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Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2025 [Japanese GAAP]



April 4, 2025

Company name: ASAHI CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3333

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

Representative: Yoshifumi Shimoda, President and Representative Director

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Scheduled date of general shareholders' meeting: May 16, 2025

Scheduled date of commencing dividend payments: May 19, 2025

Scheduled date of filing securities report: May 19, 2025

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2025 (February 21, 2024–February 20, 2025)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------------------------|-------------|-----|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended February 20, 2025 | 81,593 | 4.5 | 5,485 | 11.7 | 5,626 | 8.4 | 3,555 | 14.2 |
| February 20, 2024 | 78,076 | 4.5 | 4,912 | (4.2) | 5,192 | (2.3) | 3,113 | (7.5) |

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------------------------|--------------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| Fiscal year ended February 20, 2025 | 136.51 | – | 9.3 | 10.5 | 6.7 |
| February 20, 2024 | 119.21 | – | 8.7 | 10.1 | 6.3 |

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended February 20, 2025: ¥ – million

Fiscal year ended February 20, 2024: ¥ – million

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of February 20, 2025 | 54,452 | 39,116 | 71.8 | 1,502.16 |
| As of February 20, 2024 | 52,553 | 36,964 | 70.3 | 1,415.47 |

(Reference) Equity: As of February 20, 2025: ¥39,116 million

As of February 20, 2024: ¥36,964 million

(3) Non-consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at year-end |
|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended February 20, 2025 | 4,293 | (2,998) | (1,358) | 9,438 |
| February 20, 2024 | 8,581 | (3,053) | (1,323) | 9,501 |

2. Dividends

| | Annual dividends | | | | | Total dividends (annual) | Payout ratio (non- consolidated) | Ratio of dividends to net assets (non- consolidated) |
|---|------------------------|------------------------|------------------------|--------------|-------|-----------------------------|--|--|
| | 1st quarter- end | 2nd quarter- end | 3rd quarter- end | Year- end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended February 20, 2024 | – | 22.50 | – | 22.50 | 45.00 | 1,180 | 37.7 | 3.3 |
| Fiscal year ended February 20, 2025 | – | 25.00 | – | 25.00 | 50.00 | 1,312 | 36.6 | 3.4 |
| Fiscal year ending February 20, 2026 (Forecast) | – | 25.00 | – | 25.00 | 50.00 | | 35.7 | |

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2026 (February 21, 2025–February 20, 2026)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Basic earnings per share |
|-------------------|-------------|-----|------------------|-------|-----------------|-------|-------------|-------|-----------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First fiscal half | 48,100 | 3.6 | 4,570 | (4.1) | 4,630 | (4.4) | 3,070 | (6.0) | 117.89 |
| Full year | 85,800 | 5.2 | 5,620 | 2.4 | 5,750 | 2.2 | 3,650 | 2.6 | 140.16 |

*** Notes:**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(2) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the year (including treasury shares):

| | |
|--------------------|-------------------|
| February 20, 2025: | 26,240,800 shares |
| February 20, 2024: | 26,240,800 shares |

2) Total number of treasury shares at the end of the year:

| | |
|--------------------|----------------|
| February 20, 2025: | 200,681 shares |
| February 20, 2024: | 126,456 shares |

3) Average number of shares outstanding during the year:

| | |
|-------------------------------|-------------------|
| Year ended February 20, 2025: | 26,048,489 shares |
| Year ended February 20, 2024: | 26,114,344 shares |

(Note) The Company has adopted the Executive Remuneration BIP Trust since June 19, 2014.

The number of treasury shares at the end of the year includes the Company's shares held by the trust (200,170 shares as of February 20, 2025 and 126,070 shares as of February 20, 2024). In addition, the Company's shares held by the trust are included in the treasury shares to be deducted in the calculation of the average number of shares outstanding during the year (191,848 shares as of February 20, 2025, and 126,070 shares as of February 20, 2024).

* These non-consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautions regarding forward-looking statements, etc.)

The financial results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are deemed reasonable, and do not constitute a promise that the Company will achieve them. Actual results may differ materially from these statements due to various factors. For the assumptions on which the financial results forecast is based, cautions on the use of the forecast, and other information, please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 4 of the Attachment.

(Access to supplementary explanatory materials on annual financial results and details of annual financial results briefing session)

The Company plans to hold an annual financial results briefing session for institutional investors and analysts on Monday, April 7, 2025.

The explanatory materials on financial results to be used on the day are disclosed on TDnet today and are also available on the Company's website.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy during the fiscal year under review showed a gradual recovery trend as inbound demand increased and the employment and income environment improved. However, the economic outlook remained uncertain due to factors such as heightened geopolitical risks, ongoing depreciation of the yen, and higher prices in Japan.

