

Message from the President

Building on the success of our collaboration with Toyota Gosei, we will realize further growth in the automotive and pipeline rehabilitation businesses and balance solving societal challenges with achieving corporate growth.



President

Hiromasa Zaitso

Profile

March 25, 1963	Born in Oita Prefecture, Japan
April 1985	Joined Toyota Motor Corporation
January 2010	General manager of Technology Administration Division of Toyota
June 2013	General manager of General Administration Division of Toyota
June 2017	Corporate officer of Toyota Gosei Co., Ltd.
January 2024	Advisor of Ashimori Industry
June 2024	Assumed current position

Growth Strategy

Message from the President



On becoming president

In January 2024, I left Toyoda Gosei Co., Ltd. (hereinafter, “Toyoda Gosei”) to become a corporate advisor at Ashimori Industry. In June, I succeeded Mr. Shigeyuki Washine as president. At Toyoda Gosei, I worked in administrative fields, such as general administration and human resources. When I heard the name “Ashimori,” it seemed like a whole new world for me, as it is an Osaka company, is not affiliated with Toyota, and has a history of nearly 150 years. At the same time, I felt that this would be a new challenge in a role that would be both rewarding and carry great responsibility. I will do my very best to fulfill my responsibilities as president.

Overview of consolidated results

Review of the fiscal year ended March 2024

For the fiscal year ended March 2024, our automotive safety systems business benefited from the effects of the weak yen and a passing on of some of the market fluctuations in raw material prices to selling prices, as well as improved productivity and operational efficiency through collaboration with Toyoda Gosei, while, in our high performance products business, PALTEM-related orders remained strong throughout the period. These and other factors led to consolidated results with record highs in net sales, operating profit, and ordinary profit. As a result, the numerical targets of the Ashimori Group Medium-Term Management Plan for the 123rd to 125th financial periods (FY March 2023–March 2025; hereinafter the “current medium-term management plan”) were achieved one year ahead of schedule, in the fiscal year ended March 2024.

▶ Highlights for the fiscal year ended March 2024

Consolidated results for net sales, operating profit, and ordinary profit all reached record highs

Year-on-year change

Net sales 68.38 billion yen 4.2% ↗

Operating profit 3.75 billion yen 74.4% ↗

Ordinary profit 4.2 billion yen 50.3% ↗

Net income attributable to owners of the parent 3.21 billion yen 216.2% ↗

Future business development and growth strategies under new management

Steering the way for future business development

I believe that achieving further growth in the automotive and pipeline rehabilitation sectors, which have large sales volumes, is of utmost importance.

In the automotive field, it all comes down to quickly realizing the results of our collaboration with Toyoda Gosei, which began in May 2021. In the short term, our priority is achieving cost reduction. We are working with Toyoda Gosei to reduce costs by introducing Toyota-style manufacturing (TPS: Toyota Production System), standardizing design specifications, optimizing parts procurement, making effective use of production bases, and so on. The results are gradually starting to become evident. In the medium term, our goal is to play a vital role as a collaborative partner for Toyoda Gosei, which aims to become a systems supplier capable of comprehensively developing and proposing the three automotive safety components of airbags, seatbelts and steering systems. In order to create valuable and attractive products for automakers, we need to enhance our manufacturing and technological development capabilities. Towards that end, we will work to cultivate human resources and secure engineers, including through personnel exchanges with Toyoda Gosei.

In the pipeline rehabilitation sector, there is anticipated need for replacement of aging infrastructure in Japan, and we will work to stimulate further demand for environmentally friendly pipeline rehabilitation projects. Although we believe that market demand is solid, price competition is becoming fierce, especially for small- and medium-diameter pipelines. We will respond to the needs of society by developing

Growth Strategy

Message from the President

new products that can address price competition, environmental issues, and labor shortages in the construction industry. Meanwhile, jurisdiction over water supply projects in Japan has been transferred from the Ministry of Health, Labour and Welfare to the Ministry of Land, Infrastructure, Transport and Tourism as of April 2024. As a result, although it may take some years from now, it is possible that pipeline rehabilitation will attract even more attention and become mainstream in water supply rehabilitation. We will thus actively pursue market development.

Business development challenges

In our automotive safety systems business, demand is expected to continue to expand due to stricter safety regulations. However, as electric vehicles (EVs) become more widespread and competition intensifies worldwide, automakers are starting to demand that we, as a supplier, reduce costs further and be more proactive with proposals. We have traditionally been known for being attentive to automakers' needs and providing detailed solutions, but we will need to be able to make our own proposals. For example, with regard to EVs, the interior design may require new types of airbags. And when self-driving is in operation, safety systems will be needed to protect passengers, who may be sitting in a variety of different positions, from unexpected collisions. We will further develop our collaboration with Toyota Gosei and enhance our ability to provide proposals that encompass seatbelts, airbags, and steering systems as a set.

