



EXPLANATORY MATERIAL ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 20, 2025

June 23, 2025

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



CONTENTS

- 1 Financial Results for the Three Months Ended May 20, 2025**
- 2 Plan for and Progress Status of the Fiscal Year Ending Feb. 20, 2026**

Recognition of Environment and Initiatives for the Final Year of the Medium-Term Management Plan “VISION 2025”

- Although household income conditions are improving, consumer sentiment is on a downward trend due to heightened concerns about the future of the economy in light of U.S. tariff policies, etc. and growing interest in saving money in response to high prices.
- Strengthening of OMO^{*1} and CRM^{*2}, establishment of a system for providing repairs and maintenance, and strengthening of the three growth foundations^{*3}



- Growing demand for switching to electric-assist bicycles with enhanced performance features and high unit prices
- Lengthening of replacement cycle against a backdrop of growing interest in saving money
- Strengthened three growth foundations
- Refined the SPA business model
- Strengthened OMO and CRM
- Improved profitability other than new bicycle sales

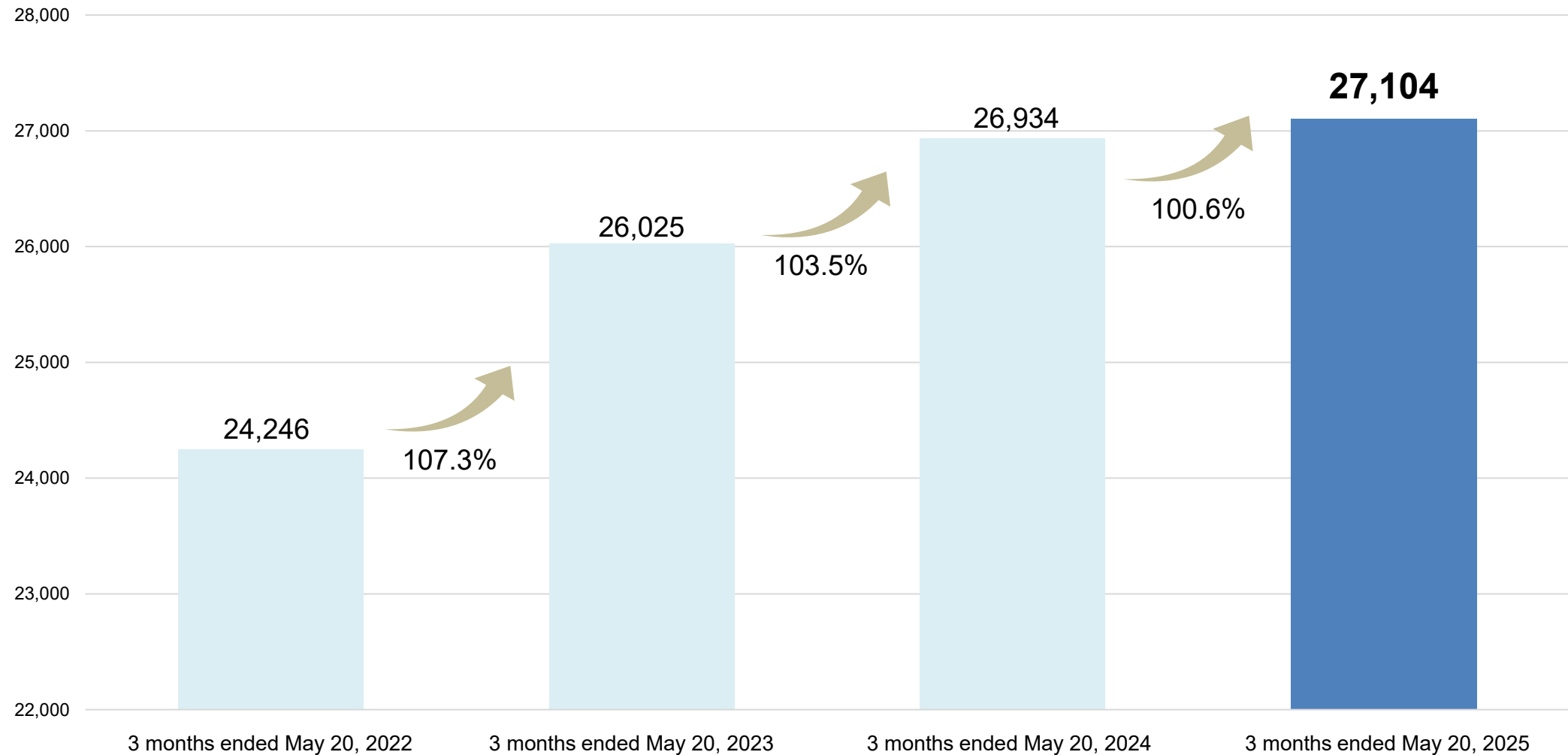
^{*1} OMO is the abbreviation for Online Merges with Offline. OMO is an approach that merges e-commerce and stores to offer customer experience value, enabling customers to obtain information, shop, and use such channels.

^{*2} CRM is the abbreviation for Customer Relationship Management. We are strengthening our customer relations by providing information via the official Cycle Base Asahi smartphone application to make their bicycle life more convenient and comfortable.

