



EXPLANATORY MATERIAL ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 20, 2024

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

December 2024

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 - Plan for the Fiscal Year Ending Feb. 20, 2025**
 - Management That is Conscious of Cost of Capital and Stock Price**
 - Progress on the Medium-Term Management Plan “VISION 2025”**

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1 Financial Results for the Nine Months Ended November 20, 2024

Market changes

Strengthen growth foundations

Strategies responding to change

- Strengthened three growth foundations^{*1}
- Refined the SPA Business Model

- Strengthened **OMO^{*2} and CRM^{*3}**
- Improved profitability other than new bicycle sales

Sales and profits increased from the same period of the previous fiscal year

^{*1} 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.”

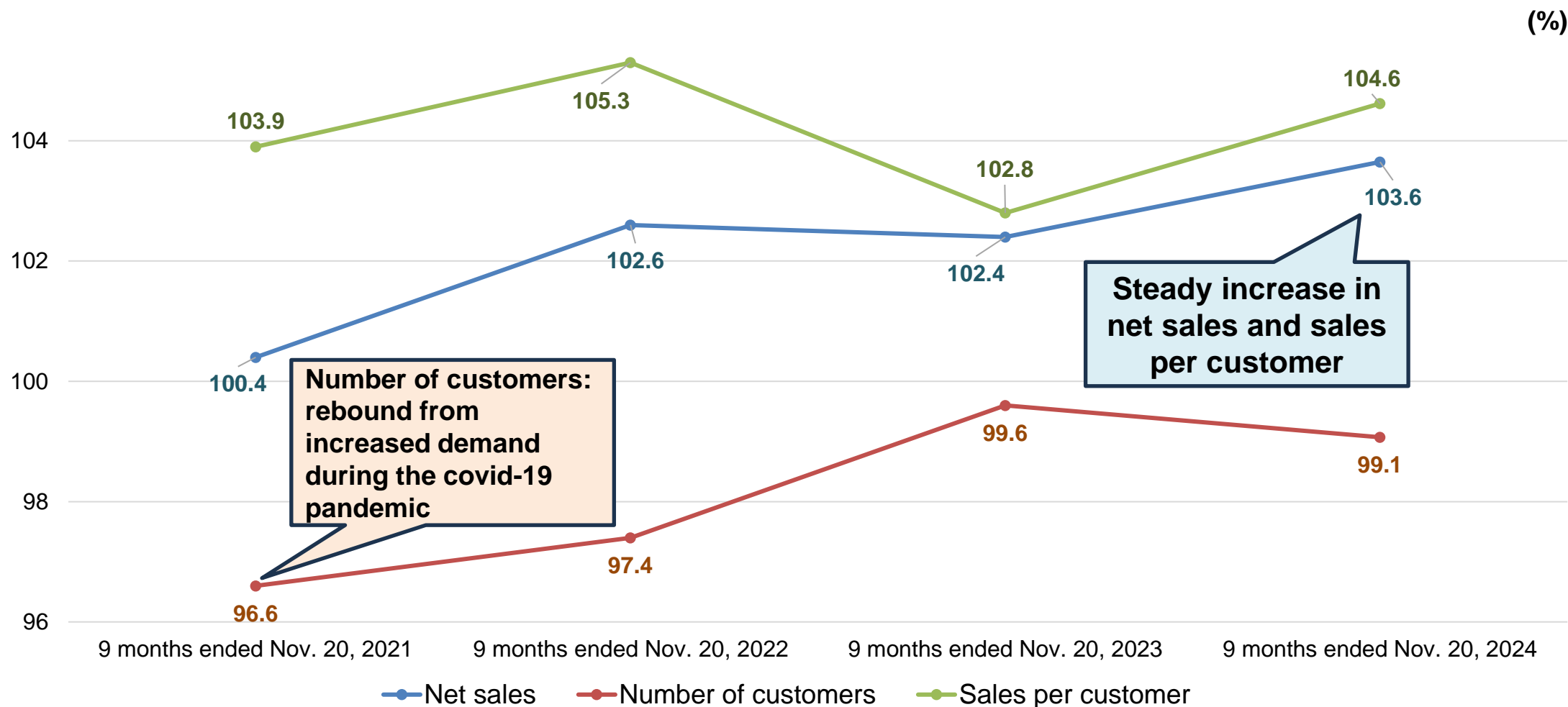
^{*2} OMO is the abbreviation for Online Merges with Offline. OMO is an approach that merges e-commerce and stores to offer customer experience value, enabling customers to obtain information, shop, and use such channels.

^{*3} 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.

1 Financial Results for the Nine Months Ended November 20, 2024

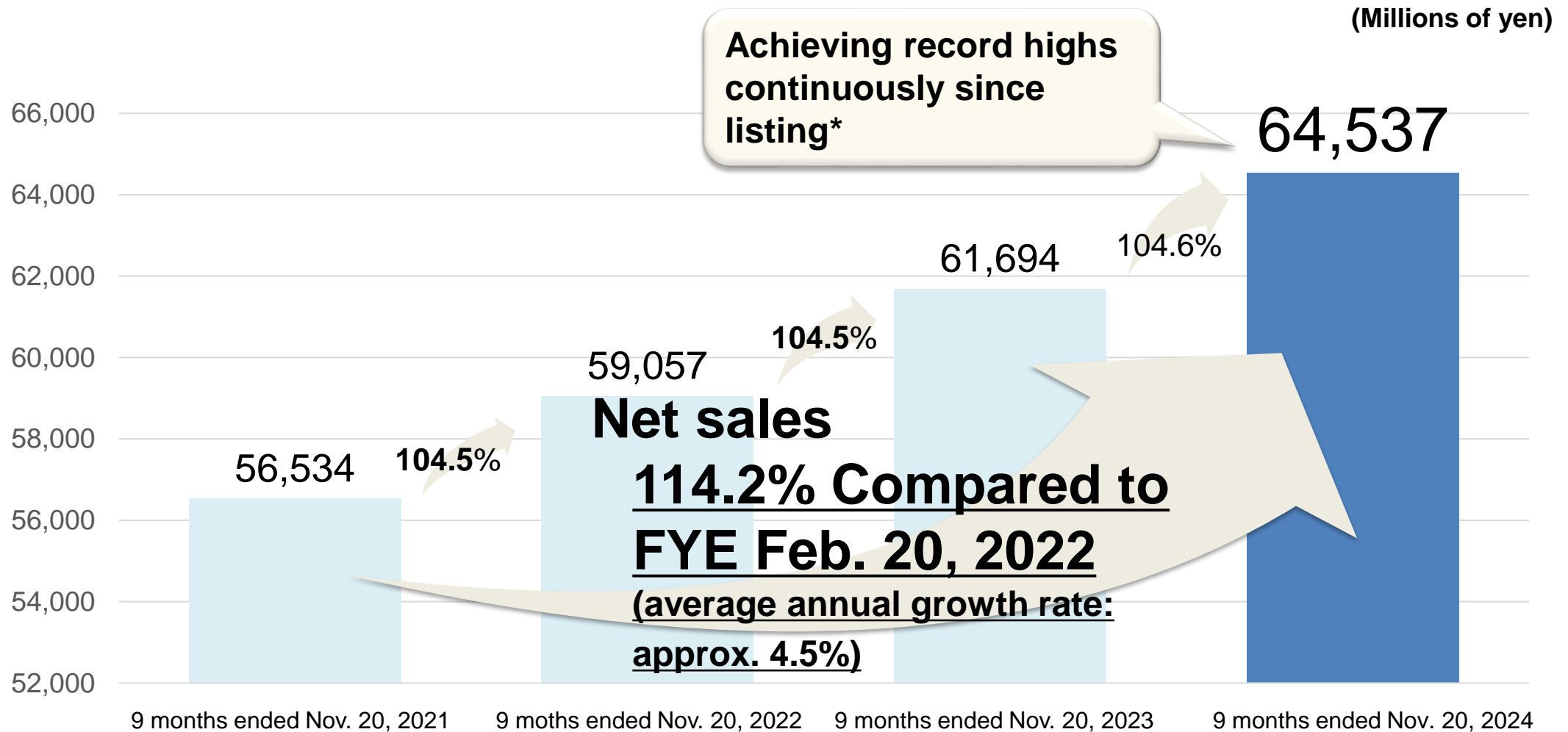
4-year Changes (Y/Y) in Net Sales, Number of Customers, and Sales per Customer of Existing Stores for the Nine Months Ended November 20, 2024