The environment for PALTEM-related products in our high performance products business is facing three major problems: aging, public financial difficulties, and labor shortages. On one hand, buried

pipelines—as part of the infrastructure that includes water supply, sewerage, and gas pipelines—are aging. On the other hand, Japan's declining population is leading to issues like constrained public works budgets and construction site labor shortages. I want us to work on how we can contribute to solving these societal challenges, including by developing new technologies and construction methods, like operational automation and streamlining and shortened construction periods.

With regard to disaster prevention, our aim is to achieve continuous growth by securing orders for large-diameter hose systems for petrochemical complexes and nuclear power plants, while ensuring the safety and quality of our products. In our industrial materials business, we will put forward new, labor-saving products for the logistics industry, which is

suffering from significant labor shortages. We will also work to expand sales of environmentally friendly soil stabilization products for housing and civil engineering.

Formulating a new medium-term management plan to begin in the fiscal year ending March 2026

Our current medium-term management plan will come to an end in March 2025. Over the course of the final year of the plan, we are discussing the formulation of a new medium-term management plan, which will cover the next three fiscal years (fiscal 2025 to 2027). We are committed to our corporate mission of providing products that

▶ Collaboration with Toyota Gosei

Strengthening our ability to provide comprehensive solutions

Seatbelts



Airbags



Steering



Growth Strategy

Message from the President



protect lives and livelihoods, and we are engaging in repeated discussions with our employees about business activities that will have great significance for society.

The current mission represents our company-wide mission. Based on that, we will formulate missions, visions, and values for each business segment in our new medium-term management plan. We have already formed study teams for each of our businesses, and employees have begun discussing different topics, such as the purpose of our businesses and how we will develop them for the future. I sometimes take part in these discussions, and they are both very interesting and valuable, as they bring up honest opinions you would not read in the official reports given at executive meetings. We can discuss problems that we've known about but haven't been able to address until now, as well as hear ideas on things like how to change the way we work. It's very good for employees to be able to sort out problems and consider

solutions on their own, and we intend to continue activities like these study teams in the future.

In the fiscal year ended March 2024, we achieved our highest-ever performance thanks to having overcome previous difficult periods and the tailwind of a weak yen. However, it will not be easy to continue to grow our performance at this rate. For the future, we will need to focus on investments that have been restrained up until now. We will also have to focus on new research and technological development. We will formulate and implement various human resource development measures and investment plans needed for sustained growth. Although the new medium-term management plan will present different challenges than before, it will offer us a period during which we can consider a business plan that will allow us to continue growing into a new phase. Furthermore, in the lead-up to our 150th anniversary in 2028, we will also be incorporating content that will

Priorities as the representative of the Ashimori Group

Valuing our mission

I value our company creed and corporate philosophy, "Be creative and contribute to society through our business activities" and our mission, "Provide products that protect lives and livelihoods." Our company has a history of creating new products and diversifying its business based on the technologies it has cultivated out of its original textile business. Some companies that seek to diversify their business end up diluting their core business, but, for nearly 150 years, Ashimori has firmly maintained its business of protecting lives and livelihoods. And we will continue to carry on this wonderful history and tradition.

Providing products that protect lives and livelihoods means taking on the responsibilities and having the determination to provide safe and reliable products to people all over the world. We need to be stronger and more competent as a company, and it is therefore essential that our executives and employees maintain high ethical standards and never forget to take pride in their work. To achieve this, it is not only important that each individual work to improve themselves but that organizational strength and teamwork also be included as key elements.

The Toyota Group has incorporated a QC (quality control) story-based problem-solving method as part of its workplace improvement activities. When I came to Ashimori as a corporate advisor in January 2024, I felt that employees' skills and expertise were not being effectively integrated. My thought was that, if we introduced the QC story-based problem-solving method to everyone and made it a common framework for how to work, instructions and reports between superiors and

Growth Strategy

Message from the President

subordinates would flow more smoothly, and everyone's ability to work within an organization would improve. So, I took on the role of lecturer myself and started training employees in problem-solving techniques. The classroom training, which involved around 30 people per session, has now been completed. The trainees have moved on to the phase where they choose the focus of their respective workplace responsibilities to put their problem-solving into practice. I imagine it will still take some time, but I have high hopes for the efforts of our employees.

In addition, we will strengthen the entire Ashimori Group by reforming our corporate culture to prioritize safety and quality through activities that promote the Ashimori Group Employee Code of Conduct, by systematically developing our human resources, by improving our technological development and manufacturing capabilities, and by strengthening our

financial structure. We are determined to create an open company in which each and every employee is able to grow further, fostering solid organizational strength and the motivation to pursue teamwork and take on challenges.