In the bicycle business, new bicycle sales remained weak as the replacement cycle was prolonged against the backdrop of the increased demand for switching to electric-assist bicycles with enhanced performance features and high unit price and growing interest in saving money due to higher prices.

Under such circumstances, the Company has worked to realize better bicycle lifestyles for customers as a company creating new value for flourishing bicycle lifestyles, aiming at “achieving a sustainable society” and “realizing sustainable growth for the Company.”

Firstly, in strengthening OMO^(Note 1), the Company has taken measures such as ensuring the availability of popular products, setting competitive prices, and conducting effective campaigns, focusing on strengthening the foundation of our “online order for store pickup” service, resulting mainly in increased sales of electric-assist bicycles.

In stores, the Company conducted campaigns to give back to its customers, offering a special price reduction to commemorate the Company’s 75th anniversary. In addition, the Company has developed a personnel system to provide the optimal services to meet the increased demand for repair and maintenance services and reused products.

In the reuse business, the Company has started to purchase city bicycles, and now, in addition to sports bicycles, electric-assist bicycles, and children’s bicycles, the Company purchases all types of bicycles.

Through these efforts, the Company has further reinforced the earnings base, including a nationwide store network and an e-commerce sales system, our strengths, a system of purchase and resale of reused bicycles, and specialists with repair skills. As a result, the Company achieved an increase in sales and profits under the severe business environment surrounding the retail industry.

Furthermore, in the medium-term management plan “VISION 2025,” which will mark the final year of the plan in the fiscal year ending February 20, 2026, the Company has worked on strengthening the following three growth foundations that support key strategies of “strengthen our customer relationship management (CRM^(Note 2)),” “refresh our existing physical and online stores,” “develop new store formats,” and “expand our business domain,” to improve profitability and revitalize the entire bicycle industry.

- 1) “Enhancement of digital and IT platforms”
- 2) “Enhancement and optimization of supply chain management”
- 3) “Enhancement of brand management”

Specifically, for the “enhancement of digital and IT platforms,” the Company introduced new core systems to streamline operational processes associated with sales and inventory management and started full-scale operations.

For the “enhancement and optimization of supply chain management,” the Company relocated the functions of the West Japan Logistics Center, one of our main logistics hubs, to Kyotanabe City, Kyoto Prefecture from Iga City, Mie Prefecture, and started full-scale operations in October 2024. By moving logistics hubs to locations closer to the stores thus increasing delivery efficiency, the Company has aimed to reduce a distribution load coefficient calculated by “distance x number of bicycles.” The Company has also worked to address the logistics issues of 2024 by reducing and managing drivers’ wait times through the introduction of a dedicated system.

For the “enhancement of brand management,” the Company has mainly worked to improve the quality of Asahi brand products and actively develop products that are in line with its brand concept, including the creation of “COOSA” as a new product brand, which was the product planned by a project team consisting mainly of employees in their 20s, formed through internal recruitment. In addition, the Company conducted internal branding training for employees to increase the value and recognition of our brand, leading to our sustainable

growth.

Regarding store openings and closures, the Company opened one new store in the Tohoku region, eight new stores in the Kanto region, and three new stores in the Kinki region. One store in the Chugoku region terminated its franchise agreement and the Company relocated and opened one directly operated store in the same region. As a result, the total number of stores at the end of the fiscal year under review was 545, consisting of 528 directly operated stores and 17 franchise stores.

As a result of the above activities, both sales and profits increased for the fiscal year under review, as shown below.

| | | |
|------------------|----------------------|---|
| Net sales | ¥81,593,454 thousand | (up 4.5% from the same period of the previous fiscal year) |
| Operating profit | ¥5,485,972 thousand | (up 11.7% from the same period of the previous fiscal year) |
| Ordinary profit | ¥5,626,076 thousand | (up 8.4% from the same period of the previous fiscal year) |
| Profit | ¥3,555,930 thousand | (up 14.2% from the same period of the previous fiscal year) |

Since the Company has only one segment of the bicycle business, information by segment category has been omitted.

(Note 1) OMO (Online Merges with Offline) is a marketing approach that integrates e-commerce and retail stores to provide customers with experiential value at each stage from gathering information to purchasing and using the products.

(Note 2) CRM (Customer Relationship Management) is an initiative for strengthening our customer relations by providing information via the Cycle Base Asahi official app to make their bicycle life more convenient and comfortable.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

The balance of total assets at the end of the fiscal year under review was ¥54,452,332 thousand, an increase of ¥1,898,458 thousand (3.6%) from the end of the previous fiscal year.