• Net sales 103.6% Number of customers 99.1% Sales per customer 104.6%



1 Financial Results for the Nine Months Ended November 20, 2024

4-year Changes in Net Sales of the Entire Company



* Listed on the JASDAQ stock exchange in December 2004

1 Financial Results for the Nine Months Ended November 20, 2024

Financial Results

(Comparison with the Same Period of the Previous Fiscal Year)

(Millions of yen, %)

	For the Nine months ended November 20, 2023		For the Nine months ended November 20, 2024			
	Amount	Share	Amount	Share	Y/Y change	Major factors
Net sales	61,694	100.0	64,537	100.0	104.6	<ul style="list-style-type: none"> • Strengthened OMO and CRM • Captured demand for repair and maintenance services
Gross profit	29,334	47.5	30,649	47.5	104.5	
Operating profit	4,923	8.0	5,584	8.7	113.4	<ul style="list-style-type: none"> • Sales per customer increased (104.5% year-on-year) • Control of SG&A expenses
Ordinary profit	5,142	8.3	5,651	8.8	109.9	
Profit	3,378	5.5	3,774	5.8	111.7	

1 Financial Results for the Nine Months Ended November 20, 2024

SG&A Expenses and Capital Expenditures

(Comparison with the Same Period of the Previous Fiscal Year)

(Millions of yen, %)

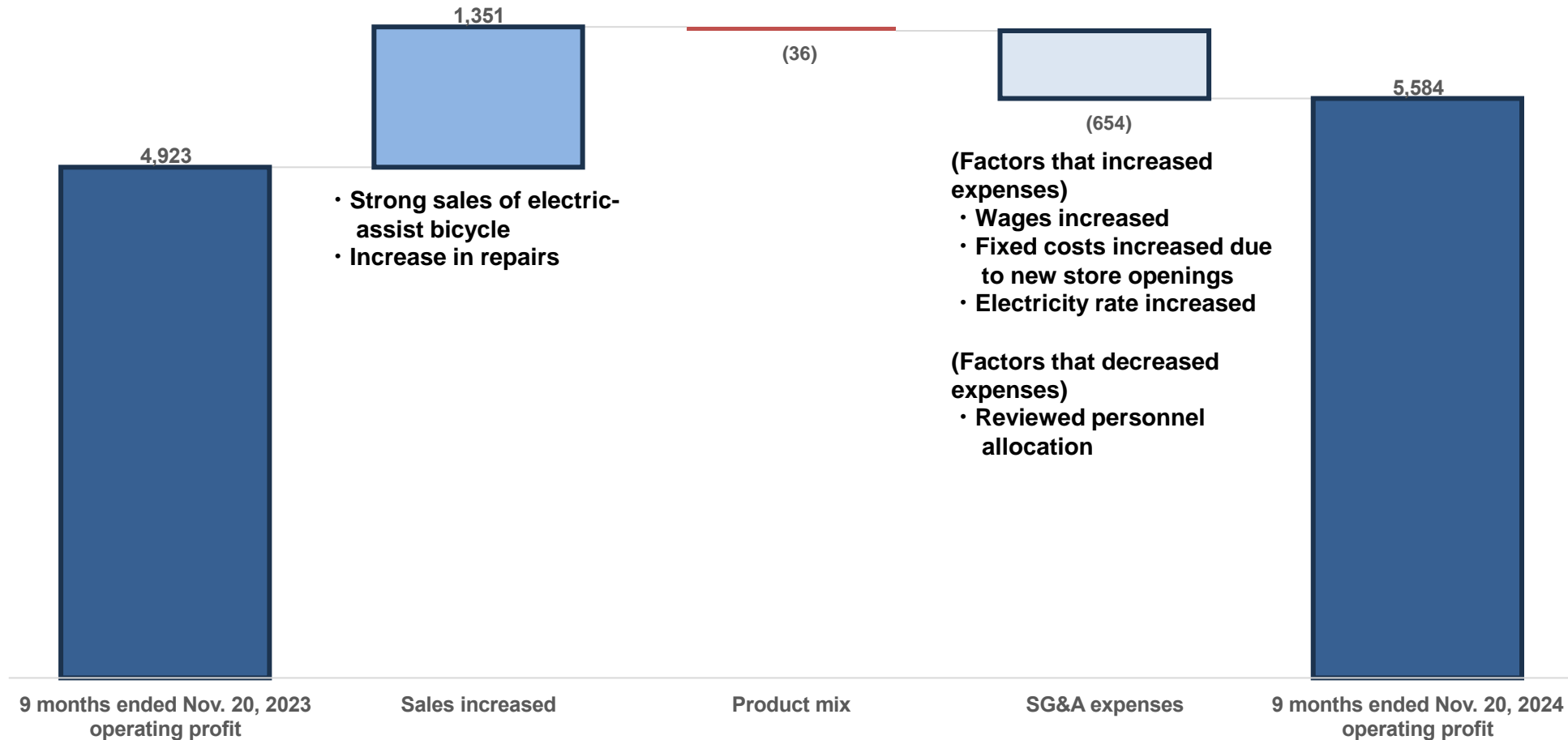
		For the Nine months ended November 20, 2023		For the Nine months ended November 20, 2024			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		24,410	39.6	25,064	38.8	102.7	Control of SG&A expense ratio Proper personnel allocation, improved human productivity
Breakdown	Personnel expenses	11,781	19.1	11,970	18.5	101.6	
	Advertising expenses	518	0.8	606	0.9	117.0	Effective sales promotion, 75th anniversary measures
	Logistics expenses*	1,403	2.3	1,563	2.4	111.4	Increase in the number of bicycles sold, relocation of West Japan bases
	Depreciation	1,166	1.9	1,210	1.9	103.8	Opened new stores and renovated existing stores
	Other	9,540	15.5	9,714	15.1	101.8	<ul style="list-style-type: none"> • Opened new stores • Fees for cashless payment, electricity rates
Capital expenditures		2,161		2,348		108.6	Core systems

* Transport + Storage

1 Financial Results for the Nine Months Ended November 20, 2024

Analysis of Changes in Operating Profit

(Millions of yen)



1 Financial Results for the Nine Months Ended November 20, 2024

Net Sales by Division

(Comparison with the Same Period of the Previous Fiscal Year)

(Millions of yen, %)

		For the Nine months ended November 20, 2023		For the Nine months ended November 20, 2024			
		Results	Retail share*1	Results	Retail share*1	Y/Y change	Factors
	Stores	51,866	86.4	52,763	84.0	101.7	<ul style="list-style-type: none"> Strengthened OMO platform ➤E-commerce share grew significantly
	E-commerce	8,136	13.6	10,084	16.0	124.0	
Retail (subtotal)		60,003	100.0	62,848	100.0	104.7	<ul style="list-style-type: none"> Sales per customer (104.5% year-on-year)
Other*2		1,691	-	1,688	-	99.8	
Total		61,694	-	64,537	-	104.6	

