



EXPLANATORY MATERIAL ON FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED FEBRUARY 20, 2024

ASAHI CO., LTD.
TSE Prime Market (Securities code: 3333)

April 2024

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- 4 (Reference)**
 - Medium-Term Management Plan “VISION 2025”**
 - Materiality**



1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

2 Plan for the Fiscal Year Ending Feb. 20, 2025

3 Management That is Conscious of Cost of Capital and Stock Price

4 (Reference)

- Medium-Term Management Plan “VISION 2025”
- Materiality

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

External Environment and Our Initiatives

Macro environment: Consumers became budget-conscious, and demand for durable consumer goods declined

Bicycle business: Import volume of finished bicycles* dropped by more than 10%

Initiatives utilizing our strengths and advantages

- (1) Price revision in the previous fiscal year (up 10-20% for Asahi brand products)
- (2) Strengthened e-commerce, captured demand for repair services

* (Reference) statistical data from the Japan Bicycle Promotion Institute

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Year-on-Year Financial Results

(Millions of yen, %)

	FY ended Feb. 20, 2023 Results		FY ended Feb. 20, 2024 Results			
	Amount	Share	Amount	Share	Y/Y change	Major factors
Net sales	74,712	100.0	78,076	100.0	104.5	<ul style="list-style-type: none"> • Increased unit prices due to the price revisions in August in the previous fiscal year • Strengthening e-commerce, repair service, and measures to boost sales
Gross profit	36,195	48.4	37,305	47.8	103.1	Increased purchasing costs
Operating profit	5,127	6.9	4,912	6.3	95.8	SG&A expenses increased due to the expansion of business
Ordinary profit	5,316	7.1	5,192	6.7	97.7	
Profit	3,366	4.5	3,113	4.0	92.5	

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Deviation from Forecast

(Millions of yen, %)

	FY ended Feb. 20, 2024 (Forecast)		FY ended Feb. 20, 2024 (Results)				
	Amount	Share	Amount	Share	Ratio to plan	Points	
Net sales	80,000	100.0	78,076	100.0	97.6	(1,923)	<ul style="list-style-type: none"> • Decline in demand for durable consumer goods • Shrinking bicycle market

	Assumptions underlying the forecast	Results for FY ended Feb. 20, 2024
Distribution volume in the bicycle business	Flat	<u>Number of bicycles decreased by more than 10% Y/Y</u>
Sales per customer x number of customers (Y/Y)	Sales per customer 107% x number of customers 100%	<u>Sales per customer 102.7%</u> x number of customers 102.0%

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Net Sales by Division (Comparison with the Previous Fiscal Year)

(Millions of yen, %)

		FY ended Feb. 20, 2023 Results		FY ended Feb. 20, 2024 Results			
		Results	Retail share*1	Results	Retail share*1	Y/Y change	Factors
Retail (subtotal)	Stores	64,352	88.6	65,566	86.4	101.9	<ul style="list-style-type: none"> • Stores: Sales for helmets and repair orders increased • E-commerce: Adjusting prices of hot-selling products and sophisticating inventory management • Net sales at existing stores: 102.5% (sales per customer 102.3% x number of customers 100.2%)
	E-commerce	8,300	11.4	10,321	13.6	124.3	
		72,652	100.0	75,887	100.0	104.5	
Other*2		2,059	-	2,188	-	106.3	
Total		74,712	-	78,076	-	104.5	
Market share*3		22%	-	24%	-	-	Import volume of finished bicycles decreased by more than 10% Y/Y

*1 We use the retail share as the ratio of stores and e-commerce in retail.

*2 Other net sales include royalty income, product sales to franchise stores and wholesale customers, out-of-store sales, etc.

*3 Market share = Number of bicycles sold by the Company / Number of bicycles sold for the domestic market that we uniquely estimated based on Trade Statistics of Japan by the Ministry of Finance and Current Survey of Production by the Ministry of Economy, Trade and Industry.

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Net Sales by Item (Comparison with the Previous Fiscal Year)

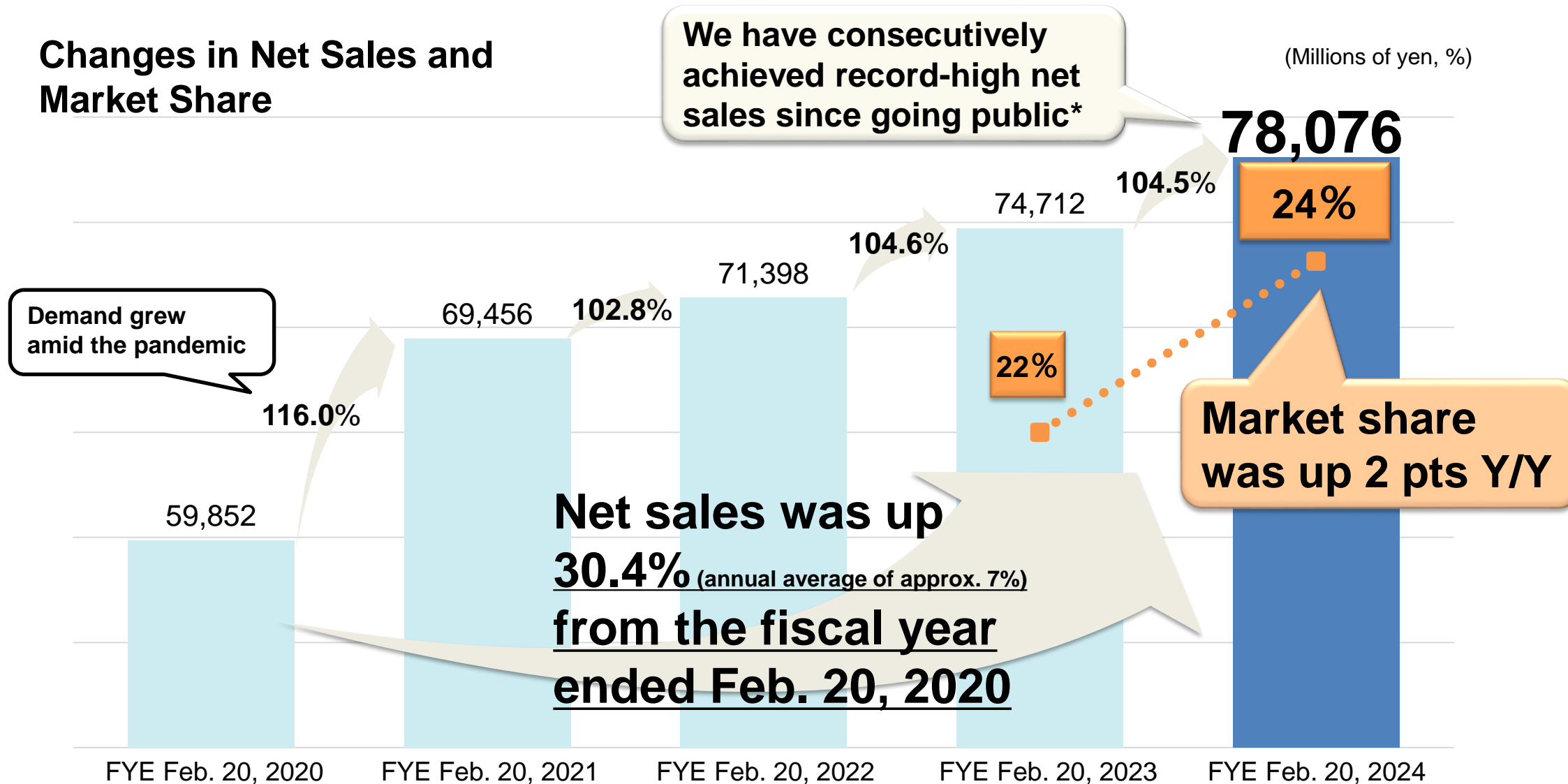
(Millions of yen, %)

	FY ended Feb. 20, 2023 Results		FY ended Feb. 20, 2024 Results			
	Amount	Share	Amount	Share	Y/Y change	Factors
Ordinary bicycles	13,010	17.4	13,117	16.8	100.8	
Sports bicycles	9,355	12.5	9,580	12.3	102.4	Strong sales of Asahi brand
Children's bicycles	8,146	10.9	8,320	10.7	102.1	
Electric assist bicycles	20,406	27.3	21,148	27.1	103.6	Strong sales of Asahi brand's ENERSYS
Other bicycles	2,831	3.8	2,611	3.3	92.2	
Parts/Other	20,961	28.1	23,298	29.8	111.1	Increase in sales for helmets and repair orders
Total	74,712	100.0	78,076	100.0	104.5	
Asahi brand net sales	32,996	44.2	36,947	47.3	112.0	Highly competitive product lineup offered to meet customers' needs as consumers become more budget-conscious

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Changes in Net Sales and Market Share

(Millions of yen, %)

