EXPLANATORY MATERIAL ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUG. 20, 2026

Sep. 25, 2026
ASAHI CO., LTD.
TSE Prime Market (Securities code: 3333)

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Recognition of the Business Environment and Initiatives under Medium-Term Management Plan "VISION 2028"

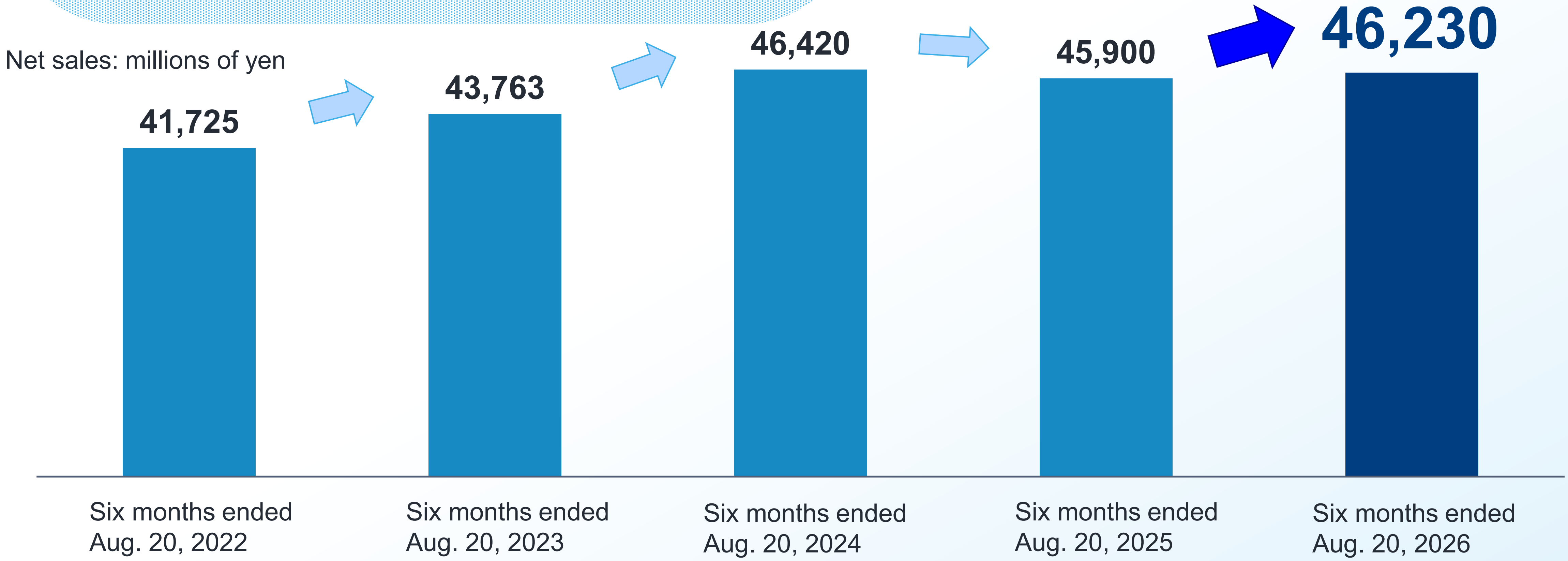
Macro environment	• Decline in consumer sentiment caused by rising prices
Market changes	• Growing demand for switching to electric-assist bicycles with enhanced performance features and high unit prices • Lengthening of replacement cycle against a backdrop of growing interest in saving money
Recognition of Issues	• A business model that is not dependent solely on new bicycle sales or the opening of new stores • CRM and branding to strengthen our customer base
VISION 2028 Theme	• Expanding into new bicycle service domains and providing platforms for e-commerce, logistics, etc. • Building a circular business that supports customers through their long-term bicycle life
Strategies responding to change	• Deepening OMO*1, Strengthening CRM*2 • Building a circular business including reuse, Expanding strategic partners

*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.