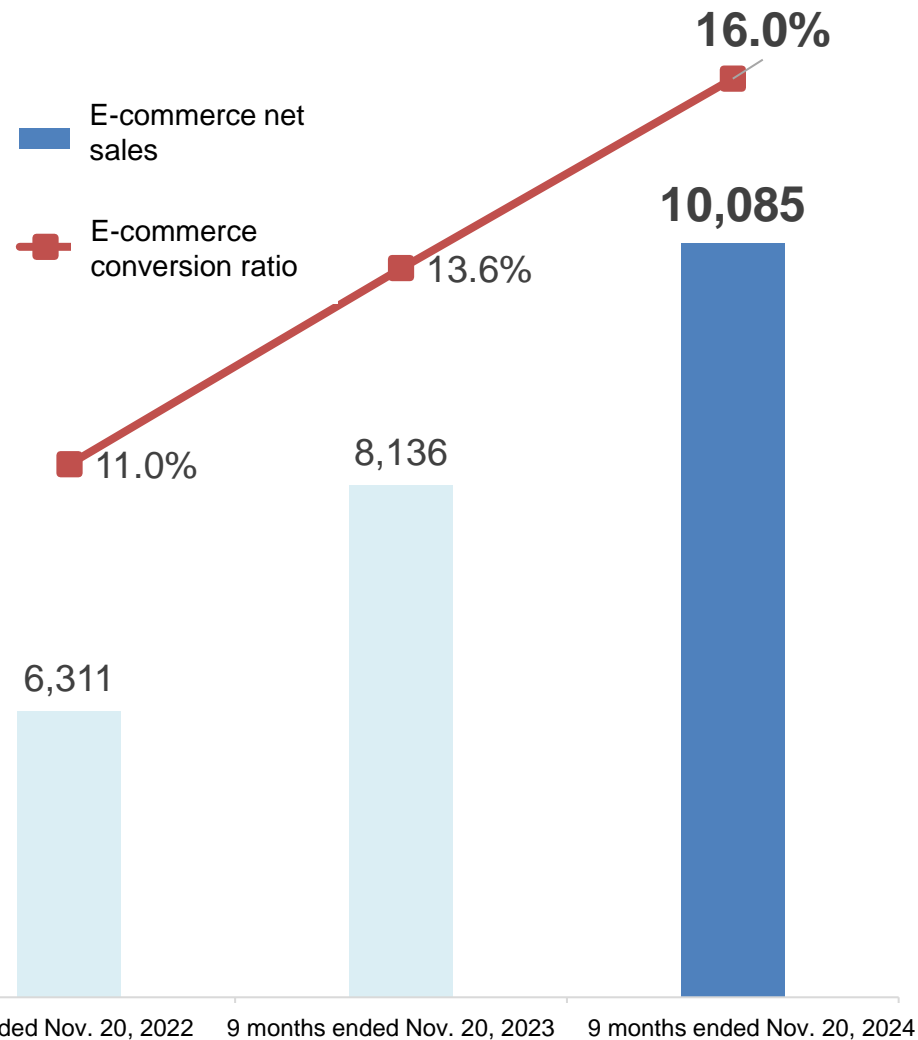
*1 We use the retail share as the ratio of stores and e-commerce in retail.

*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 Nine Months Ended November 20, 2024

Results from Strengthening Growth Foundations

(Millions of yen, %)



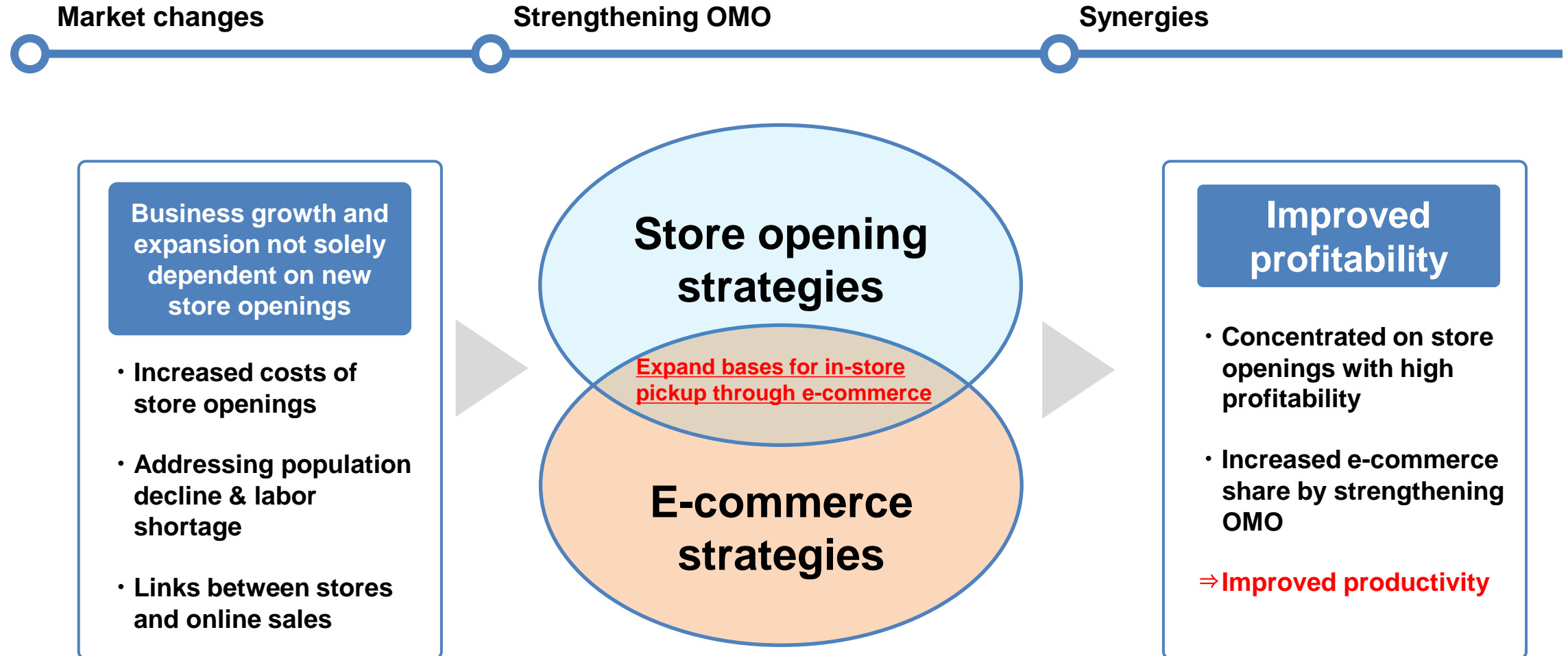
Implemented OMO and CRM strategies

Average annual growth rate of e-commerce net sales

Increased by 26.4%
(from nine months ended Nov. 20, 2022)

1 Financial Results for the Nine Months Ended November 20, 2024

Results from Strengthening Growth Foundations (Store Opening Strategy Based on Strengthening OMO)



1 Financial Results for the Nine Months Ended November 20, 2024

Net Sales by Item

(Comparison with the Same Period of the Previous Fiscal Year)

