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Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2022 [Japanese GAAP]



April 4, 2022

Company name: ASAHI CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3333

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

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Scheduled date of general shareholders' meeting: May 14, 2022

Scheduled date of commencing dividend payments: May 16, 2022

Scheduled date of filing securities report: May 16, 2022

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, 2022 (February 21, 2021 - February 20, 2022)

(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, 2022	71,398	2.8	5,221	(23.9)	5,512	(24.8)	3,541	(24.9)
February 20, 2021	69,456	16.0	6,863	71.3	7,326	72.5	4,717	84.4

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 20, 2022	135.68	-	10.4	12.0	7.3
February 20, 2021	180.91	-	15.5	17.6	9.9

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended February 20, 2022: ¥ - million

Fiscal year ended February 20, 2021: ¥ - 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, 2022	46,473	35,346	76.1	1,353.52
As of February 20, 2021	45,287	32,496	71.8	1,246.10

(Reference) Equity: As of February 20, 2022: ¥35,346 million

As of February 20, 2021: ¥32,496 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
February 20, 2022	1,585	(2,414)	(733)	6,135
February 20, 2021	7,295	(1,870)	(660)	7,697

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, 2021	–	0.00	–	28.0	28.0	734	15.5	2.3
Fiscal year ended February 20, 2022	–	0.00	–	28.0	28.0	734	20.6	2.1
Fiscal year ending February 20, 2023 (Forecast)	–	0.00	–	28.0	28.0		19.6	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2023 (February 21, 2022 - February 20, 2023)

(% 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	45,000	12.3	5,600	12.4	5,650	9.9	3,700	6.7	141.75
Full year	78,000	9.2	5,600	7.3	5,700	3.4	3,700	4.5	141.75

*** 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, 2022:	26,240,800 shares
February 20, 2021:	26,240,800 shares

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

February 20, 2022:	126,456 shares
February 20, 2021:	161,976 shares

3) Average number of shares outstanding during the year:

Year ended February 20, 2022:	26,103,153 shares
Year ended February 20, 2021:	26,078,857 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 (126,070 shares as of February 20, 2022 and 161,590 shares as of February 20, 2021). 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 (137,261 shares as of February 20, 2022, and 161,590 shares as of February 20, 2021).

* 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 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 Tuesday, April 5, 2022.

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 in the fiscal year under review remained uncertain due to the prolonged impact of COVID-19.

Under the circumstances, the necessity of bicycles has become more widely recognized because of increased opportunities to use bicycles as a means of transportation that avoids close contact with other people in confined spaces in daily life, particularly for commuting to work or school, and growing health consciousness leading to more people riding bicycles to alleviate a lack of exercise. As a result of increased replacement demand for electric assist bicycles, although there was a gradual decrease in the number of units sold in the bicycle market, sales in value terms remained at the same high level as in the previous fiscal year.

With the safety and security of customers and employees as its top priority, the Company implemented COVID-19 transmission prevention measures and, with each person holding a sense of mission that we are a business that supports the infrastructure of daily life in society, the entire company has united as one in its efforts to continue its operation to meet the expectations of customers. In the area of sales, we focused our efforts on securing merchandise for electric assist bicycles, which have become popular with a wide range of generations due to functional advances and expansion of models in recent years. We grew sales particularly from our “Internet Orders with Store Pick-Up” service, resulting in net sales higher than the previous fiscal year. On the other hand, in the sports cycle area, despite a global increase in demand, supply shortages and production shutdowns at parts manufacturers manifested a supply-demand tightness, and it remained difficult to secure a wide range of popular models.

In selling, general and administrative expenses, various expenses were kept down in the previous fiscal year due to an inability to secure sufficient staff with the sharp rise in demand that accompanied the pandemic, as well as the voluntary restraint in corporate activities such as the voluntary temporary closure of stores. In the fiscal year under review, however, to return the situation to normal, we implemented planned staff reinforcements and miscellaneous expenditure also returned to the level of previous years. As a result, selling, general and administrative expenses were slightly higher than the previous fiscal year.

