



ASAHI REPORT **2026**

INTEGRATED REPORT

The background of the slide is a photograph showing the silhouettes of two people riding bicycles on a path. The sun is low on the horizon, creating a bright, glowing light that illuminates the sky and the path. The sky is filled with soft, wispy clouds. The overall mood is peaceful and active.

New Way to Growth

It is our wish to support our customers' bicycle lifestyles for many years to come, and to this end, we are expanding our services into a wide range of areas related to bicycles.

We have built a “circular business” in which we are involved in the entire cycle, from sales to reusable bicycle purchases, and we are accelerating the expansion of value creation by providing our strategic partners with the Asahi Business Platform, which integrates digital and logistics infrastructure.

Through these initiatives, we aim to provide more customers with a safe, secure, convenient, and enjoyable bicycle lifestyle for years to come. We will spread that value throughout Japan while achieving sustainable growth.



Aiming for the “ultimate form” of the bicycle business

We will provide our services to every bicycle being used in Japan, totaling approximately 60 million. In addition to selling Asahi brand bicycles as before, we will expand our services to all bicycles, regardless of where they were purchased, thereby establishing a new growth model that does not rely solely on new bicycle sales and thus leading our bicycle business to its ultimate form.

Business strategy

Advancing OMO

We are advancing our OMO (Online Merges with Offline) strategy by leveraging our nationwide store network and logistics network. Through the expansion of digital infrastructure such as new POS systems and urban stores, we will optimize the customer experience when purchasing bicycles and various services.

Strengthening CRM

We are fundamentally strengthening our CRM (Customer Relationship Management) design. We will establish a competitive advantage by increasing the convenience of purchasing and processing through the app and providing comprehensive after-sales service.

Expanding peripheral businesses

We have established a comprehensive value chain encompassing everything from assessment and purchase of reusable bicycles to repair, datafication, sales, and recycling. We will develop this into the core of our circular business model that combines safety, quality, and brand strength while also promoting collaboration with bicycle sharing operators.

Expanding Asahi's strategic partners

To ensure that Asahi brand bicycles and services are available nationwide, we offer the Asahi Business Platform, which combines a range of value with a digital and logistics infrastructure, to our strategic partners. We will build a system that can sustainably generate customers even in areas where we currently lack directly managed stores.

VISION2028 KPI

Sales	96.8 billion yen (CAGR of 6.1% from FY 2025 to FY 2028)
Operating profit	8.5 billion yen (CAGR of 28.6% from FY 2025 to FY 2028)
ROE	10.0% or higher

Bicycles for vibrant lives — everywhere together for a lifetime

Bicycles are effective in improving the health of users and are a form of transportation with a low environmental impact.

We believe that our raison d'être is to contribute to the realization of a sustainable society through the popularization of bicycles.

As your most reliable partner in your bicycle lifestyle, Asahi will continue to enhance the happiness of people, society, and the planet.



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. That is why we, as your most reliable partner in your bicycle lifestyle, will go everywhere (in any situation), together (in your shoes), for a lifetime (without end), to make each and every person's bicycle lifestyle even more fulfilling.

Our Value

We will achieve the goals laid out in our vision by creating social value, customer value, and economic value.

Editorial policy

The Asahi Report has been prepared with the aim of helping our stakeholders gain a deeper understanding of our company. This report explains the company philosophy and its medium- to long-term growth strategy behind the value that our company provides to society through bicycles. We will also introduce our ESG initiatives, which form the basis of value creation.

Caution regarding forward-looking statements

This report contains our forward-looking statements based on the information available at the time of publication. Forward-looking statements are subject to risks and uncertainties and do not guarantee future business performance. For details and quantitative data concerning financial information (such as securities reports), please refer to our website.

Reporting period

Fiscal year ended February 2026 (February 21, 2025 to February 20, 2026). However, where appropriate, past circumstances or data as well as recent case examples outside of this period may be provided.

CONTENTS

Asahi's business

Introduction	01
Our mission / Table of contents	03
At a Glance Base Business & Brands	05
At a Glance Numbers / Areas	07
Value creation and strategy	
Message from the President	09
Overview of the previous Medium-Term Management Plan	15

Themes of the new Medium-Term Management Plan "VISION 2028"	17
Business strategy	21
Reinforcing our management foundations	25
Sustainability management/materiality items	26
Value creation process	29

Capital for value creation

Human capital	31
Feature Asahi employee's challenges	39
Social relations/manufacturing capital	41
Intellectual/natural/financial capital	45
Corporate governance	
Three-way discussion on governance	51

List of Directors/skills matrix	53
Corporate governance	55
Compliance/risk management	59
Data and company information	
Financial and non-financial highlights	61
History of Asahi	63
Company profile	65
Stock and investor information	66

At a Glance | Base Business & Brands

Brightening up a day in the life of our customers with bicycles

Asahi Co., Ltd. is a bicycle SPA (Specialty store retailer of Private label Apparel) company.

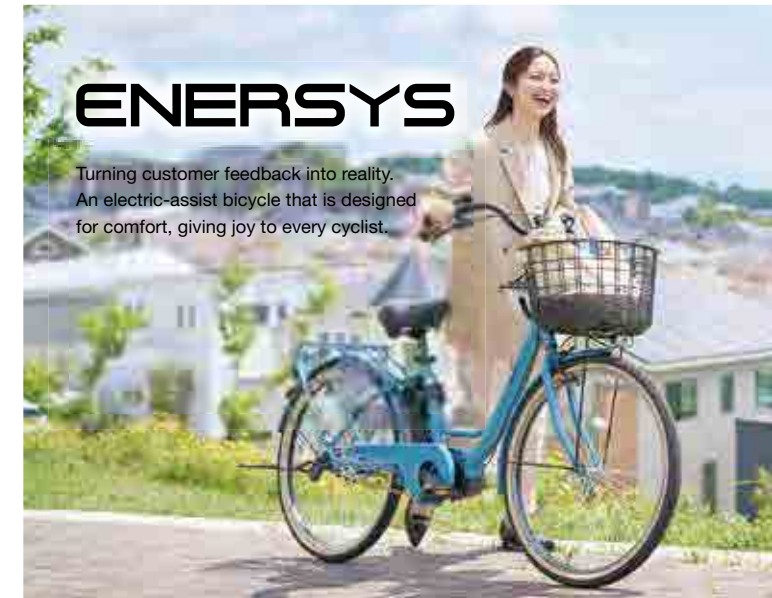
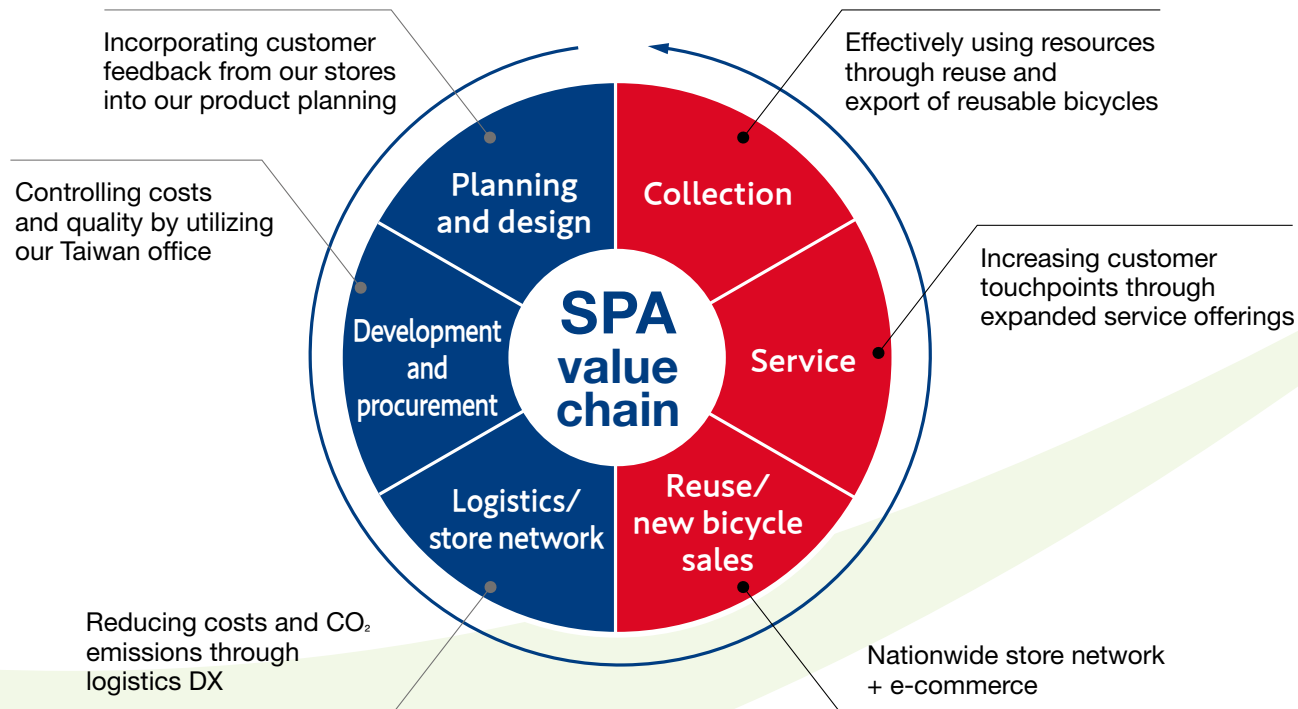
We handle planning, design, and quality control in-house while outsourcing manufacturing to overseas manufacturers.

This allows us to develop our own brand of electric-assist bicycles and sports bicycles, which are sold in our 557 stores nationwide.

Our goal is to provide each customer with a bicycle that suits their individual life stage, lifestyle, and hobbies.

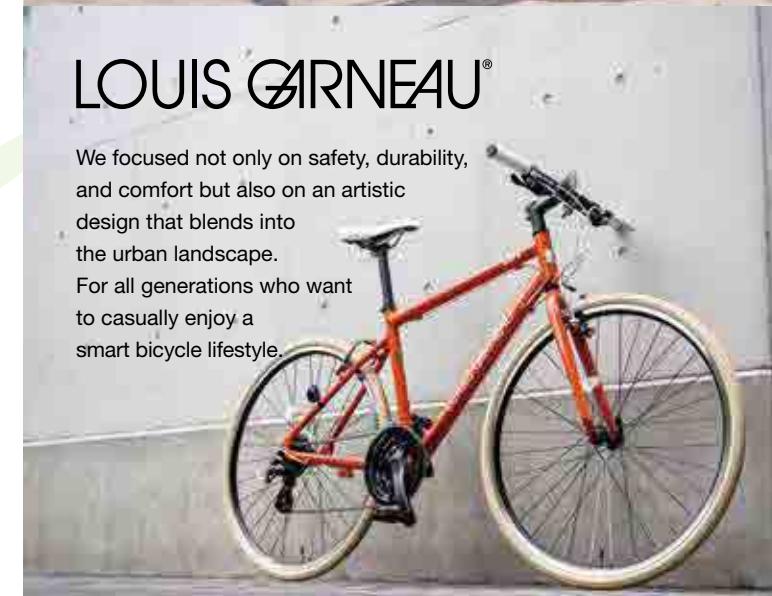
Our SPA value chain

We have established an SPA business model through our unique value chain within the bicycle business, and we are continuing to refine it. With a nationwide store network, a cross-border procurement network, cutting-edge logistics DX, and abundant human capital, we have established a strong competitive advantage in terms of quality, cost, and customer satisfaction.



ENERSYS

Turning customer feedback into reality.
An electric-assist bicycle that is designed
for comfort, giving joy to every cyclist.



LOUIS GARNEAU®

We focused not only on safety, durability,
and comfort but also on an artistic
design that blends into
the urban landscape.
For all generations who want
to casually enjoy a
smart bicycle lifestyle.

Brands

COOSA

Staying true to yourself.
This brand is perfect for young people who embrace diverse perspectives, are sensitive to new things and trends, and value self-expression.



PRECISION

A brand that focuses on a light and agile ride, allowing you to experience the excellence of sports bicycles firsthand.
An exhilarating experience for everyone.



INNOVATION FACTORY

A simple design that will last for years, with the option to customize it to your liking.
Create a bike of your own.



LOG

A brand that makes the outdoors even more enjoyable.
Your bike will accompany you on wonderful journeys and memories worth capturing.



OFFICE PRESS

For business people who value their time every day, we offer a comfortable and fulfilling commute.



Cream

A simple and timeless design, extensive lineup, and carefully selected accessories. All items are priced affordably.



Numbers

At a Glance | Numbers

Asahi by the numbers



Total company sales

81.3
billion yen



Operating profit

3.9
billion yen



Dividend per share

50
yen



Asahi brand sales ratio

47.4%



Market share

25 %

* Company estimate: Market share = Asahi bicycles sold ÷ bicycles sold on the domestic market (Source: Trade Statistics of Japan [MOF], Report on Current Survey of Production [METI])



Number of directly managed and franchise stores

557
stores

* Includes 18 franchise stores



Number of retail stores carrying the Asahi brand

1,452
stores



Number of certified Meisters

780



Asahi Membership count*

5.23
million members

* Asahi Membership count = App membership count + Official online store membership count



Number of employees

5,212
people



Percentage of female employees

23.8%



Greenhouse gas emissions

11,246
t-CO₂

Scopes 1 and 2* * Market standard

Bicycle lifestyle hubs across the country

The company operates a network of 557 directly managed and franchised stores nationwide (as of February 20, 2026). We will continue our store expansion in line with customer preferences, including offering a product lineup that reflects regional characteristics and showcasing diverse cycling scenarios.



Nationwide

557 stores

(539 directly managed stores
+
18 franchise stores)

Hokkaido and Tohoku Area

22 stores

(22 directly managed stores)

Kansai Area

132 stores

(121 directly managed stores
+ 11 franchise stores)

Kanto and Koshinetsu Area

238 stores

(238 directly managed stores)

Kyushu Area

50 stores

(47 directly managed stores
+ 3 franchise stores)

Chugoku and Shikoku Area

42 stores

(42 directly managed stores)

Chubu Area

73 stores

(69 directly managed stores
+ 4 franchise stores)

Message from the President

Shifting from a flow-based to a stock-based business model to adapt to environmental changes

Asahi Co., Ltd.

Yoshifumi Shimoda,

President and Representative Director

Being a local bicycle shop that supports bicycle-integrated lifestyles

Our vision states **“Bicycles for vibrant lives—everywhere together for a lifetime.”**

This statement best expresses the thoughts I have poured into the mission of our company.

Bicycles are a wonderful mode of transportation that is loved by people of all ages, from children to the elderly, and can accompany their owners throughout their lives. It can also help promote health, provide a leisurely break, and even contribute to solving social issues such as decarbonization.

Asahi was originally a small toy store. Selling toys is certainly a good business in the sense that you're selling dreams to children, but the relationship doesn't last after the sale. However, when it comes to a bicycle shop, the relationship with the customer continues long after the sale through repairs and maintenance. Doesn't that sound wonderful?

Our role as a community-based local bicycle shop is not simply to sell bicycles and be done with it, but to support bicycle-integrated lifestyles. I believe it's a type of essential social infrastructure, something indispensable.

However, the number of independently owned bicycle shops has been halved in the last 20 years. This is due to the effects of an aging population and a lack of successors.

If specialty shops disappear, maintenance and repairs will become impossible, which means a safe bicycle lifestyle will no longer be guaranteed for every cyclist. Bicycles carry lives. That's why we believe we must continue to provide safety and security by leveraging our network of 557 stores nationwide and that we must further expand our network.

Strengths

A nationwide store network and a unique SPA model

The phrase "everywhere together for a lifetime" represents our company's strengths. One of those strengths is that people have access to a conveniently located bicycle shop. With stores located throughout the country, cyclists can feel secure knowing they'll receive support, especially after-sales service. We offer the People Power of the store staff as well as the organizational strength of our entire company, including the logistics network that supports them. The combined capabilities of our people and stores are our greatest strength.

Another strength is our unique SPA (Specialty store retailer of Private label Apparel) model. By independently building a supply chain from planning to production, logistics, and sales, and by creating an optimized system that leverages economies of scale based on sales volume, we are able to provide high-quality products at affordable prices. We are pioneers in building this model with bicycles. The Product Power developed through our SPA model, refined over approximately 30 years, combined with the aforementioned Store Power and People Power, forms a powerful and highly profitable value chain unique to our company.

At its core is a commitment to a "customer-centric" approach. I believe that in any era, without this commitment, a company's growth will come to a halt.

Market environment

One-quarter of demand disappeared during the previous Medium-Term Management Plan period, necessitating a transformation of the business structure

However, the business environment has changed significantly in recent years. With

the outbreak of COVID-19, the economy shifted from deflation to inflation, and the domestic new bicycle market shrank from 6.8 million units per year to 5 million units. This meant that a quarter of demand disappeared. In addition to the declining birthrate, aging population, and overall population decrease, the decline was also impacted by a rebound effect from the popularity of cycling during the COVID-19 pandemic as a good leisure activity option in avoiding crowds and by people refraining from buying consumer durables due to soaring prices.

The Medium-Term Management Plan "VISION 2025" was formulated in 2019, and it was greatly affected by these environmental changes. The Plan intended to pursue enhancement of the SPA value chain and strengthening of the business foundation based on sales growth through new store openings. However, due to soaring construction costs and other factors, we were forced to revise the store opening plan itself, and the number of stores was reduced from the initially planned 580 to 557. On the other hand, we have made steady progress on the two themes of the plan: "refining our SPA business" and "FUN TO RIDE BIKES," that is, providing experiential value. The establishment of a new logistics center and other measures have also allowed us to firmly establish our business platform, which is a major achievement of "VISION 2025." We also established a new store format of urban stores, which we had 14 of by the final year of our previous Medium-Term Management Plan.

However, the transformation of our business structure to adapt to the changing environment was insufficient, and we failed to meet our targets for both sales and profits. I am acutely aware that we need to shift away from our previous business growth model, which was based on new bicycle sales and opening new stores.

New MTM Plan: Concept and growth strategy

From new bicycle sales to service, realizing a circular business model

The environmental changes currently underway are not just market contraction. Sales of high-priced items, including electric-assist bicycles, are increasing, and consequently, the need for repairs and maintenance is also rising. This is precisely an area in which our company excels. As consumers become more conscious of

keeping their living expenses low amid rising prices, the replacement cycle for bicycles is lengthening, and in this respect, the importance of repairs and maintenance is increasing. As the new bicycle market continues to gradually shrink, we are being challenged to define what kind of value we can deliver to our customers.

Reflecting this environment, the Medium-Term Management Plan “VISION 2028” (FY 2026–FY 2028), which began this March, aims to transform the business structure from new bicycle sales to a service-oriented approach. The key is the creation of a “circular business model” that is adapted to the new environment. This is the core of the theme “New Way to Growth.” In the final year of this MTM Plan, we aim for sales of 96.8 billion yen (a 19.4% increase compared to FY 2025), operating profit of 8.5 billion yen (a 117.9% increase), and an ROE of 10% or higher (an increase of 4.3 percentage points or more).

We aim to build a circular business that extends beyond new bicycle sales to target all 60 million bicycles currently in Japan. Through maintenance services such as repairs and inspections, as well as providing experiential value such as participation in events, we aim to support our customers in various aspects of their bicycle lifestyle and build long-term relationships. At the core of this is the reuse business. We purchase bicycles that are no longer needed, and after being serviced by our expert staff, they are transformed into quality and trustworthy secondhand bicycles before being passed on to the next customer. The aim of this entire process is to create a sustainable cycle of value for bicycles.

At the heart of these initiatives is a customer-centric business philosophy that aims to move away from the “disposable” mentality to realize a sustainable bicycle society, ensuring that each customer can use their bicycle safely for a long time. Increasing our strategic partners is also a part of our plan. We will build a business model that does not rely solely on our own stores by allowing other bicycle retailers to utilize our business platform, which includes the SPA value chain encompassing products and logistics, the OMO*1 infrastructure connecting stores nationwide with e-commerce, and human capital such as human resource development. It is our wish to create the value of “bicycle-integrated lifestyles” together with bicycle shops that have a long history in the region and share the same aspiration to improve the bicycle business. Especially in these challenging market conditions,

we want to focus not only on our own company’s growth but also on how we can give back by contributing, even in a small way, to the development and revitalization of the entire business.

And in doing so, we will be able to offer our products and services to areas where we are unable to open stores due to the population of the trade area. We have already formed business partnerships with three companies, and nearly 40 stores have joined our team. Going forward, we hope to expand our network of partners in a voluntary chain-like structure while ensuring the independence of each individual’s management.

These businesses can only succeed if they are supported by human capital management backed by specialized personnel. The source of future business value will shift to personnel with high expertise in areas such as maintenance, customer service, and event management. We will focus on developing such personnel, and, under a personnel system that encourages taking on challenges, we aim to improve our human capital ROI*2 from 123% in FY 2025 to 143% in FY 2028. Our goal is to create a virtuous cycle of enhanced expertise, value creation, and improved



*1 OMO: Abbreviation for Online Merges with Offline. A system that combines stores and e-commerce to provide customer-perceived value that includes everything from obtaining information to purchasing and using the product.



working conditions across the entire industry. Through both our business strategy and human capital strategy, we will strive to realize an attractive bicycle society. People are the foundation of everything.

New MTM Plan: Strengthening the management foundation **Strengthening our IT infrastructure and logistics while also improving governance**

To steadily implement our growth strategy, we are working to strengthen our IT infrastructure as one of the important foundations of our management. By introducing a new POS system and other measures, we will build a unified customer ID system that allows us to centrally manage data such as each customer's purchase history and repair/inspection history.

The amassed data will be used for CRM^{*3} to provide detailed information tailored to each customer's situation and needs, as well as guidance that enhances safety and convenience. Through these accumulated efforts, we will build continuous and long-term relationships with our customers, supporting them through their various stages of life and thereby improving their LTV (Lifetime Value).^{*4} Of course, since we are entrusted with our customers' data, we will take every precaution to ensure security, including providing information literacy training to our employees.

Furthermore, the data acquired by the new POS system will be used to optimize

PSI (Production, Sales, and Inventory). To support "individual store management," where each store creates its own sales plan, we will establish a system that can supply the necessary inventory at the necessary time. We will also aim to shorten lead times by improving the visibility of store inventory and warehouse inventory. In parallel with making inventory visible, we will also be working on developing Circular Logistics Infrastructure. We will establish a transit-type logistics center that corresponds to our store network, creating a logistics system that efficiently delivers to each store. In order to steadily support these initiatives and achieve healthy growth, it is essential that organizational governance functions appropriately. We intend to improve the quality of our management by reviewing our management structure and at the same time, deepen our relationships with stakeholders, especially shareholders and investors. To this end, we have established a new Corporate Planning Department to expand our PR and IR functions. Looking ahead, we will be focusing on enhancing dialogue with our shareholders and investors.

New MTM Plan: Sustainability

Striving for sustainable corporate value enhancement through our core business

In addition to strengthening governance, we will also promote sustainability initiatives in conjunction with our business operations. The reuse business, which occupies an important position in "VISION 2028," is an initiative that contributes to resource conservation and reduction of environmental impact by creating a system in which a single bicycle can be used safely for a long time. Our bicycle business itself is a socially responsible business that contributes to solving social issues by reducing CO₂ emissions. Even considering geopolitical risks, the usefulness of bicycles, which do not use fuel, is being increasingly recognized, and I hear that

^{*2} Human capital ROI = Value added ÷ Human capital cost, Value added = Operating profit + Human capital cost, Human capital cost = Personnel expenses + Training expenses + Recruitment expenses

^{*3} CRM: Abbreviation for Customer Relationship Management. In our company, this refers to our efforts to strengthen relationships with customers, such as providing information through the "Cycle Base Asahi official app," to make their bicycle lifestyle more convenient and comfortable.

^{*4} LTV: Lifetime Value, the total value provided to a customer throughout their life

governments in Southeast Asian countries are encouraging bicycle use. Moreover, we believe that providing the absolute value of safety and quality and as a result reducing accidents is also a way of solving social issues through our business. While the revised Road Traffic Act has strengthened penalties for bicycle traffic violations, what is needed now is the realization of a safer road environment. As the safety quality of bicycles improves, we will naturally move closer to that goal. Contributing to society is not something that should be done separately from our business activities. By addressing social issues through our core business, we can tackle them in a sustainable manner, leading to increased employee pride and engagement in their work. Our approach to ESG is to achieve both business growth and the creation of social value while aiming for sustainable improvement of corporate value.

New MTM Plan: Financial and capital strategy

Focusing on stock prices and capital, and also considering debt financing

In “VISION 2028,” we focused on clearly demonstrating the relationship between our growth strategy and our financial capital strategy even more than before. In our previous Medium-Term Management Plan, we regret that we were unable to adequately communicate the connection between our growth story and our financial strategy. In order to build a relationship with our shareholders that allows them to invest with confidence over the long term, we are also reorganizing and strengthening our KPIs.

The basic philosophy of the financial capital strategy is “management that is conscious of stock price and cost of capital.” Recently, the PBR fell below 1, and in the FY 2025 results, the ROE also fell below the cost of shareholders’ equity. I recognize that this is a situation that needs to be taken seriously. Going forward, we intend to maintain careful communication with the market regarding both our growth strategy and financial strategy.

