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Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2024 [Japanese GAAP]



April 1, 2024

Company name: ASAHI CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3333
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 Scheduled date of general shareholders' meeting: May 11, 2024
 Scheduled date of commencing dividend payments: May 13, 2024
 Scheduled date of filing securities report: May 13, 2024
 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, 2024 (February 21, 2023–February 20, 2024)

(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, 2024	78,076	4.5	4,912	(4.2)	5,192	(2.3)	3,113	(7.5)
February 20, 2023	74,712	–	5,127	–	5,316	–	3,366	–

	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
Fiscal year ended	Yen	Yen	%	%	%
February 20, 2024	119.21	–	8.7	10.1	6.3
February 20, 2023	128.90	–	10.0	11.0	6.9

(Reference) Equity in earnings of affiliated companies: Fiscal year ended February 20, 2024: ¥ – million
 Fiscal year ended February 20, 2023: ¥ – million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the previous fiscal year, and the figures for the fiscal year under review are those after applying the said accounting standard, etc. Therefore, the percent changes from the previous corresponding period are not presented.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 20, 2024	52,553	36,964	70.3	1,415.47
As of February 20, 2023	50,411	34,987	69.4	1,339.80

(Reference) Equity: As of February 20, 2024: ¥36,964 million
 As of February 20, 2023: ¥34,987 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, 2024	8,581	(3,053)	(1,323)	9,501
February 20, 2023	2,534	(2,638)	(734)	5,295

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			
Fiscal year ended February 20, 2023	Yen –	Yen 0.00	Yen –	Yen 28.00	Yen 28.00	Million yen 734	% 21.7	% 2.2
Fiscal year ended February 20, 2024	–	22.50	–	22.50	45.00	1,180	37.7	3.3
Fiscal year ending February 20, 2025 (Forecast)	–	25.00	–	25.00	50.00		35.5	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2025 (February 21, 2024–February 20, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
First fiscal half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	46,000	5.1	4,400	4.3	4,500	3.1	2,960	1.3	113.34
	82,500	5.7	5,500	12.0	5,800	11.7	3,680	18.2	140.91

*** 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, 2024:	26,240,800 shares
February 20, 2023:	26,240,800 shares

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

February 20, 2024:	126,456 shares
February 20, 2023:	126,456 shares

3) Average number of shares outstanding during the year:

Year ended February 20, 2024:	26,114,344 shares
Year ended February 20, 2023:	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 (126,070 shares as of February 20, 2024 and 126,070 shares as of February 20, 2023). 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 (126,070 shares as of February 20, 2024, and 126,070 shares as of February 20, 2023).

* 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 Tuesday, April 2, 2024.

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 registered a rapid recovery towards the normalization of economic activities, as seen in the increases in travel, dining out, and foreign tourists, among others, following the easing of restrictions on activities to contain COVID-19. However, the economy continued to face a severe economic climate due to factors such as the declining trend in demand for durable consumer goods caused by the rise in domestic prices.

In the bicycle business, new bicycle sales declined as higher selling prices of bicycles and the rising prices put downward pressure on consumption, registering a more than 10% drop in the number of bicycles imported. In addition, the recent trend of demand for switching away from general-use bicycles toward electric-assist bicycles has lost its previous momentum, leading to a severe situation with a sense of slowdown throughout the business. Meanwhile, there have been new developments regarding changes in demand trends and improvement in people's safety awareness for bicycle use, as the trend of repairing, maintaining, and using the same bicycle for a long time rather than replacing it with a new one has become pronounced, and wearing helmets for bicycle users has become a non-binding obligation, following amendments to the Road Traffic Act effective from April 1, 2023.

The Company strengthened OMO^(Note) and reviewed prices, as well as improved People Power, the greatest strength of the Company, thereby enhancing its support capabilities at stores, a major touch point with customers. In strengthening OMO, the Company achieved an increase in e-commerce sales mainly by strengthening the foundation of our "online order for store pickup" service, as well as securing a sufficient supply of popular merchandise, implementing competitive pricing, and running effective web advertisements. In improving People Power, the Company introduced digital education tools to develop human resources at our stores, as well as developed a system to provide repair and maintenance services at our stores nationwide. In addition, with increasing demand for repair and maintenance services, the Company reviewed its pricing for repair and maintenance charges so as to continue to offer our services in a sustainable manner.

