



ASHIMORI INDUSTRY CO., LTD.

INTEGRATED REPORT 2023

ASHIMORI INDUSTRY CO., LTD.

<https://www.ashimori.co.jp>

Powered by **Innovation**,
Pioneering the **Future**

Powered by Innovation, Pioneering the Future

Company Creed / Corporate Philosophy

1. Place a high value on trust and strive for the utmost reliability.
2. Maintain a vibrant company based on harmony and open-mindedness.
3. Be creative and contribute to society through our business activities.

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Mission

Our mission is to provide products that protect lives and livelihoods

Value

We respect the rules with great integrity and work on production activities with the highest priority on quality



Vision

We will strive to continue our reputation as a trustworthy organization

Editorial Policy

This report is to provide information on Ashimori Industry's efforts for corporate value creation. In addition to financial information including business results and strategy, this report is edited with the intention of informing shareholders, investors, and other stakeholders of the company's non-financial information such as ESG topics.

Period covered

Fiscal year ended March 2023 (April 1, 2022 to March 31, 2023)

When necessary, past and recent information are also included.

Organizations covered

Ashimori Industry Co., Ltd. and group companies

Published

October 2023

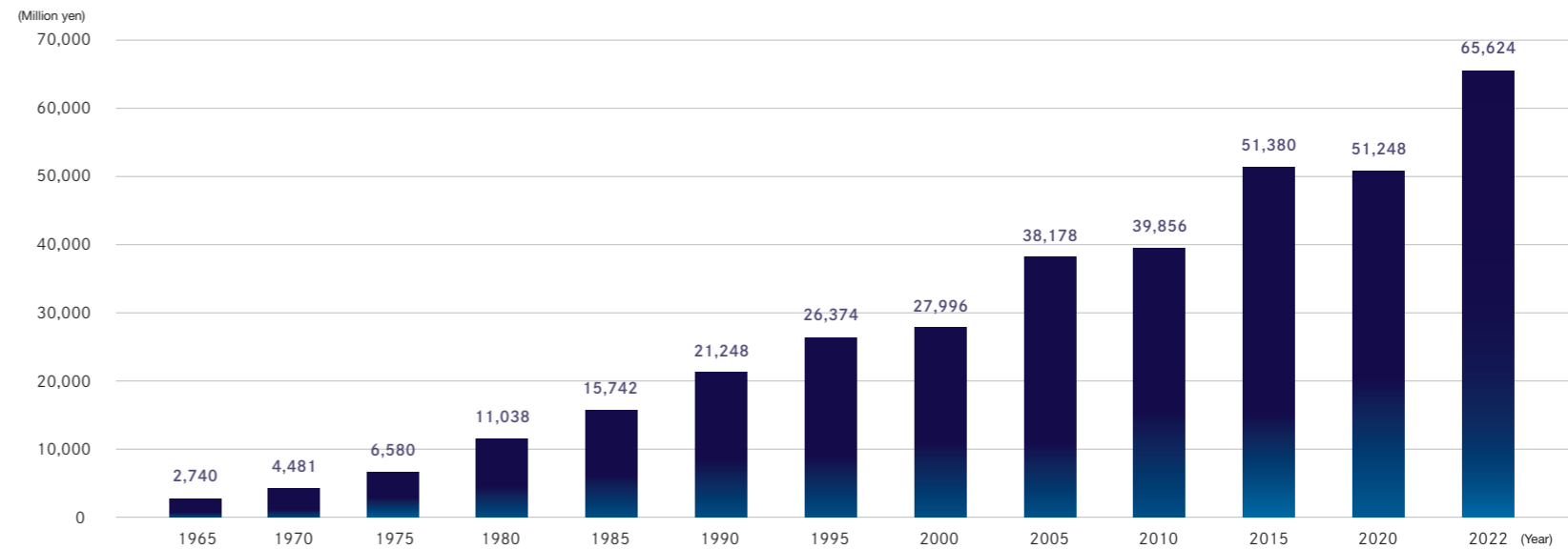
Disclaimer

Although the information in this report has been compiled with the utmost care, we do not guarantee that all of it is accurate and/or up to date. We are therefore not responsible for any losses, damages, or other problems that arise due to causes such as the information being erroneous or out of date.

Value Creation History

Since our foundation in 1878, we have contributed to society's advancement through the provision of products that anticipate the needs of the times by using our technical expertise—the roots of our identity. We will continue to take on new challenges as we contribute to society in the safety and renewal fields.

Net sales



Understanding the times and entering new business areas

1878 –	1950 –	1962 –	1980 –	1998 –	2022 –
<p>1878 Ashimori Buhei the 10th begins trading in cotton and linen in Osaka, the center of Japan's spinning industry at that time.</p> <p>1885 Begins manufacturing cotton power transmission ropes</p> <p>1887 Begins manufacturing spindle bands for ring spinning machines in order to respond to demand spurred by technological changes in the industry.</p> <p>1908 Establishes a full-fledged mass-production factory (in Juso, Osaka) in response to the stellar reputation for the company's braiding technology and the toughness of its ropes and spindle bands.</p> <p>1935 Reorganizes as a joint-stock company named Ashimori Rope Works.</p> <p>1944 Changes the company name to Ashimori Industry Co., Ltd.</p>	<p>1950 Company listed on the Osaka Securities Exchange.</p> <p>1952 Succeeds in Japan's first development of the latex rubber-lined fire hose and begins its manufacture.</p> <p>1953 Begins manufacturing synthetic fiber ropes.</p> <p>1961 Company listed on the First Section of the Tokyo Stock Exchange.</p>	<p>1962 Begins manufacturing automotive seatbelts.</p> <p>Begins manufacturing airbags in 1989.</p> <p>1967 Obtains JIS (Japanese Industrial Standards) labeling approval, a first for an automotive seatbelt manufacturer, a year after the JIS seatbelt standard was created.</p>	<p>1980 Begins PALTEM pipeline rehabilitation business; Ashimori adopted its proprietary technology for textiles and fire hoses to jointly develop PALTEM with Tokyo Gas Co., Ltd.</p> <p>1991 Begins manufacturing Air Roll cargo-transportation system.</p>	<p>1998 Establishes KPN Ashimori Co., Ltd. (now Ashimori (Thailand) Co., Ltd.). Establishes bases in Shanghai in 2003, India in 2009, South Korea in 2011, Mexico in 2012, and Germany in 2017.</p> <p>2008 Establishes Ashimori Industry Yamaguchi Co., Ltd. Establishes the Hamamatsu Plant.</p> <p>2016 Acquires Allsafe Japan Ltd.</p> <p>2017 Acquires Shibata Industry Co., Ltd. Acquires Takara Sangyo in Shiga, Japan.</p>	<p>2022 Moves to the Prime Market on the Tokyo Stock Exchange.</p> <p>2023 Moves to the Standard Market on the Tokyo Stock Exchange.</p>

1878 –	1950 –	1962 –	1980 –	1998 –	2022 –
<p>Foundation: Rope-making begins</p>	<p>Starts fire hose business</p>	<p>Enters field of automotive safety systems</p>	<p>Starts pipeline rehabilitation business</p>	<p>Expands overseas, establishes drivers of growth</p>	<p>Excellence recognized worldwide</p>

At a time when spinning factories were sprouting up in Osaka, company founder Ashimori Buhei the 10th believed that cotton yarn was a key to industrial advancement and a product sure to be in ever greater demand. He was the first in Japan to succeed in using a machine to make cotton rope used as a means to transmit power from one engine to multiple machines.



To respond to a rapid decline in demand for cotton power transmissions ropes, Ashimori decided to forego using linen, which was difficult to procure, and instead succeeded—for the first time in Japan—in the manufacture of cotton and nylon fire hoses that were leak proof thanks to latex rubber lining.



With car seatbelts becoming mandatory in the U.S., increased demand was anticipated in Japan as well. Using its years of know-how in weaving, Ashimori began developing and manufacturing car seatbelts.



Taking advantage of the trend to maintain and repair existing gas pipelines instead of installing new ones, Ashimori utilized its accumulated technologies to develop PALTEM, a new pipeline rehabilitation technology (hose lining method) that was the first of its kind in Japan.



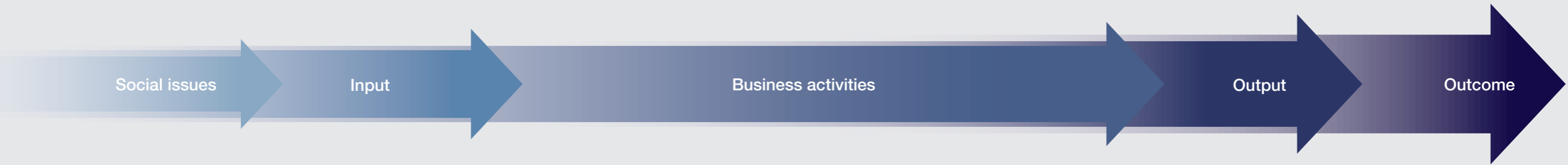
In the automotive safety systems business, Ashimori built its first factory outside Japan, in Thailand, in 1998. The company went on to accelerate its global push by establishing strategic overseas bases for greater procurement capability, improved cost competitiveness, and wider sales routes. In the high performance products business, Ashimori expanded its production system. The company also strengthened business and expanded operations through moves including acquisitions of companies dealing in logistics machinery and pipeline rehabilitation work.



New Ashimori Vision 2028

In the leadup to our 150th anniversary in 2028, we have revised our Mission, Vision, and Values statements to make them more engaging for group employees. We have also created a new slogan: "Powered by Innovation, Pioneering the Future" to enhance unity. The slogan inherits the spirit of our company creed and demonstrates our strong will to utilize our technological strengths and continue to reform our company culture with the aim of becoming an excellent, world-class organization.

Value Creation Process



Company slogan **Powered by Innovation, Pioneering the Future**

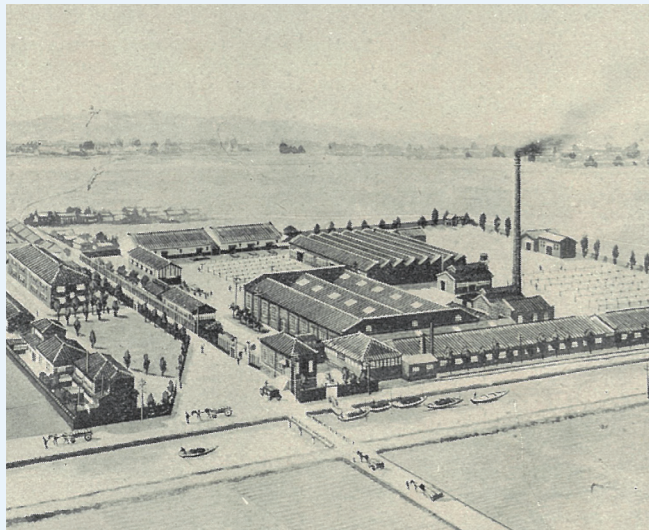


The Source of Value Creation

Ashimori has accumulated many strengths over its 145-year history. These strengths—tradition and reliability; technology, adaptability, and R&D; and our people—are at the core of our company creed. They have enabled us to diversify business to come out with a range of products that contribute to the realization of a safe, secure, and comfortable society.

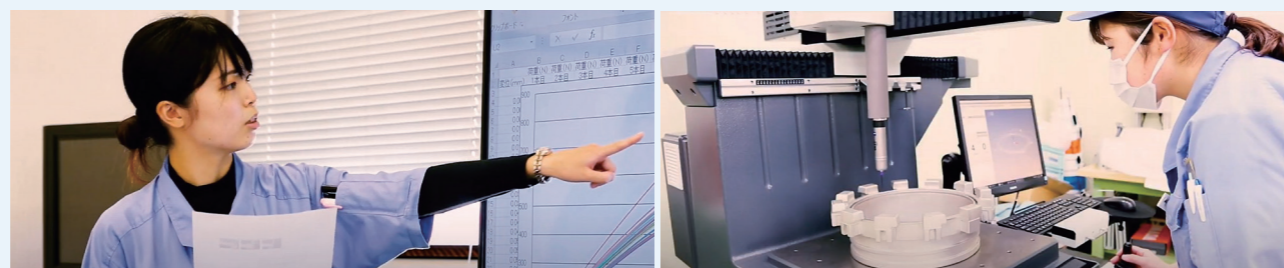
Tradition, Reliability

Ashimori will celebrate its 150th anniversary in 2028. On the foundation of the strong technical expertise we have built up, we have sincerely responded to the detailed needs of the market and built relationships of trust with countless customers. By providing products that protect lives and livelihoods, we will continue to be a corporate group trusted by all.



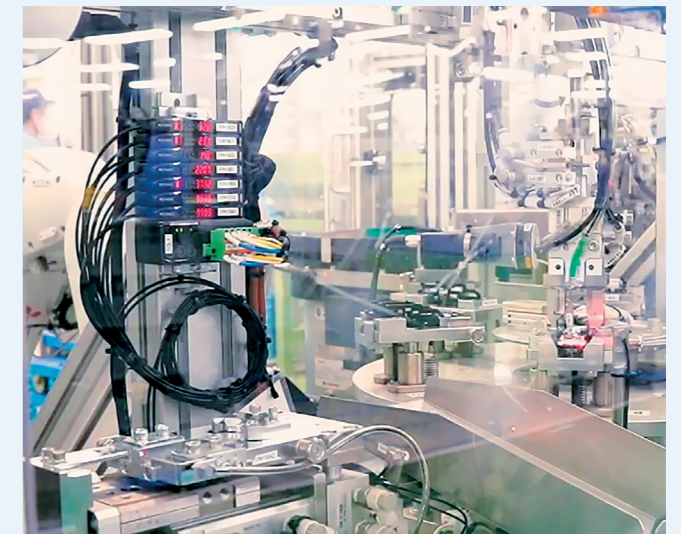
Our People

The Ashimori Group HR Vision Statement has been formulated to foster our ideal of an Ashimori employee: someone strongly committed to our company principles, who takes the appreciation they receive for their efforts inside and outside the company to make their job more rewarding. The Ashimori Code of Conduct has also been formulated as our commitment to society.

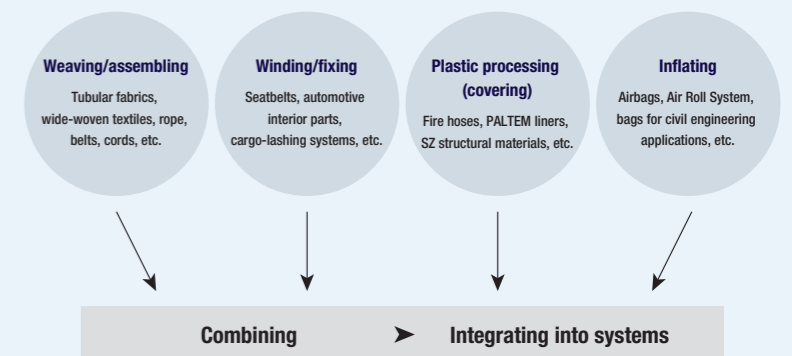


Technology, Adaptability, R&D

Originally a rope manufacturer, we have continued to diversify our business operations by applying the core technologies that we cultivated in textiles. Now, having surpassed the boundaries of the textile industry, our central operations are in the fields of safety and renewal activities, such as safety-related automotive parts and the reconstruction of essential utilities. We will continue contributing to society through unceasing R&D and technological innovation.



Harnessing core technologies to tap into the safety and renewal market



By deploying and combining our four core technologies of braiding/weaving, resin (coating) processing, winding/fastening, 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.

Business	Features	Solutions
<p>Automotive Safety Systems</p> <p>▶ P.18</p> <p>Consolidated net sales 46,666 million yen</p> <p>Fiscal year ended March 2023</p>	<p>Seatbelt-related</p> <ul style="list-style-type: none"> ● Seatbelts <hr/> <p>Airbag-related</p> <ul style="list-style-type: none"> ● Airbags <hr/> <p>Interior products</p> <ul style="list-style-type: none"> ● Sunshades (electric and nonelectric) ● Separation nets 	<p>Our products ensure safety for car occupants in the event of a traffic accident and provide a comfortable car interior, thus contributing to improving the functions of automobiles, a part of social infrastructure.</p> <p>The transition to electric vehicles is moving the trend towards lighter automobile parts, and we are partnering with automobile manufacturers to develop products with low environmental impact.</p> <div data-bbox="1558 514 2418 745"> <p>Achieving both safety and comfort</p>  </div> <div data-bbox="2418 514 2849 745"> <p>Ever since receiving JIS (Japanese Industrial Standards) certification in 1967, a first for a seatbelt manufacturer, we have been actively working to achieve both safety and comfort in developing next-generation seatbelts incorporating the technologies we have built up.</p> </div> <div data-bbox="1558 766 1973 997"> <p>State-of-the-art technologies protect lives</p> <p>We have always manufactured a range of airbags that have incorporated the most advanced technologies of their time in the fields of fibers, chemistry, electrotechnics, electronics, control, mechanics, and sensors.</p>  <p>Driver airbags Passenger airbags Side airbags Curtain airbags</p> </div> <div data-bbox="1558 1018 1973 1249"> <p>A comfortable car interior</p>  <p>Sunshades (electric and nonelectric) regulate the amount of sunlight entering through car windows and thus help create a comfortable interior.</p> </div> <div data-bbox="2003 1018 2418 1249"> <p>Preventing cargo from collapsing</p>  <p>The separation net separates the passenger seats and the cargo space. It prevents the cargo from collapsing or entering into the passenger seats during sudden braking.</p> <p>BMW X2 (©BMW AG)</p> </div> <div data-bbox="2448 1018 2849 1249"> <p>Anti-theft</p>  <p>Tonneau covers (luggage covers) are to block baggage and other items in the vehicle's cargo space from outside view. They are a great anti-theft measure.</p> </div>
<p>High Performance Products</p> <p>▶ P.20</p> <p>Consolidated net sales 18,926 million yen</p> <p>Fiscal year ended March 2023</p>	<p>PALTEM division</p> <ul style="list-style-type: none"> ● Manufacture and sales of materials and equipment for PALTEM pipeline rehabilitation; pipeline rehabilitation work ● Construction materials <hr/> <p>Disaster prevention division</p> <ul style="list-style-type: none"> ● Fire hoses ● Emergency drain hoses ● Disaster prevention materials and equipment <hr/> <p>Industrial materials division</p> <ul style="list-style-type: none"> ● Fishing and marine ropes ● Reinforcing fabrics for timing belts ● Labor-saving logistics systems 	<p>PALTEM (Pipeline Automatic Lining SysTEM) is a type of trenchless technique for rehabilitating buried pipelines—such as those carrying potable water, sewage, agricultural water, gas, telecommunications signals, or electricity—without having to dig up the pipe. This environmentally friendly method minimizes damages to pipeline surroundings while supporting lifeline infrastructure.</p> <p>We help make social infrastructure safe and secure by providing a range of hose types; for example, low-pressure-loss hoses that reduce pressure loss at the time of water discharge, and large-diameter hoses. We also have disaster mitigation products that minimize damage and injury in disasters.</p> <p>We manufacture and sell a variety of products from fiber materials to labor-saving logistics systems. Besides materials that help make possible clean, environmentally friendly energy, we have truck logistics products that can be easily used by anyone and contribute to a workplace conducive to all.</p> <div data-bbox="1558 1270 2240 1501"> <p>Maintenance and management of essential utilities</p>  <p>We contribute to maintaining essential utility services using safe and secure pipeline rehabilitation technology.</p> <div data-bbox="2240 1270 2849 1501"> <p>Focus</p> <p>Pipes (essential utilities) buried underground are subject to aging and deterioration caused by the changing environment. In Japan, recent years have seen pipes damaged and weakened due to frequent earthquakes and ground sinkage. In response to the increasing needs for pipeline rehabilitation, we are supporting society through the development and installation of new technologies.</p> </div> </div> <div data-bbox="1558 1522 1973 1753"> <p>Lengthening water supply and water discharge distance of fire hoses</p>  <p>Low-pressure-loss hoses reduce pressure loss by up to 50% during water supply, thus improving fire-fighting performance (greater water volume, shorter time in hose, longer water supply distance).</p> </div> <div data-bbox="2003 1522 2418 1753"> <p>Handling large-scale fires</p>  <p>Large-volume water-supply hoses can send large amounts of water over long distances. Since both sides of the hose are covered with urethane resin, it has the needed high weather resistance and durability for battling large blazes.</p> </div> <div data-bbox="2448 1522 2849 1753"> <p>Rescue support during disasters</p>  <p>Our water supply and drainage system boasts superb mobility and portability. It can contribute to quick rescue activities by providing temporary drainage in urban areas and supplying clean water in disasters.</p> </div> <div data-bbox="1558 1774 1973 2005"> <p>Labor savings in logistics</p>  <p>Our Air Roll System uses an air hose to raise and lower roller conveyors equipped on truck beds. It can easily be used by elderly people and women to lessen their workload.</p> </div> <div data-bbox="2003 1774 2418 2005"> <p>Preventing sinking on soft ground</p>  <p>Palace Sheet (tubular fabric technology) is a surface stabilization method that uses sheets to stabilize the surface layer of soft ground. When used as footing for heavy machinery temporarily placed on agricultural land, it is easy to remove and the ground can be easily restored to its original state.</p> </div> <div data-bbox="2448 1774 2849 2005"> <p>At work in many fields</p>  <p>From wide-woven textiles used for rubber materials and heat-resistant screens, to lashing belts used to secure cargo or vehicles, we provide fiber materials for a wide range of fields.</p> </div>

Consolidated net sales and ordinary income reach record highs.