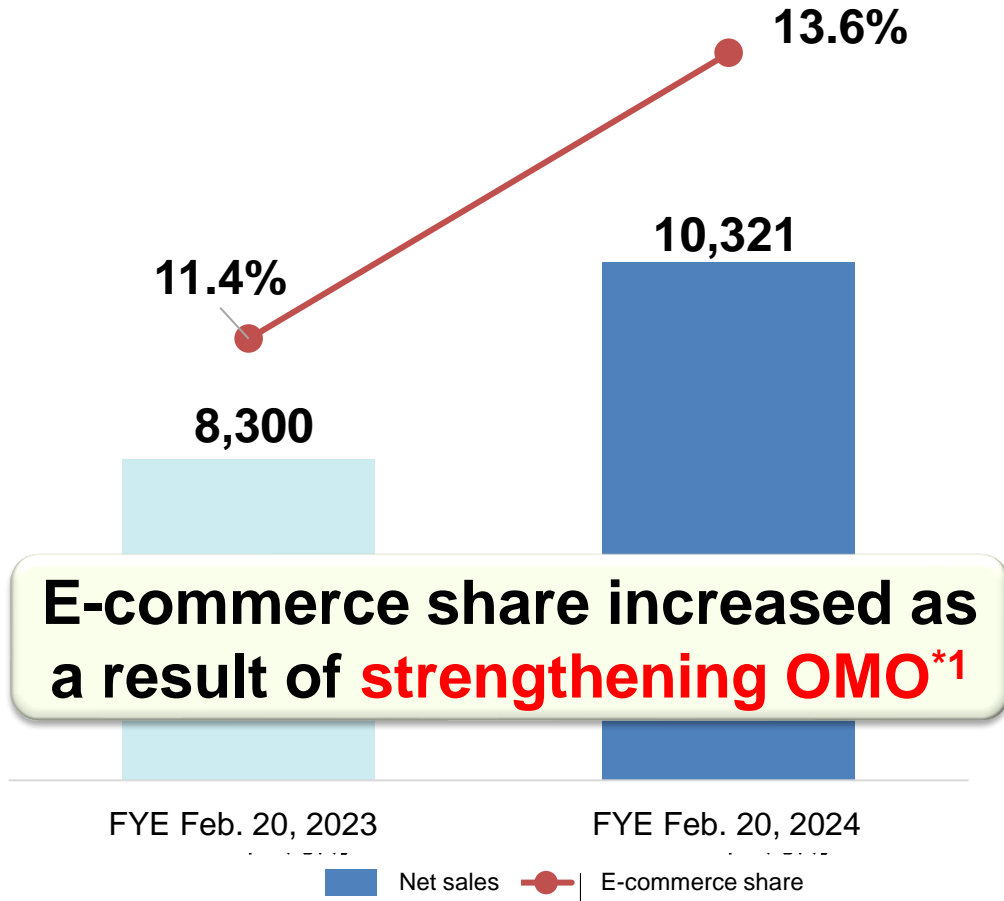


* Listed on the Jasdaq Securities Exchange in December 2004

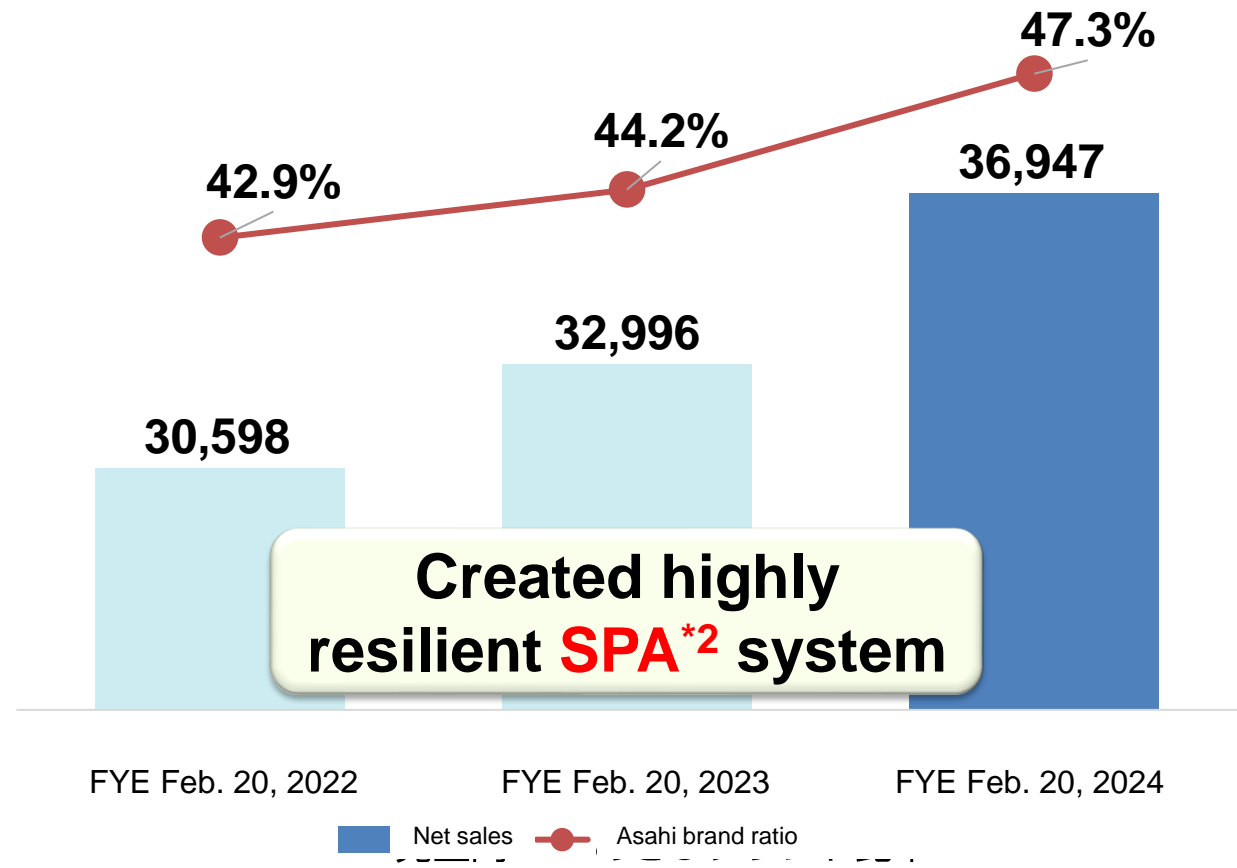
1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Results from Strengthening Growth Foundations

[E-commerce Net Sales and E-commerce Share]



[Asahi Brand Net Sales and Share] (Millions of yen, %)



*1 OMO is the abbreviation for Online Merges with Offline. OMO is an approach that merges e-commerce and stores to offer customer experience value, enabling customers to obtain information, shop, and use such channels.

*2 A specialty store retailer of private label products, or SPA, is a vertically integrated supply chain model borrowed from the apparel industry that encompasses all stages from manufacturing to product planning, logistics, and retail.

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

SG&A Expenses and Capital Investment (Comparison with the Previous Fiscal Year)

(Millions of yen, %)

		FY ended Feb. 20, 2023 Results		FY ended Feb. 20, 2024 Results			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		31,068	41.6	32,393	41.5	104.3	Personnel expenses ratio and logistics expenses ratio declined
Breakdown	Personnel expenses	15,181	20.3	15,595	20.0	102.7	<ul style="list-style-type: none"> • Increased personnel to expand business • Effective use of external resources
	Advertising expenses	650	0.9	715	0.9	110.0	Web advertisements, e-commerce transaction charges
	Logistics expenses*	1,884	2.5	1,761	2.3	93.4	Reduced storage fees
	Depreciation	1,472	2.0	1,583	2.0	107.6	Investment in store openings and renovations
	Other	11,879	15.9	12,737	16.3	107.2	<ul style="list-style-type: none"> • Increase in the number of stores • Fees for cashless payment
Capital spending		2,511		3,219		128.2	<ul style="list-style-type: none"> • Investment in store openings and renovations • System introduction projects

*Transport + Storage

1 Financial Results for the Fiscal Year Ended Feb. 20, 2024

Stores

	As of Feb. 21, 2023	Number of stores opened	Number of stores closed	As of Feb. 20, 2024
Number of stores* ¹	519	15	1*²	533
Of which, urban stores	6	3	0	9

*1 Includes 18 franchise stores (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, 1 store in Hiroshima, and 2 stores in Kagoshima)


*2 Oizumi Interchange store (the lease contract expired)



Ryogoku Kamezawa store (Tokyo) opened on September 22, 2023 <urban store>



Yaguma store (Aichi) opened on November 9, 2023

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2 Plan for the Fiscal Year Ending Feb. 20, 2025

Market Conditions and Our Initiatives

Item	Fiscal year ending Feb. 20, 2025
Bicycle market environment	<ul style="list-style-type: none">• The number of bicycles imported is expected to decrease gradually• Repair and maintenance services are expected to be concentrated in specialty stores
Our responses	<ul style="list-style-type: none">• Strengthen links between OMO and CRM* ⇒ improve LTV• Enhance expertise ⇒ increase repair and maintenance services, and parts sales <p>Net sales Y/Y: 105% = <u>sales per customer 103%</u> x <u>number of customers 102%</u></p>

*CRM is the abbreviation for customer relationship management. We are strengthening our customer relations by providing information via the official Cycle Base Asahi smartphone application to make their bicycle life more convenient and comfortable.