Regarding KPIs, in addition to indicators that emphasize profitability and capital efficiency such as ROE and ROIC, we have also newly established a DOE target. This is because although we have consistently provided stable shareholder returns,

we have determined that this alone is not sufficient. While the targets of 10% or higher for both ROE and ROIC are ambitious, we believe they are entirely achievable if we can meet our profit targets. Regarding capital allocation, we plan to focus on IT investments while limiting store development investments to around 30 stores over three years and shifting our focus to alliances with other companies in the same business. On the other hand, for smaller urban stores, we will continue our dominant store opening strategy in the Tokyo, Nagoya, and Osaka metropolitan areas to enhance customer convenience and logistics efficiency. While there is high demand for bicycles in urban areas, the number of stores is limited, and land rents are high. However, we are currently able to achieve profitability comparable to large suburban stores. We are also considering strategic investments, including mergers and acquisitions. Amidst a shrinking market, restructuring within the industry is anticipated, and for sustainable growth, making investments looking beyond “VISION 2028” is necessary. For this purpose, we are also considering using debt as a source of investment capital. The era where being debt-free was ideal is over. We will proceed with capital management that utilizes appropriate leverage. This is what “VISION 2028” is about. We consider the first two years as a preparatory period leading up to the final year. We will steadily establish a “circular

Financial capital strategy: KPI

Capital efficiency	Profitability
ROE 10.0% or higher	ROIC 10.0% or higher
Shareholder returns	Cash and deposits
Dividend payout ratio 35% or higher DOE Target of approx. 3.0%	Liquidity: Approx. 13 billion yen

business model” and “expand our business domain” during this period so that we can show results in the final year.

Asahi Business Concept 3.0

Returning to our roots to explore new business domains

Through “VISION 2028,” we will further improve our service capabilities and enhance the completeness of our “circular business model.” However, that is not the goal. This is about laying the foundation for future growth. And the concept that looks ahead to the next stage and builds new business opportunities and social value upon this foundation is the Asahi Business Concept 3.0.

We will be considering specific initiatives over the next three years, but we envision expanding our business domain by leveraging the human resources and on-site capabilities that we have cultivated so far without necessarily limiting ourselves to bicycles and their peripherals.

Discussions within the company have already started, and we are exploring the possibilities of embracing new challenges while engaging in discussions from various perspectives.

In carrying out these considerations, we must always check ourselves against our mission and our vision. What is our purpose, and what value do we offer? The root is always “everywhere together for a lifetime.”

In conclusion

Continuing to take on challenges to keep creating value

In recent years, we have started offering bicycle wash services at each of our stores. When our expert staff carefully check the condition of bicycles through the washing process, they can identify parts that need repair or must be replaced early on. While washing and regular maintenance are common for cars, it’s not uncommon for bicycles to be used without ever being washed or inspected after purchase. Our bicycle wash service aims to provide an environment that enables safe and comfortable bicycle use for such customers.

In offering this service, we found that our customers are very pleased with it. This

service is unique in that it is relatively accessible and affordable, yet directly contributes to improving the safety and comfort of cycling. Even for staff members with little work experience, this provides an opportunity to feel that they are directly ensuring customer safety in a hands-on manner, leading to a sense of pride in their daily work and job satisfaction.

Such small changes and small initiatives have a large impact. Many small efforts accumulate to yield business results, generating both economic and social value, and ultimately contributing to an increase in corporate value. Without pioneers, there would be no paths. It is important to think and act. I believe that in the medium to long term, bicycles will become a mode of transportation that brings even more value to both users and society.

We hope that our shareholders and investors will understand our new endeavor and continue to support us in the future.



Overview of the previous Medium-Term Management Plan

While the EC rate has increased, sales figures and other metrics have not met targets

In the Medium-Term Management Plan “VISION 2025” (FY 2021–FY 2025), sales and operating profit fell short of targets due to the deterioration of market conditions in FY 2025. However, progress was made in building a business platform through the OMO (Online Merges with Offline) strategy and strengthening the SPA value chain. The EC rate at the end of the Plan exceeded the target.

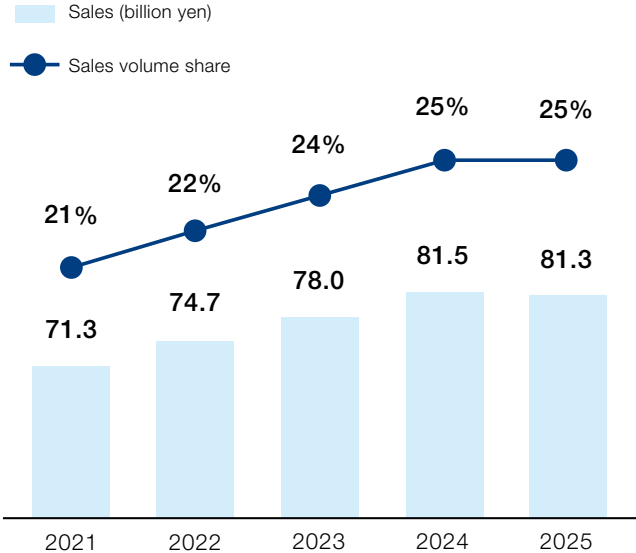
In FY 2025, consumer confidence decreased, resulting in stagnation in demand

During the “VISION 2025” period, we maintained increased revenue until FY 2024, and our market share in terms of sales volume steadily expanded. On the other hand, in FY 2025, new bicycle sales slowed down due to decreased consumer confidence caused by rising prices, and sales fell to 81.3 billion yen, which was 3.7 billion yen below the initial target (announced in April 2021). Operating profit was 3.9 billion yen, which also fell short of the target by 2.9 billion yen due to the impact of rising costs caused by the weakening yen. Regarding the number of stores, due to soaring store opening costs, we ended up with 557 stores, falling 23 stores short of our target.

On the other hand, we have laid the foundation for future growth, including an increase in the EC rate, progress in OMO, development of CRM infrastructure, investment in human resources, and initiatives in digital transformation (DX).

	Target	Results
Sales	85 billion yen	81.3 billion yen
Operating profit	6.8 billion yen	3.9 billion yen
Number of stores	580 stores*	557 stores
EC rate	15.0%	18.0%

* The target number of stores was revised to 560 in FY 2022.



Shifting the axis of growth in line with changes in the market environment

We recognize that the biggest reason why “VISION 2025” was not achieved was our inability to adapt our growth model, which was centered on new bicycle sales and expanding our store network, to the changing market environment.

Based on these reflections, going forward, we need to shift our axis of growth, taking into account changes in the business environment rather than relying on our traditional growth model. Therefore, we need to address the issues listed on the right.

A business model that does not rely solely on new bicycle sales or store openings

We will shift from a growth model based on new bicycle sales and new store openings to a revenue model that starts with maintaining continuous contact with existing customers through repairs, maintenance, reuse, and services. We aim to develop our business by taking a comprehensive approach to the entire bicycle lifecycle.

Responding to soaring manufacturing and logistics costs

Even amid rising manufacturing costs, we will continue to work on reducing costs by reviewing the specifications of Asahi brand products, standardizing components, and optimizing procurement processes. In addition, in terms of logistics, we will improve the efficiency of existing base functions and delivery systems, and while expanding our reuse business, we will also indirectly increase our resilience to rising costs by improving inventory turnover and enhancing our ability to adjust supply and demand.

Strengthening the customer base through CRM and branding

By strengthening our customer data platform, we aim to provide timely and life-stage-appropriate information to individual customers, thereby increasing store visits and usage frequency. In addition, we will create continuous points of contact with customers through after-sales services, such as bicycle wash services and regular maintenance, and promote the building of long-term relationships with our customers.

Proactive DX and human capital investment

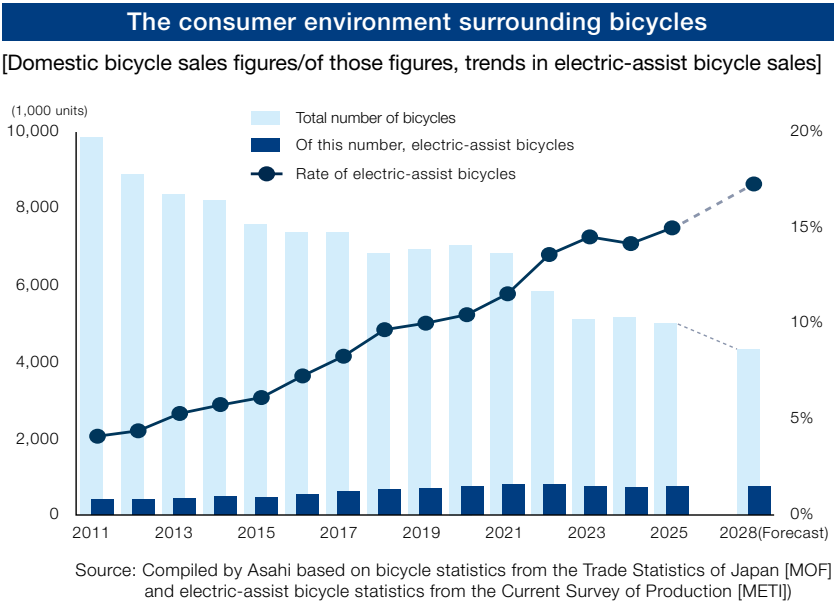
Through the renewal of our core systems and the development of our data infrastructure, we will promote the utilization of information related to e-commerce, store operations, and after-sales service, leading to improved operational efficiency and enhanced customer service capabilities. In addition, we will continue to invest in human resource development and improving the working conditions of experts who support highly specialized services, thereby raising the overall level of our on-site capabilities.

Market environment

Despite the shrinking market, a trend towards promoting a “bicycle-friendly society” is emerging

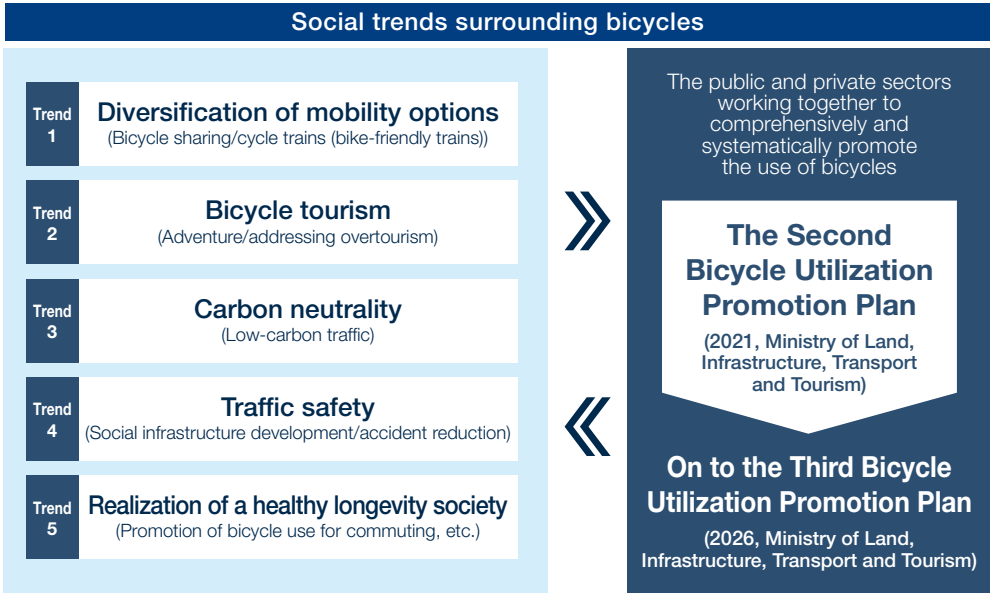
While new bicycle sales are declining due to factors such as a low birthrate and an aging population, sales of high-value-added products such as electric-assist bicycles are increasing. In addition to these changes in market structure, the national and local governments are offering more policy support. As a result, an environment of encouraging bicycle use is gradually being established, and efforts are underway to realize a bicycle-friendly society.

Market environment While the number of units sold continues to decline, the unit price is on an upward trend



The number of new bicycles sold in the domestic bicycle retail industry has been on a downward trend for many years. Sales were approximately 10 million units in 2011, but they fell below five million units in 2025. Conversely, sales of electric-assist bicycles have been steadily increasing and are expected to continue rising in the future. Consequently, the average selling price of bicycles as a whole is expected to rise, and the importance of after-sales service is also likely to increase. However, the number of independent shops that support the safety and security of the public’s bicycle lifestyle has halved in the past 20 years due to the effects of an aging workforce and a lack of successors. Specialty shops like ours are an essential service and have a social responsibility to uphold bicycle safety.

Social trends Efforts to promote bicycle use are progressing through public-private partnerships



Bicycles are a means of transportation that does not emit CO₂, is effective during disasters, and contributes to health promotion. Recognizing these characteristics, the Bicycle Utilization Promotion Act was enacted in 2017 with the aim of utilizing bicycles. The law stipulates the development of dedicated bicycle lanes, off-street parking facilities, and bicycle sharing facilities, as well as the establishment of a system for supplying bicycles with high safety standards. Since then, the public and private sectors have worked together to promote the use of bicycles in a comprehensive and systematic manner. The Second Bicycle Utilization Promotion Plan, formulated in 2021, sets forth the promotion of bicycle sports, the advancement of bicycle tourism, and the prevention of bicycle accidents as its main objectives. In recent years, we are also seeing changes in the social environment surrounding bicycles. The popularity of bicycle sharing services, including electric-assist bicycles, is increasing, and combined with the extremely low CO₂ emissions from the entire process from manufacturing to disposal, bicycles are attracting attention as a low-carbon mode of transportation.

Themes of the new Medium-Term Management Plan “VISION 2028”

New Way to Growth

Deepening existing businesses

Based on the SPA value chain that we have deepened through “VISION 2025,” and leveraging its strengths, we will continue to focus on the OMO (Online Merges with Offline) strategy and strive to continuously strengthen our CRM through the advanced utilization of customer data.

Exploring and venturing into peripheral business domains

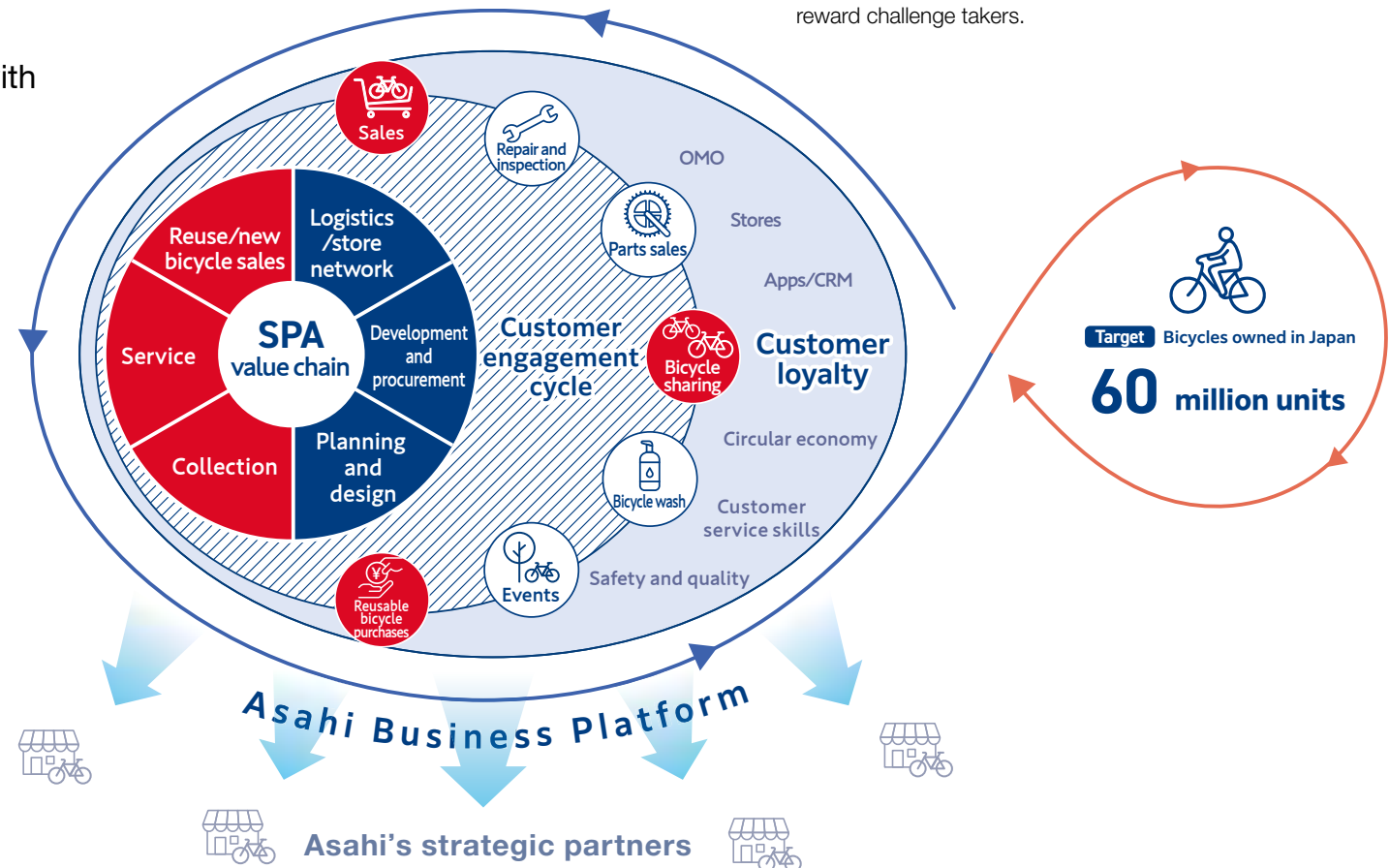
Beyond new bicycle sales, we will expand our peripheral businesses by enhancing maintenance and after-sales services and increasing the sales of secondhand bicycles while also taking on the challenge of a new stage of growth.

Human resource management that enables diverse talent to thrive

Expert personnel who can help us update to Bicycle Business 2.5 and enhance our corporate value are the key to us finding a New Way to Growth. We will proceed with building a human resource management foundation, expanding investment in education, and revising the personnel system to evaluate and reward challenge takers.

Expanding our business domain with a target of 60 million units

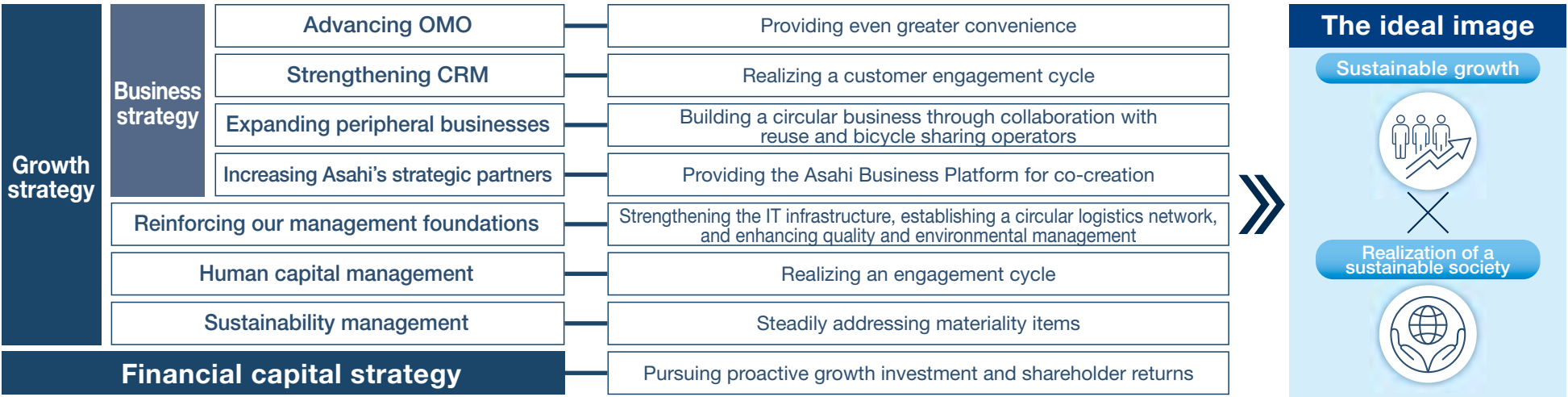
The Medium-Term Management Plan “VISION 2028” is a management plan covering the three-year period from FY 2026 to FY 2028. Our goal is to update ourselves to Bicycle Business 2.5, or in other words, find a New Way to Growth. Moving away from the multi-store expansion and new bicycle sales growth that we pursued in our previous Medium-Term Management Plan, we will shift phases and transform our business structure itself over the next three years, starting with how to address the approximately 60 million bicycles currently owned in Japan. We have been building business platforms up to this point. We will leverage this to expand our peripheral businesses, including the sale of secondhand bicycles, and to expand our trade area by strengthening collaboration with strategic partners. Through these measures, we will further reinforce the customer engagement cycle and realize an evolution to a circular business model that does not rely solely on new bicycle sales.



Overview of VISION 2028

Aiming to achieve both corporate growth and sustainability

The goals of “VISION 2028” are to achieve “sustainable corporate growth” and to “contribute to a sustainable society.” While promoting circular business through a growth strategy centered on four core business strategies, we will also promote aggressive growth investments and shareholder returns. We will strive to steadily increase our corporate value as well as contribute to creating a society where everyone can use bicycles safely and confidently.



Growth strategy Promoting business domain expansion and infrastructure development

Our growth strategy consists of four business strategies that directly lead to increased revenue, “Advancing OMO,” “Strengthening CRM,” “Expanding peripheral businesses,” and “Increasing Asahi’s strategic partners,” as well as three strategies that underpin our business, “Reinforcing our management foundations,” “Human capital management,” and “Sustainability management.” By coordinating our four business strategies, we will deepen our existing businesses while simultaneously developing new business domains, establishing a circular business model, and expanding our trade area. Furthermore, we will strengthen our corporate foundation by upgrading our IT infrastructure and logistics systems, improving employee engagement, and promoting sustainability.

Financial capital strategy Realizing proactive growth investment and shareholder returns

To steadily advance our growth strategy, a solid financial and capital strategy is essential. Moreover, as a listed company, our basic policy is to balance proactive growth investment with shareholder returns while being mindful of the stock price and cost of capital demanded by the market. In terms of growth investments, in addition to investing in IT and logistics infrastructure to make further progress on our New Way to Growth, we will also focus on store development centered on the renovation of existing stores. Regarding dividends, we aim for a level that is more stable and proactive than before, taking into account our performance and cash flow situation. These funds will primarily come from operating cash flow, but we will also consider utilizing debt as appropriate.

The ideal image Enriching lives through bicycles

Our goal through “VISION 2028” is to create new value through bicycles and achieve both “sustainable growth for our own company” and “the creation of a sustainable society.” We aim to deliver a richer lifestyle through bicycles while reducing our environmental impact and promoting coexistence with local communities. To that end, we cater to the diverse lifestyles and needs of each individual customer, providing products and services that improve each bicycle lifestyle and comprehensively supporting daily commutes, leisure activities, and health. We aim to create a society where everyone, regardless of age or purpose of use, can use bicycles safely and confidently.

Positioning and KPIs of VISION 2028

Maximizing the customer base and moving towards new business concepts

In "VISION 2028," we aim to establish a system that will allow us to reach the approximately 60 million bicycles owned in Japan and to achieve sales of 96.8 billion yen (a 19.4% increase compared to FY 2025) and operating profit of 8.5 billion yen (a 117.9% increase compared to FY 2025) in FY 2028. In conjunction with this, we will maximize our customer base in the bicycle business and use this to develop new business concepts for our next Medium-Term Management Plan. We consider these figures as the levels we should aim to achieve as a result of our business model transformation.

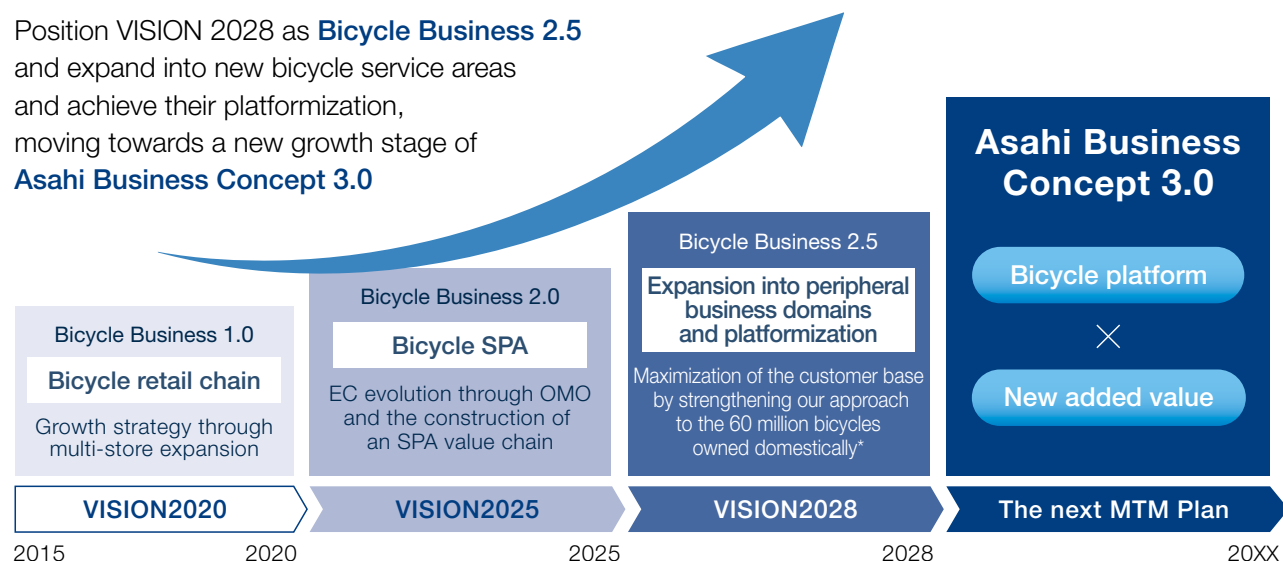
Bicycle Business 2.5 =

The ultimate form of our bicycle business

To date, we have achieved growth through multi-store expansion under "VISION 2020" (FY 2015–FY 2020) and worked to establish a value chain as an SPA (Specialty store retailer of Private label Apparel) under "VISION 2025" (FY 2020–FY 2025). Based on these foundations, "VISION 2028" aims to expand our business into peripheral domains in addition to new bicycle sales and to promote "platformization," which integrates our products and services. We plan to expand the number of stores carrying Asahi brand products to over 1,700 by FY 2028.