We will embark on a new growth trajectory and improve corporate structure, finance, and culture.

President
Shigeyuki Washine

Message from the President

To our readers

Ashimori Industry was founded on, and has consistently embodied, a spirit of expanding business by applying superior development capabilities and technical expertise to provide the world with a range of new products. 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.” Good examples of these include cotton power transmission ropes, latex rubber-lined JET HOSE fire hoses, Auto Friend automotive seatbelts, and PALTEM pipeline rehabilitation.

We also have ties with other industries; for example, PALTEM was co-developed with a gas company. We receive numerous development requests from textile, fire-fighting equipment, car, truck, ship, and truck accessory installation companies. While carefully cultivating and maintaining these ties with numerous industries, we have developed new products that are the result of pushing ourselves to meet ever higher technological standards. We recognize that this is a great asset and we will endeavor to see that it is passed on to the future.

Both consolidated net sales and ordinary income reached record highs for the fiscal year ended March 2023.



Business environment analysis

The business environment surrounding the Ashimori Group for the fiscal year ended March 2023 was significantly affected by pandemic-related supply chain disruptions and soaring resource prices, increased labor costs and interest rates, and exchange rate fluctuations, among other factors.

In the automobile industry, production fluctuations stemming from the semiconductor shortage have not yet fully normalized. The future remains uncertain in industries related to our high performance products business as well, due to raw material prices continuing to soar, the constraints put on public sector demand by public works construction budgets, and the impact of declining investment sentiment on private sector demand.

With regard to geopolitical risks, although the direct impacts of the protracted war in Ukraine are minor, the indirect impacts, such as rising raw material prices, energy costs, and logistics costs due to rising resource prices, are becoming more apparent and warrant adequate attention.

Review of the fiscal year ended March 2023

The first year of the Medium-Term Management Plan (FY2023–FY2025) got off to a good start, as both the consolidated net sales and ordinary income for the fiscal year ended March 2023 reached record highs.

Sales improved significantly in the automotive safety systems business due to a recovery in automobile production volume and the effects of a weaker yen. In the high performance products business, although the disaster prevention and industrial materials segments struggled, PALTEM performed well throughout the year. As a result, net sales, operating income, and ordinary income significantly exceeded planned figures for the first year of the Medium-Term Management Plan. Net income attributable to owners of the parent was as planned.

▶ P.16 Medium-Term Management Plan

For the second year of the Medium-Term Management Plan, the fiscal year ending March 2024, we had planned for consolidated net sales of 57,000 million yen and operating income of 2,000 million yen. As profits are improving steadily, we are aiming to exceed these figures with consolidated net sales of 65,000 million yen and operating income of 2,300 million yen.

Medium-Term Management Plan quantitative targets (Unit: Million yen)

Item	Item	FY ended March 2023	FY ending March 2024	FY ending March 2025
Net sales	Plan	57,000	57,000	60,000
	Result	65,624	(Forecast) 65,000	
Operating income	Plan	1,250	2,000	2,700
	Result	2,152	(Forecast) 2,300	
Ordinary income	Plan	1,000	1,500	2,000
	Result	2,796	(Forecast) 2,200	
Net income	Plan	1,000	1,500	2,000
	Result	1,017	(Forecast) 1,500	

▶ P.24 Financial and capitalization strategies

Medium-Term Management Plan progress and future business strategy

We are currently pursuing our Medium-Term Management Plan under a company-wide strategy of embarking on a new growth trajectory and improving corporate structure, finance, and culture. As part of embarking on a new growth trajectory, we will focus our management resources on the automotive sector and pipeline rehabilitation sector, both of which are growing markets. For structural improvements, in addition to strengthening our financial standing by introducing ROIC (return on invested capital) and increasing our equity ratio, we will enhance our corporate value by improving the quality of our human capital, in accordance with the Ashimori Group HR Vision Statement. Allow me to explain our Medium-Term Management Plan progress and key measures based on these strategies.

Strengthening collaboration with Toyota Gosei

In May 2021, we entered into a capital and business alliance with Toyota Gosei Co., Ltd. By leveraging mutual business assets and know-how, our aim has been to build a collaborative system in such areas as technology development, production and purchasing, as well as to improve synergy-driven competitiveness. In July 2023, we announced further strengthening of the alliance, focusing on becoming a safety systems supplier capable of proposing and providing a comprehensive range of safety systems, including airbags, steering wheels, and seatbelts.

With the primary objective being to increase product competitiveness, we will work over the medium to long term to develop and sell safety systems that combine Ashimori seatbelt technology and Toyota Gosei airbag technology. We will also work to secure new customers and expand orders.

Automotive safety systems business strategy

With the shift to EVs progressing at a rapid pace in the automotive industry, we anticipate that increasingly stringent safety regulations and other factors will increase future demand for automotive safety systems. It is also expected that there will be a greater need for increased safety performance and cost reduction.

We will increase corporate value and expand shareholder returns by growing profits and strengthening our financial base.

▶ P.18 Automotive safety systems business

We will strive to improve productivity, eliminate defective products (zero defects), and further enhance quality. Automotive safety systems require perfection, especially in terms of quality. The Ashimori Group manufactures various products, all in accordance with globally recognized quality control standards, and we take every possible measure to ensure quality control.

In addition to reducing the weight of automotive interior parts, such as electric sunshades, we are also working to improve functionality with regard to light shielding, heat shielding, and sound insulation.

We recognize that our future challenges include building a profit structure that is resilient to changes in the external environment, such as fluctuations in exchange rates and raw material market conditions, as well as production fluctuations, and improving profitability at some overseas group companies. In addition, we are reviewing our global production systems.

▶ P.20 High performance products business

High performance products business strategy

We are working on various measures to establish our position as a comprehensive infrastructure disaster prevention manufacturer. Demand in this area is expected to continue increasing, as evidenced by such trends as Japan's growing awareness of the need for disaster preparedness and mitigation in the face of increasingly severe natural disasters and the replacement of aging pipelines being undertaken as part of the Japanese government's Fundamental Plan for National Resilience (see Cabinet Secretariat website).

We will contribute to national resilience through the development of new construction methods for PALTEM pipeline rehabilitation, which, along with automotive safety systems, is a growing market. PALTEM's advantages are that it has a shorter construction period than the open-cut method, it produces less waste, has less of an impact on the environment, and is highly earthquake resistant. We will promote this business as one that contributes to a sustainable society, and we will work to increase our visibility and reputation for reliability in not only the main area of sewerage but in water supply and agricultural water-related areas as well in order to expand sales.

▶ P.44 Human resource strategy

Improving the quality of our human capital

We are reforming our personnel and education systems to cultivate individuals with advanced expertise and a broad perspective who can think logically and solve problems quickly, as described in the Ashimori Group HR Vision Statement. We are also developing and implementing the Ashimori Group Employee Code of Conduct via employee group activities to facilitate our transformation into a corporate group possessed of high ethical standards.

Ever since our founding, we have contributed to society through manufacturing that leverages our superior development capabilities and technical strengths, the foundation for which is our high level of expertise. We will expand our human resource development and training systems to ensure constant improvement in our human capital, emphasizing not just skills development within specialized fields but also adopting a broader, society-wide and future-focused perspective accompanied by an ability to think logically, asking, "Why is this product needed now, and what benefit does it bring society?"

▶ P.39 Addressing climate change

Approach to sustainability management

As part of the Ashimori Code of Conduct, we understand that tackling global environmental problems is an important management issue, and we work positively and earnestly to achieve a sustainable society. In line with this, a Sustainability Committee was established in October 2021 by a resolution of the Board of Directors. As a rule, the committee meets quarterly to share and deliberate on various, relevant issues and to promote management that focuses on sustainability more than ever before.

In line with the TCFD (Task Force on Climate-related Financial Disclosures) framework, we are currently conducting scenario analysis to assess the risks and opportunities that climate change poses to our business.

▶ P.25 Financial and capitalization strategies



As mentioned above, there has been a major shift away from fossil fuels in the automobile industry in recent years. Demand for seatbelts and airbags, the main products of the automobile safety systems business, is expected to grow. Furthermore, in the high performance products business, we intend to further contribute to the realization of a sustainable society by providing sustainable products such as drain hoses and disaster relief tents in addition to environmentally friendly PALTEM systems.

Applying for the Standard Market

As part of our Medium-Term Management Plan, we have sought to meet the Prime Market continued listing criteria. Despite consistently good business results and a strong share price, as of March 31, 2023, we do not meet the requirements for tradable share market capitalization and daily average trading value. Following a revision of the rules of the Tokyo Stock Exchange, which clarifies transitional measures following violation of the continued listing criteria, we are at risk of being delisted if we continue to be listed on the Prime Market.

Thus, we have moved to the Standard Market as of October 20, 2023, as our top priority is ensuring an environment in which shareholders can continue to buy, sell, and hold our shares. This selection will not affect our management policies or current Medium-Term Management Plan. Regardless of the market segment, we will increase corporate value and expand shareholder returns by growing profits and strengthening our financial base. We then intend to achieve our long-term vision of 100 billion yen in net sales and over 5 billion yen in operating income, and to be relisted on the Prime Market.

To our stakeholders

Our company creed says "be creative and contribute to society through our business activities," and, in line with that, we have been providing products that protect lives and livelihoods since our founding. From before even the adoption of the SDGs as a common theme of the international community, we have pursued business that contributes to solving societal challenges. With this as our foundation, we will continue, as always, to pursue corporate growth potential and earnings stability as our chief priorities.

We are committed to continually enhancing the corporate value of the entire Group in order to meet the expectations of all stakeholders, including providing sustained returns to shareholders and investors. Thank you for your continued confidence in Ashimori.

Ashimori Group Medium-Term Management Plan (FY2023–FY2025)

Corporate strategy and goals

The current consolidated fiscal year is the first year of the Medium-Term Management Plan (FY2023–FY2025), and it has gotten off to a good start.

In terms of net sales, our automotive safety systems business improved significantly, while, in our high performance products business, PALTEM-related sales remained steady throughout the year. As a result, net sales, operating income, and ordinary income significantly exceeded planned figures for the first year of the Medium-Term Management Plan, and net income attributable to owners of the parent was as planned. For the second year of the Medium-Term Management Plan, the fiscal year ending March 2024, we had planned for consolidated net sales of 57,000 million yen and operating income of 2,000 million yen. As profits are improving steadily, we are aiming to exceed these figures with consolidated net sales of 65,000 million yen and operating income of 2,300 million yen.

Corporate strategy

1. Embarking on a new growth trajectory

- Concentrate management resources in the growth markets of automotive and pipeline rehabilitation
- Develop new products and boost sales to new customers and new markets

2. Improve corporate structure, finance, and culture

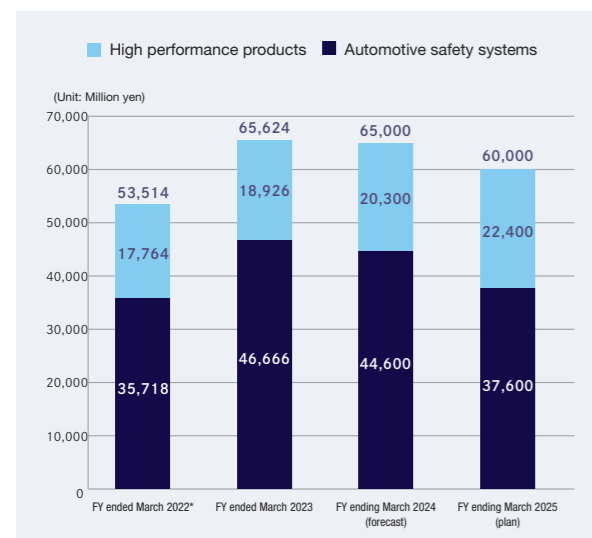
- Strengthen financial position (introduce ROIC management and increase equity ratio)
- Increase productivity and quality awareness
- Foster human resources based on the Ashimori Group HR Vision Statement

Quantitative targets

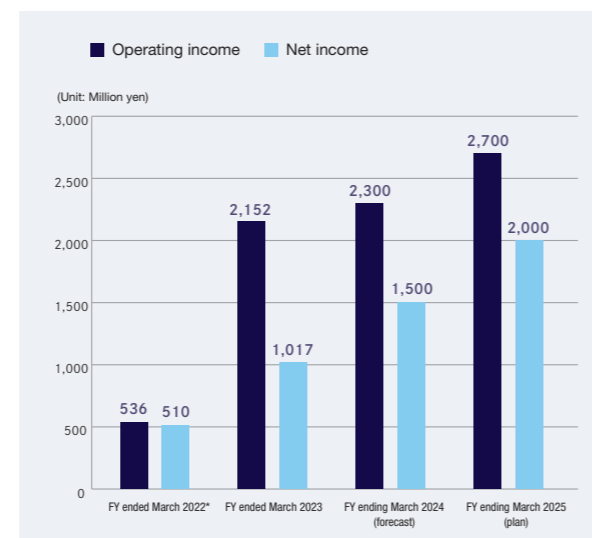
FY ending March 2025	
Net sales:	60 billion yen
Operating income:	2.7 billion yen
Net income:	2 billion yen

- Long-term corporate **ROIC of over 7%**
- Reduce borrowing, achieve **equity ratio of 40%**
- Dividend payout ratio of at least 30%, **dividend per share of 100 yen**

Net sales



Operating income and net income



*Total sales for the fiscal years ended March 2022 and 2023 include "Other" sales. The category "Other" encompasses those business segments not included in reportable segments.

Automotive Safety Systems Business Division policy

1. Aim to be a safety systems supplier by strengthening the capital and business alliance with Toyota Gosei Co., Ltd.

2. Improve product competitiveness by:

- Strengthening quality
- Increasing cost competitiveness
- Boosting development and sales capabilities

3. Foster human resources based on the Ashimori Group HR Vision Statement

High Performance Products Business Division policy

1. Aim to develop products that are sustainable

2. Focus on products in growth markets to increase profits

3. Pursue the development of new products and the expansion of sales in new fields

4. Foster human resources based on the Ashimori Group HR Vision Statement

Technology Management Department policy

Basic policy: Be a technology navigator for the future

Measures

- Pursue technological R&D that deepens core technologies
- Create next-generation products that are a step ahead of existing business domains
- Strengthen the quality assurance system across business domains

Four core technologies



Administrative department policies (Corporate Administration Section, Personnel and General Administration Section)

Basic policy: Build a management system

Measures

- Activate the organization by clarifying the compensation system and promoting corporate metabolism
- Utilize diverse human resources (diversity) and pursue work style reforms
- Enhance business value through ROIC management
- Utilize data and continuously improve information security
- Strengthen sustainability initiatives
- Raise the market's recognition of Ashimori through active information disclosure and dialogue with investors
- Practice rigorous compliance and strengthen internal control

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.

The automobile industry is entering a “once in a century” period of transformation, during which we anticipate further advances in electrification and autonomous driving to take place. While the spread of autonomous driving is expected to reduce the number of accidents, that does not mean the need for safety systems will disappear. We are thus working on the development of next-generation safety systems adapted for the anticipated arrival of autonomous driving.

Our company entered into a capital and business alliance with Toyoda Gosei Co., Ltd. on May 14, 2021. We are pursuing a stronger relationship between both parties that will allow us to be safety systems suppliers capable of proposing and providing a comprehensive range of safety systems, including airbags, steering wheels and seatbelts. Towards this end we concluded a new basic agreement with Toyoda Gosei on July 28, 2023.

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 Industry as well as our subsidiaries.

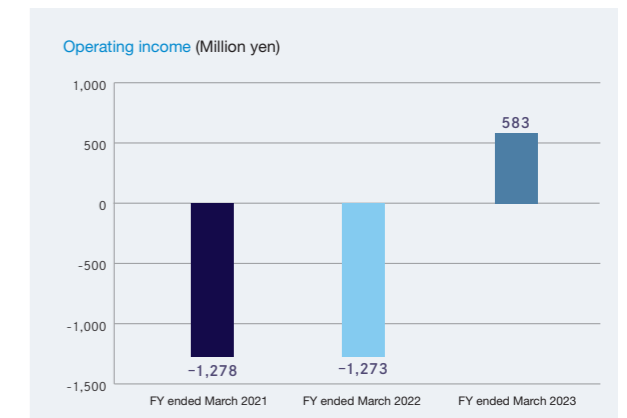
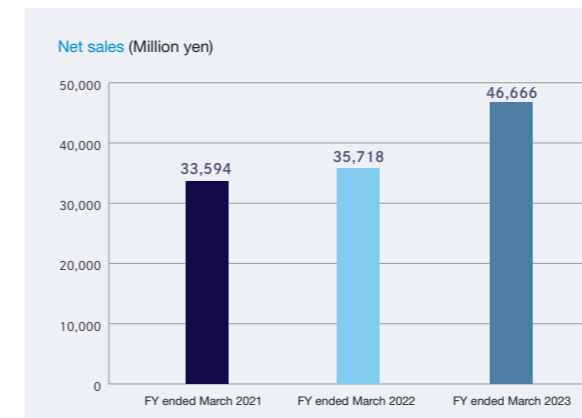


● Automotive seatbelts ● Airbags ● Tonneau covers ● Electric sunshades ● Nonelectric sunshades, others

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.