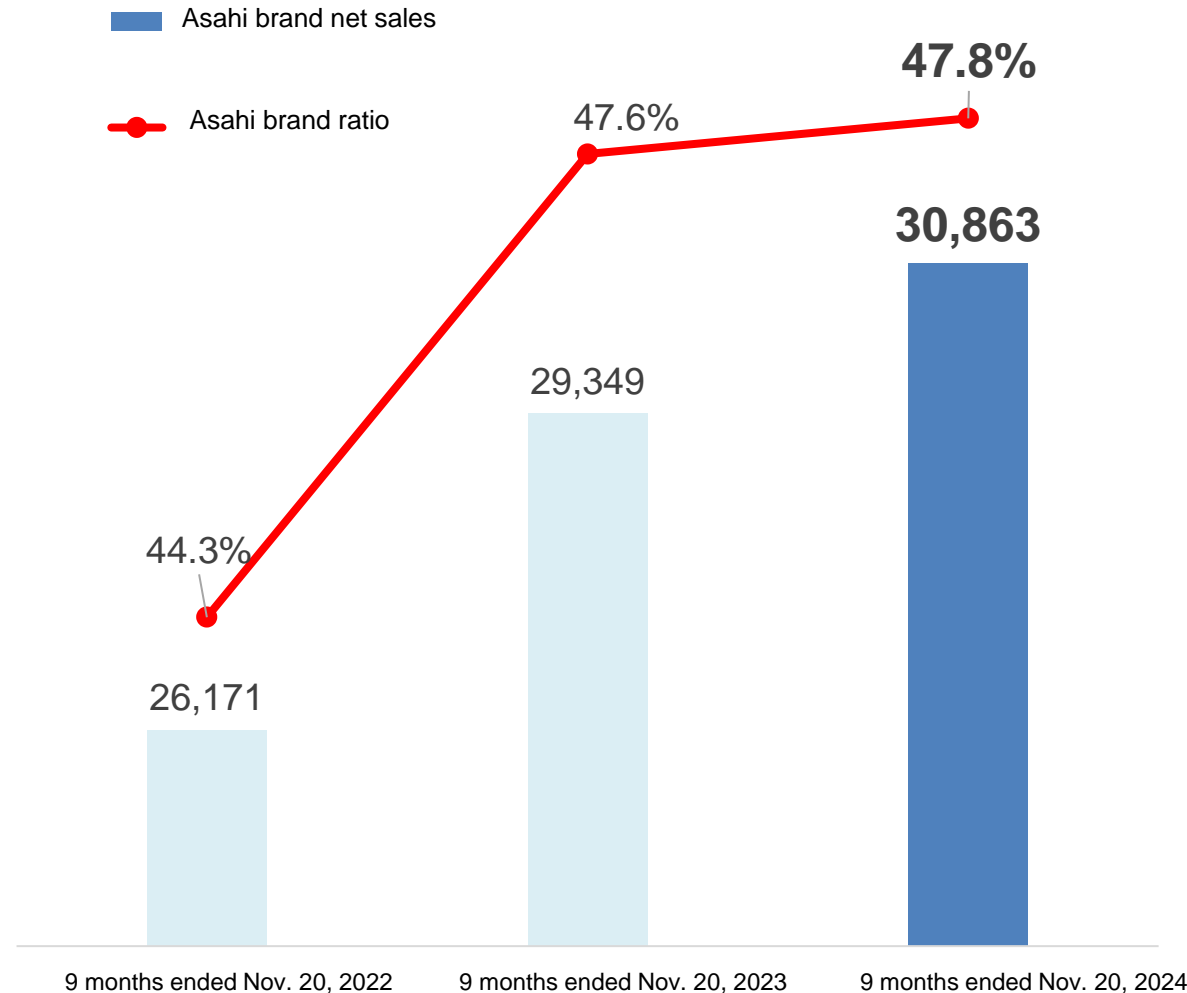
(Millions of yen, %)

	For the Nine months ended November 20, 2023		For the Nine months ended November 20, 2024			
	Amount	Share	Amount	Share	Y/Y change	Factors
Ordinary bicycles	10,221	16.6	10,464	16.2	102.4	
Sports bicycles	7,862	12.7	8,299	12.9	105.5	Strong sales of <u>Asahi brand</u>
Children's bicycles	6,257	10.1	6,592	10.2	105.4	Strengthened product lineup
Electric assist bicycles	16,775	27.2	18,331	28.4	109.3	Strong sales of <u>Asahi brand's ENERSYS</u>
Other bicycles	2,120	3.4	2,017	3.1	95.1	
Parts/Other	18,456	29.9	18,832	29.2	102.0	<ul style="list-style-type: none"> • Decrease: Special demand for helmets in the previous year • Increase: Repair and maintenance services
Total	61,694	100.0	64,537	100.0	104.6	
Asahi brand net sales	29,349	47.6	30,863	47.8	105.2	Highly competitive product lineup offered to <u>meet customers' needs</u>

1 Financial Results for the Nine Months Ended November 20, 2024

Results from Strengthening Growth Foundations

(Millions of yen, %)



Strengthened SPA system

**Average annual growth
rate of Asahi brand
net sales**

Increased by 8.6%

**(from nine months ended
Nov. 20, 2022)**

1 Financial Results for the Nine Months Ended November 20, 2024

Key Points of Net Sales by Item

(Comparison with the Same Period of the Previous Fiscal Year)

Electric-assist bicycles: ¥18,331M

(Up ¥1,556M or 109.3% year-on-year)



ASAHI's original electric assist bicycle "ENERSYS"

Parts/Other: ¥18,832M

(Up ¥376M or 102.0% year-on-year)



➤ Helmets

- **More than approx. 150% compared to two years ago**
(Special demand in the previous year)
- Increased awareness of safety



➤ Repair and maintenance services

- **The number of repair and maintenance orders has increased** even after the pricing revisions in the previous year

1 Financial Results for the Nine Months Ended November 20, 2024

Stores

	As of Feb. 21, 2024	Number of stores opened	As of November 20, 2024
Number of stores*	533	+6	539
Of which, urban stores	9	+1	10

* 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 online sales, stores supporting demand for repairs)

Increased awareness ➤ number of customers increased ➤ increase in profit

Established as a second format



Asahi Naniwasaiwaicho store, the first urban store in the Kansai region (Naniwa-ku, Osaka)

■List of urban stores

Tokyo (9 stores): Kamiochiai store, Takadanobaba store, Minamisenju store, Hikifune store, Minamikamata store, Kiyosumishirakawa store, Honancho store, Ryogoku Kamezawa store, and Ikejiri store

Osaka (1 store): Naniwasaiwaicho store

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2 Progress of Full-Year Financial Results Forecast and Initiatives for the 4th Quarter of the Fiscal Year Ending Feb. 20, 2025

Progress of Full-Year Financial Results Forecast

(Millions of yen, %)

	For the nine months ended November 20, 2023		For the nine months ended November 20, 2024				Full-year financial results forecast	Percentage of progress to full-year forecast
	Amount	Share	Amount	Share	Y/Y change		Amount	
Net sales	61,694	100.0	64,537	100.0	+2,842	104.6	82,500	78.2
Operating profit	4,923	8.0	5,584	8.7	+661	113.4	5,500	101.5