The balance of current assets at the end of the fiscal year under review was ¥30,561,340 thousand, an increase of ¥1,322,404 thousand (4.5%) from the end of the previous fiscal year. This was due mainly to increases in merchandise of ¥848,207 thousand and goods in transit of ¥351,563 thousand, which were partially offset by a decrease in cash and deposits of ¥58,245 thousand.

The balance of non-current assets at the end of the fiscal year under review was ¥23,890,991 thousand, an increase of ¥576,054 thousand (2.5%) from the end of the previous fiscal year. This was due mainly to increases in construction in progress of ¥268,514 thousand and buildings of ¥217,980 thousand, which were partially offset by a decrease in construction assistance fund receivables of ¥96,233 thousand.

(Liabilities)

The balance of total liabilities at the end of the fiscal year under review was ¥15,336,021 thousand, a decrease of ¥253,822 thousand (1.6%) from the end of the previous fiscal year.

The balance of current liabilities at the end of the fiscal year under review was ¥14,141,400 thousand, a decrease of ¥296,678 thousand (2.1%) from the end of the previous fiscal year. This was due mainly to increases in accounts payable - trade of ¥482,195 thousand and income taxes payable of ¥417,836 thousand, which were partially offset by a decrease in accrued consumption taxes of ¥926,439 thousand.

The balance of non-current liabilities at the end of the fiscal year under review was ¥1,194,621 thousand, an increase of ¥42,855 thousand (3.7%) from the end of the previous fiscal year. This was due mainly to increases in asset retirement obligations of ¥28,144 thousand and provision for share-based payments of ¥15,000 thousand.

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥39,116,311 thousand, an increase of ¥2,152,281 thousand (5.8%) from the end of the previous fiscal year. This was due mainly to an increase in profit of ¥3,555,930 thousand, which was partially offset by a decrease due to dividends of surplus of ¥1,246,416 thousand and a decrease due to purchase of treasury shares of ¥113,045 thousand.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the fiscal year under review decreased by ¥62,989 thousand from the end of the previous fiscal year (an increase of ¥4,205,219 thousand in the previous fiscal year) to ¥9,438,076 thousand.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥4,293,272 thousand (¥8,581,614 thousand provided for the same period of the previous fiscal year). The principal cash inflow factors included profit before income taxes of ¥5,373,211 thousand and depreciation of ¥1,696,755 thousand. The principal cash outflow factors included an increase in inventories of ¥1,217,303 thousand and a decrease in accrued consumption taxes of ¥926,439 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥2,998,066 thousand (¥3,053,355 thousand used for the same period of the previous fiscal year). The principal cash inflow factors included proceeds from refund of guarantee deposits of ¥48,436 thousand. The principal cash outflow factors included purchase of property, plant and equipment of ¥2,511,544 thousand for new store openings, payments of guarantee deposits of ¥280,616 thousand, and purchase of intangible assets of ¥190,981 thousand.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,358,195 thousand (¥1,323,039 thousand used for the same period of the previous fiscal year). This cash outflow factors included dividends paid of ¥1,245,149 thousand and purchase of treasury shares of ¥113,045 thousand.

(Reference) Trends of Cash Flow Indicators

| | Fiscal year ended February 20 | | | | |
|--|-------------------------------|------|------|------|------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Equity ratio (%) | 71.8 | 76.1 | 69.4 | 70.3 | 71.8 |
| Equity ratio at fair value (%) | 87.7 | 74.3 | 70.5 | 63.5 | 69.1 |
| Ratio of interest-bearing debt to cash flow (year) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest coverage ratio (times) | 32,045.8 | 0.0 | 0.0 | 0.0 | 0.0 |

Equity ratio: Equity/Total assets

Equity ratio at fair value: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest paid

- (Notes) 1. Market capitalization is calculated on the basis of the number of shares issued excluding treasury shares.
2. Operating cash flow is used as cash flow.
3. Interest-bearing debt covers all liabilities recorded on the Balance Sheets that bear interest.

(4) Future Outlook

The economic outlook of Japan is expected to remain uncertain due to factors such as raw material prices remaining high and higher prices caused by the yen's depreciation.

In the bicycle business, although the decreasing trend of the number of users will continue due to declining birthrate and aging population, the downward trend in the number of new bicycles sold has been bottoming out from the significant decline seen in previous years.

The Company will promote the creation of a fellowship that shares the social value of bicycles and their potential, aiming to be a partner for every customer's bicycle lifestyle.

