



# EXPLANATORY MATERIAL ON FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED FEBRUARY 20, 2023


ASAHI CO., LTD.  
TSE Prime Market (Securities code: 3333)

April 2023



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# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

## Comparison with the Previous Fiscal Year

[Millions of yen, %]

	FY ended Feb. 20, 2022 Results		FY ended Feb. 20, 2023 Results			
	Amount	Share	Amount	Share	Y/Y change (reference)*	Factors
Net sales	71,398	100.0	74,712	100.0	104.6	<ul style="list-style-type: none"> <li>• Increased unit prices following the price revisions</li> <li>• Increase of ¥196 million following the application of the Revenue Recognition Standard</li> </ul>
Gross profit	35,235	49.4	36,195	48.4	102.7	<ul style="list-style-type: none"> <li>• Higher purchasing costs</li> <li>• Increase of ¥184 million following the application of the Revenue Recognition Standard</li> </ul>
Operating profit	5,221	7.3	5,127	6.9	98.2	
Ordinary profit	5,512	7.7	5,316	7.1	96.4	
Profit	3,541	5.0	3,366	4.5	95.0	

\* The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”), etc. from the beginning of the first quarter of the fiscal year ended Feb. 20, 2023. Therefore, year-on-year change in the table above is for your reference to compare the operating results for the fiscal year ended Feb. 20, 2023 and those for the previous fiscal year. The same shall apply to “Y/Y change” in the next slides.

# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

## Our Responses to Changes in the Market

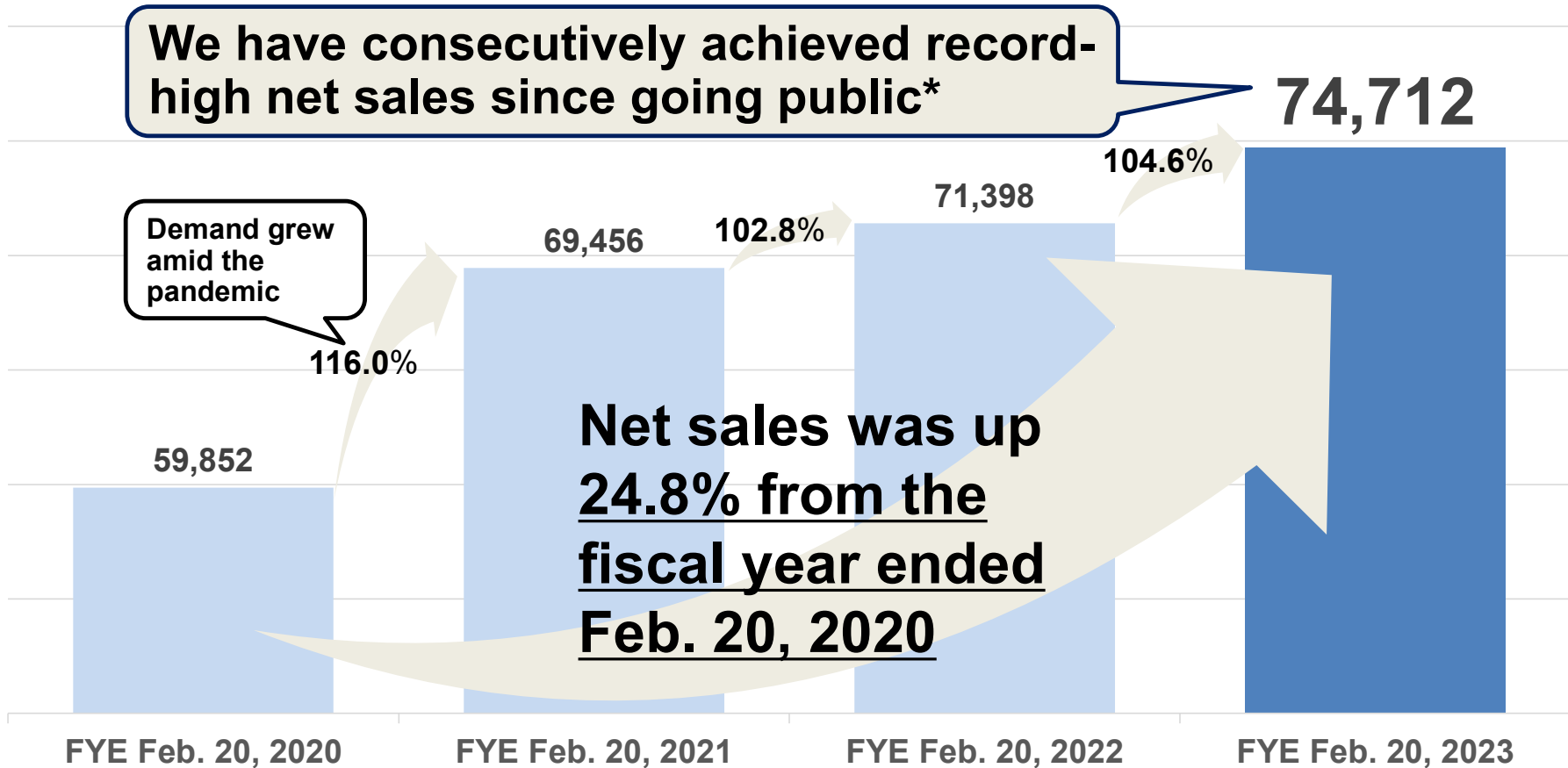
Item	Landscape during the fiscal year ended Feb. 20, 2023
Macro environment	Energy prices soared, prices in general including basic necessities of life rose, and consumers became budget-conscious.
Bicycle market environment	<ul style="list-style-type: none"> <li>• Number of bicycles sold for the domestic market* was 83.9% (or down approx. 1,100 thousand bicycles) year-on-year.</li> <li>• Manufacturers raised selling prices (up 20–30% year-on-year).</li> <li>• Number of bicycles imported decreased significantly in the first half due to China's lockdowns.</li> <li>• Number of bicycles imported recovered from the third quarter onward, but sports bicycles had poor sales.</li> </ul>
Importing / purchasing costs	Purchasing costs rose by approx. 30% year-on-year due to the rapid depreciation of the yen and raw material price hikes.
Our responses	<p>Net sales was 104.6% (or up ¥3,313 million) year-on-year (Monthly sales flash report: <u>sales per customer 106.3% x number of customers 98.8%</u>)</p> <p><b>We revised the prices of Asahi brand products as follows:</b>  <b>Up 5–7% in February and 10–20% in August 2022</b>  <b>→ Unit prices increased following these price revisions. Demand for repair and maintenance increased.</b></p>