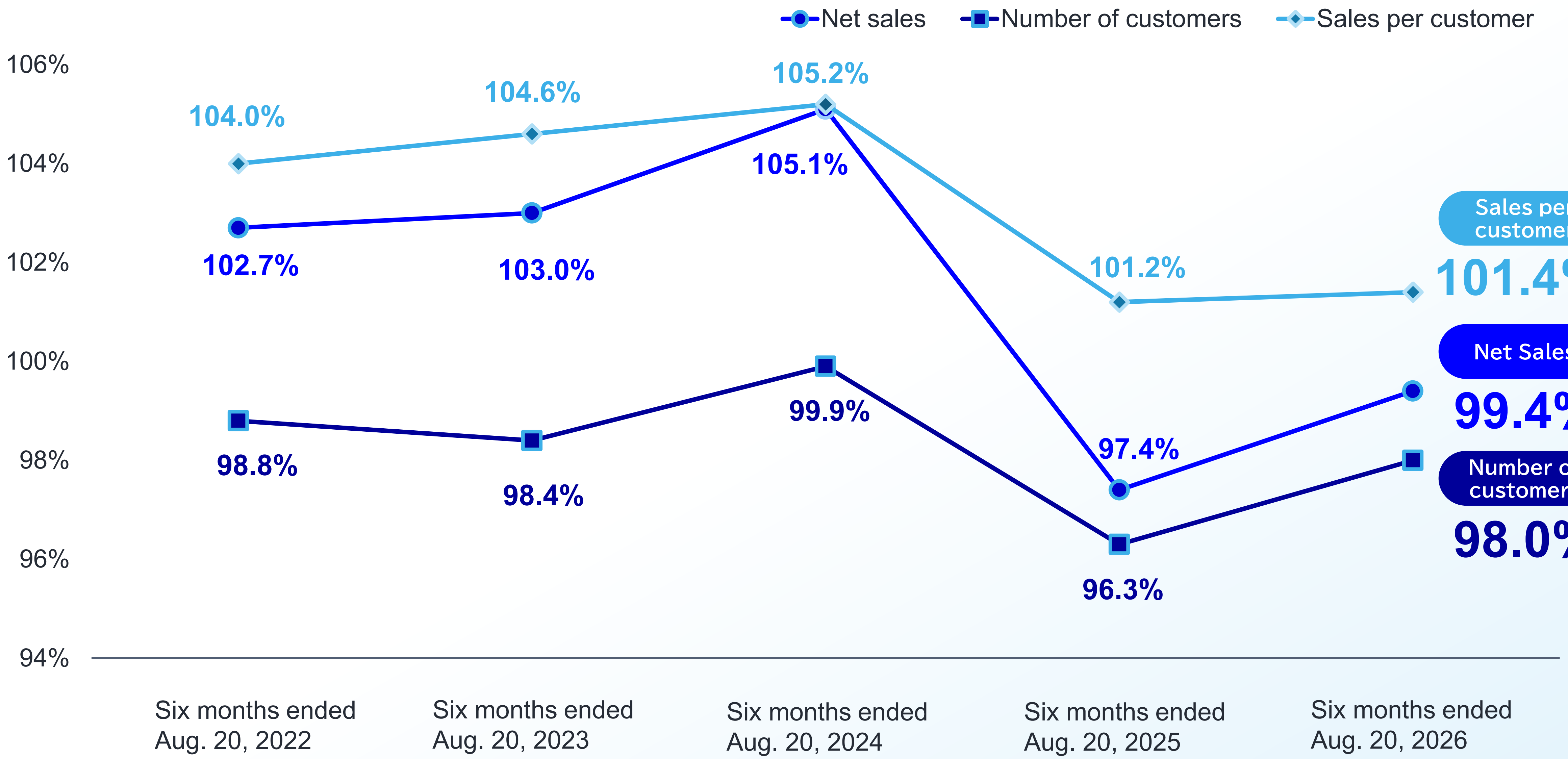
*2 CRM is the abbreviation for Customer Relationship Management. We are strengthening our customer relations by providing information via the official Cycle Base Asahi smartphone application to make their bicycle life more convenient and comfortable.