Expanding the circle of dialogue

Dialogue with employees is crucial, as sitting in the boardroom doesn't tell you what's happening on the ground. Employees are also likely wondering what management is thinking. We need to reduce the distance between these two groups. I have started dialogue with executives and department heads, but I want to increase communication even further with employees. I want to expand the circle of dialogue to encompass not only employees but also business partners and customers. This was one of the reasons why I have undertaken training for our employees on problem-solving techniques. After I came to Ashimori as a corporate advisor, it was the first time I could introduce myself to the employees and get to know what sorts of employees we had at Ashimori. Additionally, I have been participating in the discussions that the study teams in each business have been having regarding the new medium-term management plan, as this provides an important opportunity for dialogue.

We need to provide our employees with more information about our business situation. At the same time, because the labor union is an equal counterpart to management, we would like to deepen discussions between labor and management so that, while management will continue to provide information, requests and issues will also be raised by the labor union.

Dialogue with employees



Taking on the role of lecturer to provide training for employees

To our stakeholders

Moving forward, companies will be expected to balance solving societal challenges with achieving corporate growth. We have been doing this for over 100 years and are ever more determined to continue doing so. Sustained growth as a company is not possible unless we continue to meet society's expectations with the products and services that we provide.

We aim to build more open relationships with shareholders and our other stakeholders to ensure that the Ashimori Group resonates with everyone. Thank you for your continued and steadfast support.

Growth Strategy

Ashimori Group Medium-Term Management Plan (FY March 2023–March 2025)

Progress status

The numerical targets for the second year of the Ashimori Group Medium-Term Management Plan (FY March 2023–March 2025) were achieved one year ahead of schedule, in the fiscal year ended March 2024.

Consolidated net sales for the fiscal year totaled a record-high 68.389 billion yen, an increase of 2.765 billion yen from the previous fiscal year. Profits also grew significantly, with operating profit increasing 1.6 billion yen year-on-year to 3.753 billion yen, ordinary profit increasing by 1.405 billion yen year-on-year to 4.202 billion yen, and net income attributable to owners of the parent increasing by a significant 2.199 billion yen year-on-year to 3.217 billion yen. In all of these cases, profits reached a record high.

The fiscal year ending March 2025 is the third and final year of the medium-term management plan for the 123rd to 125th financial periods. For the third year of the medium-term management plan, we had established targets for consolidated net sales of 60 billion yen and operating profit of 2.7 billion yen, but we now expect consolidated net sales of 68 billion yen and operating profit of 3.2 billion yen, which are higher than initially planned. We expect net income to remain on target at 2.0 billion yen. Although we have planned for a year-on-year decrease in revenue and profits, we will implement various measures to improve performance and aim for results that exceed those of the previous fiscal year.

	FY ended March 2023 (result)	FY ended March 2024 (current)	FY ending March 2025 (forecast)	FY ending March 2025 (medium-term management plan)
Net sales	65.624 billion yen	68.389 billion yen	68 billion yen	60 billion yen
Operating profit	2.152 billion yen	3.753 billion yen	3.2 billion yen	2.7 billion yen
Net income	1.017 billion yen	3.217 billion yen	2.0 billion yen	2.0 billion yen

Corporate strategy

1. Embark on a new growth trajectory

We will continue concentrating resources in the growth markets of automotive safety systems and pipeline rehabilitation.

• Automotive safety systems

Strengthen collaboration to expand safety system sales globally

In the field of automotive safety systems, we will clarify the division of roles in the collaboration between our company and Toyoda Gosei, develop safety systems that combine seatbelt and airbag technologies, and work to acquire new customers and increase orders.

Strengthen our capital and business alliance with Toyoda Gosei

Improve product competitiveness



Collaboration that incorporates Toyoda Gosei airbag technology

Expand sales globally

Growth Strategy

Ashimori Group Medium-Term Management Plan (FY March 2023–March 2025)

• Pipeline rehabilitation (PALTEM Division)

In the field of pipeline rehabilitation, given the expectation that aging infrastructure in Japan will be replaced, we will strengthen the development of new construction methods and expand beyond the sewerage sector in order to respond to growing demand by further shortening construction times.

Respond to growing demand accompanying infrastructure replacement

Develop new construction methods to expand beyond the sewerage sector

Urgent replacement is needed



Increasing number of aging pipelines

Development of new construction methods that shorten construction time

Widely promote sustainable construction methods to increase visibility and expand sales

2. Improve corporate structure, finance, and culture

We aim to increase our corporate value by improving the quality of our human capital. We will reform our personnel and education systems to cultivate individuals with advanced expertise, a broad perspective, the ability to think logically, and who can apply all of this on a global stage, as described in the Ashimori Group HR Vision Statement. At the same time, we will establish and implement the Ashimori Group Employee Code of Conduct via employee group activities to facilitate our transformation into a corporate group possessed of high discipline and ethics.