\* Number of bicycles sold for the domestic market that we estimated based on Trade Statistics of Japan by the Ministry of Finance and Current Survey of Production by the Ministry of Economy, Trade and Industry

# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

## Changes in Net Sales over Fiscal Years

[Millions of yen, %]



\* Listed on the Jasdq Securities Exchange in December 2004

# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

## Net Sales by Division (Comparison with the Previous Fiscal Year) [Millions of yen, %]

		FY ended Feb. 20, 2022 Results		FY ended Feb. 20, 2023 Results			
		Amount	Share	Amount	Retail share*1	Y/Y change (reference)	Factors
Retail (subtotal)	Stores	68,829	96.4	64,352	88.6	105.6	Increased unit prices following the price revisions  Net sales at existing stores: 102.6% Sales per customer: 105.9% Number of customers: 96.9%
	E-commerce			8,300	11.4		
				72,652	100.0		
Other*2		2,569	3.6	2,059	–	80.2	Lower sales of sports bicycles in the wholesale business
Total		71,398	100.0	74,712	–	104.6	

\*1 Starting from the fiscal year ended Feb. 20, 2023, we use the retail share as the ratio of stores and e-commerce in retail.

\*2 Other net sales include royalty income, product sales to franchise stores and wholesale customers, out-of-store sales, etc.

# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

## Net Sales by Item (Comparison with the Previous Fiscal Year)

[Millions of yen, %]

	FY ended Feb. 20, 2022 Results		FY ended Feb. 20, 2023 Results			
	Amount	Share	Amount	Share	Y/Y change (reference)	Factors
Ordinary bicycles	11,662	16.3	13,010	17.4	111.6	Continuing strong sales of Asahi brand sports bicycles and ordinary bicycles
Sports bicycles	10,257	14.4	9,355	12.5	91.2	
Children's bicycles	8,131	11.4	8,146	10.9	100.2	
Electric assist bicycles	18,829	26.4	20,406	27.3	108.4	Continuing strong sales
Other bicycles	2,666	3.7	2,831	3.8	106.2	
Parts/Other	19,851	27.8	20,961	28.1	105.6	Increased demand for repair and maintenance
<b>Total</b>	<b>71,398</b>	<b>100.0</b>	<b>74,712</b>	<b>100.0</b>	<b>104.6</b>	
<b>Asahi brand net sales</b>	<b>30,598</b>	<b>42.9</b>	<b>32,996</b>	<b>44.2</b>	<b>107.8</b>	<b>Asahi brand price advantage</b>



# 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

SG&A Expenses and Capital Investment (Comparison with the Previous Fiscal Year) [Millions of yen, %]

		FY ended Feb. 20, 2022 Results		FY ended Feb. 20, 2023 Results			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
<b>SG&amp;A expenses</b>		<b>30,014</b>	<b>42.0</b>	<b>31,068</b>	<b>41.6</b>	<b>103.5</b>	
<b>Breakdown</b>	<b>Personnel expenses</b>	<b>14,735</b>	<b>20.6</b>	<b>15,181</b>	<b>20.3</b>	<b>103.0</b>	<b>Increased personnel to expand business</b>
	<b>Advertising expenses</b>	<b>739</b>	<b>1.0</b>	<b>650</b>	<b>0.9</b>	<b>87.9</b>	
	<b>Logistics expenses (Transport + Storage)</b>	<b>1,714</b>	<b>2.4</b>	<b>1,884</b>	<b>2.5</b>	<b>109.9</b>	<b>Higher delivery costs</b>
	<b>Depreciation</b>	<b>1,343</b>	<b>1.9</b>	<b>1,472</b>	<b>2.0</b>	<b>109.6</b>	<b>Increased investment in stores</b>
	<b>Other</b>	<b>11,480</b>	<b>16.1</b>	<b>11,879</b>	<b>15.9</b>	<b>103.5</b>	<b>Electricity price hikes</b>
<b>Capital spending</b>		<b>2,533</b>		<b>2,511</b>		<b>99.1</b>	<b>Store openings and renovations as well as system introduction projects</b>

## 1 Financial Results for the Fiscal Year Ended Feb. 20, 2023

### Number of Stores (Comparison with the End of the Previous Fiscal Year)


**Total: 519 stores**  
**(501 directly operated stores and 18 franchise stores\*1) (as of Feb. 20, 2023)**

	FY ended Feb. 20, 2022*2 Results	FY ended Feb. 20, 2023*2 Results
Number of stores opened	16 (505)	15 (519)
Of which, stores opened in urban areas	2 (4)	2 (6)
Number of stores closed	2	1
Number of stores relocated and largely renovated	15	13

\*1 18 franchise stores (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, 1 store in Hiroshima, and 2 stores in Kagoshima)

Following the termination of franchise agreement on Aug. 20, 2022, Fukai Store in Osaka was converted to a directly operated store on Aug. 21, 2022.

\*2 Numbers in parentheses refer to the cumulative number of stores at the end of the fiscal year.

