



Your bicycle. Your life.

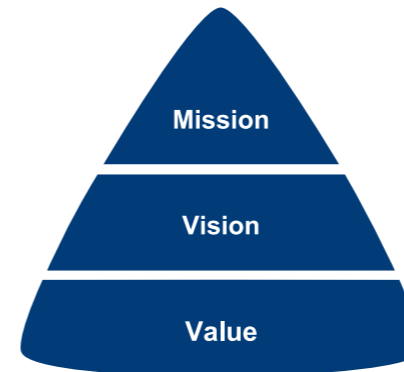
# ASAHI Report **2022**



# FUN TO RIDE BIKES



## Bicycles for vibrant lives— everywhere together for a lifetime



**Our 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.

**Our vision**

People use bicycles for all different purposes. Our vision is to be the most reliable partner in each person's bicycle lifestyle by always taking the customer's perspective and offering a comprehensive array of products and services for an enriching bicycle lifestyle throughout a lifetime.

**Our values**

We carry out our mission following our three core values of excitement, trust, and convenience.

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### Editorial Policy

We compile ASAHI Reports to give shareholders and other ASAHI stakeholders a better understanding of the company. This report provides information about the kind of value we provide to society through bicycles, our philosophy on that value, and our medium- to long-term growth strategies. It also details our ESG-related efforts, which are what support our value creation.

**Forward-looking statements**

This report contains forward-looking statements determined by management based on information available at the time of publication. Forward-looking statements are subject to risks and uncertainties, and do not assure future business performance. For details and quantitative data concerning financial information (Annual Securities Report and other publications), please visit the company's website.

**Reporting period**

Fiscal year ended February 20, 2022 (February 21, 2021, to February 20, 2022)  
However, in cases where it would be appropriate to disclose past circumstances or data, or recent case examples, the report also cover periods other than the fiscal year ended February 20, 2022.

# Rolling on, always and forever.

ASAHI's predecessor was founded shortly after the war as ASAHI Gangu Seisakusho, a manufacturer and wholesaler of children's toys. Since then, ASAHI has continued to grow while changing with the times.

Sales in 2022  
**¥ 71.398 billion**



**2013**  
 Opened ASAHI's first electric assist bicycle store

Acquired general sales agency rights in Japan for eight overseas companies with sports bicycle part brands

3T KENDA WELDTITE  
 moon quee  
 birzman TRIPEAK CERAMIC BEARING  
 Pillar

**2021**  
 Opened sports bicycle store "THE BASE"

**2017**  
 Acquired general sales agency rights in Japan for the Canadian brands LOUIS GARNEAU and GARNEAU

LOUIS GARNEAU GARNEAU

**2021**  
 Reached 500 stores in Japan

**2022**  
 Moved to the Prime Market of the Tokyo Stock Exchange

**2015**  
 Commenced work on a store to strengthen the sports bicycles segment

**2010**  
 Established subsidiary in China and opened the first store there

Sales in 2000  
**¥ 4.336 billion**

**1975**  
 Changed to specialty bicycle store business

**1997**  
 Launched e-commerce business

**2004**  
 Listed on the JASDAQ

**2007**  
 Listed on the First Section of the Tokyo Stock Exchange

**2020**  
 Certified as a promoting company of the Bicycle Commuting Promotion Company Project

**2021**  
 Established a new medium-term management plan VISION 2025

**1949** Founded February 20 of each year

**2000**

**2010**

**2015** Established the VISION 2020 medium-term management plan

**2020**

**2021**

**1989**  
 Launched chain of large specialty stores for bicycles

**2005**  
 Established an integrated SPA with planning, production, and retail sales functions

**2011**  
 Opened ASAHI's first floor exclusively for sports bicycles

Opened one of the largest children's bicycle stores in Japan

**2015**  
 Branding innovation

CYCLE BASE **asahi**

**2017**  
 Launched buyback service at outlet and used bicycle stores

**2018**  
 Launched official app

**1996**  
 Began production of private label products



**Strengthen our customer relationship management**

We will change our relationship with customers to encourage bicycle purchasing first, bicycle riding next, and finally enjoying a life with bicycles.

**Refresh our existing physical and online stores**

What type of customer experience should stores provide in response to diversifying customer purchasing behaviors? ASAHI is continuing to explore more deeply the best design to create a real connection for customers, one that is seamlessly tied to online activities in this era.

## Four Key Strategies

**Develop new store formats**

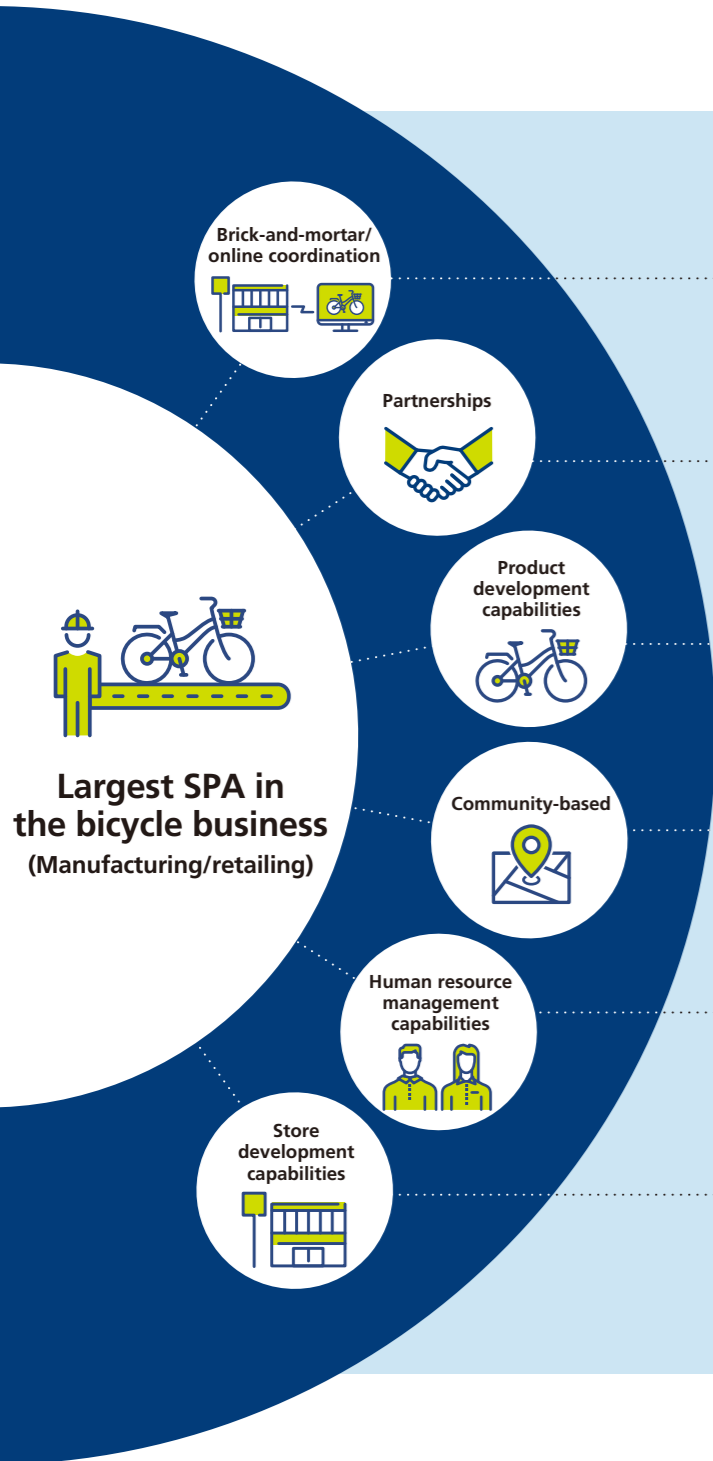
As our strategy for sustainable business growth, we will press forward with the development and opening of new styles for stores in addition to the large-format suburban-type stores, such as small-format urban-type stores, aiming to provide the same level of customer satisfaction as large-format stores.

**Expand our business domain**

By providing ASAHI's products, services, and know-how to dealers in various places, we seek to make a better environment for everyone to use bicycles safely and securely, and ultimately to contribute to the stimulation of the overall bicycle business.

# The best known, most reliable bicycle store

Since its founding, ASAHI has been doing business with the motto "for the customer," and has developed into a bicycle business leader. We will continue to provide appealing products and services while helping customers achieve an enjoyable bicycle lifestyle.



## ASAHI's strengths

### Brick-and-mortar/online coordination

By seamlessly coordinating brick-and-mortar and online shopping, we make bicycle lifestyle richer and more convenient for customers.

### Partnerships

We work closely with partners in Japan and abroad to not only provide high cost-performance products but also provide products to non-ASAHI retailers. The number of partners dealing in the ASAHI brand is growing.

### Product development capabilities

ASAHI has developed a number of bicycles. We leverage our engagement with customers to develop products that reflect what our customers are looking for.

### Community-based

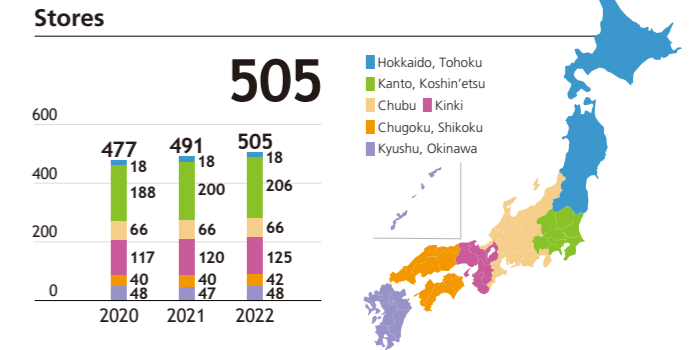
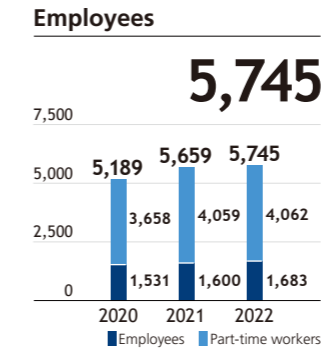
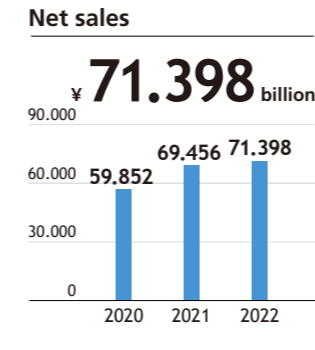
We provide services tailored to customer preferences and have a varied product lineup to satisfy the different needs of different regions.

### Human resource management capabilities

To ensure that we continue to provide customers with value, all employees go through our robust education program to become individuals with considerable expertise. We have also established an internal qualification system to promote skill improvement.

### Store development capabilities

We have stores nationwide that enable us to provide ASAHI services to as many customers as possible, and we are developing new store formats to better tailor them to our customers' needs.



## ASAHI's business



### Store operation

- Cycle Base Asahi, bicycle specialty stores, are open nationwide
- Extensive product lineup and robust after-sales support provided by professionals

Number of visitors per year About <b>7.7</b> million	Number of repairs per year About <b>3.17</b> million
Average number of bicycles on display per store Over <b>500</b>	Bicycle sharing stations available <b>212</b>

### Online shops

- A product lineup too expansive to show everything in stores
- Both the convenience of online shopping and the sense of ease when shopping in stores

Launched online shopping with the ASAHI Working Store (currently the Online Store) in 1997. Currently, we also have a Rakuten market store and a PayPay Mall store, for a total of three sites.



Official online store

Our online products  
Over **20,000**

### Human capital supporting our business

Average age of employees <b>33.5</b>	Ratio of female employees About <b>30%</b>	Percentage of employees taking paid leave About <b>71%</b>	Suggestions for improvement received annually About <b>430</b>	Percentage of employees who cycle to work About <b>56%</b>	Bicycle clubs <b>48</b>
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**Yoshifumi Shimoda**  
President and Representative Director



## Creating new value for bicycles as society changes

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### Management Mission and Vision

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#### Advancing our mission to contribute to society through bicycles

Asahi's management mission is to contribute to people's lives around the world through bicycles. Our vision as we fulfill this mission is to enrich each person's bicycling lifestyle by being a reliable partner that always takes the customer's perspective. I consider our mission and vision to be the foundation of Asahi's corporate values and the fundamental element behind our management decisions and objectives.

Asahi was established in 1949 and turned its focus to specializing in bicycles in 1975. We currently operate over 500 stores nationwide and employ some 6,000 people. In the early days, our founder led the Company by conveying his ideas directly to employees working at each of the local bicycle shops. As a company grows larger, however, such hands-on leadership becomes increasingly difficult. At this stage of our growth, it is essential that our management deeply instills our mission and vision as part of our corporate culture throughout the Company. Our employees across Japan are able to approach customers in a consistent manner because we present a very clear image of what we aspire to do as a company. I believe that the success we have had as a company ultimately comes from our customers' positive response to this corporate approach.

Society has changed dramatically in recent years, particularly with the unprecedented worldwide coronavirus pandemic. Bicycles have attracted renewed interest as a means of transportation while maintaining social distancing and as a means of exercise to maintain physical fitness during the stay-at-home periods.

During the pandemic, it has also become clear that our company plays an important role and is responsible for essential work in the social infrastructure. I believe the reason that our employees continue to be eager to help our customers and remain motivated in their jobs even in times of uncertainty about the future is precisely because we have always been very clear about what we do and what we aim to be as a company.

Our mission is the fundamental driving force of our management activities. I often talk about the haiku concept of *fueki ryūkō*, or the balance of continuity and change, and I believe that applying that concept is essential to fulfilling our mission. Specifically, we must change what needs to be changed and be willing to boldly take on new challenges. I would like us to remain true to our founding philosophy but not rest on our past successes, and to continue contributing to society while flexibly responding to the changing business environment.

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### Our Company's Strengths

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#### Emphasizing our People Power to bring out the true value of bicycles

We have three driving forces that drive our value creation process. We call these our Three Powers—People Power, Product Power, and Store Power. I consider our People Power to be the foundation of our business.

Management theory in recent years has been touting the importance of human resources, but we have said that "People make Asahi" from the beginning because a bicycle is not a product that disappears once it is sold. The true value of a bicycle comes out when people are involved, from pre-sale by helping customers choose the right bike to post-sale by providing maintenance and repairs. That is why since the beginning it has been so important to us to develop our human resources by instilling the knowledge, techniques, and specialized expertise needed for our employees to deliver a bicycle's full value.

Many retail companies are streamlining operations and improving work efficiency as part of labor-saving measures to offset the impact of Japan's declining birthrate. We, however, have been increasing our workforce by as many as 150 people every year. The Asahi mission and vision resonate with our new employees, who join our company because they believe in our purpose and our future potential. I want to continue expanding our mission's circle of influence and create a workplace where

employees can be themselves and perform at their best. In other words, I want to further enhance Asahi's overall People Power.

### Strengthening our Product Power in all product categories

Our Product Power comes from our full lineup of products, ranging from popular national brands to the high quality Asahi brand specifically designed for safety, encompassing the full range of customer needs and available at every store. We were the first specialty store retailer of private label products (SPA) in the Japanese bicycle business and have a fully integrated product development structure beginning with planning and design and extending through procurement, production, quality management, distribution, sales, and customer services.

One of our main initiatives will be to broaden the perception of the Asahi brand. We are currently largely viewed as a retail company, but we intend to increase recognition of Asahi as a bicycle manufacturer as well. We aim to be the preferred brand by customers in all product categories, including the sports and lifestyle categories, and are particularly focusing on the new and growing electric assist bicycle category. To achieve this, we are seeking to raise our operations to a new level by further enhancing our development structure, upgrading our quality control and distribution systems, and constructing a robust supply chain.



### Integrating the Asahi online and physical stores for greater Store Power

We are continuing to augment our Store Power. Our store roll-out strategy has focused on locating sites on main suburban thoroughfares with the aim of establishing a new business format as a chain of large-scale bicycle stores. At present, our typical store has 660 square meters of floor space, which is 20 times larger than the first Asahi bicycle shop. The expansive sales space gives us the advantages of being able to cover customer needs by presenting a wide range of bicycles and products and of providing sufficient space to offer a variety of services over the full product lifespans.

We plan to add stores with new formats to our network, including smaller stores in high population urban centers and specialty stores geared specifically to cycling sports, and aim to have 580 stores nationwide in the fiscal year ending in February 2026. However, increasing the number of stores is not our sole objective. We want to strengthen the social infrastructure to support cycling activities of customers across the country. We plan to place shops in areas that do not currently have easy access to bicycle services and to work with local governments to establish a presence in areas where bicycles can help address social issues.

In addition, we will revise our sales strategy to focus on strengthening our customer relationship management (CRM)\* and on introducing an omni-channel approach by integrating the Asahi smartphone app and continuing to develop the "online order for store pickup" system launched in 2012. Deeper integration of online conveniences with our People Power and Store Power will enable us to provide higher quality service catered to each customer.