In line with the new medium-term management plan ASAHI VISION 2025, which was launched in the fiscal year ended February 20, 2022, the Company strengthened the three areas of “Attraction of Staff,” “Attraction of Merchandise,” and “Attraction of Stores” which comprise its Culture Model. We also concentrated our efforts on building three growth foundations in the areas of “digital and IT platforms,” “supply chain management,” and “brand management,” with an eye on the realization and extension of our four key strategies, namely “enhancement of customer relations (CRM),” “activation of existing stores,” “development of a new store format,” and “expansion of our business domain.” As a specific initiative, in response to the large increase in customers on the Cycle Base Asahi app, the Company enhanced its dissemination of information, including coupons, events, and post-purchase bicycle maintenance, as a way of further deepening its relationship with customers. We also commenced rebuilding of systems infrastructure. In addition to the development of existing logistics facilities, the Company started rebuilding its basic logistics concept into the future. With these and other efforts, we have made a smooth start to the new plan toward our goals of enhancing corporate value and achieving sustainable growth.

In store-opening strategy, the Company promoted the development of urban-type stores as well as its conventional suburban-type stores. Although these urban-type stores have a smaller sales floor area, the Company made progress in establishing a new store format that will become “cycle bases” for urban areas. These stores will act as bases for internet orders with store pick-up service and be able to display selected merchandise to suit local demand, while offering the same level of service as conventional-format stores by providing quick maintenance and repairs.

Regarding store opening and closures, the Company opened eight new stores in the Kanto region, five in the Kinki region, two in the Chugoku region, and one in the Kyushu region. The Kanto region lost two stores with one store being amalgamated into another and one store closed. As a result, the total number of stores at the

end of the year ended February 20, 2022 was 505, consisting of 486 directly operated stores and 19 franchise stores.

(Overview of Business Performance in the 47th Business Term)

As a result of the above activities, the Company achieved an increase in net sales, although profit decreased, for the fiscal year under review, as shown below.

Net sales	¥71,398,999 thousand (up 2.8% year-on-year)
Ordinary profit	¥5,512,897 thousand (down 24.8% year-on-year)
Profit	¥3,541,677 thousand (down 24.9% year-on-year)

Segment information is omitted as the Company has only one segment.

(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 ¥46,473,316 thousand, an increase of ¥1,186,027 thousand from the end of the previous fiscal year.

The balance of current assets at the end of the fiscal year under review was ¥24,946,534 thousand, an increase of ¥280,709 thousand from the end of the previous fiscal year. This was due mainly to increases in merchandise of ¥1,606,403 thousand and goods in transit of ¥275,481 thousand, despite a decrease in cash and deposits of ¥1,630,660 thousand.

The balance of non-current assets at the end of the fiscal year under review was ¥21,526,782 thousand, an increase of ¥905,317 thousand from the end of the previous fiscal year. This was due mainly to increases in buildings, net of ¥506,020 thousand, structures, net of ¥130,456 thousand, tools, furniture and fixtures, net of ¥156,263 thousand, and deferred tax assets of ¥79,716 thousand.

(Liabilities)

The balance of liabilities at the end of the fiscal year under review was ¥11,127,065 thousand, a decrease of ¥1,663,497 thousand from the end of the previous fiscal year.

The balance of current liabilities at the end of the fiscal year under review was ¥10,071,519 thousand, a decrease of ¥1,611,869 thousand from the end of the previous fiscal year. This was due mainly to decreases in income taxes payable of ¥1,257,807 thousand and accrued consumption taxes of ¥843,476 thousand, despite increases in accounts payable – trade of ¥313,322 thousand and accrued expenses of ¥91,930 thousand.

The balance of non-current liabilities at the end of the fiscal year under review was ¥1,055,545 thousand, a decrease of ¥51,628 thousand from the end of the previous fiscal year. This was due mainly to decreases in provision for share-based compensation of ¥26,000 thousand, guarantee deposits received of ¥12,655 thousand, and long-term accounts payable – other of ¥42,582 thousand, despite an increase in asset retirement obligations of ¥60,198 thousand.

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥35,346,251 thousand, an increase of ¥2,849,524 thousand from the end of the previous fiscal year. This was due mainly to an increase in profit of ¥3,541,677 thousand and a decrease in dividends of surplus of ¥734,731 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 ¥1,562,471 thousand to ¥6,135,378 thousand compared to the end of the previous fiscal year. The

details for cash flows in each area of activity are as follows:

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥1,585,662 thousand. The principal cash inflow factors included profit before income taxes of ¥5,368,504 thousand and depreciation of ¥1,352,575 thousand. The principal cash outflow factors included an increase in inventories of ¥1,978,104 thousand and income taxes paid of ¥3,131,518 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥2,414,315 thousand. The principal cash outflow factors included purchase of property, plant and equipment of ¥1,933,004 thousand for new store openings and payments of guarantee deposits of ¥282,738 thousand.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥733,818 thousand. The principal cash outflow factor was dividends paid.