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## 2 Plan for the Fiscal Year Ending Feb. 20, 2024

Comparison with the Fiscal Year Ended Feb. 20, 2023

[Millions of yen, %]

	FY ended Feb. 20, 2023 Results		FY ending Feb. 20, 2024 Plan			
	Amount	Share	Amount	Share	Y/Y change	Factors
<b>Net sales</b>	<b>74,712</b>	<b>100.0</b>	<b>80,000</b>	<b>100.0</b>	<b>107.1</b>	<ul style="list-style-type: none"> <li>• Strengthen OMO*</li> <li>• Expect to have an increase in electric assist bicycles</li> <li>• Expect to have sales per customer of 107%</li> </ul>
<b>Gross profit</b>	<b>36,195</b>	<b>48.4</b>	<b>38,000</b>	<b>47.5</b>	<b>105.0</b>	
<b>Operating profit</b>	<b>5,127</b>	<b>6.9</b>	<b>5,200</b>	<b>6.5</b>	<b>101.4</b>	<ul style="list-style-type: none"> <li>• Enhance digital and IT platforms</li> </ul>
<b>Ordinary profit</b>	<b>5,316</b>	<b>7.1</b>	<b>5,400</b>	<b>6.8</b>	<b>101.6</b>	
<b>Profit</b>	<b>3,366</b>	<b>4.5</b>	<b>3,400</b>	<b>4.3</b>	<b>101.0</b>	

\* OMO is the abbreviation for Online Merges with Offline. OMO is an approach that merges e-commerce and stores to offer customer experience value, enabling customers to obtain information, shop, and use such channels.

## 2 Plan for the Fiscal Year Ending Feb. 20, 2024

### Net Sales by Division

[Millions of yen, %]

		FY ended Feb. 20, 2023 Results		FY ending Feb. 20, 2024 Plan			
		Amount	Retail share*1	Amount	Retail share*1	Y/Y change	Factors
	<b>Stores</b>	<b>64,352</b>	<b>88.6</b>	<b>68,600</b>	<b>88.7</b>	<b>106.6</b>	Plan to open 15 stores
	<b>E-commerce</b>	<b>8,300</b>	<b>11.4</b>	<b>8,700</b>	<b>11.3</b>	<b>104.8</b>	<ul style="list-style-type: none"> <li>• Ensure stocks of merchandise solely for e-commerce</li> <li>• Streamline supply chain management</li> </ul>
<b>Retail (subtotal)</b>		<b>72,652</b>	<b>100.0</b>	<b>77,300</b>	<b>100.0</b>	<b>106.4</b>	
<b>Other*2</b>		<b>2,059</b>	<b>—</b>	<b>2,700</b>	<b>—</b>	<b>131.1</b>	Wholesale business: Seek to increase sales with a focus on electric assist bicycles in response to a decline in demand for sports bicycles
<b>Total</b>		<b>74,712</b>	<b>—</b>	<b>80,000</b>	<b>—</b>	<b>107.1</b>	

\*1 Starting from the fiscal year ended Feb. 20, 2023, we use the retail share as the ratio of stores and e-commerce in retail.

\*2 Other net sales include royalty income, product sales to franchise stores and wholesale customers, out-of-store sales, etc.

## 2 Plan for the Fiscal Year Ending Feb. 20, 2024

### Net Sales by Item

[Millions of yen, %]

	FY ended Feb. 20, 2023 Results		FY ending Feb. 20, 2024 Plan		
	Amount	Share	Amount	Share	Y/Y change
Ordinary bicycles	13,010	17.4	14,000	17.5	107.6
Sports bicycles	9,355	12.5	10,000	12.5	106.9
Children's bicycles	8,146	10.9	8,400	10.5	103.1
Electric assist bicycles	20,406	27.3	22,700	28.4	111.2
Other bicycles	2,831	3.8	2,900	3.6	102.4
Parts/Other	20,961	28.1	22,000	27.5	105.0
<b>Total</b>	<b>74,712</b>	<b>100.0</b>	<b>80,000</b>	<b>100.0</b>	<b>107.1</b>

## ENERSYS, ASAHI's original electric assist bicycles



**ENERSYS, ASAHI's original electric assist bicycles that reflected what our customers were looking for and our commitment to the pursuit of comfortable riding. These bicycles make every customer feel secure and happy.**

## 2 Plan for the Fiscal Year Ending Feb. 20, 2024

### SG&A Expenses and Capital Investment

[Millions of yen, %]