2 Plan for the Fiscal Year Ending Feb. 20, 2025

Comparison with the Fiscal Year Ended Feb. 20, 2024

(Millions of yen, %)

	FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
	Amount	Share	Amount	Share	Y/Y change	Factors
Net sales	78,076	100.0	82,500	100.0	105.7	• Strengthen links between CRM and OMO
Gross profit	37,305	47.8	39,600	48.0	106.2	
Operating profit	4,912	6.3	5,500	6.7	112.0	• Improve human productivity • Enhance digital and IT platforms
Ordinary profit	5,192	6.7	5,800	7.0	111.7	
Profit	3,113	4.0	3,680	4.5	118.2	

2 Plan for the Fiscal Year Ending Feb. 20, 2025

Net Sales by Division

(Millions of yen, %)

		FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
		Amount	Retail share	Amount	Retail share	Y/Y change	Factors
	Stores	65,566	86.4	69,053	86.0	105.3	<ul style="list-style-type: none"> • Increase charges and parts sales • Open new stores and refresh existing stores • Strengthen links between CRM and OMO
	E-commerce	10,321	13.6	11,240	14.0	108.9	
Retail (subtotal)		75,887	100.0	80,293	100.0	105.8	
Other		2,188	-	2,206	-	100.8	
Total		78,076	-	82,500	-	105.7	
Market share		24%	-	25%	-	-	

2 Plan for the Fiscal Year Ending Feb. 20, 2025

Net Sales by Item

(Millions of yen, %)

	FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan		
	Amount	Share	Amount	Share	Y/Y change
Ordinary bicycles	13,117	16.8	13,887	16.8	105.9
Sports bicycles	9,580	12.3	10,244	12.4	106.9
Children's bicycles	8,320	10.7	8,289	10.0	99.6
Electric assist bicycles	21,148	27.1	22,645	27.4	107.1
Other bicycles	2,611	3.3	2,706	3.3	103.6
Parts/Other	23,298	29.8	24,727	30.0	106.1
Total	78,076	100.0	82,500	100.0	105.7

2 Plan for the Fiscal Year Ending Feb. 20, 2025

SG&A Expenses and Capital Investment

(Millions of yen, %)

		FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		32,393	41.5	34,100	41.3	105.3	
Breakdown	Personnel expenses	15,595	20.0	16,561	20.1	106.2	Increase wages, and increase personnel to expand business
	Advertising expenses	715	0.9	766	0.9	107.1	Continue to run more online advertisements
	Logistics expenses	1,761	2.3	1,901	2.3	108.0	Inventory transfer expenses related to the relocation of logistics bases
	Depreciation	1,583	2.0	1,686	2.0	106.4	Open new stores and renovate existing stores
	Other	12,737	16.3	13,185	16.0	103.5	Incur an increase in system-related maintenance costs
Capital spending		3,219		3,235		100.5	Growth foundations for stores and systems

2 Plan for the Fiscal Year Ending Feb. 20, 2025

Points of SG&A Expenses

- Personnel expenses: ¥16,561M (Up ¥966M or 106.2% year-on-year)
 - Enhance recruitment of new graduates (approx. 100) and mid-career hires
 - Increase wages
- Logistics expenses: ¥1,901M (Up ¥140M or 108.0% year-on-year)
 - Inventory transfer expenses related to the relocation of logistics bases

- 
- [Measures]
- Reduce inventories through proper inventory management
 - Relocate logistics bases
 - Improve delivery efficiency

2 Plan for the Fiscal Year Ending Feb. 20, 2025


Stores

	As of Feb. 21, 2024	Number of stores to open	As of Feb. 20, 2025
Number of stores*	533	15	548
Of which, urban stores	9	4	13

Relocation and large renovation

	FY ended Feb. 20, 2024 Results	FY ending Feb. 20, 2025 Plan
Number of target stores	16	18

* Includes 17 franchise stores (as of Feb. 20, 2025) (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 2 stores in Kagoshima)

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3 Management That is Conscious of Cost of Capital and Stock Price

Initiatives to Improve PBR

(1) Growth investments

- Investment in foundations that support future growth
(Strengthening stores, digital and IT platforms, logistics infrastructure, and refining the SPA business model)

(2) Profitability

- Efficient operation toward 8% operating profit margin

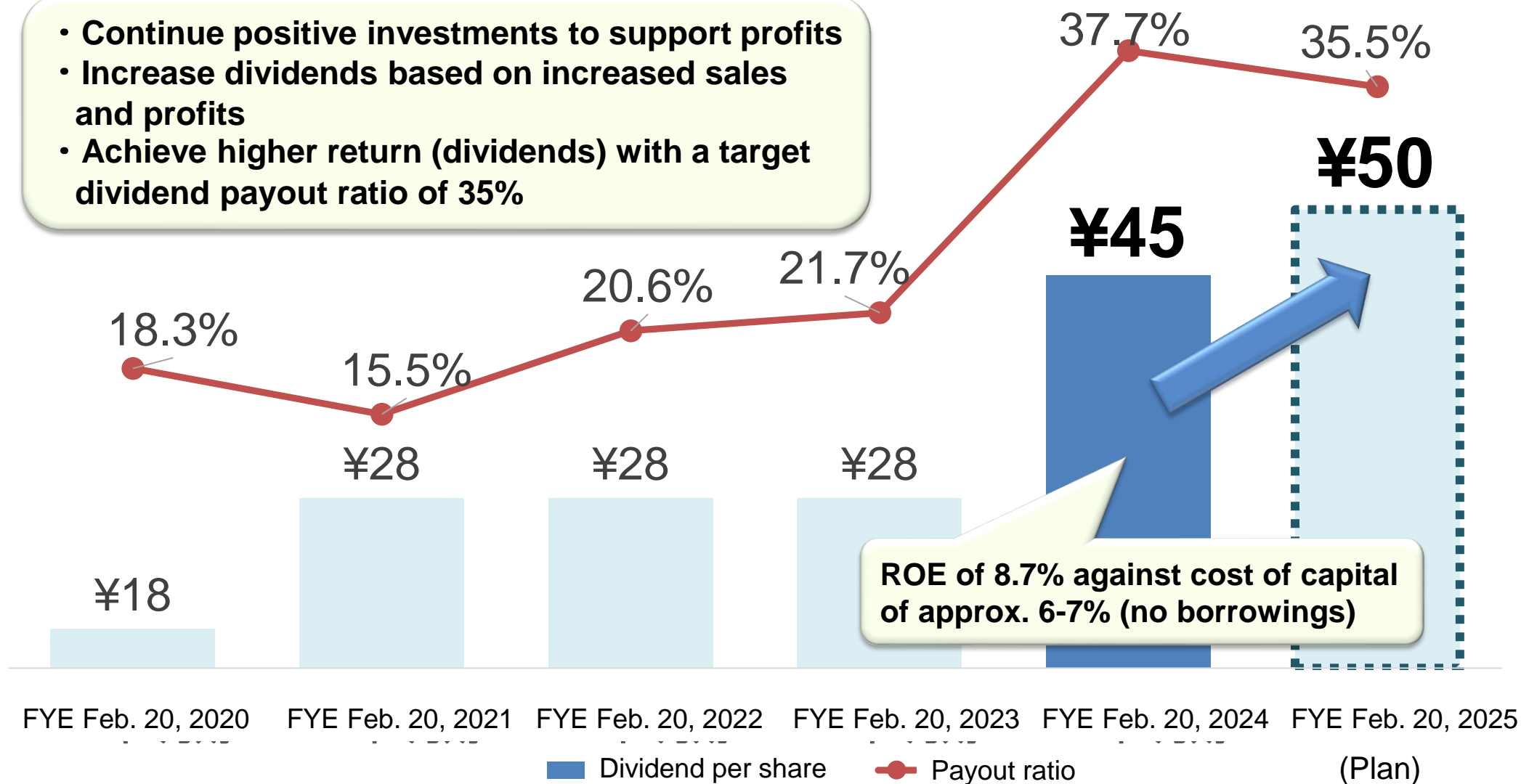
(3) Shareholder value

- Shareholder return with a target dividend payout ratio of 35%
- Increase dividends based on increased sales and profits

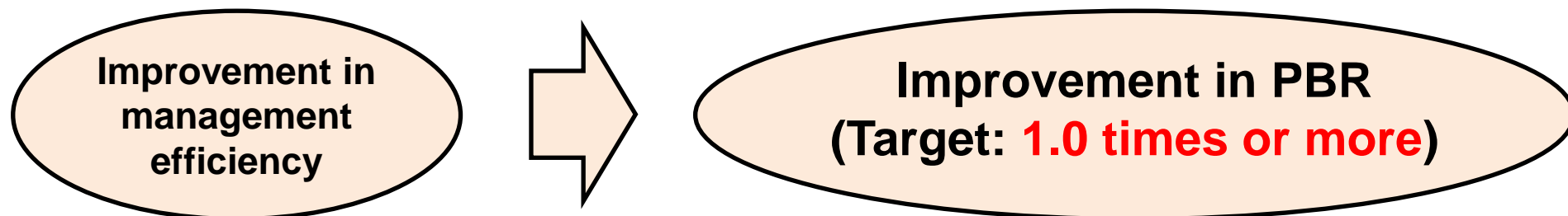
3 Management That is Conscious of Cost of Capital and Stock Price

Changes in Dividend per Share and Payout Ratio

- Continue positive investments to support profits
- Increase dividends based on increased sales and profits
- Achieve higher return (dividends) with a target dividend payout ratio of 35%




3 Management That is Conscious of Cost of Capital and Stock Price



[Reference] Changes in financial indicators

(Millions of yen, %, times, yen)

	FYE Feb. 20, 2020	FYE Feb. 20, 2021	FYE Feb. 20, 2022	FYE Feb. 20, 2023	FYE Feb. 20, 2024	FYE Feb. 20, 2025 [Plan, Target]
Net sales	59,852	69,456	71,398	74,712	78,056	82,500
Operating profit	4,006	6,863	5,221	5,127	4,912	5,500
Profit	2,559	4,717	3,541	3,366	3,113	3,680
ROE	9.4%	15.5%	10.4%	10.0%	8.7%	9.6%
Dividend per share	¥18	¥28	¥28	¥28	¥45	¥50
Total dividends	472	734	734	734	1,180	1,312
Payout ratio	18.3%	15.5%	20.6%	21.7%	37.7%	35.5%
PBR	1.2	1.2	1.0	1.0	0.9	1.0 or more

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4 (Reference) Medium-Term Management Plan “VISION 2025”