Risks and opportunities

While the automobile industry is increasingly moving away from fossil fuels, demand for seatbelts, airbags, and automotive interior parts, which are our main products, is expected to keep expanding.

The Ashimori Group’s business has a high sales composition ratio of automotive safety systems, with the top two companies in term of net sales accounting for approximately 47% of sales in the fiscal year ended March 2023. One challenge for the future is to cultivate new sales contacts and increase sales from other businesses.

Strategy

● Review of the fiscal year ended March 2023

Although the lockdown in China and the semiconductor shortage had an impact on automobile production, a subsequent recovery in orders and the effect of a weaker yen resulted in net sales of 46,666 million yen. This was an increase of 10,948 million yen compared to the previous fiscal year. In terms of profit and loss, despite the impact of soaring raw material prices and increased logistics costs, operating income was 583 million yen. This was a significant improvement of 1,857 million yen from the previous fiscal year.

With regard to current term net profit or loss, due to the fact that our overseas subsidiary Ashimori Industria de Mexico, S.A. de C.V. has an ongoing operating deficit, there was an impairment loss on the company’s fixed assets of 690 million yen, which was recorded as an extraordinary loss. Along with this, deferred tax assets of 421 million yen were reversed. However, positive results included the fact that we recorded exchange gains on foreign currency-denominated receivables and loans to overseas consolidated subsidiaries.

For capital investment, we spent 1,082 million yen 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 update aging production facilities.

● Measures and outlook for the fiscal year ending March 2024

As supply instabilities caused by supply chain constraints in automobile production are gradually being eased, there is an accelerating shift to electric vehicles worldwide and demand changing for each vehicle model. This is becoming a major factor driving fluctuations in the production of automobile safety systems. Although rising raw material costs and production fluctuations will continue to be risks, we will undertake measures to improve profitability, such as by reducing fixed costs and expenses, and strengthen our capital and business alliance with Toyoda Gosei.

Although overall sales and earnings have improved, we regard improving profitability at some overseas group companies as an important issue, and we will continue to work on addressing it.

News

So that we can be a systems supplier capable of adapting to the ever-changing evolution of cars in order to provide safety, security, and comfort to drivers and passengers around the world, we pursue continuous development that also takes into account the global environment.

For seatbelts and airbags, we are developing systems that provide safety and security and contribute to the realization of a society with zero traffic accident fatalities. For automotive interior parts, we are developing proposal-based products for the global market that deliver comfort with a focus on customer usage and functionality. Research and development expenses for the automotive safety systems business during the 123rd consolidated fiscal year (ended March 2023) were 504 million yen.



High Performance Products Business



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

Futoshi Makimoto

We are investing management 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.

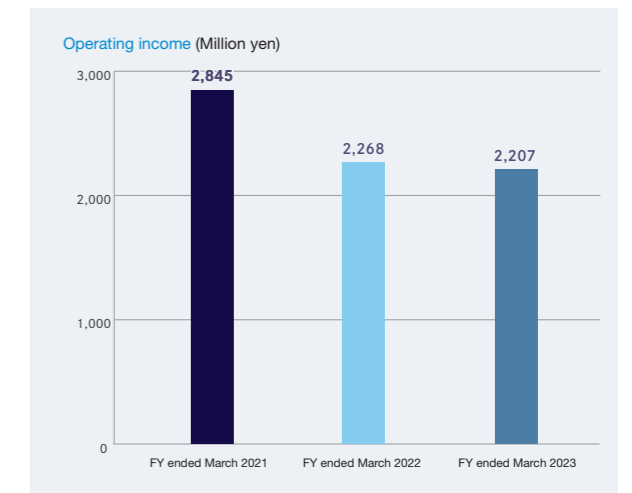
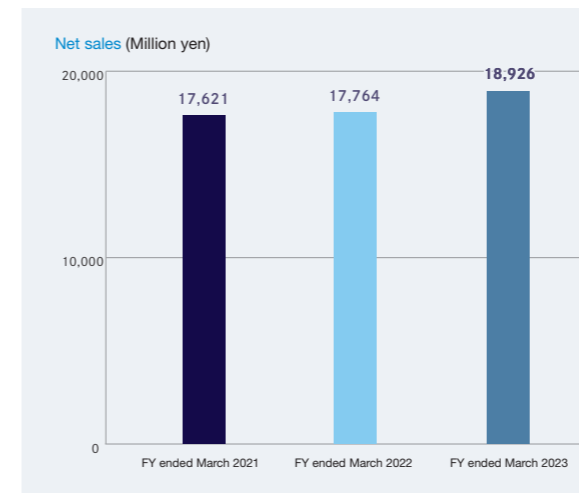
The chief growth department is the PALTEM division, which is currently expanding the scale of its business in response to the Japanese government's Fundamental Plan for National Resilience, a risk management initiative.

As of the end of fiscal 2021, 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 2020, the total length of water supply pipeline was approximately 740,000 km. Roughly 150,000 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. 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 continue to focus on recovering our market share for fire hoses, expand sales of fire extinguishing system products, such as for large-scale fires at oil 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 also focus on other areas, like renewable energy-related materials.



Risks and opportunities

The business environment surrounding the Ashimori Group in the 123rd fiscal year (ended March 2023) reveals ongoing uncertainty about the future due to raw material prices continuing to soar, the constraints put on public sector demand by public works construction budgets, and the impact of declining investment sentiment on private sector demand.

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

Strategy

● Review of the fiscal year ended March 2023

In PALTEM business, both sales and profits increased significantly, partly as a result of the smooth progress in work carried over from the previous year in pipeline rehabilitation for essential utilities (sewerage, water supply, gas, etc.). With regard to disaster prevention, although sales of disaster prevention materials and equipment remained steady, sales of fire hydrant hoses and drain hoses were lower than expected, resulting in sales being essentially flat compared to the previous fiscal year and accompanied by a drop in profits. In industrial materials, the impact of a significant reduction in truck production caused the labor-saving logistics sector to be sluggish, resulting in a decline in both sales and profits.

As a result, net sales for the high performance products business were 18,926 million yen, an increase of 1,161 million yen from the previous fiscal year. However, operating income was 2,207 million yen, a slight decrease of 61 million yen from the previous fiscal year.

● Measures and outlook for the fiscal year ending March 2024

Despite a rebound from the large-scale order in PALTEM in the previous fiscal year, I believe that PALTEM-related business continues to be a driving force for Ashimori. We will continue to focus on new product development, capital investment, and other areas in order to expand sales and profits.

News

The disaster prevention division is expanding business with the aim of making us into a comprehensive disaster prevention manufacturer able to meet the various needs of the industry.

In recent years in Japan, heavy rains and other natural disasters have been a frequent occurrence. Drainage systems using lightweight, large-diameter hoses are required at sites affected by flooding. Also, large-diameter hoses are required to extinguish industrial complex fires caused by disasters like earthquakes.

One of our strengths is our large-diameter hose manufacturing technology. In anticipation of extinguishing large-scale fires that cannot be accessed by people, such as warehouse or nuclear power plant accident-related fires, we have developed an automatic water discharge fire-extinguishing system, an unmanned water cannon vehicle, equipped with a large-diameter shape-retaining hose, which utilizes our proprietary technology.



Overview

Our main products include high-performance fabrics, synthetic ropes, wide-woven textiles, fire hoses, fire hydrant hoses, industrial/civil engineering hoses, disaster prevention supplies, pipe repair hoses and construction materials, and other related products and materials. These products are manufactured and sold by Ashimori as well as our subsidiaries. The subsidiaries, Ashimori Engineering Co., Ltd. and Paltem Technical Service Co., Ltd., primarily purchase construction materials from us which they then use to do PALTEM-related construction.

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 pipeline rehabilitation. 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.

Research and Development, Quality Control, Intellectual Property

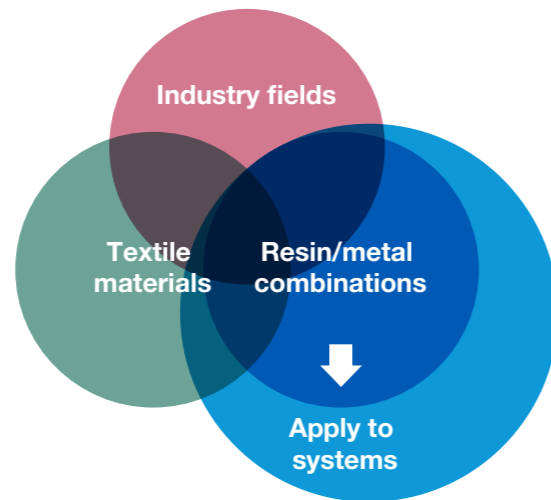
Research and Development

R&D Policy

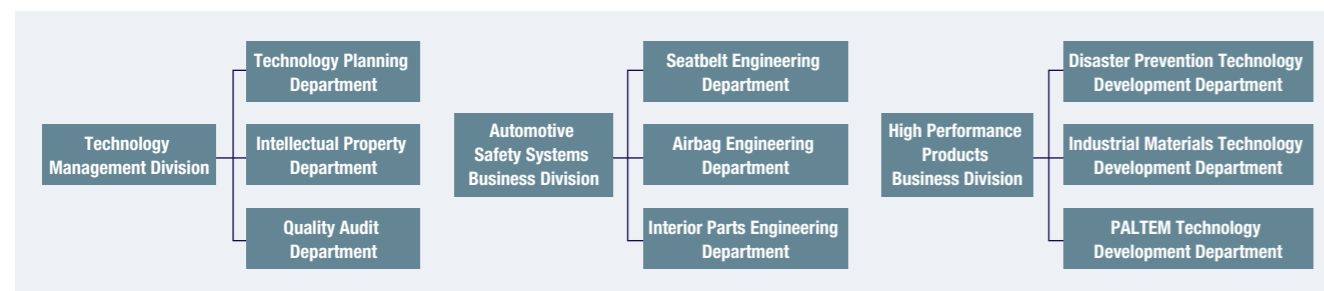
By deploying and combining our four core technologies of braiding/weaving, resin (coating) processing, winding/fastening, and inflating, we have developed products ranging from fiber/resin/metal composite components to complete systems. We are engaged in ongoing R&D with the aim of expanding our business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

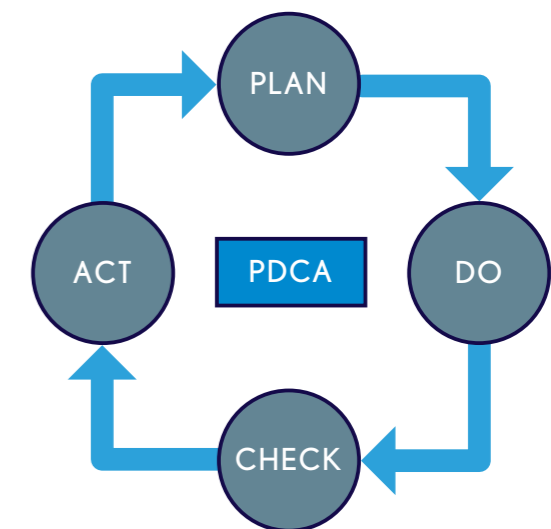


Establishing a Quality Control System

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.

Financial and Capitalization Strategy

Working to achieve the targets of the Medium-Term Management Plan by strengthening our financial position and reducing interest-bearing liabilities

Capital policy in line with the Medium-Term Management Plan

Currently, in line with the Medium-Term Management Plan, we have designated the period up to the fiscal year ending March 2025 for pursuing a capital policy centered on expanding business, enhancing public relations and IR activities, and increasing the liquidity of our stock. Achieving the targets of the Medium-Term Management Plan will improve our PBR (price book-value ratio). We are also implementing measures to improve our management efficiency and enhance financial strength for the sake of introducing ROIC (return on invested capital) as an indicator for business evaluation and increasing equity ratio.

Another specific capital policy measure to improve profitability is to strengthen the administration departments in the automotive safety systems business and high performance products business to ensure that costs, including those of group companies, are clearly visible and work on total cost reduction.

Financial status for the fiscal year ended March 2023

Total assets at the end of the fiscal year ended March 2023 were 51,552 million yen, an increase of 1,268 million yen compared to the end of the fiscal year ended March 2022 due to increased sales. However, tangible fixed assets decreased by 893 million yen due to factors such as impairment losses at our Mexican subsidiary.

For the fiscal year ended March 2023, we have made capital investments of 1,513 million yen and have worked to strengthen our financial structure and reduce interest-bearing liabilities by keeping depreciation costs within 1,885 million yen. Of these capital investments, 1,082 million yen was spent on automotive safety systems. 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 update aging production facilities.

Interest-bearing liabilities at the end of the fiscal year ended March 2023 was 14,299 million yen, including long-term and short-term debt, which accounts for 28% of total assets of 51,552 million yen. Our policy is to strictly evaluate and select each investment project based on its profitability and not to raise new funds. Reducing interest-bearing liabilities is one of the challenges we face, and, as a result of our efforts to reduce short-term and long-term debt in the fiscal year ended March 2023, it decreased by 2,258 million yen compared to the end of the fiscal year ended March 2022. Additionally, our equity ratio increased from 34.3% in the fiscal year ended March 2022 to 35.7% in the fiscal year ended March 2023.

Responding to financial risks

Foreign exchange rate fluctuations

In addition to foreign currency-denominated transactions by Ashimori Industry itself, we manufacture and sell automotive safety systems at overseas group companies in China, Thailand, India, South Korea, and Mexico. We expect that the ratio of overseas production, including production transfers, will increase in the future. Although the Ashimori Group reduces the risk of foreign exchange fluctuations by conducting foreign exchange forward transactions to mitigate risk in import/export transactions in the normal course of business, fluctuations in foreign exchange rates can still affect the Group's financial status, operating results, and cash flows.

Possible impairment risk

Due to the fact that our overseas subsidiary Ashimori Industria de Mexico, S.A. de C.V. has an ongoing operating deficit as a result of a slump in orders, there was an impairment loss on the company's fixed assets of 690 million yen, which was recorded as an extraordinary loss. Along with this, deferred tax assets of 421 million yen were reversed.

Dependency on specific business partners or suppliers

The Ashimori Group's business has a high sales composition ratio of automotive safety systems, with the top two companies in term of net sales accounting for approximately 47% of sales in the fiscal year ended March 2023. We recognize the need to develop new sales contacts and further increase sales in other businesses.

Listing criteria for the Standard Market

As already mentioned in the Message from the President (p.10–15), Ashimori Industry applied to be moved from the Tokyo Stock Exchange Prime Market to the Standard Market in August 2023. This transition to the Standard Market was carried out on October 20, 2023. As shown in the table below, as of March 31 of the same year, we met all the listing criteria for the Standard Market. Therefore, it is not necessary to disclose a plan for compliance with the listing criteria for the Standard Market, and we will not disclose the status of progress.

Status of compliance with listing criteria for the Standard Market

	Number of shareholders	Tradeable shares	Tradeable share market capitalization	Tradeable share ratio	Monthly average trading volume*2	Net assets*3
Compliance status of Ashimori Industry (as of March 31, 2023)*1	5,360	37,047 units	5.25 billion yen	61.1%	5,007 units	11.818 billion yen
Listing criteria for the Standard Market	400	2,000 units	1 billion yen	25%	10 units	Positive

*1 Calculated based on factors such as the distribution of Ashimori Industry's stock certificates known by the Tokyo Stock Exchange as of each reference date.

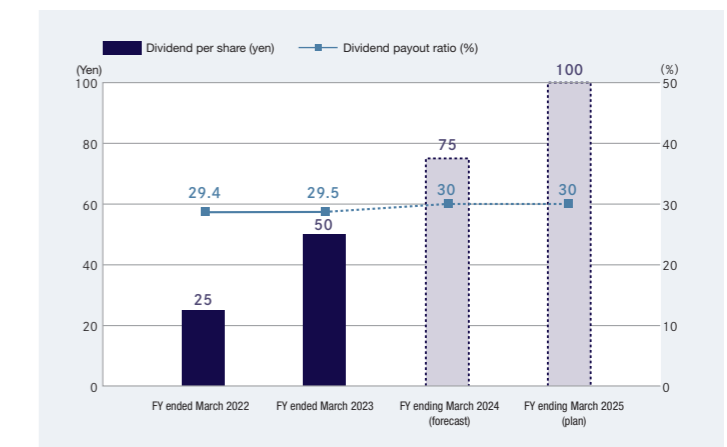
*2 Calculated by Ashimori Industry as a monthly average by dividing the total trading volume for the most recent half-year (October 2022 to March 2023) by 6 (months).

*3 Non-consolidated figures announced in the financial results for the fiscal year ended March 2023.

Shareholder returns

We recognize that the return of profits to our shareholders is of the utmost importance, and we place great emphasis on the continued payment of stable dividends. We will perform a phased increase in dividends according to profit growth in our Medium-Term Management Plan. The dividend for the fiscal year ended March 2023 was 50 yen per share, with a consolidated dividend payout ratio of 29.5%. Moving forward, our focus will be on establishing a stable business foundation and improving return on equity. We will work to achieve a consolidated dividend payout ratio of 30% or more, with a dividend of 75 yen per share in the fiscal year ending March 2024 and a dividend of 100 yen per share for the fiscal year ending March 2025, which is the final year of the Medium-Term Management Plan.

Change in dividend per share and consolidated dividend payout ratio



Strengthening information dissemination to shareholders and investors

As a measure to enhance public relations and IR activities for shareholders and investors, we published our first integrated report in the fall of 2022, as well as held individual investor seminars and online company briefings. We will continue working to raise our stock price and further awareness of the Ashimori Group by sharing a variety of information, such as through this *Integrated Report 2023*.

