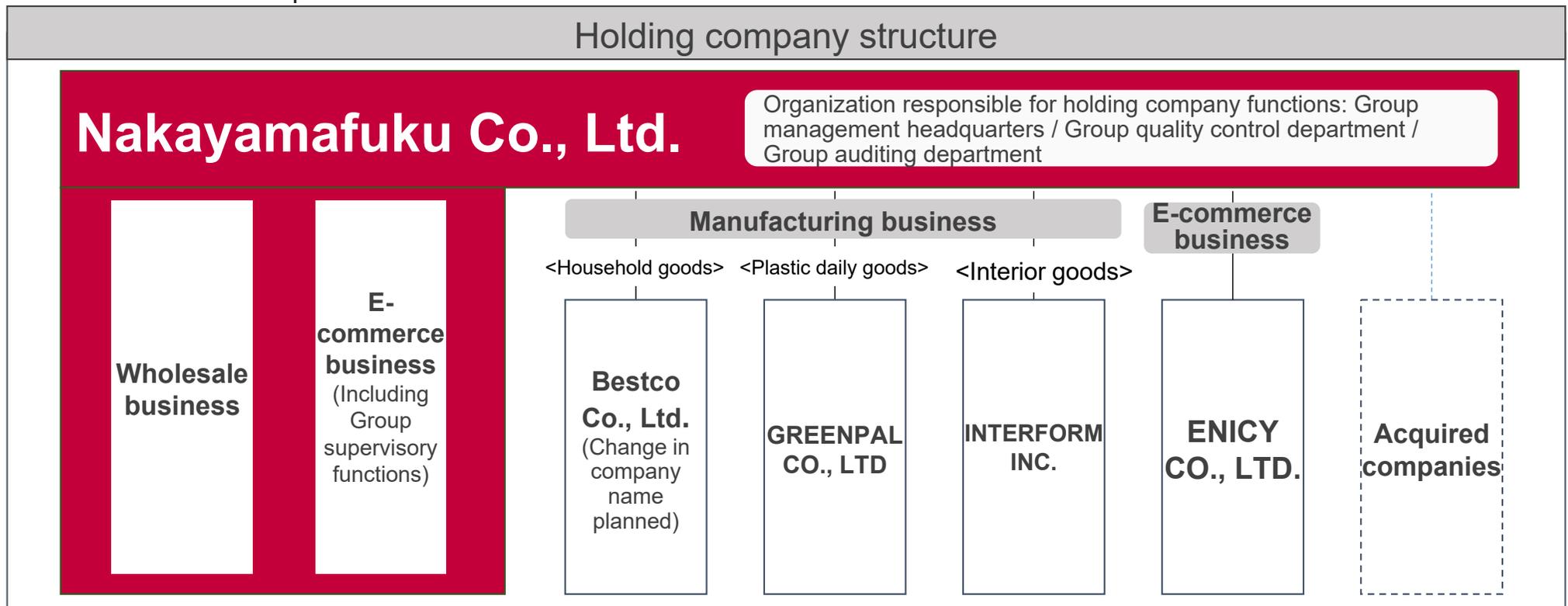
2. NFG2026 Medium-Term Priority Measures (5/5)

Strengthen management foundation

| Reflecting on current Medium-term Management Plan | Medium-Term Basic Policy and Medium-Term Priority Measures | |
|---|--|---|
| | Medium-Term Policy | Medium-Term Priority Measures |
| <ul style="list-style-type: none"> ● Strengthen governance <ul style="list-style-type: none"> • Established Sustainability Promotion Committee (met five times to discuss risk management, environmental initiatives, etc.) • Implemented training to improve compliance literacy among employees • Implemented training to improve compliance literacy among employees ● Foster human capital <ul style="list-style-type: none"> • Expanded the training system • Implemented/strengthened measures for managing the health of employees • Nurtured female managers • Employed diverse human resources ● Social contribution and collaboration <ul style="list-style-type: none"> • Bolstered World Food Programme initiatives • Continued support of women/young researchers • Endorsed/participated in greening activities and CO₂ reduction efforts | <p>Strengthening the management foundation in preparation for future leap forward</p> | <ul style="list-style-type: none"> ● Strengthen governance <ul style="list-style-type: none"> • Reconsider and improve operational audit policy and methods used by Group audit department. Enhance monitoring for Group as a whole • Identify and clarify risks by business, promote risk management at every management meeting • Enhance effectiveness of each Directors meeting and build the optimal organizational structure ● Foster human capital <ul style="list-style-type: none"> • Improve employee skills through interchanges of human resources within the Group. Invest in training in each business • Expand training based on surveys of employee engagement and reinforce measures for employee health management ● Social contribution and collaboration <ul style="list-style-type: none"> • Promote ongoing support for social contribution activities • Investigate cooperative measures with Group companies, and promote continuous implementation |

3. Enhance Group Governance Through a Holding Company Structure (1/4)

- We will promote Group management through a holding company structure with the aim of achieving lasting increases in corporate value as a Group
 - ①“People”: In addition to enhancing the human capital of each company, we plan exchanges of personnel in the Group as a whole
 - ②“Things”: Each Group company will share know-how with the Group
Functions common to all companies will be enhanced and made more efficient by centralized management at the Group level
 - ③“Money”: We will implement strategic cash allocation (including M&A for future growth) in order to increase corporate value for the Group as a whole



- To enhance Group governance, the group management headquarters and other organizations are scheduled to be reconfigured within holding company Nakayamafuku Co., Ltd. on June 25, 2024.
- * Bestco Corporation changed its Articles of Incorporation to make it a planning & development and manufacturing & sales company in April 2024, and is scheduled to be assigned a new name in July 2024.