Environment

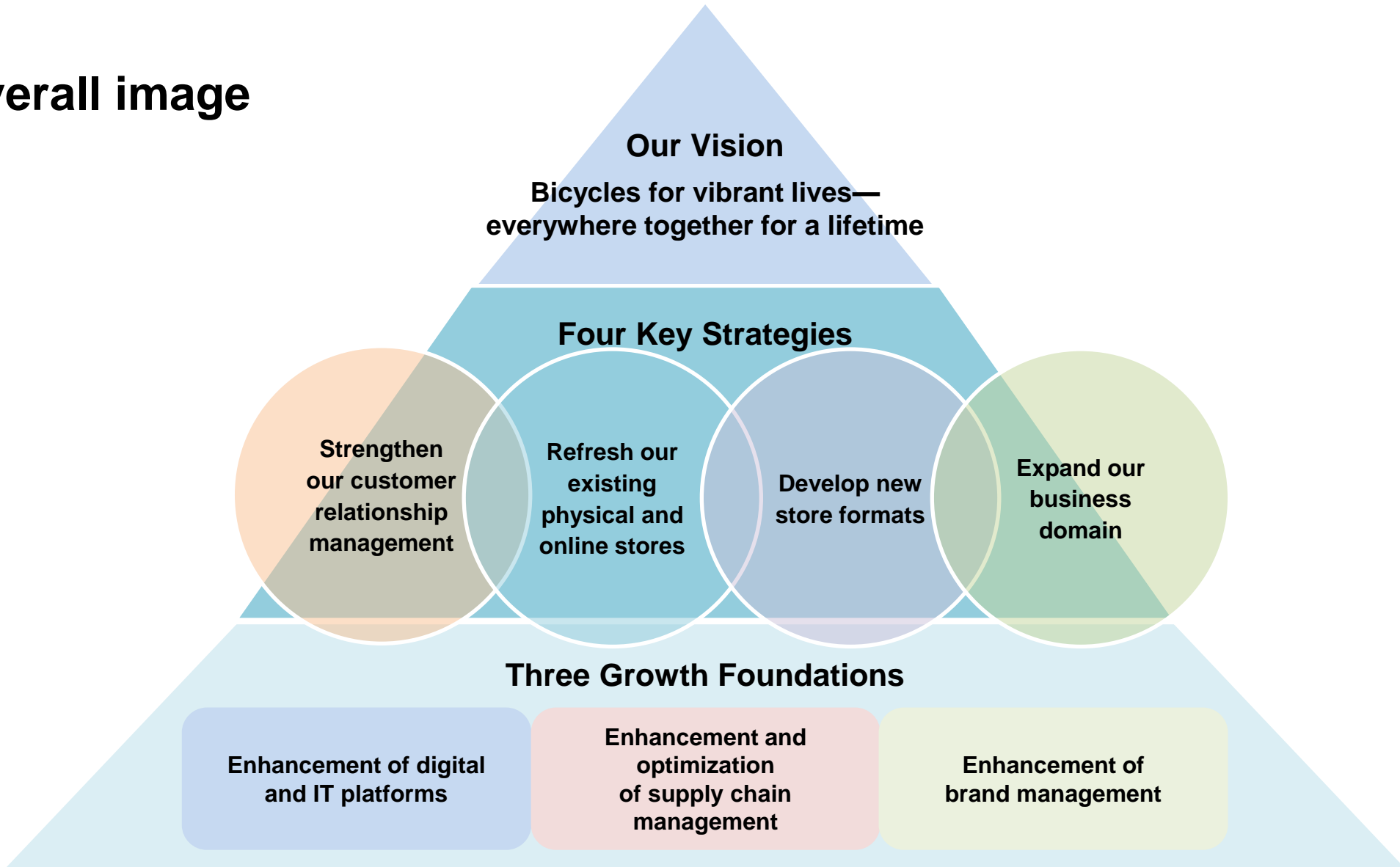
Item	Landscape during the fiscal year ended Feb. 20, 2024
Macro environment	Energy prices soared, prices in general including basic necessities of life rose, and consumers became budget-conscious.
Bicycle market environment	<ul style="list-style-type: none">• Purchasing costs rose due to the further depreciation of the yen and raw material price hikes.• Number of finished bicycles imported dropped by more than 10% year-on-year for two consecutive years.



Outlook for the fiscal year ending Feb. 20, 2026
<p>With falling birth rate and aging population,</p> <ul style="list-style-type: none">• Japan’s workforce will decline, and pressure to raise personnel expenses is increasing• Cycling population will decline
<ul style="list-style-type: none">• The number of new bicycles to be sold is expected to decrease gradually in the Japanese market.• Demand for repair and maintenance will increase with the shift to products with higher added value. <p>⇒ More expertise will be required at retail stores.</p> <ul style="list-style-type: none">• More people are making the switch from ordinary bicycles to electric assist bicycles.

4 (Reference) Medium-Term Management Plan “VISION 2025”

Overall image



4 (Reference) Medium-Term Management Plan “VISION 2025” “Three Growth Foundations” and “Four Key Strategies”

Our Vision
Bicycles for vibrant lives—
everywhere together for a lifetime

Enhance “Three Growth Foundations” and execute “Four Key Strategies”

Four Key Strategies

Strengthen
our customer
relationship
management

Refresh our
existing
physical and
online stores

Develop new
store formats

Expand our
business
domain

Three Growth Foundations

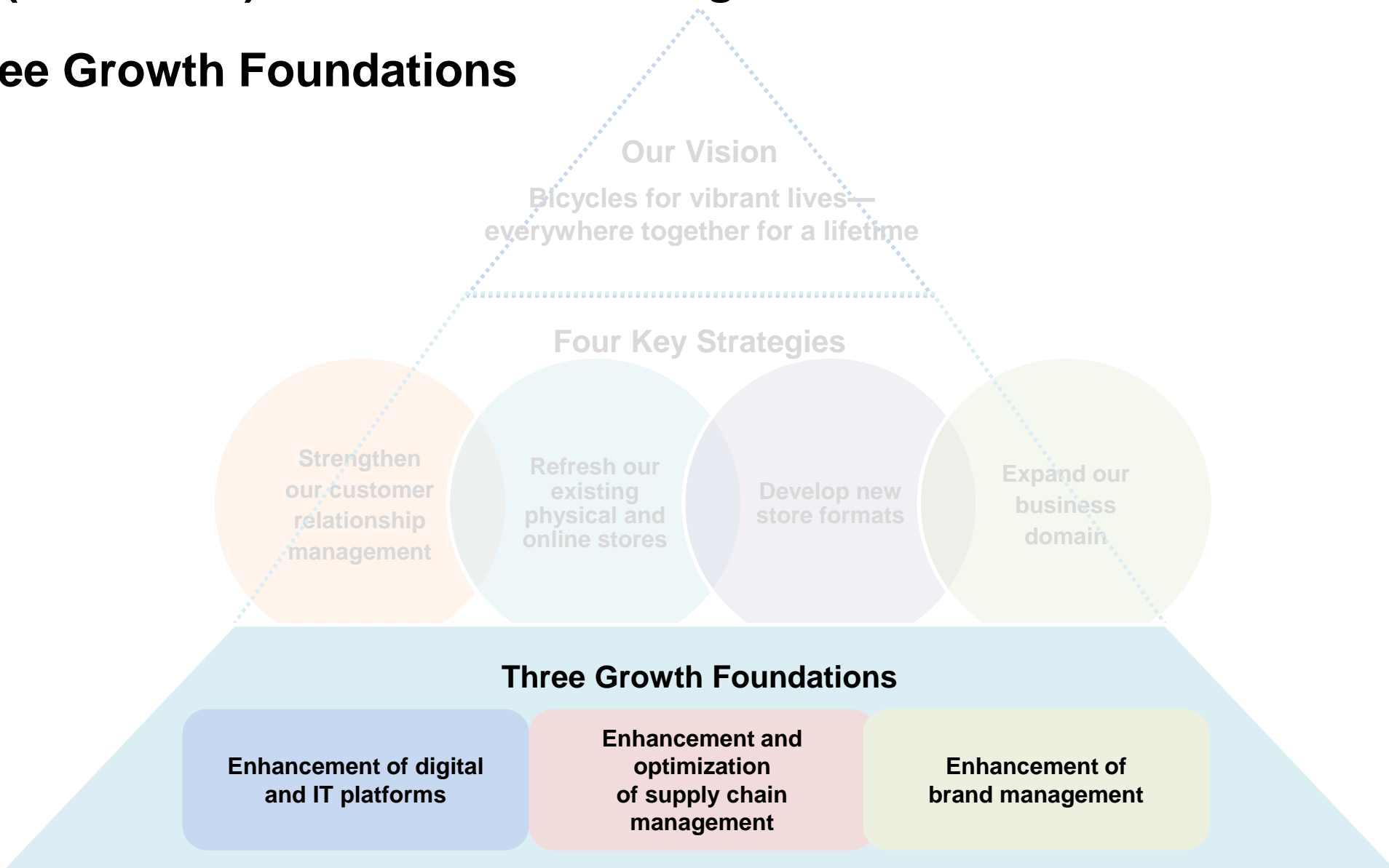
Enhancement of digital
and IT platforms

Enhancement and
optimization
of supply chain
management

Enhancement of
brand management

4 (Reference) Medium-Term Management Plan “VISION 2025”

Three Growth Foundations



4 (Reference) Medium-Term Management Plan “VISION 2025”

Enhancement of digital and IT platforms

- Reconstruct systems
- Promote Digital Transformation (DX) at stores and the e-commerce site
- Accelerate the review and enhancement of platforms for operational efficiency