The Company will also aim to improve the convenience and customers' experiential value by leveraging the characteristics of stores and e-commerce to respond to diversifying purchasing behaviors of customers, as well as deepen "real connection with customers" required in this era. Furthermore, the Company will steadily implement the OMO strategy for the progressive growth of e-commerce, and work on store openings in urban areas with high rates of e-commerce use, ensuring the availability of popular products based on highly accurate demand forecast, and sales promotion activities for improved recognition.

As store operation policy, the Company will work to increase the lineup of bicycle-related parts and accessories, develop systems for providing repair and maintenance services and supplying reused bicycles, reinforce sales capabilities of products and services with higher profit other than new bicycle sales, and further strengthen the earnings base. At the same time, the Company will continue to improve store layout and promote proper inventory management and review of operations, thereby striving for low-cost operations.

The Company's product strategy centers on improving performance features and the quality of Asahi brand products through product development that meets diversifying consumer needs to differentiate our products from those of competitors. In addition, with its Taiwan office as a hub to cooperate with local production partners, the Company will proceed to reduce costs by eliminating waste in the production processes for further enhancing its competitive advantage.

Furthermore, the reuse business is expected to grow further on the back of growing awareness of the need to reduce environmental impact. The Company will aim for further business expansion while appealing to consumers about our contribution to achieving a recycling-oriented society by leveraging our strengths such as our nationwide store network, specialists with repair and maintenance skills, logistics infrastructure, and integrated system of purchase, productization, and reuse.

Based on these efforts going forward, the Company forecasts net sales of ¥85,800,000 thousand (up 5.2% year on year), operating profit of ¥5,620,000 thousand (up 2.4% year on year), ordinary profit of ¥5,750,000 thousand (up 2.2% year on year), and profit of ¥3,650,000 thousand (up 2.6% year on year).

(5) Basic Policy on the Distribution of Profit and the Dividend Payout for the Current and Next Fiscal Years

1) Basic policy on the distribution of profit

The Company positions the return of profits to shareholders as one of important management issues. The Company's basic policy on the distribution of profit is to continue to distribute dividends with a target payout ratio of 35% from a viewpoint of returning profits fairly to all shareholders, while securing internal reserves necessary for further strengthening its management foundations and making growth investments in the medium to long run.

The Company stipulates in its Articles of Incorporation that it is able to pay an interim dividend with the record date of August 20 every year by resolution of the Board of Directors, and its basic policy is to distribute the surplus twice a year, interim dividends and year-end dividends. Decisions on these dividends of surplus are made by the Board of Directors for interim dividends and by the General Meeting of Shareholders for year-end dividends.

2) Dividends of surplus for the current fiscal year ended February 20, 2025

In comprehensive consideration of the progress on strengthening the management foundations and the business performance of the Company for the current fiscal year, the Company plans to pay a year-end

dividend of ¥25.00 per share, resulting in an annual dividend of ¥50.00 per share combined with the interim dividend of ¥25.00 per share already paid. As a result, the dividend payout ratio for the fiscal year ended February 20, 2025 will be 36.6%.

3) Dividends of surplus for the next fiscal year ending February 20, 2026

For the fiscal year ending February 20, 2026, the Company plans to pay an annual dividend of ¥50.00 per share (an interim dividend of ¥25.00 per share and a year-end dividend of ¥25.00 per share), resulting in a dividend payout ratio of 35.7%.

2. Basic Policy on Selection of Accounting Standards

Since the Company does not prepare consolidated financial statements, we have prepared our financial statements based on Japanese accounting standards, in consideration of the burden and other aspects of establishing a system for the preparation of financial statements based on International Financial Reporting Standards.

3. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Thousand yen)

| | As of February 20, 2024 | As of February 20, 2025 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,521,898 | 9,463,652 |
| Accounts receivable – trade | 3,781,034 | 4,000,917 |
| Merchandise | 13,937,103 | 14,785,310 |
| Goods in transit | 1,091,526 | 1,443,089 |
| Supplies | 175,852 | 193,385 |
| Accounts receivable – other | 207,484 | 210,429 |
| Prepaid expenses | 463,865 | 413,622 |
| Forward exchange contracts | 53,349 | – |
| Other | 7,782 | 51,894 |
| Allowance for doubtful accounts | (960) | (960) |
| Total current assets | 29,238,936 | 30,561,340 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 22,309,351 | 23,479,850 |
| Accumulated depreciation | (13,049,023) | (14,001,541) |
| Buildings, net | 9,260,328 | 9,478,308 |
| Structures | 1,484,920 | 1,658,531 |
| Accumulated depreciation | (812,546) | (928,918) |
| Structures, net | 672,373 | 729,613 |
| Machinery and equipment | 148,618 | 157,404 |
| Accumulated depreciation | (126,977) | (132,436) |
| Machinery and equipment, net | 21,640 | 24,967 |
| Vehicles | 31,476 | 31,476 |
| Accumulated depreciation | (31,183) | (31,476) |
| Vehicles, net | 292 | 0 |
| Tools, furniture and fixtures | 2,662,903 | 3,046,302 |
| Accumulated depreciation | (1,746,318) | (2,054,329) |
| Tools, furniture and fixtures, net | 916,584 | 991,973 |
| Land | 3,163,012 | 3,163,012 |
| Construction in progress | 187,762 | 456,277 |
| Total property, plant and equipment | 14,221,995 | 14,844,152 |
| Intangible assets | | |
| Software | 363,694 | 1,000,491 |
| Other | 740,403 | 57,720 |
| Total intangible assets | 1,104,097 | 1,058,211 |