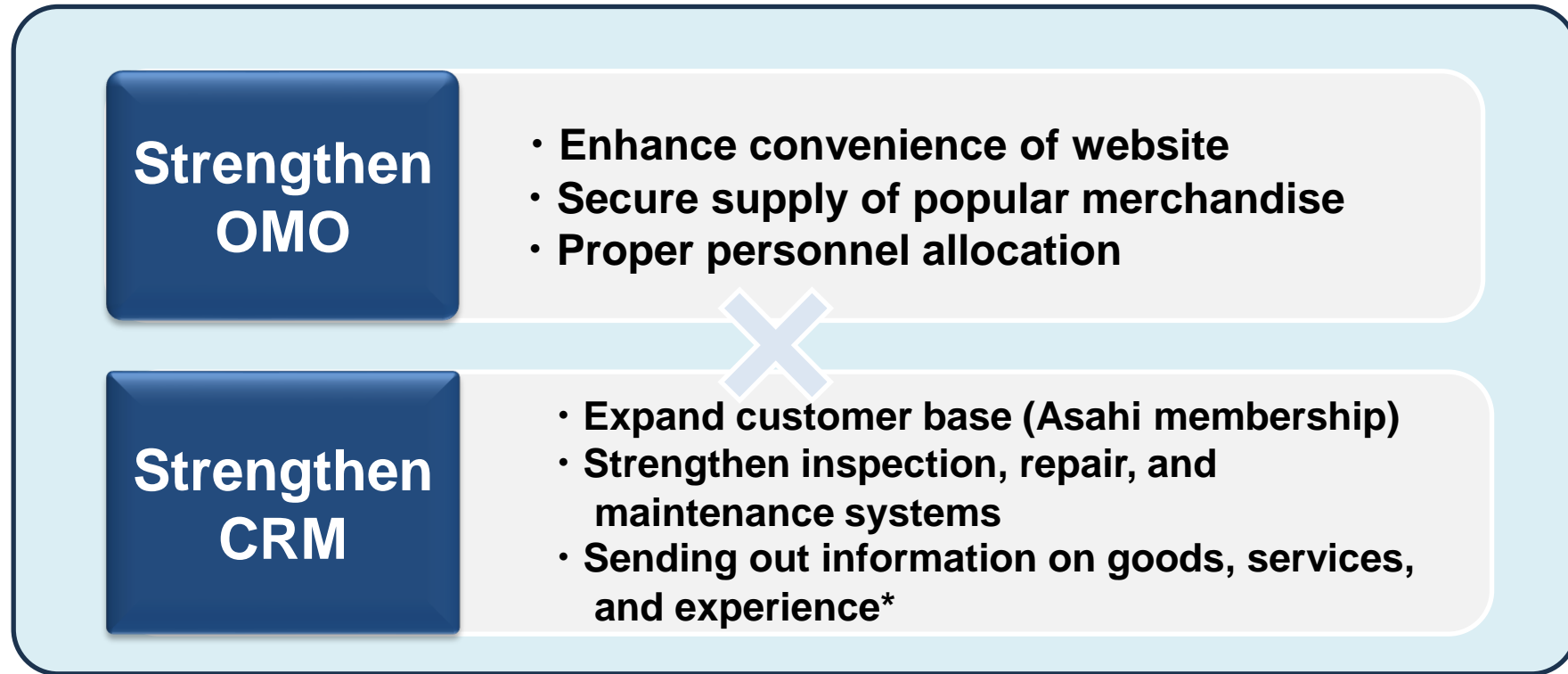
Toward achieving full-year financial results forecast



4Q: Create demand ahead of schedule ➤ increase sales

2 Progress of Full-Year Financial Results Forecast and Initiatives for the 4th Quarter of the Fiscal Year Ending Feb. 20, 2025

Initiatives for 4Q



➤ **Aim to achieve full-year plan**

* **Our concepts by 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.

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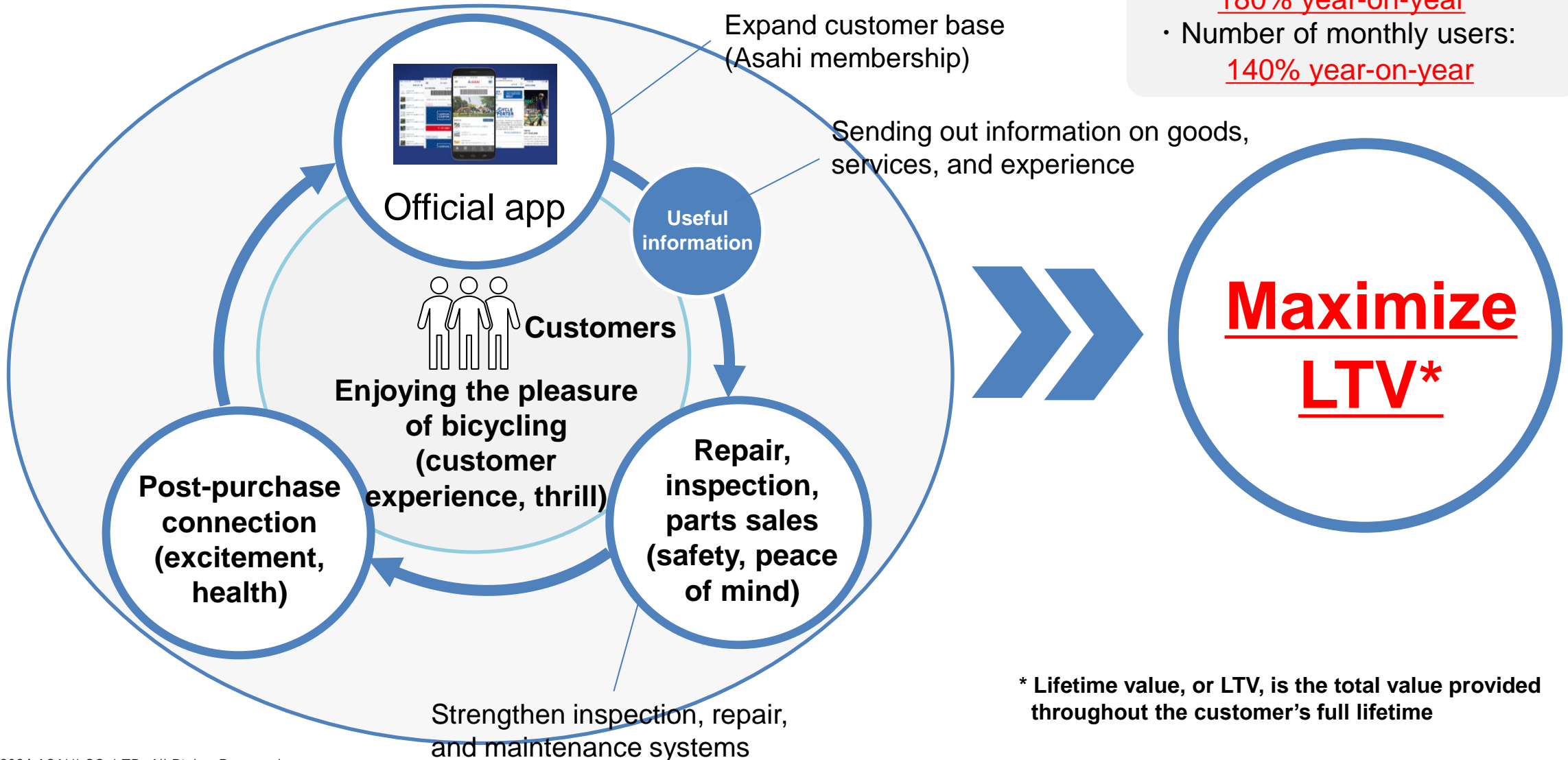
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3 Topics

Strengthen Our Customer Relationship Management (CRM)

Status of app use:

- Number of members:
180% year-on-year
- Number of monthly users:
140% year-on-year



3 Topics

Strengthen Our Customer Relationship Management (CRM)

Enhance the content of experiential events



Enhance the content and information dissemination on official app

Use of digital tools

×

Useful information

×

Content on bicycles



Comprehensive bicycle ride information website "Chiririn"



Bicycle riding classes for children
Kids' Schools

- Sending out information on experiential events for services and experience, etc. in addition to information on periodic inspections and special offers

3 Topics

Refresh Our Existing Physical and Online Stores (Increase Earnings Other than New Bicycle Sales)