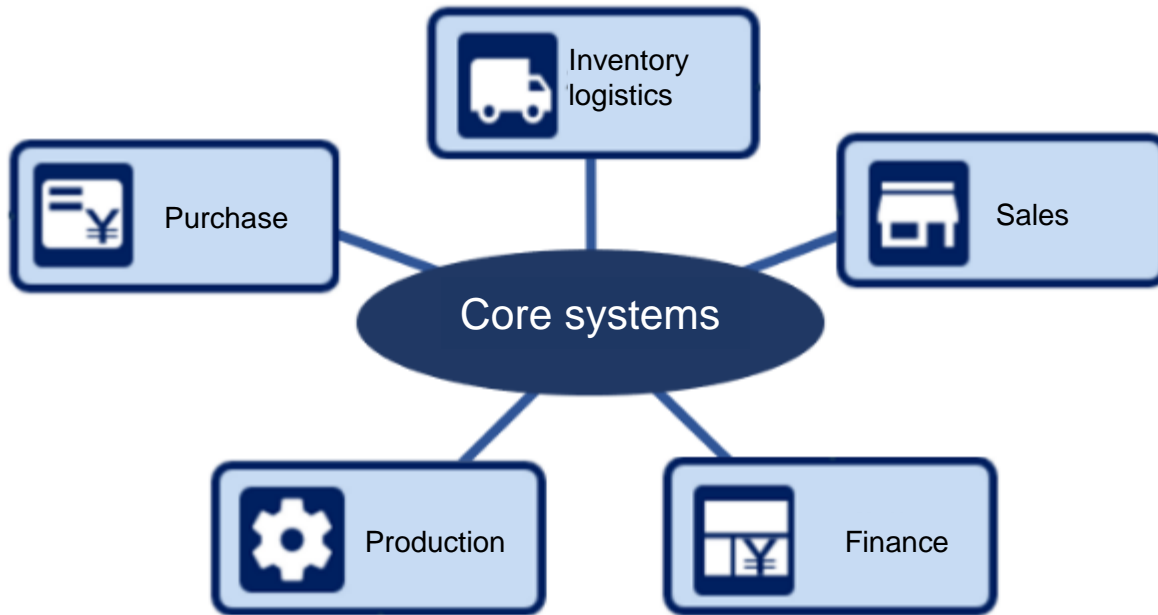
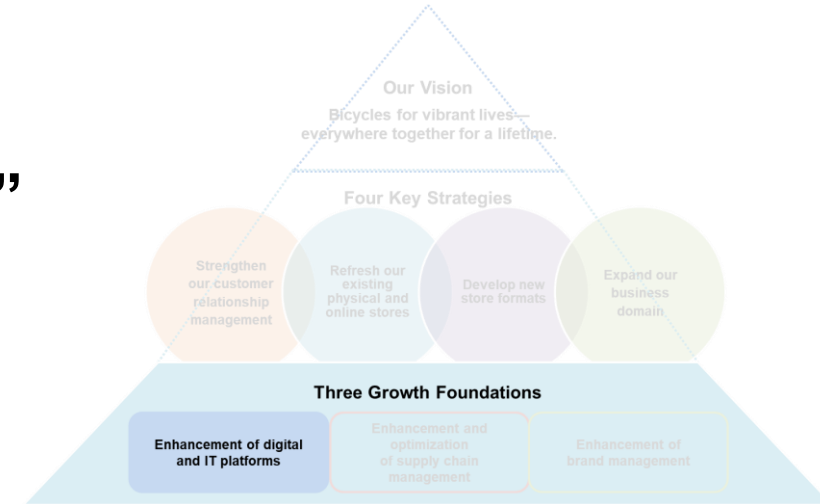


Image of core systems and peripheral systems

Effects of review	
Quality management system	<ul style="list-style-type: none"> ● Streamline the quality management process ● Improve traceability
Warehouse management system	<ul style="list-style-type: none"> ● Streamline the warehouse operations ● Manage warehouse inventory by coordinating with core systems
Mission-critical system	<ul style="list-style-type: none"> ● Streamline the business process related to business activities especially for sales management and inventory management
Data integration management system	<ul style="list-style-type: none"> ● Accumulate and analyze various data obtained from business activities in an integrated manner
Inventory management system	<ul style="list-style-type: none"> ● Calculate appropriate order quantity from sales results and inventory information and reduce the unnecessary long-term backlogs
Customer data management system	<ul style="list-style-type: none"> ● Realize the centralized management of customer data ● Improve searchability at the time of response to inquiries ● Extract analytical data required for creation of marketing, product, and new business strategies, etc.
Store system	<ul style="list-style-type: none"> ● Create time for interpersonal businesses by reducing management and procedure businesses ● Improve operational efficiency for ordering, receiving goods, and inventory, etc.

Systems subject to implementation and the effects

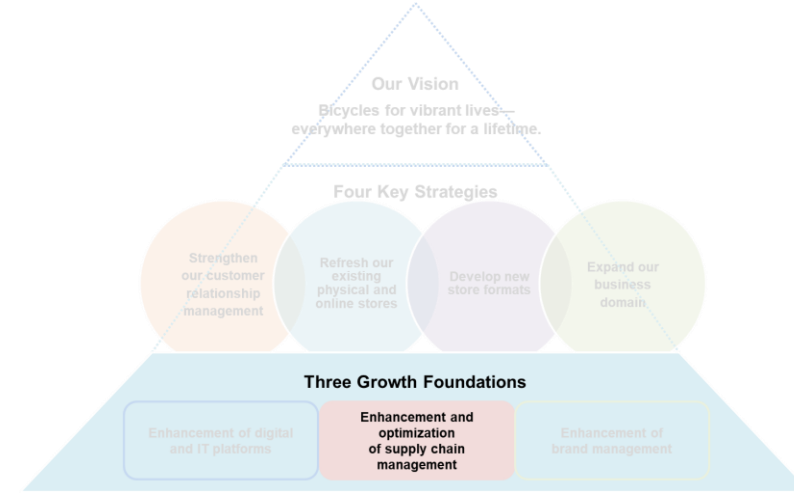
4 (Reference) Medium-Term Management Plan “VISION 2025”

Enhancement and optimization of supply chain management

- Strengthen the logistics cost management
- Central management and optimization of inventory
- Relocate the logistics bases
- Strengthen the delivery network



East Japan logistics center (Saitama)

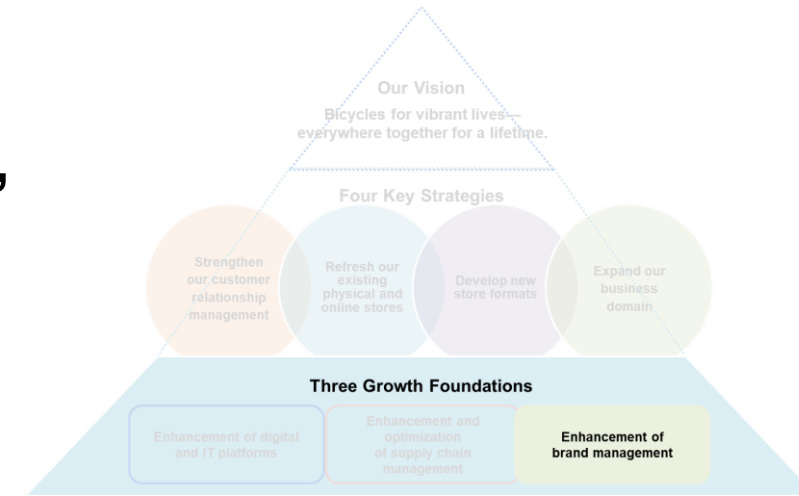


Strengthen the delivery network

4 (Reference) Medium-Term Management Plan “VISION 2025”

Enhancement of brand management

- Rebuild the Asahi brand portfolio
- Educate employees on brand awareness



Explore outdoors with bicycles

Close to wonderful experiences and memories that you can't help recording

Just like each person has a different way of thinking and a different lifestyle, you have your own way of enjoying your outdoor activities and using tools

Bicycles make your outdoor activities more fun, whether you are spending time with your friends or enjoying a free solo trip

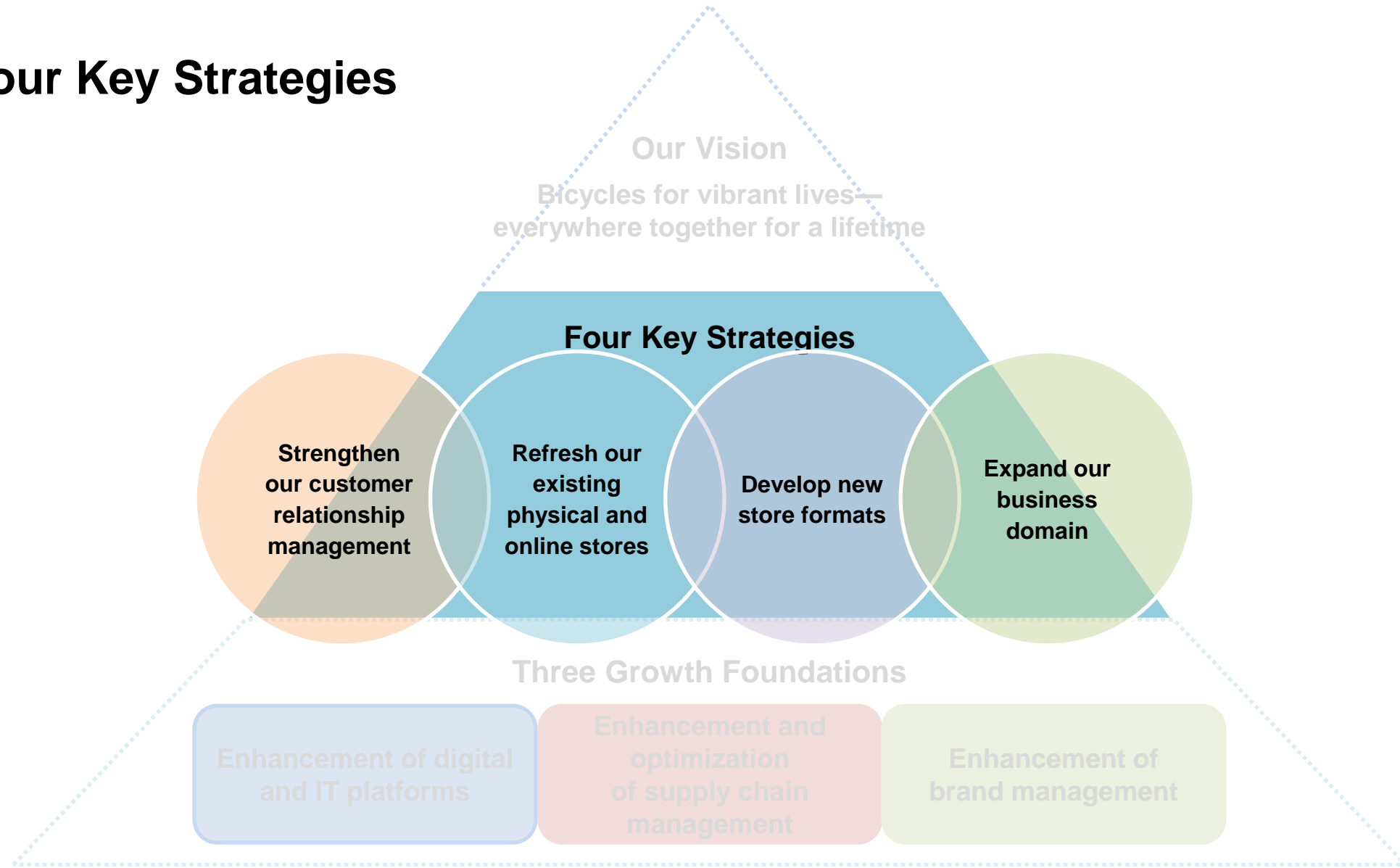
Expanding the LOG series, based on the concept of “making outdoor activities more fun and convenient”