		FY ended Feb. 20, 2023 Results		FY ending Feb. 20, 2024 Plan			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
<b>SG&amp;A expenses</b>		<b>31,068</b>	<b>41.6</b>	<b>32,800</b>	<b>41.0</b>	<b>105.6</b>	
<b>Breakdown</b>	<b>Personnel expenses</b>	<b>15,181</b>	<b>20.3</b>	<b>15,900</b>	<b>19.9</b>	<b>104.7</b>	Increase personnel to expand business
	<b>Advertising expenses</b>	<b>650</b>	<b>0.9</b>	<b>730</b>	<b>0.9</b>	<b>112.3</b>	Run more sales promotions and online advertisements
	<b>Logistics expenses (Transport + Storage)</b>	<b>1,884</b>	<b>2.5</b>	<b>2,000</b>	<b>2.5</b>	<b>106.2</b>	Reduce storage expenses
	<b>Depreciation</b>	<b>1,472</b>	<b>2.0</b>	<b>1,600</b>	<b>2.0</b>	<b>108.7</b>	Open new stores and renovate existing stores
	<b>Other</b>	<b>11,879</b>	<b>15.9</b>	<b>12,570</b>	<b>15.7</b>	<b>105.8</b>	Incur an increase in system-related maintenance costs
<b>Capital spending</b>			<b>2,511</b>		<b>3,855</b>	<b>153.5</b>	Enhance growth foundations including digital and IT platforms



## 2 Plan for the Fiscal Year Ending Feb. 20, 2024

Number of stores to open


**534 stores\*<sup>1</sup> by Feb. 20, 2024**

	FY ended Feb. 20, 2023* <sup>2</sup> Results	FY ending Feb. 20, 2024* <sup>2</sup> Plan
Number of stores to open	<b>15 (519)</b>	<b>15 (534)</b>
Of which, urban stores	<b>2 (6)</b>	<b>3 (9)</b>
Number of stores to close	<b>1</b>	<b>0</b>
Number of stores to relocate and largely renovate	<b>13</b>	<b>14</b>

\*1 18 franchise stores (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, 1 store in Hiroshima, and 2 stores in Kagoshima)

Following the termination of franchise agreement on Aug. 20, 2022, Fukai Store in Osaka was converted to a directly operated store on Aug. 21, 2022.

\*2 Numbers in parentheses refer to the cumulative number of stores at the end of the fiscal year.

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### 3 Medium-Term Management Plan “VISION 2025”

#### Environment

Item	Landscape during the fiscal year ended Feb. 20, 2023
Macro environment	Energy prices soared, prices in general including basic necessities of life rose, and consumers became budget-conscious.
Bicycle market environment	<ul style="list-style-type: none"> <li>• Purchasing costs rose due to the further depreciation of the yen and raw material price hikes.</li> <li>• Number of bicycles sold for the domestic market* was 83.9% (or down approx. 1,100 thousand bicycles) year-on-year.</li> <li>• Manufacturers raised selling prices (up 20–30% year-on-year).</li> </ul>