^{*3} Three foundations of “enhancement and optimization of supply chain management,” “enhancement of digital and IT platforms,” and “enhancement of brand management” to be focused on in realizing the achievement of the Medium-Term Management Plan “VISION 2025.”

Changes in Net Sales of the Entire Company

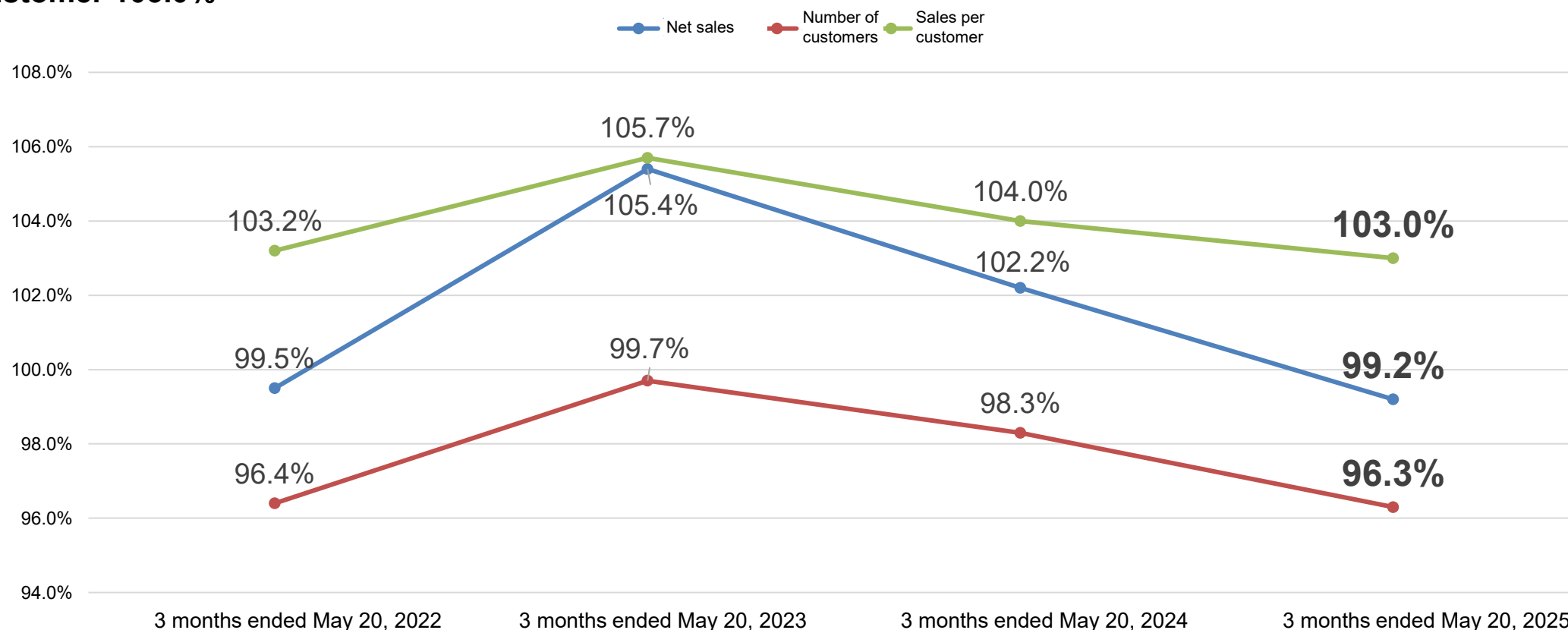
(Net sales: millions of yen)



(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the fiscal year ended Feb. 20, 2023.

Changes (Y/Y) in Net Sales, Number of Customers, and Sales per Customer of Existing Stores

- Sales per customer increased due to switch to electric-assist bicycles and other merchandise with enhanced performance features and high unit prices
- For existing stores in the three months ended May 20, 2025, net sales 99.2%, number of customers 96.3%, sales per customer 103.0%



(Note) “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the fiscal year ended Feb. 20, 2023.

Financial Results for the Three Months Ended May 20, 2025

- Despite weak sales of new bicycles, sales continued to grow due to an increase in sales of electric-assist bicycles
- In SG&A expenses, although there were positive results due to proper personnel allocation and improved productivity, operating profit decreased due to wage increases, new store openings, core systems running cost and other factors.

(Millions of yen, %)

	Three Months Ended May 20, 2024 Results		Three Months Ended May 20, 2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Major factors
Net sales	26,934	100.0	27,104	100.0	100.6	Strengthened OMO and CRM New store opening effect Sales of electric-assist bicycles was strong amid weak new bicycles sales
Gross profit	12,313	45.7	12,309	45.4	100.0	
Operating profit	3,667	13.6	3,270	12.1	89.2	Proper personnel allocation, improved productivity, wage increases, New store opening expenses
Ordinary profit	3,648	13.5	3,403	12.6	93.3	
Profit	2,486	9.2	2,336	8.6	94.0	

Results of SG&A Expenses and Capital Expenditures

- Although proper personnel allocation and improved productivity produced results, personnel expenses increased due to the impact of wage increases