Changes in Net Sales

Compound annual growth rate (CAGR) over the past four years **2.6%**



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



Sales per customer
101.4%

Net Sales
99.4%

Number of customers
98.0%

Financial Results for the Six Months Ended Aug. 20, 2026

(Millions of yen, %)	Six Months Ended Aug. 20, 2025 Results		Six Months Ended Aug. 20, 2026 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
Net sales	45,900	100.0	46,230	100.0	100.7	• Strong sales of electric-assist bicycles and children's bicycles • Increase sales of parts, repair and maintenance services • Impact of price adjustments
Gross profit	21,486	46.8	21,837	47.2	101.6	
Operating profit	3,756	8.2	3,231	7.0	86.0	• Wage increases, upfront investment in employee training, and increased operating costs associated with opening new stores
Ordinary profit	3,923	8.5	3,327	7.2	84.8	
Profit	2,630	5.7	2,193	4.7	83.4	

Net Sales by Item

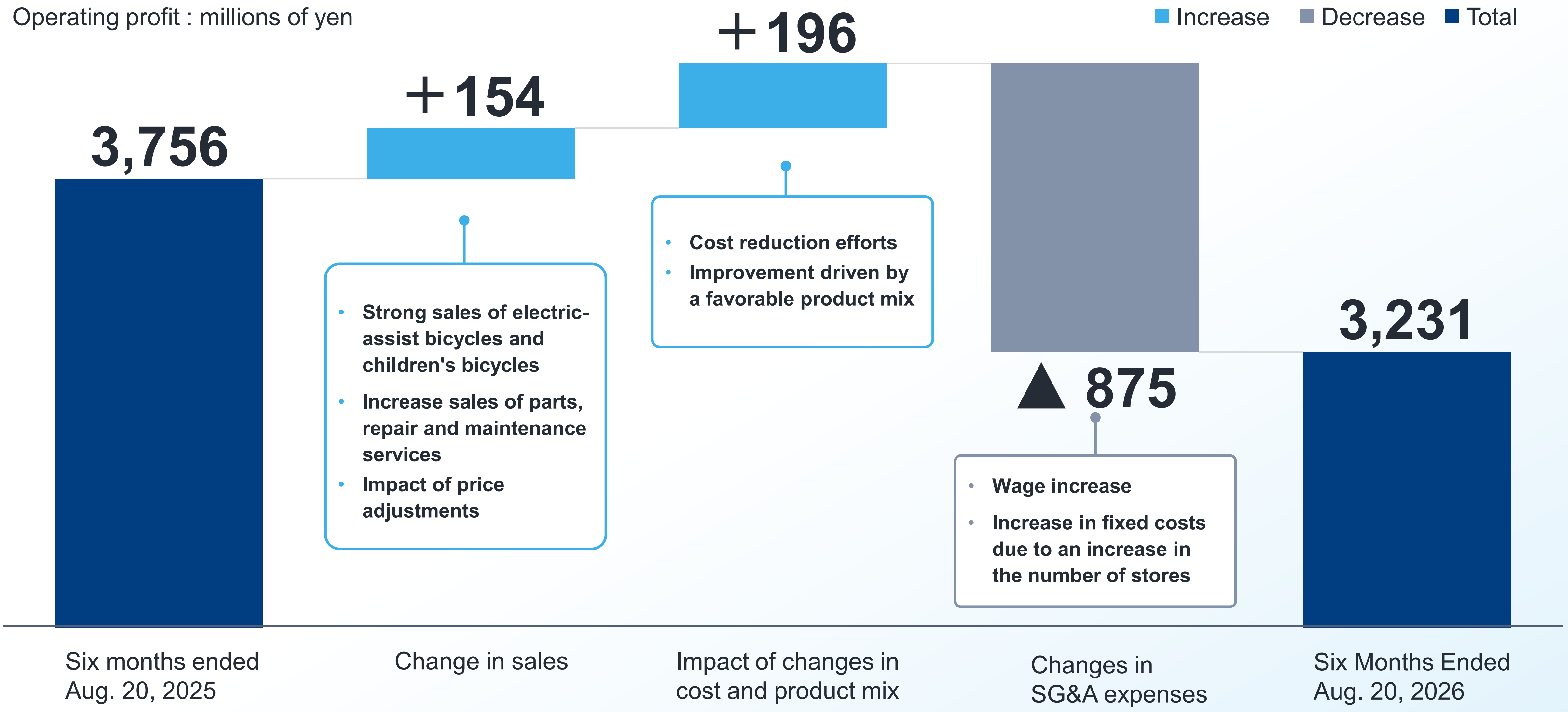
(Millions of yen, %)	Six Months Ended Aug. 20, 2025 Results		Six Months Ended Aug. 20, 2026 Results		
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change
Net sales	45,900	100.0	46,230	100.0	100.7
Stores / E-commerce	44,452	96.8	44,662	96.6	100.5
New bicycle sales	32,316	70.4	32,009	69.2	99.0
Electric-assist bicycles	13,680	29.8	14,124	30.6	103.2
Parts / services	12,135	26.4	12,653	27.4	104.3
Peripheral businesses	1,448	3.2	1,568	3.4	108.3