Expand the product lineup of ASAHI's original electric assist bicycles

4 (Reference) Medium-Term Management Plan “VISION 2025”

Four Key Strategies



4 (Reference) Medium-Term Management Plan “VISION 2025”

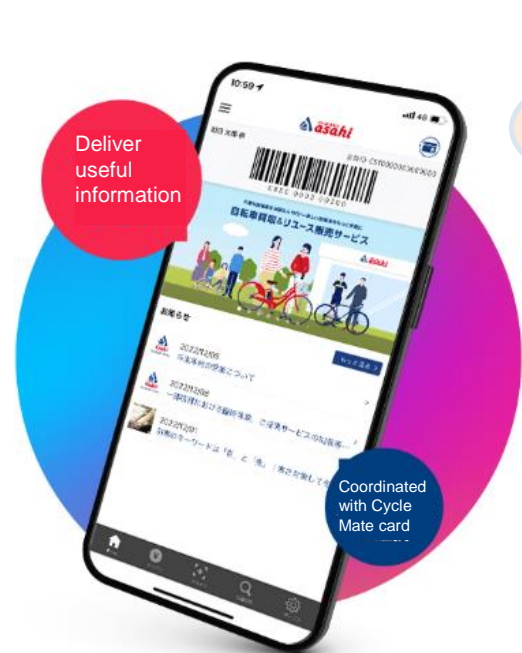


Strengthen our customer relationship management

- Enhance CRM platform by using digital IT platforms

Create customer journey* map to provide beneficial information at a more effective timing

* Process through which customers are interested in, purchase and use bicycles.



Strengthen links between CRM and OMO



Provide a seamless customer experience through stores, e-commerce site, and official app

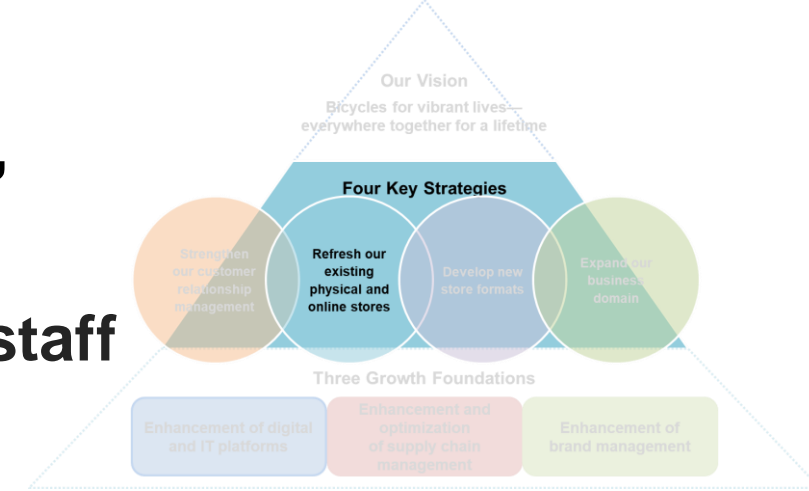


4 (Reference) Medium-Term Management Plan “VISION 2025”

Refresh our
existing
physical and
online stores

● Enhance the sales ability of sales staff

Consider “people” as the most important management resource and promote the competency development of the store sales staff



Fiscal year ended Feb. 20, 2024

- Number of staff certified as Meisters* : **730** (up 76 year-on-year)
- Encourage more staff to be certified as “Meisters,” an internal certification system
- Introduce a leadership position as a higher-level position for Meisters

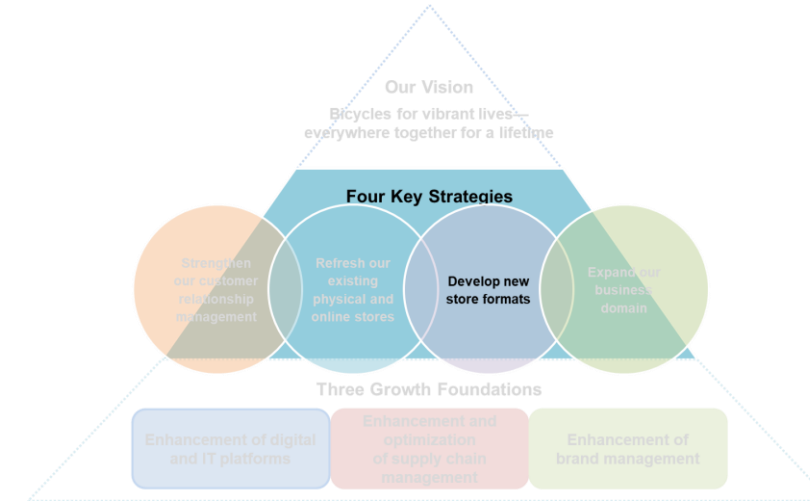


4 (Reference) Medium-Term Management Plan “VISION 2025”

Develop new store formats

- Open stores in urban areas

Accelerate opening stores in urban areas where demands for e-commerce are strong in order to enhance our online order for store pickup service



Takadanobaba store
(Toshima-ku, Tokyo)



Kiyosumi-shirakawa store
(Koto-ku, Tokyo)

Fiscal year ended Feb. 20, 2024

- Stores for e-commerce support and after sales service to be used as key bases in urban areas
- Increase urban stores
(Opened **three stores** as planned)

4 (Reference) Medium-Term Management Plan “VISION 2025”



● Reuse business

Shift from a focus on conventional store sales and start **e-commerce** on a full-scale

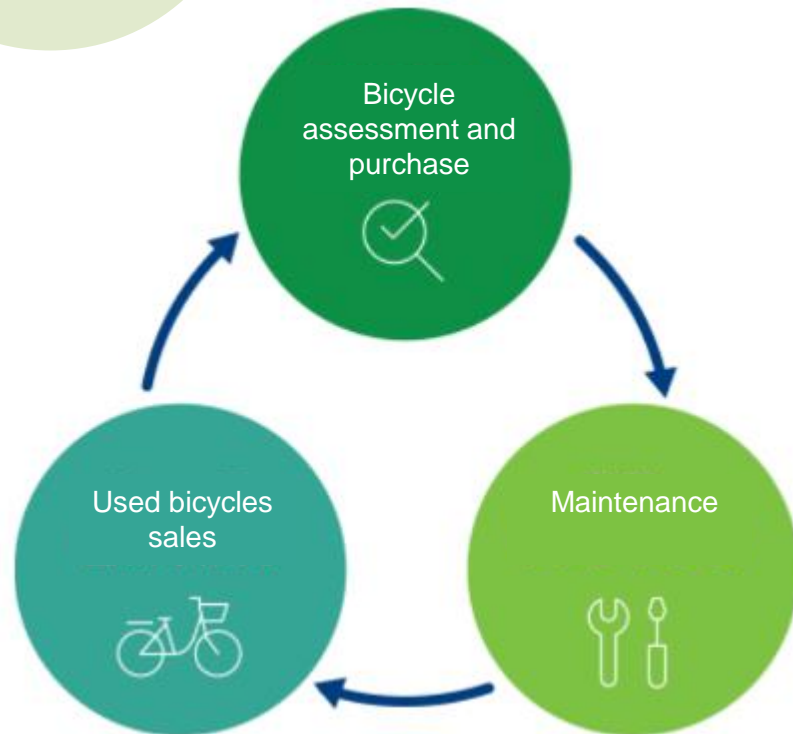
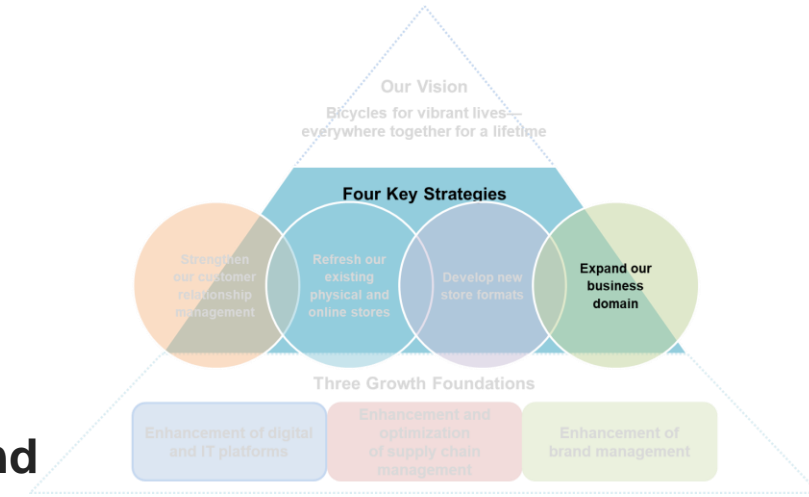