(Millions of yen, %)

		Three Months Ended May 20, 2024 Results		Three Months Ended May 20, 2025 Results			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		8,645	32.1	9,038	33.3	104.6	Control of SG&A expense ratio (Proper personnel allocation, improved productivity)
Breakdown	Personnel expenses	4,125	15.3	4,204	15.5	101.9	
	Advertising expenses	233	0.9	240	0.9	103.0	
	Transport + Storage expenses*	647	2.4	713	2.6	110.2	
	Depreciation	379	1.4	434	1.6	114.5	Opened new stores
	Other	3,259	12.1	3,445	12.7	105.7	Increased the number of stores Core systems running costs
Capital expenditures		275		331		120.1	Growth foundation of stores and systems

* From the fiscal year ending February 20, 2026, the term “Logistics expenses” has been replaced with “Transport + Storage expenses.”

Net Sales by Division

- In both stores and e-commerce, sales of electric-assist bicycles increased
 - In e-commerce, net sales increased due to Asahi brand measures and securing popular merchandise
- (Millions of yen, %)

		Three Months Ended May 20, 2024 Results		Three Months Ended May 20, 2025 Results			
		Amount	Retail share*1	Amount	Retail share*1	Y/Y change	Factors
	Stores	21,725	83.0	21,378	80.9	98.4	E-commerce share grew significantly due to strengthened OMO platform
	E-commerce	4,459	17.0	5,043	19.1	113.1	
Retail (subtotal)		26,184	100.0	26,421	100.0	100.9	
Other*2		749	-	683	-	91.2	
Total		26,934		27,104		100.6	

*1 Ratio of stores and e-commerce in retail.
 *2 Royalty income, product sales to franchise stores and wholesale customers, out-of-store sales, etc.