If we can achieve the update to Bicycle Business 2.5, which is envisioned in "VISION 2028," our bicycle business will have achieved its ultimate form. In our next Medium-Term Management Plan, we will adhere to "Asahi Business Concept 3.0" in clarifying our strategy for the next stage of growth by combining our complete bicycle business and maximized customer base with new added value.

Position VISION 2028 as **Bicycle Business 2.5** and expand into new bicycle service areas and achieve their platformization, moving towards a new growth stage of **Asahi Business Concept 3.0**



* Our estimates are based on the 2021 survey report on bicycle ownership and usage by the Japan Bicycle Promotion Institute.

Sales	Operating profit	ROE	Business strategy (FY 2028)	Asahi Membership count	Human capital management (FY 2028)	Number of certified Meisters
FY 2028 CAGR +6.1% 96.8 billion yen FY 2025 (Actual) 81.3 billion yen	FY 2028 CAGR +28.6% 8.5 billion yen FY 2025 (Actual) 3.9 billion yen	FY 2028 +4.3% or higher 10.0% or higher FY 2025 (Actual) 5.7 %		Over 8.5 million people	Over 1,700 stores	930 people
				Number of retail stores carrying Asahi brand products Over 1,700 stores	Bicycle sales volume share 29%	ROIC 10.0% or higher*
					Financial capital strategy (FY 2028)	Dividend payout ratio 35% or higher

* ROIC = NOPAT ÷ ((Invested capital at the end of the previous period + Invested capital at the end of the current period) ÷ 2)
Invested capital = Working capital + Tangible fixed assets + Intangible fixed assets + Security deposits + Construction cooperation deposits

VISION 2028 business plan

Expanding peripheral businesses to create new sources of growth

In “VISION 2028,” in addition to expanding our reuse business, which is the core of our “circular business,” we will increase our strategic partners and expand the sales ratio of peripheral businesses (those other than new bicycle sales) to 7.5% of the total. This will reduce our reliance on new bicycle sales and allow us to shift away from growth primarily driven by opening new stores.

Reduce reliance on new bicycle sales and improve operating profit margins

At the end of Medium-Term Management Plan “VISION 2025,” 96.5% of our sales came from the sale of new bicycles, parts, and services at our stores and online, with new bicycle sales accounting for 68.3% of the total. On the other hand, our peripheral businesses have steadily expanded since the launch of our reuse business and have grown to a scale of 2.8 billion yen by FY 2025.

Expanding sales from these peripheral businesses by FY 2028 to 7.5% of total revenue, or 7.4 billion yen in monetary terms (a 164.2% increase compared to FY 2025), is the growth driver of “VISION 2028.” Because peripheral businesses have higher profit margins compared to new bicycle sales, this is expected to improve the company’s overall operating profit margin to 8.9%, a 4.1 percentage point increase compared to FY 2025.

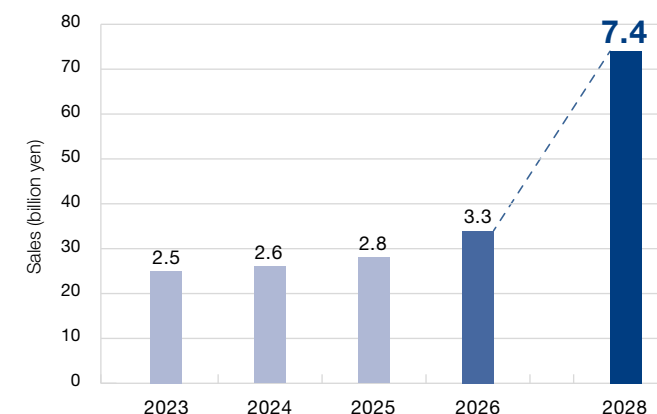
Regarding the number of stores, we plan to slow down the overall pace of store openings compared to “VISION 2025,” aiming for 580 stores by FY 2028. On the other hand, the number of “urban stores” located in areas such as Tokyo’s 23 wards and Osaka City will increase by nine to 23. This is to increase customer touchpoints in urban areas and further promote the OMO strategy.

Through the measures outlined above, we aim for total company sales of 96.8 billion yen (a 19.4% increase from FY 2025) and operating profit of 8.5 billion yen (a 117.9% increase from FY 2025) in FY 2028.



	FY 2025 (Actual)	Share of total (%)	FY 2028 (Plan)	Share of total (%)	Compared to FY 2025
Sales	81.3 billion yen	100.0%	96.8 billion yen	100.0%	+19.4%
Stores and online shops	78.5 billion yen	96.5%	89.3 billion yen	92.3%	+13.8%
New bicycles	55.5 billion yen	68.3%	61.9 billion yen	63.9%	+11.5%
Parts and services	22.9 billion yen	28.3%	27.4 billion yen	28.4%	+19.7%
Peripheral businesses	2.8 billion yen	3.5%	7.4 billion yen	7.5%	+164.2%
Operating profit	3.9 billion yen	4.8%	8.5 billion yen	8.9%	+117.9%
Number of stores	557 stores	100.0%	580 stores	100.0%	+4.1%
Of this number, urban stores	14 stores	2.5%	23 stores	3.9%	+64.2%

Growth rate of peripheral businesses



Optimizing customer experience value through seamless integration of online and offline experiences

The OMO (Online Merges with Offline) strategy, which we have been pursuing since our previous MTM Plan, remains an important part of our growth strategy in “VISION 2028.” Up until now, we have been working to strengthen the integration of online and offline activities, increasing customer touchpoints and improving the value of the customer experience. Going forward, we will further enhance this foundation for even more seamless online and offline experiences in order to maximize the consistent customer experience value from purchase to usage. This will strengthen our ongoing relationships with our customers and lead to an increase in customer LTV (Lifetime Value). On top of that, we will focus on opening urban stores as a key format for creating touchpoints with our customers.

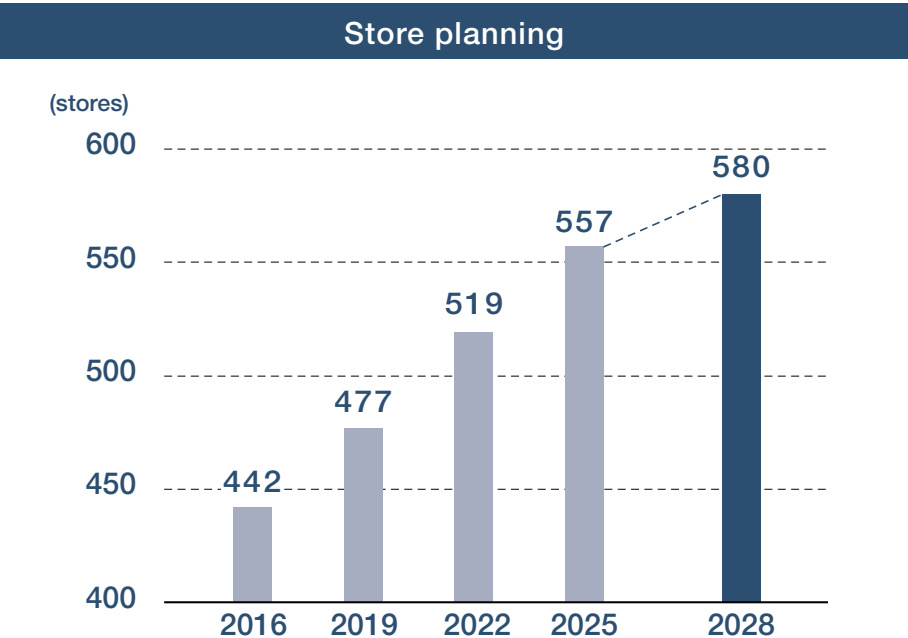
Centralizing inventory information to create a more flexible purchasing experience

As the foundation of our OMO strategy, we will proceed with the centralization of inventory information across our stores, e-commerce sites, and logistics warehouses. This will allow us to visualize the sales and inventory status of all stores in real time. In addition to allowing customers to check store inventory online, the system also enables inventory synchronization between nearby stores and logistics warehouses, as well as optimization of inventory placement. Customers will be able to choose the most suitable purchase method for their lifestyle, such as visiting the store, delivery, or in-store pickup. Not only that, by strengthening inventory coordination, we aim to achieve both the prevention of lost sales opportunities and the improvement of inventory efficiency. In addition, we will promote the integration of our website and e-commerce site and, by improving its connection with our official app, enhance the shopping experience and increase convenience.



Expanding the store network in metropolitan areas

Due to rising construction costs and other factors, we will limit the overall pace of new store openings to approximately 10 stores per year. In urban areas, we will continue to open urban stores to increase customer touchpoints as part of our OMO strategy. In addition, we will proceed with opening stores in metropolitan suburbs, where we currently do not have a presence, in order to fill the gaps in our network. Regarding store investments, we will focus on renovating and redesigning existing stores to improve operational efficiency and profitability.



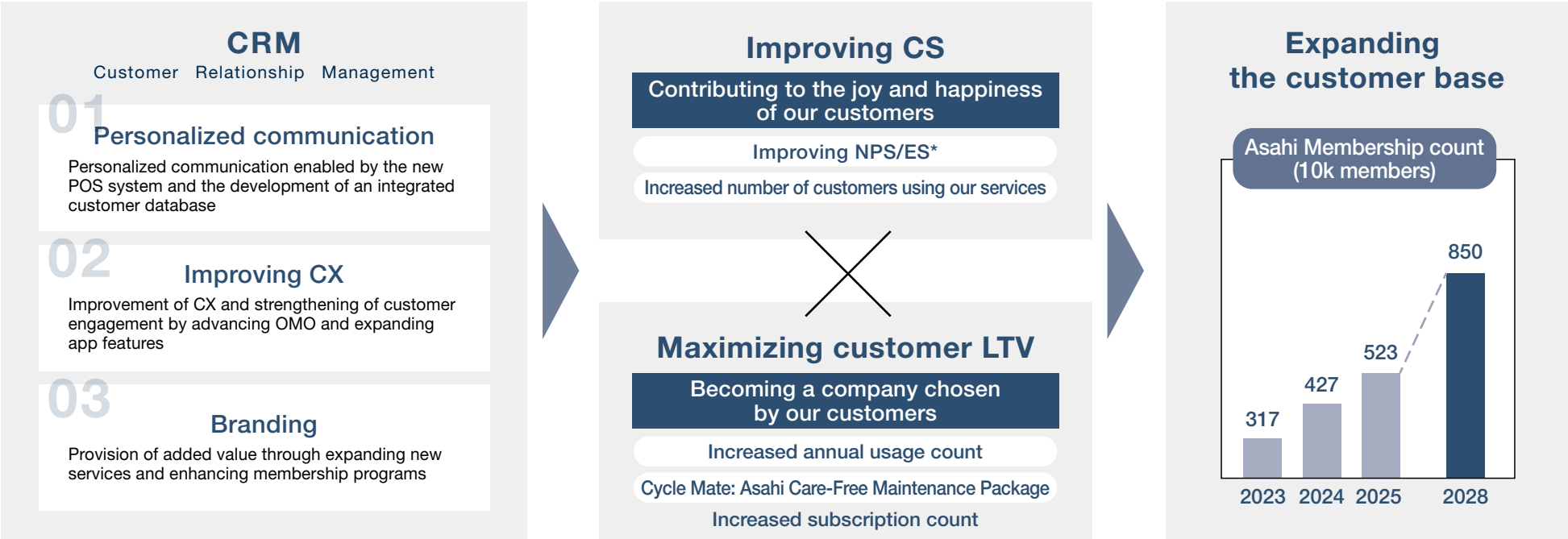
Supporting our customers’ bicycle lifestyles and maximizing their LTV

In conjunction with the introduction of the new POS system, we will proceed with the integration of customer data so that we may fundamentally strengthen our CRM design. This will enable us to implement personalized communication tailored to each customer’s behavior and purchasing habits, leading to improved customer engagement. Additionally, by improving the convenience of app-based purchasing linked to our nationwide store network and enhancing after-sales service, we aim to create a system that will accompany our customers throughout their bicycle lifestyles and maximize their LTV (Lifetime Value).

A shift to a “stock-based” model based on long-term relationships

Customer attribute, behavior, and purchase data obtained from the new POS system, our official app, and e-commerce site will be centrally managed using an integrated ID. This will enable more precise customer segmentation, improve the accuracy of sales forecasts, and enhance the sophistication of analysis, planning, and operation. What is more, we will strive for both longer-term relationships with individual customers and increased usage frequency by focusing on after-sales services that support safe and secure use, such as maintenance and repairs, while also expanding app functions, enhancing our membership program, and offering new services.

Through these initiatives, we aim to improve customer satisfaction and maximize customer value, expand our customer base to over 8.5 million “Asahi members,” and accelerate its growth even further. As a result, we will establish a stable revenue base and transform our business model from a “flow-based” model centered on new bicycle sales to a “stock-based” model based on long-term relationships.



* NPS (Net Promoter Score) is an indicator that quantifies how likely customers are to recommend a company’s products or services to others.
ES (Employee Satisfaction) is an indicator that shows the degree to which employees are satisfied with their work environment, job content, compensation, etc.

Expanding the reuse business and building a circular business

Expanding into peripheral businesses, including the reuse business, is the biggest growth driver in “VISION 2028.”

We have already established a comprehensive value chain that includes the collection, appraisal, repair, and resale of secondhand bicycles, as well as recycling.

This will continue to grow to become the core of our circular business.

Building a reuse value chain centered around a “support center”

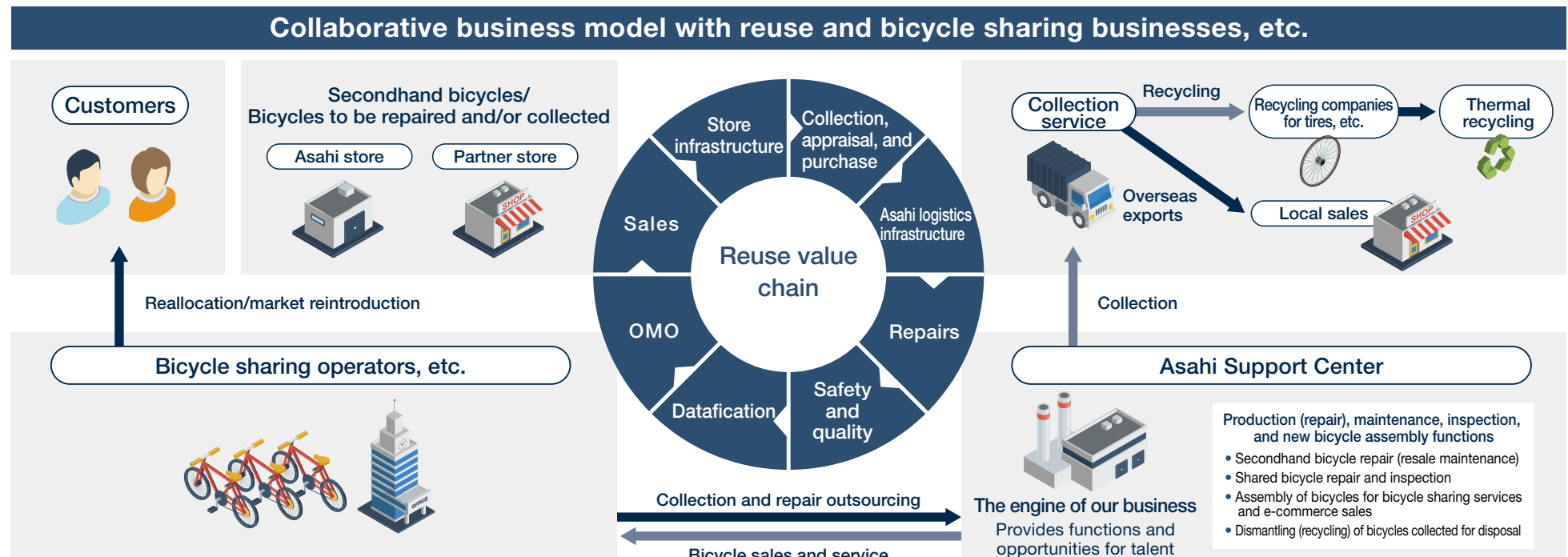
Leveraging our OMO platform, we have already accumulated the necessary infrastructure for building and expanding a reuse business, including store infrastructure, logistics infrastructure, expertise in collection, appraisal, and purchase of reusable bicycles, technology for repair and quality maintenance, and functions for organizing product information for e-commerce sales. In order to provide a business engine to integrate and efficiently operate these functions during the “VISION 2028” period, we have established the Asahi Support Center within our West Japan Logistics Center (Kyotanabe City, Kyoto Prefecture).

The Center will perform a variety of functions, including ensuring safety and quality through the refurbishment and repair of purchased reusable bicycles, assembling new bicycles sold online, dismantling discarded bicycles for effective use as resources, and facilitating their reuse overseas. This will allow us to build a system that integrates collection, repair, refurbishment, and market reintroduction into a single, continuous cycle.

Newly partnering with bicycle sharing operators

As part of expanding our peripheral businesses, we will also be pursuing repair and maintenance contracts for corporate clients, including collaborations with bicycle sharing operators. At its core is the Asahi Support Center, which will develop a business that circulates the entire process from bicycle collection to repair, refurbishment, and market reintroduction.

Furthermore, we are also considering developing highly durable bicycle frames specifically for use in the bicycle sharing business and enhancing services by accumulating and utilizing operational data from the bicycle frames, thereby playing a role as infrastructure for the circulation of bicycle frames in the bicycle sharing business.



Business strategy | Expanding Asahi's strategic partners

Spreading the value of Asahi to all of Japan through our partner bicycle shops

We are expanding our “wholesale business,” which sells Asahi brand products to bicycle shops in various regions.

By forming strategic partnerships with bicycle retailers in areas where we currently lack directly managed stores, we will build a Co-Creation Network that can provide Asahi products and services anywhere in the country.

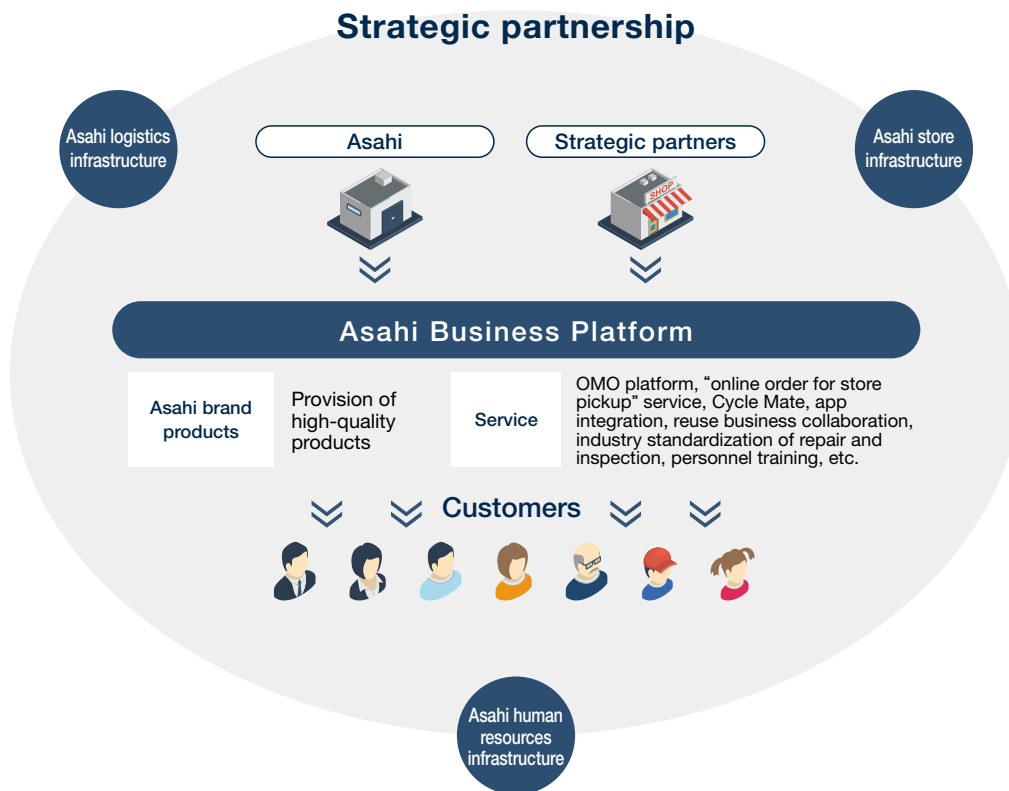
Providing Asahi products and services to strategic partners

The Asahi Business Platform brings together all the elements necessary to conduct a bicycle business, including high-quality Asahi brand products, information infrastructure such as e-commerce and apps, logistics infrastructure, various services such as repair and inspection, collaboration in the reuse business, and even personnel training. We will provide this platform to our strategic partners in order to establish a system that enables us to promote repair, sales, and “online order for store pickup” service even in areas where we currently lack directly managed stores.

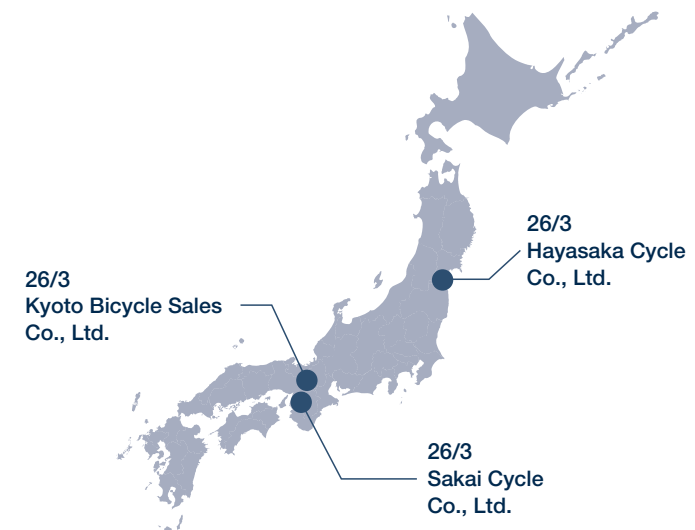
Promoting partnerships to build a voluntary chain

The ultimate goal of the Co-Creation Network is to build a voluntary chain through mutual cooperation.

Three companies have already joined as strategic partners at the start of “VISION 2028.” By enhancing competitiveness across the entire chain, we aim to revitalize the entire bicycle retail market and further improve customer convenience. Asahi will also strive to achieve growth that does not depend on opening new directly managed stores.



Asahi's strategic partner status As of April 3, 2026



Reinforcing our management foundations

Strengthening the “foundation” for creating corporate value

To make further progress on our New Way to Growth described above, strengthening the management foundation is essential. In “VISION 2028,” we aim to improve the level of four management foundations: “IT Infrastructure for Networking,” “Circular Logistics Infrastructure,” “Customer Base,” and “Quality and Environmental Management Foundation.”

IT Infrastructure for Networking

We aim to achieve a balance between “defensive IT,” which enhances the safety and reliability of our IT systems—the foundation of our business—through the establishment of an IT BCP (Business Continuity Plan) and infrastructure upgrades, and “offensive IT,” which supports business growth by improving customer communication and logistics/inventory management, centered on the introduction of a new POS system and the development of an integrated customer database.

Circular Logistics Infrastructure

We are establishing Transfer Centers, which are transit-type logistics centers that do not store inventory, and building a hub-and-spoke-type logistics network while also promoting the advancement of cargo tracking and PSI management* using IT solutions. This optimizes the use of store space, enhances product storage capacity, and helps build a logistics infrastructure that aligns with our business direction of building a circular business and urban stores.

* PSI: A management method that optimizes inventory and prevents lost sales opportunities by linking Production, Sales, and Inventory.

Customer Base

Through the introduction of a new POS system and the development of an integrated customer database, we aim to enhance our CRM by standardizing the linking of customer and bicycle data as well as elevating our customer outreach based on behavioral triggers. We will also work to expand our membership through referrals and other means. Also, we will simultaneously enhance both experiential value and product value through initiatives such as promoting a circular business.

Quality and Environmental Management Foundation

In order to improve management quality and strengthen trust with stakeholders, we will implement various measures, including reviewing the management and execution structure, bolstering crisis management systems and risk management capabilities, expanding the PR and IR functions, and separating corporate and store branding.

	IT Infrastructure for Networking	Circular Logistics Infrastructure	Customer Base	Quality and Environmental Management Foundation
Strategy	 • Defensive IT to solidify core business operations • Offensive IT to drive transformation in growth businesses	 • Establishment of a circular and urban logistics network	 • Enhancement of CRM and usability with the new POS system • Simultaneous enhancement of experiential value and product value	 • Improvement of management quality through strengthened governance • Strengthening of trust with stakeholders
Main Initiatives	• Establishment of an IT BCP • Strengthened infrastructure through foundational upgrades and maintaining reliability through security measures • PSI optimization and enhanced customer service through the new POS system • Promotion of logistics DX and improvement of inventory management	• Improvement of storage capacity and making costs variable through space utilization • Establishment of a hub-and-spoke logistics network by installing TCs (Transfer Centers) tailored to store strategies • Import tracking using DX • Inventory optimization through advanced PSI management	• Elevation of customer outreach based on behavioral triggers • Standardization of linking “customer and bicycle data” • Promotion of linking replacement and reuse to create a cycle • Formation of a membership growth loop through referrals, etc.	• Strengthening of corporate governance, including reviewing the management and execution structure • Strengthening of risk management capabilities, including reinforcing crisis management systems and ensuring management quality for new businesses • Expansion of PR and IR functions, and separation of corporate and store branding

Sustainability management

Build a more resilient sustainability system through the new MTM Plan

Based on our Basic Sustainability Policy established in 2022, we are promoting various sustainability activities, with the Sustainability Committee, chaired by the President and Representative Director, at the core. Our goal is to “realize a sustainable society” and to “establish sustainable growth for our company” through bicycles.