In the bicycle business, demand for reused products is increasing due to the impact of consumers becoming more budget-conscious as a result of rising prices. In the reuse business, the Company increased the number of purchase stores to secure sufficient merchandise and streamlined the work for commercialization after purchase in an effort to expand the scale of operations. For helmets, the wearing of which has become a non-binding obligation, the Company secured a stable supply of merchandise, which led to an increase in net sales of parts and accessories.

In store-opening strategy, we opened more stores in urban areas with strong demand for e-commerce, in addition to our conventional suburban-type stores. With a view to further leveraging our "online order for store pickup" service, the Company has worked to establish a store format with high profitability, utilizing its nationwide network.

Regarding store openings and closures, the Company opened one new store in the Hokkaido region, nine in the Kanto region, one in the Chubu region, and four in the Kinki region. Meanwhile, one store in the Kanto region closed upon the expiration of its contract. As a result, the total number of stores at the end of the fiscal year under review was 533, consisting of 515 directly operated stores and 18 franchise stores.

(Overview of Business Performance in the 49th Business Term)

As a result of the above activities, the Company's operating results for the fiscal year under review are as shown below.

Net sales	¥78,076,416 thousand	(up 4.5% from the same period of the previous fiscal year)
Operating profit	¥4,912,078 thousand	(down 4.2% from the same period of the previous fiscal year)
Ordinary profit	¥5,192,209 thousand	(down 2.3% from the same period of the previous fiscal year)
Profit	¥3,113,130 thousand	(down 7.5% from the same period of the previous fiscal year)

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

(Note) OMO (Online Merges with Offline) is an approach that integrates the sales channels of stores and e-commerce to make it easier for customers to shop. At the Company, this refers to our “online order for store pickup” service that leverages our nationwide network of stores, the convenience of e-commerce, and our logistics network.

(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 ¥52,553,873 thousand, an increase of ¥2,142,383 thousand (4.3%) from the end of the previous fiscal year.

The balance of current assets at the end of the fiscal year under review was ¥29,238,936 thousand, an increase of ¥1,600,880 thousand (5.8%) from the end of the previous fiscal year. This was due mainly to increases in cash and deposits of ¥4,209,558 thousand and accounts receivable - trade of ¥253,304 thousand, which were partially offset by a decrease in merchandise of ¥2,546,285 thousand.

The balance of non-current assets at the end of the fiscal year under review was ¥23,314,937 thousand, an increase of ¥541,502 thousand (2.4%) from the end of the previous fiscal year. This was due mainly to increases in buildings of ¥449,521 thousand, software in progress of ¥333,561 thousand, which were partially offset by a decrease in deferred tax assets of ¥409,926 thousand.

(Liabilities)

The balance of total liabilities at the end of the fiscal year under review was ¥15,589,844 thousand, an increase of ¥166,238 thousand (1.1%) from the end of the previous fiscal year.

The balance of current liabilities at the end of the fiscal year under review was ¥14,438,078 thousand, an increase of ¥116,538 thousand (0.8%) from the end of the previous fiscal year. This was due mainly to increases in accrued consumption taxes of ¥622,257 thousand and income taxes payable of ¥555,872 thousand, which were partially offset by a decrease in accounts payable - trade of ¥905,349 thousand.

The balance of non-current liabilities at the end of the fiscal year under review was ¥1,151,765 thousand, an increase of ¥49,699 thousand (4.5%) from the end of the previous fiscal year. This was due mainly to increases in asset retirement obligations of ¥48,497 thousand and provision for share-based payments of ¥14,550 thousand.