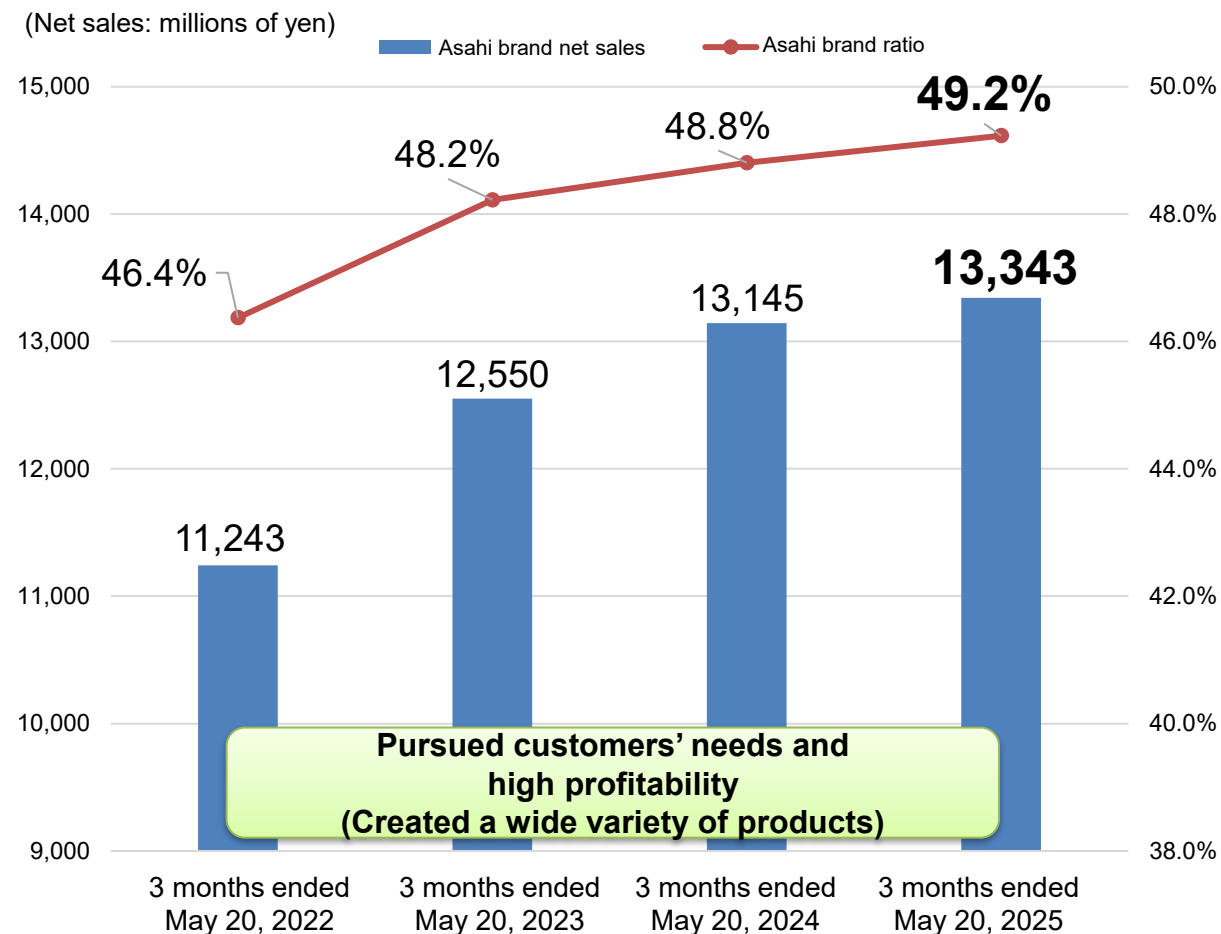
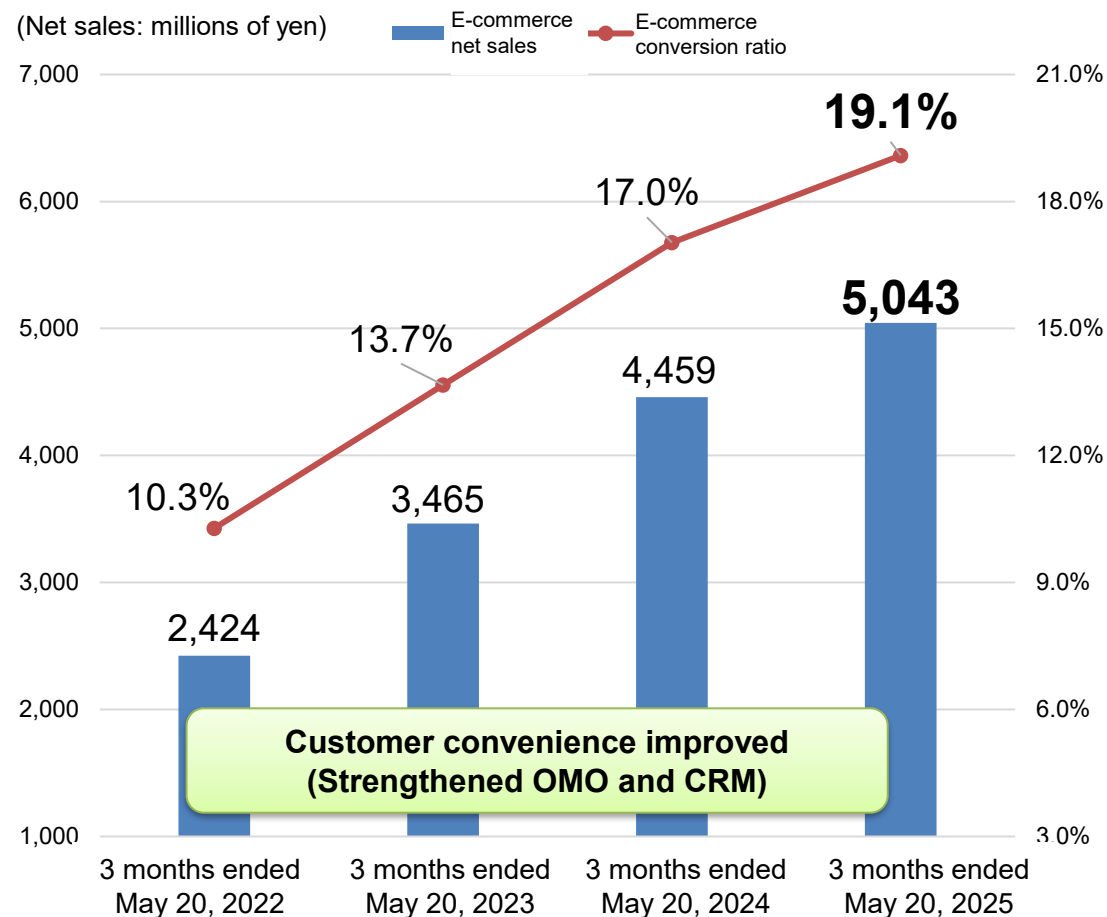
Net Sales by Item

- Sales of Asahi brand bicycles increased
 - In children’s bicycles, replacement purchases slowed due to decline in consumer sentiment caused by rising prices
- (Millions of yen, %)

	Three Months Ended May 20, 2024 Results		Three Months Ended May 20, 2025 Results			
	Amount	Share	Amount	Share	Y/Y change	Factors
Ordinary bicycles	4,992	18.5	4,698	17.3	94.1	
Sports bicycles	3,983	14.8	4,003	14.8	100.5	Strong sales of Asahi brand
Children’s bicycles	2,727	10.1	2,528	9.3	92.7	Holding off replacement due to rising prices
Electric-assist bicycles	7,814	29.0	8,486	31.3	108.6	Strong sales of Asahi brand’s ENERSYS
Other bicycles	757	2.8	703	2.6	92.9	
Parts/Other	6,658	24.7	6,684	24.7	100.4	
Total	26,934	100.0	27,104	100.0	100.6	
Asahi brand net sales	13,145	48.8	13,343	49.2	101.5	Highly competitive product lineup offered to meet customers’ needs

Results from Strengthening Growth Foundations (E-commerce Conversion Ratio and Asahi Brand Ratio)

■ Average annual growth rate of e-commerce net sales: **27.7%** ■ Average annual growth rate of Asahi brand net sales: **5.9%**



(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the fiscal year ended Feb. 20, 2023.