Basic Sustainability Policy

The foundation of our sustainability activities is 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.”

In order to foster a culture of enjoying bicycles and help everyone live a better life through cycling, we established the following basic approach in July 2022.

■ Basic Sustainability Policy

1. We will work to further promote the use of bicycles, which are an essential form of mobility in the future low-carbon, nature-friendly, and circular society.
2. We will actively work to reduce the environmental impact of our business activities and contribute to the realization of a sustainable society.
3. We will contribute to creating an environment where people can use bicycles safely and confidently and to raising awareness of rules and manners.
4. We aim to create an environment in which diverse talent can thrive, regardless of gender, age, race, nationality, disability, sexual orientation, religion or creed, values, career or experience, or work style, and to support each individual in realizing their full potential so that our company and all those involved with it can grow together.
5. We will conduct timely and fair disclosure of management information and proactively fulfill our accountability obligations in order to develop smooth relationships with stakeholders and gain society’s trust in our sound management.

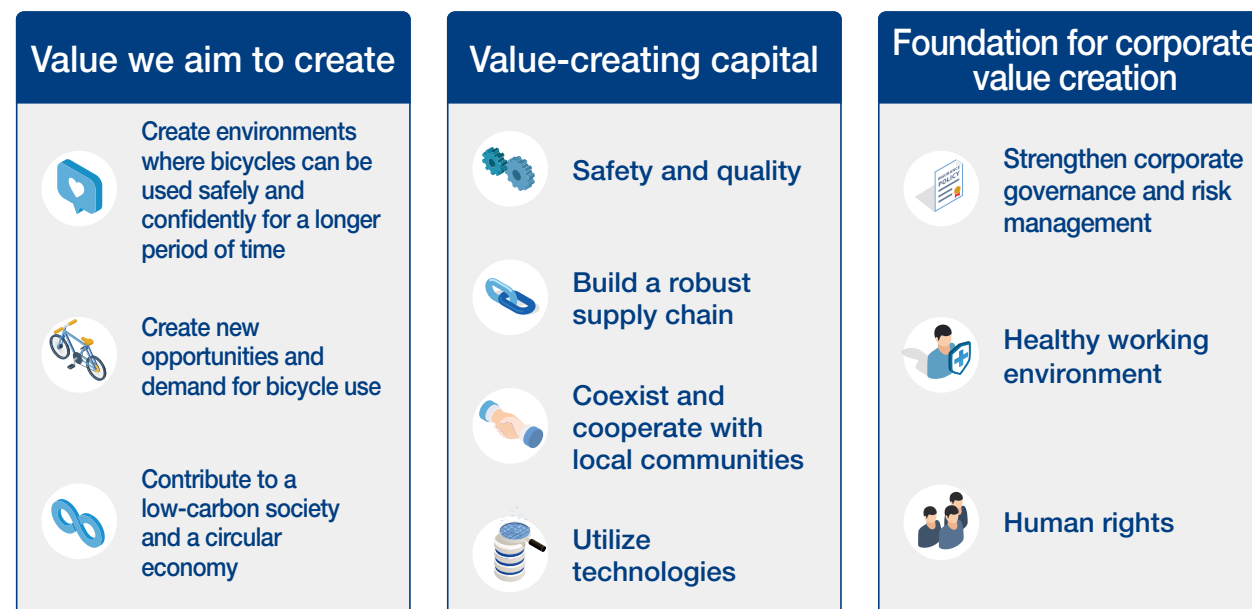
The philosophy behind VISION 2028

In our Medium-Term Management Plan “VISION 2028,” we have designated sustainability as one of our key priorities. Going forward, we will proceed with various initiatives in accordance with the three functional classifications outlined in our materiality section.

The main theme of “VISION 2028” is the creation of a “circular business model” centered on expanding sales of secondhand bicycles and repair and maintenance services. This initiative aims to create an environment where more people can use bicycles safely and confidently while also contributing to resource conservation and CO₂ emission reduction, thus aligning with our Basic Sustainability Policy.

For Asahi, creating social value and achieving business growth are two sides of the same coin. Our sustainability goal, which we aim to achieve through “VISION 2028,” is to deliver a life enriched with bicycles to more people through our business.

■ Three functional classifications and materiality items



Sustainability promotion structure

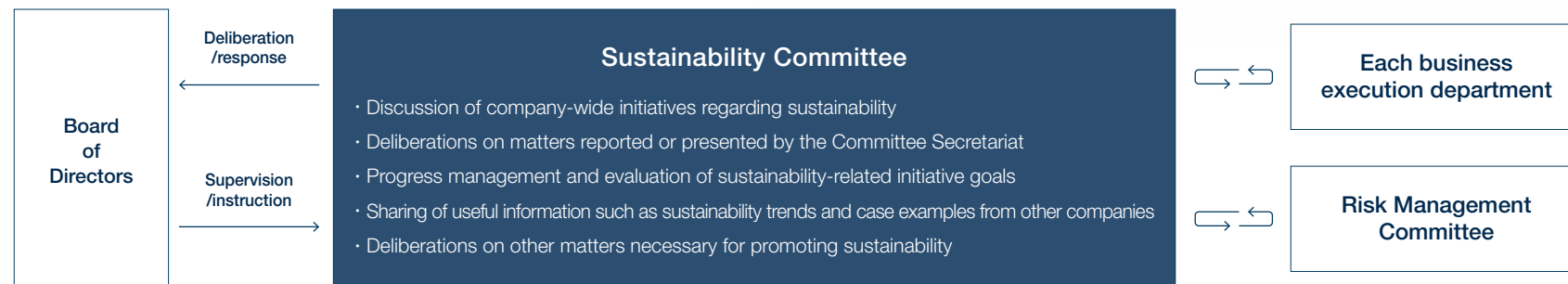
Because addressing sustainability issues is a management priority for increasing our company's corporate value in the medium to long term, in November 2022 we established the Sustainability Committee, chaired by our President and Representative Director, as a subordinate organization to the Board of Directors. The Board of Directors not only monitors sustainability initiatives but also reviews strategic directions and promotes company-wide, comprehensive responses.

The role of the Sustainability Committee

- Discussion of company-wide initiatives regarding sustainability
- Deliberations on matters reported or presented by the Committee Secretariat
- Progress management and evaluation of sustainability-related initiative goals



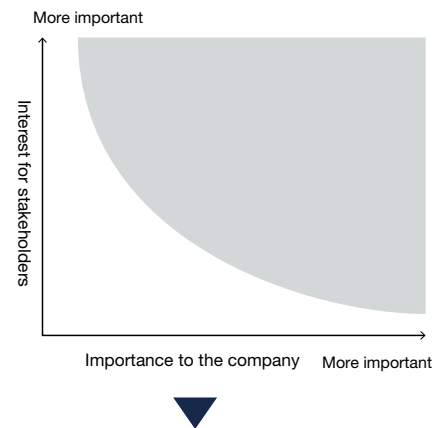
■ Sustainability promotion structure



Materiality items

Aiming to achieve both business growth and the resolution of social issues

We have identified materiality items (important issues) by taking into consideration the business environment and challenges (including opportunities and risks) we currently face, future social and environmental issues we expect to face, and our major stakeholders. The degree of importance of materiality items was evaluated along two axes: “issues important to Asahi” and “issues of great interest for stakeholders.”



Value we aim to create

- Create and maintain environments where bicycles can be used safely and confidently for a longer period of time
- Create new opportunities and demand for bicycle use
- Contribute to a low-carbon society and a circular economy

Value-creating capital

- Safety and quality
- Build a robust supply chain
- Coexist and cooperate with local communities
- Utilize technologies

Foundation for corporate value creation

- Strengthen corporate governance and risk management
- Uphold labor standards (healthy working environment)
- Human rights

Materiality items are 10 themes that Asahi will focus on in order to realize the future it wants to achieve. Each of these themes is classified into Value we aim to create, Value-creating capital, or Foundation for corporate value creation, and each contributes to the realization of the future.

Functional classification	Materiality items	Definition	SDGs contributed to by achieving this
Value we aim to create	Create and maintain environments where bicycles can be used safely and confidently for a longer period of time	- Support the bicycle business, an essential industry, and contribute to raising bicycle business standards. - Aim to be a partner for every customer's bicycle lifestyle with safety as our top priority.	
	Create new opportunities and demand for bicycle use	- Create new opportunities to use bicycles throughout their life cycle (new bicycles, and reuse, repair, and disposal of used bicycles). - Make a healthy and colorful bicycle lifestyle for a wide range of customers.	
	Contribute to a low-carbon society and a circular economy	- Contribute to realizing a low-carbon society by providing high-quality after-sales service to ensure that customers can continue to ride safely for a long time. - Contribute to the effective use of resources by actively collecting and reusing bicycles that are no longer needed. - Contribute to realizing a low-carbon society by reducing GHG emissions in bicycle transportation and delivery.	
Value-creating capital	Safety and quality	- Uphold safety and quality features as fundamental value and work to ensure that bicycles can be used safely and confidently.	
	Build a robust supply chain	- Strengthen cooperation with suppliers and build a supply chain that ensures stable procurement, manufacturing, sales, and service in order to steadily deliver bicycles to customers.	
	Coexist and cooperate with local communities	- Promote partnerships with local bicycle dealers, governments, and municipalities, and support safe and smooth bicycle lifestyles for our customers for many years to come as an indispensable company for the community.	
	Utilize technologies	- Plan how to use technology in the value chain to develop plans that meet customer needs while optimizing transportation and delivery, strengthening the connection with customers after sales (CRM), and promoting efficiency in store operations (human resource allocation), which is the basis for these activities.	
Foundation for corporate value creation	Strengthen corporate governance and risk management	- Ensure sound and transparent management for all stakeholders based on highly practical governance. - Strengthen risk management throughout the supply chain and build a sound corporate structure.	
	Uphold labor standards (healthy working environment)	- Create safe, secure, and healthy work environments for the employees who support the foundation of our business. - Promote human resource development to enhance People Power.	
	Human rights	- Create an environment of mutual respect and protection for the rights of diverse human resources.	

Value creation process

Strengthening management capital

Changing external environment

- Progressive decline of the new bicycle market
- Declining workforce/Diversification of human resources
- Increased manufacturing costs/Limited capacity for new store openings
- Addressing environmental and social issues

Human capital

Specialized personnel driving the creation of new corporate value

Financial capital

Cash generation and financial soundness that support sustainable value creation

Social capital

Network with customers and business partners

Intellectual capital

Intellectual property that protects brand value and enhances competitiveness

Manufacturing capital

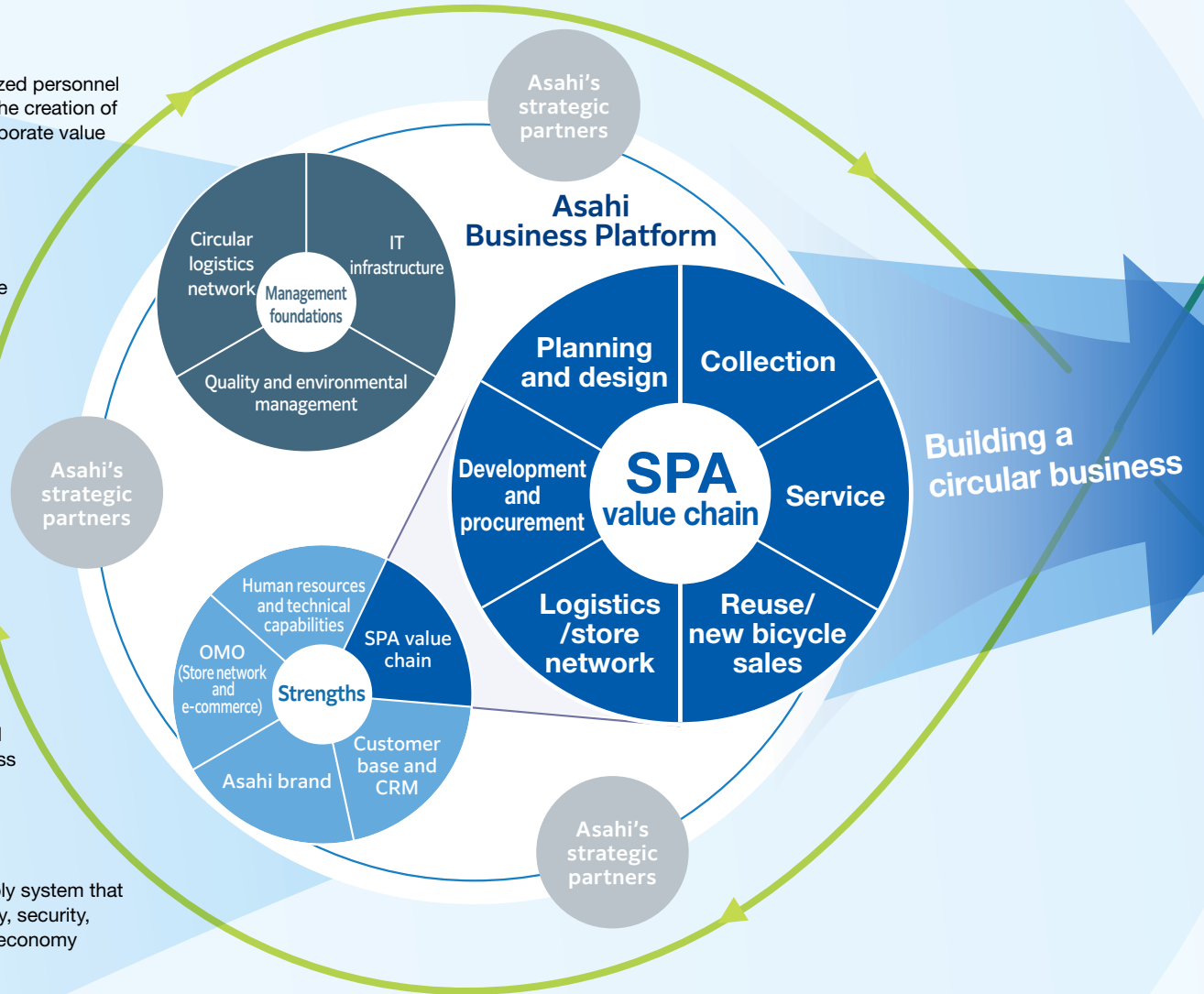
A bicycle supply system that supports safety, security, and a circular economy

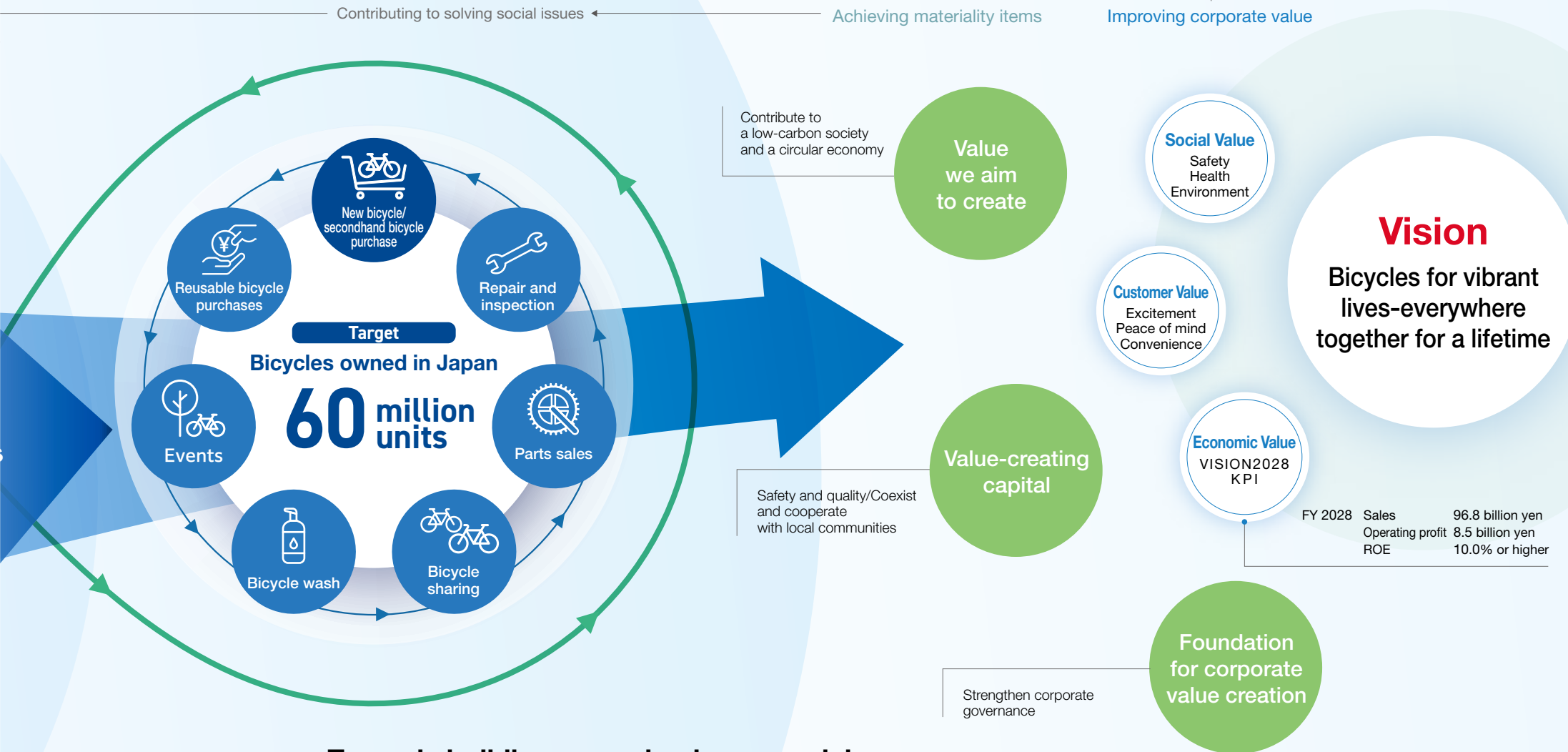
Natural capital

Climate change initiatives

Mission

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





Towards building a new business model

Integrating the circular business into the SPA model

Our business model is evolving. In addition to its strengths as an SPA model, Asahi has built a “circular business” that encompasses everything from the sale of secondhand bicycles to the provision of various services. We will target the approximately 60 million bicycles in Japan as our new market, aiming to maximize customer LTV (Lifetime Value) through long-term relationships with our customers.

However, what we value remains unchanged. Bicycles for vibrant lives—everywhere together for a lifetime

Human capital | Message from the Manager of the Human Resources Department

The autonomous growth of our employees is the key to Asahi's sustainable development. We have created a corporate culture in which everyone can take on challenges with enthusiasm through our Asahi Bicycle Meister System which enhances expertise, training opportunities and interviews to support career development, and flexible working styles.

Achieving sustainable growth and value creation through a human capital-centered HR strategy

Yuji Tokuhiro, Manager, Human Resources Department

At Asahi, we do not consider our "personnel system policy" merely as a framework for system operation, but rather as a crucial foundation that supports the realization of our management strategy. This also aligns with the fact that "our mission is to contribute to people's lives around the world through bicycles," and our approach to this mission starts with people.

We integrate our personnel systems, training programs, and daily management to ensure that all employees, regardless of position, role, or work style, can embody the "Asahi spirit" and contribute to value creation.

In "VISION 2028," we are taking on the challenge of finding a New Way to Growth by expanding into new areas of the bicycle industry, such as repair, maintenance, reuse, and collaboration with bicycle sharing operators, against the backdrop of structural and environmental changes in the domestic bicycle market. In order to find a New Way to Growth, strengthening human capital is one of the most important issues, and we believe that securing and developing highly specialized personnel and building a management foundation that allows diverse personnel to continue to thrive are indispensable.

Based on this philosophy, we position our investment in human capital not as a one-off measure, but as the starting point of a sustainable cycle that supports business growth and enhances corporate value. The growth and challenges of each employee lead to improvements in on-site capabilities and expertise, which in turn enhances productivity and service quality, thereby increasing the value we provide to our customers. To ensure this positive cycle continues, a comprehensive approach is essential, including a management foundation that leverages diversity in talent, continuous training and recruitment to hone expertise, and systems and a culture that encourage innovation. We will systematize these as pillars of our human capital management and promote the creation of an organization that can continue to challenge itself to find a New Way to Growth even in a rapidly changing business environment.



01 Building a management foundation that enables diverse talent to thrive

We are working to build a management foundation that allows diverse talents to leverage their strengths and continue to thrive in the long term. In addition to developing systems that adapt to changes in work styles and life stages and promoting health and productivity management, we are also working to improve operational efficiency through the use of IT and systems. Through these measures, we aim to create a safe and secure work environment and establish a virtuous cycle in which investment in human capital leads to sustainable improvement of corporate value.

02 Human resource investment to secure specialized personnel

To support our peripheral businesses such as repair, maintenance, and reuse, which we have positioned as growth areas in "VISION 2028," we are considering securing and developing specialized personnel to be a crucial management priority. Centered around our internal certification system, the Asahi Bicycle Meister System, we are enhancing the expertise of existing personnel through increased investment in education while also actively incorporating external knowledge and experience through recruitment activities linked to our business strategy. We will increase our competitiveness by simultaneously pursuing employee training and recruitment.

03 Revision and improvement of the personnel system to strengthen an organizational culture that embraces new challenges

To support the efforts in finding a New Way to Growth outlined in "VISION 2028," we are revising

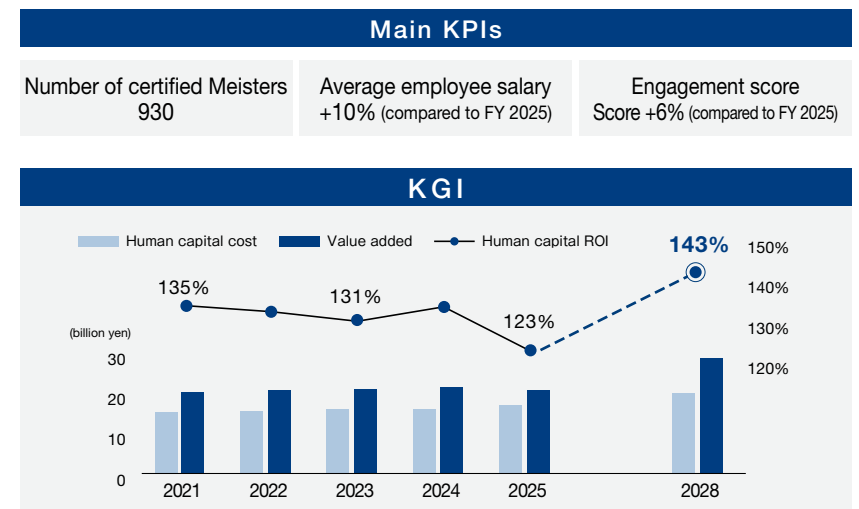
Policies regarding the initiatives



and improving our personnel system to encourage autonomy of and challenge-taking by each and every employee. By redesigning our systems to properly evaluate the process and results of challenges taken on, we aim to achieve fair and satisfactory evaluations and compensation, thereby fostering a corporate culture that celebrates those who take on challenges. These system reforms will lead to improvement of employee engagement and a more vibrant organization.

The concept of KPIs and KGIs

We have set KPIs and KGIs to visualize the progress of human capital management and verify the effectiveness of the cyclical process in which human capital investment leads to results. Our KPIs include "Number of certified Meisters" and "Number of Bicycle Technicians and Bicycle Safety Engineers," which demonstrate the development and securing of specialized personnel, as well as "average salary," which shows the progress of improvements in working conditions, and "engagement score," which measures the level of job satisfaction and organizational vitality. Through these indicators, we are able to continuously grasp and understand whether improvements in working conditions are driving increased productivity, employee retention, and enhanced expertise, and whether these factors interact to improve employee engagement, ultimately leading to an increase in the value provided to our customers. The target values are set to those that would enable sustainable growth, taking into account past performance, business growth plans, and changes in the training and recruitment environment. Our KGI (Key Goal Indicator) is human capital ROI, and we aim to establish a virtuous cycle where investment in human capital leads to increased corporate value through profit growth. We will continue to support our challenge to find a New Way to Growth, as outlined in "VISION 2028," by enhancing our human capital management.