(Net assets)

The balance of net assets at the end of the fiscal year under review was ¥36,964,029 thousand, an increase of ¥1,976,144 thousand (5.6%) from the end of the previous fiscal year. This was due mainly to an increase in profit of ¥3,113,130 thousand, which was partially offset by a decrease due to dividends of surplus of ¥1,325,140 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 increased by ¥4,205,219 thousand from the end of the previous fiscal year (a decrease of ¥839,532 thousand in the previous fiscal year) to ¥9,501,065 thousand.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥8,581,614 thousand (¥2,534,228 thousand provided for the same period of the previous fiscal year). The principal cash inflow factors included profit before income taxes of ¥4,776,485 thousand, a decrease in inventories of ¥2,986,825 thousand, depreciation of ¥1,592,560 thousand, and an increase in accrued consumption taxes of ¥622,257 thousand. The principal cash outflow factors included a decrease in trade payables of ¥905,349 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥3,053,355 thousand (¥2,638,804 thousand used for the same period of the previous fiscal year). The principal cash inflow factors included proceeds from refund of guarantee deposits of ¥63,540 thousand. The principal cash outflow factors included purchase of property, plant and equipment of ¥2,367,110 thousand for new store openings and purchase of intangible assets of ¥487,110 thousand.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,323,039 thousand (¥734,956 thousand used for the same period of the previous fiscal year). This cash outflow factor was dividends paid.

(Reference) Trends of Cash Flow Indicators

	Fiscal year ended February 20				
	2020	2021	2022	2023	2024
Equity ratio	74.4	71.8	76.1	69.4	70.3
Equity ratio at fair value	86.9	87.7	74.3	70.5	63.5
Ratio of interest-bearing debt to cash flow	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	8,277.1	32,045.8	0.0	0.0	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

Although the Japanese economy is expected to see a recovery in domestic consumption, the future outlook is expected to remain unclear due to factors such as raw material prices remaining high, geopolitical risks overseas, and concerns over the outlook of the Chinese economy.

In the bicycle business, the balance between supply and demand will be restored as the normalization of market inventories will progress, leading to the convergence of the significant downward trend in the import volume of finished bicycles. Meanwhile, the trend of repairing, maintaining, and using the same bicycle for a long time rather than replacing it with a new one is expected to continue.

In light of a decrease in demand for new bicycles due to a longer replacing cycle, the Company has set its new policy of promoting services that are in high demand such as repairs, maintenance, and used bicycles in an integrated manner, in addition to its existing growth strategy of opening new stores and selling new bicycles, and will continue in its endeavors to be the most trusted partner in customers' bicycle life, while utilizing digital and IT tools.

First, our sales strategy is to pursue maximization of LTV^(Note) in order to be a close partner for our customers in their bicycle lives. Specifically, we will develop a digital platform to increase touch points with customers by

sending out optimized information to customers on the Asahi official app, including purchase of products and services, repair and maintenance information, as well as event information. In a strong e-commerce, we will further strengthen OMO by opening new stores in urban areas with strong demand for online shopping and shortening delivery lead time through optimization by relocating our logistics bases in order to further improve customer convenience with our network of stores that allows customers to pick up merchandise they order online at any of the stores.

Next, as a policy for operating stores, we will review the store layout and volume of inventory in the stores, which has been focused on new bicycles sales, and aim to establish an optimal operational system to meet an increase in e-commerce sales, repair and maintenance orders, and used sales. To this end, we will first visualize operations, improve business processes by utilizing digital and IT tools, and flexibly allocate staff according to the difference between peak and off periods to increase productivity.

Our product strategy is to make directions and concepts of ASAH I brand products clearer and differentiate our products from competitors', as well as cooperate with local production partners in China to reduce costs by eliminating waste in the production processes, thereby working to develop products with greater competitive advantage.

Based on these efforts going forward, the Company forecasts net sales of ¥82,500,000 thousand (up 5.7% year-on-year), operating profit of ¥5,500,000 thousand (up 12.0% year-on-year), ordinary profit of ¥5,800,000 thousand (up 11.7% year-on-year), and profit of ¥3,680,000 thousand (up 18.2% year-on-year).