\* Customer relationship management is the management strategy and method of improving customer satisfaction and loyalty to increase sales and improve profitability.

### Long-term Outlook

#### Creating a culture of enjoying bicycles

Our objective has always been to establish Asahi as a platform entity in the bicycle business. By this we mean being a company that is a close partner in the bicycling lifestyles of all customers young and old, and taking pride in the trust our customers have in us to meet all of their bicycle needs. More than this, I want us to be a company that is creating a new bicycle culture.

Since Asahi was founded, we have been warning the business that setting discount sales prices will lead to bicycles being treated as disposable consumer goods. We have also been opposed to selling bicycles without guidance from shop staff because the shops would not have direct relations with customers and therefore no connections for providing

maintenance or services after the bicycles are sold. I take pride in our Company's accomplishments developing our business as Japan's first SPA in the bicycle business and instilling in society a sense of the value of bicycles. I look forward to Asahi taking this one step forward to creating a culture of enjoying bicycles.

During the coronavirus pandemic, people in Japan gained renewed appreciation for bicycles as more than just a mode of transportation. Like working from home, I believe this new appreciation for bicycles will likely be permanent. However, the view of a bicycle as "fun to ride" has not caught on as much as it has in Europe and the United States. From that perspective, bicycle culture in Japan is still evolving. I want Asahi to play a leading role in fostering a new bicycle culture in Japan by showing people that a bicycle can be used for more than transportation and can be a truly enjoyable part of their lives.

Society needs a new bicycle culture. This is evidenced by the adoption in 2017 of the Bicycle Use Promotion Act, which seeks to promote the active use of bicycles throughout the country. The law recognizes the many benefits of bicycles, including in reducing CO<sub>2</sub> emissions (for a carbon-free society), promoting the health of citizens, reducing traffic congestion, promoting tourism, and providing mobility in a disaster situation. Following guidelines presented in the act, local governments nationwide are drawing up plans for bicycle lanes, street side parking areas, competitive cycling facilities, and bicycle sharing infrastructure. These conditions dovetail perfectly with our aspirations, and we will work with government officials and local governments as we continue our efforts to build a new bicycle culture.



President Shimoda enjoying a long ride (in Shimanto, Kochi Prefecture)

### Fiscal 2021 Performance Results and Medium-term Management Plan Progress

#### First-year targets achieved

The fiscal year ended February 2022 marked the start of the VISION 2025 medium-term management plan. The plan's numerical targets for its final year (the fiscal year ending February 20, 2026) are net sales of ¥85 billion, 580 stores, and an operating margin of 8.0%. The plan calls for developing two themes to drive us to the targets; promoting "Fun to Ride Bikes—Experiences, Connections, Thrills" and "Refining the SPA Business Model."

In the plan's first fiscal year, ended February 2022, net sales remained high and rose 2.8% year on year to ¥71.4 billion, as demand for bicycles continued brisk following a sharp rise worldwide during the pandemic. On the profit side, various factors led to operating profit falling to ¥5.2 billion, a year-on-year decline of 23.9%. Factors contributing to the decline included the somewhat elevated SG&A expenses in the fiscal year ended February 2022 owing to the planned additions to the workforce and expenses returning to normal levels. SG&A in the previous year was lower than usual due to the reduced costs from the inability to secure a sufficient workforce to keep pace with the sharp increase in demand and from the restrained business activities during the pandemic, such as voluntary shop closures.

#### Steady advances with the four priority strategies

We made steady progress with each of the four priority strategies in the medium-term management plan. In the first strategy to strengthen our customer relationship management (CRM), we initiated full-scale development of one-to-one marketing using our customer database and began regularly providing useful information tailored to individual customer needs, such as reminders about periodic tune-ups and component replacements based on customer data and purchase histories. The Customer Relations Department was created in February 2022 as a department dedicated to strengthening customer connections by highlighting the best features of digital technology and of a conventional bicycle shop.

We advanced our strategy to refresh our existing physical and online stores by continuing efforts to renovate and relocate stores with a focus on profitability. At the same time, the strategy of developing new store formats made steady progress as we opened new stores designed to meet the specific needs of customers in urban areas. We also furthered the store strategy of fusing the physical and online stores by broadening the sales and service formats to better accommodate the increasing variety of consumer behavior.

In the fourth strategy to expand our business domain, we renewed measures to advance and deepen the wholesale business that was launched in 2005. The first measure was to leverage the formidable logistics infrastructure we have constructed for supplying products nationwide. We also worked to expand collaborations with bicycle dealerships nationwide and are gathering partners to help us further our cause to increase the social value of bicycles. We plan to use various channels to deliver high quality, designed-for-safety Asahi brand bicycles to all corners of the country and further strengthen our brand as a bicycle manufacturer.

Fiscal 2022 Focus Points

Maximizing customer value while adapting to higher costs

We expect the pandemic conditions and the changing social behavior to support a high level of latent demand for bicycles in the fiscal year ending February 2023. At the same time, high resource prices and extremely unstable conditions for the supply of parts and products from the growing gap between supply and demand since the end of 2021 are causing our purchasing costs to rise.

Creating a more resilient supply chain is also an urgent task. Although supply has become unstable, we will endeavor to continue supporting the cycling activities of customers through the nationwide network of large-scale stores and robust logistics functions we have established as an SPA. The consumption outlook is uncertain and commodity prices are expected to rise in numerous fields owing to the current situation in Ukraine and other factors. In these circumstances, we plan to continue opening new stores at the same pace as in the previous fiscal year.

These are extremely severe conditions in which to operate a business. In these circumstances, it is essential that we return to our fundamental principle of “everything for our customers” and seek to provide not just reasonable prices but also value. Looked at from a different perspective, now is also an opportunity to demonstrate our greatest strength, our People Power. In 2021, we advocated for creating and executing the three core branding activities of creating advanced value unique to Asahi, transforming our internal awareness and behavior, and enhancing our external communications. We will continue carrying out these activities while carefully reevaluating the value we provide with our products and further refining our People Power, Product Power, and Store Power.

ESG Initiatives

Strengthening ESG as a base for enhancing corporate value

In recent years, corporate management has also been focusing on non-financial activities, which are represented by the term ESG, or environment, society, and governance. Merely following the trend or doing what someone says we should do is meaningless. My fundamental stance is that we should engage in ESG because doing so adds to our corporate value.

Reducing CO2 emissions by expanding our core business and through environmental activities

The nature of the bicycle business is such that building our core business is an activity that helps protect the Earth’s environment. We also have the important responsibility as a company to reduce the environmental impact of our operations, such as our CO2 emissions. Some of the environmental measures we are advancing to lower our total carbon emission are installing low energy consumption LED lighting in our stores and streamlining and optimizing our truck delivery routes.

Working with local governments to increase the social value of bicycles

In line with the Bicycle Use Promotion Act, we are collaborating with local governments to promote bicycle safety awareness, particularly for children and the elderly, and prevent accidents.

We also engage in numerous activities to highlight the joy of riding bicycles, particularly by promoting cycle tourism and cycle sports, and each year host over 300 cycling tour events nationwide. In addition, the 212 bicycle sharing stations we



Cycling tour organized by ASahi (Awaji Island cycling tour, December 2021)

operate nationwide benefit society in various ways. Bicycle sharing not only plays a complementary role to everyday public transportation, it also promotes local economies by increasing the mobility of tourists. It can also serve as an effective means of transportation in emergency situations, such as a large earthquake. As bicycle sharing becomes more common, it will introduce more people to the convenience of using a bicycle, which in turn will even have a positive effect on bicycle sales. In addition, bicycle sharing provides opportunities for people to experience riding an electric assist bicycle, which are still relatively expensive and which few people have yet had the opportunity to try.

Changing our institutional design for better monitoring of directors

Every year, our corporate governance becomes stronger. In the fiscal year ended February 2022, we partially revised the Company’s institutional design and transitioned from a Company with a Board of Auditors to a Company with an Audit and Supervisory Committee. The purpose of the change is to separate the supervisory and business execution functions of the Board of Directors and to strengthen the business execution monitoring function of the Audit and Supervisory Committee, which is composed primarily of outside directors.

The composition of the Board of Directors has also been changed to improve the Board’s ability to approach problems and develop growth strategies from a long-term perspective. The Board of Directors is currently composed of seven members, with three outside directors (including one female member). The Board of Directors meetings are always very lively and include some very heated discussions with the outside directors contributing some very frank opinions.

Message to Stakeholders

Bringing the joy and wonder of bicycles to everyone

We believe that the return of profits to shareholders is a key issue in the management of a business. Our basic policy is to maintain a steady dividend distribution rate to shareholders while maintaining a stable financial position, raising our corporate value, and retaining the internal reserves necessary for the Company’s future growth.

Retained earnings are used to fund store renovation and construction, to strengthen our financial position, and for growth-oriented business investment. In accordance with this policy, we decided to distribute a dividend of ¥28 per share for the fiscal year ended February 2022. We intend to continue returning profits to shareholders following our basic policy of



maintaining a steady dividend payout ratio.

As I said at the beginning, our management mission is to contribute to people’s lives around the world through bicycles. From that mission, we created a novel business model for the bicycle business of seeking to be an active partner in the bicycling lifestyles of all of our customers.

Bicycles are attracting new attention as a marvelous form of transportation for a society seeking to realize sustainable development. Even the national and local governments are actively promoting the use of bicycles. In this favorable environment, we are making steady progress toward creating a new bicycle culture. Promoting bicycles also aligns with the concepts of the United Nations’ Sustainable Development Goals. It gives me great pleasure and pride that our core business can play a part in realizing those goals.

We ask our shareholders, investors, and all stakeholders to take a long-term perspective when considering our business performance and growth potential. I look forward to sharing the joy and wonder of bicycle riding with as many people as possible.

May 2022

*Yoshifumi Shinoda*  
President and Representative Director



## Development and Manufacturing

### Product development informed by customers' diverse needs

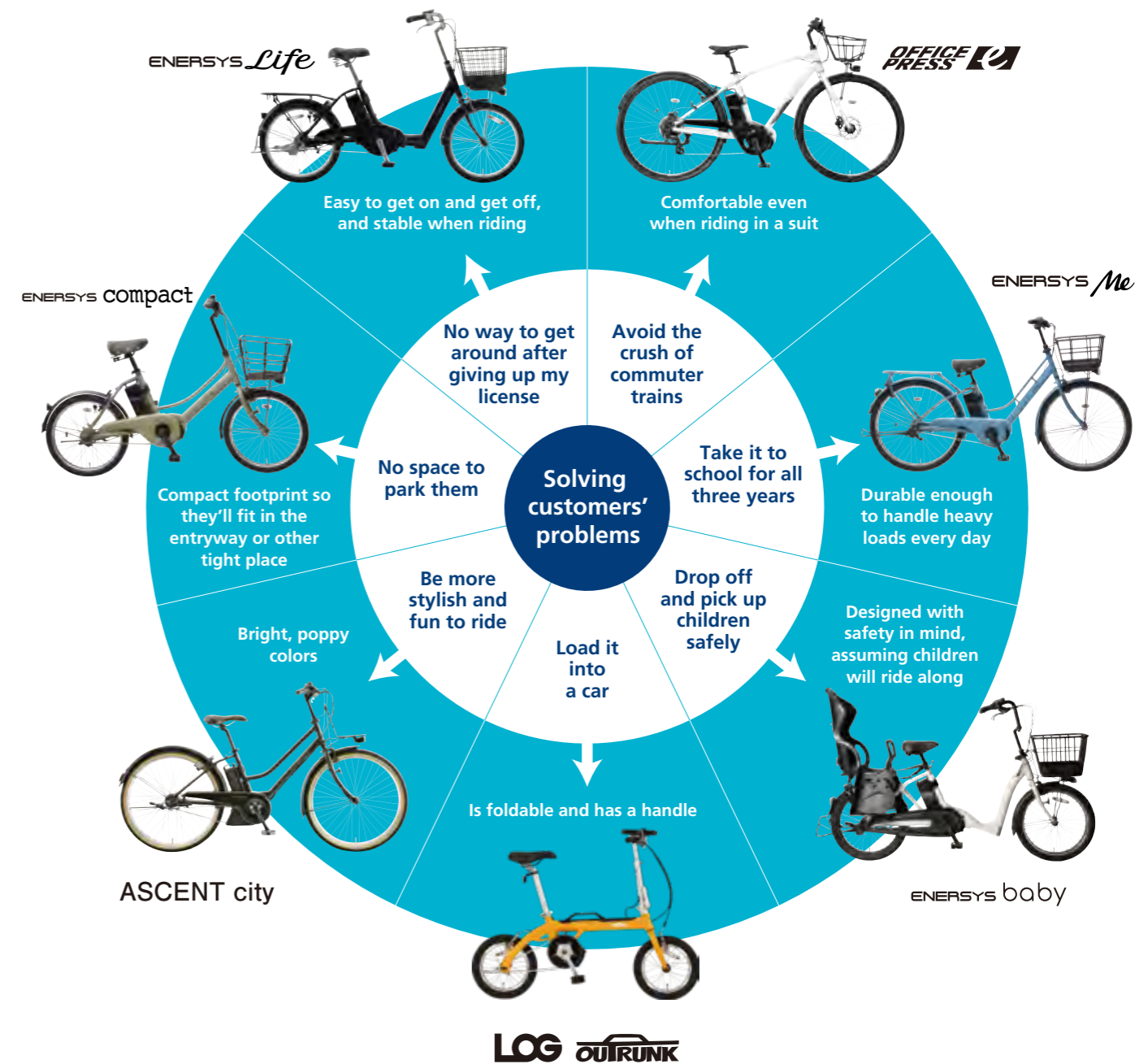
Electric assist bicycles were once only used in a limited number of scenarios. As time went on, however, their performance improved, and they are now used for numerous purposes that include shopping, picking up or dropping people off children, commuting to work or school, and leisure. Purchaser age groups are also expanding as use cases diversify, making it likely that electric assist bicycles will become even more prevalent as an everyday means of transport.

However, electric assist bicycles have developed a reputation for being heavier and more expensive than regular bicycles. In

response to the need among women, the elderly, and other less physically powerful individuals for a product that is easy to handle, manufacturers are now making these bicycles smaller and lighter.

In addition to providing a broad range of models to allow customers to choose based on their goals, ASAHI leverages the strengths of SPA to plan and develop ASAHI brand products according to customer needs.

With a focus on meticulously analyzing and understanding our customers' problems and expectations, we will continue to develop products unique to ASAHI.



## New possibilities for electric assist bicycles

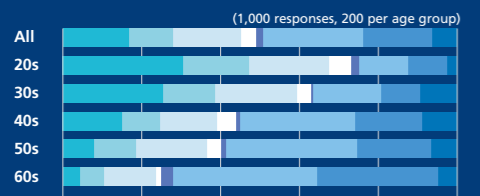
Nowadays, electric assist bicycles are a common sight around town. With the market for these bicycles on the rise as product lineups expand and lifestyles change, ASAHI is making efforts to meet this societal need.

### Societal issues

Recent years have seen growing demand for electric assist bicycles that meet different needs, from young people to seniors. For example, many in their 30s use electric assist bicycles to pick up or drop off their children, and therefore they serve as a tool necessary for safe travel together. Among seniors, an increasing number of whom are giving up their driver's licenses as accidents committed by elderly drivers grow, there is a strong need for transportation outside of automobiles. This creates the need for products and services that are easy for anyone to use and that can be used safely for a long time.

#### Reasons consumers buy electric assist bicycles

- To carry heavy things
- Have to ride a long distance
- There are lots of opportunities to ride
- Have no car
- Can no longer use a car (got rid of the car, gave up their driver's license, etc.)
- There are lots of slopes near home
- They're easier on the legs
- Other

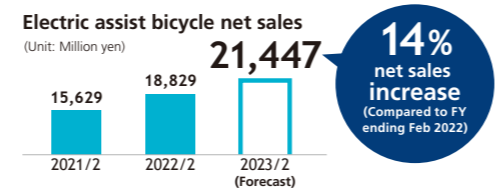


Source: au Insurance Co., Ltd., Survey on Electric Assist Bicycle Usage

### ASAHI's Growth Strategies

#### Developing ASAHI brand electric assist bicycles

We develop products to meet the wide range of customer needs.



#### Sales support activities and reliable after-sales service

We continually improve customer satisfaction with a stable sales and service system.

#### Building a circular consumption environment

We promote circular consumption by purchasing and reusing electric assist bicycles people no longer need, and thereby bringing those people together with people who do need them.

#### Related priority strategies

Expand our business domain



## Retail / Wholesale

### Support system so stores can sell consistently

ASAHI shipped 700,000 electric assist bicycles in 2020, a nearly 2.1x increase over 10 years previous. This owes to a growing regard for one's health and the environment in recent years, as well as demand for transport that lets people avoid crowds during the pandemic. While on the one hand demand for electric assist bicycles is likely to remain high, supply is not keeping up and our inventory is low.