Sustainable Management and Materiality

Sustainability Committee

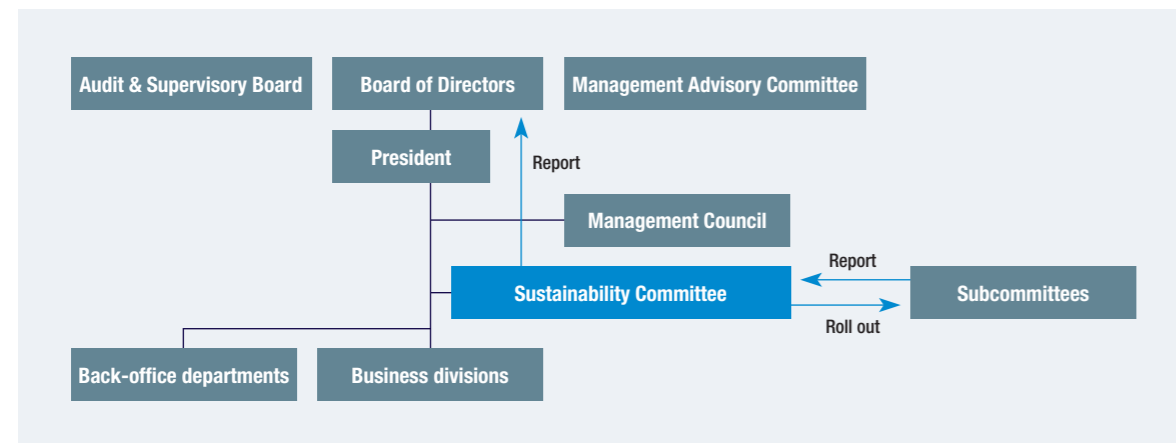
On October 22, 2021, the Board of Directors approved the establishment of the Sustainability Committee, which has since met approximately every three months. The committee formulates a basic policy on sustainable management and deliberates on sustainability-related issues. It also identifies risks and business opportunities related to climate change, and comes up with measures and policies to deal with these, which it reports to the Board of Directors.

The Board of Directors monitors progress on relevant management strategies and makes appropriate recommendations to business divisions. We have the following sustainability implementation structure covering all Ashimori divisions and group companies for the purpose of thoroughly informing and executing sustainability policy and action throughout the Group.

Overview of Sustainability Committee

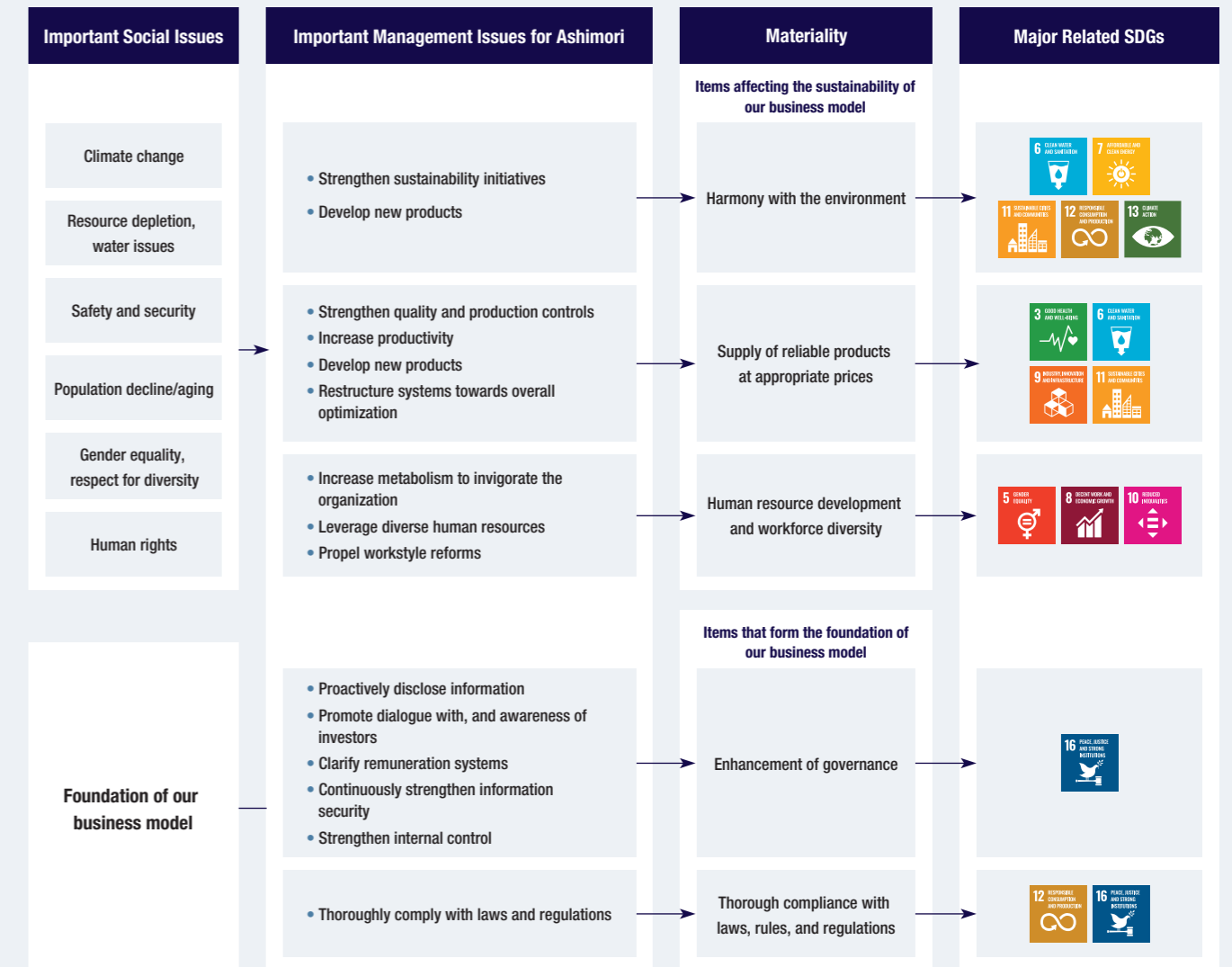
Purpose	Promote management from the viewpoint of sustainability
Role	Formulate a basic policy on sustainable management, deliberate on sustainability-related issues, risks, and opportunities, and submit reports and recommendations to the Board of Directors
Meeting frequency	Quarterly (as a rule)
Chair	President
Members	Inside directors, executive officers, full-time Audit & Supervisory Board members, general managers of related departments, General Administration Department SDGs Promotion Unit

Sustainability Implementation Structure



Materiality

For materiality, Ashimori has selected: mainly non-financial items that may affect the sustainability of the company's business model and that are common to "important social issues" and "important management issues for the company" and; items related to the key management issues that form the foundation of the company's business model.



5 Material Issues

Harmony with the environment Main initiatives <ul style="list-style-type: none"> Reduce CO₂ emissions Work towards a circular economy Carry out construction work in a green manner 	Supply of reliable products at appropriate prices Main initiatives <ul style="list-style-type: none"> Strengthen quality management structure, establish quality-assurance departments in all business divisions 	Enhancement of governance Main initiatives <ul style="list-style-type: none"> Strengthen corporate governance
Human resource development and workforce diversity Main initiatives <ul style="list-style-type: none"> Build a fair, transparent personnel evaluation system Foster employees to fit the ideals of the Ashimori Group HR Vision Statement 	Thorough compliance with laws, rules, and regulations Main initiatives <ul style="list-style-type: none"> Improve and strengthen compliance management system Internal audits of the Ashimori Group, including all worldwide group companies 	

Management Team



1 Representative Director, President, Chief Executive Officer
Shigeyuki Washine

April 1981 Joined Japan Wool Textile Co., Ltd. (Nikke)
February 2014 Executive officer of Nikke
June 2015 Outside director of Ashimori Industry
February 2016 Director and managing executive officer of Nikke
June 2018 President and chief executive officer (to present), division manager of Automotive Safety Systems Business Division, Ashimori Industry

2 Director, Managing Executive Officer
Futoshi Makimoto

August 1987 Joined Ashimori Industry
April 2011 General manager of PALTEM Sales Department
June 2016 President of Ashimori Engineering Co., Ltd.
June 2017 Executive officer of Ashimori Industry
November 2018 General manager of PALTEM Management Group
June 2019 Director, managing executive officer, division manager of High Performance Products Business Division (to present)
June 2023 Head of Osaka Office (to present)

3 Director, Managing Executive Officer
Shuichi Toriyama

April 1983 Joined Japan Wool Textile Co., Ltd. (Nikke)
February 2007 General manager, Finance Division, Nikke
February 2016 Full-time Audit & Supervisory Board member of Nikke
June 2020 Director (to present), executive officer, general manager of Computer Systems Department (to present)
June 2021 In charge of Corporate Administration Section and quantitative management
June 2023 Managing executive officer, general manager of Administration Division (to present)

10 Full-time Audit & Supervisory Board Member
Hiroyuki Sakuragi

March 1980 Joined Ashimori Industry
June 2003 General manager of Personnel Department
June 2009 Board member
June 2013 Director
June 2014 Executive managing director
June 2017 Director, managing executive officer
June 2018 In charge of Administration Division, Osaka Office, Tokyo Office, and Osaka Plant; Compliance Division general manager
June 2020 Full-time Audit & Supervisory Board member (to present)

11 Audit & Supervisory Board Member (Outside)
Masami Oishi

April 1990 Joined Ministry of Foreign Affairs of Japan (MOFA)
March 2005 Left MOFA
December 2010 Registered as attorney, joined Osaka International Law Offices
June 2022 Outside Audit & Supervisory Board member (to present)
October 2022 Joined Progress Law Firm (to present)

12 Audit & Supervisory Board Member (Outside)
Mitsuhiro Morikawa

April 1982 Joined Unitika Ltd.
June 2009 General manager of Business Administration Office, Management Department; general manager of Polymerization Division
July 2012 Executive officer, general manager of Management Department
July 2013 Senior executive officer
June 2018 Full-time Audit & Supervisory Board member
June 2022 Corporate advisor
January 2023 Retired as corporate advisor
June 2023 Outside Audit & Supervisory Board member, Ashimori Industry (to present)

4 Director, Managing Executive Officer
Kaoru Nagatomi

January 2019 Joined Toyota Gosei Co., Ltd.; section head, Safety Systems Engineering Division
June 2021 Executive officer; in charge of development under division manager of Automotive Safety Systems Business Division
April 2022 Managing executive officer, division manager of Automotive Safety Systems Business Division (to present)
June 2023 Director (to present)

5 Director, Executive Officer
Kazuyoshi Ito

March 1988 Joined Ashimori Industry
April 2014 General manager of PALTEM Sales Department
June 2019 Executive officer, general manager of PALTEM Management Group, president of Ashimori Engineering Co., Ltd. (to present)
June 2021 Head of Tokyo Office (to present)
June 2022 Director (to present)

6 Director (Outside)
Hideaki Sekioka

April 1976 Joined Agricultural Structure Improvement Bureau of Ministry of Agriculture and Forestry, now Ministry of Agriculture, Forestry and Fisheries (MAFF)
July 2007 Director-general, Chugoku-Shikoku Regional Agricultural Administration Office, MAFF
May 2009 Senior director, Advice Center for Rural Environment Support
May 2011 Senior director, Japan Association of Rural Solutions for Environmental Conservation and Resource Recycling
December 2013 Executive officer and vice president, Sanyu Consultants Inc.
June 2018 Outside director (to present)

Skills Matrix

	Name	Corporate management	Legal/compliance	HR/labor	Finance/accounting	Production technology	Global
Director	Shigeyuki Washine	●				●	●
	Futoshi Makimoto	●				●	
	Shuichi Toriyama	●			●		●
	Kaoru Nagatomi					●	
	Kazuyoshi Ito	●				●	
Director (outside)	Hideaki Sekioka	●				●	
	Haruo Shimizu	●					●
	Yasushi Okada					●	
Audit & Supervisory Board member	Takashi Ogawa	●				●	
	Hiroyuki Sakuragi		●	●		●	
	Masami Oishi		●				●
Audit & Supervisory Board member (outside)	Mitsuhiro Morikawa			●	●		

Note: The table above does not represent all the knowledge and skills of each person.

7 Director (Outside)
Haruo Shimizu

February 1970 Joined Daikin Manufacturing Co., Ltd. (now Exedy Corporation)
June 2006 President and CEO of Exedy
April 2015 Chairman of Exedy
June 2016 Senior advisor of Exedy
June 2019 Outside director of Ashimori Industry (to present)

8 Director (Outside)
Yasushi Okada

April 1993 Joined Toyota Gosei Co., Ltd.
June 2016 General manager, Safety Systems Planning Division, Toyota Gosei
January 2020 General manager, Safety Systems Engineering Division, Toyota Gosei
June 2020 Deputy chief, Product Development Center, Toyota Gosei
June 2021 Outside director of Ashimori Industry (to present)
June 2022 Deputy chief, SS Headquarters, Toyota Gosei
June 2023 Corporate officer, SS Headquarters deputy chief, Toyota Gosei (to present)

9 Director (Outside)
Takashi Ogawa

April 1982 Joined Toyota Motor Co., Ltd. (now Toyota Motor Corporation)
January 2005 General manager, No.2 Electronic Engineering Department, Toyota
January 2012 Deputy general manager, AE Engineering Department, Fujitsu Ten Ltd. (now Denso Ten Ltd.)
April 2015 Managing executive officer, AE Engineering Department general manager, Fujitsu Ten
April 2019 Director, senior managing executive officer, Denso Ten
June 2023 Outside director of Ashimori Industry (to present)

A Discussion among Three Outside Officers

We asked three of our outside officers to share their honest opinions regarding Ashimori's governance system aimed at improving corporate value.



Outside director

Hideaki Sekioka

Profile

Appointed as outside director in June 2018, Mr. Sekioka has extensive administrative experience at MAFF (Ministry of Agriculture, Forestry and Fisheries), as well as corporate management experience in the private sector.

Outside Audit & Supervisory Board member

Masami Oishi

Profile

Appointed as outside Audit & Supervisory Board member in June 2022. As a lawyer, Ms. Oishi has expertise in corporate law and other related fields, as well as a wide range of knowledge in areas both domestic and international.

Outside director

Haruo Shimizu

Profile

Appointed as outside director in June 2019, Mr. Shimizu has a wealth of experience and a broad range of knowledge stemming from his many years as a corporate executive.

Board of Directors' effectiveness and the governance system

Sekioka: When I was appointed in 2018, there were three outside directors, and I remember our involvement in management was mainly gathering opinions. The number of outside directors was increased the following year and now stands at four. Because of this and other reasons, I think that the current Board of Directors is functioning well, including incorporation of input from outside the company. In addition to urgent issues, I think more discussion from a medium- to long-term perspective would be good.

Shimizu: I agree. I feel that the current Board of Directors has changed significantly compared to the past. Each of the outside officers comes from a different position and with different experience, and I feel strongly that each is leveraging their knowledge and experience in building the organization. Moving forward, it would be good to have more time to thoroughly discuss risks and opportunities and how to respond to them as we pursue sustainable management.

Oishi: The Board of Directors meetings are a place for vigorous and free discussion. I believe there are still some issues to be addressed regarding the content of discussions at these meetings, which are opportunities to hear opinions from outside the company. In particular, while endeavoring to comply with the corporate governance code is important, I feel we need to be able to explain a plan that suits Ashimori's current situation and the path to take to achieve it.

Shimizu: Yes, I agree. How to connect these discussions to the strategy will be a challenge for the future.

Mission of outside officers

Shimizu: I want to put to use my experience as CEO of a drivetrain components manufacturer. Ashimori is connected with the industry in which I was involved, and I feel that my role is to share my know-how regarding what strategic initiatives will lead to the development of the company's business. Ashimori prioritizes "defense" when negotiating with car manufacturers. However, in order to generate stable profits regardless of the external environment, it's important to strike a balance by shifting to an "offensive" approach that promotes growth. I will continue to provide such advice.

Oishi: I was appointed in 2022 as Ashimori's first female outside officer. I do not have sufficient knowledge about this industry. But I believe I can contribute to Ashimori's development by capitalizing on the knowledge and experience that I have cultivated as a lawyer and by expressing my opinions frankly at board meetings, unconstrained by conventional attitudes and thinking. When formulating plans and strategies, we need to constantly be asking ourselves whether we are in a position to accurately ascertain the situation and to fulfill our duty of accountability to shareholders and other stakeholders. My role is to carefully examine risks and benefits, based on the law, in order to increase confidence in Ashimori.



Outside Officer Three-party Discussion

Sekioka: I was involved with agricultural policy and infrastructure development as a public servant for 33 years, mainly at MAFF (Ministry of Agriculture, Forestry and Fisheries). Like Ms. Oishi, I do not have experience in the manufacturing industry. But I believe I can contribute to management with the perspective, knowledge, and experience I bring from different fields. Risk management is one area where I can contribute. Ashimori's many products, including automotive safety systems, are of great, and fundamental, value to society. Having a deeper understanding of not only industry trends but also changing social conditions and government budget trends will lead to future growth.

Oishi: Previously, the focus had been on industry-related information gathering, and many of the people chosen to be outside directors had been those with automotive or other related expertise. Now, I think people from different fields, like Mr. Sekioka and myself, are needed in order to provide more flexible thinking. I feel Ashimori is currently in a period of transformation, and we are tackling it with a positive outlook.

Reforming the organizational culture

Shimizu: In fiscal 2022, as a company-wide initiative, we formulated a code of conduct and created a handbook. It provides a clear explanation of the essential behavior expected of all Ashimori Group employees. It is an attempt to get back to basics.

Sekioka: Mr. Shimizu provided us with specific recommendations, which were discussed by the Board of Directors during the preparation process. I think the results were excellent. This year we are distributing a revised version of the handbook. I feel the company's attitude toward changing its corporate culture is, itself, a sign of great change.

Oishi: Because the automotive safety systems division and high performance products division operate in different environments, expecting them to behave the same may be difficult. However, the content of the code of conduct is extremely basic and can be understood

and applied in any workplace. I think this is important. The aim of the code of conduct is to change mindsets in order to build a new, shared foundation upon which the hard-driving employees of the older generation can work alongside the employees of the younger generation who have more modern values. Although there will be some difficulties, it's important for the entire Group to work together to ultimately foster a reliable corporate structure befitting a company that provides safety and security to society.



Promoting diversity and looking to the future

Oishi: I feel we are only halfway to diversity, but I appreciate the progress being made. We have had foreign nationals working at the head office for many years, and there is a growing number of women in the development and engineering fields, which are the core of Ashimori. Although the speed of change is slower than that at other companies, it is still progressing steadily and naturally. With a little creativity in recruitment, it's possible to pursue diversity in a way that emphasizes the speed of progress. But this is just a superficial effort and not a fundamental transformation. What's important is that the people who join the company play a meaningful role and that a culture of open and honest exchange of opinions takes root. From this perspective, Ashimori is respectful of diversity and working effectively at its own speed. I look forward to seeing more non-Japanese and women in management, and to seeing greater vitality of exchange with domestic and overseas group companies and affiliates.

Shimizu: The code of conduct mentioned earlier has not yet been developed for overseas group companies. Becoming a truly global company requires a code of conduct that permeates the entire Ashimori Group.

Sekioka: I also think it's important to use the appointment of Ms. Oishi as an opportunity to incorporate women's perspectives into product development and to take a deeper look at workplace environments where women can work more actively.

Oishi: Diversity-focused efforts, such as interaction with local employees at overseas group companies, can offer inspiration. When promoting diversity, it's important to work in a way suited to the Group to create a culture that accepts diversity.