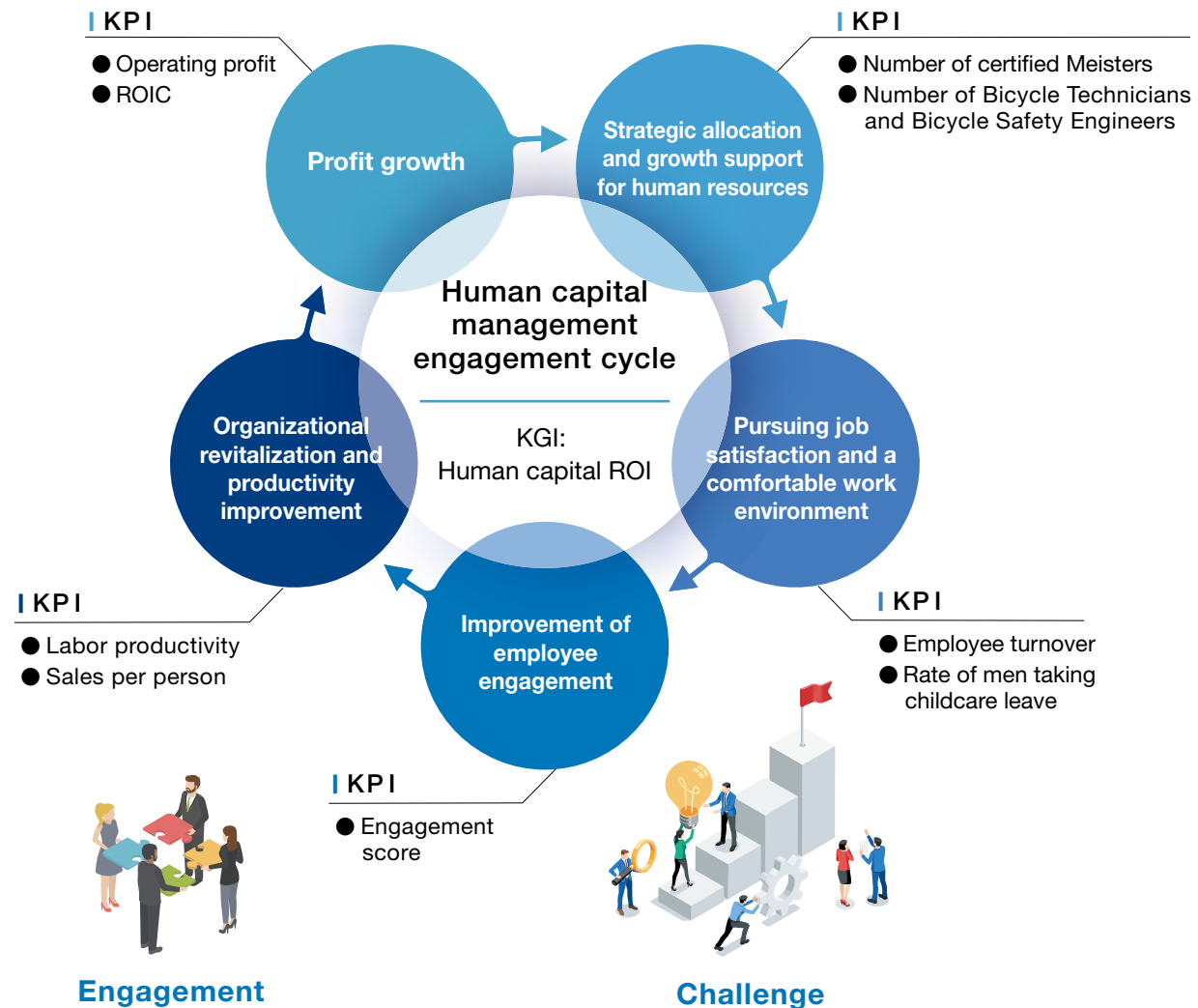
* Human capital cost = Personnel expenses + Training expenses + Recruitment expenses, Value added = Operating profit + Human capital cost, Human capital ROI = Value added ÷ Human capital cost

The cyclical process driven by human capital investment

At the core of our human capital management approach is the establishment of a cyclical system that starts with the strategic allocation of personnel and investment in human capital in line with our business strategy, thereby enhancing employee growth and engagement, leading to increased productivity and profit growth, and ultimately reinvesting those results back into people. First, we are in the process of identifying the personnel needed in strategic areas such as repair, maintenance, reuse, and other peripheral businesses so that we can optimize our investments in education, training programs, and personnel allocation. The support for certification under the Asahi Bicycle Meister System and obtaining qualifications as a Bicycle Technician or Bicycle Safety Engineer is one of the core measures to enhance on-site capabilities through improved expertise, and the numbers of certified Meisters and qualified individuals are important KPIs that indicate progress in these areas.

In addition to improving expertise, we are also working to improve working conditions, creating an environment where each employee can feel a sense of personal growth and accomplishment. These initiatives lead to increased productivity and employee retention, and they promote improved employee engagement by enhancing job satisfaction and evoking a proactive willingness to take on challenges. The engagement score is an indicator that measures whether this series of initiatives is contributing to employee motivation and organizational revitalization.

Organizations with increased employee engagement see improved practices and collaboration at the operational level, leading to enhanced capabilities to create added value. These results will manifest as profit growth and improved capital efficiency, and we will further refine this positive cycle by reinvesting these gains in human capital. We will position human capital ROI as our KGI to measure the overall results of this cycle and continue to improve our human capital management.



Personnel system revised, multiple career path system introduced

In FY 2025, we revised our personnel system based on the Medium-Term Basic Personnel Policy that was established prior to the launch of “VISION 2028.” In light of the declining workforce and the diversification of work styles, we have introduced the Multiple Career Path System, which broadens career options centered on expertise, and we are developing a system to accept personnel who are inclined to specialize in specific tasks.

1. Multiple Career Path System: Introduction of “in-store specialists”

As part of our Multiple Career Path System, we have introduced an “in-store specialist” position. In-store specialist positions include “technical specialists” and “service specialists,” and those in these positions engage in specific duties related to repair and maintenance or customer service and other services within a store.

2. Multiple Career Path System: Trainer as a position

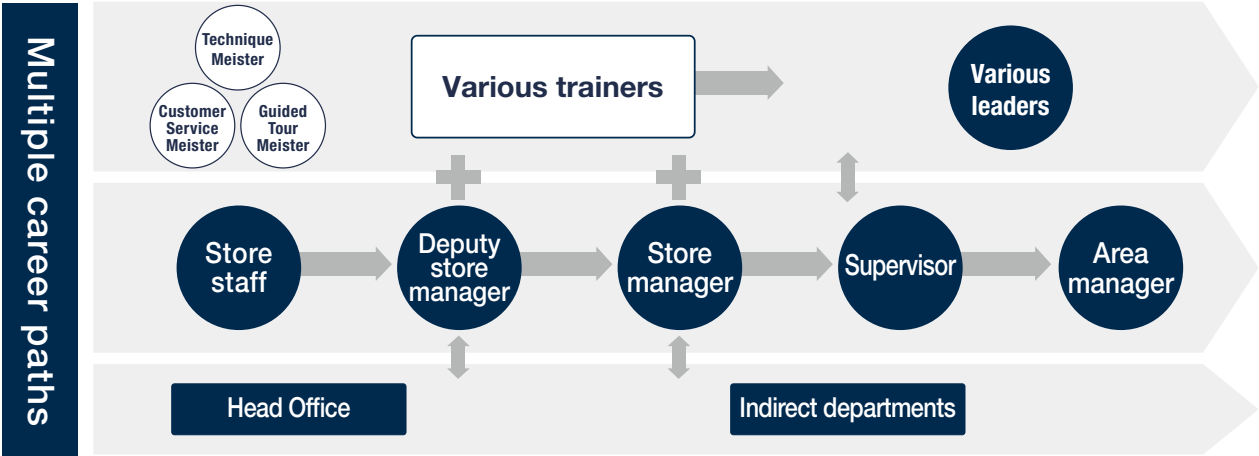
In our Multiple Career Path System, we changed the trainer “role” to a position. In response to the career development needs of employees who seek diverse working styles, this change creates a new position of “trainers” instead of store managers concurrently taking on the role so that it may be integrated into the Multiple Career Path System, thereby establishing a means for dedicated staff to develop their careers after reaching a certain level of maturity.

3. Increasing annual holidays

We have increased the number of annual holidays from 115 to 120 days. In addition to strengthening our recruitment competitiveness based on the current state and trends of the recruitment market, we aim to improve the physical and mental health of our employees, as well as increase retention rates and productivity, through improved work-life balance.

4. Continuous wage increases

Our Medium-Term Basic Personnel Policy includes “consideration of wage increase measures in the medium to long term (strengthening recruitment competitiveness).” In FY 2025, under a personnel system revision project implemented collaboratively by the Human Resources Department, Sales Operations Department, and Sales Support Department, we undertook various revisions to our personnel system.



* At the company, staff members generally referred to as “part-time and casual workers” are referred to as “partners”. This term conveys the idea that we are colleagues who work together to build our company and cooperate with each other.

Launch of the “ACE” program for executive development

To respond to the changing business environment, we will systematically cultivate the next generation of leaders who will shoulder the future of Asahi. We aim to discover and select individuals who are willing to take initiative and participate in management through internal open calls and cultivate personnel who can contribute to the organization’s development from both the perspectives of “business promotion” and “organizational revitalization.”

Two courses of Pre-Stage and Stage I

The ACE program offers two courses: Pre-Stage and Stage I. In the Pre-Stage program, we aim to develop an understanding of our philosophy, adherence to ethics, tactical execution, and expertise development over a three-year period. Stage I emphasizes risk management, strategic understanding, leadership, and mentoring, with development conducted through strategic rotations, training, certification acquisition, and practical experience.

ACE Pre-Stage

The aim is to identify personnel with potential by providing opportunities for employees who are performing well in stores to gain experience in indirect departments in order to discover future managerial candidates. Our training program focuses on “team building” and “improvement of fundamental business skills” through practical work experience in stores, aiming to promote gradual growth in conjunction with performance evaluations and other factors.

ACE Stage I

The aim is to cultivate future manager candidates (Ready Soon), positioning participants as future manager candidates in each section and providing practical training with a view to the transition to management. In training, the aim is to clarify roles and promote training directly linked to practical work by engaging in upstream tasks such as “problem solving in each section,” “strategy and tactical formulation,” and “organizational revitalization.”

What is the ACE program?

This is a career path for those participating in the Pre-Stage program. After embarking on a new career, employees will be expected to develop their expertise, utilize their knowledge and skills to take action, achieve results, and gain experience. Based on their career aspirations, individuals will be appointed for senior professional positions, or, those with management aptitude will be designated and trained as Stage I participants, with the potential to become the next section manager.

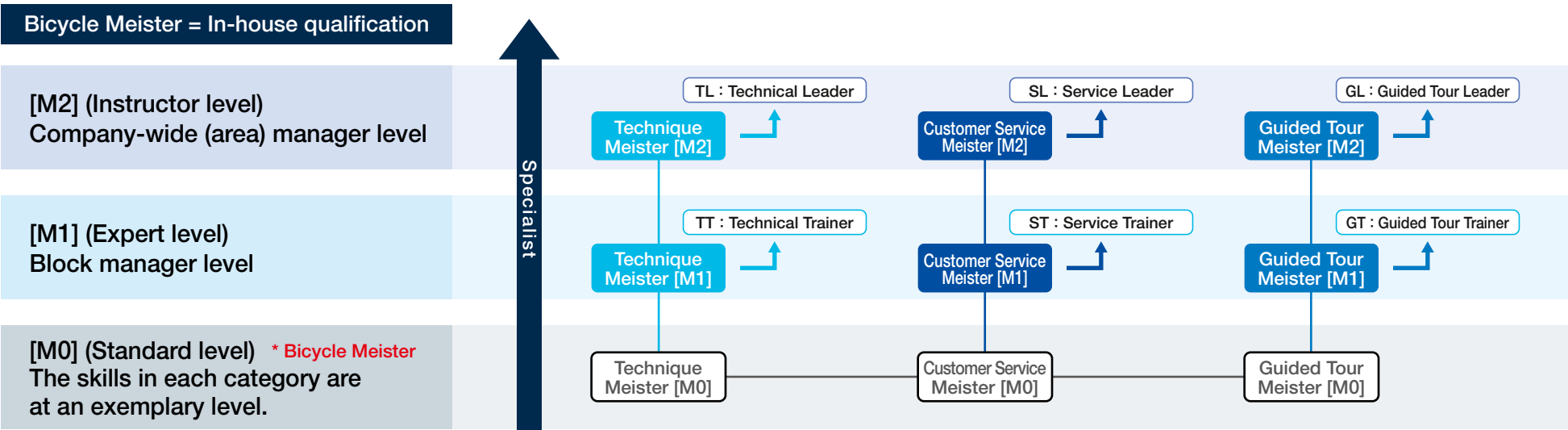
Internal open call system

Asahi supports autonomous career development through an internal open call system that provides employees with opportunities to take on challenges by volunteering themselves. When recruiting for each position, we define the necessary experience, skills, and other application requirements, conduct a selection process, and determine the most suitable candidate from the perspective of putting the right person in the right place. By creating an environment where employees can proactively take on challenges in their desired areas of work, we aim to expand growth opportunities, improve motivation, and ultimately contribute to individual self-realization and strengthen the organization.



Expanding the Asahi Bicycle Meister System

This system is designed to help employees hone their expertise and skills and advance their careers in three categories: technology, customer service, and guided tours. It is possible to improve the skills step by step, from the standard level [M0] to the expert level [M1], and then to the instructor level [M2]. Furthermore, we offer opportunities to broaden the career paths, such as allowing those with an [M1] qualification to take on Trainer positions and those with an [M2] qualification to take on Leader positions.



Human capital | DEI (Diversity, Equity & Inclusion)

Aiming for Asahi where everyone can shine

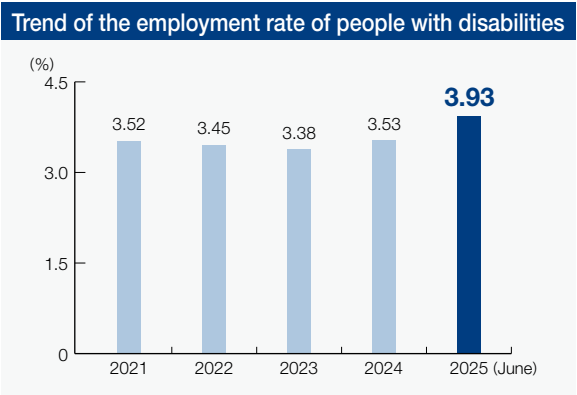
Asahi bases its management on respect for human rights and is working to create an environment where people with diverse values and backgrounds can have equal opportunities and thrive. We aim to be an organization where every individual can maximize their potential regardless of gender, disability status, sexual orientation, gender identity, or life stage.

Expanding diversity

We believe that respecting diversity and leveraging those differences as organizational strengths lead to the sustainable improvement of corporate value. Based on this philosophy, we are continuously working to develop our personnel systems, improve the workplace environment, and build awareness in order to create an organization where everyone can thrive on an equal footing. In terms of our gender-related initiatives, we revised our internal regulations from the perspective of respecting the diversity of sexual orientation and gender identity, and we introduced a partnership system that offers the same personnel and welfare benefits for spouses and families as heterosexual marriages to all partnerships, including same-sex partnerships. This created a foundation where employees can continue working with peace of mind without discrimination based on their values or lifestyles. These efforts have been recognized, and we have received certification as an LGBT Leading Company from the City of Osaka. Also, in promoting the advancement of women in the workplace, our efforts in creating a comfortable working environment and implementing relevant systems were recognized, and we received certification as an Osaka City Leading Company in Women's Participation. We support the retention and success of diverse talent by creating an environment where people can demonstrate their abilities regardless of gender. In addition, to support work-life balance, we have established subsidies for the use of unlicensed childcare facilities and a babysitting discount voucher system, creating a system that can respond to unexpected childcare needs. The system is available to both men and women, supporting flexible working arrangements that suit different life stages. Furthermore, in order to ensure psychological safety in the workplace, we have established various harassment prevention guidelines and customer harassment countermeasures, and we make it clear that we will absolutely not tolerate any actions that undermine the dignity of our employees. Through consultation systems and training, we are working to establish an organizational culture where every employee can work with peace of mind.

Employment of people with disabilities

Asahi aims to create a workplace where everyone, regardless of whether they have a disability or the type of disability, can demonstrate their abilities and thrive. We consider employing people with disabilities to be one of our important management priorities, and we are working to achieve both the promotion of employment and the retention of these individuals in the workplace. As of June 2025, Asahi's employment rate of people with disabilities remains above the legally mandated rate, demonstrating the steady results of our continued recruitment efforts and improvements to the work environment. In addition to giving due consideration to job duties and working hours, we are working to create an environment where everyone can work with peace of mind while making the most of their individual strengths by promoting understanding among colleagues. With the planned increase in the legally mandated employment rate in mind, Asahi will not only focus on quantitative sufficiency but also on qualitative improvements such as providing a fulfilling work environment and opportunities for growth. We will promote the creation of an organization where diverse individuals, including people with disabilities, can grow together and where everyone can thrive.



Engagement

Asahi conducts an annual "employee satisfaction survey" to measure how management and HR-related measures affect employee motivation. The latest survey showed improvements in 60% of the surveyed items, including "salary and bonuses" and "human resource development," with a particularly significant increase in the "workplace vitality" category. This survey asks respondents to rate 10 items, including "overall attractiveness of the company," "fairness in personnel matters," and "attractiveness of the work," on a scale of 1 to 5. The last survey was conducted in October 2025, targeting 1,830 employees. Asahi considers improving employee engagement a key management priority, and over the past one to two years, we have implemented several measures, including the introduction of a simple and highly satisfactory performance evaluation system to boost the motivation of each employee, a comprehensive review of our wage system that includes regular salary increases, a significant increase in the minimum salary, and base pay increases to keep pace with inflation. The improvement shown through the survey is likely due to the success of these measures, as well as the careful explanation of their content and significance to all employees.

Strengthening the foundations that support sustainable growth

We are promoting health and safety and human rights initiatives to create an environment where every employee can work with peace of mind and maximize their potential. Along with deepening our commitment to health and productivity management, we are working to strengthen the foundation that supports sustainable growth by thoroughly preventing harassment and ensuring respect for human rights.

Efforts to promote employee health

Asahi considers the physical and mental health of each employee to be a crucial management priority and is promoting health and productivity management practices. Asahi was certified for the first time as one of the 2026 Outstanding Organizations of KENKO Investment for Health under the large enterprise category. Taking this opportunity, we will implement stress checks at our offices and stores that were not included in the certification and work towards proper management of working hours, establishment of a health promotion system, and improvement of health literacy. Moreover, we will continue to implement measures such as utilizing health checkup results and providing mental health support to improve job satisfaction and productivity, and to achieve sustainable growth.



2026

健康経営優良法人

KENKO Investment for Health

大規模法人部門

Health and safety

Asahi recognizes that “health and safety” are absolute values that take precedence over everything else, and we aim to create safe and healthy environment in every workplace that we can be proud of.

Behavioral guidelines

1. We will comply with health and safety laws and regulations and promote health and safety activities.
2. We will strive to improve safety awareness through education and information sharing regarding health and safety.
3. We will strive to create a workplace environment that promotes and maintains the mental and physical health of our employees.
4. We will set targets for reducing occupational health and safety issues, conduct audits, and implement continuous improvements.
5. We will ensure that all employees are aware of the basic policy and code of conduct regarding occupational health and safety.

Harassment prevention

To fully eliminate harassment, we have established regulations and guidelines on various types of harassment. Moreover, we have established harassment and mental health consultation offices outside the company and are working to create an environment in which it is easy to consult by making these various consultation services well-known within the company.

Human rights

Asahi recognizes that “respect for human rights” is a crucial responsibility in all our business activities, and we aim to realize business operations that respect the human rights of all stakeholders.

Basic Policy on Respect for Human Rights

Asahi’s mission is to contribute to people’s lives and help them achieve fulfilling lives. Asahi is made up of people. Based on this idea, we respect “human beings.”

1. Respect for human rights

As a company, Asahi respects human rights. We will not engage in any acts that either unfairly discriminate or encourage discrimination based on race, beliefs, gender, social status, or family origin.

2. Avoid adverse impacts on human rights

We will avoid incurring adverse impacts on human rights through our company’s activities or contributing to these, and we will address these in the event that such impacts occur.

Furthermore, we will also strive to prevent or minimize negative impacts on human rights that are directly linked to our business, products or services caused by our business relationships.

3. Promotion system for human rights awareness-raising activities

The Administration Department will take the lead in holding educational and awareness-raising activities with the aim of conducting all operations in view of respecting the human rights of all people.

Beyond growth lies a new horizon

Aiming to be a company where diverse talent can thrive, we encourage our employees to actively take on new challenges. Here, three employees who are continuing to take on challenges in pursuit of growth share their thoughts on the significance and joy of their endeavors.

We regard the voluntary challenges undertaken by individual employees as central to enhancing the value of our human capital, and we have been working to improve our working environment and expand our support systems accordingly. Employees seeking career advancement through various programs such as the Asahi Bicycle Meister System, the ACE Program, and the Career Development Support System are a key driving force behind the organization's increased competitiveness. The accumulation of bold challenges undertaken on site powerfully drives new value creation and sustainable growth.



Ken Takami, Manager, Human Resource Development Section, Human Resources Department



Human Resources Department

Human Resource Development Section Yoshioka

CHALLENGE 01 Have the courage to take that first step !

In 2024, I obtained the national qualification of Career Consultant. This qualification allows you to play a role in each client's life while respecting their individual values. After joining the Company as a new graduate, I worked as a store manager before transferring to the Human Resources Department, where I've been for four years. I decided to pursue this certification because I wanted to acquire skills that would strengthen my professional capabilities and put them to use in my work. Nevertheless, balancing work and study was much harder than I had imagined. I attended a training course on my days off for the six months leading up to the exam, and even after the course ended, I held study sessions with my classmates. But precisely because I had really given it my all, the joy I felt when I passed the exams was immense. I am also very grateful for the Company's subsidy program, which subsidizes part of the course and exam fees, as well as the fees for renewal training after I obtained my qualification. This support is really helpful for me to continue learning. The knowledge and attentive listening skills I gained through obtaining my qualification are proving useful in my current recruitment work and in interviewing new employees. By being given the opportunity to be involved in the Company's career development support system, and by being involved in various aspects such as interview support, career assistance, and revisions to the personnel system, I feel that I'm gradually becoming able to do things I've always wanted to do. In the future, I would like to further improve my skills as a career consultant. After each counseling session, I often find myself wondering, "Did I relate to and interact well with the person who came to me for advice?" Therefore, I will continue working to improve my skills by actively participating in external study groups and other activities.

For those who follow in my footsteps, if you have a choice between a familiar path and a path that seems a little challenging but exciting, I would definitely recommend choosing the latter. Taking the first step requires courage, but I hope you will overcome your fears and take on the challenge.

CHALLENGE 02

Embarking on a new challenge after maternity and childcare leave

While working as a Partner (part-time employee), I was recommended to take the first Customer Service Meister exam. After earning my Meister certification, I was appointed as deputy store manager after passing the mid-career hiring exam. After that, Meister was made into a formal position, and I took the M1 exam and the Trainer exam. I am currently an M1 Trainer, a rank above Meister. My goal and motivation is to bring joy to even more customers through my activities as a Customer Service Meister, and to share that joy with my colleagues at Asahi. I am truly delighted that the Company has officially recognized this as a formal position.

Preparing for the exam gave me the opportunity to reflect deeply on what I value in customer service, as well as what Asahi values. It was also a very valuable experience for me to be able to exchange words and thoughts with people in various positions from other regions, whom I would rarely have the opportunity to meet in my role as a Partner, as well as with the staff who managed the exam. Precisely because the exam was so difficult, when I received my certification, I was so overwhelmed with joy that I trembled and cried. No matter how many times I've taken on a challenge, I still feel anxious when I take the next step. Nevertheless, I've been able to keep taking on challenges because there was something new to gain beyond that.



Sales Operations Department

Deputy store manager
and service trainer

Yamauchi

I have now returned to work on a reduced-hours schedule after taking maternity and childcare leave. It is difficult to continue fulfilling my duties with limited working hours, but my challenge going forward is to prove that I can thrive even in my current life stage and lifestyle. I want to continue taking on challenges so that I can help create a better working environment for those who come after me, and can continue to shine with a bright career outlook.



Logistics Department

Logistics Planning and
Management Section

Nasu

CHALLENGE 03

Believing that challenges are an opportunity for growth, I remain committed to self-improvement

I am participating in the ACE program, which is aimed at systematically developing the next generation of leaders. This program allows participants to acquire fundamental business knowledge through books and e-learning, while repeatedly applying it in practical work situations, with the goal of developing knowledge and skills equivalent to those of management personnel. Every day is a day of learning, but I feel that these small, daily efforts are contributing to my growth. I also participated in the predecessor program to ACE. Since around that time, I have continued to put in a little effort every day to prepare for certification exams, such as the Business Career Certification and TOEIC, as well as assessment tests. In recognition of these endeavors, I was transferred from the store to the Logistics Department, where I had no experience. Although I had to start from scratch at first, I believe that because I had developed the habit of continuous learning, I was able to grow little by little, even though I was still getting used to things. I have also been asked to work as an interpreter for overseas business partners, which has allowed me to broaden the scope of my work. While I'm happy when I achieve a goal or receive notification that I've passed a certification exam, those are just part of the process leading to my professional achievements and skill development. I try to think, "I'm finally able to stand at the starting line." Currently, as an import staff member, I am gaining experience in trade and international transportation operations, while also challenging myself to strengthen and deepen my expertise, with the goal of becoming a professional capable of managing the entire logistics process. I never imagined things would turn out this way when I first joined the Company, but I see this as an opportunity for growth and will dedicate myself to self-improvement. Growth comes with pain, but once you overcome it, you will be able to see new horizons. Let's work together toward growth!

Social Capital | Local Communities

Initiatives to address local transportation challenges

Raising awareness of safety



With the aim of creating a safe and secure cycling society, we are engaged in awareness-raising activities to ensure that all bicycle users abide by traffic rules and learn how to ride a bicycle properly. In recent years, as interest in traffic rules and manners for bicycles has grown, we believe it is important to foster an awareness of traffic safety from an early age. Our company holds traffic safety classes in various locations so that children can not only learn traffic rules but also develop the ability to think about safety and act accordingly.

In FY2025, in addition to traffic safety classes at Yokohama Municipal Tokiwadai Elementary School and Itami Municipal Sasahara Elementary School, we conducted various activities in cooperation with local communities and relevant organizations, including a traffic safety awareness event at the Miyakojima Ward Residents' Festival in collaboration with the Osaka Prefectural Police, traffic safety classes at daycare centers, and cooperation with awareness events by the Hokkaido Prefectural Police.

In addition, our hands-on "Kids School" program provides children with opportunities to learn about the importance of safe riding and maintenance while becoming familiar with bicycles, so they can use bicycles safely and enjoyably.

As a new Kids School initiative, we have launched a program called "Become a Bicycle Shop Owner and Try Bicycle Maintenance." The participating children will wear Asahi uniforms and, as kids' staff members, work alongside the store manager to experience store operations such as greeting customers, providing customer service, inspecting and maintaining bicycles, and handling payments. By experiencing real-world work, children learn about the difficulties of working and the importance of cooperating with others, while also deepening their understanding of the knowledge required for safe bicycle use and the importance of regular maintenance.