Amid these circumstances, since 2012 we have been providing customers with attractive and highly safe and reliable ASAHI brand electric assist bicycles. In order to build a dependable sales and service platform, we have formed the cross-organizational ENERSYS Team. The team has worked to quickly incorporate customer feedback into product development and product improvements, and has built a robust backup system (service parts and help desk).

We are also continuing to strengthen our wholesale business by putting together systems and structures for doing business smoothly with vendors in our areas of business, while actively engaging in marketing activities such as trade shows. By increasing our business partners, we will provide evermore customers with a safe and worry-free bicycle lifestyle.



## After-sales Service

### Comprehensive maintenance that only a specialty bicycle store can provide

ASAHI offers parts and accessories for electric assist bicycles, and customers can even have these mounted or removed in stores. We also have four Electric Assist Bicycle Stores (as of February 2022) which are concept stores that carry only electric assist bicycles.

As with regular bicycles, electric assist bicycles require periodic inspections and maintenance. Selling a product is only the beginning — we also focus on after-sales service, providing high quality maintenance and service that leverages our strengths nationwide as we strive to keep our customers riding safely and for a long time.

For the drive unit on ASAHI brand electric assist bicycles, we use direct drive systems for their excellent durability and maintainability. These systems are used in many E-bikes\*, for example, and work by having the motor turn the crank shaft directly, providing power along with a smooth ride.

We will continue to make safety the highest value we provide and, with a focus on the customer, help make it bicycle lifestyle safer, stress-free, and fulfilling.

\* General term for electric assist bicycles built as sports bikes

## Used Bicycle Sales

### Electric assist bicycle purchase and reuse sales service

As electric assist bicycles are equipped with batteries, they cannot be thrown away as bulk waste. These batteries must be collected and recycled by a business in accordance with the Act on the Promotion of Effective Utilization of Resources. As a member of JBRC, ASAHI collects small rechargeable batteries (electric assist bicycle batteries).

In providing a new environment for sustainable consumption, we aim to revitalize the entire bicycle business by offering a "Bicycle Purchase & Reuse Sales Service" for electric assist and other bicycles. With a nationwide network of stores, we can leverage a unique service network to get bicycles from one user to the next.

We also provide a paid bicycle collection service at all our stores for bicycles not eligible for reuse. Of the bicycles collected at our stores, 80%–90% are shipped overseas by our affiliates to be reused as public infrastructure in emerging nations (100% of shipped bicycles are reused).

## We will enhance our presence as a manufacturer of electric assist bicycles

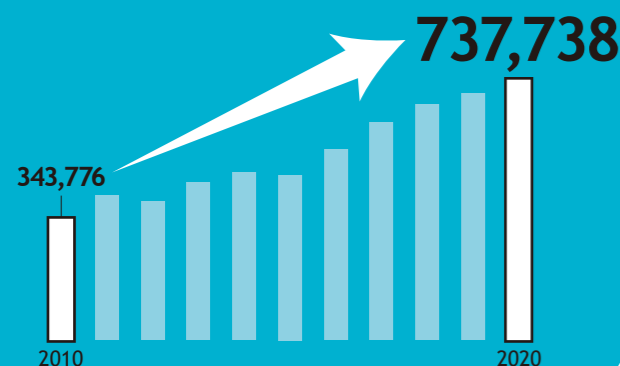
Greater usage of electric assist bicycles as every day means of transport will help to address numerous societal problems, including relieving traffic congestion, reducing traffic accidents, curbing CO<sub>2</sub> emissions, and promoting good health.

The assist unit and battery, which are particularly important parts in electric assist bicycles that greatly impact bicycle performance and price, are technologies making rapid advances. Working openly with partner companies skilled at planning and the developing cutting-edge technologies, ASAHI is building systems to facilitate innovation while planning the establishment of overseas facilities to gather information and explore technologies globally.

While providing solutions that leverage our SPA strength and satisfying customer expectations, we will also help to tackle societal problems.

### Electric assist bicycles shipped in Japan

2.1x increase over 10 years



Source: Ministry of Economy, Trade and Industry, Current Survey of Production

### Topic

### Opening purchase service counters at Cycle Base Asahi stores nationwide

To get more people using electric assist bicycles by offering used models as an option, we will be creating "bicycle purchase service" counters at stores nationwide as a standard Cycle Base Asahi service.

As of February 20, 2022, we have a total of 264 such stores (including 18 vendors) across the eight prefectures of Tokyo, Kanagawa, Chiba, Saitama, Osaka, Nara, Wakayama, and Hyogo.

98 stores in Kansai (including 6 vendors)

166 stores in Kanto (including 12 vendors)

308 stores to be opened in total (Within the FY ending February 2023)





## “Urban Stores” — A new undertaking

Until now, ASAHI has been a company of large stores in suburbia. Going forward, we will be opening stores in urban areas in order to bring value to a wider demographic. We have developed a new store format to better match urban needs and characteristics.

### Societal issues

Bicycles with mobility are in strong demand among urban residents. This demand is resistant to the effects of aging and depopulation, and is expected to see sustained growth in the future.

Family-owned bicycle stores in urban areas are declining year after year due to a lack of successors and high rents. Many mass merchandisers do not offer repair services because of how labor-intensive it is.

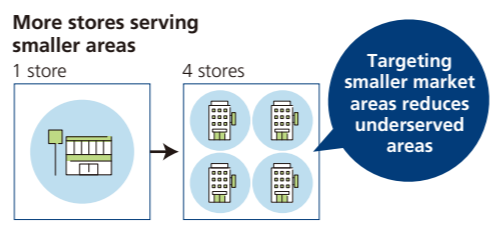
Prefectures ranked by population	Prefectures ranked by bicycle ownership
1st Tokyo	1st Tokyo
2nd Kanagawa	2nd Saitama
3rd Osaka	3rd Osaka

Source: Prepared based on data from the Statistic Bureau, Ministry of Internal Affairs and Communications, *Statistics of Japan 2022*  
Japan Bicycle Promotion Institute, *Report on 2021 Survey of Bicycle Ownership and Usage (Condensed Version)*

### ASAHI's Growth Strategies

#### Diversifying store formats to strengthen our store presence in underserved areas

ASAHI will meet the needs of traditionally underserved areas by diversifying its store formats, which includes building stores for highly-populous urban areas. With this, we will transition from having one store for every 150,000 people under our large suburban store format to having one store for every 120,000 people. Furthermore, in addition to enhancing the cohesion between our brick-and-mortar and online stores, we will carry out DX and better equip ourselves to accommodate a broader range of store formats.



- Related priority strategies
- Develop new store formats
  - Refresh our existing physical and online stores
  - Strengthen our customer relationship management

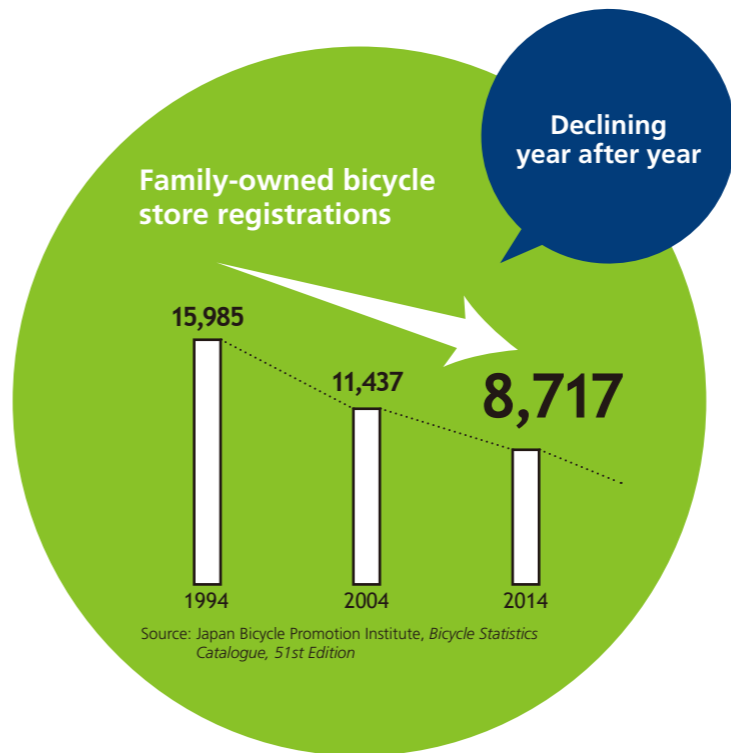
## Store Format Development

### Develop new store formats Developing solutions to solve problems in urban areas

Partly due to COVID-19, recent years have seen a growing interest in having one's workplace close to home. Furthermore, population aging is seeing a renewed focus on the easy access that urban areas provide to advanced healthcare and caregiving facilities. These factors are drawing people back to cities in a trend that is predicted to see urban area populations continue to rise.

Motor vehicle ownership is low in urban areas because of factors such as developed public transport, the development of the sharing economy\*, and rising oil prices. In addition, COVID-19 has seen many stop using public transportation out of a desire to avoid dense crowds, and has caused many to look to bicycles as an alternative means of transport.

As a result of these population increases and greater demand for bicycles, the number of bicycle users is expected to rise in urban areas. However, getting a bicycle repaired in the city is said to be difficult. Every year sees more family-owned



Aim to operate stores efficiently to compensate for disadvantages

**Suburban stores**

**Urban stores**

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**Advantages**

- Plenty of floor space, large inventories
- Parking spaces available, easy to access by car
- Store opening viable even when land is limited
- Sufficient customer demand even with small market area range because of high population density in the surrounding areas

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**Disadvantages**

- Need relatively more land
- Must set large market area range to attract sufficient demand due to low population density in the surrounding areas
- Little floor space and smaller inventories
- No parking spaces; customers must basically either walk or bike to the store

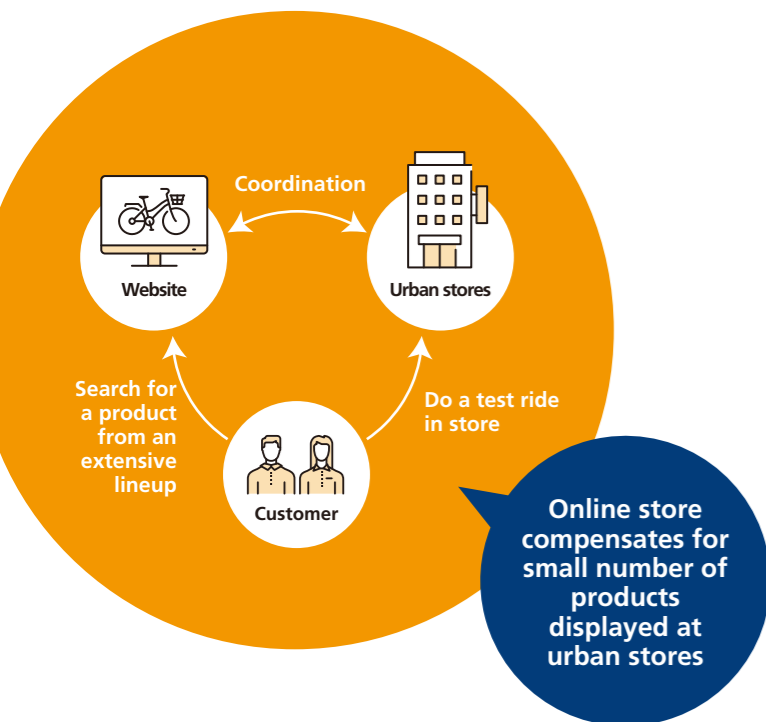
bicycle stores close, and many mass merchandisers do not offer repair or maintenance services, or it is more difficult to ask them for such services when compared to family-owned stores. This has left many unable to get a bicycle repaired and fostered a situation in which a bicycle breakdown makes people choose to buy a new one rather than repairing it.

To solve the problem of supply not keeping up with increasing demand, we have developed a new “urban store” format, opening the first store using this format in August 2020 in Shinjuku, Tokyo. By offering the same bicycle repair and maintenance services available at our suburban stores and an approachable place to ask questions, we hope to cut down on bicycle waste. The store also provides value to customers previously unsatisfied by bicycle services, helping us grow as a company.

While there are several differences between our urban and suburban stores, the main ones are the market area and store area. The market area for our urban stores is a one-kilometer radius around the store, which differs from the wide area range for our other stores. This is because we expect many customers to walk or bike to the store. Given the population of urban areas and bicycle usage rates, we expect demand to be sufficient.

Because of the high cost of land in urban areas, large stores such as we have in the suburbs were not possible, requiring us to downsize. To provide value on par with our larger stores and ensure customer satisfaction, we are changing our business model to focus on things like providing services and displaying products that answer the needs of urban populations.

\* A social mechanism whereby many people share and exchange things like goods, services, and places



## Coordination with Online Shopping

Refresh our existing physical and online stores

### Make it easier to get products by coordinating with online shopping

Our urban stores have just half the floor space of our suburban stores. Because of the limited space for inventory, we had to make changes to our existing “mass display, mass sales” business model. We are therefore improving coordination with our online shopping system, which handles a large number of products in order to compensate for our stores’ limited inventory levels. We use our stores as places to inspect, adjust, and hand over to customers the products they purchased online. Since our current bicycle receiving service is most often used at our urban stores, including those in Tokyo, we believe that refining and improving upon that function will lead to greater customer satisfaction.

As one means of coordinating with our online store, customers can use a special tablet in our urban stores to look at the products we offer. Customers can look at the actual product in store, and if they want a different color or similar product, they can then talk with store staff and place an order from their own device. By directly connecting our physical stores with our online store, we eliminate the problem of customers visiting a store and being unable to purchase the product they want, while enabling them to choose from an extensive selection of products.

## Carrying Out DX

Strengthen our customer relationship management

### Deploy information technology to inform each customer and shorten wait times at stores

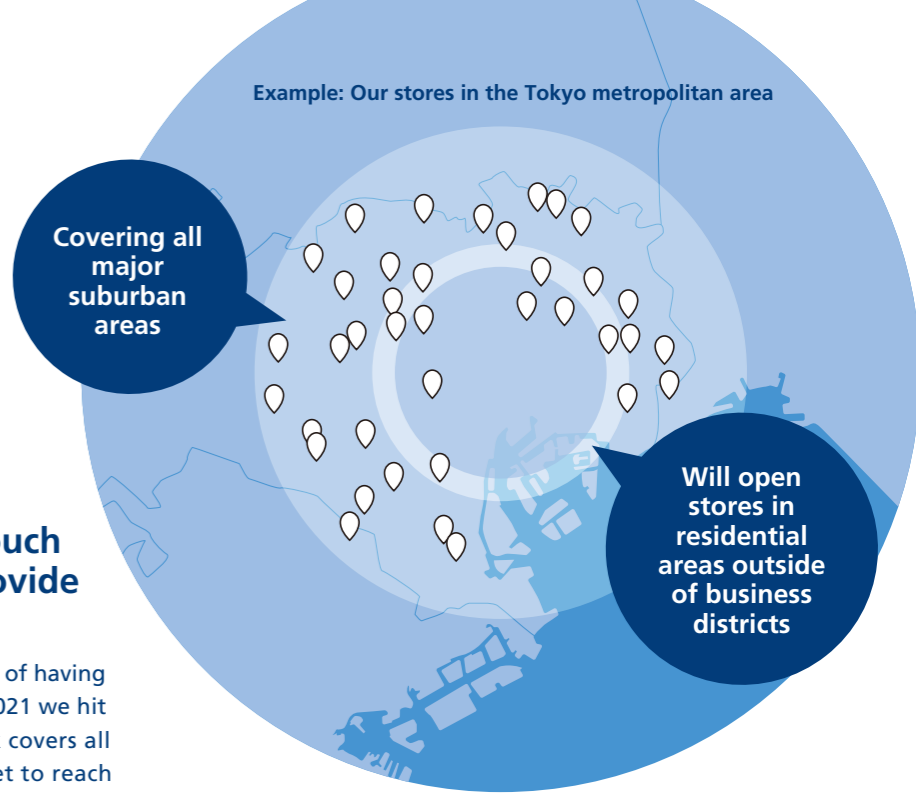
Achieving the same kind of value creation and customer satisfaction as at large stores but with a smaller space and fewer staff requires boosting operational efficiency. One measure to accomplish this is carrying out the digital transformation (DX) of urban stores, which includes “visualizing store operations” using IT and digital technologies.

Moreover, as a means to provide more convenience to the customer, we have launched a trial run for a repair reservation service system. This system has the potential to dramatically decrease wait time by allowing customers to make repair appointments ahead of time. We are considering rolling the system out to other stores if the results are good. Other efforts we will make to improve customer convenience include considering the usage of customer service support tools to help customers make product selections.