Shimizu: Although it may take some time, I have high hopes that company-wide diversity will lead to improvements in overall safety and quality.

Growth of, and expectations for, Ashimori as a sustainable company

Sekioka: Ashimori will soon mark the 150th anniversary of its founding. It has developed a variety of businesses based on its rope manufacturing technology. I believe there is potential in Ashimori to respond to the needs of society without being bound by past successes. In the era ahead, it is important to always look ahead and find new possibilities. Focusing on areas of strength and expanding selectively will be the way to promote the growth of the company. Organizational growth cannot happen apart from building a company culture that respects diversity, as well as strengthening organizational structures and educational programs.

Shimizu: Although Ashimori boasts high brand recognition in Japan, it is not sufficiently recognized in overseas markets. On the other hand, the company has an advantage in overseas markets where there is high demand for technical knowledge and less competition. The key to future success will be proposal-based technical sales, and it will be important to make

proposals that take advantage of Ashimori's specialized knowledge and areas of expertise. The partnership with Toyoda Gosei is another important strategic element. We have high expectations for collaboration with Toyoda Gosei, which is a major supplier to the Toyota Group. While we need to be flexible so that we can grow while being adaptive to change, it is essential to quickly develop areas of expertise. I hope that Ashimori, through collaboration with Toyoda Gosei, will be able to achieve results while flexibly responding to changes in the market.

Oishi: The essence of Ashimori is exemplified in the slogan, "Powered by innovation, pioneering the future." Starting with the manufacture of ropes around 150 years ago, the company has expanded to products in a wide range of fields, including fire hoses, seatbelts, and PALTEM pipeline rehabilitation. The foundation of this growth lies in the company's thread spinning technology. The secret to Ashimori's longevity is its ceaseless efforts to improve technology, as well as its flexible strategy of developing new products that meet society's needs while discontinuing unnecessary products. Ashimori has maintained this basic approach while emphasizing technology-driven efforts to contribute to society. The company should continue to embrace change and evolve without being satisfied with the status quo. I hope that, in keeping with the company's slogan, it will prioritize being "powered by innovation" as it flexibly adapts to change while passing on a spirit of growing and developing with the times.



Governance

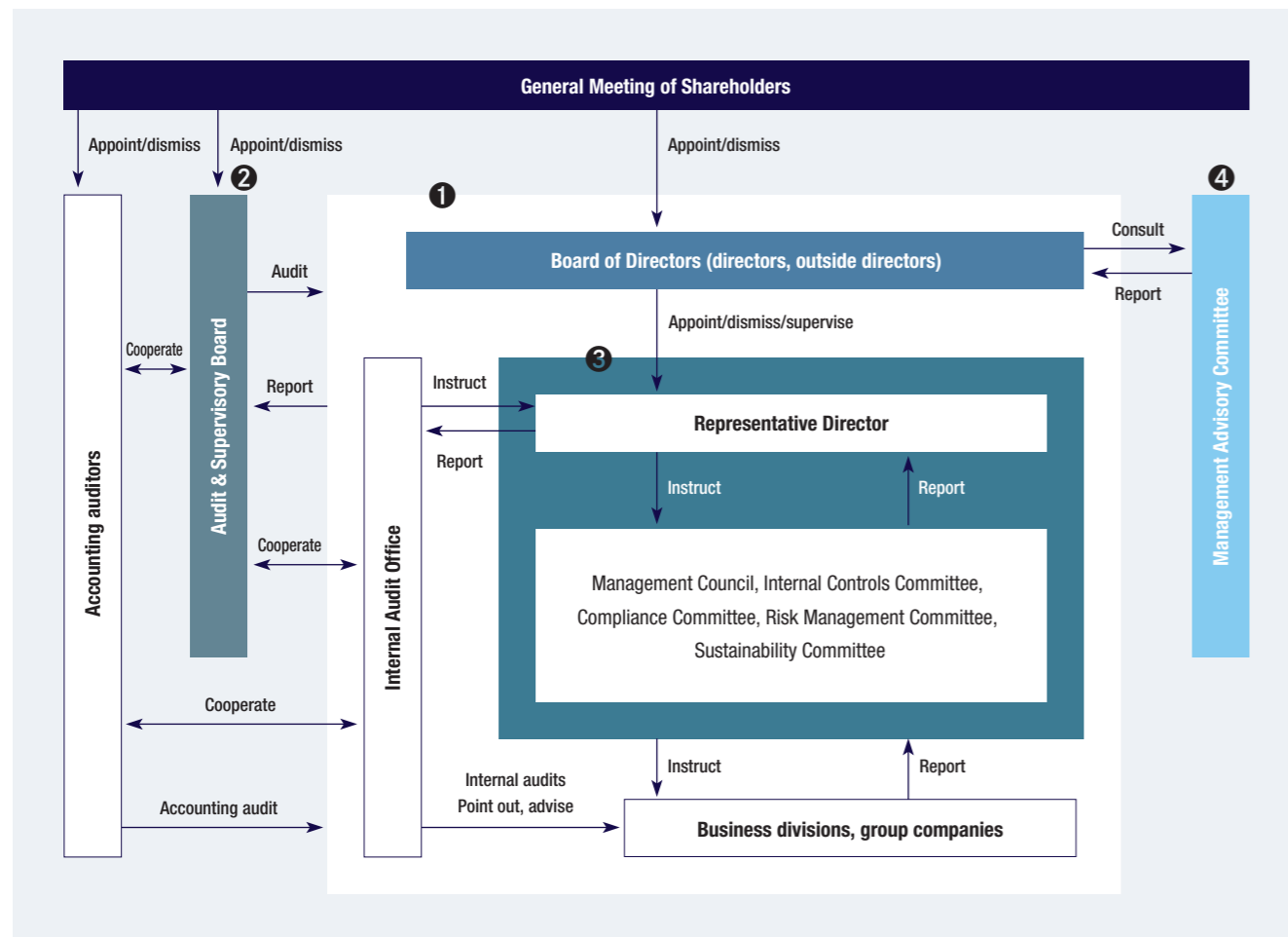
Corporate Governance

Basic Approach

Ashimori understands the importance of strong corporate governance in improving the efficiency and transparency of management and maximizing corporate value. That's why we strive to realize strong corporate governance through the following basic policy.

1. Respect shareholder rights by ensuring equality among shareholders, creating an environment conducive to the execution of their rights, and protecting these rights.
2. Cooperate in a fair and socially decent manner with all stakeholders, including shareholders.
3. Disclose information in accordance with the law, and ensure transparency by proactively disclosing information not required by law.
4. Have the Board of Directors properly exercise its roles and duties so that we can carry out transparent, fair, and flexible decision-making.
5. Carry out constructive dialogue with shareholders in sharing a direction for long-term, stable growth.

Corporate Governance



Overview of Board of Directors, Audit & Supervisory Board, and Committees

1 Board of Directors

9 directors

5 inside directors, 4 outside directors

The Board of Directors is comprised of nine directors (including four outside directors) who make resolutions on important matters based on the rules of the Board of Directors, in addition to matters stipulated by law, regulations and the Articles of Incorporation, and it supervises how each director executes his or her duties. Additionally, all Audit & Supervisory Board members attend meetings of the Board of Directors, allowing them to monitor how the directors execute their duties.

2 Audit & Supervisory Board

3 members

1 full-time member, 2 part-time members (including 2 outside members)

The Audit & Supervisory Board is comprised of one full-time member and two part-time members (including two outside members). In addition to meetings of the Board of Directors, the full-time member of the Audit & Supervisory Board attends important meetings, such as those of the Management Council, expressing their opinions as necessary to enable them to continually monitor how the directors execute their duties. Also, Audit & Supervisory Board members work closely with the Internal Audit Office and accounting auditors, periodically exchanging information and opinions in an effort to improve auditing functions.

3 Management Council

5 directors, 1 Audit & Supervisory Board member

7 executive officers, 7 division/general managers

The Management Council is comprised of five directors, one Audit & Supervisory Board member, seven executive officers, and seven division/general managers. It deliberates on Board of Directors' resolution matters and other important matters related to management and strives to improve the efficiency of management activities.

4 Management Advisory Committee

4 directors

1 inside director, 3 outside directors

The Management Advisory Committee is comprised of four directors (of which, three are outside directors), and its aim is to further strengthen Ashimori's corporate governance by increasing the fairness and objectivity of decision-making regarding important management matters, such as director nomination and remuneration.

Appointment and Dismissal of Directors

Management Advisory Committee

Ashimori has established a Management Advisory Committee as an advisory body to the Board of Directors. The aim of the Committee is to further strengthen the company's corporate governance by increasing the fairness and objectivity of decision-making regarding important management matters, such as director nomination and remuneration.

- Chair: Hideaki Sekioka (outside director)
- Members: Shigeyuki Washine (president)
Haruo Shimizu (outside director)
Takashi Ogawa (outside director)

Appointment and Dismissal of Directors

With regard to the nomination of director candidates and executive officers, in order to ensure transparency and fairness, standards and policies regarding candidate selection, as well as candidate selection proposals, are discussed by the Management Advisory Committee, a majority of which is outside directors. The results of these discussions are reported to the Board of Directors, and decisions are made by the Board of Directors based on the Management Advisory Committee's recommendations, taking into account knowledge, experience, ability, performance evaluation, and other relevant criteria.

With regard to the nomination of Audit & Supervisory Board member candidates, those individuals, who the Audit & Supervisory Board agree are suitable candidates possessing the requisite expertise, experience, and skills to fulfill the duties of an Audit & Supervisory Board member, if chosen by a vote of the Board of Directors, are proposed as Audit & Supervisory Board member candidates at the General Meeting of Shareholders.

If a director or executive officer commits an act that violates laws, regulations, the Articles of Incorporation, internal regulations, etc., or if it is found that they are unable to properly perform their duties due to mental or physical breakdown or lack of ability, the Board of Directors will, upon receipt of a recommendation from the Management Advisory Committee, deliberate on whether to dismiss said director or executive officer.

Reason for Directors' Appointment

	Name	Reason
Directors	Shigeyuki Washine	Since assuming the position of president in 2018, Washine has demonstrated strong leadership, supervising management and making appropriate decisions on important matters in pursuit of improved business performance.
	Futoshi Makimoto	As a director, Makimoto has appropriately supervised management and decided important matters, while, as managing executive officer and division manager of the High Performance Products Business Division, he has promoted the expansion and restructuring of the production system and implementation of technological improvements for the purpose of increasing sales and profitability.
	Shuichi Toriyama	Toriyama has a wealth of management department knowledge and experience, having worked in planning, finance and accounting at another company for many years, while, as a director at Ashimori Industry, he has appropriately supervised management and made decisions on important matters, as well as served as the general manager of the Administration Division and general manager of the Computer Systems Department, working to build the Group's management and IT systems. In addition, as the person in charge of accounting and finance management, he has pursued stronger, company-wide cost control and Group company management.
	Kaoru Nagatomi	As managing executive officer and division manager of the Automotive Safety Systems Business Division, Nagatomi has worked to improve sales and profitability by strengthening the quality control system, reducing Group-wide costs and building a collaborative structure with Toyoda Gosei Co., Ltd.
	Kazuyoshi Ito	As a director, Ito has performed appropriate management supervision and decision-making on important matters, and, as general manager of the PALTEM Management Group and representative director and president of Ashimori Engineering Co., Ltd., a group company, he has promoted the expansion of production and sales systems and technological improvements in the field of pipeline rehabilitation.
Directors (outside)	Hideaki Sekioka	Sekioka has a wealth of experience and wide-ranging knowledge, including administrative experience at the Ministry of Agriculture, Forestry and Fisheries, as well as management experience at other companies, and he has performed independent supervision of the Board of Directors. In addition, as the chairperson of the Management Advisory Committee, which is an advisory body to the Board of Directors and representative director, he is actively involved in strengthening the independence and objectivity of procedures related to officer nomination and remuneration, and in expanding corporate governance.
	Haruo Shimizu	Shimizu has a wealth of experience and wide-ranging knowledge, including from his many years as the CEO of Exedy Corporation, and he has provided appropriate advice to, and independent supervision of, the Board of Directors. In addition, as a member of the Management Advisory Committee, which is an advisory body to the Board of Directors and representative director, he is actively involved in strengthening the independence and objectivity of procedures related to officer nomination and remuneration, and in expanding corporate governance.
	Yasushi Okada	Having served as deputy chief of SS Headquarters at Toyoda Gosei Co., Ltd., among other roles, Okada is well-versed in the field of automotive components, particularly safety systems, and, as an outside director, performs supervision of the Board of Directors, as well as provides advice regarding Ashimori's automotive safety systems business.
	Takashi Ogawa	Having been involved in the development of automotive electronic components for many years at other companies, Ogawa is well-versed in the field of automotive components, and, having served as a director, among other roles, he has a wealth of experience and wide-ranging knowledge.

Officer Remuneration

Officer Remuneration Policy

The Board of Directors approves the policies used to determine officer remuneration and other matters.

The policies used in determining matters such as individual remuneration for directors shall adhere to the following.

- The total amount of officer remuneration, including bonuses to officers, shall be paid within the annual remuneration limit approved at the General Meeting of Shareholders.
- The level of remuneration is sufficient to secure excellent human resources from within and outside the company and ensure they remain motivated to improve business performance.
- The level of remuneration shall reflect changes in the business landscape and external, objective data, as well as take into account the balance between public standards, the details of management, and employee salaries.

Remuneration Determination Process

The Board of Directors has the authority to decide on policies regarding the amount of remuneration, such as for Ashimori's officers, and the method of calculating it. Additionally, the company has established a Management Advisory Committee, the majority of which is comprised of independent outside directors, and this Committee is chaired by an outside director to ensure transparency and provide fair and appropriate advice regarding officer remuneration.

In addition, the Board of Directors delegates to the representative director the decision to evaluate and distribute bonuses to each director except outside directors. The bonuses are linked to the performance of the department(s) of which the director is in charge.

Content of Performance-linked Remuneration

We have created a remuneration system that further increases morale and motivation to improve management performance, which consists of basic remuneration provided as monthly, fixed remuneration and bonuses provided as performance-linked remuneration.

The composition ratio of remuneration is designed so that, if performance targets are achieved at 100%, the basic remuneration will be 80% and bonuses will be 20% (bonus breakdown: 80% cash and 20% company stock compensation).

Also, as part of performance-linked bonuses, we have introduced a stock-based compensation scheme. (A stock acquisition right at a price of one yen.) This is to further increase morale and motivation to contribute to improving medium- and long-term business performance and corporate value. It helps directors share with our shareholders not only the benefits of a rise in the share price but also the risks associated with a decline in the share price.

Also, the policies used in determining matters such as individual remuneration for directors shall adhere to the following.

- Regarding the amount of individual remuneration, in principle, the amount of remuneration will be determined according to each director's position and in line with the Officer Remuneration Regulations.
- However, regarding bonuses which are linked to performance and constitute part of individual remuneration, the Management Advisory Committee shall discuss evaluations and corrections for each individual under consideration, based on the remuneration amount calculated in line with the Officer Remuneration Regulations, and shall submit a recommendation to the representative director who, having been delegated bonus evaluation and distribution authority by the Board of Directors, shall decide the amount to be paid based on the recommendation.
- The amount of remuneration for outside directors will be determined via a resolution of the Board of Directors.

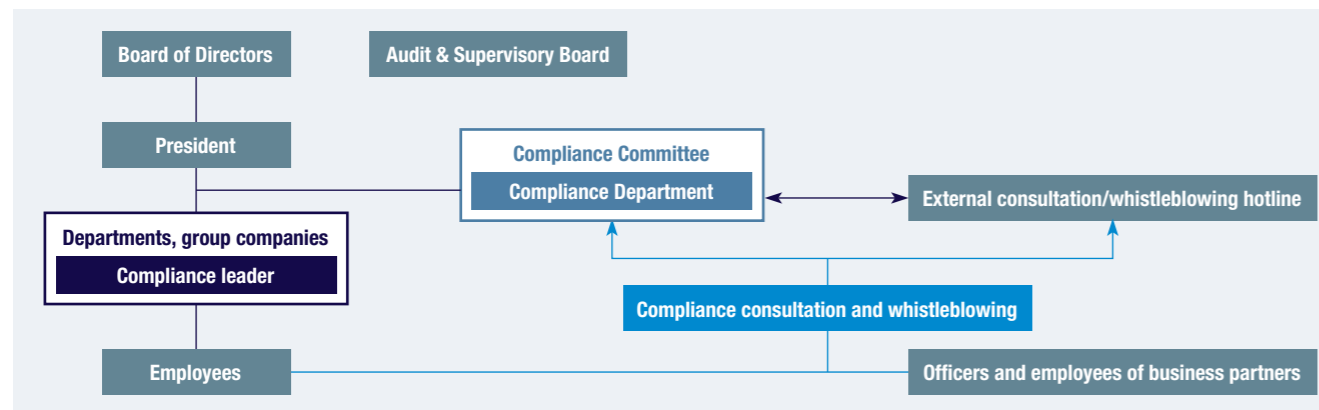
Executive Remuneration (Fiscal 2022)

Category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration by type (million yen)				Number of eligible executives
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Non-monetary compensation	
Directors (excluding outside directors)	133	108	24	—	0	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	16	16	—	—	—	1
Outside officers	16	16	—	—	—	7

Compliance

● Compliance Management Structure

We have a Compliance Committee chaired by our president. It meets twice a year, in principle, to report on progress in compliance activities and scheduled plans.



● Training

The Compliance Department holds ongoing training and education. In fiscal 2022, it held a total of 16 sessions using an e-learning system and covered such business-related legal and regulatory topics as harassment and bribery prevention.

Certain training is mandatory for all relevant employees in Japan and overseas. At overseas group companies, training specific to each country and region is held in order to improve compliance in the workplace.

Compliance guidebooks containing fundamental guidelines to follow in conducting business activities have been revised and updated seven times since they were first published in 2009 and are distributed to group companies both inside Japan and out.

● Whistleblowing System

We have established internal regulations regarding whistleblowing (Compliance Consultation and Whistleblower Protection Rules), and have established whistleblowing contact points in the Compliance Department, as well as at an external specialized organization (a law firm). When a whistleblower report is received, the Compliance Department instructs the relevant departments to investigate the matter and formulate and implement countermeasures. It reports the response to the whistleblower and confirms the corrective actions taken. The results of whistleblower reports are also reported to the Compliance Committee.

Risk Management

● Risk Management System

We have established risk management regulations, and, based on these, we convene a Risk Management Committee, which is chaired by the president, covers all group companies in Japan and overseas, and deliberates on risk identification and response, among other related topics.

● Internal Control

We have two internal control policies: the Basic Policy on Internal Control; and the Implementation Policy for Internal Control Assessment Related to Financial Reporting (Basic Plan Document). Based on these, the Internal Audit Office, under the direct supervision of the president, conducts internal audits of the Ashimori Group, including all worldwide group companies. Due to the COVID-19 pandemic, fiscal 2020 to 2022 audits for group companies, except those located near the Head Office, were mostly conducted online. From fiscal 2023, we will conduct on-site audits, depending on the risk, with the aim of improving effectiveness.