This is a hands-on program unique to Asahi, which fosters children's independence and safety awareness by introducing them to how bicycles work and how to maintain them.

We will continue striving to create opportunities for people to learn about traffic safety in a more accessible way while strengthening our collaboration with local communities and governments and the relevant organizations, thereby contributing to the realization of a safe and secure bicycle society.

Cooperation with local governments

We are continuing in our efforts to create a safe and secure bicycle riding environment through collaboration with local governments.

In FY2025, we participated in a traffic safety project led by the City of Yokohama, and held hands-on traffic safety classes for third-year junior high school students in collaboration with bicycle-related manufacturers. Through this hands-on program designed to allow participants to learn about inspections and safety checks while actually handling bicycles, they deepened their understanding of traffic rules and the importance of safety inspections. In addition to Miyakojima Ward, Osaka City and Toyonaka City, Osaka Prefecture, we are also expanding our collaborative initiatives with local governments in areas such as Meguro City (Tokyo) and Miyazaki City (Cycle City Project Miyazaki).

These activities are carried out by leveraging the respective strengths of local governments and our company, thereby providing students with opportunities to learn about traffic rules and safety inspections through hands-on experience.

Going forward, we will contribute to the realization of a safe and secure bicycle society by creating opportunities for people to learn about traffic safety in a more accessible way through collaboration with local governments.

Bicycle sharing initiatives

Bicycles are seeing increased demand as a secondary means of transportation connecting transportation hubs such as stations to other destinations, as well as a means of transportation for tourism and during disasters.

We have set up HELLO CYCLING* shared cycle stations in dense residential areas such as Toyonaka and Suita Cities in Osaka Prefecture, as well as in tourist areas mainly in Kyoto City. In addition to everyday use such as for commuting to work or school and shopping, shared bicycles are also used as a means of transportation in tourist areas. We are operating shared cycle stations in a manner tailored to the characteristics of each region.

As of February 2026, we operated 229 stations, 1,693 racks, and 470 bicycles. We are also continuously working on operational improvements aimed at enhancing user convenience, such as the early restoration of defective bicycles and the redeployment of inactive bicycles.

In recent years, shared bicycles have become increasingly popular as a means of daily transportation. As the bicycle sharing service is designed primarily for short-term use, many people use shared bicycles while owning their own bicycles. Shared bicycles and privately owned bicycles are used depending on the situation.

Moving forward, we will promote our community-based shared bicycle services as a safe, secure, and convenient means of transportation by leveraging our strengths in providing integrated repair and maintenance services.

*OpenStreet Co., Ltd.'s shared cycle system

Workplace visits

As part of our career education support for elementary, junior high, and high school students, we accept students for work experience and tours at our stores, as well as visits to our head office. We introduce our business activities and efforts to achieve the SDGs, thereby contributing to nurturing children who will lead the next generation.

Social Capital | Customers

Various services to support a lifestyle with bicycles

Role as social infrastructure

We offer our various services not only to customers who have purchased bicycles from us, but also to those who have purchased bicycles from other stores. This is based on the idea of supporting bicycle use as a whole—not limited to purchases made from our company—with a focus on customer convenience. Specifically, in addition to standard repairs and maintenance, we offer services such as the Asahi Peace of Mind Maintenance Pack and the Bike Wash Service to address our customers' diverse needs and everyday concerns.

Bicycles are widely used for commuting to work or school and as a means of daily transportation. Therefore, an environment where people can continue to use bicycles with peace of mind is a fundamental part of our social infrastructure. We believe that providing a safe and comfortable environment for this mode of transportation that supports people's daily lives is an important role our company plays in society.

Through these initiatives, we are building new relationships with customers with whom we previously had no contact, while also contributing to the improved safety and convenience of bicycle use and addressing a wide range of social issues. We will continue to deliver value to both our customers and society while expanding the scope of our services.



Quality control initiatives that support safety

Quality control and BAA

We aim to build sustainable relationships with society by providing value rooted in safety and trust. This is symbolized by our business operations, which place BAA—the industry's unified safety standard—at the core. With the exception of sports bicycles, which are subject to different quality standards, all Asahi brand bicycles comply with the BAA safety standards set by the Bicycle Association (Japan). Under the thorough supervision and guidance of our quality control department, we are committed to maintaining and improving our quality standards.

We believe that safety and trust are not limited to the point of delivery but should be maintained throughout the period of use. For this reason, we have established inspection, maintenance, and support systems to ensure safety for the entire use period, including after the bicycle has been put to use. In addition, we also ensure the safe and secure recycling of bicycles by establishing a reliable reuse system that guarantees recycled bicycles meet safety standards before being passed on to the next user.

Furthermore, in collaboration with production facilities, we will work to further sophisticate our quality control and traceability systems, while also strengthening our collaboration with parts manufacturers to construct a quality control system right from the parts manufacturing stage.

Moving forward, we will contribute to the realization of a sustainable society by expanding points of contact with society through the provision of safety and trust with BAA at the core, and promoting value creation based on trust.



What is BAA?

It is a sign of a safe and trustworthy bicycle, recognized by the government. This is a certification mark affixed to bicycles that have passed the rigorous inspection of approximately 90 bicycle safety standards set by the Bicycle Association (Japan).

In addition, BAA-compliant bicycles have set reduction standards for six substances* that have a high environmental impact when disposed of.

*Mercury, hexavalent chromium, lead, cadmium, PBB (polybrominated biphenyl), and PBDE (polybrominated diphenyl ether)



Manufacturing Capital

Aiming for a sustainable and resilient supply chain

We have built a robust manufacturing infrastructure that supports the execution of the SPA model, which integrates all processes from planning and development to procurement, production, logistics, and sales. Through a supply system featuring a high degree of coordination among the various processes, we maximize production efficiency and ensure stable quality, while also achieving both speed and cost competitiveness. Furthermore, we have established a production infrastructure capable of responding flexibly to supply-and-demand fluctuations through optimization of the entire supply chain, and of sustainably creating value. In addition, by incorporating the functions of support centers that refurbish collected used bicycles in-house for re-productization, we are expanding our production capacity in the field of reused bicycles and further strengthening our supply capacity and value creation capabilities.

Supply chain management

In terms of procurement, we have introduced a category management strategy, in which we evaluate and categorize suppliers from the perspective of factors such as cost impact, supply stability, and technical capabilities, and set optimal procurement strategies and goals for each category. Based on this, we are practicing Supplier Relationship Management (SRM*) to build a collaborative system with suppliers. Through regular dialogue and performance evaluations, we are improving the competitiveness of our products while minimizing risks. We are also reviewing the contract terms one by one and working to build long-term partnerships with suppliers based on a fair and transparent trading structure.

In terms of R&D, we are working on new product development in collaboration with suppliers that possess innovative technologies. Cooperation with suppliers is essential to respond flexibly to changes in market needs and quickly provide high-added-value products. To that end, we are strengthening our collaborative structure from the development stage onward and promoting the entire process from product planning to mass production in an integrated manner. In terms of quality, we are strengthening our quality control system to prevent defects both in-process and in the market, and are striving for continuous improvement to ensure a stable product supply.

*SRM (Supplier Relationship Management): Activities to appropriately evaluate suppliers and continuously improve performance through relationship building

In FY2025, under our basic policy of strengthening the sustainability and resilience of our supply chain, we worked to create added value in key areas while steadily maintaining and managing our foundational elements, such as quality and legal compliance.

In terms of compliance with safety standards and relevant laws, we continue to operate with a shared understanding with our finished bicycle and parts suppliers, and thoroughly implement basic management practices, thereby ensuring the reliability and transparency of the entire supply chain and building a

foundation that enables stable business operations and swift responses to challenges.

Furthermore, in FY2025, using our Taiwan Office—established in May 2023—as a base, we worked to enhance our supply chain with an approach that considers design, quality, and cost in an integrated manner, by gathering information, primarily in the electronic components field, and engaging in direct dialogue with local suppliers. Having a local office in Taiwan, where many leading suppliers of bicycles and electronic components are concentrated, enables us to accurately grasp our suppliers' business operations and quality control status, as well as the latest information, leading to our involvement from the early stages of development and faster decision-making.

Through these initiatives, we are advancing value optimization starting from the design and specification stage, which is leading to the improved profitability and quality of our core products, including electric-assist bicycles, and steadily enhancing the responsiveness and coordination of the entire supply chain.

Going forward, while leveraging our characteristics as an SPA (manufacturing retailer) company, we will strive to build sound, constructive relationships with our suppliers, with the aim of achieving sustainable procurement and strengthening the entire supply chain.

Support centers—a hub for productization of secondhand bicycles

Purchased secondhand bicycles are gathered at our support centers where they undergo maintenance, inspection, and cleaning by specialized staff before being resold. Support centers thus play a part in production functions. Strict quality control and efficient operations realize a stable supply system and the provision of high-value-added products.



Taiwan Office



West Japan Support Center

ENERSYS *Me*

Under the SPA (manufacturing retailer) business model, which covers everything from planning to manufacturing, sales, and after-sales service, we incorporate customer feedback received through our stores into our product planning and development.



Reflecting trends arising from cycle commuter needs in bicycle development

When using bicycles for commuting to school or work, people tend to prioritize not only safety and stability while riding, but also ease of handling when carrying luggage and a design that suits any rider and any outfit. Based on actual customer usage data, it has been found that electric-assist bicycles are expected to have the performance and specifications needed to effortlessly support everyday travel.

Under the SPA (manufacturing retailer) business model, which covers everything from planning to manufacturing, sales, and after-sales service, we gather customer feedback through in-store interactions, inspection and repair services, and post-purchase consultations. For example, various comments, such as "I want to commute a few kilometers by bike," "I end up carrying a lot of bags because I go shopping on my way home from work," "I'd like to install a child seat in the future," and "I'd prefer a design that both my spouse and I can use," were received from many customers through interviews and conversations at our stores.

One of our strengths is our ability to provide feedback on these specific use cases and requests to our product planning and development departments so that they can be incorporated into specification review, as well as planning and design. The system that allows us to directly incorporate customer feedback into our products in this way is a key source of our competitive advantage.

The model change of the electric-assist bicycle ENERSYS Me is one example of what we have realized through this system. The new model comes in unisex color variations that make it easy for anyone, irrespective of gender, to choose the bicycle for them, and its design has evolved to easily adapt to future changes in family structure and usage scenarios.

Customer needs

- I want to commute a few kilometers by bike.
- I end up carrying a lot of bags because I go shopping on my way home from work.
- I'd like to install a child seat in the future.
- I'd prefer a design that both my spouse and I can use.

Key development points

- Easy to use even with lots of luggage or with a child seat attached.
- Stylish design that is easy for the whole family to share
- Electric-assist bikes make commuting and exercise easier and more comfortable.

Model change

ENERSYS *Me*



Intellectual capital

Protecting the value of our diverse brands

Our intellectual capital is primarily the sum of the value of the bicycle brands we have independently developed and introduced. We offer a wide variety of bicycle brands to meet diverse needs, and we actively register trademarks and take other measures to protect the value of each brand.

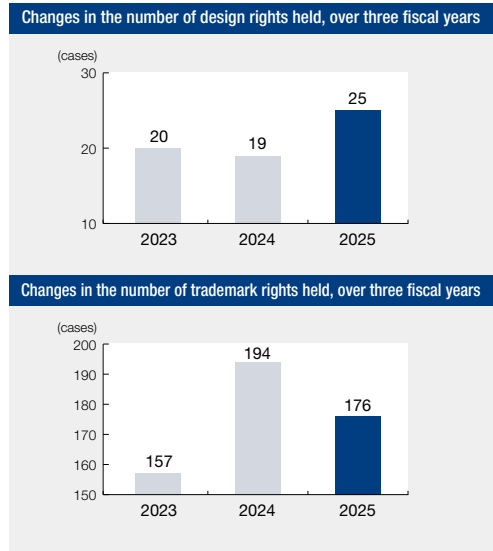
Offering products that excel in both price and quality through the utilization of SPA infrastructure

We offer a total of 23 bicycle brands. In addition to in-house brands such as the electric-assist bicycle ENERSYS and the sports bicycle PRECISION, we also design, manufacture and sell licensed products by signing exclusive distribution agreements with overseas manufacturers, as seen in an example of the Canadian sports bicycle brand Louis Garneau. In either case, by leveraging the manufacturing and sales infrastructure we have developed as an SPA (manufacturing retailer) company, we have established a system that allows us to offer products that are competitive in terms of both price and quality. In addition, we are working to build an optimal brand portfolio by developing new brands and consolidating existing ones in response to market needs and product strategies, and we appropriately manage our intellectual property.



Protection and utilization of intellectual property

To protect our unique identity and brand value, we have established a system to properly manage intellectual property related to product development technologies, designs, product names, etc. With regard to product trademark rights, for which we have a large number of registrations, we consider the content to be registered by brand, proceed with registrations in a fair and efficient manner, and utilize them to improve our competitiveness.



Natural Capital

Climate change response

At Asahi, we strive to promote further use of bicycles as a form of mobility indispensable to achieving a future society that is low-carbon, harmonious with nature, and recycling-oriented. At the same time, we are promoting effective environmental conservation initiatives in tandem with business growth, including reducing the environmental impact of our business, reviewing our logistics centers, and shifting from “disposable” to “reusable.”

Governance

Since initiatives toward sustainability-related issues are important management issues in increasing our medium- to long-term corporate value, we have established a system to enable the Board of Directors to appropriately oversee the initiatives. In July 2022, we established our Sustainability Basic Policy, and in November 2022, in order to create a promotion system, we established the Sustainability Committee as an organization subordinate to the Board of Directors, with the President and Representative Director as Chair, and executive directors, executive officers, and department heads as members. The Sustainability Committee reviews and discusses sustainability-related initiatives, including responses to climate change, at least once every three months, and reports the results to the Board of Directors. Based on the reports from the Sustainability Committee and their awareness of the external environment, the Board of Directors considers strategies and directions related to sustainability and oversees and directs initiatives.

Strategy

Our scenario analysis based on the TCFD recommendations assumed the following scenarios.

■ Adopted scenario

Temperature rise forecast	Adopted scenario	Assumed environment
Less than 2°C	[Transition] IEA SDS (Sustainable Development Scenario)	A scenario that aligns with the Paris Agreement target of “well below 2°C.” Assumes that developed countries will reach net zero by 2050 and other countries will do so by 2070 at the latest, with the global temperature rise peaking at 1.7°C and holding at 1.65°C with a 50% probability.
	[Physical] IPCC SSP1-2.6	Under a socio-economic framework aimed at sustainable development, climate policies are introduced to limit temperature rises (median) to below 2°C compared to pre-industrial levels. CO ₂ emissions are projected to reach net zero in the second half of the 21st century.
4°C	[Transition] IEA STEPS (Stated Policies Scenario)	A scenario that realistically considers the current policy situation and shows the direction of energy systems if no new policies are introduced. The temperature rise is projected to exceed 2°C and reach approximately 2.5°C.
	[Physical] IPCC SSP5-8.5	A high-end reference scenario under a socio-economic framework that promotes development dependent on fossil fuels without having a climate policy.

■ Evaluation of risks/opportunities, and response measures

Adopted scenario	Classification of risks and opportunities	Factor	Content	Impact	Severity	Main response measures
Less than 2°C	Transition risks	Carbon tax	Higher costs (raw materials, manufacturing, logistics) due to the introduction of a carbon tax	Raw material, manufacturing, and logistics costs	Medium	- Promote energy-saving measures and introduce renewable energy. - Encourage logistics companies to switch to EV trucks and efficiently relocate logistics centers, providing cooperation and coordination. - Actively promote the appeal of bicycles as helping to maintain and promote the good health of riders while also contributing to environmental sustainability, thus expanding sales opportunities. - Promote consideration of the use of recycled materials for raw materials and packaging right from the design stage.
		Decarbonization of logistics	Cost increases due to the decarbonization of maritime transport and domestic logistics companies	Logistics costs	Medium	
		New mobility	Development of new types of mobility due to technological advances factoring in climate change and other environmental issues, thus competing with bicycles and reducing demand for them	Decrease in demand	Medium	
		Demand for sustainable products	Increased costs of developing sustainable products (using recycled materials for raw materials and packaging, reducing waste through thin packaging, reuse, etc.)	Raw materials, packaging, waste costs	Medium	
	Opportunities	Change in consumer awareness	Expansion of bicycle use due to changes in consumer awareness	Increase in demand	High	- Promote marketing sensitive to changes in consumer preferences. - Increase awareness of reused bicycles, and expand the number of stores handling them. - Collaborate with local governments in promoting initiatives in line with the Bicycle Utilization Promotion Act. - Monitor trends in mobility-related regulations, and respond appropriately in a timely manner.
		Spread of reuse	Increase in reused bicycle market	Increase in sales	High	
		Restrictions on areas of car use	Increase in opportunities for bicycle use (measures such as banning cars from entering city centers)	Increase in usage opportunities	High	
4°C	Physical risks	Natural disasters	More production stoppages and lost sales opportunities due to disruptions in manufacturing, logistics, and other supply chains	Operational stoppages, affected by disasters	High	- Implement alternative procurement in the event of disasters. - Build an efficient sales network by reorganizing the logistics center placement. - Maximize use of the store network to adjust product shortages and surpluses, adjust supply and demand, and provide mutual support.
		Natural disasters	Greater frequency and intensity of natural disasters, with an increase in corresponding losses due to store and product damage, sales losses due to business suspension, and recovery costs	Operational stoppages, affected by disasters	High	
		Natural disasters	Decreased factory operating rates due to higher average temperatures (unstable delivery dates, increased costs)	Supply chain disruption	Medium	

Natural Capital

Risk management

The Sustainability Committee identifies and assesses risks and opportunities related to climate change across the entire value chain. The assessment method is the same as for company-wide risk management, in which risks are categorized according to a combination of the two aspects of “impact” and “likelihood of occurrence,” and their importance is determined. Risk management involves establishing a risk assessment system, identifying potential factors, appropriately assessing recognized risks, and taking effective measures to prevent and avoid them. The purpose of risk management is to minimize economic damage through such management and to respond appropriately to unforeseen circumstances.

Indicators and targets

By 2030, reduce GHG emissions (Scope 1 & 2) by 50% compared to FY2020.

By 2050, achieve carbon neutrality for GHG emissions (Scope 1 & 2).

* Scope 2 emissions for the above targets are market-based.

■ GHG emissions

(Unit: t-CO₂)

	FY2020 (base year)	FY2023	FY2024 (Change from base year)
Scope 1* ¹	449	0	0* ³ (△449)
Scope 2* ² (market-based)	12,478	12,204	11,246* ³ (△1,232)
Scope 2* ² (location-based)	14,220	13,447	14,146 (△74)

The table above shows Scope 1 and Scope 2 emissions with FY2020 as the base year.

*1 Scope 1: Direct emissions from Asahi’s fuel (gasoline, gas, etc.) usage

*2 Scope 2: Indirect emissions from usage of electricity purchased by Asahi

*3 Value after offset Since FY2023, we have worked to reduce GHG emissions by using the J-Credit system and switching some of the electricity contracted to electricity derived from virtually renewable energy sources.

Climate change initiatives

“Nearly ZEB” certification obtained at the Miyakojima Daito-cho Office

We have constructed a new three-story wooden office building, nicknamed “ASAHI CREATION BASE,” in Daito-cho, Miyakojima Ward, Osaka City—the birthplace of our company. Our company was founded in 1949 in Asahi Ward, Osaka City (now Daito-cho, Miyakojima Ward), and we have been developing our business while working hand in hand with the local community. The Miyakojima Daito-cho Office, completed on the site where our company was founded, has been reborn as an environmentally conscious office that serves as a hub embodying our commitment to the environment while carrying on our legacy.

As a company that provides bicycles—an environmentally friendly form of mobility—we believe it is important to take steps to reduce our environmental impact in our day-to-day business operations. One initiative that concretely demonstrates this approach is improvement of the environmental performance of this office.

At the Miyakojima Daito-cho Office, we have installed solar panels to harness renewable energy and a Building Energy Management System (BEMS) to visualize and optimally control energy consumption, with the goal of improving energy efficiency throughout the entire building. Through these efforts, we have obtained “ZEB (Nearly ZEB)” certification as a building with high environmental performance.

This office serves not only as a place where we put our environmental initiatives into practice, but also as a hub for sharing our environmental commitment both within and outside the Company. We will continue to pursue our environmental initiatives, while taking into account changes in the global environment and society.

ZEB (Net Zero Energy Building)

A ZEB is a building that aims to achieve an annual primary energy consumption balance of zero, by reducing energy use through high-performance insulation and high-efficiency equipment while also using renewable energy. “Nearly ZEB” refers to a building that has significantly reduced its primary energy consumption.

Definition of a ZEB

ZEB	A building with net zero or negative annual primary energy consumption
Nearly ZEB	A building that comes very close to being a ZEB—one that meets the ZEB Ready requirements and has reduced its annual primary energy consumption to nearly zero through the use of renewable energy

Major equipment installed

Solar panels: Use renewable energy to efficiently supply electricity
High-performance insulation: Reduces heat loss by improving building envelope performance
BEMS: Visualizes the energy usage of a building, enabling optimal operation



Exterior of the Miyakojima Daito-cho Office

Efficient use of resources

Manufacturing processes with a lower environmental impact

We work to manage and reduce emissions during product manufacturing. For example, some Asahi brand bicycle frames and parts are painted using a powder coating method. Compared to conventional painting methods, powder coating has less impact on the environment and the human body, and is also more resource-efficient.

As an SPA company that consumes resources and energy to create products, we will continue to reduce the environmental impact of our manufacturing processes.

Achieve circular consumption of bicycles —from disposable to reusable

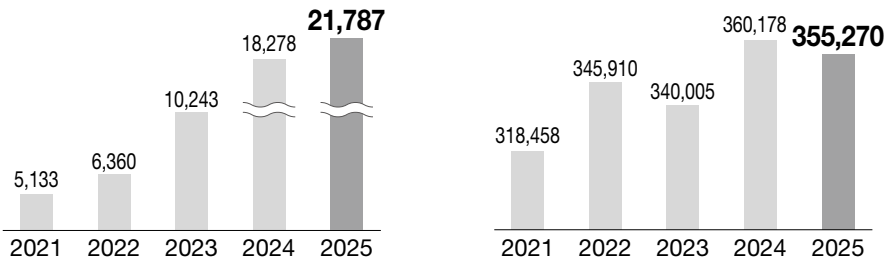
In 2017, we launched a bicycle purchase service in response to the demand for replacement bicycles, stemming from the diversification of lifestyles in recent years and the trend toward a recycling-oriented society.

As of the end of FY2025, we have expanded our purchase and sales area to 35 prefectures, with 496 purchase stores (up by 35 from the previous fiscal year) and 35 sales stores (up by 5). To make our products available to more customers, we launched our online store in FY2023.

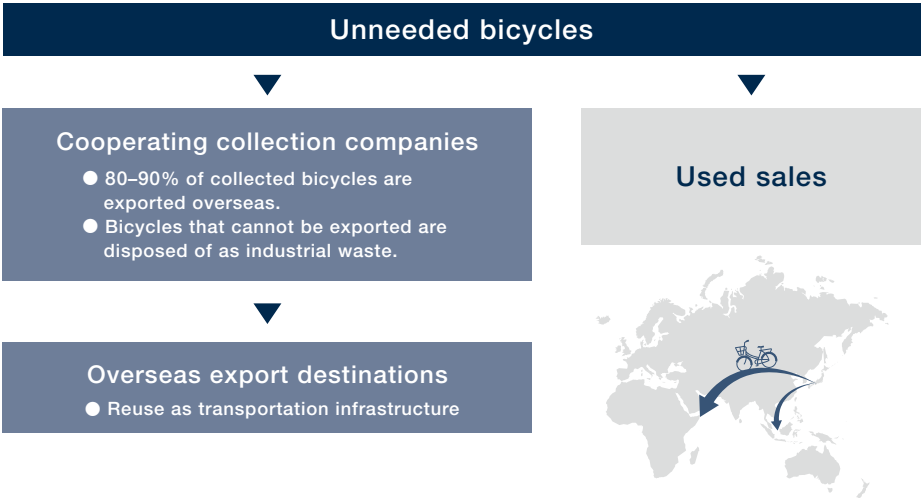
To contribute to a recycling-oriented society, we are actively engaging in a bicycle collection service for bicycles not eligible for purchase, and in FY2025, approximately 350,000 unneeded bicycles were collected. Of these, 80% to 90% are shipped overseas by our affiliates to be reused as transportation infrastructure in developing countries.

Looking forward, we will further accelerate the expansion of these purchase and sales areas, and in conjunction with strengthened management of our cooperating collection companies, we will construct an efficient business operation base. We will continue to expand our reuse business with the aim of achieving a recycling-oriented society.

■ Number of bicycles purchased (units) ■ Number of bicycles collected (units)



■ The process for collecting and reusing unneeded bicycles



Financial Capital

Focus on three key elements: capital efficiency, profitability, and shareholder returns

The fundamental principle of the financial capital strategy supporting VISION 2028 is “management that is conscious of stock price and cost of capital.” In contrast to VISION 2025, which prioritized revenue growth, VISION 2028 has shifted its focus to three key elements: capital efficiency, profitability, and shareholder returns. We aim to recover our stock price, which has been on a downward trend since peaking in 2021 during the COVID-19-driven boom, and restore PBR to 1x as quickly as possible.

KPI

Improving ROE and ROIC through proactive growth investments

In VISION 2028, we use ROE as an indicator of capital efficiency, ROIC as an indicator of profitability, and the dividend payout ratio and DOE as indicators of shareholder returns. In addition, we will maintain a certain level of cash and deposits to ensure a target level of liquidity. The cost of capital is currently perceived to be around 7% to 8%, while ROE for FY2025 was 5.7%. We view a PBR below 1x as a harsh assessment of our current situation. Under VISION 2028, we aim to improve ROE and ROIC through proactive growth investments and other measures aimed at sustainably enhancing our corporate value. Furthermore, we will engage in proactive communication with all stakeholders, including our shareholders, to help recover our stock price.