3. Enhance Group Governance Through a Holding Company Structure (2/4)

① “People”: Further enhancements to the human capital that supports the Group

<Basic approach>

It is people who support the growth of the Group over the medium to long term, and we will proactively roll out measures to enhance human capital.

(1) Deployment of Nakayamafuku’s training system to other companies of the Group

- In addition to planning and implementing training programs for each company, Nakayamafuku Co., Ltd.’s training programs and other initiatives will be rolled out to the Group as a whole as training programs for other companies.

(2) Systematic implementation of personnel exchanges within the Group

- We are planning systematic personnel exchanges with the following aims
 - ✓ Encouraging the sharing of know-how between all companies
 - ✓ Assigning personnel so as to put the right person in the right place
 - ✓ Developing the next generation of human resources

Training track record for Group companies (excerpts from FYE March 31, 2024)

| | New employees | Young | Others | Others |
|-----------------|--|---|---|--|
| Training record | <ul style="list-style-type: none"> ● New employee training ● Follow-up training (two sessions, in November and February) | <ul style="list-style-type: none"> ● Training to improve communication ● Sales training ● Third-year career training | <ul style="list-style-type: none"> ● Training to improve engagement ● OJT for trainers ● Coaching training | <ul style="list-style-type: none"> ● Compliance training ● Harassment prevention training ● Leadership training |

3. Enhance Group Governance Through a Holding Company Structure (3/4)

② “Things”: Maximizing Utilization of Group Management Resources

<Basic approach>

(1) Sharing the strengths possessed by the Group

~ We will make greater use of the strengths of each company shown in the table below to expand the business as a Group

(2) By centralizing at the Group level the management of functions common to all companies, we will promote enhancements and efficiency improvements

- ~ Step 1: Management enhancements/efficiency improvements
[Targeted areas] Accounting and finance, personnel and general affairs, IT, internal audit, quality management, logistics management, etc.
- ~ Step 2: Business enhancements/efficiency improvements
[Targeted areas] Manufacturing (planning, development), e-commerce business know-how, etc.

Strengths of individual companies to leverage going forward

| | Nakayamafuku Co., Ltd. | Bestco Co., Ltd. (Change in company name planned) | GREENPAL CO., LTD. | INTERFORM INC. | ENICY CO., LTD. |
|-----------|--|--|--|--|--|
| Strengths | <ul style="list-style-type: none"> ● 100 years of history ● Approximately 60,000 home-use products ● Approximately 340 customer companies ● Approximately 360 suppliers ● 9 logistics facilities nationwide | <ul style="list-style-type: none"> ● Manufacturing, planning & development capabilities ● Brand development [In future] ● Ability to outsource overseas | <ul style="list-style-type: none"> ● “Made in Japan” production & supply capabilities ● In-house manufacturing technology capabilities | <ul style="list-style-type: none"> ● Design capabilities ● Practical experience in targeted marketing ● Ability to outsource overseas | <ul style="list-style-type: none"> ● E-commerce business operational know-how |

③ “Money”: Strategic Cash Allocation

<Basic approach>

By generating operating cash flow, the Group will maintain a balance between investing for growth and returns to shareholders that is appropriate for achieving long-term increases in corporate value.

By implementing centralized management at the Group level of all the funds of the entire Group, we will facilitate the strategic and flexible use of funds.

● Growth investment

- ✓ Investments aimed at business growth or improvements in business efficiency
- ✓ Investments in M&A aimed at increasing corporate value over the medium to long term

● Shareholder returns

- ✓ Following a basic policy of a stable and continuous dividend, we will implement optimal shareholder returns based on a dividend payout ratio target of 35% or higher
- ✓ We will also make judgments on the acquisition of treasury shares based on a comprehensive range of factors

4. NFG 2026 Medium-Term Numerical Targets

Consolidated Performance Targets

(Million yen)

| | NF10 Phase 3 | | New Medium-Term Management Plan NFG2026 | | |
|--|-----------------------------|------------------------------|---|------------------------------|-----------------------------|
| | First year FYE Mar. 2023 | Second year FYE Mar. 2024 | First year FYE Mar. 2025 | Second year FYE Mar. 2026 | Third year FYE Mar. 2027 |
| Net sales | 39,887 | 38,593 | 38,780 | 40,300 | 42,000 |
| Ordinary profit | 482 | (131) | 840 | 870 | 920 |
| Ratio of ordinary income to net sales | 1.20% | - | 2.16% | 2.16% | 2.19% |
| Profit | 600 | 14 | 540 | 570 | 600 |

Net Sales Target by Business

* The following table shows sales by business as a breakdown of consolidated net sales. (Million yen)

| | NF10 Phase 3 | | New Medium-Term Management Plan NFG2026 | | |
|------------------------|-----------------------------|------------------------------|---|------------------------------|-----------------------------|
| | First year FYE Mar. 2023 | Second year FYE Mar. 2024 | First year FYE Mar. 2025 | Second year FYE Mar. 2026 | Third year FYE Mar. 2027 |
| Wholesale business | 34,309 | 32,904 | 32,680 | 33,300 | 34,000 |
| Manufacturing business | 3,005 | 2,953 | 3,100 | 3,750 | 4,400 |
| E-commerce business | 2,574 | 2,737 | 3,000 | 3,250 | 3,600 |

Precaution on future outlooks

Forecasts of business results contained herein are based on economic conditions, market trends, and plans foreseen at the time of writing. We cannot guarantee the accuracy of this material or whether planned figures and/or policies will be achieved in future. Actual business results may vary due to a wide range of factors going forward.