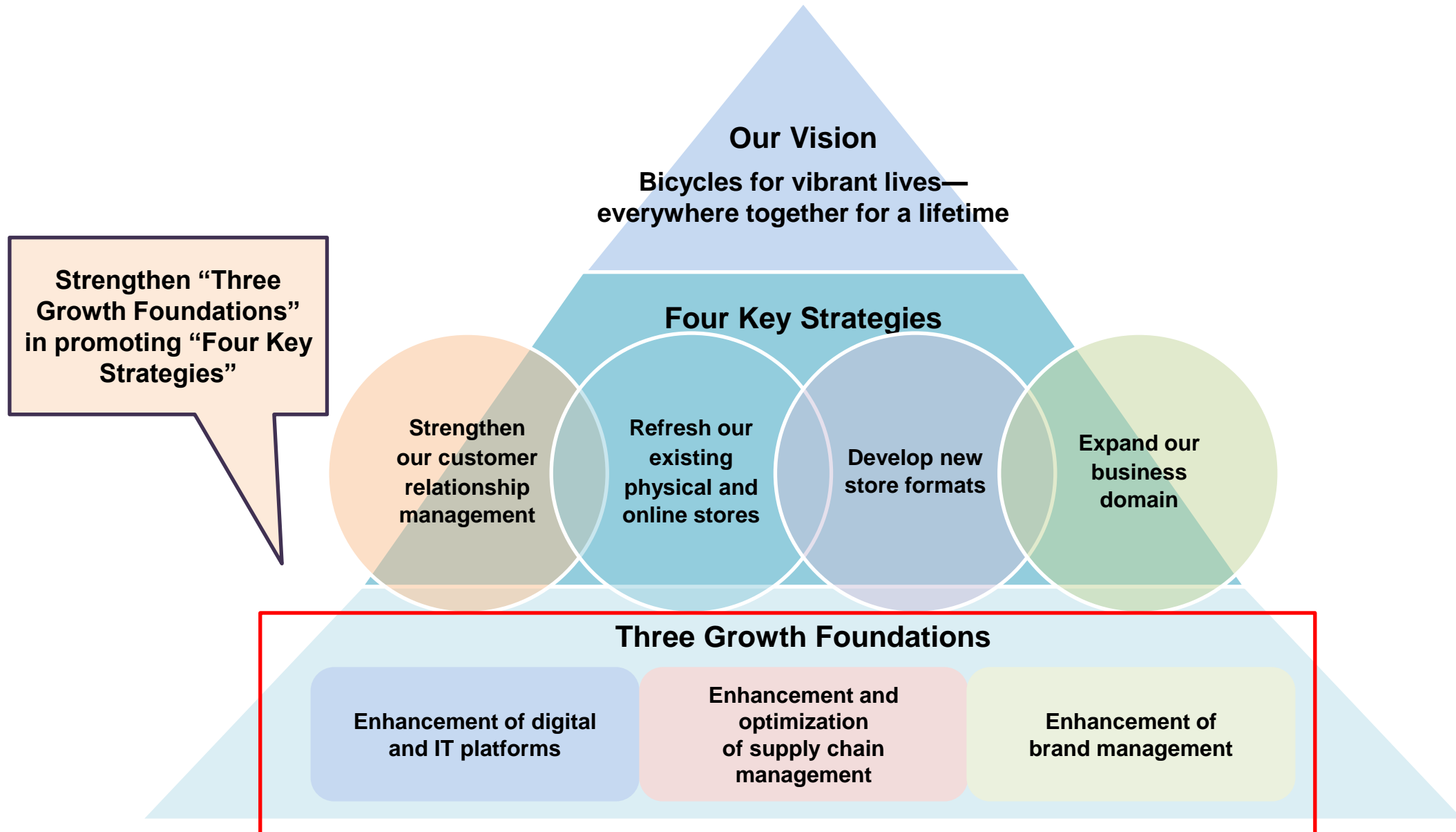
Train specialists with repair skills, develop service provision systems

Number of repairs: approx. 107% year-on-year

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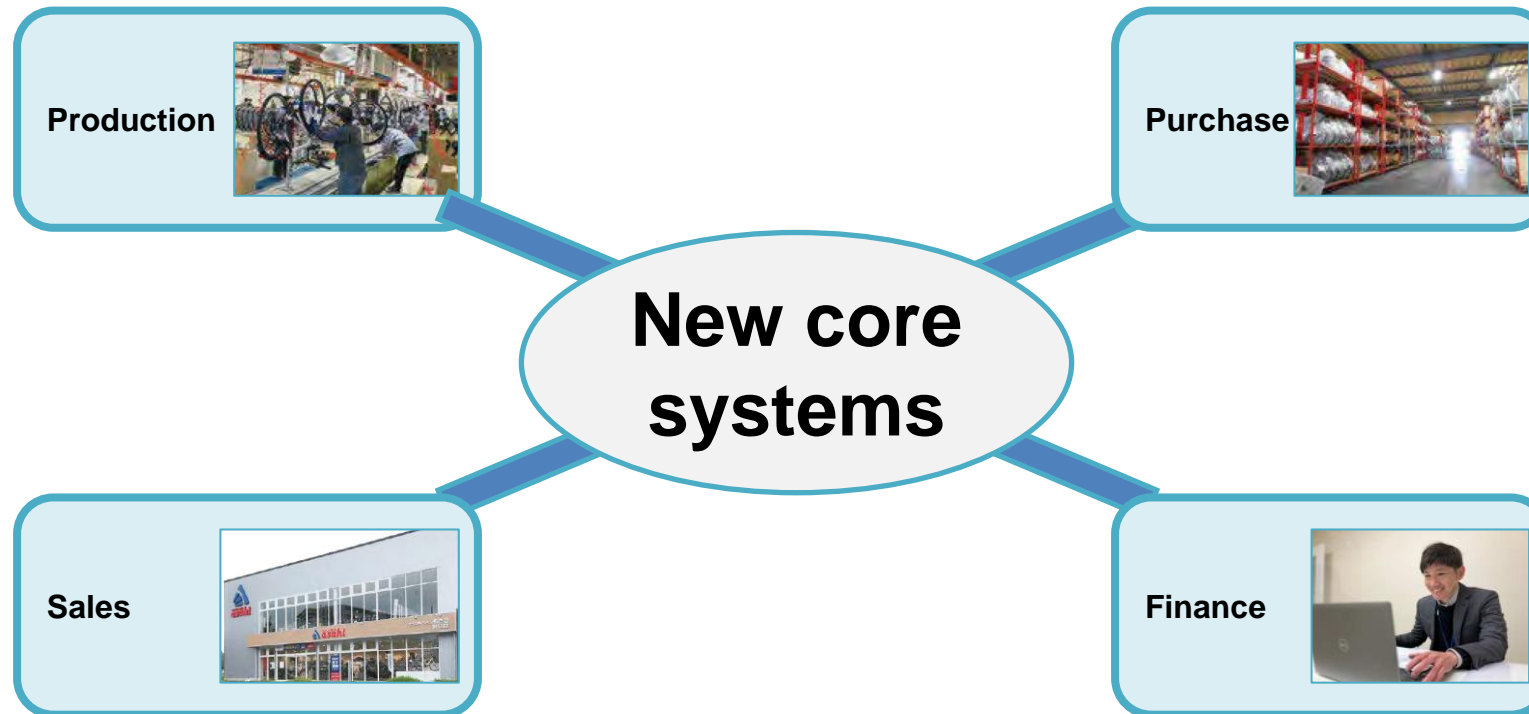
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4 Progress of Strengthening Growth Foundations



4 Progress of Strengthening Growth Foundations

1. Enhancement of Digital and IT



Introduced new core systems and started operations
➤ **Support for business expansion**