Capital efficiency	Profitability
ROE: 10.0% or higher	ROIC: 10.0% or higher
Shareholder return	Cash and deposits
Dividend payout ratio: 35% or higher; DOE: approx. 3.0%	Liquidity: approx. 13 billion yen

Cash allocation

Balanced allocation between growth investments and shareholder returns

We plan to use operating cash flow as the primary source of funds for cash allocation, and have established a policy of allocating those funds in a balanced manner between growth investments and shareholder returns. Our growth investments will primarily consist of three pillars: investments in new growth businesses, such as logistics infrastructure development; investments in store development, for urban store openings and renovation of existing stores; and IT investments, including the drastic strengthening of CRM. On the other hand, regarding shareholder returns, we will actively allocate funds based on a new dividend policy that aims for a dividend payout ratio of 35% or more and DOE of approximately 3.0%. Furthermore, when making discontinuous growth investments aimed at increasing corporate value, such as M&A, we will also consider utilizing interest-bearing debt.



Improving ROE and ROIC

Improving business profitability, asset efficiency, and capital efficiency

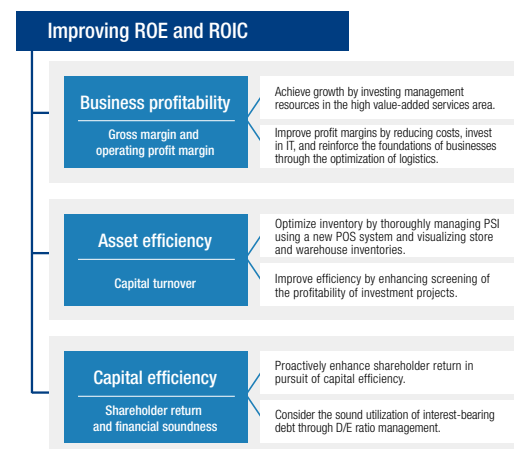
We have set a target that exceeds the cost of capital, perceived to be around 7–8%. To achieve this, we will improve three elements: business profitability, asset efficiency, and capital efficiency.

In terms of business profitability, we will prioritize profit margins and aim to achieve growth in service areas with high profit margins, while also working to reduce costs. In terms of asset efficiency, we will thoroughly implement PSI management to optimize inventory levels, and will also strengthen profitability screening for investment projects with an emphasis on efficiency. With regard to capital efficiency, we will utilize interest-bearing debt in a sound manner while carefully managing the debt-to-equity ratio.

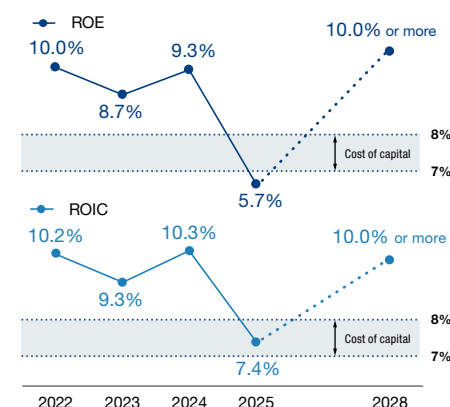
Shareholder return

Positioning proactive profit returns as a key management priority

We have revised our dividend policy from the previous approach of maintaining continuous dividend payments with a target payout ratio of 35%, to a stable and proactive dividend policy with a payout ratio of 35% or more and a DOE of approximately 3.0%. We consider proactive profit returns as one of the important management tasks, and we will aim to recover our PBR to 1x as soon as possible through active dialogue with the market, while comprehensively taking into account performance, free cash flow, and capital efficiency.



ROE, ROIC, and cost of capital: trends and plans

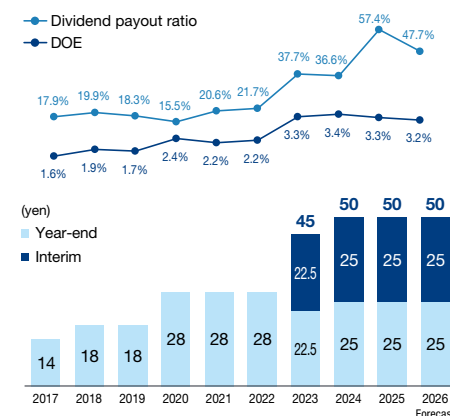


Shareholder Return Policy

- Positioning proactive profit returns to shareholders as one of our management issues, we will further reinforce the business foundation and make medium-to long-term growth investments.
- Regarding dividends, our basic policy is to achieve stable returns, targeting a payout ratio of 35% or higher and a DOE of approximately 3.0%, while comprehensively taking into account business performance, free cash flow, and capital efficiency.

Previously		VISION2028	
Continuous payment		Stable and proactive payment	
Dividend payout ratio	DOE	Dividend payout ratio	DOE
Target of approx. 35%	—	35% or higher	Target of approx. 3.0%

Changes in dividend per share and payout ratio



Governance Discussion

Roundtable Discussion on Governance

Discussing the ideal state and promoting appropriate human resource development toward achieving that ideal

During the process of formulating our new medium-term management plan (MTMP), our outside directors provided valuable insights and opinions. On this occasion, we invited three outside directors to talk about the roles they played during the formulation of the plan and their vision for the future of the Company's governance.

Holding discussions at the Board of Directors meeting at each important stage

— How were you involved as an outside director in the formulation of the new MTMP?

Horikawa From the beginning, interim reports were presented to the Board of Directors as progress was made, and we discussed the policies and specific details each time. The process began with determining the overall policy framework and then moved on to specific discussions on individual matters. We, the Audit & Supervisory Committee, provided advice on the need for numerical backing, particularly regarding KPIs, and requested explanations.

Suzuki I particularly focused on two points: the validity of the growth strategy and the improvement of capital efficiency. During the presentation of the draft, I provided advice on specifying risk factors and strengthening the progress monitoring system, from the perspective of enhancing the feasibility of the plan. I also emphasized the need to be more mindful of accountability to stakeholders than ever before, and called for the development of a clearer and more coherent narrative, in both quantitative and qualitative aspects.

Ijima In the next MTMP, the Company will embark on a full-fledged development of peripheral businesses such as reuse and maintenance. While we have high hopes for the development of new businesses, the existing businesses remain the core of Asahi. In that sense, I expressed my opinion that it is important to refine existing businesses while promoting new ones.

— From a governance perspective, how would you assess the process of formulating the new MTMP?

Horikawa When deciding on a direction, the Board of Directors held discussions at each key point. I think it was good that we had time to confirm things so that arbitrary actions by the executive departments did not occur. However, I think there is still room for reconsideration regarding whether the number of meetings was sufficient, as well as the depth of the discussions held on each occasion. It will be quite a challenge, though, given time constraints due to other duties.

Suzuki I also believe that the governance was functioning properly. Time was set aside for deliberations on multiple occasions, allowing both internal and outside directors to exchange opinions based on their respective areas of expertise. I feel that substantive governance was being exercised, going beyond mere formal approval of the plan. There are still challenges that remain. In light of the recent rapid changes in the business environment, it is essential to continue to rigorously verify the assumptions underlying the plan and risk assessments.

Ijima I suppose we'll need to continue discussing and reviewing this on an ongoing basis. This is especially true for new businesses such as reuse and maintenance; while the basic strategies have been presented, it seems there are still many things to be determined along the way.



Outside Director
(Audit & Supervisory Committee Member)

Michiko Ijima

Outside Director
(Audit & Supervisory Committee Member)

Atsuko Suzuki

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

Makoto Horikawa



— Based on what you've discussed so far, please share your evaluation and expectations of the new MTMP.

Horikawa The new MTMP is an ambitious plan that combines strengthening the core businesses with taking on new challenges in derivative businesses that have taken shape at this point. I expect this to be the first step toward making a major business expansion a reality in the future.

On the other hand, in terms of developing concrete measures that are commensurate with the profit and loss figures, there is still a significant amount of work to be done. The Board of Directors has also pointed out that the profitability of new businesses has not been sufficiently examined and that the measures need to be fleshed out for the formulation of a financial capital strategy; therefore, improvements are expected to be made on a rolling basis, taking future performance into account.

Suzuki At this point, I assess it as a well-balanced management plan overall. While taking into account the uncertainties of the external environment, a growth strategy that capitalizes on Asahi's strengths was presented as a direction.

From now on, the top priority is to increase the likelihood of successful execution of the plan. It is also important to flexibly revise the plan in response to environmental changes. I expect that improving capital efficiency and investing in human capital will lead to increased corporate value over the medium to long term.

Ijima The future state that Asahi aims to achieve under the new MTMP is not just a manufacturer and retailer of bicycles. Rather, Asahi aims to create a circular society by leveraging the network it has built to date. I look forward to seeing the Company grow significantly in the future.

Supporting decision-making from a medium- to long-term perspective and contributing to sustainable growth

— How would you evaluate Asahi's overall governance for FY2025?

Suzuki I believe that enhancement of the governance structure has

progressed, primarily through sophisticated effectiveness evaluation of the Board of Directors. The frequency of discussions has increased, and their content has become more substantial. Some progress has been made toward the goal of both speeding up decision-making and strengthening supervisory functions.

For my part, I have conducted monitoring from the perspective of increasing the likelihood of achieving the management plan by raising issues from an external viewpoint. More specifically, I requested specific explanations about the market outlook that formed the basis of decision-making, and offered opinions on the organization of decision-making criteria based on multiple scenarios.

Ijima Since becoming an Audit & Supervisory Committee member in May 2025, I have felt anew that the Board of Directors is open to discussion. Such an attitude is effective in terms of ensuring effective governance. I hope to contribute to the advancement of governance by actively engaging in discussions.

Horikawa In terms of internal control, the "third-line" control implemented by the Internal Audit Department is functioning well. Meanwhile, I have pointed out the need to strengthen the control functions of the "first line" by business departments and the "second line" by indirect departments. It was good that in FY2025, we were able to work with the audit firm to point out the need to clarify the responsible departments for physical inventory counts, and that this was implemented. Going forward, with the aim of strengthening the first-line and second-line control functions, I would like to make proposals regarding other departments and operations as well, while taking into account the on-site situation.

— What are your thoughts on the ideal future state of Asahi's governance?

Suzuki In addition to further strengthening transparency and accountability, I believe it is important to establish a system within the Company that supports rapid, flexible decision-making.



To that end, it is essential to establish a next-generation management structure as soon as possible. In addition, it is also crucial to integrate non-financial factors—such as sustainability and human capital—into management decisions, to drive the sustainable enhancement of corporate value.

To help make these goals a reality, I will continue providing objective and constructive advice from an independent standpoint. In particular, I intend to contribute to improving the Company's governance standards through recommendations that take into account the perspective of capital markets and global governance trends.

I also hope to support decision-making from a medium- to long-term perspective through dialogue with management, thereby contributing to the sustainable growth of corporate value.

Ijima However, the Board of Directors alone cannot achieve the ideal form of governance. To improve the Company, company-wide efforts are needed to create a system that allows the voices of front-line workers to be heard and to foster a positive corporate culture.

Leveraging my experience as a lawyer, I intend to encourage the internal directors and persons in charge to implement various initiatives—such as establishing a system to listen to the voices of those on the front lines, providing information, and ensuring opportunities for communication.

Horikawa If the Company aims to transition to a monitoring-type Board of Directors in the future, it will be necessary to gradually transfer the business execution responsibilities currently held by directors to executive officers. To that end, we must first discuss what the ideal executive officer structure should look like, and identify methods for developing human resources that are appropriate for that desired structure. Company-wide efforts are needed to establish a robust governance structure, including a review of the Board of Directors' structure.

Drawing on my past experience, I will try to propose measures that are expected to yield benefits. At the same time, I will strive to stay abreast of general trends through information exchange with external organizations such as the Japan Audit & Supervisory Board Members Association, so that I can offer objective advice in my capacity as an outside director.

Directors



Yoshifumi Shimoda
President and
Representative Director

Years served as Director: 20 years
Number of shares held: 3,280,241
Number of Board of
Directors meetings attended: 17/17



Motoi Mochizuki
Director

Years served as Director: 5 years
Number of shares held: -
Number of Board of
Directors meetings attended: 17/17



Shiro Nishioka
Director

Years served as Director: 16 years
Number of shares held: 2,300
Number of Board of
Directors meetings attended: 17/17



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

Years served as Director: 3 years
Number of shares held: -
Number of Board of
Directors meetings attended: 17/17



Atsuko Suzuki
Outside Director
(Audit & Supervisory
Committee Member)

Years served as Director: 6 years
Number of shares held: 2,300
Number of Board of
Directors meetings attended: 17/17



Michiko Ijima
Outside Director
(Audit & Supervisory
Committee Member)

Years served as Director: 1 year
Number of shares held: 100
Number of Board of
Directors meetings attended: 14/14

Skills matrix

Name	Position	Affiliated Committee	Business Domain Strategy		Business Execution Capabilities			Management & Governance Foundation		
			Corporate Management & Management Strategy	Global	Marketing & CRM	Supply Chain & Logistics	Human Capital & Diversity	Finance, Capital Policy, Capital Efficiency & Dialogue with Capital Markets	Risk Management & Governance	ESG & Sustainability
Yoshifumi Shimoda	President and Representative Director		○	○		○				
Motoi Mochizuki	Director		○		○	○				
Shiro Nishioka	Director	Nomination & Remuneration Advisory Committee					○		○	○
Makoto Horikawa	Outside Director	Audit & Supervisory Committee Nomination & Remuneration Advisory Committee	○	○				○		
Atsuko Suzuki	Outside Director	Audit & Supervisory Committee						○		○
Michiko Ijima	Outside Director	Audit & Supervisory Committee Nomination & Remuneration Advisory Committee					○		○	

Reasons for selecting skill items and their position in the Medium-Term Management Plan VISION 2028

Business domain (category)	Skill item (skill name)	Strategic definition (definition and expected roles)
Business Domain Strategy	Corporate Management & Management Strategy	High-level management judgment capability to drive and oversee the Company's sustainable growth by both deepening existing businesses and exploring and entering peripheral business domains, and specialized knowledge to drive and oversee the building and social implementation of the Asahi SPA model (reuse and maintenance), which aims to expand beyond the bicycle business
	Global	Ability to drive and oversee business development from a global perspective, including optimization of overseas production and procurement networks, future overseas expansion, and export business
Business Execution Capabilities	Marketing & CRM	Knowledge to drive and oversee a strategy that maximizes customers' lifetime value (LTV) through the deepening of OMO (Online Merges with Offline) and positions the customer base at the core of management
	Supply Chain & Logistics	Ability to drive and oversee the building of circular logistics infrastructure and efficient, environmentally friendly logistics that address various logistical challenges
Management & Governance Foundation	Human Capital & Diversity	Ability to oversee the development of a management foundation that enables diverse talent to thrive and the renewal of HR and evaluation systems that foster specialized personnel development and new challenges
	Finance, Capital Policy, Capital Efficiency & Dialogue with Capital Markets	Expertise to rigorously oversee, from a shareholder perspective, the promotion of management conscious of capital cost (PBR improvement and ROE enhancement), optimal capital allocation, and dialogue with capital markets
	Risk Management & Governance	Expertise to oversee an integrated risk management system including strengthening corporate governance, ensuring legal and compliance practices, and enhancing cybersecurity associated with renewal of the IT platform
	ESG & Sustainability	High level of insight that integrates "contributing to a sustainable society" and "realizing a circular economy" into management strategy, thereby directly linking non-financial value to the enhancement of corporate value

Rationale for selection of outside directors

Makoto Horikawa

Given his experience in corporate management at domestic and international business companies, as well as his expertise in the fields of accounting and finance, we have determined that he can appropriately perform his duties as an Audit & Supervisory Committee member.

[Significant concurrent positions]

None

Atsuko Suzuki

In addition to her long and extensive experience in the CSR department of companies, she has a high level of insight into sustainability, diversity, corporate communication, and other areas, and so we have determined that she can appropriately perform her duties as an Audit & Supervisory Committee member.

[Significant concurrent positions]

Outside Director
(Audit & Supervisory Committee Member) of
ShinMaywa Industries, Ltd.

Michiko Ijima

As an attorney-at-law, she has advanced skills and insight into laws and regulations, and so we have determined that she can appropriately perform her duties as an Audit & Supervisory Committee member.

[Significant concurrent positions]

Attorney-at-law, Shinsaibashi Partners Law Firm

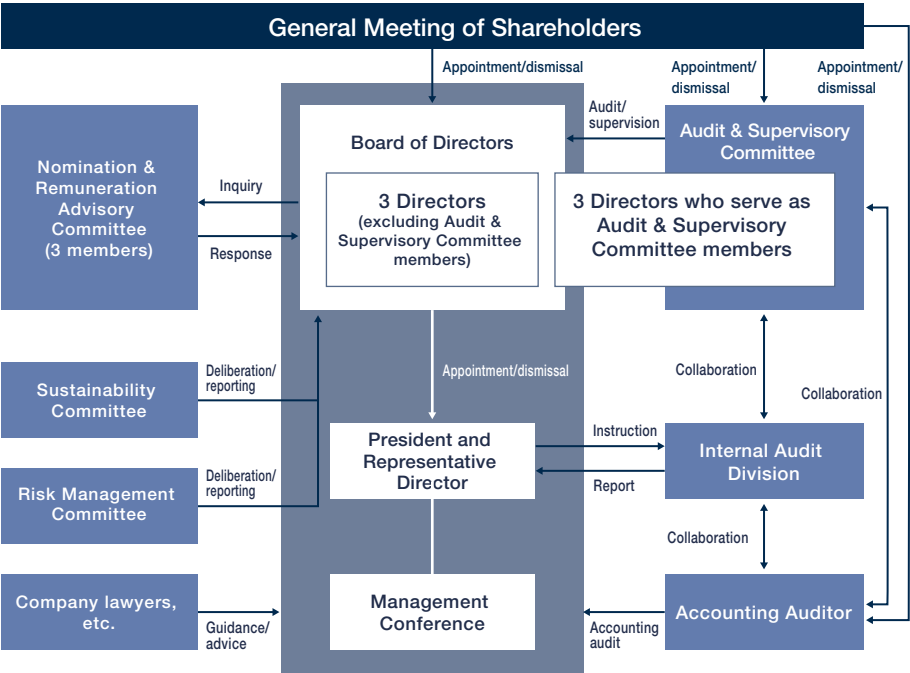
Corporate Governance

Basic philosophy

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

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

■ Corporate governance chart



Board of Directors

Operation of the Board of Directors

At the Company, the Nomination & Remuneration Advisory Committee, of which independent outside directors comprise the majority of the members, deliberates on the skills that the Board of Directors should possess in light of company management strategies. In selecting director candidates, the committee deliberates on the balance of knowledge, experience, and abilities, as well as the diversity of the Board of Directors as a whole, and the Board of Directors makes the final decision.

The current Board of Directors consists of a total of six directors: three directors (excluding directors who serve as Audit & Supervisory Committee members) and three directors who serve as Audit & Supervisory Committee members (including three outside directors). The Board of Directors meets once a month to supervise the execution of directors' duties and make decisions related to business execution, focusing on basic management matters. Ad hoc meetings are also held 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, executive officers, and department managers, to discuss important matters related to management and report on the status of business execution in each department.

Appointment and dismissal of directors

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

In nominating candidates for directors who serve as Audit & Supervisory Committee members, the Board of Directors makes the decision after deliberation and proposal by the Nomination & Remuneration Advisory Committee, of which independent outside directors comprise the majority of the members, on the assumption that the candidates have considerable knowledge of finance and accounting or that they have extensive experience and a high level of insight in corporate management and highly specialized professions.

Board of Directors meetings held

In FY2025, the Board of Directors met 17 times. Specific discussions at the Board of Directors meetings included not only statutory matters, but also the formulation of the new medium-term management plan, the progress of the previous medium-term management plan, and periodic reports from each committee.

Effectiveness evaluation of the Board of Directors

With the aim of enhancing the effectiveness of the Board of Directors and sustainably increasing corporate value, we conduct an evaluation of the effectiveness of the Board of Directors.

■ Evaluation method

In FY2025, we asked all directors as of the end of the fiscal year to complete a questionnaire-based self-assessment. The results were analyzed and evaluated by the Board of Directors.

■ Questionnaire items

- (1) Composition of the board; (2) Operation of the board; (3) Agenda of board meetings;
- (4) About outside directors; (5) Structure supporting the board;
- (6) Efforts to address the results of the previous year's evaluation

■ Evaluation results

As a result of the effectiveness evaluation, we confirmed that the Company's Board of Directors is generally functioning appropriately in terms of composition, operation, agenda, and structure. As in the previous year's evaluation, the Board of Directors is evaluated as having the effectiveness necessary for the Company's sustainable growth and the enhancement of corporate value, including holding discussions aligned with the Company's current situation and appropriately selecting themes and making decisions.

In FY2025, we made efforts to strengthen our structure and foundation, including reorganizing internal organizations, in order to further deepen discussions on medium- to long-term management policies and strategies. As part of our efforts to further strengthen our corporate governance structure, we introduced an executive officer system in 2023 to create a structure that enables swift and flexible decision-making. This has enhanced the effectiveness of the Board of Directors' monitoring and supervisory functions, as well as promoting the development of subsequent generations of management personnel and discussions and initiatives that contribute to the Company's sustainable growth and enhancement of its corporate value.

Challenges identified include the need to specify operating policies and processes aligned with the monitoring model, which we aim to establish, and to further strengthen our executive system.

In light of the results of this evaluation, the Company will continue to look into ways to maintain and improve the effectiveness of the Board of Directors.

Audit/supervisory functions

Audit/supervisory functions

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

The Audit & Supervisory Committee consists of three directors who serve as Audit & Supervisory Committee members, all of whom are independent outside directors. The committee meets at least once a month to perform tasks such as conducting audits and drafting reports on the execution of directors' duties. In addition, the committee periodically meets with the president and representative director to express its opinions and exchange information on important audit issues.

Directors who serve as Audit & Supervisory Committee members attend important meetings, such as Board of Directors meetings, 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). They also work closely with the Internal Audit Division by exchanging opinions, etc. By also collaborating with the accounting auditor, these directors work to achieve their own audit results while guaranteeing the efficiency of audits and supervision.

Nomination & Remuneration Advisory Committee

Further strengthening of corporate governance through structural change

The company has established a Nomination & Remuneration Advisory Committee with the objective of further enhancing the corporate governance structure, by improving the transparency and objectivity of procedures related to decisions regarding the nomination & remuneration of directors.

The Nomination & Remuneration Advisory Committee stipulates in its rules that independent outside directors constitute a majority of its members, thus ensuring its independence by operating in accordance with such rules.

The committee deliberates on issues such as the appointment and dismissal of directors (matters to be resolved at the General Meeting of Shareholders), the election and dismissal of representative directors, and the remuneration of directors (excluding directors who serve as Audit & Supervisory Committee members), in response to inquiries from the Board of Directors, to which they report their findings.

Effective May 15, 2026, the Company changed the chairperson of the committee from a director to an outside director, thereby further enhancing the independence and objectivity of the committee and improving its corporate governance system.

Executive remuneration

Remuneration determination policy and executive remuneration system

Our executive remuneration system aims to continuously increase corporate value, secure talented human resources, and share value with our shareholders. The Company's basic policy for determining the remuneration of individual directors is to set it at an appropriate level for their respective responsibilities.

Specifically, remuneration for executive directors comprises basic remuneration (cash) as fixed remuneration and medium- to long-term incentive remuneration (stock-based) as performance-linked remuneration, etc. Remuneration for outside directors does not include performance-linked remuneration, and only consists of basic remuneration (cash) in consideration of their role of providing advice and recommendations to the management team from a neutral and objective perspective, and of monitoring and supervising business execution. Basic remuneration is monthly fixed remuneration, and is determined based upon a comprehensive consideration of the executive's position, responsibilities, and degree of contribution to the Company's performance, as well as 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 the performance indicators from the perspective of sharing value with shareholders. The number of shares calculated in accordance with the degree of achievement against the targets for each fiscal year and the position of the executive is awarded upon retirement.

The details of individual basic remuneration (cash) and medium- to long-term incentive remuneration (stock-based) for each of the Company's directors are determined by the Board of Directors after consulting the Nomination & Remuneration Advisory Committee, of which independent outside directors comprise the majority of the members, and receiving its response.

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

Category	Total remuneration (thousand yen)	Total remuneration by type (thousand yen)			Number of target executives (persons)
		Fixed	Performance-linked, stock-based	Non-cash remuneration, etc. among the items on the left	
Directors (excluding Audit & Supervisory Committee Members) (Outside Directors)	125,757 (—)	111,080 (—)	14,677 (—)	14,677 (—)	5 (—)
Directors (Audit & Supervisory Committee Member) (Outside Directors)	27,000 (27,000)	27,000 (27,000)	— (—)	— (—)	4 (4)
Total (Outside Directors)	152,757 (27,000)	138,080 (27,000)	14,677 (—)	14,677 (—)	9 (4)

Note: The amount shown for performance-linked remuneration is the provision for stock-based payments.

Performance-linked remuneration and point system

At the end of May each year, the Company awards points to directors (excluding directors who are Audit & Supervisory Committee members and outside directors) based on their performance indicators and positions, with 1 point equivalent to 1 share of the Company's stock. Points are calculated by multiplying the standard points set for each position by a payment coefficient determined according to the performance indicators for the fiscal year under review. Upon retirement, directors are granted shares corresponding to their accumulated points.