(Note) Lifetime value, or LTV, is a metric used to determine the total value of products and services that the Company provides on a long-term, continuous basis throughout a customer's lifetime.

(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, 2024

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 an interim dividend of ¥22.50 per share and a year-end dividend of ¥22.50 per share, resulting in an annual dividend of ¥45.00 per share. As a result, the dividend payout ratio for the fiscal year ended February 20, 2024 is 37.7%.

3) Dividends of surplus for the next fiscal year ending February 20, 2025

The Company plans to pay an interim dividend of ¥25.00 per share and a year-end dividend of ¥25.00 per share, resulting in an annual dividend of ¥50.00 per share for the fiscal year ending February 20, 2025.

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, 2023	As of February 20, 2024
Assets		
Current assets		
Cash and deposits	5,312,339	9,521,898
Accounts receivable – trade	3,527,730	3,781,034
Merchandise	16,483,389	13,937,103
Goods in transit	1,546,094	1,091,526
Supplies	161,824	175,852
Accounts receivable – other	194,285	207,484
Prepaid expenses	404,408	463,865
Forward exchange contracts	–	53,349
Other	8,944	7,782
Allowance for doubtful accounts	(960)	(960)
Total current assets	27,638,055	29,238,936
Non-current assets		
Property, plant and equipment		
Buildings	20,905,680	22,309,351
Accumulated depreciation	(12,094,873)	(13,049,023)
Buildings, net	8,810,806	9,260,328
Structures	1,295,345	1,484,920
Accumulated depreciation	(689,430)	(812,546)
Structures, net	605,915	672,373
Machinery and equipment	138,606	148,618
Accumulated depreciation	(121,810)	(126,977)
Machinery and equipment, net	16,796	21,640
Vehicles	31,476	31,476
Accumulated depreciation	(29,754)	(31,183)
Vehicles, net	1,721	292
Tools, furniture and fixtures	2,216,318	2,662,903
Accumulated depreciation	(1,454,996)	(1,746,318)
Tools, furniture and fixtures, net	761,321	916,584
Land	3,163,012	3,163,012
Construction in progress	40,574	187,762
Total property, plant and equipment	13,400,147	14,221,995
Intangible assets		
Software	411,029	363,694
Other	424,618	740,403
Total intangible assets	835,647	1,104,097

(Thousand yen)

	As of February 20, 2023	As of February 20, 2024
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	372	280
Long-term accounts receivable – other	3,805	3,577
Long-term prepaid expenses	479,882	434,911
Guarantee deposits	5,150,966	5,166,919
Construction assistance fund receivables	851,121	751,093
Deferred tax assets	1,776,532	1,366,606
Investment property	247,519	245,414
Accumulated depreciation	(147,964)	(154,517)
Investment property, net	99,555	90,896
Other	88,114	86,310
Allowance for doubtful accounts	(3,805)	(2,845)
Total investments and other assets	8,537,638	7,988,843
Total non-current assets	22,773,434	23,314,937
Total assets	50,411,490	52,553,873
Liabilities		
Current liabilities		
Accounts payable – trade	5,176,487	4,271,138
Accounts payable – other	874,477	1,270,119
Accrued expenses	1,764,604	1,721,530
Income taxes payable	354,296	910,169
Accrued consumption taxes	304,181	926,439
Contract liabilities	4,296,017	4,137,357
Deposits received	117,449	122,786
Unearned revenue	3,833	3,666
Provision for bonuses	954,222	1,008,165
Provision for shareholder benefit program	214,076	60,765
Asset retirement obligations	–	1,650
Forward exchange contracts	259,703	–
Other	2,189	4,290
Total current liabilities	14,321,540	14,438,078
Non-current liabilities		
Provision for share-based payments	134,750	149,300
Asset retirement obligations	716,650	765,148
Other	250,664	237,316
Total non-current liabilities	1,102,065	1,151,765
Total liabilities	15,423,605	15,589,844

(Thousand yen)