In addition, we are using an online system to train staff while leveraging IT to reduce workloads at stores. At the same time, we are continually working to improve the precision of the plan with which we open and operate our stores by predicting demand and analyzing regional needs using data obtained from 500 stores.

## We are strengthening our touch points with customers to provide an enriching bicycle lifestyle

ASAHI continues to open stores with the goal of having one store for every 150,000 people, and in 2021 we hit 500 stores. However, although our network covers all major suburban and rural areas, we have yet to reach such places as big cities and rural towns with market area populations of less than 150,000 people, despite the demand for bicycles in these areas. Developing a business model tailored to area-specific characteristics and the needs of the times will be essential to our sustained growth. We are working toward developing a “new store format,” which we established as a priority strategy in our VISION 2025 medium-term management plan. To this end, we are planning to serve underserved areas that have had difficulty accessing ASAHI by expanding our



target customer range with the development of additional store formats.

For urban stores, we are planning to open multiple stores in the same area as part of our store opening strategy going forward. Our aim is to make effective use of different resources, which includes improving product and personnel flexibility while boosting advertising and logistics efficiency. Since our urban stores receive more customer traffic than do our suburban stores, for the time being we plan to open stores only in places where we will not disrupt daily life for local residents. For example, we are looking at residential areas that are on the outskirts of business districts in metropolitan areas, including Tokyo’s 23 wards, and that have a relatively small day-night population fluctuation. Our aim for rural towns is to establish a workable business model for even small market areas. This will see us develop a store format that involves downsizing our suburban stores, keeping operating costs and initial investments low, and capitalizing on economies of scale. We also aim to hire from the community in order to help create local jobs. Opening stores will raise our profile with community residents and make it easier for people to come to us when sudden bicycle problems arise. Going forward, we will systematically open stores in a variety of formats as we enhance brand value toward becoming the “most reliable bicycle store.”

# ASAHI's original management model for creating customer, economic, and social value

ASAHI, based on a mission that has remained unchanged since founding, strives for improved corporate value and sustained growth, and contributes to achieving a better bicycle lifestyle for customers and resolving various social issues as a company that creates new value for bicycles.

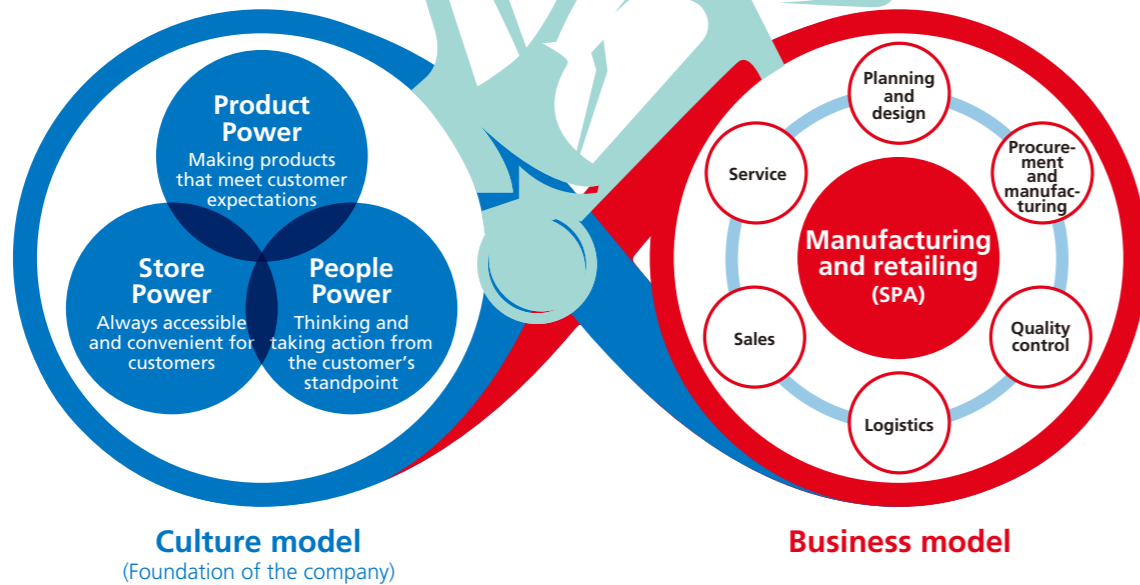
**Our Vision**  
Bicycles for vibrant lives—  
everywhere together for a lifetime

**Our 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.

## Human resource management

## Management Model

A management model that gets deeper as both wheels of **culture** and **business** turn, and the **human resource management** that supports this



## VISION 2025 themes

**FUN TO RIDE BIKES**  
—Experiences, Connections, Thrills—

**Refining the SPA business model**

Strengthen our customer relationship management

Refresh our existing physical and online stores

Four key strategies to achieve our Vision

Develop new store formats

Expand our business domain

## Value ASAHI provides

**Customer Value** Excitement, trust, convenience

- 1 Provide products, services, and information that exceed customer expectations
- 2 Help enhance bicycle lifestyles with safe, high-quality products, as well as employee support and technical capabilities
- 3 Achieve a convenient and accessible bicycle lifestyle by reducing time and place limitations

**Economic Value** Numerical targets in VISION 2025  
(fiscal year ending February 28, 2026)

Net sales of **85** billion Operating profit ratio of **8.0** %

**Social Value** Safety, health, and the environment

- 1 Realize a safe and secure society with zero bicycle accidents
- 2 Realize a healthy society by promoting daily bicycle use and cycling sports
- 3 Realize an environmentally friendly society by promoting bicycle use

## Social Changes and Issues

### Domestic Market

- Decreasing bicycle distribution volume
- Growing demand for electric assist and sports bicycles

### Social Structure

- Change in population structure due to declining birth rate and aging
- Decrease in working population
- Diversity and inclusion

### Consumers

- Changing social values (from tangible consumption to intangible consumption)
- Rising health consciousness
- Safety and security

### IT Innovation

- Digital transformation (DX)

### Environment

- Increasing interest in climate change and environmental issues
- Spread of COVID-19

## Management Resources Supporting Growth

### Sound Financial Footing

- Capital: ¥35.3 billion
- Equity ratio: 76.1%
- Liabilities: ¥11.1 billion (no long-term borrowings)
- Cash and deposits: ¥5.9 billion

### Human Capital

- Employees: 5,745 (personnel costs: ¥14.7 billion)
- Customer Service Meisters: 138
- Technique Meisters: 376
- Guided Tour Meisters: 66
- Bicycle Technicians: 1,619
- Bicycle Safety Engineers: 1,773

### Colorful Life Capital\*

- Products: ¥13.5 billion
- Buildings: ¥8.6 billion
- Land: ¥3.1 billion
- Stores: 505 (including FC) (45 prefectures in Japan)
- Warehouses: 2 (Mie and Saitama prefectures)

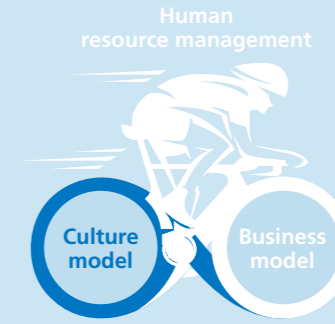
### Social Capital

- Suppliers: About 130
- Strong pipeline with main domestic suppliers
- FC: 19 stores

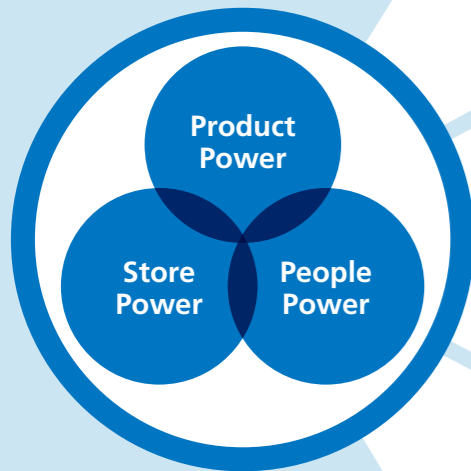
\* "Colorful life capital" is a term ASAHI coined to describe capital that enriches people's lives.

# Our Three Powers Supporting the Core of ASAHI—For All Customers

We will continue to refine our Three Powers that undergird our organization—People Power, Store Power, and Product Power— from the standpoint of customers and create customer and social value unique to and uniquely achievable by ASAHI.



At the core of our corporate structure is our Culture Model, which combines our Three Powers: People Power, Store Power, and Product Power. The ASAHI character that has shaped ASAHI from the past to now and that will move us into a new future is created when our business (business model) and organization (culture model) influence each other and work together like two wheels on a bicycle.



### People Power



Thinking and taking action from the customer's standpoint

- Certified Bicycle Safety Engineers and Bicycle Technicians
- Technique Meisters who can provide safety and security
- Customer Service Meisters with extensive knowledge and experience
- Guided Tour Meisters who communicate the joys and pleasures of riding bicycles

### Internal certification system for developing staff who are both friendly and technically-proficient

ASAHI is focused on “developing people” who are always friendly, sincere, and acting from the customer’s standpoint. Our role is not to simply sell bicycles. By always putting customer safety first and giving good advice for different lifestyles, we aim to become a trusted partner and approachable source of advice, both before and after purchase. Through our Meister Certification System, an internal certification system, many staff are working hard to become bicycle professionals. We will continue to make bicycles for vibrant lives—everywhere together for a lifetime. This is what ASAHI’s “People Power” means.



### Product Power



Making products that meet customer expectations

- ASAHI brand
- High quality
- Extensive selection of products

### Providing the right product through an extensive lineup of high-quality products

ASAHI stores carry an extensive selection of products for everyone from small children to seniors, with products that are tailored to different lifestyles and products aimed at enriching life. Every one of our private-label products, which we began providing in 1996, reflects our commitment to researching and developing new bicycles tailored to the needs of the times, as well as to the pursuit of making uncompromising products, even down to the details. These products will continue to evolve according to customer feedback. Through ASAHI’s “Product Power,” which seeks to provide customers with an extensive lineup of safe, high-quality products, we will provide customers with a better bicycle lifestyle.



### Store Power



Always accessible and convenient for customers

- Per-store reach of 120,000 customers
- Store format diversity

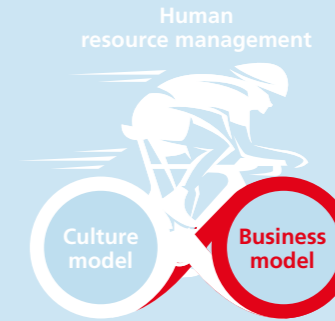
### Building accessible stores by increasing store numbers and deploying diverse store formats

To reach as many customers as possible, our store development efforts are focused on providing ever more pleasant places to shop. Along with opening large stores in suburban malls for all customers, we are also opening smaller retail stores in shopping centers and urban areas. Stores are an important touchpoint with the customer. We strive to infuse each store with “ASAHI character,” and to create sales floors with fun and exciting lifestyle propositions that customers can imagine for themselves once they take a bicycle home. We work to further the “Store Power” to make “bicycle bases (Cycle Bases)” that appeal to customers but also everyone else in the community.



# Optimizing the entire process, from planning to sales, to achieve further growth

The first in the business, our business model centers on the vertical integration of everything from planning to design, procurement, manufacturing, quality control, distribution, sales, and service, and focuses on providing an extensive product lineup and the right products and services for customers needs.



ASAHI's business model is known as SPA (manufacturing and retailing). Integrating every process from planning and design to sales and service has seen us minimize waste and loss throughout the entire supply chain. For further growth going forward, we will focus on strengthening interdivisional collaboration while optimizing a vertically integrated system.



# Toward fully developing and demonstrating the skills of our value-creating staff

We work to enhance our education programs, promote diversity, and boost employee engagement in the hopes that all employees will exemplify our mission: to be a company that can contribute to the people of the world through bicycles.



Human resource management is what brings together and supports our Business Model and Culture Model. While it is people who conduct business, our business model will not function on its own by simply hiring and assigning talented people. A unified organizational culture is how we will realize our business model and make great achievements.

## Human resource development

### Enhancing our education system and instituting an in-house certification system

Our people development efforts are focused on developing brand personality traits, namely sincerity, friendliness, responsiveness, and reliability. This is in line with our Code of Conduct: "Acting from the customer's standpoint, for the benefit of all consumers."

Stores are provided with educational curriculum tailored to different skill and knowledge levels, and training is provided through OJT. Through means such as our in-house certification system, we help boost employee motivation and support career development, while achieving growth for the entire company.

Furthermore, we are striving to develop next-generation leaders by providing educational support companywide for training that includes rank-based and position-based off-the-job training, as well as e-learning, in addition to conducting inter-departmental job rotations.



## Diversity management

### Creating comfortable workplaces for all employees

We believe that bringing together people with a range of career backgrounds, increasing diversity, and creating innovation is an important business strategy. In order to build environments in which a diversity of people can thrive, our Diversity Promotion Team, established in February 2021, has been engaged in the four areas of hiring, human resource development, system revision, and education and training. To promote more hiring of those with disabilities, we are also working to create workplaces that are more comfortable and satisfying for such individuals. This includes carrying out work-study programs in collaboration with schools and support organizations, and conducting regular interviews with employees after employment.

We will remain focused on achieving growth for both employees and the company by helping every employee realize their full potential.



## Employee engagement

### Improving employee engagement through the in-house newsletter and various programs

We believe that good communication is essential for continued improvement of employee engagement. This means communication not only among employees themselves but also among management and employees and among employees and the organization as a whole.

*Beanstalk News*, a newsletter periodically sent out to employees, contains content such as our vision and policies, messages from management, and the efforts and achievements of different departments. We make great use of it as an internal communication tool. We are also working to refine various programs according to employees' different life stages, have set up a mental health consultation service, and are providing return-to-work support.

In addition, every year we conduct employee satisfaction surveys, the results of which are shared with management in order to promote more comfortable workplaces and enhance employee engagement.



## Creating a culture of bicycle enjoyment

### Interaction among employees and with community members through in-house clubs

With the goal of creating a culture of bicycle enjoyment, ASAHI is conducting in-house club activities across Japan in order to bring more color to customers' and employees' bicycle lifestyles.

Through 48 bicycle clubs (as of February 20, 2022) that span a wide variety of genres, employees engage in club activities that deepen their connections with those in other stores and departments. We also run events that allow employees to enjoy bicycles together with community members. Event information can be found on our internal forum and website.

Employees enjoying their bicycles and talking about their experiences helps build a culture of bicycle enjoyment.



### Efforts to encourage employee bicycle commuting result in 56% bicycle commute rate

As a company dealing in bicycles, we encourage our employees to commute by bicycle as a means of proactively creating social value in the areas of safety, health, and the environment.

Along with having bicycle commuting rules and promoting traffic safety, we also provide bicycle parking lots at all our offices for bicycle commuters. In addition, we support safety and peace of mind by providing employees and their families with personal liability insurance paid for by ASAHI. In recognition of these efforts, we were named a "All Japan Model Company for Safe Bicycle Usage" in 2019 and a declared company of the Bicycle Commuting Promotion Company Declaration Project in 2020.

By routinely and actively using bicycles, every employee embodies the value that bicycles bring.



## Career design support

### Support for self-led career development for the medium- to long-term

We offer a career development support program to enable a diversity of working styles and enable every employee to work in a way that fits their lifestyle. Through opportunities that include rank-based training, age-based training, and regular interviews, we provide career development opportunities in support of our employees' medium- to long-term growth.

Through this program, we encourage employees to proactively develop career plans while helping them achieve their individual goals and obtain certifications.

	5th-year employees	10th-year employees	Age-based (40s)	Age-based (50s)	Age-based (60s)
Career-related training	Career design training		Career management training		
	<ul style="list-style-type: none"> <li>• Career assessment</li> <li>• Role recognition</li> <li>• Career Vision creation</li> </ul>	<ul style="list-style-type: none"> <li>• Career assessment</li> <li>• Role recognition</li> <li>• Career vision creation</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental changes surrounding those in their 40s</li> <li>• Self understanding</li> <li>• Thinking about one's entire life</li> </ul>	<ul style="list-style-type: none"> <li>• Design for a time when people live to 100</li> <li>• Assessing one's own resources</li> <li>• Passing on skills and experience</li> </ul>	<ul style="list-style-type: none"> <li>• Pre- and post-retirement design</li> <li>• Identifying and addressing role changes</li> <li>• Issues involving seniors</li> </ul>
Other measures	<ul style="list-style-type: none"> <li>• Career conversations [yearly] Building relationships between supervisors and team members, defining competency development metrics, etc.</li> <li>• Career theory workshops [monthly] Self understanding support, engaging with diverse values, etc.</li> <li>• Career counseling [as appropriate] Self development, work and childcare balance, etc.</li> </ul>				

# VISION 2025, Creating a Culture of Bicycle Enjoyment

As an overall image of our new medium-term management plan VISION 2025, in our climb towards the summit of achieving Our Vision, the plan presents an image of the route we should take (key strategies) and what gear we will need (growth foundations).