(Reference) Trends of Cash Flow Indicators

	Fiscal year ended February 20				
	2018	2019	2020	2021	2022
Equity ratio	66.5	71.1	74.4	71.8	76.1
Equity ratio at fair value	95.3	107.3	86.9	87.7	74.3
Ratio of interest-bearing debt to cash flow	1.0	0.4	0.0	0.0	0.0
Interest coverage ratio	1,059.2	1,252.2	8,277.1	32,045.8	0.0

(Notes) 1. 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/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest paid

2. Market capitalization is calculated on the basis of the number of shares issued excluding treasury shares.
3. Interest-bearing debt covers all liabilities recorded on the balance sheets that bear interest. Interest payments recorded in the Statements of Cash Flows are used for Interest paid.
4. The cash flows from operating activities recorded in the Statements of Cash Flows are used as Operating cash flow.

(4) Future Outlook

In terms of future outlook, with people's daily lives in society greatly affected by COVID-19, bicycles are being recognized as indispensable for many people in the new normal, as a means of transportation that avoids close contact with other people in confined spaces. Meanwhile, with the situations in various countries around the world in a constant state of change due to the situation in Ukraine, the future outlook remains unclear.

In the bicycle industry, with replacement demand for electric assist bicycles expected to grow, the Company envisages that increases in sales of high-priced merchandise will keep the size of the bicycle market at a high level. However, crude oil prices remain high globally, and purchase prices are increasing, including rising prices

of all types of raw materials, rising labor costs in local production plants, and soaring marine transportation costs. In addition, harsh circumstances are predicted in the sports cycle sector, with the continued increase in global demand making it difficult to secure stocks of popular merchandise.

In light of such changes in the environment, the Company will continue in its endeavors to be the most trusted partner in customers' bicycle life, so that customers can enjoy a more comfortable bicycle life.

First, in the area of merchandise, the Company will make use of its own large-scale logistics warehouse to secure stocks of popular merchandise, with a focus on electric assist bicycles. We will also place efforts into product development so we may offer merchandise with higher added value. In addition, in response to the increase in purchase prices, we will reduce our expenses as much as possible, including leveraging IT systems to improve operational efficiency and optimizing personnel placements. Further, in the face of some cost increases, we will also exercise caution in the optimization of sales prices while monitoring market trends, under our basic policy of offering products of reliable quality and value.

The Company's store opening strategy includes plans to open 17 new stores. In addition to pursuing store openings that are focused on profitability, we will also concentrate efforts on the development of urban-type stores and will continue to expand our sales network. We will also proceed with the activation of existing stores by rebuilding or refurbishing older-format stores, including expanding their sales floor area.

In the area of use of digital and IT platforms, through the Cycle Base Asahi app, the Company will send out optimized information to deliver products and services that meet customers' needs and to build good relationships with customers.

In the enhancement of supply chain management functions, the Company will review the size and systems of its logistics facilities in each region to prepare for an expansion of operations. We will also promote the improvement of accuracy and efficiency of our logistics operations by revamping warehouse management systems, in our aim to improve customer convenience in various sales channels, including the Official Online Store, our website for direct internet-based sales.

In light of the above, the Company forecasts net sales of ¥78,000,000 thousand (up 9.2% year-on-year), operating profit of ¥5,600,000 thousand (up 7.3% year-on-year), ordinary profit of ¥5,700,000 thousand (up 3.4% year-on-year), and profit of ¥3,700,000 thousand (up 4.5% year-on-year).

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

The Company believes that the return of profits to shareholders is an important management issue and has adopted a basic policy for continued distribution of dividends. Dividends of surplus are conducted once a year as year-end dividends, and the decision-making body for dividends is the General Meeting of Shareholders.

The Company appropriates internal reserves for investments that will contribute to profits, including the establishment of new stores and refurbishment of existing stores, IT, and logistics. At the same time, we will make effective investments for the enhancement and expansion of business activities and for global business development, and strive to strengthen the management foundations and enhance corporate value.

In accordance with these policies, the Company wishes to issue year-end dividends of ¥28.00 per share as dividends for the fiscal year ended February 20, 2022.

The Company stipulates in its Articles of Incorporation that it is able to pay interim dividends. The decision-making body for interim dividends is the Board of Directors.

For the next fiscal year, the Company plans to issue dividends of ¥28.00 per share in accordance with its basic policy for the distribution of profit.