4 Progress of Strengthening Growth Foundations

2. Enhancement and Optimization of Supply Chain Management



Relocation of logistics bases

(in Kyotanabe City, Kyoto, launched operations in October 2024)

Address CO₂ emissions reduction and the logistics 2024 problems

- ① Improve delivery efficiency
 - ② DX utilization (improve productivity)
 - ③ 100 use of renewable energy
- Reduce environmental impact

Product inventory amount for the nine months ended Nov. 20, 2024: ¥11,343M
87.4% year-on-year

Proper inventory management
Cash flow improvement

4 Progress of Strengthening Growth Foundations

3. Enhancement of Brand Management (Improve Asahi Brand Value)



Launch new strategic brand “COOSA”



New bicycle brand that matches lifestyles

Refine existing brand “LOG”

GOOD DESIGN AWARD
2024年度受賞

LOG
LIFESTYLE
OUTDOOR
GEAR

LOG WAGONE
電動アシスト自転車



Won the 2024 Good Design Award
(Sponsored by the Japan Institute of Design Promotion)

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5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

Comparison with the Fiscal Year Ended Feb. 20, 2024

(Millions of yen, %)

	FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
	Amount	Share	Amount	Share	Y/Y change	Factors
Net sales	78,076	100.0	82,500	100.0	105.7	• Strengthen links between CRM and OMO
Gross profit	37,305	47.8	39,600	48.0	106.2	
Operating profit	4,912	6.3	5,500	6.7	112.0	• Improve human productivity • Enhance digital and IT platforms
Ordinary profit	5,192	6.7	5,800	7.0	111.7	
Profit	3,113	4.0	3,680	4.5	118.2	

5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

Net Sales by Division

(Millions of yen, %)

		FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
		Amount	Retail share	Amount	Retail share	Y/Y change	Factors
	Stores	65,566	86.4	69,053	86.0	105.3	<ul style="list-style-type: none"> • Increase charges and parts sales • Open new stores and refresh existing stores • Strengthen links between CRM and OMO
	E-commerce	10,321	13.6	11,240	14.0	108.9	
	Retail (subtotal)	75,887	100.0	80,293	100.0	105.8	
Other		2,188	-	2,206	-	100.8	
Total		78,076	-	82,500	-	105.7	
Market share		24%	-	25%	-	-	

5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

Net Sales by Item

(Millions of yen, %)

	FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan		
	Amount	Share	Amount	Share	Y/Y change
Ordinary bicycles	13,117	16.8	13,887	16.8	105.9
Sports bicycles	9,580	12.3	10,244	12.4	106.9
Children's bicycles	8,320	10.7	8,289	10.0	99.6
Electric assist bicycles	21,148	27.1	22,645	27.4	107.1
Other bicycles	2,611	3.3	2,706	3.3	103.6
Parts/Other	23,298	29.8	24,727	30.0	106.1
Total	78,076	100.0	82,500	100.0	105.7

5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

SG&A expenses and Capital Expenditures

(Millions of yen, %)

		FY ended Feb. 20, 2024 Results		FY ending Feb. 20, 2025 Plan			
		Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses		32,393	41.5	34,100	41.3	105.3	
Breakdown	Personnel expenses	15,595	20.0	16,561	20.1	106.2	Increase wages, and increase personnel to expand business
	Advertising expenses	715	0.9	766	0.9	107.1	Continue to run more online advertisements
	Logistics expenses	1,761	2.3	1,901	2.3	108.0	Inventory transfer expenses related to the relocation of logistics bases
	Depreciation	1,583	2.0	1,686	2.0	106.4	Open new stores and renovate existing stores
	Other	12,737	16.3	13,185	16.0	103.5	Incur an increase in system-related maintenance costs
Capital expenditures		3,219		3,235		100.5	Growth foundations for stores and systems

5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

Points of SG&A expenses

➤ Personnel expenses: ¥16,561M (Up ¥966M or 106.2% year-on-year)

- Enhance recruitment of new graduates (approx. 100) and mid-career hires
- Increase wages

➤ Logistics expenses: ¥1,901M (Up ¥140M or 108.0% year-on-year)

- Inventory transfer expenses related to the relocation of logistics bases

- 
- [Measures] • Reduce inventories through proper inventory management
- Relocate logistics bases
 - Improve delivery efficiency

5 (Reference) Plan for the Fiscal Year Ending Feb. 20, 2025

Stores

	As of Feb. 21, 2024	Number of stores to open	As of Feb. 20, 2025
Number of stores*	533	15	548
Of which, urban stores	9	4	13

Relocation and large renovation

	FY ended Feb. 20, 2024 Results	FY ending Feb. 20, 2025 Plan
Number of target stores	16	18

* Includes 17 franchise stores (as of Feb. 20, 2025) (6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 2 stores in Kagoshima)

5 (Reference) Management That is Conscious of Cost of Capital and Stock Price

Initiatives to Improve PBR

(1) Growth investments

➤ Investment in foundations that support future growth

(Strengthening stores, digital and IT platforms, logistics infrastructure, and refining the SPA business model)

(2) Profitability

➤ Increase profitability through business structure improvement

(Improving earnings other than new bicycle sales, and controlling SG&A expenses)

(3) Shareholder value

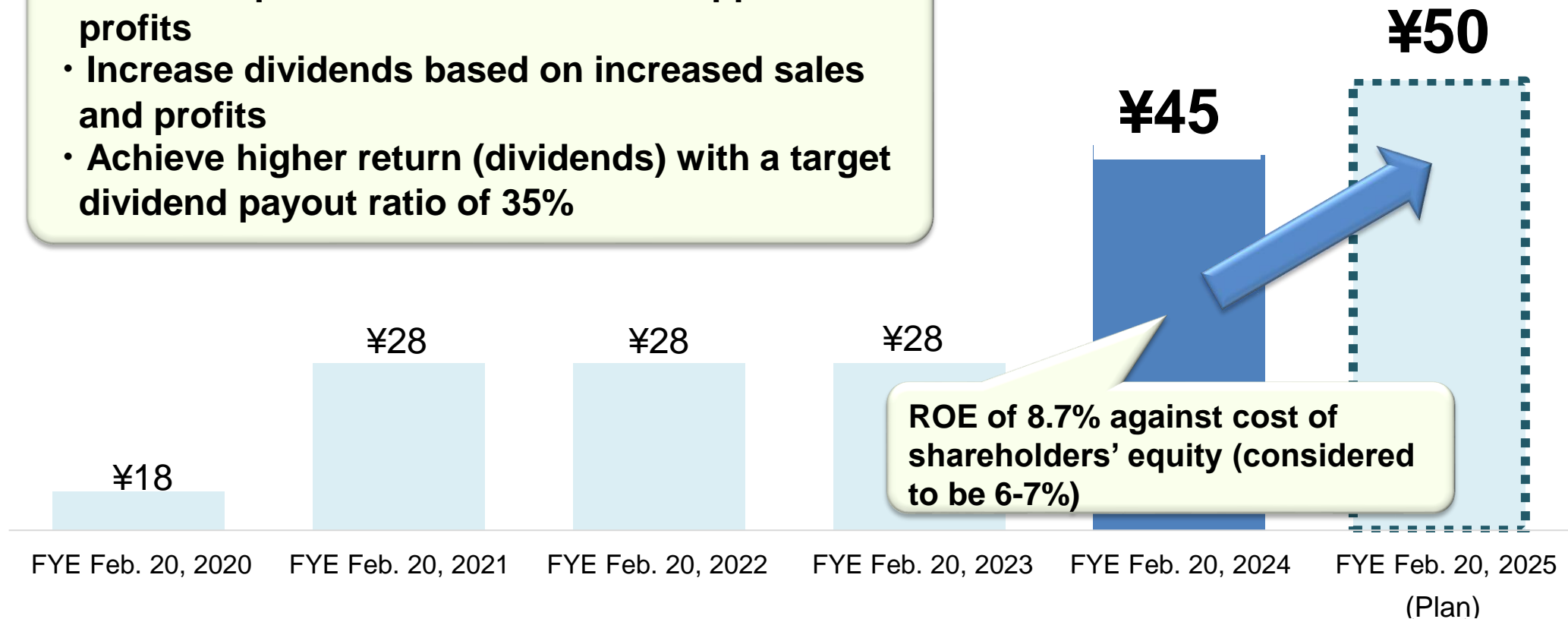
➤ Shareholder return with a target dividend payout ratio of 35%