We refer to this overall image as a “strategic map,” and it comprises our four key strategies and the three growth foundations that must be in place to achieve them.



## Four Key Strategies

### Strengthen our customer relationship management

We will change our relationship with customers to encourage bicycle purchasing first, bicycle riding next, and finally enjoying a life with bicycles.

Bicycles have in recent years become more than just a means of transportation—their value is increasing as a way to add color to one’s lifestyle. As these values diversify, and lifestyles and usage patterns change, we are seeing increasing points of contact between ASAHI and our customers.

ASAHI has always placed great importance on providing its customers with the core values of excitement, trust, and convenience. With VISION 2025, we are strengthening our communications infrastructure so that we can provide such value through the promotion of IT and digital technology. For example, by understanding purchasing information and usage of various services and thus putting together a system that lets us deliver appropriate information tailored to each individual customer, we can provide them with a richer bicycle lifestyle.

In addition, the customer experiences and feedback gained through this are used in our product development and service provision divisions in providing new value. We are working to make ASAHI both a partner in and creator of every customer’s bicycle lifestyle, and by having them empathize with the social value of bicycles as well as their potential, have them become our fans.

#### Results for fiscal year ended February 2022

- Trial introduction of a system for visual analysis of actual store operations
- Formulated a basic concept for constructing CRM, and started test operation of a new marketing method based upon data acquired from existing touch points (EC, store POS, apps, etc.)
- Significant increase in app members (approx. 80% increase over previous year) through strengthened app linkage

#### Future plans

- Demonstration testing of measuring store evaluation indicators that include store productivity, customer satisfaction, customer lead time, etc.
- Establishment of continuous communication mechanisms targeting app users (approx. 1.24 million)
- Identification of touch points with customers

### Refresh our existing physical and online stores

What type of customer experience should stores provide in response to diversifying customer purchasing behaviors? ASAHI is continuing to explore more deeply the best design to create a real connection for customers, one that is seamlessly tied to online activities in this era.

Towards achieving this goal to refresh our existing physical and online stores, we are both developing e-commerce-linked services and delivery services, and focusing our efforts on developing community-based store operations.

#### Online order for store pickup service

There are some uncertainties involved in the process of purchasing a bicycle online without having first seen it in person. What if there is a fault after purchase? What about adjusting the bicycle to fit the rider? This service aims to dispel these uncertainties. Customers can select the bicycle they want from the wide range available on the online store, and physical stores offer adjustment and fitting to suit the rider, and provide explanations on maintenance, repairs, and use. The service is only possible because of our nationwide network of stores, and the deep knowledge of bicycles and solid technical capabilities of our employees.

Looking forward, we will continue to integrate online and offline operations to use our e-commerce site as a window to send customers to real stores, thereby maximizing the convenience of internet shopping and of the real world, mainly by using our official online store. In addition, in conjunction with measures to strengthen CRM, we are also improving communication with customers in our e-commerce business, so that our customers will become our fans.

#### Results for fiscal year ended February 2022

- Dramatically reduce lost sales opportunities by securing dedicated inventory for e-commerce
- Online order for store pickup service well-received by customers

#### Future plans

- Enhance and improve shopping cart and coupon functionality on e-commerce site
- Expand electronic payment services such as Amazon Pay
- Construction of omnichannel measures to enable completion of in-store services such as Cycle Mate and security registration online



### Cycle Porter Service

Currently, stores provide delivery of bicycles as part of their services. However, the number of delivery service providers handling bicycles is expected to continue decreasing and delivery fees to continue rising, while demand for deliveries is expected to increase, not only for bicycles but for the overall retail sector in general.

Cycle Porter leverages our nationwide network of stores to create our own unique delivery infrastructure, and the app also enables easy booking of new bicycle delivery and on-site repair pickups and delivery. If a bicycle cannot be moved and brought in for repair, our dedicated Cycle Porter staff will come to your home to pick it up, and return it to you after repairs.

**Results for fiscal year ended February 2022**

- Total deliveries per year: approx. 22,000
- Total on-site repairs per year: approx. 29,000

**Future plans**

- Improve to provide a more convenient service for customers

### Store Management Rooted in the Local Community

As the diversification of values, lifestyle habits, and shopping trends continues to evolve, we will promote the development of stores with close ties to local communities, which will be able to offer finely tuned proposals and product lineups that are deeply rooted in the daily lifestyles of each of these respective communities. We are aiming for something in the vein of a local family doctor, one who has a deep knowledge of customers' characteristics, desires, and the condition of their bicycles.

This requires the development of specialists in each of the fields of customer service, technician services, and tour guiding who are able to offer not only the joy of choosing a bicycle and safe, secure delivery, but in addition to the product itself, provide experiences, ties, and empathy. Through its Meister Certification System, ASAHI is also focusing on developing personnel as bicycle lifestyle partners, providing consultation to customers on all aspects of bicycle ownership. By accurately grasping the needs of each area and each customer, we will give birth to a community of people who love the bicycle lifestyle, centered on Cycle Base Asahi.

**Results for fiscal year ended February 2022**

- Creating a store structure pursuing safety as an absolute
- Maintenance of inspection check sheets
- Review of quality assurance system

**Future plans**

- Planned store openings and large-scale renovations
- Establishment of higher-level positions for Meisters (Customer Service -Meisters, Technique Meisters, Guided Tour Meisters) as a measure to further employees' careers
- Creating a system in which employees familiar with local characteristics are fulfilled in both their professional and personal lives

## Develop new store formats

As our strategy for sustainable business growth, we will press forward with the development and opening of new styles for stores in addition to the large-format suburban-type stores, such as small-format urban-type stores, aiming to provide the same level of customer satisfaction as large-format stores.

ASAHI has developed a nationwide chain of large-format bicycle specialty stores known as Cycle Base Asahi, primarily suburban-type stores. Recent population trends show a shift back from suburban to urban areas. Urban areas have a lower rate of bicycle ownership than suburban areas, and there appears to be a significant aspect of reliance on developed public transportation systems. However, urban areas are expected to see sustainable demand because they have a high need for the mobility offered by bicycles as a means for transportation and are more resilient to the impacts of the falling birthrate and an aging population. Furthermore, many individual bicycle stores in urban areas are closing due to a lack of successors, and this is problematic for many people who use bicycles.

In light of this type of situation, we are actively opening stores in urban areas. As of February 20, 2022, we have opened four "urban-type stores," developed as our second store format. Furthermore, in May 2021 we opened THE BASE Minami-Osawa—a new sports cycle concept store. This concept provides a "bicycle base" at which customers can casually enjoy sports cycles, securing a community space inside and outside the store, as well as holding various events on weekends.

We will keep developing and opening new styles of store as part of our strategy for new business growth.



THE BASE Minami-Osawa

**Results for fiscal year ended February 2022**

- Opening of new concept store for sports cycles
- With a line-up of world-class high-end road bikes, previously unavailable

**Future plans**

- Development of a new format as a community spot for those who enjoy full-fledged sports cycling

## Expand our business domain

By providing ASAHI's products, services, and know-how to dealers in various places, we seek to make a better environment for everyone to use bicycles safely and securely, and ultimately to contribute to the stimulation of the overall bicycle business.

### Strengthening the Wholesale Business to Help Stimulate the Bicycle Business

In the bicycle business, the number of retail store closures is increasing due to the aging of store owner-operators, and the lack of successors. If this situation continues, it will become increasingly difficult for customers to ask their local shop to carry out repairs and maintenance on their bicycles, jeopardizing an environment in which customers can enjoy a safe, secure, and comfortable bicycle lifestyle.

In order that we can help regional bicycle retailers by leveraging our strength as the largest manufacturer and retailer in the bicycle business, we are promoting collaborative efforts in which we provide ASAHI-brand bicycles as well as a range of other services and know-how.

In the past, given our nationwide network of bicycle stores, we have often been viewed by retailers as a competitor. However, by supplying our products, utilizing our distribution network, and providing know-how and services, we are becoming increasingly recognized in recent years as a partner with whom one can work in creating attractive stores, and the number of our business partners is steadily increasing year by year.

We will continue to actively promote the cultivating of new business partners for cooperating towards a future in which anyone can enjoy a bicycle lifestyle wherever they are.



Partner: AUTOWAVE Co., Ltd.

**Results for fiscal year ended February 2022**

- Increased number of partners (non-ASAHI bicycle dealers) dealing with the ASAHI brand
- Create transaction mechanism with individual dealers

**Future plans**

- Further development of the wholesale logistics system
- Promote sales activities such as exhibitions

### FUN TO RIDE BIKES

#### —Experiences, Connections, Thrills

We have adopted the theme of FUN TO RIDE BIKES—Experiences, Connections, Thrills aiming to deepen our involvement from the phase of selling bicycles and enjoying bicycles to that of providing various customer experiences through bicycles, and evolving from the provision of products to the provision of experiences.

We added "tour business" to our Articles of Incorporation in February 2019, aiming to create a culture of bicycle enjoyment, and since then, we have planned and operated over 300 cycle tours a year. These tours are led by staff who have acquired the Guide Meister internal qualification, who communicate the joy of riding a bicycle and ways to have fun to customers. The tours are open to a wide range of participants from beginners to experienced cyclists and have drawn attention from many quarters as an event that is healthy and nature friendly.

Furthermore, in 2020, we reformed our in-house cycling team, MiNERVA-asahi, after a temporary hiatus in activity. The team is made up of employees who are training while working at ASAHI. The appearance of these athletes competing in races while working will inspire many people, allowing them to understand the thrill of competing. MiNERVA-asahi's activities symbolize our desire to widen and support the range of our activities, extending it to the provision of experiences, ties, and empathy to help people realize richly individual lives and lifestyles through bicycles.

**Results for fiscal year ended February 2022**

- MiNERVA-asahi participates in J-Elite tours around Japan

**Future plans**

- Expand the activities of MiNERVA-asahi

# Three Growth Foundations

## Enhancement of digital and IT platforms

Digital technology has brought innovation allowing people to communicate anytime, anywhere, with anybody. With this, we can provide both new customer value, and social value.

In order to achieve new value using a digital transformation, ASAHI is working to strengthen its digital and IT infrastructure that serves as a foundation for this. We will optimize supply chain management (SCM), omnichannel, and so forth, use digital and IT technologies in all areas of our business, including customer contact points, provided services, and internal operations to build better relationships with customers over the long term.

In addition, we are working towards expanding our business areas by continuing to strengthen data governance, revamp our backbone systems, promote visualization of management information, and build a common platform to support our service business. With these initiatives, we aim to achieve faster, more accurate decision-making by management, and to realize increased earning capability and internal operational reforms in our businesses.

### Results for fiscal year ended February 2022

- Embarked on migration of core systems to a cloud-based ERP to connect the entire value chain
- Expand and enhance remote environments
- Strengthened system development/operation systems by appointing a system operation specialist in charge

### Future plans

- Complete migration of sales management functions to cloud-based ERP
- Retrain personnel for a move to digital

## Enhancement and optimization of supply chain management

Strengthening and optimizing our logistics functions will play an important role in further embedding the SPA business model. Looking ahead, we will work systematically to strengthen our logistics functions.

## Creating Efficient and Comfortable Workplace Environments

We will review our facilities to create workplace environments that are safe and secure. In particular, we conduct regular site inspections and safety and health training in order to improve the workplace, and ensure that work can be conducted efficiently and with priority given to safety at logistics sites.

### Results for fiscal year ended February 2022

- Trial introduction of air-conditioned clothing to reduce physical load, and measurement of how this feels and its effectiveness
- Conducted interviews with employees to identify problems

## Enhancing Work Quality

We revised our warehouse layouts and operating procedures through *kaizen* improvement activities and so forth. We are also promoting the introduction of material handling equipment\* and other measures to improve operating efficiency and reduce labor with the goal of enhancing work quality.

\* Machinery and facilities to make material handling operations more efficient, and to reduce workload

### Results for fiscal year ended February 2022

- Review of standard operating procedures

## Increasing Customer Satisfaction (Service Quality)

Tightening management of delivery deadlines, shortening lead times, and building systems to enable efficient transport and shipping will contribute to improving service quality for customers.

### Results for fiscal year ended February 2022

- Analysis of causes and trends in product damage and defects

### Future plans

- Establish efficient transportation and delivery network
- Reduce mis-shipment rate

## Comprehensive Logistics Management

We will build an optimal logistics network that can cope flexibly with an increase in the volume of goods, while strengthening our integrated supply chain management (SCM) system, which covers everything from procurement of parts to logistics, sales, and services.

### Results for fiscal year ended February 2022

- Create a new organization for central management of warehouse inventory, store inventory, and planned arrival inventory.
- Started putting together systems to strengthen control of incoming goods volumes

### Future plans

- Redesign inventory management process
- Introduce new infrastructure systems and warehouse management systems (WMS)
- Real-time visualization of inventory information, including of that in transit

## Enhancement of brand management

In addition to branding for products, we will also improve branding for people (technicians, customer service) and stores (service, product lineup) to further increase and expand awareness of "ASAHI."

## Creating Advanced Value Unique to ASAHI

As new sales channels such as internet sales expand, the greatest strength of the company's core brick-and-mortar stores lies in their ability to deliver correct information, services, and experiences at the appropriate timing, not only at the point of sale, but also after the purchase and through inspection and maintenance services during use. Rather than letting the sale be the final step, we aim to create closer links with customers throughout Japan as a bicycle lifestyle partner at every life stage, continuing to provide customers with value in the form of excitement, trust, and convenience, as well as social value in the form of safety, health, and the environment.

For example, our reuse service which purchases unwanted bicycles treating them as assets rather than disposing of them provides an "environmental" value to society, in that it contributes to building a recycling-oriented society. In the future, we will continue to expand the number of sales outlets and dealers and will review their structure in order to make it more "convenient" for customers.

### Results for fiscal year ended February 2022

- Push notification of periodic inspections using the app

## Transforming Internal Awareness and Behavior

The awareness and behavior that are unique to ASAHI are designed to comprise four aspects of our brand personality: sincerity, friendliness, responsiveness, and reliability.

At every point of contact with society and customers, all of our employees make sure to consider the other person's position and keep an attitude that is sincere and approachable, and strive to make sure that we are recognized as a reliable company through our attention to detail and care. To this end, we are working to promote an organizational culture—that encourages each employee to take responsibility with an awareness that they are representing ASAHI.

### Results for fiscal year ended February 2022

- Held "Brand and Customer Service Basic Skills Training" for all store managers
- Introduced per-department branding initiatives in the company newsletter
- Establish ASAHI brand guidelines

### Future plans

- Continue to carry out branding training
- Add actions that contribute to stronger employee branding to personnel evaluation criteria
- Conduct customer surveys regarding the ASAHI brand

## Enhancing Our External Communication Capability

ASAHI is recognized by many as a bicycle sales chain. However, its activities cover diverse aspects ranging from planning and design of bicycles to procurement and production, quality assurance, logistics, sales, and service. We also carry numerous well-established brands, as well as a well-stocked lineup of ASAHI brand products, which represents high-performance at an affordable price, reflecting customer feedback. This is an area in which we want to focus our efforts in the future.

We are also proposing and providing a range of events as a part of our theme of FUN TO RIDE BIKES —Experiences, Connections, Thrills.

Through these activities, we will brand our presence as the "most reliable partner" for a bicycle lifestyle for both customers and society.

### Results for fiscal year ended February 2022

- Implemented reward measures for having reached 500 stores
- Created and released a video of "heartwarming and moving episodes with customers" collected from within the company

### Future plans

- Aim to promote awareness of ASAHI services and events

# Environment

## Climate Change Initiatives

We, at ASAHI, strive to promote further use of bicycles as a form of mobility indispensable to a future society that is low-carbon, harmonious with nature, and recycling-oriented. At the same time, by working actively on more efficient shipment and delivery of bicycles as well as development of recycling, reusing, and sharing of bicycles, we will aim for the realization of an environmentally friendly society.

### In store management

#### Promoted LED lighting, with 40% reduction in store power consumption

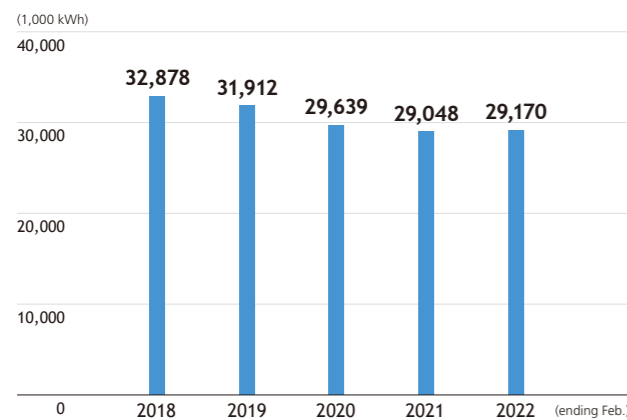
We have been moving over to LED lighting in order to reduce power consumption and our environmental impact.