Information Security and Cyber Security

We have formulated in-house information security standards for all group companies in Japan as we strive to strengthen information security measures. Our overseas group companies have been undergoing general information security inspections, including cybersecurity, by third-party assessment firms since fiscal 2021.

Based on the results of these inspections, our three overseas production bases are making necessary, progressive improvements to their hardware and software. We make the necessary, relevant investments in strong and stable information security systems to ensure customer trust is our top priority. We also constantly work closely with business partners to strengthen information security, including cybersecurity measures.

Addressing Climate Change

In order to assess the impact of climate change-related risks and opportunities on our Group's business, we primarily relied upon the IPCC (Intergovernmental Panel on Climate Change) 6th Assessment Report and the IEA (International Energy Agency) World Energy Outlook 2022, as well as *Climate Change in Japan 2020* (detailed version) by the Ministry of Education, Culture, Sports, Science and Technology and the Japan Meteorological Agency.

As a general guide for the periods, the short term is until 2028, the medium term is 2035, and the long term is 2050.

1. Physical risks

Regarding physical risks, we examined the risks of the SSP1-1.9 scenario, which has very low greenhouse gas emissions, and the SSP5-8.5 scenario, which has very high greenhouse gas emissions, from the IPCC 6th Assessment Report.

The results were that, although the increase in physical risk is limited under the SSP1-1.9 scenario, the SSP5-8.5 scenario made us recognize, once again, the importance of regularly reviewing measures to prepare for natural disasters at multiple sites, not only in the long term but also in the medium term.

For the process of identifying the location of risks, we investigated the impact on business operations and factory operations over the past 20 years at all locations of our company, and all group companies, in Japan and overseas (focusing on business offices and factories, but excluding sales offices) of events that have the potential to become more severe and increase risks due to climate change, specifically the acute risks of heavy rain, floods, landslides, storm surges, typhoons, and heavy snow, and the chronic risk of power shortages, which are primarily associated with droughts, high temperatures, and cold waves.

We found that there have been a total of three operational outages at multiple locations in Japan and overseas due to weather events such as typhoons and heavy snow, but none of these lasted more than a day and the impact of each was minor, resulting in no economic loss.

For flood, landslide, and storm surge risks at all sites, encompassing both our company and domestic group companies, we found that, based on the Ministry of Land, Infrastructure, Transport and Tourism's hazard map, there

are six business sites in flood-prone areas, two in storm surge-prone areas, and one in landslide-prone areas.

The Ogi Plant (Saga Prefecture) belonging to Allsafe Japan Ltd., which is a group company, was identified as being in a landslide-prone area according to the hazard map. Construction work to reduce the risk of landslides was carried out in October 2022, with the support and cooperation of the local government, on the slope adjacent to the factory using anchors and pressure plates.



Since 2000, our Chinese plant has ceased operations due to blackouts caused by power outages a total of seven times (all for one day), but the impact was minimal and there was no economic loss.

Together with our group companies, we are taking measures to minimize the impact of disasters through comprehensive risk management, including business continuity plans that include replacing branch operations at the Head Office and alternative production at other factories.

2. Transition risks

We considered transition risks by sorting and discussing them according to the different categories of "policy and legal," "technology," "market," and "reputation," along with opportunities, with our main references being the IEA's NZE2050 (which focuses on a scenario in which global CO₂ emissions become virtually zero by 2050) and STEPS (Stated Policies Scenario).

Policy and legal

In the NZE scenario, which requires the strongest efforts, there is a risk that production costs will rise further due to the introduction of a carbon tax and electricity costs rising or remaining high. We recognize that further reductions in manufacturing costs will lead to stronger resilience. (Short- to long-term)

Technology

In both the NZE and STEPS scenarios, if we are unable to reduce GHG (greenhouse gas) emissions associated with production, there may be a risk of losing competitiveness. On the other hand, we believe that promoting comprehensive GHG measures, including energy conservation, will increase opportunities to improve profitability. (Medium- to long-term)

Market

In both the NZE and STEPS scenarios, because the main products in the

automotive safety systems business are automotive seatbelts, airbags, and interior parts, we believe that the direct impact of the shift away from fossil fuels in the market and the increasing share of electric vehicles and other vehicles will be limited. (Short- to long-term)

On the other hand, if the growth of new car sales is inhibited by the growth in car sharing, there is a risk that sales and production facilities will be affected, which could affect our finances. (Long-term)

In the high-performance product business, under both the NZE and STEPS scenarios, it is possible that demand for large-scale rainwater drainage pipe construction, which uses our PALTEM pipeline rehabilitation technology developed over the years, and existing products like drainage hoses and disaster tents may expand, especially as part of measures against flooding during heavy rains and torrential rains in urban areas. (Short- to long-term)

Reputation

By creating and steadily implementing a roadmap toward carbon neutrality, developing new disaster prevention-related products, and improving the quality and functionality of existing products, we believe that whether we will be able to contribute to society through disaster prevention and mitigation, and to disclose accurate information is both a risk and opportunity in terms of reputation. (Short- to medium-term)

Environmental

Basic Environmental Policy

We have established the following Basic Environmental Policy and will engage in environmental conservation activities.

1. We will consider the impact of our business activities on the environment, set goals and targets for environmental conservation, and pursue environmental conservation.
2. In addition to complying with environmental laws and agreements, we will also establish internal regulations, work to prevent pollution, and strive to ensure our customers feel satisfied with regard to the environment.
3. We will treat the following items as environmental priorities.
 - (1) Reducing the amount of industrial waste sent to landfills and reducing the amount of product loss.
 - (2) Reducing environmental pollutant emissions.
 - (3) Conserving energy and preventing global warming.
 - (4) Developing environmentally friendly products.
4. Through education and training on environmental conservation, as well as internal public relations activities and other means, we will work to raise the environmental awareness of people associated with our company and will engage in environmentally friendly activities.

We obtained environmental management system (ISO14001) certification in 2002 and have developed a quality and environmental management manual and environmental management regulations, as well as regularly report on our activities at meetings of the Management Council.

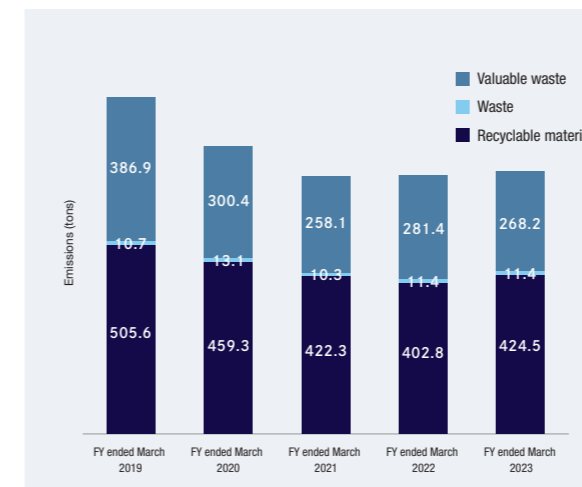
Toward a Circular Economy

Reducing Industrial Waste

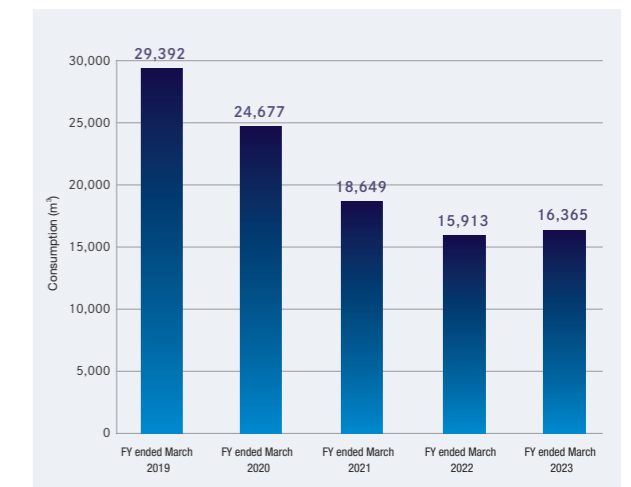
Within the Ashimori Group, we are making ongoing efforts to help with the realization of a circular economy by stressing the 3Rs (reduce, reuse, and recycle) in an effort to reduce waste. For example, we are working to reduce industrial waste by dissolving some discarded documents as valuable waste.

Also, helping secure water resources is another important issue for us. We are working to reduce the amount of water we use, such as by utilizing industrial-use water recycling technology.

Amount of valuable waste, industrial waste, and recyclable materials emitted at the Osaka Plant and the Sasayama Plant



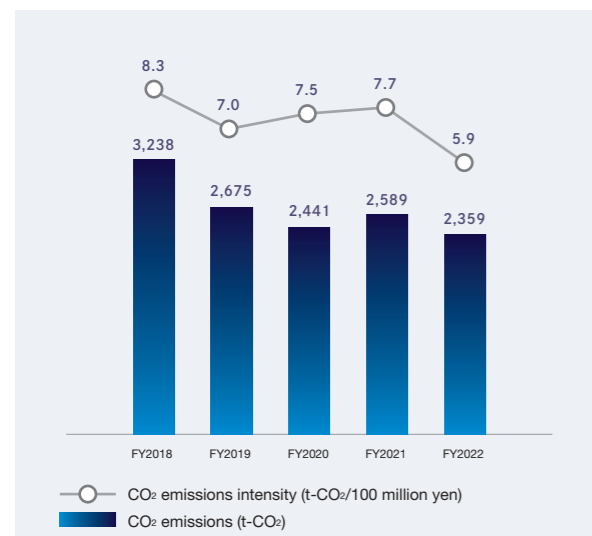
Amount of industrial-use water consumed at the Head Office and the Osaka Plant



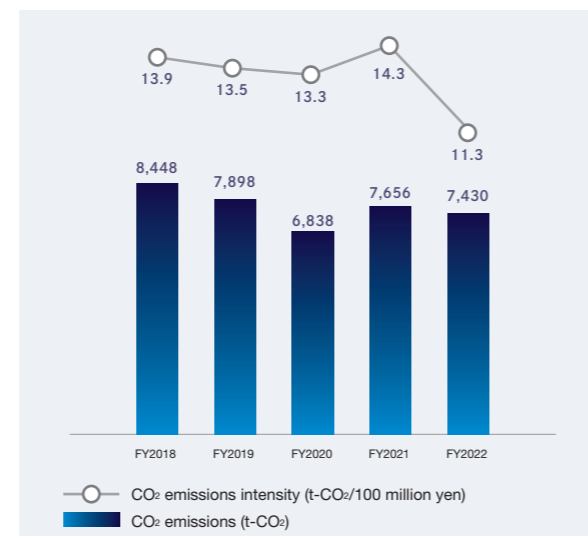
Reducing CO₂ Emissions

The following are the trends in CO₂ emissions (Scope 1 and Scope 2) for Ashimori and its consolidated group (domestic and overseas) for the period encompassing the fiscal year ended March 2019 to the fiscal year ended March 2023.

Ashimori Industry (non-consolidated)



Ashimori Group (consolidated)



Saving Energy and Reducing Environmental Impact

Using Renewable Energy

The Ashimori Group has installed solar power generation equipment on the roofs of some of its factories. At group companies (in India and Mexico), we are striving for decarbonization by using this solar power toward running the factories. In Japan (Yamaguchi Prefecture), we operate as a solar power provider to help reduce environmental impact and contribute to protecting the environment.



Ashimori India Private Limited



Ashimori Industria de Mexico, S.A. de C.V



Ashimori Industry Yamaguchi Co., Ltd.

Initiatives at Offices and Plants

We have almost completed the installation of LED light bulbs in the Head Office, and installation is underway in the Osaka Plant. We are also systematically updating our air conditioning equipment to reduce power consumption.

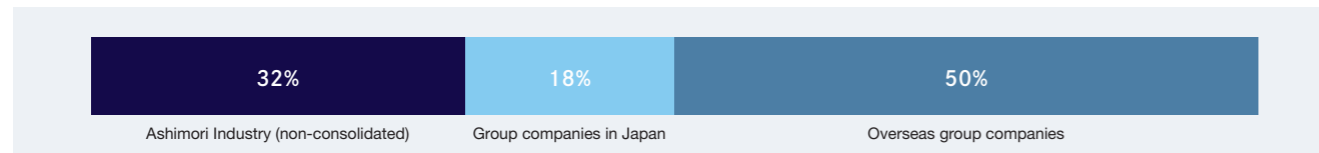
Carbon Neutrality Initiatives

● Ascertaining the Current State of Greenhouse Gas Emissions (≈ CO₂)

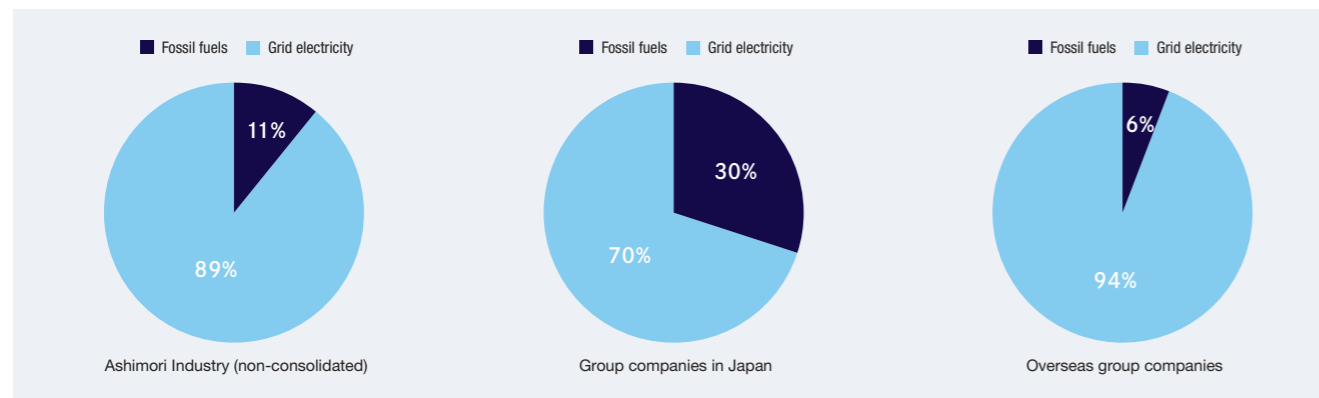
For our entire Group, approximately 30% of CO₂ emissions come from Ashimori Industry (Head Office and Osaka Plant, Sasayama Plant, etc.), approximately 20% from domestic group companies, and approximately 50% from overseas group companies.

The proportion of grid power (electricity supplied from the power company's transmission and distribution network) is high at all of our locations, and this proportion is particularly noticeable at Ashimori Industry and overseas group companies.

Non-consolidated and Domestic/Overseas Group Company CO₂ Emission Ratio (FY2021)



Fossil Fuel and Grid Electricity CO₂ Emissions Ratio (FY2021)

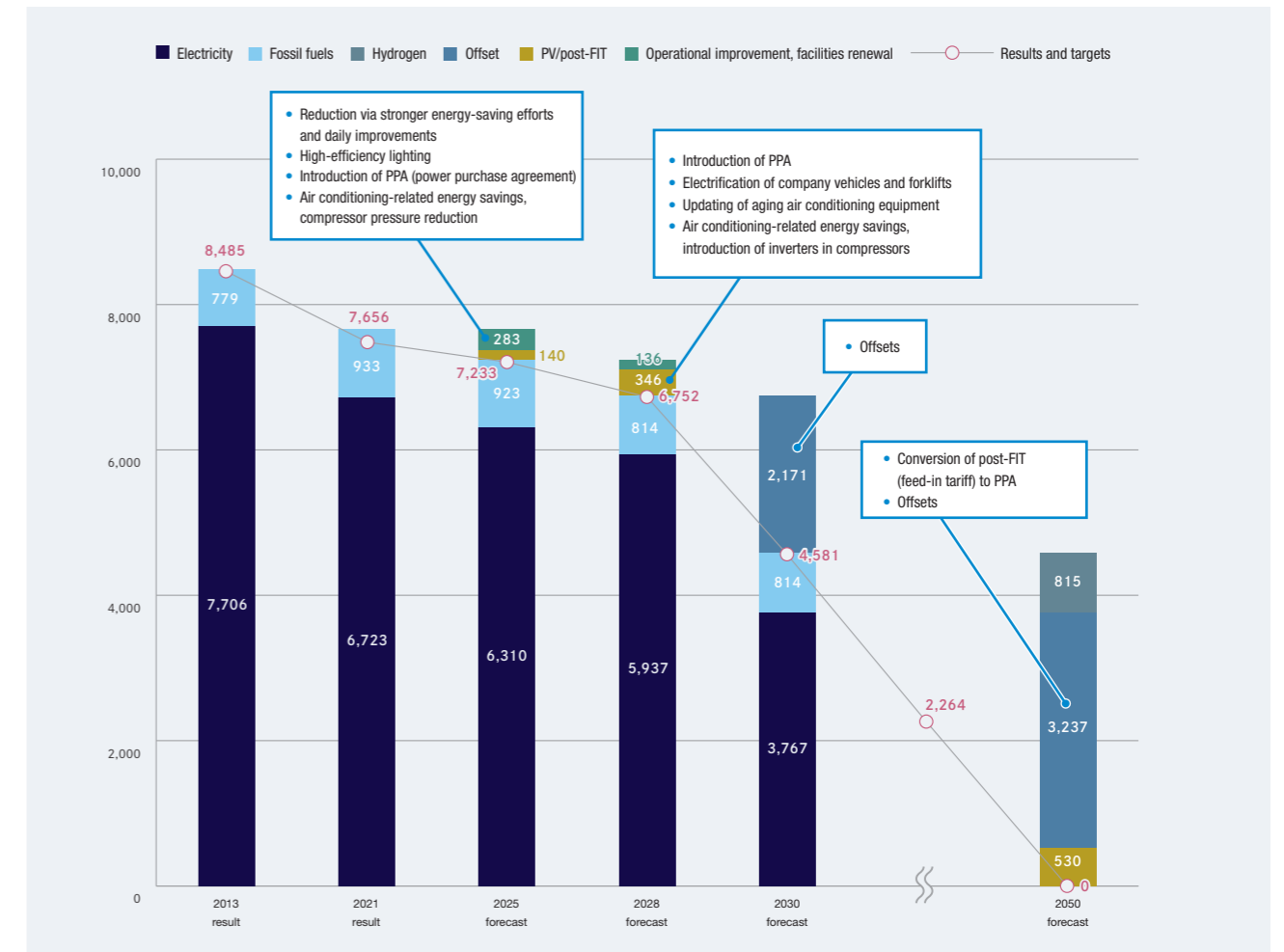


● Carbon Neutrality Roadmap

We calculated and disclosed greenhouse gas (≈ CO₂) emissions for the first time in 2022 and have created a draft roadmap to reduce this in the future and achieve carbon neutrality, based on on-site surveys at major domestic plants in September 2022.