	As of February 20, 2023	As of February 20, 2024
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	4,889	–
General reserve	26,090,000	28,090,000
Retained earnings brought forward	4,987,111	4,779,991
Total retained earnings	31,100,689	32,888,679
Treasury shares	(180,112)	(180,112)
Total shareholders' equity	35,147,103	36,935,093
Valuation and translation adjustments		
Deferred gains or losses on hedges	(159,218)	28,936
Total valuation and translation adjustments	(159,218)	28,936
Total net assets	34,987,884	36,964,029
Total liabilities and net assets	50,411,490	52,553,873

(2) Non-consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Net sales	74,712,107	78,076,416
Cost of sales		
Beginning merchandise inventory	13,516,721	16,483,389
Cost of purchased goods	41,620,923	38,374,352
Total	55,137,644	54,857,741
Transfer to other account	138,000	149,486
Ending merchandise inventory	16,483,389	13,937,103
Total cost of sales	38,516,255	40,771,152
Gross profit	36,195,852	37,305,264
Selling, general and administrative expenses	31,068,215	32,393,186
Operating profit	5,127,637	4,912,078
Non-operating income		
Interest income	43,158	39,610
Foreign exchange gains	–	8,270
Rental income from buildings	116,638	108,983
Commission income	70,106	75,259
Compensation income	106,735	90,177
Other	40,699	59,283
Total non-operating income	377,337	381,584
Non-operating expenses		
Foreign exchange losses	85,972	–
Rental costs on real estate	91,734	82,424
Other	11,229	19,028
Total non-operating expenses	188,937	101,453
Ordinary profit	5,316,037	5,192,209
Extraordinary losses		
Loss on sale and retirement of non-current assets	10,918	55,967
Impairment losses	179,172	359,756
Total extraordinary losses	190,091	415,724
Profit before income taxes	5,125,946	4,776,485
Income taxes – current	1,167,778	1,336,000
Income taxes – deferred	592,091	327,354
Total income taxes	1,759,870	1,663,354
Profit	3,366,076	3,113,130

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

(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	146,417	24,090,000	6,918,843	31,173,948
Cumulative effects of changes in accounting policies							(2,704,604)	(2,704,604)
Restated balance	2,061,356	2,165,171	2,165,171	18,688	146,417	24,090,000	4,214,239	28,469,344
Changes during period								
Dividends of surplus							(734,731)	(734,731)
Reversal of reserve for special depreciation					(141,527)		141,527	–
Profit							3,366,076	3,366,076
Provision of general reserve						2,000,000	(2,000,000)	–
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	(141,527)	2,000,000	772,872	2,631,344
Balance at end of period	2,061,356	2,165,171	2,165,171	18,688	4,889	26,090,000	4,987,111	31,100,689

	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)	35,220,362	125,888	125,888	35,346,251
Cumulative effects of changes in accounting policies		(2,704,604)			(2,704,604)
Restated balance	(180,112)	32,515,758	125,888	125,888	32,641,647
Changes during period					
Dividends of surplus		(734,731)			(734,731)
Reversal of reserve for special depreciation		–			–
Profit		3,366,076			3,366,076
Provision of general reserve		–			–
Net changes in items other than shareholders' equity			(285,107)	(285,107)	(285,107)
Total changes during period	–	2,631,344	(285,107)	(285,107)	2,346,237
Balance at end of period	(180,112)	35,147,103	(159,218)	(159,218)	34,987,884

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		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	4,889	26,090,000	4,987,111	31,100,689
Cumulative effects of changes in accounting policies							-	-
Restated balance	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)	-
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
Cumulative effects of changes in accounting policies		-			-
Restated balance	(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		-			-
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