The source of funds for this system is monies contributed by the Company every five consecutive fiscal years in an amount up to 150 million yen. Based on the monies, a trust with a term of five years will be set up, with directors who meet the beneficiary requirements as beneficiaries. The trust will use the contributed funds to acquire the Company's shares either from the Company (through the disposal of treasury stock) or from the stock market. The maximum number of points that a director may be granted per year is 23,000, and the total number of shares that may be granted over the five-year period is 115,000.

Points are calculated by multiplying the standard number of points determined in a. below by the performance-linked coefficient specified in b.

■ a. Standard number of points for each director

Position	Number of points
President and Representative Director	6 , 2 0 0
Other Directors	1 , 8 0 0

(Note) If there are any changes to the names of positions, the number of points corresponding to the equivalent positions will be applied.

■ b. Performance-linked coefficient

Achievement rate of operating profit target	Performance-linked coefficient
110% or more	1 3 0 %
105% or more but less than 110%	1 2 0 %
100% or more but less than 105%	1 1 0 %
95% or more but less than 100%	1 0 0 %
90% or more but less than 95%	9 0 %
Less than 90%	8 0 %

(Notes) 1. The operating profit target for the fiscal year under review shall be the value disclosed in the financial summary for the first quarter of that fiscal year.

2. We adopted operating profit as an indicator for calculating performance-linked points because it is the most suitable indicator for measuring the degree of contribution to improving the Company's business performance and increasing its enterprise value. The target for the performance-linked stock remuneration indicator for this fiscal year is an operating profit of 5,620,000,000 yen, while the actual result was 3,937,894,000 yen.

Policy on constructive dialogue with shareholders

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

1. We have appointed a director in charge of IR and assigned the Corporate Planning Department to be in charge of IR.
2. We hold financial results briefings twice yearly for shareholders and investors.
3. Regarding requests for dialogue or meetings from shareholders and investors, after confirming the purpose of the requests, we respond appropriately to these requests when these can be deemed to contribute to sustainable company growth and medium- to long-term enhancement of corporate value to a reasonable extent, in order to improve their understanding of the Company.

The IR manager conducts the meetings and periodically reports investor feedback gained through the dialogue to the management team.

The biannual results briefings are attended by the president and the director in charge of IR. Small meetings for analysts and institutional investors are also held regularly.

To improve the quality of non-financial information, the Company has issued the Asahi Report every year since 2021.

In addition, biannual and interim results briefings are live-streamed, and the scope of English-language information disclosure has expanded since FY2024.

We are working to promote understanding of our business through these initiatives.

Main discussions at meetings for analysts and institutional investors held during FY2025

- Summary of quarterly and full-year results
- Factors contributing to fluctuation in performance
(e.g., market environment, cost structure, exchange rate)
- Growth strategies of major businesses (Four Key Strategies)
- Status of business foundation development (Three Growth Foundations)
- Changes in business environment (e.g., domestic bicycle demand trends)
- Future drivers of growth, focus areas
- New store openings
- Shareholder return policy (dividends, share buybacks)

■ Main IR schedule

Date	Description
February 20	Account closing
Around early April	Announcement of financial results
Around early April	Results briefing for analysts
Mid-May	Submission of securities report
Mid-May	Ordinary General Meeting of Shareholders
May 20	First-quarter account closing
Around late June	Release of first-quarter financial summary
August 20	Second-quarter account closing
Around late September	Release of second-quarter financial summary
Around late September	Second-quarter results briefing for analysts
Around late September	Submission of interim report
November 20	Third-quarter account closing
Around late December	Release of third-quarter financial summary

■ IR activities

Activity	FY2023	FY2024	FY2025
Meetings for analysts and institutional investors	70 meetings	74 meetings	71 meetings
Results briefings	2 sessions	2 sessions	2 sessions

Compliance

Basic philosophy

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 and the like. Furthermore, the Company has established an internal reporting system for early detection and rectification of violations of laws and regulations, as well as wrongdoing.

Compliance promotion system

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. These audits investigate 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 compile the findings of the audit and report the audit results to the president in the form of an audit report and instructions for improvement, and, by notifying the relevant divisions of the instructions for improvement and conducting a confirmation audit at a later date, we work to conserve the Company’s assets and improve management efficiency in our operations.

Basic Compliance Policy

Asahi Co., Ltd. positions compliance as one of its most important management issues in its aim to become a company that is trusted by all stakeholders.

1. We will conduct corporate activities in a fair manner, complying with laws, regulations, internal rules, and corporate ethics.
2. We will disclose information in a timely and appropriate manner to ensure transparent business management.
3. We will firmly oppose antisocial forces with systematic responses and refuse to have any relations with them.
4. In the event that a compliance-related issue is discovered, it will be rectified immediately, and measures will be implemented to prevent its recurrence.
5. We will strive to foster a workplace environment where employees can perform their duties with confidence.

Internal reporting system

The company has established an internal reporting desk for the purpose of preventing misconduct, ensuring early detection, and improving self-governance. The Company also accepts a wide range of consultations, including requests for opinions and mental health counseling. Internal and external contact points, staffed by specialized personnel and counselors, have been established to appropriately respond to reports and consultations depending on their nature. Reports and consultations are accepted through a variety of methods, including web forms, email, telephone, and letters. We strive to create an environment that facilitates reporting and consulting, with various counselors assigned to external contact points, and doctors and lawyers providing support and advice as needed.

Reports of various types of harassment and violations of laws and regulations received at the contact point are investigated mainly by the dedicated departments, such as the Administration and Human Resources Departments, after the details of the report have been confirmed in accordance with the internal reporting regulations. If the investigation confirms harassment or a violation of laws and regulations, appropriate responses and measures will be taken to prevent recurrence.

The protection of whistleblowers (e.g., prohibition of disadvantageous treatment) is stipulated in the internal reporting regulations. The Company also publicizes the internal reporting system and regulations on its intranet when it announces their operational results annually.

Regarding harassment, the Company strives to create a workplace where harassment does not occur by establishing various anti-harassment rules and guidelines and conducting annual harassment training.

Consultation desk	Location
Internal reporting (violation of laws and regulations, wrongdoing)	Internal and external (law firm)
Various harassment consultation	External (third-party outsourcing firm)
Mental health consultation	Internal and external (outsourced public health nurse)
Consultation on the employment of partners	External (third-party outsourcing firm)
Work-Life Support Consultation Desk (e.g., childbirth, childcare, nursing care)	Internal
Support for personal injury/illness leave and balancing work and illness	Internal
LGBTQ+ consultation and procedures desk	Internal
New graduate support consultation	Internal
Career consultation desk (career counseling)	Internal

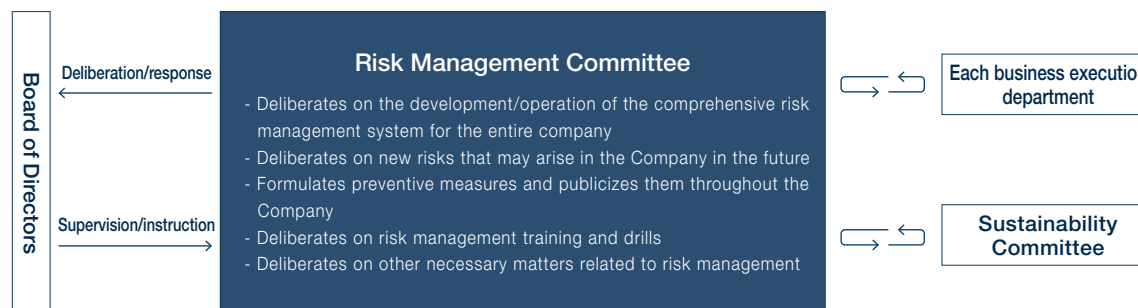
Risk Management

Risk management structure

In addition to risk management being conducted in each division, the Risk Management Committee, which comprises full-time directors, executive officers, and division heads, reports on and discusses important company-wide management issues. The Risk Management Committee meets once a quarter in principle to identify and evaluate risks in a cross-sectoral manner, and deliberate on countermeasures. It then 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.

■ Risk management structure chart



■ Business and other risks

Category	Risks	Opportunities	Our response
New store openings	● Stagnation in store expansion due to reduced room for new store openings ● Decreased store profitability due to increased store opening costs	● Room for growth through the utilization of platforms including the existing store network, and the e-commerce system ● Demand for repairs and in-store pickups for EC order products, driven by population concentration in urban areas	● Develop the wholesale business without relying on opening directly managed stores, and expand strategic partners ● Promote renovation of existing stores, and refine OMO strategy ● Roll out urban stores
Consumer trends	● Restraint in purchases of durable goods and changes in consumer behavior due to rising prices ● Changes in the bicycle use environment due to tightened regulations on bicycle use	● Increased demand for repairs, maintenance, and after-sales service ● Growing consumer awareness of safety and security	● Approaching the customer cycle through enhanced CRM ● Providing specialized services that support customer safety and trust
ESG & Sustainability	● Growing social demand for decarbonization and resource recycling	● Renewed recognition of the value of bicycles in a decarbonized society ● Growing interest in reuse against the backdrop of a circular society	● Establish a new business model through the expansion of the reuse business ● Use environmentally friendly office spaces
Securement of human resources	● Increasing difficulty of securing personnel to support service delivery due to a shrinking labor force	● Differentiating service value through the development and securing of professional human resources	● Improving service quality through the Asahi Bicycle Meister System ● Promoting diversity, equity & inclusion ● Providing diverse educational programs
Supply chain	● Concentration of bicycle production facilities in China ● Deterioration of product quality, occurrence of defects ● Rising costs due to soaring raw material and energy prices, and exchange rate fluctuations ● Impact of geopolitical risks and natural disasters on supply chains	● Establishing a competitive advantage through a resilient supply chain and stable supply ● Gaining customer trust and enhancing brand value through the provision of high-quality products	● Establishing a fabless production system through collaboration with multiple partner companies ● Ensuring that contract manufacturers implement thorough quality control ● Reducing cost through efforts to lower procurement costs and improve logistical efficiency ● Adjusting supply and demand by leveraging the store and logistics networks, and strengthening mutual support systems
Information security	● Impact on operations due to unauthorized access and system failures ● Loss of trust due to personal information leaks	● Improving CX and promoting DX through a safe and reliable information system infrastructure	● Strengthening security measures such as BCP for information systems and the prevention of unauthorized access ● Ensuring thorough implementation of in-house training and operational guidelines

Financial and Non-Financial Highlights

		2016	2017	2018
Financial data	Operating results	Net sales (million yen)	51,088	53,620
		Operating profit (million yen)	3,385	3,425
		Ordinary profit (million yen)	3,517	3,507
		Profit (million yen)	2,165	2,051
	Financial standing	Total assets (million yen)	34,029	36,274
		Net assets (million yen)	22,586	24,111
	Cash flows	Cash flow from operating activities (million yen)	4,297	1,226
		Cash flow from investing activities (million yen)	(2,281)	(1,519)
		Cash flow from financial activities (million yen)	(1,496)	882
		Free cash flows (million yen)	2,015	(293)
		Capital expenditure (million yen)	2,343	1,545
		Depreciation (million yen)	1,292	1,292
	Per share information	Profit per share (yen)	82.77	78.42
		Net assets per share (yen)	863.46	921.76
		Dividends per share (yen)	14.00	14.00
	Financial indicators	Operating margin (%)	6.6	6.4
		Equity ratio (%)	66.4	66.5
		ROE (%)	10.1	8.8
		ROA (%)	6.5	5.8
		Dividend payout ratio (%)	16.9	17.9

Non-financial data	People Power	Number of employees	4,172	4,645	4,958
		Regular employees	1,351	1,427	1,491
		Part-time employees	2,821	3,218	3,467
		Bicycle Safety Engineers	1,332	1,461	1,581
		Regular employees	1,091	1,177	1,243
		Part-time employees	241	284	338
		Bicycle Technicians	1,159	1,281	1,404
		Regular employees	953	1,032	1,105
		Part-time employees	206	249	299
		New graduate recruits*	94	106	109
		Percentage of mid-career hires (%)	30	36	31
		Employment rate of people with disabilities (%)	2.82	3.19	2.94
	Product Power	No. of products receiving the Good Design Award	1	2	—
	Store Power	Total number of stores	442	459	473
		Number of new store openings	26	21	15
		Total building floor area (10,000 m²)	24.2	25.2	26.1

2019	2020	2021	2022	2023	2024	2025
59,852	69,456	71,398	74,712	78,076	81,593	81,374
4,006	6,863	5,221	5,127	4,912	5,485	3,937
4,248	7,326	5,512	5,316	5,192	5,626	4,169
2,559	4,717	3,541	3,366	3,113	3,555	2,268
37,949	45,287	46,473	50,411	52,553	54,452	56,077
28,220	32,496	35,346	34,987	36,964	39,116	40,159
3,953	7,295	1,585	2,534	8,581	4,293	6,299
(1,574)	(1,870)	(2,414)	(2,638)	(3,053)	(2,998)	(2,154)
(2,332)	(660)	(733)	(734)	(1,323)	(1,358)	(1,313)
2,379	5,424	(828)	(104)	5,528	1,295	4,145
1,698	2,054	2,533	2,511	3,219	2,774	2,254
1,266	1,260	1,352	1,481	1,592	1,696	1,848
98.09	180.91	135.68	128.90	119.21	136.51	87.12
1,082.11	1,246.10	1,353.52	1,339.80	1,415.47	1,502.16	1,542.09
18.00	28.00	28.00	28.00	45.00	50.00	50.00
6.7	9.9	7.3	6.9	6.3	6.7	4.8
74.4	71.8	76.1	69.4	70.3	71.8	71.6
9.4	15.5	10.4	10.0	8.7	9.3	5.7
6.8	11.3	7.7	6.9	6.0	6.6	4.1
18.3	15.5	20.6	21.7	37.7	36.6	57.4
5,189	5,659	5,745	5,803	5,450	5,047	5,212
1,531	1,600	1,683	1,754	1,766	1,794	1,826
3,658	4,059	4,062	4,049	3,684	3,253	3,386
1,661	1,576	1,787	1,879	1,991	2,011	2,050
1,277	1,239	1,324	1,406	1,465	1,503	1,528
384	337	463	473	526	508	522
1,488	1,418	1,619	1,716	1,834	1,864	1,906
1,145	1,110	1,196	1,281	1,344	1,394	1,423
343	308	423	435	490	470	483
85	100	111	79	91	75	98
38	32	33	26	29	36	50
3.47	3.36	3.52	3.45	3.38	3.53	3.93
—	1	1	—	1	1	0
477	491	505	519	533	545	557
10	15	16	15	15	12	15
26.4	27.1	27.8	28.4	29.0	29.5	30.1

*Joined the Company in the following fiscal year

ASAHI's History

Founding phase — the origin of Asahi

Founding phase
— the origin of Asahi

- 1949** Founded Asahi Gangu Seisakusho in Miyakojima-ku, Osaka.
- 1975** Established Asahi Gangu Co., Ltd. in Miyakojima-ku, Osaka.
Switched to specialty bicycle store business.
- 1985** Changed the company name to Cycle Base Asahi.

Launched chain of large-scale specialty stores

Launched chain of
large-scale specialty stores

- 1989** Our first large-scale specialty bicycle store,
Cycle Base Asahi Neyagawa Store, opened in Neyagawa City, Osaka.
- 1996** Started production of private brand products.
- 1997** Cycle Base Asahi Networking Store opened online.
- 2004** Listed on JASDAQ.



During the time of Asahi Gangu Seisakusho

Rolling On, Always and Forever.

Our company's predecessor was Asahi Gangu Seisakusho, which manufactured, wholesaled, and retailed children's toys shortly after the war.

Then, after the wholesale distribution of children's bicycles and retail sales of toys, the Company opened a specialty bicycle store for general users in Kadoma City, Osaka, in April 1975. The company was established as a joint-stock company in May of the same year.

Since then, Asahi has continued to grow while undergoing changes to keep up with the times.



Cycle Base Asahi Neyagawa Store

Challenges in establishing large-scale specialty bicycle stores

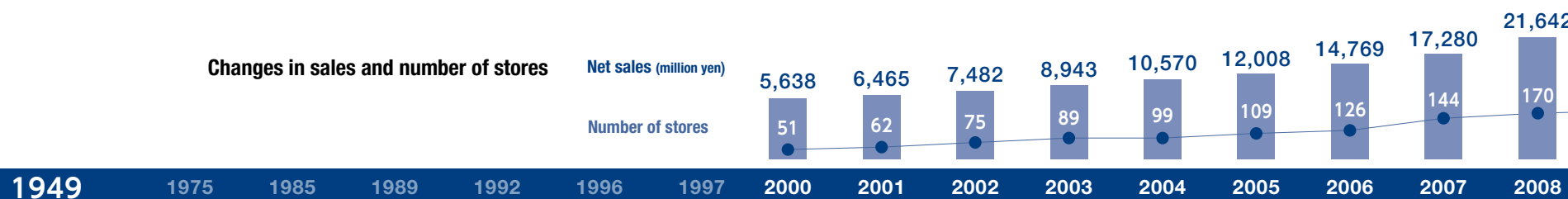
At the time, the widespread trend was to simply dispose of cheap bicycles when they broke or developed problems, rather than having them repaired.

Asahi believes in allowing customers to test out the ride for themselves so that they may choose the right bike and use it safely and comfortably, and it is for this reason that the Company has opened large-scale specialty bicycle stores with a wide range of products and after-sales service. They are well-received by many customers.

Changes in sales and number of stores

Net sales (million yen)

Number of stores



Establishment of the bicycle SPA system

Establishment of the bicycle SPA system	2005	An integrated system of planning, manufacturing, and retail (SPA) was established.
	2007	Listed on the Tokyo Stock Exchange First Section.
	2012	"Online order for store pickup" service began. ENERSYS, Asahi's first electric-assist bicycle series, went on sale.
	2015	"Asahi VISION 2020 -NEXT STAGE-" formulated.
	2018	Cycle Base Asahi official app launched.

Refining the SPA business model in the bicycle business

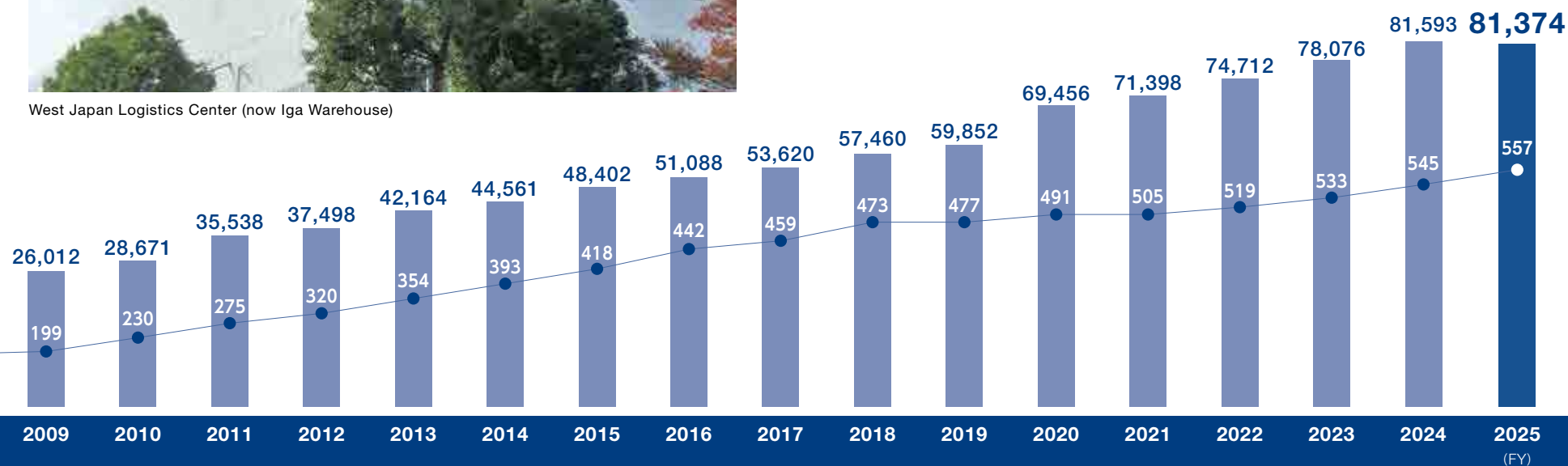
Refining the SPA business model in the bicycle business	2021	Asahi VISION 2025 formulated.
	2022	Transitioned to the Tokyo Stock Exchange Prime Market.
	2023	Executive officer system introduced; Taiwan office established.
	2024	The functions of the "West Japan Logistics Center" were moved from Iga City, Mie to Kyotanabe City, Kyoto.
	2025	Tokyo Office established in Minato Ward, Tokyo.
	2026	New Medium-Term Management Plan VISION 2028 formulated.



West Japan Logistics Center (now Iga Warehouse)

Becoming a nationwide bicycle SPA company

With the JASDAQ listing, the Company went on to establish an integrated system of planning, manufacturing, and retail and became a full-fledged nationwide bicycle SPA company. During this period, we opened large logistics bases in Western and Eastern Japan, laying the foundations to support nationwide expansion. The number of stores also increased.



Company Profile

Company name	ASAHI CO., LTD.
Head office address	3-11-4 Takakura-cho, Miyakojima-ku, Osaka 534-0011
Founded	April 1949
Established	May 1975
Capital	¥ 2,061,350,000
Representative	Yoshifumi Shimoda, President and Representative Director
Number of employees	5,212 (includes part-time employees)

■ Brand Symbol / Brand Tagline



Our brand symbol incorporates the Asahi “A,” with the three points of its triangle representing the three elements of customer value, namely, 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 themselves. Our slogan embodies our promise to customers that we will support their bicycle lifestyle and make it shine.

■ External evaluation (Good Design Award received)

To provide customers with a comfortable bicycle lifestyle, Asahi aims to become a company that creates new value for bicycles by developing attractive products and rolling out new services. Here we introduce products that have received the Good Design Award amid such initiatives. This award recognizes products and services that enhance people's lives and society.



2024 LOG WAGON e



2023 LOG ADVENTUREe



2021 LOG WAGON



2020 OFFICEPRESS-e



2016 88CYCLE



2017 FASTRIDE HUBS



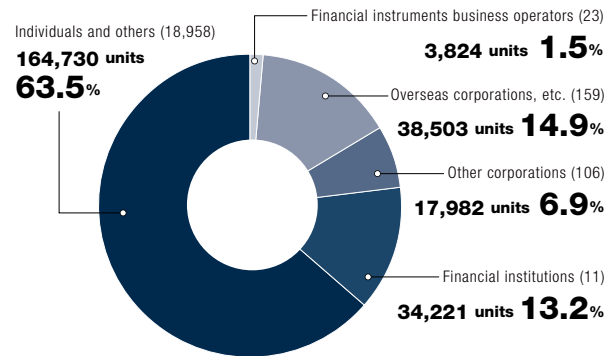
2017 OUTRUNK

Stock and Investor Information

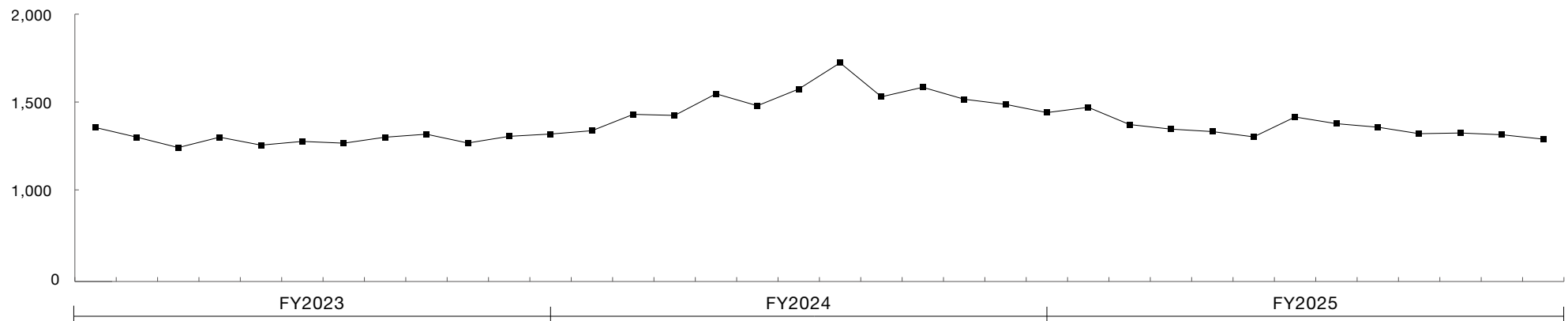
■ Stock Information

Total number of authorized shares	96,243,200
Total number of outstanding shares	26,240,800
Number of shareholders	35,873

■ Status by Type of Shareholder (units)



■ Share Price (yen)

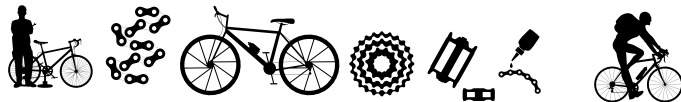


■ Major Shareholders

Shareholder name	Number of shares held	Shareholding ratio (%)*
Yoshifumi Shimoda	3,280,241	12.50
The Master Trust Bank of Japan, Ltd. (Trust account)	2,077,800	7.92
Hideki Shimoda	2,068,216	7.88
Michiko Shimoda	1,561,598	5.95
cba Co., Ltd.	1,322,100	5.04
Custody Bank of Japan, Ltd. (Trust account)	970,000	3.70
Tomiaki Shimoda	759,592	2.89
Asahi Employee Stock Ownership Association	689,400	2.63
Shinobu Shimoda	656,560	2.50
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	570,000	2.17

*Treasury shares (511 shares) have been deducted from the calculation of shareholding ratios.

Asahi since 1949



ASAHI CO., LTD.

3-11-4 Takakura-cho, Miyakojima-ku, Osaka City 534-0011

TEL +816-6923-2611 (switchboard) FAX +816-6922-1798

<https://www.cb-asahi.co.jp>