Image of our reuse business



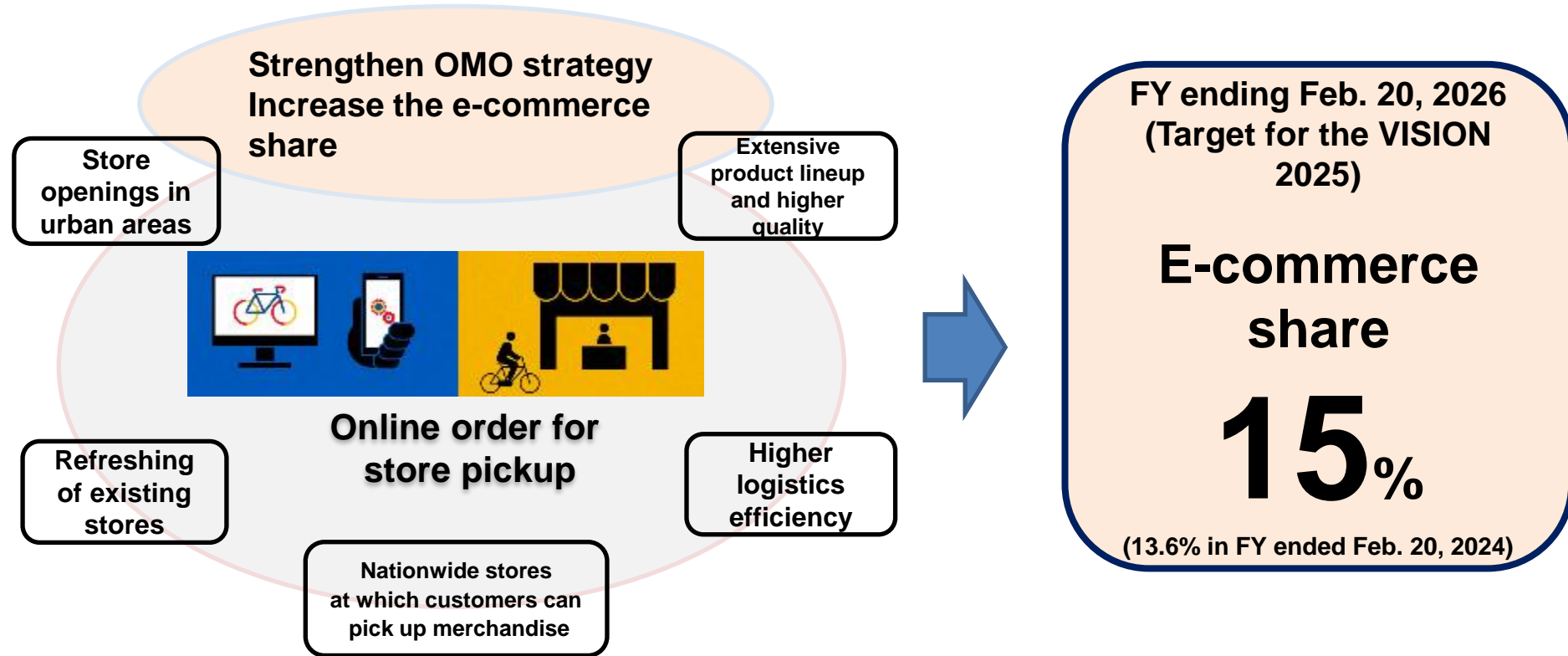
Fiscal year ended Feb. 20, 2024

- Focus on **e-commerce**
- Number of products posted on the e-commerce site **Approx. 29 times higher** than the previous fiscal year*
- Purchase being enhanced
Number of purchase stores: **423 stores**

*Comparison between the fiscal year ended Feb. 20, 2024 and average of each quarter for the fiscal year ended Feb. 20, 2023

4 (Reference) Medium-Term Management Plan “VISION 2025”

Strengthen and Expand OMO



Pursue our OMO strategy that enables the seamless distribution of goods and information between e-commerce and stores

4 (Reference) Medium-Term Management Plan “VISION 2025”

	FY ended Feb. 20, 2024 Results	FY ending Feb. 20, 2025 Plan	FY ending Feb. 20, 2026 (Targets for the VISION 2025)
Net sales	¥78,076M	¥82,500M	¥85,000M
Operating profit	¥4,912M (6.3%)	¥5,500M (6.7%)	¥6,800M (8.0%)
Number of stores	533	548	560
E-commerce share	13.6%	14.0%	15%
Market share	24%	25%	26%
Capital investment plan	¥3,219M	¥3,235M	¥3,000M - ¥4,000M

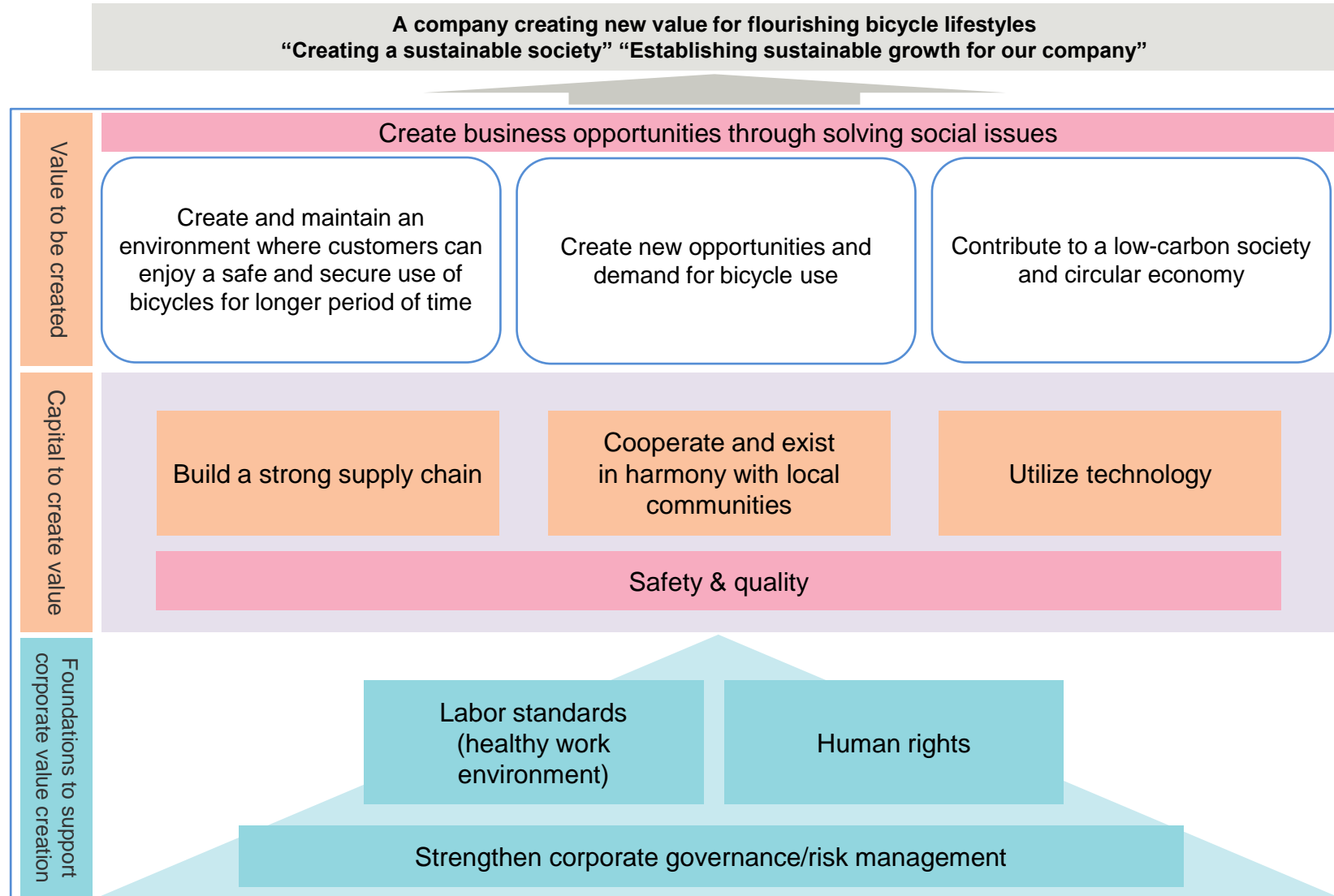
Primary uses of capital investment

- Invest in the growth foundations: implement DX, improve infrastructure systems, and invest in systems
- Invest to maintain and refurbish stores: refresh our existing stores by renovating and relocating them
- Invest to increase profits: open 15 stores annually centered in urban areas

4 (Reference) Materiality

























Value Creation Story Based on Materiality

- Materiality refers to the 10 themes that Asahi will focus on for the future that we want to realize. Each theme serves three functions of “value to be created,” “capital (strength) to create value,” and “foundations to support corporate value creation” through solving social issues, to contribute to the realization of the future.