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, 2021	As of February 20, 2022
Assets		
Current assets		
Cash and deposits	7,589,310	5,958,649
Accounts receivable – trade	3,170,301	3,155,879
Merchandise	11,910,317	13,516,721
Goods in transit	730,947	1,006,429
Supplies	75,234	171,453
Accounts receivable – other	311,267	246,942
Prepaid expenses	374,283	440,014
Forward exchange contracts	217,856	254,073
Other	287,265	197,330
Allowance for doubtful accounts	(960)	(960)
Total current assets	24,665,824	24,946,534
Non-current assets		
Property, plant and equipment		
Buildings	18,658,496	19,896,175
Accumulated depreciation	(10,474,671)	(11,206,329)
Buildings, net	8,183,825	8,689,846
Structures	917,510	1,110,871
Accumulated depreciation	(538,809)	(601,714)
Structures, net	378,701	509,157
Machinery and equipment	134,534	134,534
Accumulated depreciation	(112,135)	(117,732)
Machinery and equipment, net	22,399	16,801
Vehicles	31,118	31,476
Accumulated depreciation	(25,244)	(27,867)
Vehicles, net	5,873	3,608
Tools, furniture and fixtures	1,519,880	1,807,901
Accumulated depreciation	(1,114,731)	(1,246,488)
Tools, furniture and fixtures, net	405,149	561,412
Land	3,089,742	3,163,012
Construction in progress	196,596	86,550
Total property, plant and equipment	12,282,288	13,030,390
Intangible assets		
Software	357,050	423,227
Other	113,967	92,223
Total intangible assets	471,018	515,450

(Thousand yen)

	As of February 20, 2021	As of February 20, 2022
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	1,131	500
Long-term accounts receivable – other	5,725	4,765
Long-term prepaid expenses	511,917	521,578
Guarantee deposits	5,105,842	5,154,383
Construction assistance fund receivables	1,078,175	961,082
Deferred tax assets	977,393	1,057,109
Investment property	212,965	247,519
Accumulated depreciation	(128,397)	(139,259)
Investment property, net	84,567	108,260
Other	18,036	86,932
Allowance for doubtful accounts	(5,725)	(4,765)
Total investments and other assets	7,868,157	7,980,941
Total non-current assets	20,621,464	21,526,782
Total assets	45,287,289	46,473,316
Liabilities		
Current liabilities		
Accounts payable – trade	4,351,718	4,665,041
Accounts payable – other	1,073,715	982,696
Accrued expenses	1,554,370	1,646,301
Income taxes payable	2,023,685	765,877
Accrued consumption taxes	949,707	106,230
Advances received	478,700	567,783
Deposits received	148,313	161,089
Unearned revenue	3,708	3,898
Provision for bonuses	878,451	930,273
Provision for shareholder benefit program	152,730	182,926
Reserve for commodity warranties	66,786	54,694
Asset retirement obligations	-	2,292
Other	1,501	2,414
Total current liabilities	11,683,388	10,071,519
Non-current liabilities		
Provision for share-based compensation	148,000	122,000
Provision for merchandise warranties	19,801	13,932
Asset retirement obligations	608,213	668,412
Other	331,158	251,201
Total non-current liabilities	1,107,173	1,055,545
Total liabilities	12,790,562	11,127,065

(Thousand yen)

	As of February 20, 2021	As of February 20, 2022
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		
Reserve for special depreciation	331,777	146,417
General reserve	22,090,000	24,090,000
Retained earnings brought forward	5,926,536	6,918,843
Total retained earnings	28,367,001	31,173,948
Treasury shares	(230,764)	(180,112)
Total shareholders' equity	32,362,765	35,220,362
Valuation and translation adjustments		
Deferred gains or losses on hedges	133,961	125,888
Total valuation and translation adjustments	133,961	125,888
Total net assets	32,496,726	35,346,251
Total liabilities and net assets	45,287,289	46,473,316