Promoted Expansion of Urban Format

	As of Feb. 21, 2025	Number of stores opened	As of May 20, 2025
Number of stores*	545	+2	547
Of which, urban stores	11	+1	12

* Includes 17 franchise stores (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 2 stores in Kagoshima)

◎ Progress of urban stores
(Bases for in-store pickup through e-commerce sales, stores supporting demand for repairs)

Increased awareness ⇒ number of customers increased ⇒ increase in profit

Established as a second format



Meguro Yamatedori store (Meguro-ku, Tokyo)

- List of urban stores
 - Tokyo (10 stores): Kamiochiai store, Takadanobaba store, Minamisenju store, Hikifune store, Minamikamata store, Kiyosumishirakawa store, Honancho store, Ryogoku Kamezawa store, Ikejiri store, and Meguro Yamatedori store
 - Osaka (2 stores): Naniwasaiwaicho store and Osaka Honjonishi store

TOPICS: Established New Tokyo Office (July 2025)

- We established a new Tokyo Office so that we could more closely support the bicycle life of our customers in urban areas.



- We expanded our store support team to further raise the standard of service provided to our customers, while deepening our existing business. At the same time, we strengthened the IT, digital, and marketing areas and have positioned the new office as a base for business transformation, including the exploration of new business domains.
- We strengthened our recruitment activities to secure outstanding talent for the co-creation of new value in our aim to enhance corporate value. We also pursued the reinforcement of human-capital oriented talent management.

TOPICS: Safety Support Month (From May 19, 2025 to July 21, 2025)

- To continue offering customers the absolute value of safety and peace of mind, we are conducting a campaign to strengthen maintenance and inspection activities in line with our promotion of the spread of new and reused bicycles affixed with the BAA* mark

*Bicycle Association (Japan) certification mark. BAA is the abbreviation of Bicycle Association Approved. This mark can be affixed to bicycles that have passed inspections of bicycle safety standards set by the Bicycle Association. These bicycle safety standards are based on the Japanese Industrial Standards (JIS), which are used as a basis for designing and manufacturing bicycles in Japan, and are even more stringent, with approximately 90 items subject to inspection.



- As part of our efforts to strengthen CRM, through safety and security support, we provided maintenance that accommodates the change in season and services to meet up-to-date needs, to bring fun and comfort to customers' bicycle life *2

*2 Discounts for rustproof coating (chain, stand, key) and for labor costs of grip/saddle replacement offered at time of inspection, discounts for helmets, holding ride events and kids' schools, etc.



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1 Financial Results for the Three Months Ended May 20, 2025

2 Plan for and Progress Status of the Fiscal Year Ending Feb. 20, 2026

Plan for the Fiscal Year Ending Feb. 20, 2026

◎ Plan for the final year of the Medium-Term Management Plan “VISION 2025”

	Plan for the fiscal year ending Feb. 20, 2026
	Target value
Net sales	¥85,800M
Operating profit	¥5,620M
Number of stores	561
E-commerce share	16.9%
Market share	27%

Assumptions for the Plan for the Fiscal Year Ending Feb. 20, 2026

Market conditions and initiatives

Item	FY ending Feb. 20, 2026
Market conditions	Number of bicycle imports will gradually decline Replacement cycle will be prolonged Repair and maintenance services will be concentrated in specialty bicycle stores
Initiatives	Strengthen links between OMO and CRM ⇒ improve LTV* Improve expertise ⇒ increase in sales of repair and maintenance services and parts Net sales increase 105% year on year = <u>sales per customer 100%</u> x <u>number of customers 105%</u>

* Lifetime value, or LTV, is the total value provided throughout the customer's full lifetime.

Plan for the Fiscal Year Ending Feb. 20, 2026

- Net sales will increase by improving e-commerce share and expanding business domain other than new bicycle sales
- Gross profit margin will improve through cost reduction initiatives for Asahi brand
- In SG&A expenses, personnel expenses and system-related expenses will increase

(Millions of yen, %)

	FY ended Feb. 20, 2025 Results		FY ending Feb. 20, 2026 Plan			
	Amount	Share	Amount	Share	Y/Y change	Factors
Net sales	81,593	100.0	85,800	100.0	105.2	Strengthen links between OMO and CRM Increase sales of parts, repair and maintenance services Activities to reduce costs
Gross profit	38,739	47.5	41,500	48.4	107.1	
Operating profit	5,485	6.7	5,620	6.6	102.4	Improve human productivity Enhance digital and IT platforms
Ordinary profit	5,626	6.9	5,750	6.7	102.2	
Profit	3,555	4.4	3,650	4.3	102.6	

Net Sales by Division

- In stores, promote the expansion of business domain with high customer needs other than new bicycle sales
- In e-commerce sales, further promote OMO strategy by building a highly convenient website and using the store and logistics network

(Millions of yen, %)

		FY ended Feb. 20, 2025 Results		FY ending Feb. 20, 2026 Plan			
		Amount	Retail share*1	Amount	Retail share*1	Y/Y change	Factors
Retail (subtotal)	Stores	66,643	84.0	69,400	83.1	104.1	Strengthen links between OMO and CRM Increase sales of reused products, parts, and repair and maintenance services
	E-commerce	12,705	16.0	14,100	16.9	111.0	
		79,348	100.0	83,500	100.0	105.2	
Other*2		2,244	-	2,300	-	102.5	
Total		81,593	-	85,800	-	105.2	
Market share*3		25%	-	27%	-	-	

*1 Ratio of stores and e-commerce in retail.