(Thousand yen)

| | As of February 20, 2024 | As of February 20, 2025 |
|---|-------------------------|-------------------------|
| Investments and other assets | | |
| Investments in capital | 10 | 10 |
| Investments in capital of subsidiaries and associates | 91,083 | 91,083 |
| Long-term loans receivable from employees | 280 | 1,025 |
| Long-term accounts receivable – other | 3,577 | 2,377 |
| Distressed receivables | – | 3,000 |
| Long-term prepaid expenses | 434,911 | 433,126 |
| Guarantee deposits | 5,166,919 | 5,252,535 |
| Construction assistance fund receivables | 751,093 | 654,859 |
| Deferred tax assets | 1,366,606 | 1,390,390 |
| Investment property | 245,414 | 245,414 |
| Accumulated depreciation | (154,517) | (162,590) |
| Investment property, net | 90,896 | 82,823 |
| Other | 86,310 | 83,327 |
| Allowance for doubtful accounts | (2,845) | (5,930) |
| Total investments and other assets | 7,988,843 | 7,988,628 |
| Total non-current assets | 23,314,937 | 23,890,991 |
| Total assets | 52,553,873 | 54,452,332 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 4,271,138 | 4,753,334 |
| Accounts payable – other | 1,270,119 | 957,552 |
| Accrued expenses | 1,721,530 | 1,780,210 |
| Income taxes payable | 910,169 | 1,328,005 |
| Accrued consumption taxes | 926,439 | – |
| Contract liabilities | 4,137,357 | 4,131,311 |
| Deposits received | 122,786 | 122,722 |
| Unearned revenue | 3,666 | 3,656 |
| Provision for bonuses | 1,008,165 | 1,034,927 |
| Provision for shareholder benefit program | 60,765 | – |
| Asset retirement obligations | 1,650 | 2,300 |
| Forward exchange contracts | – | 21,823 |
| Other | 4,290 | 5,556 |
| Total current liabilities | 14,438,078 | 14,141,400 |
| Non-current liabilities | | |
| Provision for share-based payments | 149,300 | 164,300 |
| Asset retirement obligations | 765,148 | 793,292 |
| Other | 237,316 | 237,028 |
| Total non-current liabilities | 1,151,765 | 1,194,621 |
| Total liabilities | 15,589,844 | 15,336,021 |

(Thousand yen)

| | As of February 20, 2024 | As of February 20, 2025 |
|---|-------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,061,356 | 2,061,356 |
| Capital surplus | | |
| Legal capital surplus | 2,165,171 | 2,165,171 |
| Total capital surplus | 2,165,171 | 2,165,171 |
| Retained earnings | | |
| Legal retained earnings | 18,688 | 18,688 |
| Other retained earnings | | |
| General reserve | 28,090,000 | 30,090,000 |
| Retained earnings brought forward | 4,779,991 | 5,089,505 |
| Total retained earnings | 32,888,679 | 35,198,193 |
| Treasury shares | (180,112) | (287,144) |
| Total shareholders' equity | 36,935,093 | 39,137,576 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | 28,936 | (21,265) |
| Total valuation and translation adjustments | 28,936 | (21,265) |
| Total net assets | 36,964,029 | 39,116,311 |
| Total liabilities and net assets | 52,553,873 | 54,452,332 |