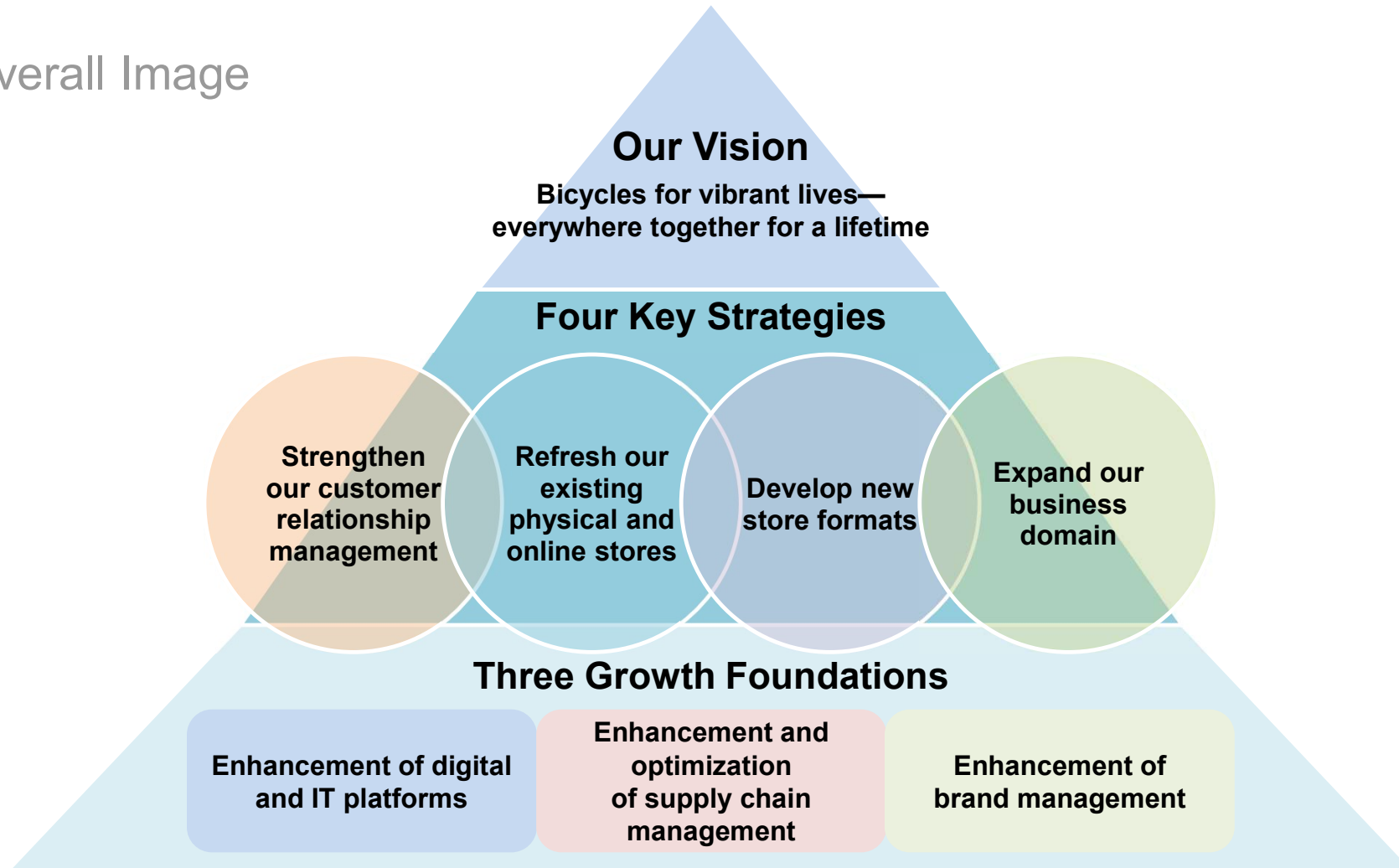


Outlook for the fiscal year ending Feb. 20, 2026
<p>With falling birth rate and aging population,</p> <ul style="list-style-type: none"> <li>• Japan’s workforce will decline, and pressure to raise personnel expenses is increasing</li> <li>• cycling population will decline</li> </ul>
<ul style="list-style-type: none"> <li>• The number of new bicycles to be sold is expected to decrease gradually in the Japanese market.</li> <li>• Demand for repair and maintenance will increase as the cycle of buying and replacing new bicycles becomes longer.</li> <li>• Sales of children’s bicycles are expected to decline, and more people are making the switch from ordinary bicycles to electric assist bicycles.</li> </ul>

\* Number of bicycles sold for the domestic market that we estimated based on Trade Statistics of Japan by the Ministry of Finance and Current Survey of Production by the Ministry of Economy, Trade and Industry