In the fiscal year ended February 2014, we started switching over to LED lighting in our stores, and as of the end of February 2022, we have completed installation of LED lighting at 489 out of 505 existing stores (96.8%). This has resulted in a reduction in electricity usage of around 40% per store. Furthermore, new stores opening from 2014 onwards have adopted LED lighting as standard.

Given that exterior lighting is only used for a short amount of time and has a minor impact, this was exempted from the switchover, however we plan to switch signboard lighting over to LED lights at 130 stores in the fiscal year ending February 2024.

We will continue with our efforts to improve the efficiency of our energy usage and to reduce greenhouse gas emissions.

#### Trends in energy usage



### Promotion of bicycles

#### Promoting further use of bicycles helps curb CO<sub>2</sub> emissions

Bicycles are an environmentally friendly form of transportation that do not produce any greenhouse gases that harm the environment. In the last couple of years, given the spread of COVID-19, the value of bicycles has been reevaluated from the perspective of eliminating the risk of infection and of improving health, and their use is being promoted by both national and local governments.

We are also promoting bicycle usage in order to curb CO<sub>2</sub> emissions. The development of our Office Press series for businesspeople incorporated input and experiences of our staff who regularly use bicycles for commuting, and the series has been a favorite of businesspeople for over 15 years since its launch in 2005.

We also encourage our employees to use bicycles for commuting, and in December 2020, we were certified as a declared company of the Bicycle Commuting Promotion Company Declaration Project, a certification program for companies and organizations that promote bicycle commuting. This project aims to publicize the efforts of companies and organizations that are active in promoting commuting by bicycle, and to expand the use of bicycles in commuting and in business use as a part of corporate activities.

Looking to the future, all employees will continue to work together to use our participation in the Bicycle Commuting Promotion Company Declaration Project in striving towards the development of bicycle culture both within and outside the company, to provide a better bicycle lifestyle.



Certification as a declared company of the Bicycle Commuting Promotion Company Declaration Project (certificate valid for five years)

## Effective Use of Resources

### Achieve circular consumption of bicycles — from “disposable” to “reusable”

Given increased awareness of environmental issues, used products are being used in diverse fields. We live in an era of mass production and mass consumption, with bicycles becoming thought of as disposable, and those that are no longer needed tend to be disposed of immediately. Some bicycles may be discarded even when they are still usable, and so we must avoid turning ostensibly environmentally friendly bicycles into an environmental problem. Additionally, increasingly diverse lifestyles and ways consumers enjoy themselves in recent years mean there is a hitherto-unseen new replacement demand. Adding this demand as a new touch point, we launched our bicycle purchase service as a proposal for a recycling-oriented society that factors in protection of the environment.

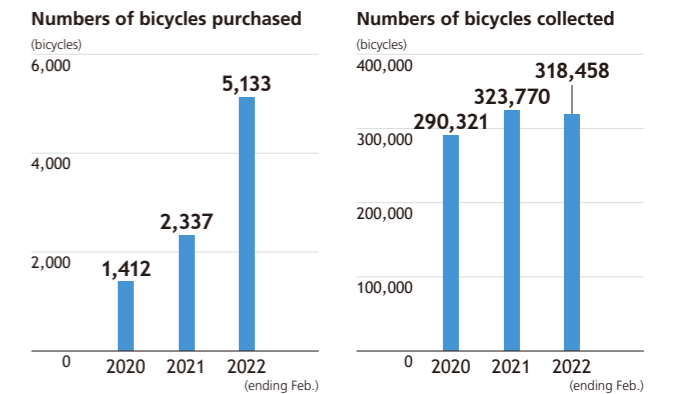
We launched the service in 2017, targeting electric assist bicycles, sports bicycles, and children’s bicycles, which experience high replacement demand. When replacing bicycles, we purchase unwanted bicycles that have been brought in, including brands that we do not handle. As of February 20, 2022, we have expanded our purchase and sales area to 264 purchase stores and 18 sales stores spanning eight prefectures (Tokyo, Kanagawa, Chiba, Saitama, Osaka, Nara, Wakayama, and Hyogo). We also conduct online purchase assessments to make this service more popular with customers.

In the future, “Bicycle Purchase Service” counters will be set up in stores nationwide as a regular service within our Cycle

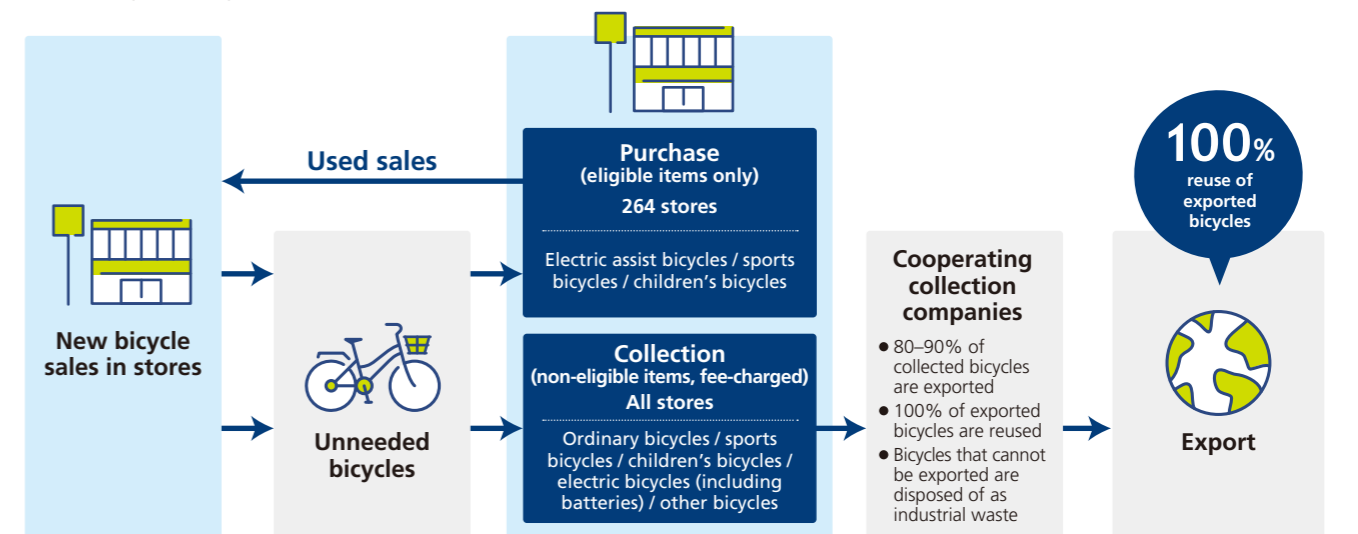
Base Asahi business, and we will gradually roll out “Bicycle Purchase & Reuse Sales Service” stores for used bicycle sales. We are also moving forward with preparations for online sales.

All stores also offer a fee-charged bicycle collection service for those bicycles that are not eligible for purchase by the company. Around 80%–90% of collected bicycles are exported through partner companies, where they are reused as transportation infrastructure in developing countries with a 100% reuse rate after export. Bicycles deemed too difficult to reuse are disposed of appropriately as industrial waste.

While some customers may be apprehensive about reused bicycles, we leverage our nationwide network of stores at which specialized staff carry out maintenance, providing after-sale support. By actively promoting our “Bicycle Purchase & Reuse Sales Service,” ASAHI aims to break away from a disposable bicycle culture and thus create a new circular consumption environment for bicycles by adding reuse to a conventional cycle of buying and replacing only new bicycles.



#### Consistent cycle for bicycles, from purchase as new to reuse



# Social

## Customer Satisfaction (customer value)

### Product development

#### Making products that incorporate customer feedback

At ASAHI, we operate a system called the “Product Development Request Form.” With this system, all employees, regardless of their affiliation can submit product requests from customers to the development department and to other departments in a timely manner.

One product arising from such customer feedback is the “Carg Active.”



Most bicycles for shopping have a large basket to hold a lot of items. However, this large size causes concerns for many people, as it makes it difficult to get the bicycle in and out of bicycle parking lots without coming in contact with adjoining bicycles. The Carg Active features a special basket that is narrower but longer, combining a sufficient load capacity with ease of parking in bicycle parking lots.

“Product Development Request Forms” received from stores are replete with information that can only be obtained from store staff who directly deal with customers. We will continue to use this information in customer-centric product development, aiming at increasing customer satisfaction.

### Universal design

#### Aiming for products that are easy to use by all

##### Alouette L

An increasing number of senior citizens are voluntarily surrendering their driver’s licenses, and making the switch from cars to bicycles. Given these circumstances, we have developed the Alouette L, a universal-design bicycle easy to handle even for the elderly. The ultra-low step-through frame makes it easy to get on and off the bike, and this is combined with a vacuum-formed saddle that reduces fatigue even after a long time riding, together with a handle suitable for leaning on when stopping for a rest.

As well as using lightweight aluminum as a material, the design also reduces physical strain when getting on and off, and the minimum saddle height is low enough to compensate for the decline in leg strength and to handle wobbling when stopping or at low speeds.



### GOOD DESIGN AWARD recipients

The “LOG WAGON” outdoor bicycle won the 2021 Good Design Award (sponsored by the Japan Institute of Design Promotion).



LOG WAGON is a specialized multifunctional bicycle for an outdoor lifestyle, especially designed to handle an increased cargo capacity by making the rear cargo bed sturdy and able to be widened. Also, the frame allows various options to be added in addition to the front and rear cargo carriers. Despite its small wheel size, the bicycle is replete with a number of innovations that improve riding and braking performance, and its wide tires enable stable riding even on unpaved roads.

In its development, we focused on the increasing number of people enjoying outdoor leisure activities and avoiding densely populated areas because of concerns surrounding COVID-19. By considering if we could create value with bicycles as “not just a means of transportation,” and given in recent years we are seeing less robust interpersonal relationships, we aimed to create products that would make outdoor leisure more enjoyable and fulfilling based around the “A Wider Outdoor World with Bicycles” with a focus on connecting with family and friends. In particular, we focused on the freedom of loading and in its expandability. Numerous screw holes

throughout the frame allow the addition of carriers, and the rear carrier can be folded away so that it does not get in the way when parked at a bicycle parking lot.

Such innovations result in a bicycle that is adaptable to outdoor leisure styles.

### After sales service

#### Providing timely and appropriate service even after purchase

##### Improved warranty service — Cycle Mate

We offer our “Cycle Mate” comprehensive bicycle warranty service that can be subscribed to at the time of bicycle purchase, to ensure that as many customers as possible can enjoy a safe and secure bicycle lifestyle. This covers theft, free inspections, and on-site repairs, thus eliminating the anxiety after the purchase of a bicycle.

In striving to become a company that creates new value for bicycles, we are also ramping up our efforts to turn our customers into fans. The most important thing here is to better understand our customers. To this end, we take a variety of perspectives in analyzing customer information on “Cycle Mate,” which has more than 1 million registered users every year, and we use this information in the development of new products and services.



### Cycle Base Asahi official app

In order that we could improve services and strengthen communications at our stores, we released a smartphone app in 2018. In addition to delivering special coupons and event information, the app allows users to register for a Cycle Mate card, make reservations for on-site repairs and pickup, and search for nearby stores that could help in the event of sudden breakdowns.

This also provides push notifications about appropriate periodic inspections at three, six, and 12 months after purchase. Periodic inspections are essential to ensure continued safe and secure use of bicycles. All of our stores nationwide have officially certified Bicycle Safety Engineers and Bicycle Technicians with extensive knowledge and skills in inspection and maintenance, and they offer high-quality maintenance and full services only possible from a specialist store in supporting customers’ bicycle lifestyles.

## Supply Chain Management

### Creating a system connecting warehouses, stores, and e-commerce that expands the centralized inventory management project

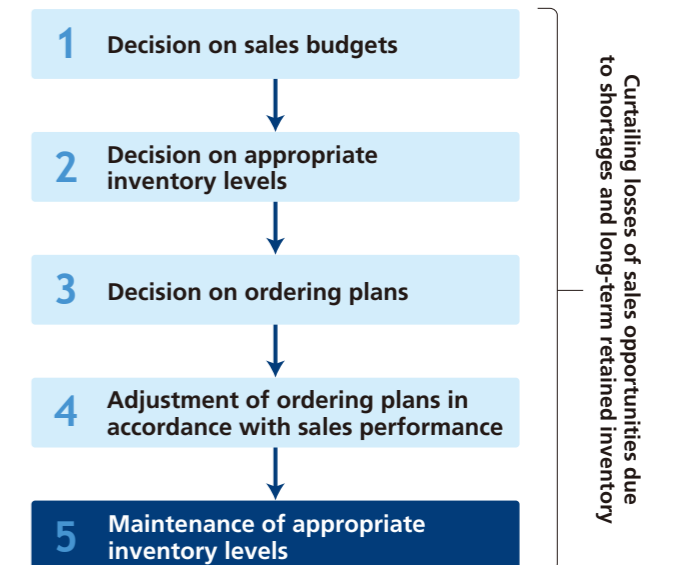
We view our business partners as part of a single organization, and by ensuring seamless connection and management of all information regarding business processes, aim to increase the efficiency of the supply chain overall, including cost reductions and shorter lead times.

In the fiscal year ending February 2022, we established and began trial operation of an organization for the central management of warehouses, stores, and scheduled incoming inventory. This had as its aim identifying long-term backlogs and excess inventory, linking this with sales measures to reduce these, and strengthening control over the volume of incoming goods.

In the future, the company plans to redesign its inventory management process and introduce new infrastructure systems and warehouse management systems (WMS) aimed at reducing lost sales opportunities stemming from shortages, and the amount of long-term backlogged inventory. We will start full-scale operation in conjunction with the demand forecasting system already in place, in order to improve inventory management accuracy as well as operational efficiency.

This inventory information will also include quantities of inventory in transit, formerly not managed, to provide as close as possible to real-time visualization of inventory movements and to share this throughout the company. Furthermore, linking this inventory information with each e-commerce site will reduce lost online sales opportunities

### Inventory management process



## Quality Control

### Establish quality standards and build an extensive inspection and confirmation system




ASAHI bicycles undergo three-step checks at factories, warehouses and stores to guarantee their safety and quality.

Our Quality Control Division provides our production subcontractors with thorough guidance and management into each stage of the production process, from inspection of incoming parts through to frame production, painting, and assembly, thus maintaining and improving quality levels. Together with providing support aimed at continuous quality improvements, we are also working to increase awareness of quality in order to encourage cooperating factories to act on their own initiative.

Given that travel is currently restricted because of the COVID-19 pandemic, our use of voluntary production programs at each partner factory enables production control at these in accordance with our standards. We have put in place a system in which if a minor product defect occurs after importation, the production facility is immediately notified and it takes corrective measures in a timely manner.

In addition, qualified specialists conduct a final inspection of the product when it arrives at the store, so that only products that meet all quality standards are sold.

#### Quality check system

 <p><b>Factory</b></p>	<p>Check quality based on our own original ASAHI Inspection Standards, which equal to or exceed Japanese Industrial Standards (JIS)</p>
 <p><b>Warehouse</b></p>	<p>Double-check quality each time a product enters the warehouse</p>
 <p><b>Store</b></p>	<p>Final check by a Bicycle Safety Engineer/Bicycle Technician before handing over a bicycle</p>

For the planning and ordering of our own ASAHI brand and “LOUIS GARNEAU” brand products for which we have acquired domestic sales rights, we select outsourcing manufacturers and procure parts in accordance with our own quality standards, with the minimum requirement of compliance with Japanese Industrial Standards (JIS) both in Japan and overseas.

In addition, we ensure exhaustive quality control by checking the detailed specifications of sample products, and require both a final inspection of specifications together with general quality function inspections when shipping finished products, along with conducting inspections in person when necessary.

### Enhancing work quality including warehouse operations

We revised our warehouse layouts and operating procedures through *kaizen* improvement activities and so forth. We are also promoting the introduction of material handling equipment and other measures to improve operating efficiency and reduce labor with the goal of enhancing work quality.

Specifically, we first worked on ensuring that everything is thoroughly organized. We got rid of any items we did not use and decided upon set places for items we needed, and laid down rules for the disposal of unnecessary items, including how and when these should be disposed of, and in what condition. Next, as part of our efforts to improve workplace environments, we are working together with each manufacturer in renovating rest areas and changing rooms as well as adding toilets. In product storage, we are improving the materials and shapes of packaging materials and encouraging manufacturers to do likewise with the aim of improving storage efficiency and outwards appearance. In addition, given the issue that clerical work and shipping/receiving operations have become increasingly individualized, we are reviewing standard operating procedures and ensuring compliance with these. We have also put in place clear standards for the amounts of time required for each work task.

With regard to improving work efficiency, we plan to introduce a warehouse management system (WMS) in the fiscal year ending February 2023, and by using efficient digital picking that incorporates total picking, order picking, and a digital assortment system, improve productivity and eliminate errors in shipping.