SG&A Expenses and Capital Expenditures

(Millions of yen, %)

	Six Months Ended Aug. 20, 2025 Results		Six Months Ended Aug. 20, 2026 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses	17,730	38.6	18,605	40.2	104.9	
Personnel expenses	8,338	18.2	8,940	19.3	107.2	• Due to wage increases and business expansion
Transport and storage expenses	1,234	2.7	1,265	2.7	102.5	
Depreciation	880	1.9	904	2.0	102.7	• Increase in the number of stores
Capital expenditures	1,100		832		75.6	• Controlled investment in new store openings

Analysis of Changes in Operating Profit



Store Openings and Closures

	As of Feb. 20, 2026	Number of stores opened	Number of stores closed	As of Aug. 20, 2026
Number of stores *1	557	+5	▲2 *2	560
Of which, urban stores	14	+1	0	15

*1
Includes 19 franchise stores (7 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 3 stores in Kagoshima)

*2
Chofu and Itoshima stores (expiration of lease contracts)

6/12 OPEN Kamiikedai Store

7/17 OPEN Sekime Store

7/17 OPEN Hamadera Store

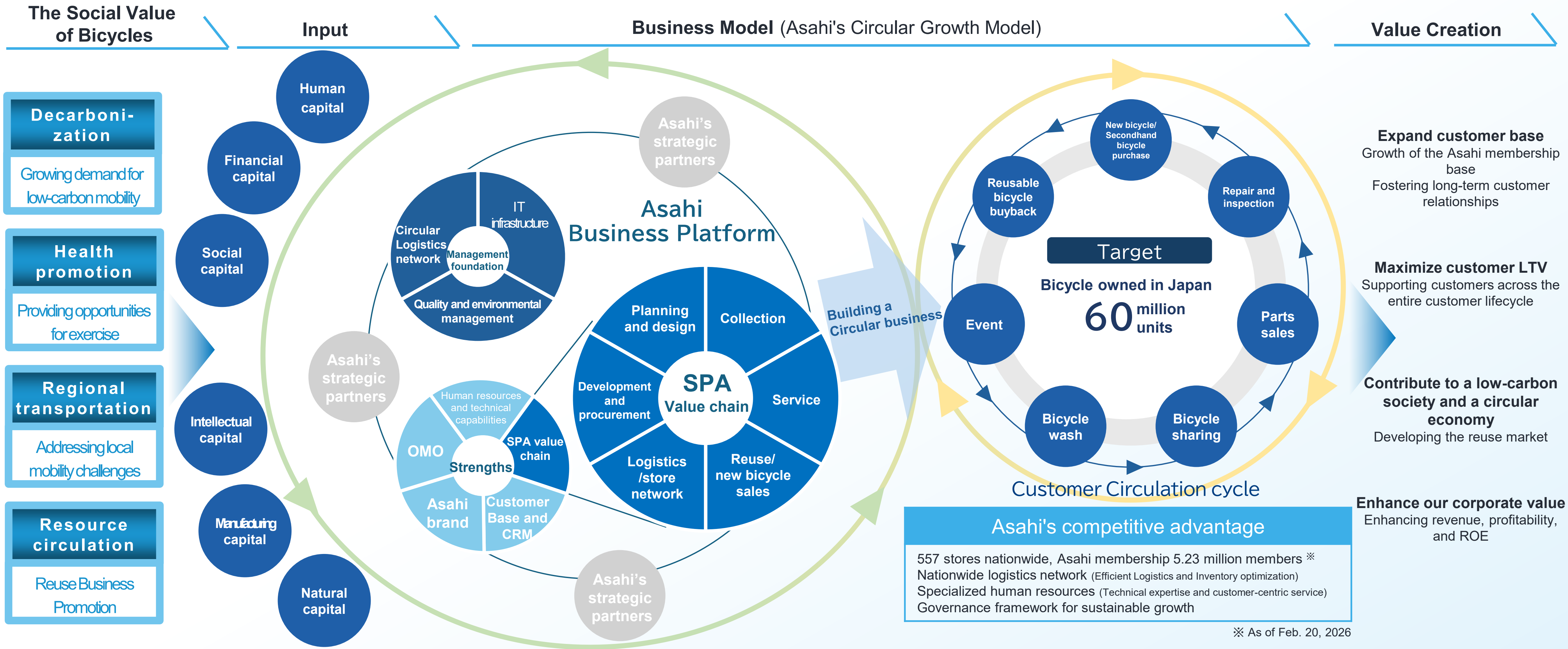
Main Initiatives under Medium-Term Management Plan "VISION 2028" (First Half of Fiscal Year Ending February 2027)

Strategy		Initiative	Main Initiatives
Growth Strategy	Business Strategy	Ⅰ Deepening OMO	Efforts to Centralize Inventory Information for Stores, E-commerce, and Warehouses
Growth Strategy	Business Strategy	Ⅱ Strengthening CRM	Establishing ongoing customer engagement by promoting the Asahi Maintenance Pack and car wash services
Growth Strategy	Business Strategy	Ⅲ Expanding peripheral businesses	Strengthening the production (repair) system at the purchase and support center for reused products
Growth Strategy	Business Strategy	Ⅳ Expanding strategic partners	Started business alliances with three companies to expand strategic partnerships
Growth Strategy		Ⅴ Reinforcing our business foundations	Strengthening the customer base through customer-centric product planning and lineup expansion
Growth Strategy		Ⅵ Human capital management	Improvement of employee treatment through wage increases, certification as a Health & Productivity Management Outstanding Organization 2026
Growth Strategy		Ⅶ Sustainability Management	Promoting circular business utilizing the "Asahi Business Platform"
Financial and Capital Strategy			Balancing strategic investments for future growth and enhancing shareholder value

A Circular and Recurring Revenue Growth Model Enabled by the Asahi Business Platform

Starting with the social value of bicycles, we will use the Asahi Business Platform to develop a circular business model connecting sales through reuse and create a virtuous cycle of social and corporate value together with our strategic partners.