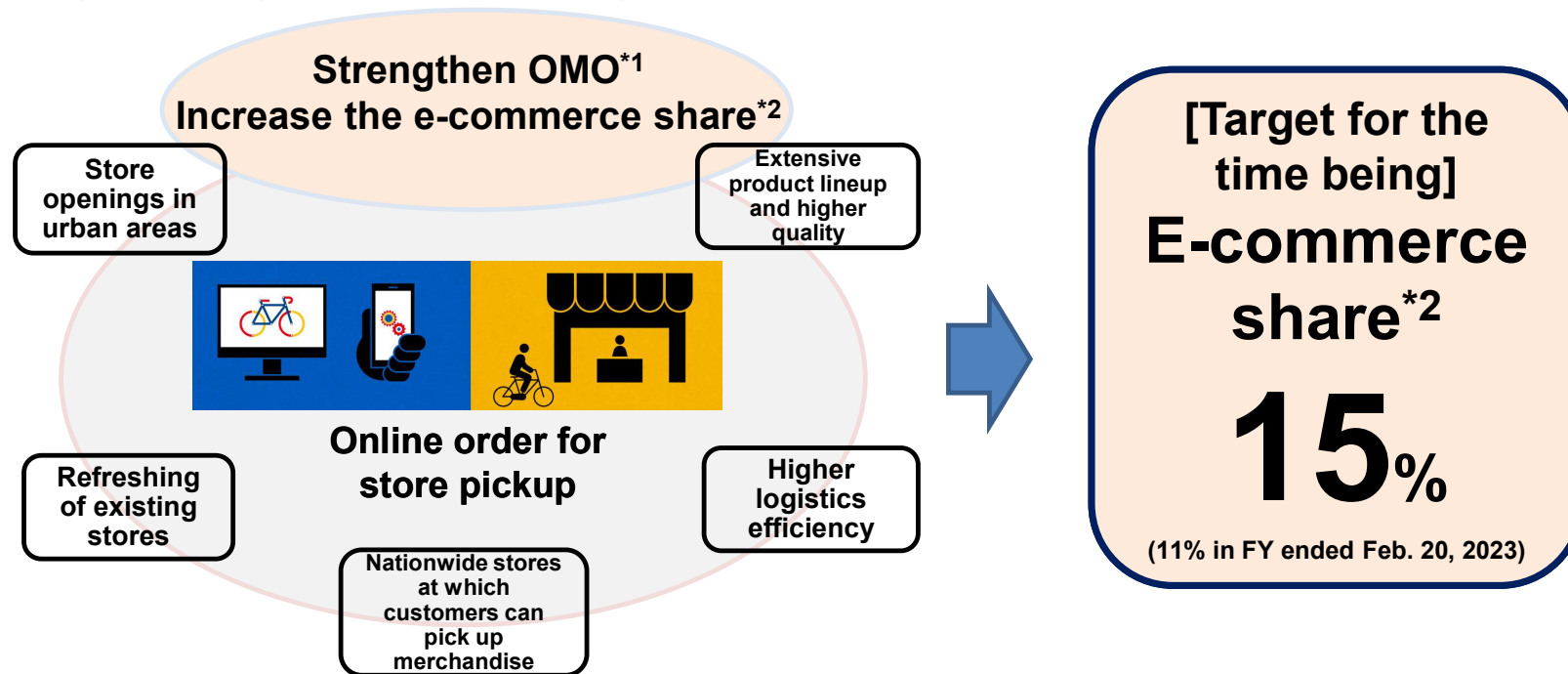
### 3 Medium-Term Management Plan “VISION 2025”

#### Overall Image



### 3 Medium-Term Management Plan “VISION 2025”

#### Strengthening and improving OMO



**Pursue our OMO strategy that enables the seamless distribution of goods and information between e-commerce and stores**

\*1 OMO is the abbreviation for Online Merges with Offline. OMO is an approach that merges e-commerce and stores to offer customer experience value, enabling customers to obtain information, shop, and use such channels.

\*2 The e-commerce share that accounts for the total retail sales (stores + e-commerce).