*2 Royalty income, product sales to franchise stores and wholesale customers, out-of-store sales, etc.

*3 Our own estimate: Market share = Asahi bicycles sold ÷ bicycles sold on the domestic market (sources: Trade Statistics of Japan and Current Survey of Production by the Ministry of Economy, Trade and Industry)

Net Sales by Item

- Number of bicycles sold will increase as the competitiveness of Asahi brand will improve in each item, particularly electric-assist bicycles
- Sales of parts/other will increase by strengthening repair and maintenance systems

(Millions of yen, %)

	FY ended Feb. 20, 2025 Results		FY ending Feb. 20, 2026 Plan		
	Amount	Share	Amount	Share	Y/Y change
Ordinary bicycles	13,312	16.3	13,800	16.1	103.7
Sports bicycles	10,076	12.4	10,800	12.6	107.2
Children's bicycles	8,632	10.6	9,000	10.5	104.3
Electric-assist bicycles	23,278	28.5	24,500	28.6	105.2
Other bicycles	2,487	3.0	2,600	3.0	104.5
Parts/Other	23,805	29.2	25,100	29.3	105.4
Total	81,593	100.0	85,800	100.0	105.2

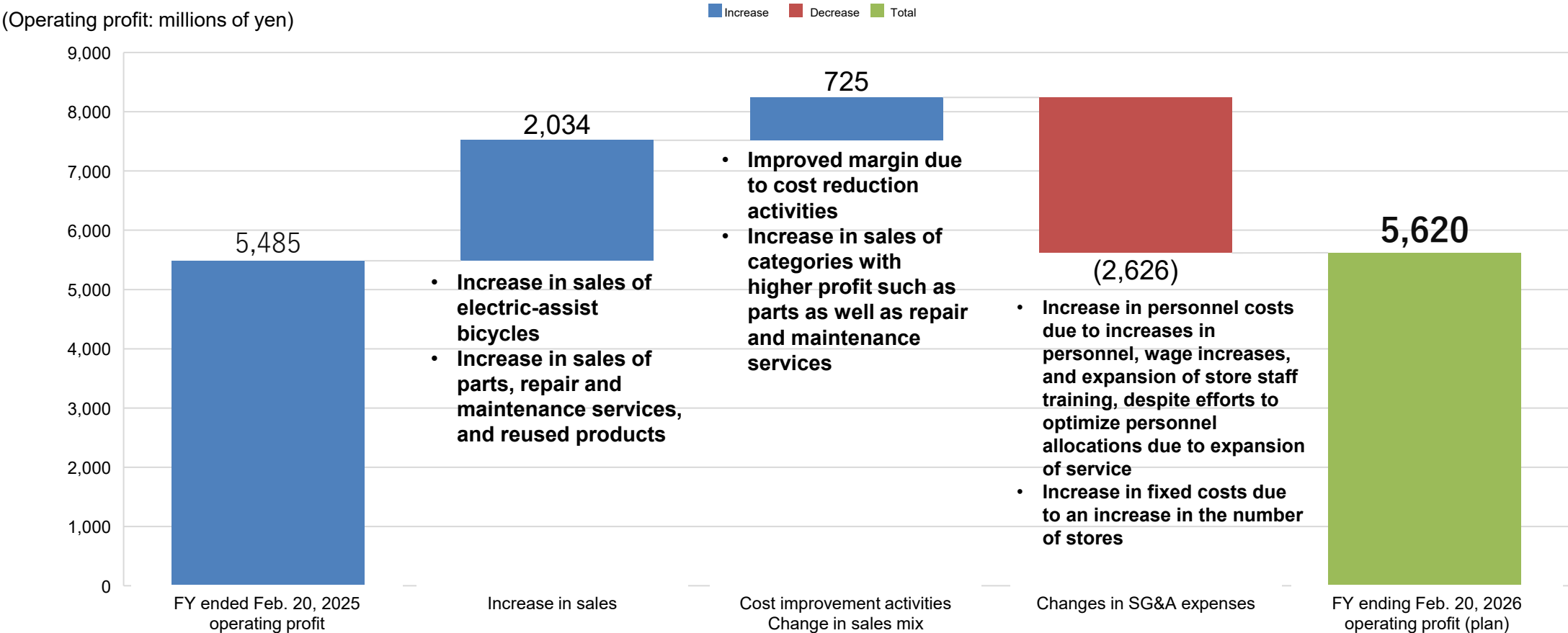
SG&A Expenses and Capital Expenditures

- Although personnel expenses will increase due to wage increases for the second consecutive fiscal year, they will be optimized through proper personnel allocation and improved human productivity
 - The amount of other items will increase due to the impact of increased number of stores and reduction in subsidies for utility expenses
- (Millions of yen, %)