Bicycles for vibrant lives—everywhere together for a lifetime



Strengthening the Asahi Support Center: The Engine of Our Reuse Business

Asahi Reuse | Three Key Advantages

- Appraisal and purchasing by certified bicycle technicians
- 2+ point inspection, maintenance, and professional cleaning
- Unlimited free inspections for one year after purchase

Enhancing the repair capacity of the Asahi Support Center in response to growing demand

Asahi Support Center

Engine of the business

Place with functions and human resources playing active roles in business

Production, repair, inspection, and new bicycle assembly functions

- Repair of bicycles to be reused (maintenance for resale)
- Repair and inspections of bicycle sharing
- Assembly of bicycles to be used for bicycle sharing services and bicycles sold via e-commerce
- Disassembly of bicycles to be disposed of and collected

(recycling)

Cleaning

Parts replacement

Safety Check

Damage inspection & documentation

An Example of a Recurring Revenue Business Model
Building Continuous Customer Engagement Through Bicycle Washing Services

Number of bicycle washing service orders

↗4.5× YoY

- ✨ **By encouraging store visits through our bicycle washing service, we establish ongoing customer touchpoints and long-term customer engagement.**
- ✨ **By creating opportunities for customers to visit our stores, we aim to enhance LTV and capture future replacement demand.**

Customer-Centric Product Planning and Expanded Lineup to Support Diverse Cycling Lifestyles

ENERSYS compact

Model updates

Compact and easy-to-handle electric-assist bicycle designed to support urban daily mobility

ENERSYS CITY

Model updates

Electric-assist bicycle combining sporty performance with everyday practicality

SETTER7.0

New models

A classical cross bike for adults, blending nostalgic charm with refined quality

GRIND9.0 DISC

New models

Mountain bike with the capability to handle not only urban riding but also trail adventures

J24 / J22 / J20

Model updates

Junior mountain bike series that inspires children's adventurous spirit

GRIND8.0

Model updates

City-friendly mountain bike designed for smaller riders, including women and juniors, with enhanced accessibility and ease of use

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Plan for the Fiscal Year Ending Feb. 20, 2027

(Millions of yen, %)	FY ended Feb. 20, 2026 Results		FY ending Feb. 20, 2027 Plan			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
Net sales	81,374	100.0	86,278	100.0	106.0	• Strengthen links between OMO and CRM • Increase sales of parts, repair and maintenance services • Price adjustments • Activities to reduce costs
Gross profit	38,791	47.7	41,627	48.2	107.3	
Operating profit	3,937	4.8	4,300	5.0	109.2	• Improve productivity • Enhance digital and IT platforms
Ordinary profit	4,169	5.1	4,440	5.1	106.5	
Profit	2,268	2.8	2,730	3.2	120.3	

Net Sales by Item

(Millions of yen, %)

	FY ended Feb. 20, 2026 Results		FY ending Feb. 20, 2027 Plan		
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change
Net sales	81,374	100.0	86,278	100.0	106.0
Stores/E-commerce	78,555	96.5	82,917	96.1	105.6
New bicycle sales	55,561	68.3	57,657	66.8	103.8
Electric-assist bicycles	24,051	29.6	25,423	29.5	105.7
Parts and services	22,993	28.3	25,260	29.3	109.9
Peripheral businesses	2,819	3.5	3,361	3.9	119.2
Market share*	25%		26%		

