

**Operating DAIWA CYCLE bicycle specialty chain stores in the Kansai and Tokyo metropolitan areas**

This report is an English translation of part of the report issued on November 14, 2023.  
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**[5888 DAIWA CYCLE Sector : Retail Trade]**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jan.2022	11,459	8.2	221	-	277	-57.5	139	-69.3	69.5	1,400.8	0.0
Jan.2023	13,090	14.2	561	154.1	610	120.0	413	197.7	207.0	1,607.7	20.7
Jan.2024 f	14,862	13.5	749	33.4	756	24.0	493	19.2	230.7	-	49.0

Note: Non-consolidated basis. Figures for the fiscal year ending January 2024 is the company's forecasts.  
It conducted 1:100 stock split on September 1, 2020 and 1:100 stock split on April 27, 2023.  
Per share indices are adjusted retroactively.

**Operating DAIWA CYCLE Bicycle Chain Stores**

DAIWA CYCLE operates a chain of bicycle specialty stores that sell bicycles, parts, and accessories, as well as providing maintenance and repair services. Although it is a latecomer among large bicycle specialty stores, the number of its stores in the Kansai area, primarily in Osaka Prefecture, has steadily increased. In the Kanto area, the number of stores has been on the rise since the opening of its first store in 2007.

As of the end of August 2023, there are 120 stores, most of which are directly managed, with 72 stores in the Kansai area, 45 stores in the Kanto area and 3 stores in the Chubu area.

DAIWA CYCLE's net sales are divided into four categories. Bicycle sales account for about 75% of net sales, parts and accessories account for about 15% and the remaining 10% comes from franchise store royalties and other revenue such as repair fees.

The company has three store brands: DAIWA CYCLE, DAIWA CYCLE STYLE and DAIWA CYCLE PRO.

The company's flagship DAIWA CYCLE brand operates suburban roadside stores, with sales floor areas of 330 to 825 m<sup>2</sup> displaying approximately 500 bicycles. These stores also offer repair and maintenance services, including on-site repair services.

Located in shopping malls and near stations in Central Tokyo, DAIWA CYCLE STYLE stores have sales floor areas that range from 132 to 330 m<sup>2</sup>. While these stores offer repair and maintenance services, they do not offer on-site repair services.

DAIWA CYCLE PRO stores are specialist outlets with expertise centering on sports bicycles. They have been integrated into other stores and have not yet established standalone locations.

## DAIWA CYCLE (5888 TSE Growth)

December 22, 2023

## Financial Statements

Statement of income	Fiscal Year	Jan. 2022		Jan.2023		Six months to Jul.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		11,459	100.0	13,090	100.0	7,927	100.0
Cost of sales		6,537	57.0	7,357	56.2	4,520	57.0
Gross profit		4,922	43.0	5,732	43.8	3,407	43.0
Selling, general and administrative expenses		4,700	41.0	5,171	39.5	2,911	36.7
Operating profit		221	1.9	561	4.3	496	6.3
Non-operating income		67	-	51	-	17	-
Non-operating expenses		10	-	2	-	2	-
Ordinary profit		277	2.4	610	4.7	510	6.4
Profit before income taxes		216	1.9	592	4.5	510	6.4
Net profit		139	1.2	413	3.2	333	4.2

Balance sheet	Fiscal Year	Jan. 2022		Jan.2023		Jul.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		3,120	65.4	3,648	66.1	4,063	65.9
Cash and deposits		526	11.0	501	9.1	554	9.0
Accounts receivable-trade		325	6.8	308	5.6	627	10.2
Inventories		1,942	40.7	2,632	47.7	2,676	43.4
Non-current assets		1,651	34.6	1,869	33.9	2,100	34.1
Property, plant and equipment		620	13.0	711	12.9	871	14.1
Intangible assets		103	2.2	87	1.6	78	1.3
Investments and other assets		927	19.4	1,070	19.4	1,149	18.6
Total assets		4,771	100.0	5,517	100.0	6,163	100.0
Current liabilities		1,918	40.2	2,241	40.6	2,590	42.0
Accounts payable - trade		798	16.7	792	14.4	594	9.6
Non-current liabilities		51	1.1	60	1.1	65	1.1
Net assets		2,801	58.7	3,215	58.3	3,507	56.9
Owners' equity		2,801	58.7	3,215	58.3	3,507	56.9

Statement of cash flows	Fiscal Year	Jan. 2022	Jan.2023	Six months to Jul.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		-261	377	-79
Depreciation		107	127	68
Cash flows from investing activities		-347	-403	-328
Cash flows from financing activities		-13	-	458
Dividends paid		-	-	-41
Net increase in cash and cash equivalents		-621	-24	52
Cash and cash equivalents		526	501	554

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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