		FY ended Feb. 20,2025 Results		FY ending Feb. 20, 2026 Plan			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		33,253	40.8	35,880	41.8	107.9	
Breakdown	Personnel expenses	15,880	19.5	17,223	20.1	108.5	Increase wages, enhance training of store staff Optimize personnel due to increased service revenue
	Advertising expenses	794	1.0	805	0.9	101.4	Continue to run more online advertisements
	Transport and storage expenses*	2,234	2.7	2,336	2.7	104.6	Increase in transport expenses due to increased number of bicycles sold
	Depreciation	1,688	2.1	1,880	2.2	111.4	Start system operation, open new stores
	Other	12,655	15.5	13,635	15.9	107.7	Increase in the number of stores, increase in utility expenses
Capital expenditures		2,774		3,504		126.3	Growth foundations for stores and systems

Analysis of Changes in Operating Profit

- Gross profit will increase due to an increase in sales of electric-assist bicycles and categories other than new bicycle sales
- Gross profit will increase due to the outcome of cost reduction activities and an increase in sales of categories with higher profit other than new bicycle sales
- In SG&A expenses, despite efforts to optimize personnel allocations associated with expansion of service, personnel expenses will increase due to increases in personnel, wage increases, and enhancement of store staff training due to the expansion of business size. Fixed costs will also increase due to increase in the number of stores



Medium-Term Management Plan “VISION 2025”

As the most reliable partner for everyone’s bicycle lifestyle,
we will support the happiness of people

Our Vision
Bicycles for vibrant lives—
everywhere together for a lifetime

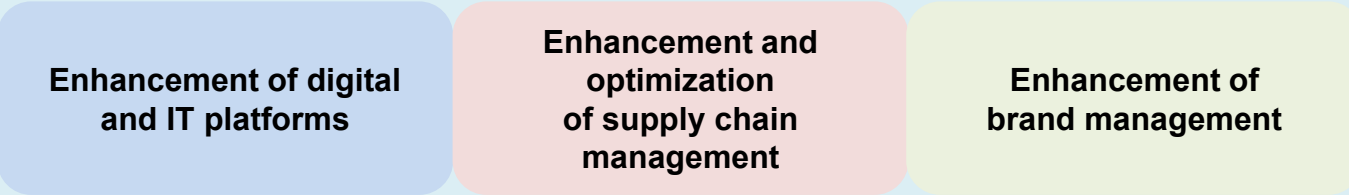
Four Key Strategies



Toward achieving
VISION 2025,
implement “Four Key
Strategies”

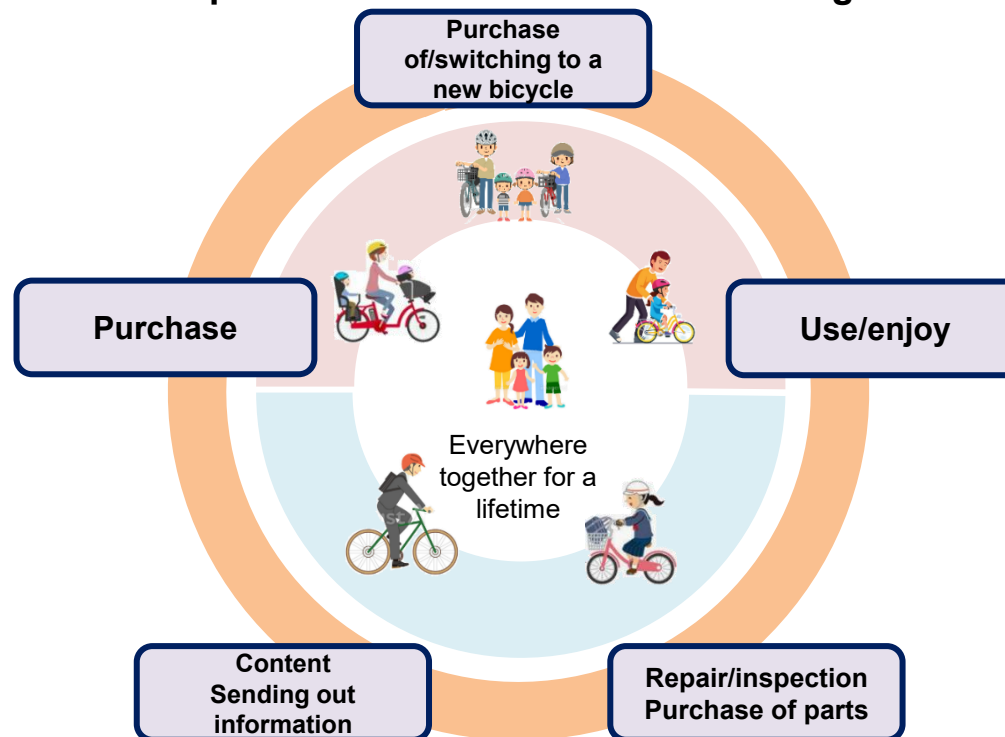
Strengthen “Three
Growth Foundations”
in promoting “Four
Key Strategies”

Three Growth Foundations



Management Vision of the Medium-Term Management Plan “VISION 2025”

Bicycles for vibrant lives—everywhere together for a lifetime
Proposal tailored to customers’ life stages