Improve corporate value by improving the quality of our human capital

Ashimori Group HR Vision Statement

- Advanced expertise
- Broad perspective
- Logical thinking

Develop globally minded talent

Reform of personnel and education systems

- Employee group activities
- Establishment and implementation of the Ashimori Group Employee Code of Conduct

Become a corporate group possessed of high discipline and ethics

Growth Strategy

Automotive Safety Systems Business



Director, Managing Executive Officer,
Division Manager of Automotive Safety
Systems Business Division

Kaoru Nagatomi

By further accelerating development, design, sales, procurement, and production-related collaboration with Toyoda Gosei, we aim to maximize the interests of all stakeholders.

At the Board of Directors meeting held on November 30, 2023, we resolved to enter into a capital and business alliance agreement with Toyoda Gosei Co., Ltd. and to strengthen our collaboration with them in the safety systems business. We will further accelerate development, design, sales, procurement, and production-related collaboration for the maximum mutual benefit of our shareholders, employees, customers, and other stakeholders.

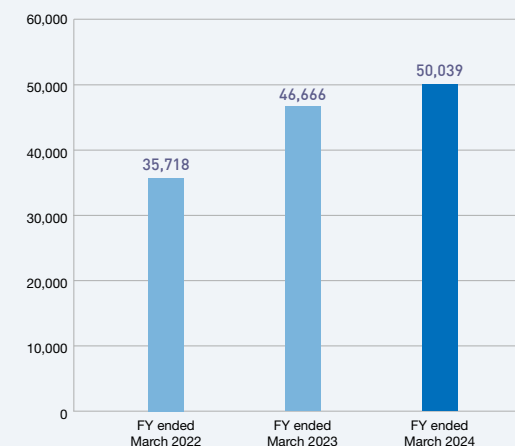
With regard to airbag development, both parties have already combined their technologies and know-how to create more competitive design specifications and have begun incorporating them into products. We are beginning to see benefits from pursuing economies of scale through the integration of product specifications and the increased sophistication of our supply chain.

Regarding production systems, we began introducing the Toyota Production System (TPS) into Ashimori at the start of this collaboration, and it has already been rolled out at our Osaka Plant and Yamaguchi Plant (Ashimori Industry Yamaguchi Co., Ltd.). Specifically, streamlining processes, reducing intermediate inventory, and introducing a kanban system have led to improved productivity and labor savings while also contributing to quality stabilization and inventory reduction.

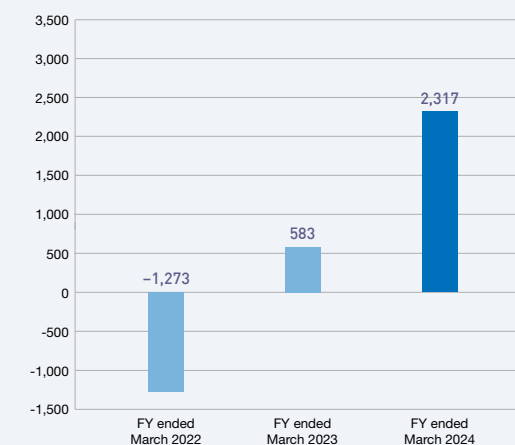
With regard to personnel exchanges, joint subcommittees have been set up for each collaborative theme and are actively working to create synergies. We also dispatch personnel to Toyoda Gosei and receive personnel from Toyoda Gosei. The two companies work to achieve mutual understanding of the way in which each company does their business.

With regard to our next medium-term management plan, we believe that the seeds of collaboration that we have been sowing under the current plan will finally bear fruit, and we hope to use this to achieve synergies both domestically and overseas.

Net sales (Million yen)



Operating profit (Million yen)



Growth Strategy

Automotive Safety Systems Business

Overview

Our main products include automotive seatbelts, airbags, rear cargo space covers (tonneau covers), and electric sunshades. These products are manufactured and sold by Ashimori as well as our subsidiaries.



- Automotive seatbelts
- Airbags
- Tonneau covers
- Electric sunshades
- Nonelectric sunshades, others

Source of strength

We have provided the world with a range of products while respecting the company's founding spirit of focusing on product development that is always one step ahead. This spirit remains in the DNA that we continue to pass on at Ashimori. We have taken on the challenge of manufacturing products that are one step ahead of our competitors and have created many "firsts in Japan." One example is when, in 1967, we became the first seatbelt manufacturer to receive JIS (Japanese Industrial Standards) certification for automotive seatbelts.

Based on this capacity for product development, we will continue to expand and develop our business by responding attentively to customer needs.

External environment and business strategy

Ashimori has been affected by such factors as the declining sales volume of Japanese automakers in the Chinese market, but, as production aimed at European automakers is doing well, we will continue to pursue our business activities with undiminished intensity. Our Thai subsidiary supplies airbag cushions and seatbelts to group companies and will continue to enhance its competitiveness through active investment in automation.

With regard to airbags, we will continue to pursue sales expansion within the framework of collaboration with Toyota Gosei. We are already supplying seatbelts to emerging EV manufacturers. We have completed development of a next-generation seatbelt with significantly improved product competitiveness. We are receiving keen interest and inquiries for this seatbelt from new customers who we have not previously worked with, and we hope to steadily use this to expand sales globally.