(2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended February 20, 2021	For the fiscal year ended February 20, 2022
Net sales	69,456,001	71,398,999
Cost of sales		
Beginning merchandise inventory	10,905,782	11,910,317
Cost of purchased goods	35,556,322	37,905,130
Provision of reserve for product warranties	86,587	68,626
Total	46,548,691	49,884,073
Transfer to other account	204,079	203,806
Ending merchandise inventory	11,910,317	13,516,721
Total cost of sales	34,434,294	36,163,546
Gross profit	35,021,706	35,235,453
Selling, general and administrative expenses	28,157,822	30,014,033
Operating profit	6,863,883	5,221,419
Non-operating income		
Interest income	49,294	46,599
Rental income from buildings	108,066	115,433
Commission income	14,457	56,415
Compensation income	300,260	111,971
Other	107,916	91,109
Total non-operating income	579,995	421,529
Non-operating expenses		
Interest expenses	214	-
Foreign exchange losses	13,026	23,498
Rental costs on real estate	88,206	91,329
Other	15,806	15,223
Total non-operating expenses	117,253	130,051
Ordinary profit	7,326,626	5,512,897
Extraordinary losses		
Loss on sale and retirement of non-current assets	14,345	18,877
Impairment losses	255,794	125,515
Total extraordinary losses	270,139	144,393
Profit before income taxes	7,056,486	5,368,504
Income taxes – current	2,577,000	1,903,000
Income taxes – deferred	(238,340)	(76,173)
Total income taxes	2,338,659	1,826,826
Profit	4,717,827	3,541,677

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended February 20, 2021 (from February 21, 2020 to February 20, 2021)

(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	517,418	20,090,000	3,495,395	24,121,502
Changes during period								
Dividends of surplus							(472,328)	(472,328)
Reversal of reserve for special depreciation					(185,641)		185,641	-
Profit							4,717,827	4,717,827
Provision of general reserve						2,000,000	(2,000,000)	
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	(185,641)	2,000,000	2,431,141	4,245,499
Balance at end of period	2,061,356	2,165,171	2,165,171	18,688	331,777	22,090,000	5,926,536	28,367,001

	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	(230,703)	28,117,326	102,895	102,895	28,220,222
Changes during period					
Dividends of surplus		(472,328)			(472,328)
Reversal of reserve for special depreciation		-			-
Profit		4,717,827			4,717,827
Provision of general reserve		-			-
Purchase of treasury shares	(60)	(60)			(60)
Net changes in items other than shareholders' equity			31,066	31,066	31,066
Total changes during period	(60)	4,245,438	31,066	31,066	4,276,504
Balance at end of period	(230,764)	32,362,765	133,961	133,961	32,496,726

Fiscal year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(Thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
				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	331,777	22,090,000	5,926,536	28,367,001
Changes during period								
Dividends of surplus							(734,731)	(734,731)
Reversal of reserve for special depreciation					(185,360)		185,360	-
Profit							3,541,677	3,541,677
Provision of general reserve						2,000,000	(2,000,000)	-
Disposal of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	(185,360)	2,000,000	992,306	2,806,946
Balance at end of period	2,061,356	2,165,171	2,165,171	18,688	146,417	24,090,000	6,918,843	31,173,948

	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	(230,764)	32,362,765	133,961	133,961	32,496,726
Changes during period					
Dividends of surplus		(734,731)			(734,731)
Reversal of reserve for special depreciation		-			-
Profit		3,541,677			3,541,677
Provision of general reserve		-			-
Disposal of treasury shares	50,651	50,651			50,651
Net changes in items other than shareholders' equity			(8,073)	(8,073)	(8,073)
Total changes during period	50,651	2,857,597	(8,073)	(8,073)	2,849,524
Balance at end of period	(180,112)	35,220,362	125,888	125,888	35,346,251