	For the fiscal year ended February 20, 2023	For the fiscal year ended February 20, 2024
Cash flows from operating activities		
Profit before income taxes	5,125,946	4,776,485
Depreciation	1,481,148	1,592,560
Impairment losses	179,172	359,756
Amortization of long-term prepaid expenses	22,619	22,310
The amount of rent offset of construction assistance fund receivables	305,654	308,633
Increase (decrease) in allowance for doubtful accounts	(960)	(960)
Increase (decrease) in provision for bonuses	23,948	53,943
Increase (decrease) in provision for shareholder benefit program	31,150	(153,311)
Increase (decrease) in provision for share-based payments	12,750	14,550
Interest and dividend income	(43,158)	(39,610)
Compensation income	(106,735)	(90,177)
Loss (gain) on sale and retirement of non-current assets	10,918	55,967
Decrease (increase) in trade receivables	(371,850)	(253,304)
Decrease (increase) in inventories	(3,496,703)	2,986,825
Decrease (increase) in accounts receivable – other	57,841	(12,559)
Increase (decrease) in trade payables	511,446	(905,349)
Increase (decrease) in contract liabilities	(231,390)	(158,659)
Increase (decrease) in accrued consumption taxes	197,950	622,257
Increase (decrease) in accounts payable – other	81,530	243,046
Increase (decrease) in accrued expenses	118,303	(43,074)
Other, net	82,958	(87,046)
Subtotal	<u>3,992,540</u>	<u>9,292,283</u>
Interest and dividends received	60	55
Proceeds from compensation	102,000	89,538
Income taxes paid	(1,560,373)	(800,263)
Net cash provided by (used in) operating activities	<u>2,534,228</u>	<u>8,581,614</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,062,779)	(2,367,110)
Purchase of intangible assets	(435,922)	(487,110)
Payments for retirement of property, plant and equipment	–	(34,100)
Loan advances	(2,000)	(2,750)
Proceeds from collection of loans receivable	1,946	2,633
Purchase of long-term prepaid expenses	(20,309)	(15,517)
Payments for asset retirement obligations	(4,989)	(590)
Payments of guarantee deposits	(202,464)	(212,350)
Proceeds from refund of guarantee deposits	87,713	63,540
Net cash provided by (used in) investing activities	<u>(2,638,804)</u>	<u>(3,053,355)</u>
Cash flows from financing activities		
Dividends paid	(734,956)	(1,323,039)
Net cash provided by (used in) financing activities	<u>(734,956)</u>	<u>(1,323,039)</u>
Net increase (decrease) in cash and cash equivalents	(839,532)	4,205,219
Cash and cash equivalents at beginning of period	<u>6,135,378</u>	<u>5,295,845</u>
Cash and cash equivalents at end of period	<u>5,295,845</u>	<u>9,501,065</u>

(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, 2023 (February 21, 2022–February 20, 2023)

(Thousand yen)

	Items				
	Bicycles	Parts and accessories	Royalties	Other	Total
Goods and services transferred at a point in time	53,750,898	12,802,169	–	5,206,919	71,759,987
Goods and services transferred over a period	–	–	149,234	2,802,885	2,952,120
Revenue from contracts with customers	53,750,898	12,802,169	149,234	8,009,805	74,712,107
Revenue from other sources	–	–	–	–	–
Sales to external customers	53,750,898	12,802,169	149,234	8,009,805	74,712,107

(Notes) 1. Since the Company's business comprises a single segment, breakdown by segment is not provided.

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, 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's business comprises a single segment, breakdown by segment is not provided.

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, 2022 to February 20, 2023)

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, 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.

[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, 2023	For the fiscal year ended February 20, 2024
Net assets per share	¥1,339.80	¥1,415.47
Basic earnings per share	¥128.90	¥119.21

(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, 2023	For the fiscal year ended February 20, 2024
Profit on the Non-consolidated Statements of Income (Thousand yen)	3,366,076	3,113,130
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit relating to common shares (Thousand yen)	3,366,076	3,113,130
Average number of shares outstanding during the period (Shares)	26,114,344	26,114,344

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 126,070 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 126,070 shares in the fiscal year under review).

(Significant subsequent events)

Not applicable.

4. Other

Changes in Officers

(i) Changes in Representative

Not applicable.

(ii) Changes in Other Officers (Scheduled nomination / resignation date is May 11, 2024)

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

Director Jun Kaneko

- Director who will resign from office (excluding a Director who serves as an Audit & Supervisory Committee member)

Director Shigeru Mori