News

Horizontal recycling

Horizontal recycling involves the cyclical movement of resources, whereby used plastics extracted from scrapped cars are given new life as resin materials for new cars through collaboration with resin manufacturers and recyclers.

We have established material recycling rates for plastic and die-cast parts, and these are reflected in our products. We will continue working to find ways to conserve resources.

Growth Strategy

High Performance Products Business



Director, Managing Executive Officer,
Division Manager of High Performance
Products Business Division

Futoshi Makimoto

We are investing resources to establish
a solid position in the Japanese
domestic pipeline rehabilitation market.

We are working on the following measures that will establish our position as a comprehensive infrastructural disaster prevention manufacturer.

The chief growth department is the PALTEM (pipeline rehabilitation) division, which is currently expanding the scale of its business in response to the Japanese government's Fundamental Plan for National Resilience, a risk management initiative. As of the end of fiscal 2022, the total length of sewerage pipeline in Japan was approximately 490,000 km. The amount of sewerage pipeline that has exceeded its standard service life of 50 years will rapidly increase over the next 20 years. As of the end of fiscal 2021, the total length of water supply pipeline was approximately 740,000 km. Roughly 140,000 km of this pipeline has exceeded its legal service life of 40 years.

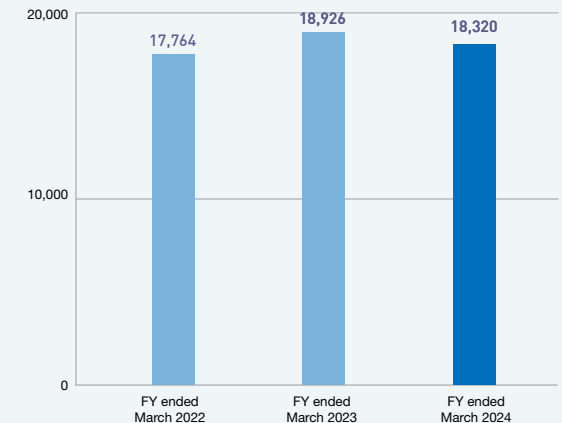
Given all of this, pipeline repair and rehabilitation and earthquake-proofing are required from a long-term perspective. It is thus expected that the market for pipeline rehabilitation will continue to expand. We are improving the technology for existing construction methods and developing new environmentally friendlier construction methods with shorter construction times, while also strengthening our expansion into areas other than sewerage. The aim is to bolster our profitability so that sales and profits can be increased at a pace at least as fast as that of the market's expansion.

In the area of disaster prevention, we will expand sales of fire extinguishing system products, such as for large-scale fires at petrochemical complexes, and develop new disaster prevention supplies. Additionally, we will aim to improve profitability by streamlining our production system and reducing sales, general, and administrative expenses.

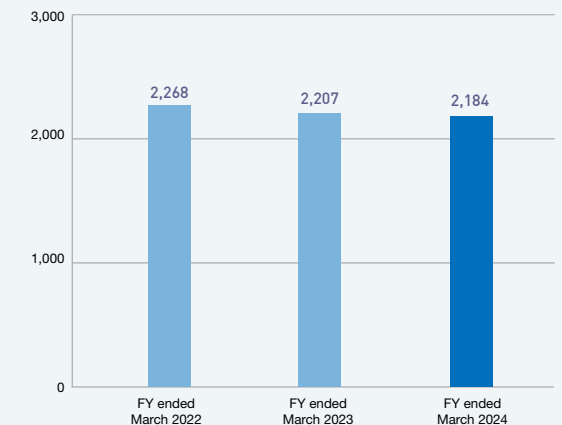
With regard to industrial materials, we will focus on product selection and concentration. We will work together with group companies to develop and expand sales of labor-saving logistics products that meet the needs of the logistics industry, which is suffering from a serious labor shortage.

We will steadily capture demand, particularly for pipeline rehabilitation in the sewerage sector, while in the disaster prevention and industrial materials sector, we will continue to work not only on existing products but also on entering new markets as well as actively developing new products.

Net sales (Million yen)



Operating profit (Million yen)



Growth Strategy

High Performance Products Business

Overview

Our main products include fire hoses, fire hydrant hoses, industrial/civil engineering hoses, pipe repair hoses, high-performance fabrics, synthetic ropes, narrow woven fabrics, disaster prevention supplies, construction materials, and other related products and materials. These products are manufactured and sold by Ashimori as well as our group companies. In addition, Ashimori Engineering Co., Ltd., a group company, primarily purchases construction materials from us which they then use to carry out pipeline rehabilitation work.