(2) Non-consolidated Statements of Income

(Thousand yen)

| | For the fiscal year ended February 20, 2024 | For the fiscal year ended February 20, 2025 |
|---|--|--|
| Net sales | 78,076,416 | 81,593,454 |
| Cost of sales | | |
| Beginning merchandise inventory | 16,483,389 | 13,937,103 |
| Cost of purchased goods | 38,374,352 | 43,855,378 |
| Total | 54,857,741 | 57,792,481 |
| Transfer to other account | 149,486 | 153,283 |
| Ending merchandise inventory | 13,937,103 | 14,785,310 |
| Total cost of sales | 40,771,152 | 42,853,886 |
| Gross profit | 37,305,264 | 38,739,567 |
| Selling, general and administrative expenses | 32,393,186 | 33,253,594 |
| Operating profit | 4,912,078 | 5,485,972 |
| Non-operating income | | |
| Interest income | 39,610 | 37,958 |
| Foreign exchange gains | 8,270 | – |
| Rental income from buildings | 108,983 | 107,548 |
| Commission income | 75,259 | 72,760 |
| Compensation income | 90,177 | 65,937 |
| Other | 59,283 | 43,894 |
| Total non-operating income | 381,584 | 328,099 |
| Non-operating expenses | | |
| Foreign exchange losses | – | 87,341 |
| Rental costs on real estate | 82,424 | 82,144 |
| Other | 19,028 | 18,509 |
| Total non-operating expenses | 101,453 | 187,995 |
| Ordinary profit | 5,192,209 | 5,626,076 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 55,967 | 13,757 |
| Impairment losses | 359,756 | 239,107 |
| Total extraordinary losses | 415,724 | 252,864 |
| Profit before income taxes | 4,776,485 | 5,373,211 |
| Income taxes – current | 1,336,000 | 1,819,034 |
| Income taxes – deferred | 327,354 | (1,753) |
| Total income taxes | 1,663,354 | 1,817,280 |
| Profit | 3,113,130 | 3,555,930 |

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended February 20, 2024 (from February 21, 2023 to February 20, 2024)

(Thousand yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|----------------------------------|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | Legal retained earnings | Retained earnings | | | Total retained earnings |
| | | Legal capital surplus | Total capital surplus | | Reserve for special depreciation | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 2,061,356 | 2,165,171 | 2,165,171 | 18,688 | 4,889 | 26,090,000 | 4,987,111 | 31,100,689 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | (1,325,140) | (1,325,140) |
| Reversal of reserve for special depreciation | | | | | (4,889) | | 4,889 | – |
| Profit | | | | | | | 3,113,130 | 3,113,130 |
| Provision of general reserve | | | | | | 2,000,000 | (2,000,000) | – |
| Purchase of treasury shares | | | | | | | | |
| Disposal of treasury shares | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | – | – | – | – | (4,889) | 2,000,000 | (207,120) | 1,787,989 |
| Balance at end of period | 2,061,356 | 2,165,171 | 2,165,171 | 18,688 | – | 28,090,000 | 4,779,991 | 32,888,679 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---------------------------------------|---|------------------|
| | Treasury shares | Total shareholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at beginning of period | (180,112) | 35,147,103 | (159,218) | (159,218) | 34,987,884 |
| Changes during period | | | | | |
| Dividends of surplus | | (1,325,140) | | | (1,325,140) |
| Reversal of reserve for special depreciation | | – | | | – |
| Profit | | 3,113,130 | | | 3,113,130 |
| Provision of general reserve | | – | | | – |
| Purchase of treasury shares | | – | | | – |
| Disposal of treasury shares | | – | | | – |
| Net changes in items other than shareholders' equity | | | 188,154 | 188,154 | 188,154 |
| Total changes during period | – | 1,787,989 | 188,154 | 188,154 | 1,976,144 |
| Balance at end of period | (180,112) | 36,935,093 | 28,936 | 28,936 | 36,964,029 |

Fiscal year ended February 20, 2025 (from February 21, 2024 to February 20, 2025)

(Thousand yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-------------|-------------------------|
| | Share capital | Capital surplus | | Legal retained earnings | Retained earnings | | |
| | | Legal capital surplus | Total capital surplus | | Other retained earnings | | Total retained earnings |
| | | | | General reserve | Retained earnings brought forward | | |
| Balance at beginning of period | 2,061,356 | 2,165,171 | 2,165,171 | 18,688 | 28,090,000 | 4,779,991 | 32,888,679 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | (1,246,416) | (1,246,416) |
| Reversal of reserve for special depreciation | | | | | | – | – |
| Profit | | | | | | 3,555,930 | 3,555,930 |
| Provision of general reserve | | | | | 2,000,000 | (2,000,000) | – |
| Purchase of treasury shares | | | | | | | |
| Disposal of treasury shares | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | – | – | – | – | 2,000,000 | 309,514 | 2,309,514 |
| Balance at end of period | 2,061,356 | 2,165,171 | 2,165,171 | 18,688 | 30,090,000 | 5,089,505 | 35,198,193 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---------------------------------------|---|------------------|
| | Treasury shares | Total shareholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at beginning of period | (180,112) | 36,935,093 | 28,936 | 28,936 | 36,964,029 |
| Changes during period | | | | | |
| Dividends of surplus | | (1,246,416) | | | (1,246,416) |
| Reversal of reserve for special depreciation | | – | | | – |
| Profit | | 3,555,930 | | | 3,555,930 |
| Provision of general reserve | | – | | | – |
| Purchase of treasury shares | (113,045) | (113,045) | | | (113,045) |
| Disposal of treasury shares | 6,014 | 6,014 | | | 6,014 |
| Net changes in items other than shareholders' equity | | | (50,201) | (50,201) | (50,201) |
| Total changes during period | (107,031) | 2,202,482 | (50,201) | (50,201) | 2,152,281 |
| Balance at end of period | (287,144) | 39,137,576 | (21,265) | (21,265) | 39,116,311 |