## Regional Society

### Social contribution activities as a member of the community

#### Raising awareness of safety

Bicycles are a wonderful form of transport that can easily be enjoyed by anyone, but incorrect usage can lead to serious accidents. We are working proactively on activities so that all people who ride bicycles know how to ride and remain aware of traffic rules.

As initiatives to raise the safety awareness of all customers, we are holding “classes on how to ride a bicycle\*1” at stores, online advice on recommended helmet use, and “bicycle riding safety guidelines” using the “five rules of safe bicycle riding” as established by the National Traffic Task Force. In addition, we offer the “Cycle Partner” insurance policy developed in collaboration with au Insurance Co., Ltd. in order to cover

injuries and accidental damages caused by bicycle accidents.

Furthermore, in cooperation with local governments, we are working to create a safe and secure environment for bicycle use. We signed an agreement with Toyonaka City in July 2021 and with Miyakojima Ward, Osaka City in November 2021, based around the “promotion of bicycle utilization.”

Going forward, we will continue to work with local governments to create an environment in which our stores can not only sell bicycles, but to also provide a safer and more secure environment for bicycle use in the local community, and contribute to the awareness of bicycle etiquette and rules.



**Ceremony concluding a comprehensive cooperative agreement with Miyakojima Ward, Osaka City on safe and secure community development**

\*1 Three classes were held—a Sports Cycle Safety Riding Class, Senior Safety Riding Class, and Asahi Kids’ School “Riding without Training Wheels!”

#### Creating a culture of bicycle enjoyment

The use of bicycles and the popularization of cycle sports is expected to help with a lack of exercise and with preventing lifestyle-related diseases.

In order to further develop the use of bicycles with their health benefits and expand this by “Creating a Culture of Bicycle Enjoyment,” we have been offering guided cycle tours that show off ways to enjoy and use bicycles. In addition to exploring the neighborhood using our stores as start points, we also offer a variety of opportunities to experience bicycles such as events held in cooperation with local governments that aim to promote tourism by bicycle, and these activities have been enjoyed by many participants.

For example, each store plans and regularly holds a variety of tours, from those of nationally popular cycling spots such as the Shimanami Kaido and Awaji Island, through to seasonal tours such as cherry blossom viewing, autumn leaf viewing, and snow cycling, with more than 300 tours held annually. These activities are also posted on the Chiririn portal site.

In the fiscal year ending February 2023, by providing local governments, tourist associations, and corporations with “cycle

guide training courses” which systematize the knowledge and skills we have gained so far, we will start with initiatives in “Creating a Culture of Bicycle Enjoyment” in which we cooperate with regional communities.

Looking forward, we will continue our activities so that we can further contribute to an “enjoyment of cycling” and to the daily health of more people.



“Chiririn” comprehensive bicycle information site

#### Expanding bicycle sharing initiatives

Bicycles are in increasing demand as a means of enhancing last-mile transportation between hubs such as train stations and destinations, as a way to revitalize tourism, as a means of transportation in times of disaster, and as a way to avoid large concentrations of people during the COVID-19 pandemic.

We have put in place “Hello Cycling\*2” shared cycling stations at some of our stores, and plan to expand the number of these in the future. At this time, we select stores for the shared cycling stations divided into two usage types—the “dense residential area-type” for commuting and shopping, and the “tourist area-type” for use as a means of transportation in tourist areas, aimed at efficient installation. While usage of shared bicycles is increasing, many people make use of these despite owning their own bicycles, and we have not seen any impact on new bicycle sales.

Going forward, we hope to further expand the safe, secure, and convenient use of shared bicycles by leveraging our strength in providing comprehensive services that range from repairs, maintenance, and inspections, as well as dispatching and collection of bicycles to and from optimal locations, through to managing profitability.

\*2 OpenStreet Co., Ltd.’s shared cycle system

# Governance

## Directors



Skills matrix of directors of the Company

		Corporate Management	Global	Sales & Marketing	Product Planning & Development	Legal & Compliance	HR & Labor	Finance & Accounting	ESG & Sustainability
President and Representative Director	Yoshifumi Shimoda	○	○	○	○				
Executive Vice President	Motoi Mochizuki	○	○	○	○				
Director	Shiro Nishioka	○				○	○		○
Director	Shigeru Mori	○				○	○	○	
Outside Director (Full-time Audit & Supervisory Committee Member)	Koichi Nishimura					○	○	○	
Outside Director (Audit & Supervisory Committee Member)	Takashi Kanda					○	○		
Outside Director (Audit & Supervisory Committee Member)	Atsuko Suzuki		○						○

### Yoshifumi Shimoda

President and Representative Director 1

- Apr. 1994 Joined ASAHI
- Jan. 1999 Product Department Manager
- May 2006 Director and Manager, Product Department
- Feb. 2008 Director; Manager, Product Headquarters; and Manager, Product Department
- May 2008 Senior Managing Director and Manager, Product Headquarters
- Mar. 2010 Executive Director and General Manager at Asahi (Beijing) Bicycle Trading Co., Ltd. (current)
- May 2012 President and Representative Director (current)

### Motoi Mochizuki

Executive Vice President 2

- Apr. 1982 Joined Bridgestone Corporation
- Sep. 2012 Vice President and Officer Responsible for Diversified Products Sales; Concurrently Director, Performance Film and Electro-Material Business Division at Bridgestone Corporation
- Sep. 2014 Vice President and Senior Officer Responsible for Diversified Product Business and Diversified Product Sales at Bridgestone Corporation
- Jul. 2018 Executive Vice President and Representative Board Member at Bridgestone Cycle Corporation (transferred)
- Oct. 2018 Representative Director at Bridgestone Cycle Corporation
- Jan. 2019 CEO and Representative Executive Officer at Bridgestone Sports Co., Ltd. (concurrent position)
- Sep. 2019 Representative Director and Chairman of the Board at Bridgestone Cycle Corporation
- Jun. 2020 Chairman of the Board at Bridgestone Cycle Corporation (retired)
- Jul. 2020 Part-Time Advisor at Bridgestone Sports Co., Ltd.
- Apr. 2021 Part-Time Advisor at Bridgestone Sports Co., Ltd. (retired)
- May 2021 Joined ASAHI as Executive Vice President (current)

### Shiro Nishioka

Director 3

- Nov. 1989 Joined TOKYO LEGAL MIND, K.K.
- Oct. 1995 Joined Osaka City Dome Co., Ltd.
- May 2004 Joined FirstServer, Inc. (currently IDC Frontier Inc.)
- Jan. 2009 Joined ASAHI as Manager, General Affairs Department
- May 2010 Director and Manager, General Affairs Department
- May 2020 Director (current)

### Shigeru Mori

Director 4

- Apr. 1983 Joined Sumitomo Metal Industries, Ltd. (currently Nippon Steel Corporation)
- Feb. 2002 Joined FirstServer, Inc. (currently IDC Frontier Inc.)
- Jun. 2004 Director and Manager, Administrative Department at FirstServer, Inc.
- Nov. 2008 Joined Sumitomo Machinery Corporation (currently BENKAN KIKOH Corporation)
- Jun. 2011 Director and Manager, Administrative Department at Sumitomo Machinery Corporation
- Aug. 2016 Director (retired), Executive Officer at Sumitomo Machinery Corporation
- Sep. 2020 Joined ASAHI as Assistant Manager, Accounting Department
- May 2021 Director (current)

### Koichi Nishimura

Outside Director (Full-time Audit & Supervisory Committee Member) 5

- Apr. 1971 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
- Aug. 1994 Manager, Accounting Department at Nara Matsushita Industrial Equipment Co., Ltd. (temporary assignment)
- Apr. 2001 Head Office Audit Group at Matsushita Industrial System Co., Ltd. (temporary assignment)
- Feb. 2005 General Manager, General Affairs, Hokkaido Branch at Matsushita Industrial System Co., Ltd. (temporary assignment)
- Sep. 2005 Left Matsushita Electric Industrial Co., Ltd.
- May 2008 Joined ASAHI as Full-Time Auditor
- Mar. 2010 Auditor at Asahi (Beijing) Bicycle Trading Co., Ltd. (current)
- May 2021 Outside Director (Full-Time Audit & Supervisory Committee Member) (current)

### Takashi Kanda

Outside Director (Audit & Supervisory Committee Member) 6

- Oct. 1999 Passed the bar exam
- Apr. 2000 Entered the Legal Training and Research Institute of Japan
- Sep. 2001 Completed the judicial training course (54th session)
- Oct. 2001 Joined the Osaka Bar Association Registered Law Office of Okumura, Hori and Nakado (currently Eichi Law Offices)
- Mar. 2006 Appointed as Employee Attorney at Shinsaibashi Partners (current)
- Jul. 2011 Registered with the Tokyo Bar Association
- May 2013 Joined ASAHI as Auditor
- May 2021 Outside Director (Audit & Supervisory Committee Member) (current)

### Atsuko Suzuki

Outside Director (Audit & Supervisory Committee Member) 7

- Apr. 1986 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
- Apr. 2008 Director and Manager, CSR Office at Matsushita Electric Industrial Co., Ltd. (left in December 2014)
- Apr. 2010 Outside Director and Auditor at Nara Women's University (retired in December 2012)
- Jan. 2015 Joined ASAHI BREWERIES, LTD.
- Apr. 2015 Manager, Social Environment Department at ASAHI BREWERIES, LTD.
- Oct. 2015 Manager of the Sustainability Promotion Section, Olympic/Paralympic Promotion Headquarters at ASAHI BREWERIES, LTD. (concurrent position)
- Apr. 2017 Director and General Manager, CSR Division at Asahi Group Holdings, Ltd.
- May 2019 Left ASAHI BREWERIES, LTD.
- May 2020 Joined ASAHI as Outside Director
- Jun. 2020 Outside Director at YAMAZEN CORPORATION (current)
- Mar. 2021 External Audit & Supervisory Board Member at Lion Corporation (current)
- May 2021 Outside Director (Audit & Supervisory Committee Member) (current)

## Corporate Governance

### Basic philosophy

We believe that enhancement of corporate governance is indispensable to continually improving corporate value and maintaining and guaranteeing appropriate business activities, and are taking steps to periodically evaluate, reinforce and build a corporate governance structure.

- Looking toward the future, we will separate supervision of management and execution of duties, focus on a so-called monitoring-type Board of Directors, and strengthen the supervision of management.
- We will entrust a portion of decision-making regarding critical business execution to directors, and strive to accelerate business development as well as management of duties.
- We will enhance our audit system. The Audit & Supervisory Committee, outside auditor and Internal Audit Division will collaborate closely to increase the transparency and fairness of management.
- We will conduct timely and fair disclosure of information regarding management and proactively fulfill our accountability obligations in order to develop smooth relationships with stakeholders and gain society's trust in our sound management.

### Support for Corporate Governance Code

The Company has implemented all of the principles of the Corporate Governance Code (revised in June 2021) as set forth by the Tokyo Stock Exchange, with the exception of the following.

#### Supplementary provision 3-1-3 Initiatives towards sustainability

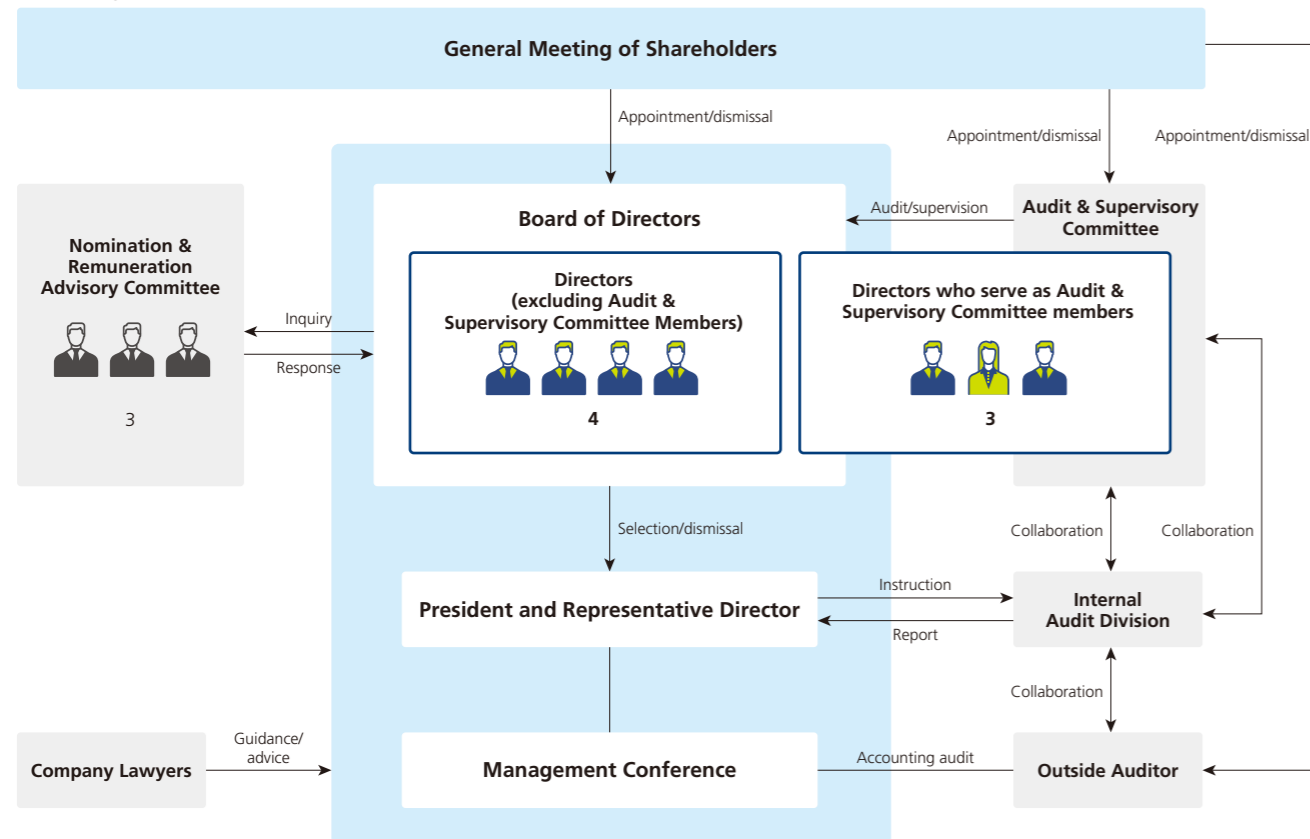
While the Company discloses its sustainability initiatives and investments in human capital and other assets in the ASAHI Report, for disclosures based on the TCFD or an equivalent framework, it is currently collecting and analyzing the necessary data and moving forward with preparations.

#### Supplementary provision 4-11-1 Approach to balance, diversity, and size of the Board of Directors

While none of our independent outside directors has management experience at other companies, we believe that they have a wealth of experience, wide-ranging knowledge, and a high level of expertise, and as such have the appropriate qualities to serve as independent outside directors. Looking forward, we will consider the appointment of directors who have management experience at other companies.

Details of this are disclosed in the Corporate Governance Report.

Corporate governance chart



## Board of Directors

### Operation of the Board of Directors

The Company's Board of Directors is composed of executive directors well-versed in business dynamics and operations who possess in-depth knowledge, experience, and abilities, and independent outside directors with abundant experience, deep insight, etc. regarding matters such as corporate management and highly specialized professions who present no conflicts of interest with general shareholders. Candidates are selected based on an overall balance of knowledge, experience, and abilities and diversity within the Board of Directors is ensured.

The current Board of Directors consists of a total of seven directors: four directors (excluding directors who serve as Audit & Supervisory Committee members) and three directors who serve as Audit & Supervisory Committee members (of which, three are outside directors). Board of Directors meetings are held once per month as the body that supervises the execution of directors' duties and makes decisions related to business operation focused on basic management matters, and ad-hoc meetings are held flexibly as needed.

Furthermore, the Company has established a Management Conference, which is comprised of executive directors, directors who serve as full-time Audit & Supervisory Committee members and managers of each department, to discuss important matters related to management and report on the status of execution of duties by each department.

### Appointment/dismissal of Directors

When appointing and dismissing senior management, and nominating candidates for the Board of Directors (excluding Directors who serve as Audit & Supervisory Committee members), the Board of Directors determines nominees after deliberation by the Nomination & Remuneration Advisory Committee, on the assumption that they are familiar with the Company's business and that they have sufficient knowledge, experience, and skills.

### Nomination & Remuneration Advisory Committee

The Company has established a Nomination & Remuneration Advisory Committee with the objective of further enhancing corporate governance by improving the transparency and objectivity of procedures related to decisions regarding the nomination and remuneration of directors. The Nomination & Remuneration Advisory Committee is composed of three or more committee members, the majority of whom are independent outside directors, appointed through a resolution of the Board of Directors. The committee deliberates on issues such as decisions about candidates for directors, selection and dismissal of the president and representative director, and remuneration of directors (excluding directors who serve as Audit & Supervisory Committee members).