PALTEM division



- Materials and equipment for PALTEM pipeline rehabilitation
- Construction materials, others

Disaster prevention division



- Fire hoses
- Industrial/civil engineering hoses
- Disaster prevention materials and equipment, others

Industrial materials division



- Industrial fiber materials (synthetic ropes, canvas, others)
- Labor-saving logistics systems
- Personal fall-arrest equipment, others

Source of strength

We have taken on the challenge of manufacturing products that are one step ahead of our competitors and have created many “firsts in Japan.” Some of these many firsts include cotton power transmission ropes, followed by black ropes and, in the 1950s, latex rubber-lined fire hoses, automotive seatbelts, and PALTEM. We also have connections with a number of different industries, such as were leveraged in jointly developing PALTEM with a gas company. We receive numerous development requests from companies in not only the textile industry but also the fire-fighting equipment industry, automotive industry, ship and truck industry, and accessory installation industry, among others. We carefully cultivate and maintain these connections with numerous industries, all while continuing to develop new products that are the result of pushing ourselves to meet ever higher technological standards.

External environment and business strategy

The business environment for the Ashimori Group from the 124th fiscal year (ended March 2024) to the 125th fiscal year (ending March 2025) is generally recovering. However, raw material prices remain high and labor costs continue to rise.

In this environment, I believe that we will have increasing opportunities to contribute to society through the sustainable products/systems we provide. Examples include PALTEM, a pipeline rehabilitation method that has a lower environmental impact than conventional excavation methods; for disaster prevention, drain hoses and disaster tents; and, for industrial materials, labor-saving logistics products.

Measures and outlook for the fiscal year ending March 2025

In the fiscal year ending March 2025, demand for PALTEM-related products is expected to remain strong due to core demand from the government. In disaster prevention-related products, although there has been a reactionary decline compared with the previous year, when large-diameter hose systems were delivered to petrochemical complexes, we are working to ensure that market demand translates into sales.

The market for industrial materials is generally showing signs of recovery, and, with the so-called 2024 problem in mind, sales of products for the logistics and automotive industries, which are the main focus of the company, have remained strong.

We will steadily capture demand, particularly for pipeline rehabilitation in the sewerage sector, while in the disaster prevention and industrial materials sector, we will continue to work not only on existing products but also on entering new markets as well as actively developing new products.

News

Our industrial materials division product, Silica Screen, has been delivered to Azabudai Hills, which opened in Minato Ward, Tokyo in November 2023. While typically concealed in the ceiling as part of the fire prevention system and not usually visible, this industrial material, noted for its excellent heat resistance, thermal insulation, and electrical insulation, has been supplied as fire shutters.



Note: The photo is not from the installation at Azabudai Hills.

Growth Strategy

Research and Development, Quality Control, Intellectual Property

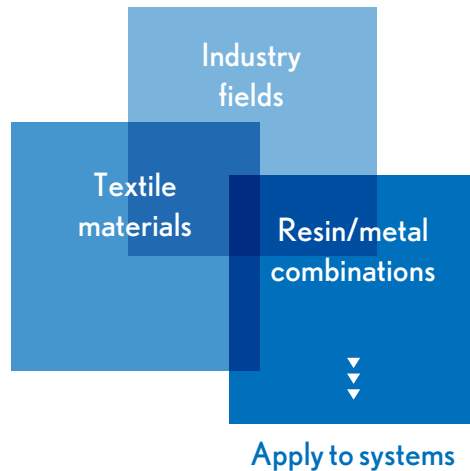
Research and Development

▶ R&D policy

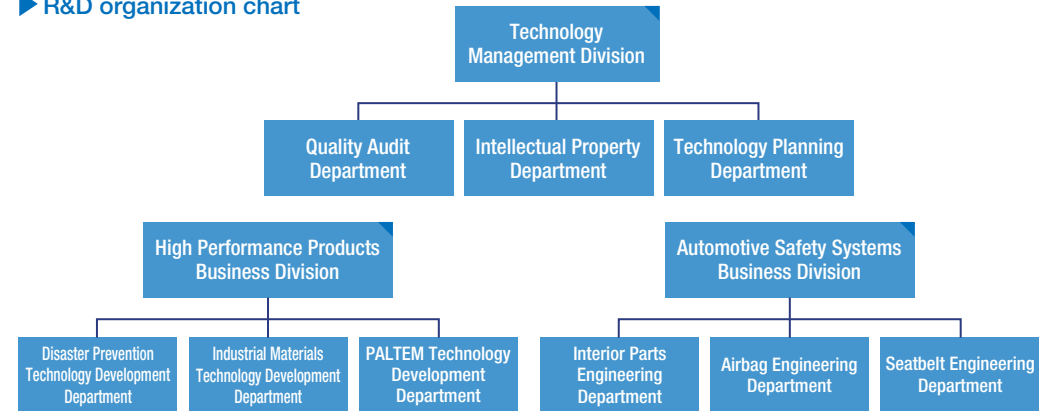
By deploying and combining our four core technologies of weaving/assembling, winding/fixing, plastic processing (covering), and inflating, we have developed products ranging from fiber/resin/metal composite components to complete systems. We are engaged in ongoing R&D with the aim of expanding our business in the safety and renewal market.