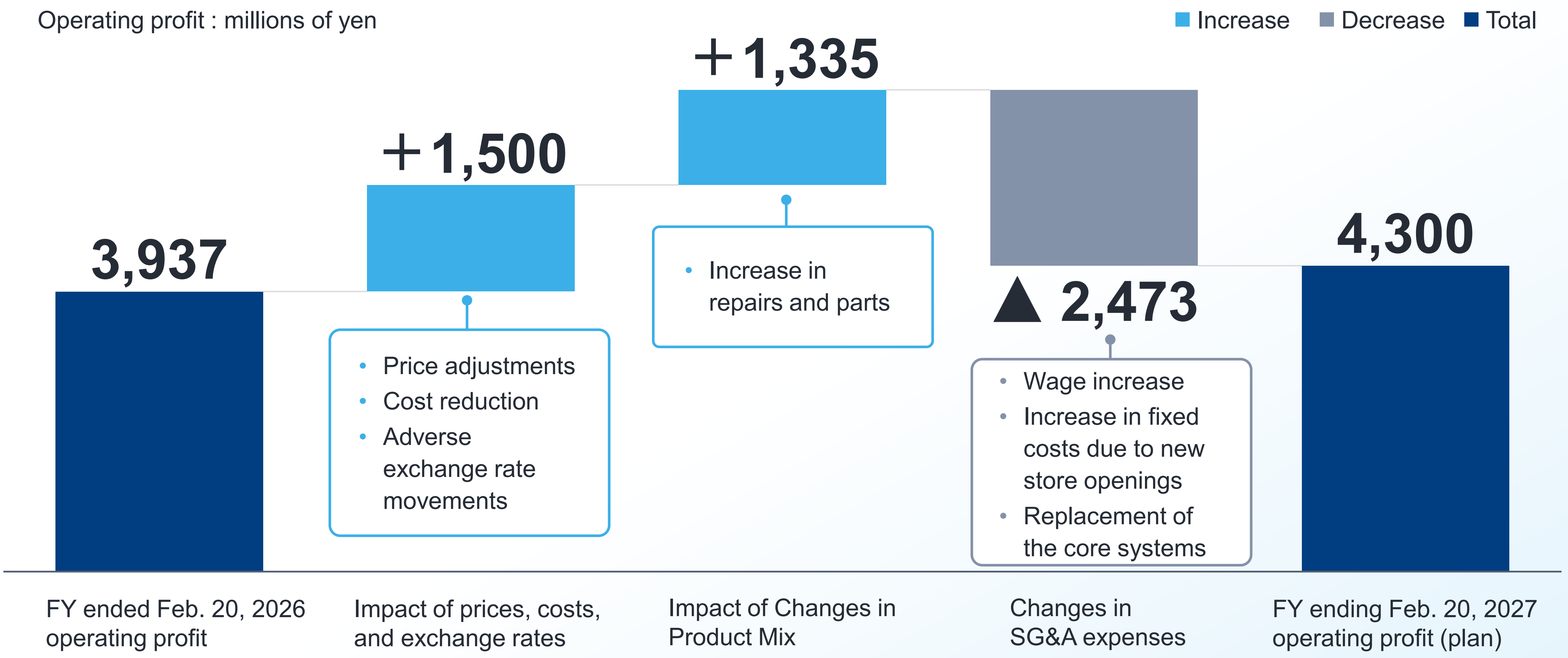
* Our own estimate: Market share = Asahi bicycles sold ÷ bicycles sold on domestic market (sources: Trade Statistics of Japan; Current Survey of Production, METI)

SG&A Expenses and Capital Expenditures

(Millions of yen, %)

	FY ended Feb. 20, 2026 Results		FY ending Feb. 20, 2027 Plan			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Y/Y change	Factors
SG&A expenses	34,853	42.8	37,327	43.3	107.1	
Personnel expenses	16,673	20.5	17,859	20.7	107.1	• Increase wages, enhance training of store staff • Optimize personnel due to increased service revenue
Transport and storage expenses	2,174	2.7	2,484	2.9	114.2	• Increase in transport expenses due to increased number of bicycles sold
Depreciation	1,840	2.3	1,991	2.3	108.2	• Start system operation, open new stores
Capital expenditures	2,254		2,554		113.3	• Growth foundations for stores and systems