### Effectiveness evaluation

Aimed at enhancing the effectiveness of the Board of Directors and continuously increasing corporate value, the Company conducts evaluations of the effectiveness of the Board of Directors, covering all directors.

A summary for the fiscal year ending February 2022 is as follows.

<b>Subjects</b>	All directors in office as of February 20, 2022.
<b>Implementation method</b>	Questionnaire of subjects (anonymous responses)
<b>Details of questions</b>	<ul style="list-style-type: none"> <li>Board of Directors composition</li> <li>Board of Directors operation</li> <li>Board of Directors agenda</li> <li>Systems supporting the Board of Directors</li> <li>Promotion of a digital transformation Initiatives in response to last year's evaluation</li> </ul>
<b>Evaluation method</b>	Analysis and evaluation by the Board of Directors in light of collected questionnaire results
<b>Evaluation results</b>	We confirmed that the Company's Board of Directors is generally functioning appropriately in terms of composition, operation, agenda, and structure, and that its effectiveness has improved since the previous evaluation. In general, the Board of Directors has been evaluated as having the effectiveness necessary for the Company's sustainable growth and enhancement of corporate value, including in terms of its substantive discussions based on specialized knowledge, and the appropriate selection of themes and decision-making.

Challenges that were confirmed included specific measures for the development of successors to the management team, future securing and promoting of diverse human resources, and the promotion of initiatives for the utilization of information communication technologies and towards sustainability, and the Company will continue to deepen discussions to resolve these issues.

We will continue to examine the results of these evaluations thus far in order to establish an optimal corporate governance structure that factors in the business environment in which we operate.

## Audit/Supervisory Functions

### Audit/supervisory structure

We have selected to be a company with an audit and supervisory committee in order to strengthen our auditing and supervisory functions and to speed up management.

The Audit & Supervisory Committee is made up of three directors who serve as Audit & Supervisory Committee members (all of whom are outside directors). Audit & Supervisory Committee

meetings are held at least once per month as the body that performs tasks such as conducting audit and drafting reports on the execution of directors' duties. In addition, the committee periodically meets with the President and Representative Director, expresses opinions and exchanges information regarding important issues related to audits, etc.

Directors who serve as Audit & Supervisory Committee members attend important meetings, such as the Board of Directors meeting, in order to conduct rational and efficient audits of operations, and examine the status of execution of duties by directors (excluding directors who serve as Audit & Supervisory Committee members). At the same time, they strive for close collaboration with the Internal Audit Division and exchange opinions, etc. By maintaining collaboration with the outside auditor, these directors work to ensure the success of their own audits while guaranteeing the efficiency of audits and supervision.

## Executive Remuneration

### Remuneration setting policy and executive remuneration structure

Executive remuneration is a reward system with the aim of continuously increasing corporate value, securing talented human resources, and sharing value with shareholders, and the Company's basic policy in determining the remuneration of individual directors is to set this at a level appropriate for their respective responsibilities.

Specifically, remuneration for executive directors comprises basic remuneration (monetary remuneration) as fixed remuneration along with medium- to long-term incentive remuneration (stock-based remuneration) as performance-linked remuneration, etc. Remuneration for outside directors considers their role of providing advice and suggestions to the management from a neutral and objective perspective and of monitoring and supervising business execution, but does not include a performance-linked remuneration, and is instead only basic remuneration (monetary remuneration).

Basic remuneration is monthly fixed remuneration, and is determined based upon a comprehensive consideration of position, responsibilities, degree of contribution to the Company's performance, the Company's business performance, and the level of employee salaries. The medium- to long-term incentive remuneration as performance-linked remuneration is a stock-based compensation reflecting performance indicators from the perspective of sharing value with shareholders, and is a number of shares calculated according to both the extent of achievement against targets for each fiscal year and the position, and is awarded upon retirement.

Details of the basic remuneration (monetary remuneration) and medium- to long-term incentive remuneration (stock-based remuneration) for individual directors of the Company are determined by the Board of Directors after consultation with the Nomination & Remuneration Advisory Committee, comprising a majority of independent outside directors, and receiving its report.

Total remuneration for each category of officer, total remuneration by type, number of target executives

Classification	Total remuneration (thousand yen)	Total remuneration by type (thousand yen)		Number of target executives
		Fixed remuneration	Performance-linked remuneration	
Directors (excluding Audit & Supervisory Committee members) (including outside directors)	141,194 (3,000)	119,194 (3,000)	22,000 (—)	11 (3)
Directors (Audit & Supervisory Committee members) (including outside directors)	22,500 (22,500)	22,500 (22,500)	— (—)	3 (3)
Auditors (including external auditors)	4,166 (4,166)	4,166 (4,166)	— (—)	3 (3)
Total (including outside directors)	167,860 (29,666)	145,860 (29,666)	22,000 (—)	17 (9)

## Compliance

### Compliance promotion system

One of the Company's action guidelines is "Compliance with Laws and Regulations," and as such, the Company strives to raise employees' awareness of compliance through periodic training programs and similar. Further, the Company has established an internal reporting system for the early detection and rectification of violations of laws and regulations, and of any wrongdoing.

The Company has established under the direct control of the President an Internal Audit Division which is solely responsible for internal audit operations, and conducts systematic internal audits of all departments to ascertain the actual status of the Company's operations. This investigates in a fair and unbiased manner whether all operations are conducted properly, appropriately, and reasonably in accordance with laws, articles of incorporation, and internal rules and regulations, and whether company systems, organization, and regulations are appropriate and reasonable.

In addition, we summarize items found in the audit process and report these to the president in the form of an audit report

and instructions for improvement, and by notifying target divisions of the instructions for improvement and conducting a confirmation audit at a later date, we are working to conserve the Company's assets and improve management efficiency in our business.

## Risk Management

### Risk management structure

In addition to carrying out risk management within each division, directors and the managers of related divisions monitor the status of important management issues (quality, intellectual property, foreign exchange transactions, contracts, etc.) in a cross-sectional manner, and if necessary, report and deliberate on these in the Risk Management Committee, comprising full-time directors and the managers of related divisions. The Risk Management Committee in principle meets quarterly to comprehensively identify and evaluate risks, and after discussing measures to take, reports to the Board of Directors.

We have also entered into an advisory contract with a law firm to handle any matters that require legal judgment, and receive advice as appropriate.

## Dialog with Shareholders and Investors

### Policy on constructive dialogue with shareholders

In order that we can contribute to sustainable company growth and medium- to long-term enhancement of its corporate value, we believe it is important to engage in constructive dialogue with shareholders and investors so that both sides can deepen understanding of each other's perspectives.

- 1) We have appointed a director in charge of IR and designated the accounting department as the IR department.
- 2) We hold financial results briefings twice yearly for shareholders and investors.
- 3) As regards requests for dialogs or discussions from shareholders or investors, after confirming the purpose of the meeting, we respond appropriately to these requests when these are determined to contribute to the Company's sustainable growth and medium- to long-term increase in corporate value to a reasonable extent, in an effort to improve their understanding of the Company.

### Business and other risks

	Risks	Opportunities	Our response
1. New store openings (reduced space for store development)	<ul style="list-style-type: none"> <li>• Limitations on store expansion due to reduced space for new store openings, and stagnation in growth</li> </ul>	<ul style="list-style-type: none"> <li>• Closure of smaller stores due to the lack of successors, and increased demand for repair and maintenance</li> <li>• Urban concentration of population and demand</li> <li>• Spread of e-commerce transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Development of urban stores</li> <li>• Dominant strategy</li> <li>• Integrated store and e-commerce services using online order for store pickup service</li> <li>• Development of wholesale business</li> </ul>
2. Concentration of procurement (reliance on imports)	<ul style="list-style-type: none"> <li>• Concentration of bicycle production facilities in China</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of assembly and parts procurement industrial structure, enabling low-cost manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Fabless production using multiple partner factories</li> <li>• Watching the situation in China</li> <li>• Dedicated organizational structure to improve overseas procurement capabilities</li> </ul>
3. Human resource development	<ul style="list-style-type: none"> <li>• Insufficient human resources to support provision of services</li> </ul>	<ul style="list-style-type: none"> <li>• Human resources and skills unparalleled by other companies</li> <li>• Source of differentiation and competitiveness with other companies</li> </ul>	<ul style="list-style-type: none"> <li>• Diverse educational programs</li> <li>• Human resource system encouraging long-term employment</li> </ul>
4. Consumer trends changing from goods to services	<ul style="list-style-type: none"> <li>• Consumers demand not only products, but added value</li> <li>• Price competition with competitors</li> <li>• Rapid changes in social structures and demand</li> </ul>	<ul style="list-style-type: none"> <li>• New businesses and differentiation</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a "Culture of Bicycle Enjoyment"                             <ul style="list-style-type: none"> <li>• Tourism</li> <li>• Traffic safety, riding classes</li> </ul> </li> <li>• SPA business model</li> <li>• Suggest types of bicycle life that adapt to new lifestyles</li> </ul>
5. Respond to environmental issues	<ul style="list-style-type: none"> <li>• Social demand for energy savings and resource conservation</li> </ul>	<ul style="list-style-type: none"> <li>• New recognition of bicycles as contributing to reduced CO<sub>2</sub> emissions.</li> <li>• Strengthened efforts for reuse and recycling</li> </ul>	<ul style="list-style-type: none"> <li>• Respond to demand to use bicycles in place of cars and motorcycles</li> <li>• Expansion of reuse business</li> <li>• Initiatives to improve efficiency of logistics</li> <li>• Switchover to LED lighting</li> </ul>



## Financial and Non-Financial Highlights

(As of February 20 of each year)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Financial data</b>										
<b>Operating results</b>										
Net sales (million yen)	37,498	42,164	44,561	48,402	51,088	53,620	57,460	59,852	69,456	71,398
Operating profit (million yen)	4,018	3,556	2,422	3,233	3,385	3,425	3,915	4,006	6,863	5,221
Ordinary profit (million yen)	4,106	3,640	2,480	3,379	3,517	3,507	4,027	4,248	7,326	5,512
Profit (million yen)	2,171	2,188	1,370	1,968	2,165	2,051	2,360	2,559	4,717	3,541
Depreciation (million yen)	892	979	1,182	1,351	1,446	1,575	1,668	1,575	1,533	1,495
Capital expenditures (million yen)	2,373	2,295	4,811	2,486	2,343	1,545	1,768	1,698	2,054	2,533
<b>Financial standing</b>										
Total assets (million yen)	22,304	24,593	29,326	32,795	34,029	36,274	36,781	37,949	45,287	46,473
Net assets (million yen)	16,314	18,011	19,425	20,433	22,586	24,111	26,134	28,220	32,496	35,346
<b>Per share information</b>										
Profit per share (yen)	82.75	83.41	52.34	75.24	82.77	78.42	90.24	98.09	180.91	135.68
Net assets per share (yen)	621.72	686.42	742.62	781.16	863.46	921.76	999.11	1,082.11	1,246.10	1,353.52
Dividends per share (yen)	12.00	12.00	12.00	14.00	14.00	14.00	18.00	18.00	28.00	28.00
<b>Cash flows</b>										
Cash flows from operating activities (million yen)	2,963	2,222	1,893	3,198	4,297	1,226	4,789	3,953	7,295	1,585
Cash flows from investing activities (million yen)	(2,430)	(2,845)	(4,584)	(2,546)	(2,281)	(1,519)	(1,751)	(1,574)	(1,870)	(2,414)
Cash flows from financial activities (million yen)	(363)	584	1,964	84	(1,496)	882	(2,617)	(2,332)	(660)	(733)
Free cash flows (million yen)	532	(622)	(2,691)	652	2,015	(293)	3,037	2,379	5,424	(828)
<b>Financial indicators</b>										
ROE (%)	14.2	12.8	7.3	9.9	10.1	8.8	9.4	9.4	15.5	10.4
ROA (%)	10.3	9.3	5.1	6.3	6.5	5.8	6.5	6.8	11.3	7.7
Equity ratio (%)	73.1	73.2	66.2	62.3	66.4	66.5	71.1	74.4	71.8	76.1
Dividend payout ratio (%)	14.5	14.4	22.9	18.6	16.9	17.9	19.9	18.3	15.5	20.6
<b>Non-financial data</b>										
<b>People Power</b>										
Employees	2,040	2,745	3,310	3,827	4,172	4,645	4,958	5,189	5,659	5,745
Regular employees	1,024	1,101	1,229	1,318	1,351	1,427	1,491	1,531	1,600	1,683
Part-time workers	1,016	1,644	2,081	2,509	2,821	3,218	3,467	3,658	4,059	4,062
Bicycle Safety Engineers	722	817	996	1,155	1,332	1,461	1,581	1,661	1,576	1,787
Regular employees	693	757	879	993	1,091	1,177	1,243	1,277	1,239	1,324
Part-time workers	29	60	117	162	241	284	338	384	337	463
Bicycle Technicians	519	620	822	992	1,159	1,281	1,404	1,488	1,418	1,619
Regular employees	498	569	717	850	953	1,032	1,105	1,145	1,110	1,196
Part-time workers	21	51	105	142	206	249	299	343	308	423
New graduate recruits	117	145	140	143	94	106	109	85	100	111
Employment rate of people with disabilities (%)	1.60	2.07	1.84	2.63	2.82	3.19	2.94	3.16	3.52	3.18*
<b>Product Power</b>										
Products receiving Good Design Awards	—	—	—	—	1	2	0	0	1	1
<b>Store Power</b>										
Total stores	321	354	393	418	442	459	473	477	491	505
New store openings	44	33	39	28	26	21	15	10	15	16
Total building floor area (10,000 m <sup>2</sup> )	About 18.0	About 19.5	About 21.5	About 22.9	About 24.2	About 25.2	About 26.1	About 26.4	About 27.1	About 27.8

\* Provisional values

## Company data

### Company overview

<b>Company name</b>	ASAHI CO., LTD.	<b>Capital</b>	¥2,061.35 million
<b>Head office</b>	3-11-4 Takakura-cho, Miyakojima-ku, Osaka 534-0011, Japan	<b>Representative</b>	Yoshifumi Shimoda President and Representative Director
<b>Founded</b>	April 1949	<b>Number of employees</b>	5,745 (Includes part-time workers)
<b>Established</b>	May 1975		

### Brand Symbol / Brand Tagline



Our brand symbol incorporates the ASAHI "A" with its three triangle points representing our three Value Propositions of excitement, trust, and convenience. A wheel spinning powerfully forward has been integrated into this triangle, evoking the transformation to a fulfilling bicycle lifestyle. Together, these visual elements represent the future profile of the ASAHI brand. Our brand tagline, "Your bicycle, Your life.", embodies the idea that every customer deserves a bicycle lifestyle as unique as they are. Our slogan embodies our promise to customers that we will support their bicycle lifestyle and make it shine.

### External evaluations (Good Design Awards received)

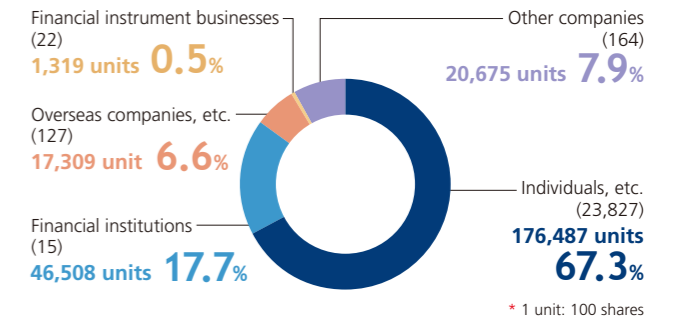


## Share and investor data (As of February 20, 2022)

### Share information

<b>Total number of authorized shares</b>	96,243,200
<b>Total number of outstanding shares</b>	26,240,800
<b>Number of shareholders</b>	24,975 (Includes shareholders holding less than 1 unit)

### Status by type of shareholder (units)



### Status of major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)*
Yoshifumi Shimoda	3,216,341	12.26
The Master Trust Bank of Japan, Ltd. (Trust account)	2,298,500	8.76
Hideki Shimoda	2,042,216	7.78
Michiko Shimoda	1,826,798	6.96
cba Co., Ltd.	1,322,100	5.04
Custody Bank of Japan, Ltd. (Trust account B)	880,600	3.36
Custody Bank of Japan, Ltd. (Trust account)	809,900	3.09
Tomiaki Shimoda	759,592	2.89
Shinobu Shimoda	750,160	2.86
ASAHI Employee Stock Ownership Association	632,000	2.41

\* Ownership ratios have been calculated after deducting treasury shares (386 shares). Furthermore, treasury shares do not include 126,070 shares held by The Master Trust Bank of Japan, Ltd. (Trust account) established for the introduction of the executive remuneration BIP trust.

### Share price





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