▶ R&D areas

We have established an R&D system that allows us to contribute to society through manufacturing driven by cutting-edge technologies and ideas. We continue to advance this system in targeting the fields of automotive safety systems and high-performance products, including disaster prevention products, industrial materials, and PALTEM.



▶ R&D organization chart



News

We develop products combining our core technologies with an eye to future markets.

1. Tapping new markets, developing new products

We are using environmentally friendly materials to develop disaster mitigation products. We are also developing products that make work easier for nursing care and other physically demanding jobs. In the environmental field, we are in the process of developing systems that help prevent global warming.

2. Developing products and systems that use tubular fabrics

Our efforts include using innovative looms and extrusion molding technologies to develop light and smooth low-recoil hoses, and building and disseminating water-supply systems.

3. Production innovation

We are developing hose production technologies that utilize atmospheric pressure plasma, and automating looms.

Growth Strategy

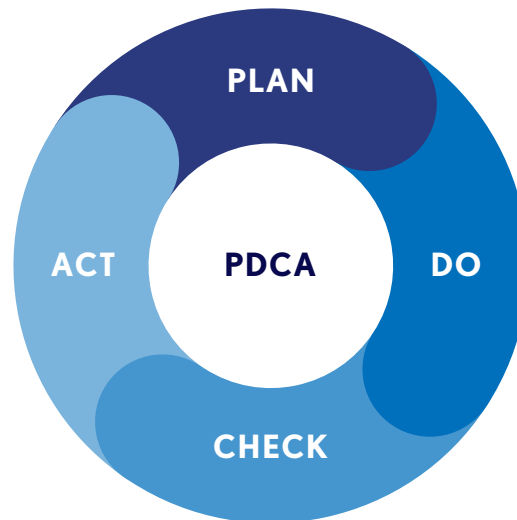
Research and Development, Quality Control, Intellectual Property

Establishing a Quality Control System

We have established quality-assurance departments in all of our business divisions. In addition to complying with relevant standards and statutes, we regularly and strictly review how well we are complying with the requirements demanded by our customers. A quality control structure incorporating a PDCA cycle is established, maintained, and improved throughout every business process, including product planning, design, development, manufacturing, and shipment.

▶ Quality management structure

ISO 9001 is a widely recognized international standard for quality management systems. It governs the management and supervision of the quality of services and manufactured products, with a view to ensuring customer satisfaction and promoting continuous improvement. IATF 16949, another international quality management standard, was formulated specifically for organizations in the automotive industry. Based on ISO 9001, this standard includes additional industry-specific requirements. The IATF 16949 standard was developed with the purpose of globally unifying automotive standards in the United States, Germany, France, and Italy. Ashimori has succeeded in continuously meeting the stringent requirements of this certification.



Intellectual Property

▶ Basic approach

Under a policy of being a supplier possessing intellectual property that gives a competitive edge, our main jobs are conducting intellectual property activities including applying for patents, and supporting our business divisions by carrying out intellectual property clearance.

▶ Management of intellectual property and technologies

To protect our own IP rights and respect those of other companies, we do more than simply apply for patents as we have always done. Other efforts include striving for confidentiality through combination with design patents, trademarks, and knowhow; systematic training to improve the expertise of our IP employees; and the collection and analysis of IP information that strengthens our business.

Growth Strategy

Financial Strategy



Executive Officer,
General Manager of Administration Division,
General Manager of Computer Systems Department

Junji Doi

Striving to establish a stable business
base and improve ROE

Q Could you explain the financial strategies outlined in the Medium-Term Management Plan?

In the current Medium-Term Management Plan (123rd to 125th fiscal years [fiscal year ended March 2023 to year ending March 2025]), we decided to once again tackle the challenge of achieving the target figures of the previous medium-term management plan by working with Toyoda Gosei to make our automotive safety systems business profitable and to returning the profitability of our high performance products business to pre-pandemic levels. Specific targets for the fiscal year ending March 2025 are net sales of 60,000 million yen, operating profit of 2,700 million yen, and net income of 2,000 million yen.

Over the long term, we have set targets of company-wide ROIC of over 7%, reducing borrowings, achieving an equity ratio of 40%, a dividend payout ratio of 30% or more, and a dividend per share of 100 yen.

Q Please explain Ashimori's performance for the fiscal year ended March 2024 and your forecast for the fiscal year ending March 2025.

In fiscal 2023 (year ended March 2024), the performance of our automotive safety systems business improved significantly due to the weak yen, and, even in our high performance products business, which was sluggish in the first half of the year, orders in our mainstay PALTEM business were strong for the period. These resulted in a significant increase in revenue and profit compared to the previous fiscal year, and we achieved our best performance ever. As a result, we reached our numerical targets, including a 7% ROIC (return on invested capital) and a 40% equity ratio, one year ahead of schedule.