(4) Non-consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended February 20, 2024 | For the fiscal year ended February 20, 2025 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,776,485 | 5,373,211 |
| Depreciation | 1,592,560 | 1,696,755 |
| Impairment losses | 359,756 | 239,107 |
| Amortization of long-term prepaid expenses | 22,310 | 23,601 |
| The amount of rent offset of construction assistance fund receivables | 308,633 | 304,781 |
| Increase (decrease) in allowance for doubtful accounts | (960) | 3,085 |
| Increase (decrease) in provision for bonuses | 53,943 | 26,761 |
| Increase (decrease) in provision for shareholder benefit program | (153,311) | (60,765) |
| Increase (decrease) in provision for share-based compensation | 14,550 | 15,000 |
| Interest and dividend income | (39,610) | (37,958) |
| Compensation income | (90,177) | (65,937) |
| Loss (gain) on sale and retirement of non-current assets | 55,967 | 13,757 |
| Decrease (increase) in trade receivables | (253,304) | (219,882) |
| Decrease (increase) in inventories | 2,986,825 | (1,217,303) |
| Decrease (increase) in accounts receivable – other | (12,559) | (7,774) |
| Increase (decrease) in trade payables | (905,349) | 482,195 |
| Increase (decrease) in contract liabilities | (158,659) | (6,046) |
| Increase (decrease) in accrued consumption taxes | 622,257 | (926,439) |
| Increase (decrease) in accounts payable – other | 243,046 | (103,614) |
| Increase (decrease) in accrued expenses | (43,074) | 58,680 |
| Other, net | (87,046) | 49,085 |
| Subtotal | 9,292,283 | 5,640,300 |
| Interest and dividends received | 55 | 1,593 |
| Proceeds from compensation | 89,538 | 70,767 |
| Income taxes paid | (800,263) | (1,419,388) |
| Net cash provided by (used in) operating activities | 8,581,614 | 4,293,272 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,367,110) | (2,511,544) |
| Purchase of intangible assets | (487,110) | (190,981) |
| Payments for retirement of property, plant and equipment | (34,100) | – |
| Loan advances | (2,750) | (3,200) |
| Proceeds from collection of loans receivable | 2,633 | 2,777 |
| Purchase of long-term prepaid expenses | (15,517) | (54,656) |
| Payments for asset retirement obligations | (590) | (8,280) |
| Payments of guarantee deposits | (212,350) | (280,616) |
| Proceeds from refund of guarantee deposits | 63,540 | 48,436 |
| Net cash provided by (used in) investing activities | (3,053,355) | (2,998,066) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | – | (113,045) |
| Dividends paid | (1,323,039) | (1,245,149) |
| Net cash provided by (used in) financing activities | (1,323,039) | (1,358,195) |
| Net increase (decrease) in cash and cash equivalents | 4,205,219 | (62,989) |
| Cash and cash equivalents at beginning of period | 5,295,845 | 9,501,065 |
| Cash and cash equivalents at end of period | 9,501,065 | 9,438,076 |

(5) Notes to the Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Equity in earnings (losses) of affiliates if equity method is applied)

There are no applicable matters as the Company does not have any affiliated companies.

(Matters related to revenue recognition)

Disaggregation of revenue from contracts with customers

Fiscal year ended February 20, 2024 (February 21, 2023–February 20, 2024)

(Thousand yen)

| | Items | | | | |
|---|------------|-----------------------|-----------|-----------|------------|
| | Bicycles | Parts and accessories | Royalties | Other | Total |
| Goods and services transferred at a point in time | 54,778,046 | 14,066,154 | – | 6,331,409 | 75,175,611 |
| Goods and services transferred over a period | – | – | 153,010 | 2,747,794 | 2,900,805 |
| Revenue from contracts with customers | 54,778,046 | 14,066,154 | 153,010 | 9,079,204 | 78,076,416 |
| Revenue from other sources | – | – | – | – | – |
| Sales to external customers | 54,778,046 | 14,066,154 | 153,010 | 9,079,204 | 78,076,416 |

(Notes) 1. Since the Company has only one segment of the bicycle business, information by segment category has been omitted.