➤ Increase dividends based on increased sales and profits

5 (Reference) Management That is Conscious of Cost of Capital and Stock Price

Changes in Dividend per Share

- Continue positive investments to support profits
- Increase dividends based on increased sales and profits
- Achieve higher return (dividends) with a target dividend payout ratio of 35%



5 (Reference) Management That is Conscious of Cost of Capital and Stock Price

Improvement in management efficiency ➤ Improvement in PBR

[Reference] Changes in financial indicators

(Millions of yen, %, times, yen)

	FYE Feb. 20, 2020	FYE Feb. 20, 2021	FYE Feb. 20, 2022	FYE Feb. 20, 2023	FYE Feb. 20, 2024	FYE Feb. 20, 2025 [Plan, Target]
Net sales	59,852	69,456	71,398	74,712	78,056	82,500
Operating profit	4,006	6,863	5,221	5,127	4,912	5,500
Profit	2,559	4,717	3,541	3,366	3,113	3,680
ROE	9.4%	15.5%	10.4%	10.0%	8.7%	9.6%
Dividend per share	¥18	¥28	¥28	¥28	¥45	¥50
Total dividends	472	734	734	734	1,180	1,312
PBR	1.2	1.2	1.0	1.0	0.9	1.0 or more

5 (Reference) Medium-Term Management Plan “VISION 2025”

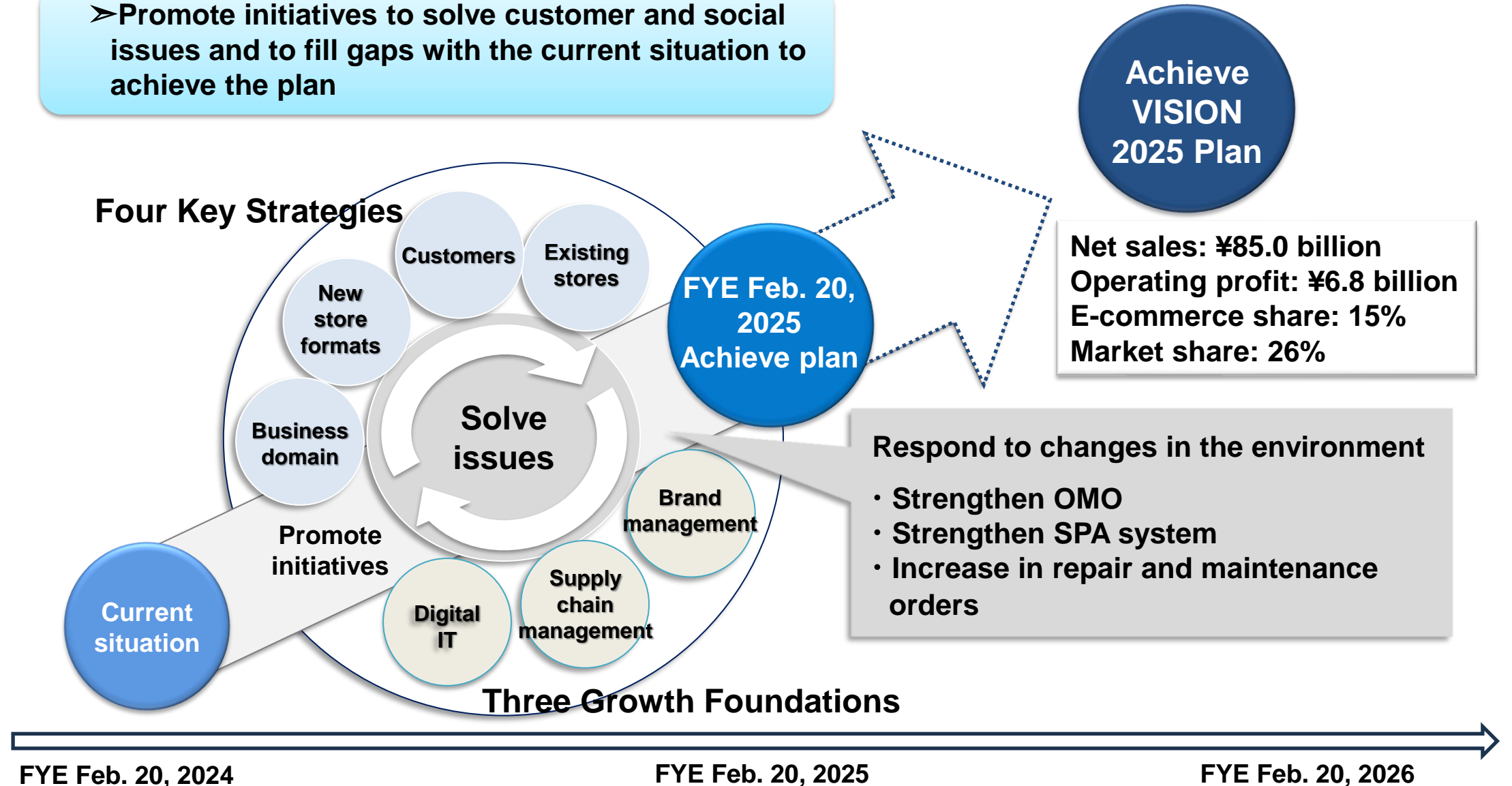
	FY ended Feb. 20, 2024 Results	FY ending Feb. 20, 2025 Plan		FY ending Feb. 20, 2026 (Targets for the VISION 2025)
Net sales	¥78,076M	¥82,500M		¥85,000M
Operating profit	¥4,912M (6.3%)	¥5,500M (6.7%)		¥6,800M (8.0%)
Number of stores	533	548		560
E-commerce share	13.6%	14.0%		15.0%
Market share	24%	25%		26%
Capital investment plan	¥3,219M	¥3,235M		¥3,000M - ¥4,000M

Breakdown of major capital investments

- Investment in growth foundation: DX, infrastructure development, system investment
- Investment in maintenance and renewal: Store renewal, revitalization (including relocation) of existing stores
- Investment in increasing profits: 15 new store openings per year, mainly in urban areas

5 (Reference) Medium-Term Management Plan “VISION 2025”

➤ Promote initiatives to solve customer and social issues and to fill gaps with the current situation to achieve the plan



5 Topics

Expand Our Business Domain

Strengthen Our Reuse Business as the Second Pillar of Business Following New Bicycle Sales



Unneeded bicycles to those who need them, make it easier to get bicycle you want

Bicycle purchase & used sales service

Started purchasing city bicycles, and now, we purchase all types of bicycles



Further expand our business scale by strengthening the integrated system of purchase ⇒ commercialization ⇒ resale

No. of bicycles sold approx. **150%** Y/Y, No. of used bicycles purchased approx. **200%** Y/Y

5 Topics

Refining the SPA Business Model

Strengthen the procurement and development foundations



Reduce
procurement costs
Strengthen
development
functions

Increase market share of ENERSYS

ENERSYS 



¥109,000 (excluding tax)

ENERSYS *Melty*



¥123,000 (excluding tax)

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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