For fiscal 2024 (year ending March 2025), we expect reduced revenue and profits in our automotive safety systems business due to uncertainty in exchange rates and rising labor costs. In our high performance products business, although

▶ Financial status

(Unit: Million yen)	FY ended March 2023	FY ended March 2024	Year-on-year change
Current assets	32,552	34,652	2,100
Fixed assets	19,000	19,209	208
Total assets	51,552	53,861	2,309
Interest-bearing debt	14,299	12,937	-1,361
Other liabilities	18,801	18,358	-443
Total liabilities	33,100	31,295	-1,804
Capital	8,388	8,388	-
Capital surplus	1,632	1,632	-
Retained earnings	7,985	10,901	2,915
Treasury stock	-148	-148	0
Accumulated other comprehensive income	556	1,743	1,187
Stock acquisition rights	20	24	4
Non-controlling interests	17	24	6
Total net assets	18,452	22,566	4,114
Total liabilities and net assets	51,552	53,861	2,309
Equity ratio	35.7%	41.8%	6.1%

▶ Cash flow status

(Unit: Million yen)	FY ended March 2023	FY ended March 2024	Year-on-year change
Cash flows from operating activities	6,267	3,173	-3,093
Cash flows from investing activities	-1,463	-725	738
Cash flows from financing activities	-2,700	-1,901	798

Growth Strategy

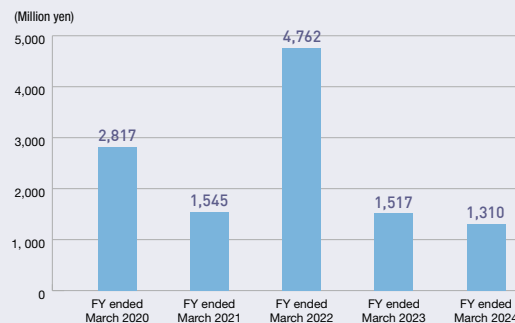
Financial Strategy

demand is expected to be robust and revenue will increase, we expect a decline in profit margins due to rising raw material and labor costs and, therefore, expect operating profit to remain flat. As a result, profits are predicted to decrease overall (net sales 68,000 million yen, operating profit 3,200 million yen, ordinary profit 3,200 million yen, and net income attributable to owners of the parent 2,000 million yen).

Q What is your view on financial risks?

In fiscal 2023 (fiscal year ended March 2024), we made capital investments of 1,310 million yen. We worked to strengthen our financial structure and reduce interest-bearing debt by keeping depreciation costs within 1,746 million yen. Of these capital investments, 770 million yen was spent on the automotive safety systems business. Although we have concluded our large-scale investments, such as building factories to expand our production base, we will continue to invest in molds to win new orders and in updating aging production equipment.

▶ Capital investment



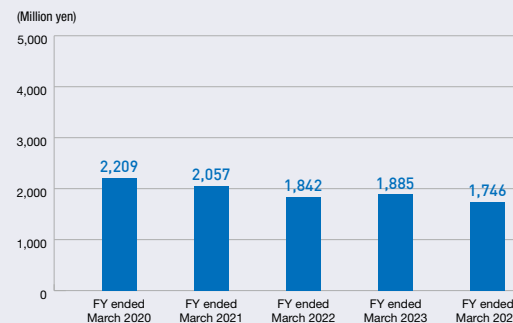
In fiscal 2023, we continued to reduce interest-bearing debt, which decreased by 1,361 million yen year-on-year. Interest-bearing debt, including long-term and short-term debt, at the end of the fiscal year ended March 2024 was 13,008 million yen, which accounts for 24% of total assets of 53,861 million yen. Moving forward, we will continue to carefully evaluate the profitability of each investment project and select them accordingly. We will not raise new funds, and we plan to reduce our interest-bearing debt to below 12,000 million yen by the end of the fiscal year ending March 2025.

Q Tell us about shareholder returns.

The final dividend for the 124th fiscal year (ended March 2024) was planned to be 75 yen per share, but, since the numerical targets of the Ashimori Group Medium-Term Management Plan for the 123rd to 125th fiscal years (year ended March 2023 to year ending March 2025) were achieved one year ahead of schedule, it has been set at 100 yen per share.

Although we will fall short of our target dividend payout

▶ Depreciation



ratio of 30%, we have decided to prioritize strengthening our financial base by reducing interest-bearing debt.

With regard to the retained earnings for this fiscal year, we intend to effectively invest them to strengthen our financial base, research and development, capital investment, human resources investment, M&A, and other elements that will increase our corporate value over the medium to long term.

Q Tell us about Ashimori's financial strategy, including future business outlook and shareholder returns.

We have made reliability and soundness the foundations of our business and have worked to establish a stable business base from a long-term perspective. Regarding dividends, we see profit distribution as one of our most important priorities and place importance on maintaining stable dividends. Moving forward, we will continue to make every effort to establish a stable business base and improve our return on equity.

▶ Dividend payout ratio