### 3 Medium-Term Management Plan “VISION 2025”

#### Capital Investment

[Millions of yen]

	FYE Feb. 20, 2023 Results	FYE Feb. 20, 2024 Plan	FYE Feb. 20, 2025 Plan	FYE Feb. 20, 2026 Plan	Primary use
Capital investment	2,511	3,855	4,190	4,050	Make more <b>growth investments</b>

#### ◎ Primary uses of capital investment

- Invest in the growth foundations  
Implement DX, improve infrastructure systems, and invest in systems
- Invest to maintain and refurbish stores  
Refresh our existing stores by renovating and relocating them
- Invest to increase profits  
Open 15 stores annually centered in urban areas


### 3 Medium-Term Management Plan “VISION 2025”

#### Targets

	FY ended Feb. 20, 2023 Results	FY ending Feb. 20, 2024 Plan	FY ending Feb. 20, 2026 Targets
Net sales	¥74,712M	¥80,000M	¥85,000M
Operating profit	¥5,127M (6.9%)	¥5,200M (6.5%)	¥6,800M (8.0%)
Number of stores	519	534	560
E-commerce share <sup>*1</sup>	11%	11%	14%
Market share <sup>*2</sup>	22%	23%	25%

\*1 The e-commerce share that accounts for the total retail sales (stores + e-commerce).

\*2 Market share = Number of bicycles sold by the Company / Number of bicycles sold for the domestic market that we uniquely estimated based on Trade Statistics of Japan by the Ministry of Finance and Current Survey of Production by the Ministry of Economy, Trade and Industry.

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## 4 Shareholder Returns

Abolishing the shareholder benefit program and changing the current dividend policy

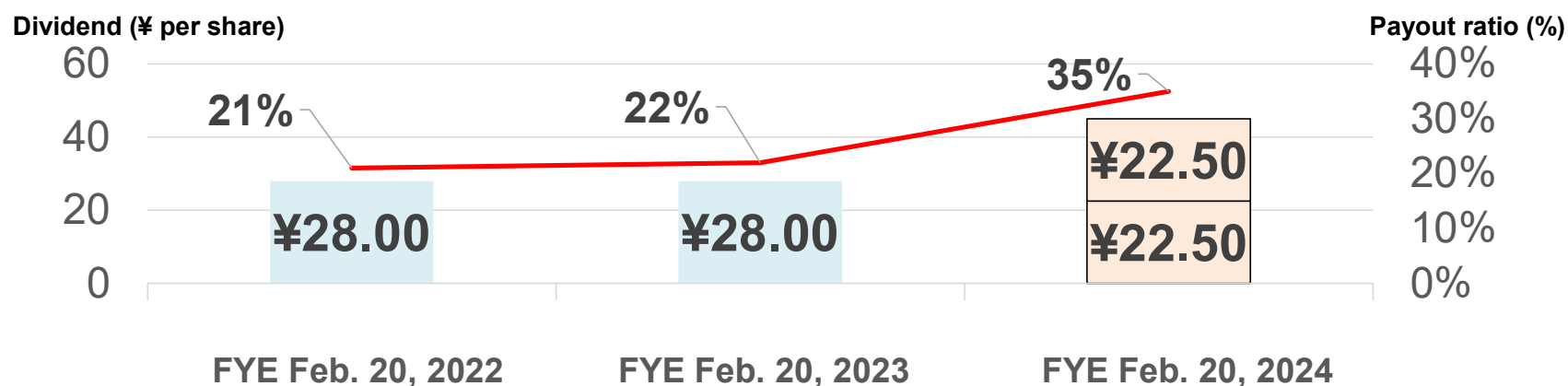
**From the perspective of fairly returning profits to shareholders,**

- (1) abolish the shareholder benefit program (The last issue will be in May 2023 before the abolishment.)
- (2) change the current dividend policy (effective from **the fiscal year ending Feb. 20, 2024**)

[Previously until the fiscal year ended Feb. 20, 2023]  
Plan to pay an annual dividend of ¥28.00 per share and provide shareholder benefits



[From **the fiscal year ending Feb. 20, 2024** onward]  
Target payout ratio is 35%  
Plan to pay an annual dividend of ¥45.00 per share (comprising an interim dividend and a year-end dividend of ¥22.50 per share)



## ASAHI's Mission

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

**As we pursue our mission,  
we will share with stakeholders  
the prosperity that  
our business activities generate.**



## Disclaimer

- **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.**
- **The reader should note that internal factors in the Company and external factors such as changes in the business environment surrounding the Company may have a direct or indirect impact on the Company's performance and that the forecasts contained in this document may change.**
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