(4) Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended February 20, 2021	For the fiscal year ended February 20, 2022
Cash flows from operating activities		
Profit before income taxes	7,056,486	5,368,504
Depreciation	1,260,487	1,352,575
Impairment losses	255,794	125,515
Amortization of long-term prepaid expenses	17,225	17,068
The amount of rent offset of construction assistance fund receivables	326,570	326,819
Increase (decrease) in allowance for doubtful accounts	(960)	(960)
Increase (decrease) in provision for bonuses	67,996	51,822
Increase (decrease) in provision for shareholder benefit program	35,278	30,196
Increase (decrease) in provision for goods warranties	(10,016)	(17,961)
Increase (decrease) in provision for share-based compensation	24,000	22,000
Interest and dividend income	(49,294)	(46,599)
Interest expenses	214	-
Compensation income	(300,260)	(111,971)
Loss (gain) on sale and retirement of non-current assets	14,345	18,877
Decrease (increase) in trade receivables	(687,930)	14,421
Decrease (increase) in inventories	(1,239,384)	(1,978,104)
Decrease (increase) in accounts receivable – other	(86,391)	49,204
Increase (decrease) in trade payables	719,370	313,322
Increase (decrease) in accrued consumption taxes	627,077	(843,476)
Increase (decrease) in accounts payable – other	233,072	(179,617)
Increase (decrease) in accrued expenses	152,322	91,930
Other, net	108,726	(21,393)
Subtotal	8,524,732	4,582,175
Interest and dividends received	83	68
Interest paid	(227)	-
Proceeds from compensation	281,458	134,937
Income taxes paid	(1,510,778)	(3,131,518)
Net cash provided by (used in) operating activities	7,295,268	1,585,662
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,348,513)	(1,933,004)
Purchase of intangible assets	(202,999)	(193,210)
Loan advances	(1,070)	(1,400)
Proceeds from collection of loans receivable	2,799	1,775
Purchase of long-term prepaid expenses	(12,500)	(97,572)
Payments for asset retirement obligations	(3,300)	(381)
Payments of guarantee deposits	(346,419)	(282,738)
Proceeds from refund of guarantee deposits	41,381	92,217
Net cash provided by (used in) investing activities	(1,870,621)	(2,414,315)
Cash flows from financing activities		
Repayments of long-term borrowings	(187,500)	-
Purchase of treasury shares	(60)	-
Dividends paid	(472,636)	(733,818)
Net cash provided by (used in) financing activities	(660,196)	(733,818)
Net increase (decrease) in cash and cash equivalents	4,764,449	(1,562,471)
Cash and cash equivalents at beginning of period	2,933,400	7,697,850
Cash and cash equivalents at end of period	7,697,850	6,135,378

(5) Notes to the Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation)

(Non-consolidated Statements of Income)

As “Commission income,” which was included in “Other” under “Non-operating income” in the previous fiscal year, exceeded 10% of total non-operating income, it has been presented separately from the fiscal year under review. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, ¥122,374 thousand presented as “Other” under “Non-operating income” in the Non-consolidated Statements of Income for the previous fiscal year has been reclassified as ¥14,457 thousand of “Commission income” and ¥107,916 thousand of “Other.”

(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.

(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, 2020 to February 20, 2021)

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 Statements 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 Statements 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 Sheets, 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 Statements of Income, this information has been omitted.

Fiscal year under review (February 21, 2021 to February 20, 2022)

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 Statements 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 Statements 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 Sheets, 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 Statements of Income, this information has been omitted.

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

Previous fiscal year (February 21, 2020 to February 20, 2021)

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

Fiscal year under review (February 21, 2021 to February 20, 2022)

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, 2021	For the fiscal year ended February 20, 2022
Net assets per share	¥1,246.10	¥1,353.52
Basic earnings per share	¥180.91	¥135.68

(Notes) 1. Diluted earnings per share are 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, 2021	For the fiscal year ended February 20, 2022
Profit on the Non-consolidated Statements of Income (Thousand yen)	4,717,827	3,541,677
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit relating to common shares (Thousand yen)	4,717,827	3,541,677
Average number of shares outstanding during the period (Shares)	26,078,857	26,103,153

3. In the calculation of “net assets per share,” the Company’s shares held by the Executive Remuneration BIP trust (161,590 shares in the previous fiscal year, 126,070 shares in the fiscal year under review) were included in the amount 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 (161,590 shares in the previous fiscal year, 137,261 shares in the fiscal year under review).

(Significant subsequent events)

Not applicable.

4. Others

(1) Results of Purchases

The results of purchases by item for the fiscal year under review are listed below.

Item	Fiscal year ended February 20, 2022	
	Amount (Thousand yen)	Year-on-Year Change (%)
Bicycles	32,061,799	107.4
Parts and accessories	5,190,419	103.8
Others	652,587	93.0
Total	37,904,806	106.6

(Note) The above amounts do not include consumption tax, etc.

(2) Results of Sales

The results of sales by item for the fiscal year under review are listed below.

Item	Fiscal year ended February 20, 2022	
	Amount (Thousand yen)	Year-on-Year Change (%)
Bicycles	51,547,822	103.4
Parts and accessories	12,099,056	102.6
Royalties	155,175	98.5
Others	7,596,945	99.3
Total	71,398,999	102.8

(Notes) 1. The above amounts do not include consumption tax, etc.

2. No business partner accounts for 10% or more of the total results of sales.

(3) Changes in Officers

(i) Changes in Representative
Not applicable.

(ii) Changes in Other Officers
Not applicable.