2. “Other” includes incidental services, such as maintenance and repair works, and long-term warranty service.

Disaggregation of revenue from contracts with customers

Fiscal year ended February 20, 2025 (February 21, 2024–February 20, 2025)

(Thousand yen)

| | Items | | | | |
|---|------------|-----------------------|-----------|-----------|------------|
| | Bicycles | Parts and accessories | Royalties | Other | Total |
| Goods and services transferred at a point in time | 57,788,228 | 14,026,165 | – | 6,950,847 | 78,765,241 |
| Goods and services transferred over a period | – | – | 140,315 | 2,687,897 | 2,828,212 |
| Revenue from contracts with customers | 57,788,228 | 14,026,165 | 140,315 | 9,638,744 | 81,593,454 |
| Revenue from other sources | – | – | – | – | – |
| Sales to external customers | 57,788,228 | 14,026,165 | 140,315 | 9,638,744 | 81,593,454 |

(Notes) 1. Since the Company has only one segment of the bicycle business, information by segment category has been omitted.

2. “Other” includes incidental services, such as maintenance and repair works, and long-term warranty service.

(Segment information, etc.)

[Segment information]

Since the Company's business comprises a single segment, this information has been omitted.

[Related information]

Previous fiscal year (February 21, 2023 to February 20, 2024)

1. Information by product or service

Since net sales to external customers in a single product and service category constitute more than 90% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

2. Information by region

(1) Net sales

Since net sales to external customers in Japan constitute more than 90% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan constitutes more than 90% of the amount of property, plant and equipment on the Non-consolidated Balance Sheet, this information has been omitted.

3. Information by major customer

Among net sales to external customers, since no customer accounts for 10% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

Fiscal year under review (February 21, 2024 to February 20, 2025)

1. Information by product or service

Since net sales to external customers in a single product and service category constitute more than 90% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

2. Information by region

(1) Net sales

Since net sales to external customers in Japan constitute more than 90% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

(2) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan constitutes more than 90% of the amount of property, plant and equipment on the Non-consolidated Balance Sheet, this information has been omitted.

3. Information by major customer

Among net sales to external customers, since no customer accounts for 10% of net sales on the Non-consolidated Statement of Income, this information has been omitted.

[Information regarding impairment losses on non-current assets by reporting segment]

Since the Company's business comprises a single segment, this information has been omitted.

[Information regarding amortization and unamortized balance of goodwill by reporting segment]

Not applicable.

[Information regarding gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

| | For the fiscal year ended February 20, 2024 | For the fiscal year ended February 20, 2025 |
|--------------------------|--|--|
| Net assets per share | ¥1,415.47 | ¥1,502.16 |
| Basic earnings per share | ¥119.21 | ¥136.51 |

(Notes) 1. Diluted earnings per share is not stated as there were no dilutive shares.

2. The basis for calculating basic earnings per share is as follows:

| | For the fiscal year ended February 20, 2024 | For the fiscal year ended February 20, 2025 |
|--|--|--|
| Profit (Thousand yen) | 3,113,130 | 3,555,930 |
| Amount not attributable to common shareholders (Thousand yen) | — | — |
| Profit relating to common shares (Thousand yen) | 3,113,130 | 3,555,930 |
| Average number of common shares outstanding during the period (Shares) | 26,114,344 | 26,048,489 |

3. In the calculation of “Net assets per share,” the Company’s shares held by the Executive Remuneration BIP trust (126,070 shares in the previous fiscal year and 200,170 shares in the fiscal year under review) were included in the number of treasury shares deducted from the number of issued shares at the end of the fiscal year.

Furthermore, in the calculation of “Basic earnings per share,” the above-mentioned shares were included in the number of treasury shares deducted when calculating the average number of shares outstanding during the period (126,070 shares in the previous fiscal year and 191,848 shares in the fiscal year under review).

(Significant subsequent events)

Not applicable.

4. Other

(1) Changes in Officers

(i) Changes in Representative Director

Not applicable.

(ii) Changes in Other Officers

- Newly nominated candidate for Director (excluding a Director who serves as an Audit & Supervisory Committee member)

Director Hirofumi Hasegawa

- Director who will resign from office (excluding a Director who serves as an Audit & Supervisory Committee member)
Director Jun Kaneko
- Newly nominated candidate for Director who serves as an Audit & Supervisory Committee member
Outside Director Michiko Ijima
- Director who serves as an Audit & Supervisory Committee member who will resign from office
Outside Director Takashi Kanda

(iii) Effective Date
May 16, 2025