4 (Reference) Materiality

Definition of Each Materiality Theme

Functional category	Materiality theme	Definition	SDGs to be contributed to by achieving the materiality
Value to be created	Create and maintain an environment where customers can enjoy a safe and secure use of bicycles for longer period of time	<ul style="list-style-type: none"> Support the bicycle business, an essential business, to contribute to boosting the bicycle business. With safety as our top priority, be a partner for every customer's bicycle lifestyle. 	  
	Create new opportunities and demand for bicycle use	<ul style="list-style-type: none"> Create new opportunities to use bicycles throughout their life cycle (new product, reuse, repair, and disposal). Make the bicycle lifestyles of various customers healthy and colorful. 	  
	Contribute to a low-carbon society and circular economy	<ul style="list-style-type: none"> Provide high quality after sales services so that customers can continue to enjoy a safe use of bicycles for a long time, thereby contributing to the achievement of a low-carbon society. Actively collect bicycles that are no longer needed and reuse them, thereby contributing to the effective use of resources. Contribute to the achievement of a low-carbon society by reducing GHG emissions in bicycle transportation and delivery. 	   
Capital to create value	Safety & quality	<ul style="list-style-type: none"> Position safety & quality as an absolute value, and work to ensure that customers can enjoy a safe and secure use of bicycles. 	
	Build a strong supply chain	<ul style="list-style-type: none"> Strengthen cooperation with business partners to build a supply chain that can realize stable procurement, manufacturing, sales, and services, in order to steadily deliver bicycles to customers. 	  
	Cooperate and exist in harmony with local communities	<ul style="list-style-type: none"> Promote partnerships with local bicycle sales stores, governments, and municipalities to support customers' safe and secure bicycle lifestyles for many years to come as an indispensable company for the local communities. 	  
	Utilize technology	<ul style="list-style-type: none"> Plan to utilize technology to develop plans that meets customers' needs, optimize transportation and delivery, strengthen the connection with customers after sales (CRM), and promote efficient operation of stores (personnel allocation), which is a basis of such activities. 	 
Foundations to support corporate value creation	Strengthen corporate governance/risk management	<ul style="list-style-type: none"> Based on highly viable governance, ensure highly sound and transparent management for all stakeholders. Strengthen risk management throughout the supply chain to build a sound corporate structure. 	   
	Labor standards (healthy work environment)	<ul style="list-style-type: none"> Develop a work environment that allows employees who support the core of our business to work safely, securely, and in good health. Promote human resource development that enhances "People Power." 	
	Human rights	<ul style="list-style-type: none"> Protect the rights of diverse human resources and create an environment of mutual respect. 	

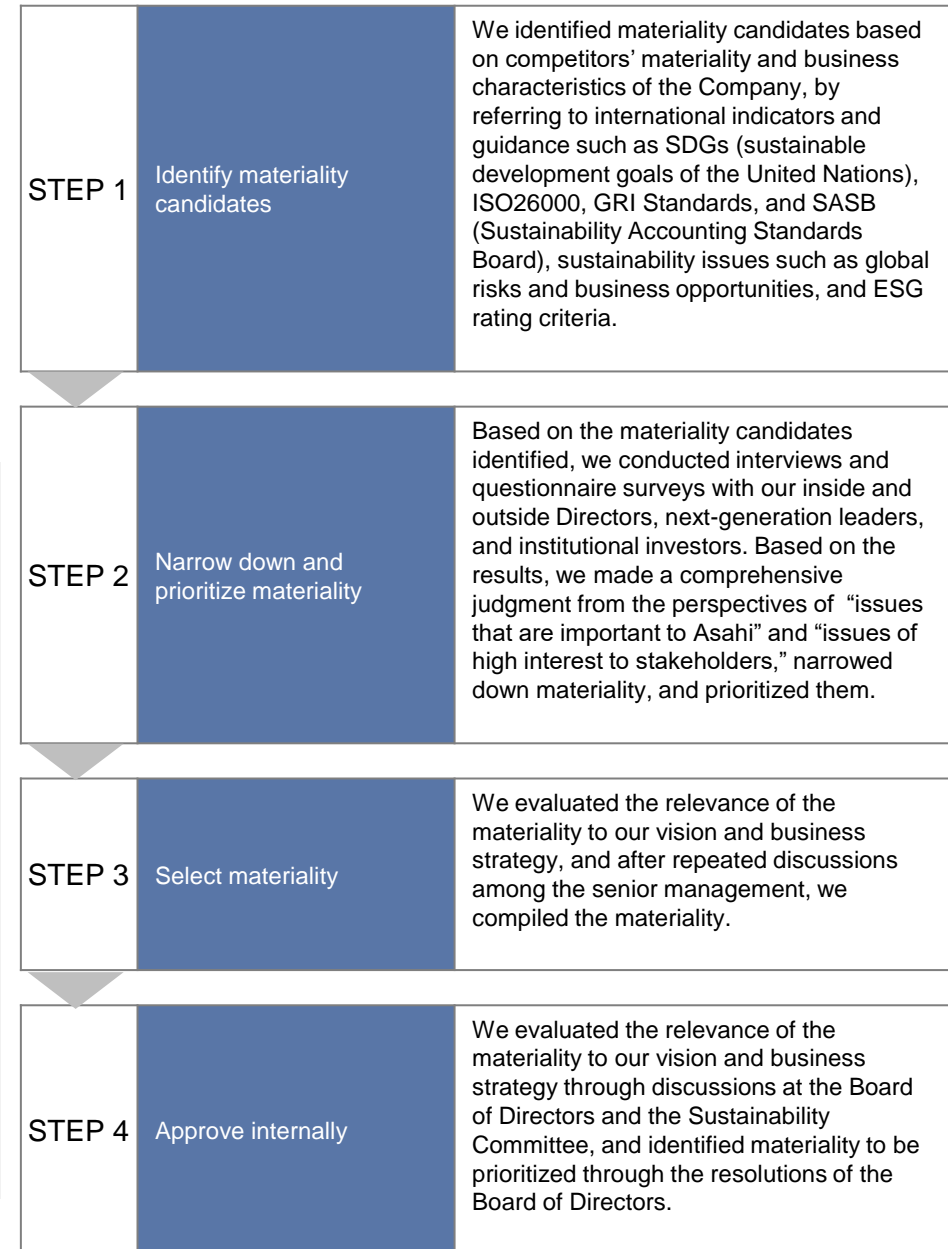
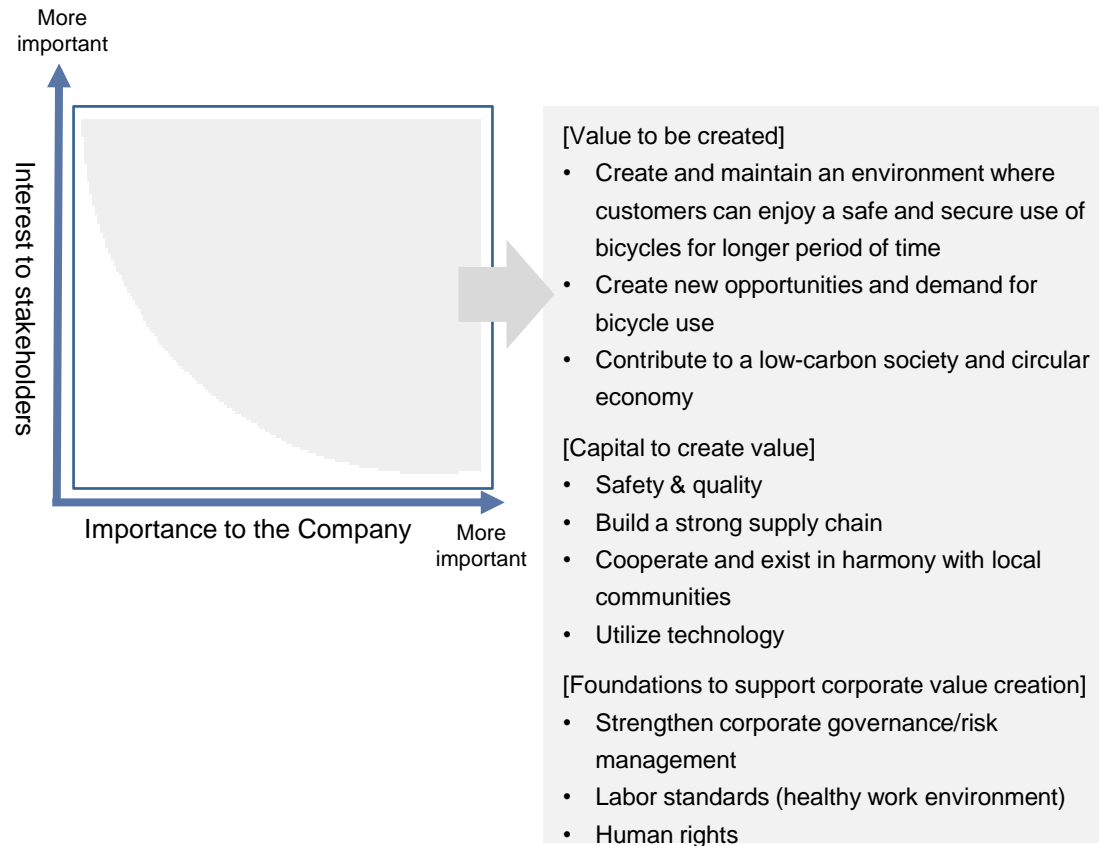
4 (Reference) Materiality

Materiality Identification Process

Identification of materiality (key issues)


- We have identified materiality (key issues), taking into account the business environment and challenges (including opportunities and risks) we face, the social and environmental issues we expect to face in the future, and our major stakeholders. The importance of materiality was evaluated based on the two assessment criteria of “issues that are important to Asahi” and “issues of high interest to stakeholders.”

Materiality (key issues) identification process





ASAHI's Mission



**Our mission is to contribute to
people's lives around the world
through bicycles.**

**As we pursue our mission,
we will share with stakeholders
the prosperity that
our business activities generate.**

Disclaimer

- **The financial results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are deemed reasonable, and do not constitute a promise that the Company will achieve them. Actual results may differ materially from these statements due to various factors.**
- **The reader should note that internal factors in the Company and external factors such as changes in the business environment surrounding the Company may have a direct or indirect impact on the Company's performance and that the forecasts contained in this document may change.**
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