- (1) In line with the Japanese government's goals, we have formulated a plan for our Group to reduce greenhouse gas emissions by 46% in fiscal 2030 compared to fiscal 2013 and achieve carbon neutrality by fiscal 2050.
- (2) We cover Scope 1 (direct emissions) and Scope 2 (indirect emissions, such as purchased electricity), which include those of all group companies in Japan and overseas, but we do not cover Scope 3 (indirect emissions at other companies during the production process of purchased raw materials, parts, etc.).
- (3) The main means of achieving this plan are (1) operational improvements and updates to energy-saving equipment, (2) energy creation (solar power generation), and (3) offsets.
- (4) The current estimated total investment for these is 1,874 million yen for a cumulative total of 28 years until fiscal 2050, and the cumulative cost reduction effect (reducing the amount of purchased electricity through solar power generation and switching to LED, etc.) is 1,498 million yen.
- (5) The effects of operational improvements and the amount of additional investment are calculated only for the Osaka Plant, Sasayama Plant, and Ashimori Industry Yamaguchi Co., Ltd., where the on-site surveys were conducted.

CO₂ Emissions



Note: The PPA potential of overseas group companies is not reflected.

● Measures

In fiscal 2022, we conducted on-site surveys at the Osaka Plant, Sasayama Plant, and Ashimori Industry Yamaguchi Co., Ltd. with the aim of reducing CO₂ emissions, and various measures were considered.

At the Osaka Plant, we have been reducing the air conditioning load via thermal barrier coating applied to the roofs, and this is scheduled to be completed by fiscal 2024.

In addition, conversion to LED lighting equipment is currently about one-fourth of the way to completion and progress is being made in stages. In the future, if the remaining lighting fixtures are replaced with LEDs, electricity usage could be reduced by 558,574 kWh per year.

We are also prioritizing the updating of older equipment, starting with those that will provide the most effect. Based on the results of the on-site survey, the Sasayama Plant installed an inverter for its compressor.

With regard to compressors, Ashimori Industry Yamaguchi has postponed updating its equipment but is working to minimize the drop in suction pressure caused by filter clogging.



Social

Human Resource Strategy

Interview with the Personnel Department General Manager

We will work to strengthen our human resource foundation in support of sustained growth for Ashimori Industry.



General Manager,
Personnel Department

Hirofumi Takahashi

Human Resources at Ashimori Industry

Q. What sort of importance is put on the people who work for Ashimori Industry and the Ashimori Group?

A. Human resources are the foundation of our Group, and we believe that human resource growth and development, along with the creation of a comfortable work environment, are essential for our growth. We believe that the reason we have been able to continue as a company for 145 years is because of our human resource foundation and its collective strength, which we have been able to draw upon in difficult situations.

We will keep working to strengthen our human resource foundation by providing training and growth opportunities and creating a comfortable work environment.

Ideal Employee Profile

Q. From the perspective of sustainable management, what sorts of human resources are you looking for to support Ashimori Industry in the future?

A. We have developed a new three-year Medium-Term Management Plan, which started in 2022, as well as developed the New Ashimori Vision 2028 to achieve this plan. A particular focus is on human resource development. In order to clarify the sort of human resources we are looking for, who will support our company in the future and to strengthen human resource development in pursuit of this ideal, we have formulated the Ashimori Group HR Vision Statement.

Our ideal human resources are individuals with advanced expertise and a broad perspective who can think logically and solve problems quickly while being strongly committed to our company principles and taking the appreciation they receive for their efforts inside and outside the company to make their job more rewarding. Attaining this ideal requires refinement of personal competencies and abilities, particularly those of aspiration, action, innovation, responsibility, and leadership.

Furthermore, as part of our human resource development policy, we are committed to fair evaluation and treatment, creating educational opportunities, and improving the workplace environment for our employees.

Human Resource Development Policy

Q. What kind of training policies do you have in place to increase employee motivation and support their growth?

A. We will conduct a review of our personnel system, which heavily emphasizes seniority, to move toward a fairer personnel system that reflects individual effort and achievement in employee compensation.

Without changing our established commitment to valuing people, we will encourage early advancement of talented personnel, regardless of age or years of service, in order to promote individual growth and organizational revitalization.

However, despite the fact that we have many individually talented personnel, there is somewhat of a lack of cohesion; thus, we are working to strengthen our management capabilities in order to maximally empower human resources individually while ensuring all employees are on the same path towards achieving the organizational goal of corporate performance.

With 2022 as the first year in an ongoing effort to change our way of thinking, we have begun efforts to reform our company culture.

We have put together the Ashimori Group Employee Code of Conduct, which provides guidelines regarding job execution and basic workplace behavior, and are working to ensure that it becomes firmly established across our Group. "Firmly established" means that behavior that accords with this code of conduct becomes second nature for all employees. Towards that end, we have also started group activities for all employees so as to ensure that the employee code of conduct indeed becomes firmly established.

These employee group activities begin with a reading of the code of conduct and then moves on to more practical content that can be applied to the specific workplace.

In 2023, after reviewing the content, we published a revised version of the code of conduct, and this included a shift away from philosophy-centered expressions to more practical content.



Human Capital

Q. Tell us about the direction you will take to strengthen human capital, including the systems and investments required to recruit and develop ideal human resources for Ashimori.

A. Given that human resource mobility is inevitable, hiring work-ready personnel is no longer a viable means of achieving immediate business results.

With every company facing labor shortages, what's important is not recruiting the target number of people but rather increasing the number of people who can fulfill the desired roles of the company. Now that we have clarified our vision with regard to our expectations for human resources, the urgent task is to develop human resources at each level in accordance with that vision.

We will leverage resources, both internal and external, to systematically train up the management skills and human resource development capabilities of managers, strengthen the skills of mid-level employees, and quickly turn inexperienced employees into effective personnel, starting from those closer to management. At the same time, to carry out more flexible recruitment, we will hire mid-career personnel with new perspectives and knowledge while actively investing in raising the level of our human resource foundation, as well as strengthening that foundation to make it more adaptable to change.

Human Resources

● Basic Stance on Human Resources

Our Group has incorporated into our Code of Conduct stipulations about treating employees fairly and appropriately, ensuring a safe and comfortable working environment, and promoting positive work-life balance and health. With this in mind, we aim to increase corporate value by improving the quality of our human capital.

Our ideal Ashimori employee is someone strongly committed to our company principles, who takes the appreciation they receive for their efforts inside and outside the company to make their job more rewarding and, thereby, to achieve growth. We have thus formulated the Ashimori Group HR Vision Statement to foster and realize this ideal, and we are pursuing reforms to our personnel and education systems in line with our human resource development policy.

Ashimori Group HR Vision Statement

**Individuals with advanced expertise and a broad perspective
who can think logically and solve problems quickly**

Aspiration	Always aim to improve and never be complacent
Action	Set high goals and take the initiative to meet expectations
Innovation	Keep an open mind so that you can apply technology and generate innovation
Responsibility	Implement a disciplined approach to problem solving and be accountable for decisions and actions
Leadership	Communicate to get people involved in alignment with our organization's goals

● Human Resource Development Policy

1. Our company gives fair evaluations of employees who have achieved results and are willing to work hard.
2. Our company promotes employee education and growth.
3. Our company strives to create a comfortable working environment and a culture of openness and honesty.

A recent example of this in action is our institutionalization of working from home as part of our work style reforms, which was introduced with the aim of preventing the spread of COVID-19 during the pandemic, which is now coming to an end.

Our Group has also incorporated into our Code of Conduct stipulations about respecting human rights by accepting different cultures, customs, and values, and about promoting diversity. Based on these stipulations, we have formulated the Ashimori Group Human Rights Policy Statement, by which we work to secure a workplace free from all discrimination and harassment of any form on the grounds of nationality, race, ethnicity, gender, age, creed, religion, disability, sexual identity and orientation, or otherwise. In addition, our Group strives to ensure our business activities are considerate of human rights, such as by not using raw materials connected in any way with human rights abuse, such as forced labor and child labor.

● Personnel System (non-consolidated)

Using an MBO (management by objectives) sheet, all employees meet with their supervisors at the beginning of the fiscal year to determine their goals. Managers conduct annual self-evaluations and non-managerial employees conduct semiannual self-evaluations and have feedback interviews with their supervisors. To ensure fair and transparent evaluations, we invite external instructors and conduct training for all managers.

● Human Resource Development

We provide necessary training for each level of employees: managers, mid-level employees, and younger employees. Employees are able to learn and deepen their understanding of leadership and other skills: for managers through appraiser training and new manager training, and for mid-career employees through mid-career training. We also provide training for younger employees, starting with new employee training and training for employees up to their fifth year in the company, in order to facilitate employee development contributing to the realization of the Ashimori Group HR Vision Statement.

● Diversity and Inclusion

Period: April 1, 2022 to March 31, 2023; reference date: March 31, 2023

Item	Non-consolidated	Consolidated	Note
Percentage of women among new graduate hires	50.0%	40.0%	Employees who joined our companies in Japan in April 2022
Percentage of women among mid-career hires	10.0%	30.5%	Employees in Japan
Percentage of women	14.8%	52.8%	Full-time employees
Percentage of female managers	2.2%	10.1%	
Percentage of female section chiefs*	18.1%	22.4%	
Ratio of overseas employees	-	67.4%	

*Positions with a certain level of authority as a leader under managers

● Work-life Balance

Item	Non-consolidated	Consolidated	Note
Percentage of male employees taking childcare leave	60.0%	48.1%	Employees in Japan
Percentage of female employees returning to work after taking childcare leave	100.0%	100.0%	Employees in Japan
Percentage of female employees quitting their jobs after taking childcare leave	0.0%	0.0%	Employees in Japan
Number of employees working from home	393	-	
Number of employees using staggered working hours system	118	-	

Human Rights

● Human Rights Policy

This Human Rights Policy Statement was approved by the Board of Directors of Ashimori Industry Co., Ltd. on April 26, 2023.

Ashimori Group Human Rights Policy Statement

The Ashimori Group (Ashimori Industry Co., Ltd. and its domestic and overseas group companies, hereinafter referred to as “we”) has been supported for many years since our founding in 1878 by numerous people including local communities, suppliers, and customers of the countries and regions in which we operate, and we have grown and expanded our business by tackling new challenges continuously. We are committed to endeavoring to respect human rights in our business activities and we hereby set forth the Ashimori Group Human Rights Policy Statement, which every person in the

Ashimori Group should observe based on the Ashimori Group Code of Conduct, guided by the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the Declaration on Fundamental Principles and Rights at Work (International Labour Organization [ILO]), the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights, in order for us to be beneficial continuously to society especially in manufacturing products to keep people safe and make them feel secured.

1 | Commitment to respect for human rights

We understand that our business activities may directly or indirectly affect human rights. We recognize that respect for human rights is an important issue to be addressed in the management of our business, and we are committed to making every effort to fulfill our responsibility to ensure that human rights are respected in all of our business activities.

3 | Human rights of our executives and employees

We will secure a workplace free from all discrimination and harassment of any form on the grounds of nationality, race, ethnicity, gender, age, creed, religion, disability, sexual identity and orientation, or otherwise. Likewise, we will not tolerate any type of human rights abuse, such as forced labor and child labor. We respect the freedom of association and the right to collective bargaining.

5 | Human rights due diligence

We understand that we must identify and prevent or mitigate any actual or potential adverse impacts on human rights associated with our business activities through our human rights due diligence process.

7 | Disclosure

We will disclose information on our human rights actions appropriately.

2 | Scope of responsibility

This policy statement is applied to all executives and employees of the Ashimori Group. We are committed to acting responsibly so that all stakeholders understand and agree with this policy statement. We will strive to respond in an appropriate manner to human rights abuse by our suppliers, business partners, or customers.

4 | Education and training

We will provide appropriate education and training to all our executives and employees in order to ensure that this policy statement is established firmly and implemented effectively in all aspects of our business.

6 | Remedy

In case it is certain that we have caused or been implicated to adverse impacts on human rights by our business activities, we take appropriate remedial action.

8 | Stakeholder engagement

We will conduct dialogue and consultation with relevant stakeholders on our efforts for this Human Rights Policy Statement in course of promoting our actions for respecting human rights.

● Human Rights Due Diligence

This was conducted for all group companies in Japan and overseas in fiscal 2022. There are several group companies that have insufficient related internal regulations, and we plan to complete improvements within fiscal 2023.

We also plan to conduct human rights due diligence on our business partners starting this fiscal year.

Community Contribution

● Contributing to Education: Factory Tours for Children and Visiting Elementary Schools

For many years, the Ashimori Head Office and Osaka Plant (Settsu, Osaka Prefecture) have been featured as an example of a manufacturing company in supplementary textbooks for third- and fourth-grade elementary school students in Settsu City.

Due to the impact of the COVID-19 pandemic, we were unable to provide plant tours to local elementary schools in 2021 and 2022; instead, our employees visited schools to lead lessons for students. In 2023, multiple elementary schools in Settsu City visited our Head Office and Osaka Plant and took a plant tour. We have also continued our visits to schools to give lessons for students in lieu of plant tours.

We want to continue communicating, through various activities rooted in local communities, our business as well as the importance of manufacturing.



The plant tour held for the first time in four years

● Crime and Disaster Prevention: Company Fire Brigade

Ashimori has its own fire brigade, which operates as a fire and rescue division within the organization of the municipality of Settsu, where Ashimori’s Head Office and Osaka Plant are located.

The skills and knowledge built up through periodic drills and exercises are put to work by our fire brigade to help secure safety in the event of fires or other disasters at Ashimori or in the community.

Occupational Safety and Health

We have developed a safety and health policy grounded on the basic principle of “Think on your own, act on your own.”

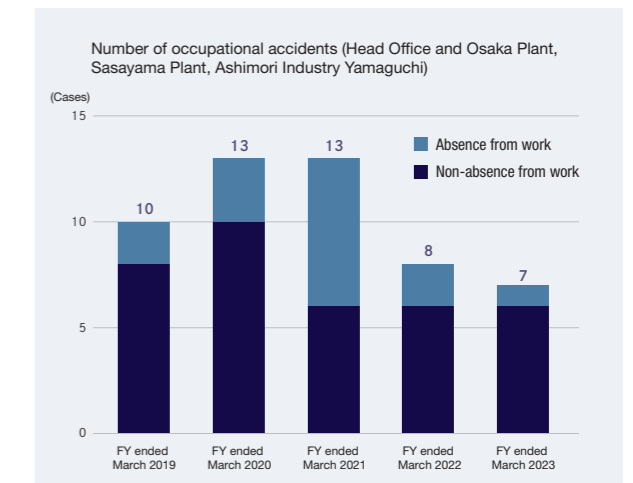
● Action Policy

- Aim for zero accidents (occupational accidents, fires, and traffic accidents) and zero dangers.
- Work with the 5S* and 5-Constants* in mind.
- Promote mental and physical health.
- Expand and enrich safety and health education and management systems.
- Ensure a safe and comfortable working environment.
- Comply with laws, regulations, and societal rules, and strive to coexist with local communities.

*5-S: Sort, Set in order, Shine, Standardize, Sustain
5-Constants: Constant time, height, item, quantity, and position

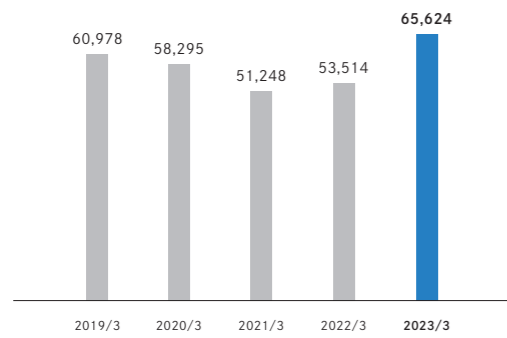
For workplace accidents, regardless of severity, an accident report is promptly prepared, the cause is separately investigated, and measures are taken to prevent reoccurrence.

The following are the numbers of occupational accidents that have occurred at the Head Office and the Osaka Plant, the Sasayama Plant, and Ashimori Industry Yamaguchi. (These figures include accidents such as falls on bicycles on the way to work.)



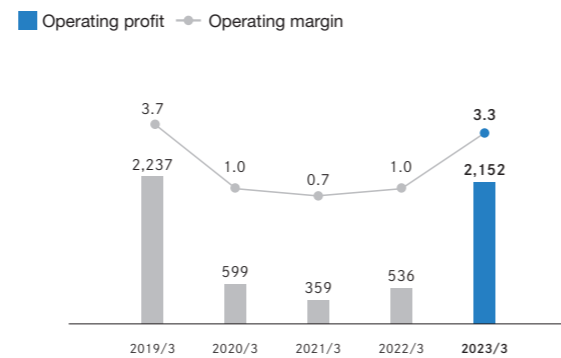
Financial Highlights

Net sales (million yen)



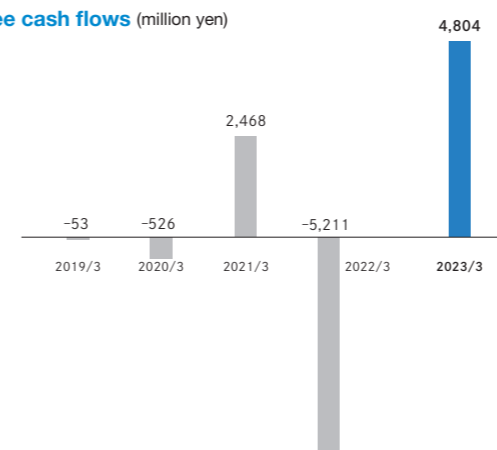
Net sales improved by 12,109 million yen over the previous fiscal year to a record 65,624 million yen. This can be credited to significant performance gains in the automotive safety systems business on the strength of production recovery and the effects of a weak yen, and to the high performance products business, which saw strong performance throughout the year for PALTEM construction.

Operating profit (million yen) / Operating margin (%)



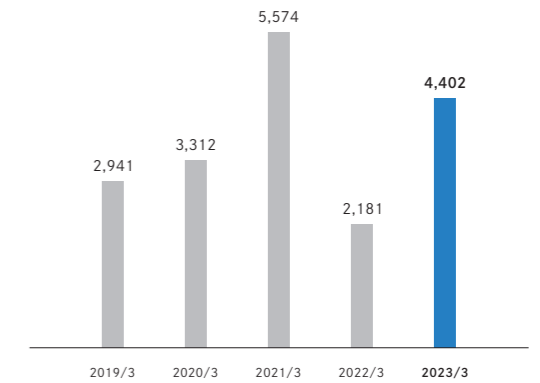
Along with increased earnings came a year-on-year increase in operating profit of 1,616 million yen to 2,152 million yen. In the automotive safety systems business, despite higher prices for raw materials and higher logistics costs, performance improved significantly on factors such as production recovery. In the high performance products business, difficulties continued in labor-saving logistics products and the demand fell for fire hydrant hoses and production dropped dramatically for trucks. However, strong performance for PALTEM construction contributed to the year-on-year gain.