[Initiative 1]
Balance “safety and peace of mind” and “recycling-oriented society”



[Initiative 2]
System of purchase and sale of bicycles (reuse business)



[Initiative 4]
Expand customer base (Asahi membership)



[Initiative 5]
Provide information on special offers and services (official app)



[Initiative 3]
Sending out information on goods, services, and experience* through comprehensive bicycle ride information website “Chiririn,” which proposes fun of bicycle life



[Initiative 6]
Strengthen service structure to respond to customer issues



* Concept of our service type

- Goods: Consumption of goods. A form of offering products and services such as bicycles, parts, accessories, and repair services.
- Services: Consumption of services. A form of experiential services such as travel business and touring that use bicycles.
- Experience: Consumption of experience. A form of services that allow people to share the excitement that can only be experienced at that time and place, referring to bicycle events such as bicycle riding instructional sessions and kids’ schools.

Investment Plan

■ Accelerate investment in foundations that support future growth (digital and IT platforms, logistics infrastructure, stores)

◎ Breakdown of major capital investments

- Investment in growth foundations: DX, infrastructure development, system investment (logistics, CRM)
- Investment in maintenance and renewal: Store renewal and relocation for revitalization of existing stores (18 stores, 1 store increase from the previous fiscal year)
- Investment in increasing profits: 16 new store openings per year, including 4 urban stores

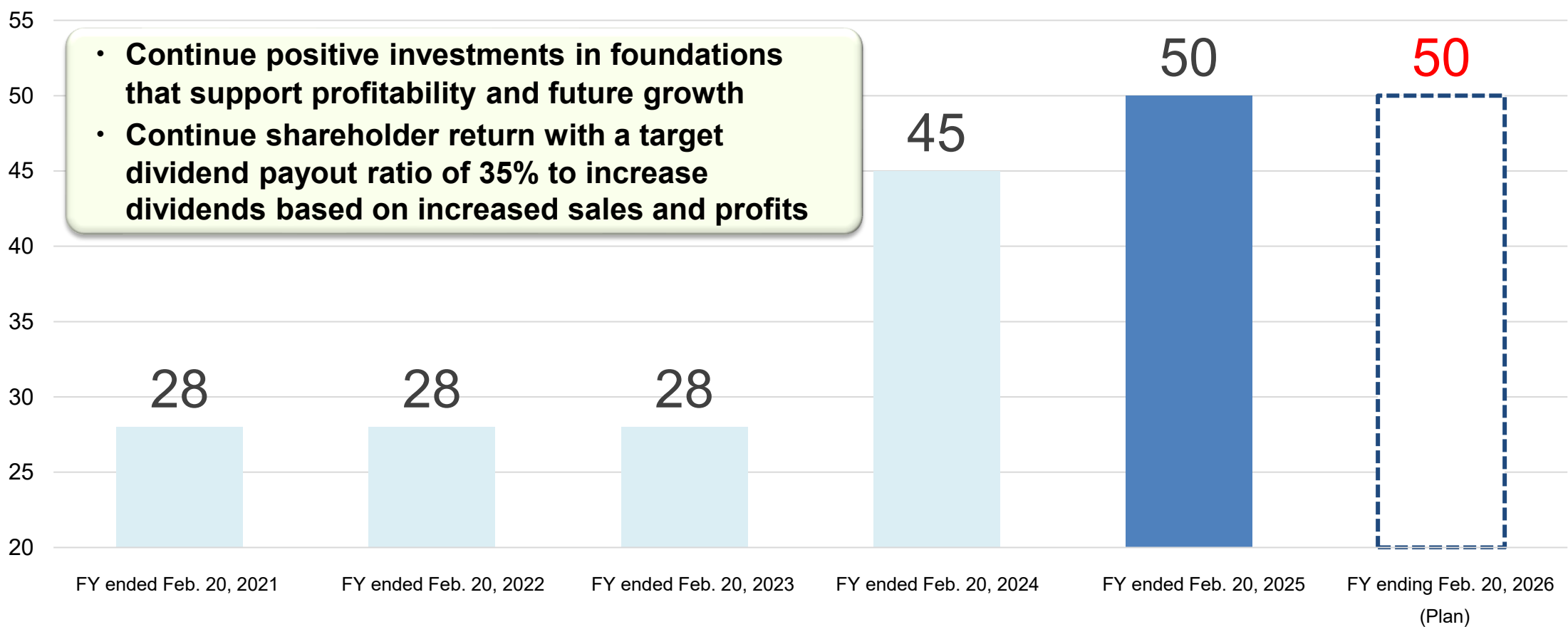
	As of Feb. 21, 2025	Number of stores to open	As of Feb. 20, 2026
Number of stores*	545	+16	561
Of which, urban stores	11	+4	15

* Includes 17 franchise stores (as of Feb. 20, 2026) (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 2 stores in Kagoshima)

Management That is Conscious of Cost of Capital and Stock Price

- Dividend per share will be 50 yen to strengthen investment in growth foundations
- For the fiscal year ended Feb. 20, 2025, ROE was 9.3% (dividend payout ratio of 36.6%) against cost of shareholders' equity (considered to be 5-6%)

(Dividend per share: yen)



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.**
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