Analysis of Changes in Operating Profit



Investment Plan

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

Breakdown of major capital investments

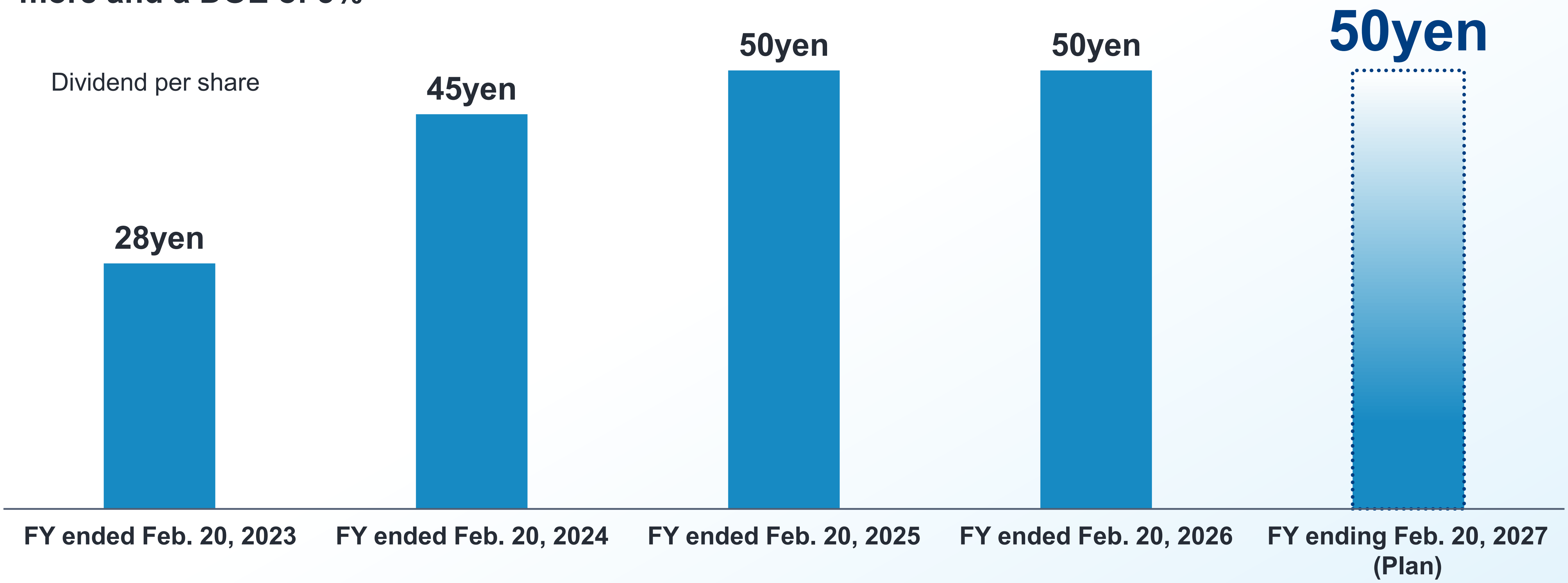
Investment in growth foundations	Investment in maintenance and renewal	Investment in increasing profits
DX, infrastructure development, system investment (logistics, CRM)	Renewal of 16 stores per year and relocation of 1 store per year for revitalization of existing stores	10 new store openings per year, including 2 urban stores

	As of Feb. 21, 2026	Number of stores to open	As of Feb. 20, 2027
Number of stores*	557	+10	567
Of which, urban stores	14	+2	16

＊Includes 18 franchise stores (as of Feb. 20, 2026)
(6 stores in Osaka, 1 store in Hyogo, 4 stores in Kyoto, 4 stores in Mie, and 3 stores in Kagoshima)

Stock price and capital cost conscious management

- Dividend per share will be 50 yen (plan)
- Continue positive investment in foundations supporting profitability and future growth
- Maintain a stable shareholder return policy with a basic target of a dividend payout ratio of 35% or more and a DOE of 3%



Disclaimer

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CYCLE BASE asahi

Your bicycle, Your life.