Free cash flows (million yen)



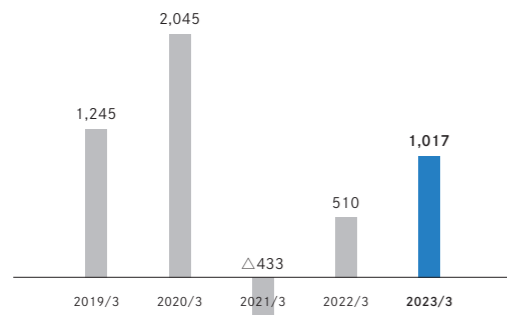
Cash flows from operating activities were 6,267 million yen. This mainly breaks down into profit before income taxes of 2,110 million yen, depreciation of 1,885 million yen, impairment losses of 690 million yen, and increase in trade payables of 1,393 million yen. Cash flows from investing activities were 1,463 million yen. This mainly breaks down into purchase of tangible assets of 1,535 million yen and proceeds from sales of tangible assets of 201 million yen.

Cash and cash equivalents at end of period (million yen)



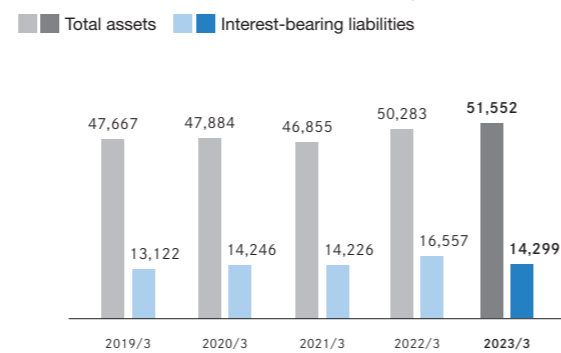
Cash and cash equivalents were 4,402 million yen, up 2,220 million yen over the previous fiscal year.

Net income attributable to owners of the parent (million yen)



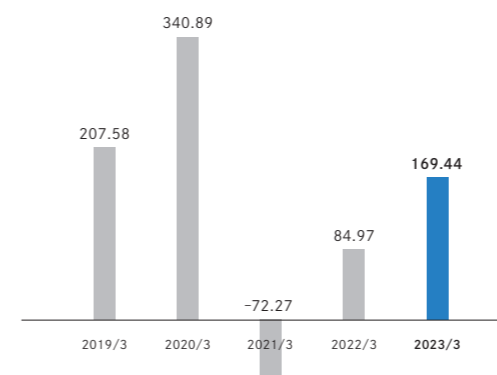
Overseas subsidiary Ashimori Industria de Mexico, S.A. de C.V. continued its operating deficit, as that company's fixed assets underwent an impairment loss of 690 million yen that was written off as extraordinary losses. As well, 421 million yen had to be withdrawn from deferred tax credits. However, net income attributable to owners of the parent was up by 507 million yen over the previous fiscal year to 1,017 million yen.

Total assets (million yen) / Interest-bearing liabilities



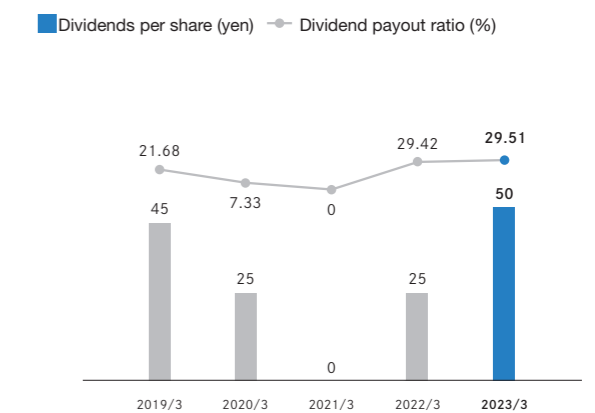
Total assets at the end of the consolidated fiscal year were 51,552 million yen, up 1,268 million over the previous fiscal year. Factors such as the impairment loss at our Mexican subsidiary led to a decrease in tangible fixed assets of 893 million yen. Both long- and short-term interest-bearing liabilities were 14,299 million yen, accounting for 28% of total assets of 51,552 million yen. Future investment will be implemented after careful consideration of its profitability and impact on our financial position.

Earnings per share (yen)



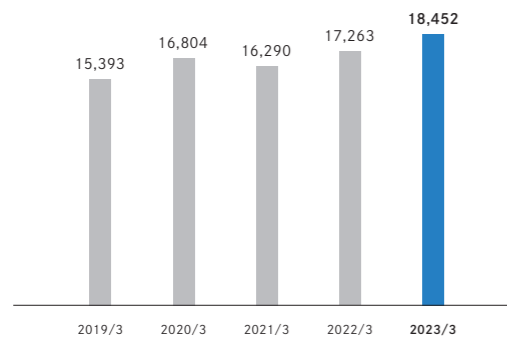
With an increase in operating profit, earnings per share improved dramatically.

Dividends per share (yen) / Dividend payout ratio (%)



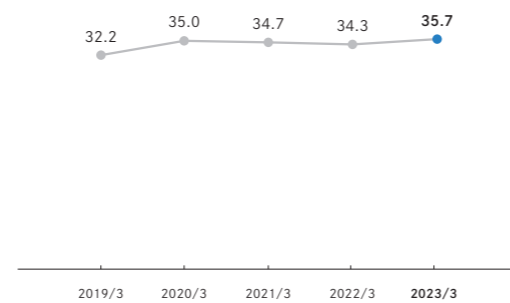
Since we believe profit allocation is the most important financial matter, we aim for ongoing stable dividends. We will continue to strive for a stable management foundation and an increasingly higher return on equity.

Net assets (million yen)



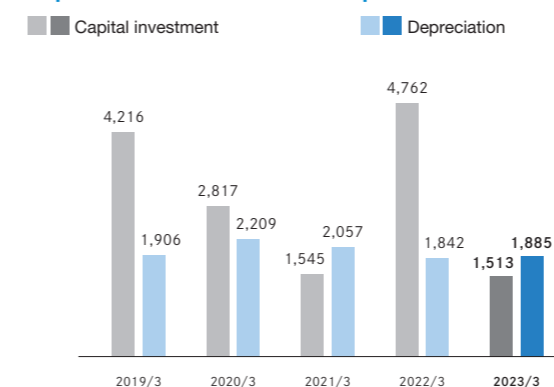
Net assets were 18,452 million yen, up 1,188 million yen over the previous fiscal year. Contributing to this was an increase in retained earnings of 865 million yen on net income attributable to owners of the parent of 1,017 million yen.

Equity ratio (%)



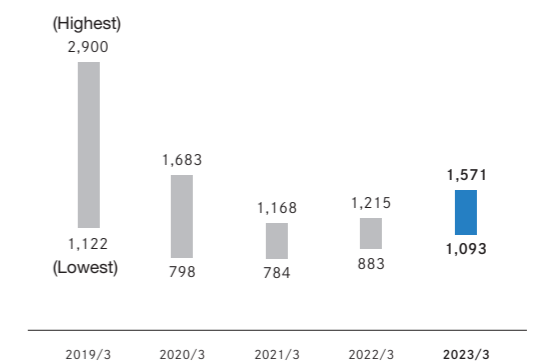
The equity ratio was 35.7%, up 1.4 points from the 34.3% of the previous fiscal year.

Capital investment (million yen) / Depreciation (million yen)



Part of capital investment was an outlay of 1,082 million yen in the automotive safety systems business. We have completed a large investment to build factories in order to expand production bases. We will now invest in molding machinery to improve products and upgrade production facilities to replace aging equipment in Japan.

Stock price (yen)



Major Financial Data of the Past 11 Years

		2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03	2023/03
Net sales (million yen)	Consolidated	43,324	46,729	48,067	51,380	50,331	56,714	60,978	58,295	51,248	53,514	65,624
Operating profit (million yen)	Consolidated	209	1,166	1,025	2,071	1,510	1,879	2,237	599	359	536	2,152
Ordinary profit (million yen)	Consolidated	467	1,564	1,306	1,700	1,362	1,946	2,321	652	419	671	2,796
Net income attributable to owners of the parent (million yen)	Consolidated	156	(1,225)	1,470	1,360	1,019	457	1,245	2,045	(433)	510	1,017
Capital investment (million yen)		1,440	1,224	1,728	1,800	2,691	3,803	4,216	2,817	1,545	4,762	1,513
Depreciation (million yen)		1,389	1,356	1,293	1,342	1,281	1,650	1,906	2,209	2,057	1,842	1,885
Cash flows from operating activities (million yen)		502	795	(1,444)	3,241	1,930	1,917	3,765	(46)	3,487	(1,021)	6,267
Cash flows from investing activities (million yen)		(897)	(1,146)	(594)	(1,495)	(3,673)	(2,944)	(3,818)	(480)	(1,019)	(4,190)	(1,463)
Cash flows from financing activities (million yen)		549	802	615	(951)	1,956	282	560	928	(221)	1,738	(2,700)
Free cash flows (million yen)		(395)	(351)	(2,038)	1,746	(1,743)	(1,027)	(53)	(526)	2,468	(5,211)	4,804
Cash and cash equivalents at end of period (million yen)		3,101	3,808	2,503	3,143	3,219	2,480	2,941	3,312	5,574	2,181	4,402
Total assets (million yen)	Consolidated	33,312	35,045	36,935	36,464	40,913	44,278	47,667	47,884	46,855	50,283	51,552
Net assets (million yen)	Consolidated	11,028	10,608	12,837	13,577	14,323	14,603	15,393	16,804	16,290	17,263	18,452
Interest-bearing debt (million yen)		8,567	8,900	9,597	8,834	11,563	12,443	13,122	14,246	14,226	16,557	14,299
Equity ratio (%)	Consolidated	33.1%	30.2%	34.7%	37.2%	34.9%	32.9%	32.2%	35.0%	34.7%	34.3%	35.7%
Dividends per share (yen)		0.00	0.00	2.50	3.00	3.00	40.00	45.00	25.00	0.00	25.00	50.00
Total cash dividends (million yen)		0	0	151	181	181	239	269	150	0	150	300
Earnings per share (yen)	Consolidated	2.76	(21.49)	24.28	22.47	168.44	75.86	207.58	340.89	(72.27)	84.97	169.44
Dividend payout ratio (%)	Consolidated	0.00%	0.00%	10.30%	13.35%	1.78%	52.73%	21.68%	7.33%	0.00%	29.42%	29.51%
Net assets per share (yen)	Consolidated	194.06	174.82	211.57	223.89	236.29	2,431.21	2,561.30	2,793.49	2,706.35	2,868.24	3,065.96
Price earnings ratio (PER) (times)		50.4	(5.9)	6.4	7.3	9.4	30.1	7.7	2.6	–	10.6	8.6
Operating margin (%)		0.5%	2.5%	2.1%	4.0%	3.0%	3.3%	3.7%	1.0%	0.7%	1.0%	3.3%
Return on equity (ROE) (%)		1.5%	(11.3%)	12.5%	10.3%	7.3%	3.1%	8.1%	12.7%	–	3.0%	5.7%
Highest stock price (yen)		190	180	308	244	199	3,400	2,900	1,683	1,168	1,215	1,571
							[478]					
Lowest stock price (yen)		86	116	115	127	142	2,020	1,122	798	784	883	1,093
							[149]					

For the fiscal year ended March 2018, the highest stock price and lowest stock price after a reverse stock split are shown. The highest stock price and lowest stock price before the reverse stock split are shown in [] brackets.

ESG Related Data

Governance

	Scope	FY ended March 2021	FY ended March 2022	FY ended March 2023
Number of directors	Non-consolidated	9	9	9
Of which, outside directors	Non-consolidated	4	4	4
Ratio of outside directors (%)	Non-consolidated	44.4	44.4	44.4
Percentage of women among directors (%)	Non-consolidated	0	0	0
Number of Board of Directors meetings	Non-consolidated	14	13	12
Board of Directors meeting attendance rate (%)	Non-consolidated	100	100	100
Number of patents held	Non-consolidated	648	651	638
In Japan	Non-consolidated	404	395	407
Overseas	Non-consolidated	244	256	231
R&D expenses (million yen)	Non-consolidated	988	976	1,214
Automotive safety systems	Non-consolidated	363	354	504
High performance products	Non-consolidated	481	488	566
Other businesses	Non-consolidated	143	133	144

Environmental

	Scope	FY ended March 2021	FY ended March 2022	FY ended March 2023
CO ₂ emissions Scope 1 (tons-CO ₂)	Non-consolidated	286	283	279
CO ₂ emissions Scope 2 (tons-CO ₂)	Non-consolidated	2,155	2,306	2,081
CO ₂ emissions Scope 1 (tons-CO ₂)	Consolidated	763	933	958
CO ₂ emissions Scope 2 (tons-CO ₂)	Consolidated	6,075	6,723	6,472
Valuable waste emitted (tons)	Osaka Plant and Sasayama Plant	258	281	268
Industrial waste emitted (tons)	Osaka Plant and Sasayama Plant	10	11	18
Recyclable materials emitted (tons)	Osaka Plant and Sasayama Plant	422	403	425
Industrial-use water consumed (m ³)	Osaka Plant and Sasayama Plant	18,649	15,913	16,365

ISO 14001 certification	Osaka Plant Certified in 2002
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Social

	Scope	FY ended March 2021	FY ended March 2022	FY ended March 2023
Number of employees	Non-consolidated	467	457	443
	Consolidated	2,598	2,491	2,451
Percentage of female managers (%)	Non-consolidated	–	3.9	2.2
	Consolidated	–	9.8	10.1
Percentage of female section chiefs (%) (team leader job position under supervision of the manager)	Non-consolidated	–	–	18.1
	Consolidated	–	–	22.4
Men's childcare leave acquisition rate (%)	Non-consolidated	–	35.3	60.0
	Consolidated (Japan)	–	–	48.1
Percentage of women returning to work after taking childcare leave (%)	Non-consolidated	100	100	100
	Consolidated (Japan)	–	–	100
Ratio of foreign local employees (full-time employees) (%)	Consolidated	–	69.7	67.4
Average length of service (years)	Non-consolidated	14.6	15.0	15.3
Average number of annual paid leave taken (days)	Non-consolidated	12.2	13.6	14.8
Overtime per employee per month (hours)	Non-consolidated	6.0	7.7	6.9
New graduate hires: men	Non-consolidated	11	3	8
New graduate hires: women	Non-consolidated	0	3	2
Mid-career hires: men	Non-consolidated	5	6	9
Mid-career hires: women	Non-consolidated	0	1	1
Number of employees who worked from home	Non-consolidated	–	429	393
Number of employees who worked staggered hours	Non-consolidated	–	139	118
Number of employees who took nursing care leave	Non-consolidated	0	0	1
Number of industrial accidents (total number of accidents accompanied and not accompanied by lost worktime)	Head Office and Osaka Plant, Sasayama Plant, Ashimori Industry Yamaguchi	13	8	7

About Us

Corporate Profile

(As of March 31, 2023)

Company name	Ashimori Industry Co., Ltd.
Head office	7-11-61 Senrioka, Settsu, Osaka 566-0001, Japan
Founding date	November 7, 1878
Date of incorporation	December 27, 1935 (reorganized as a joint-stock company)
Capital	8,388 million yen
Representative	Shigeyuki Washine, President
Number of employees	2,451 (consolidated)
Listing	Standard Market, Tokyo Stock Exchange (from October 20, 2023)
Securities code	3526

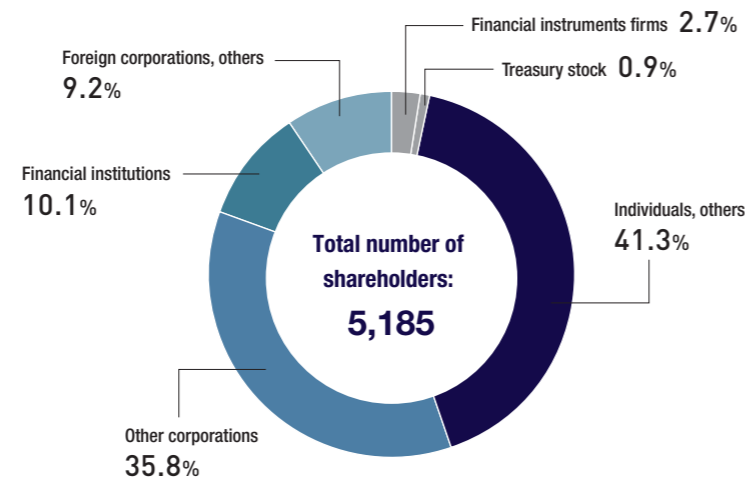
Stock Information

(As of September 30, 2023)

Total number of shares

Total number of authorized shares	22,000,000 shares
Total number of issued shares	6,056,939 shares

Share distribution by shareholder type



Major shareholders

Number of shares held and shareholding ratio		
14.5%	869,400	The Japan Wool Textile Co., Ltd.
13.9%	834,100	Toyoda Gosei Co., Ltd.
8.5%	508,000	Ashimori Business Partners Shareholding Association
5.9%	354,200	The Master Trust Bank of Japan, Ltd. (trust account)
3.2%	194,622	Ashimori Employees Shareholding Association
2.5%	151,300	Custody Bank of Japan, Ltd. (trust account)
1.4%	83,399	DFA Intl. Small Cap Portfolio
1.1%	67,018	Nippon Life Insurance Company
1.1%	65,300	Nomura PB Nominees Limited Omnibus—Margin (CashPB)
1%	61,500	MSIP Client Securities

Total	Number of shares held: 3,188,839 Shareholding ratio: 53.1%
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Note: Shareholding ratio is calculated after deducting treasury stock (51,336 shares).

Ashimori Group Network

Plants and offices

Name	Location
Head Office and Osaka Plant	Settsu, Osaka Prefecture
Osaka Office	Osaka, Osaka Prefecture
Tokyo Office	Chiyoda-ku, Tokyo
Sasayama Plant	Tamba-Sasayama, Hyogo Prefecture
Fukui Plant	Obama, Fukui Prefecture
Hamamatsu Plant	Hamamatsu, Shizuoka Prefecture
Hokkaido Office	Sapporo, Hokkaido
Tohoku Office	Sendai, Miyagi Prefecture
Chubu Office	Nagoya, Aichi Prefecture
Kyushu Office	Fukuoka, Fukuoka Prefecture

Main group companies

High performance products business	
Name	Location
Ashimori Engineering Co., Ltd.	Osaka, Osaka Prefecture
Allsafe Japan Ltd.	Yokohama, Kanagawa Prefecture
Shibata Industry Co., Ltd.	Tachikawa, Tokyo
Jet Trading Co., Ltd.	Osaka, Osaka Prefecture
Automotive safety systems business	
Name	Location
Ashimori Industry Yamaguchi Co., Ltd.	Yamaguchi, Yamaguchi Prefecture
Ashimori (Thailand) Co., Ltd.	Thailand
Ashimori Technology (Wuxi) Co., Ltd.	China
Ashimori India Private Limited	India
Ashimori Korea Co., Ltd.	South Korea
Ashimori Industria de Mexico, S.A. de C.V.	Mexico
Ashimori Europe GmbH	Germany

