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Consolidated Financial Results for FY2025 (JGAAP)

(January 1, 2025 – December 31, 2025)

February 10, 2026

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 Date of Shareholders' Meeting: March 24, 2026 Scheduled payment date for dividends: March 25, 2026
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for FY2025 (January 1, 2025 – December 31, 2025)

(1) Consolidated income information (The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	466,243	3.4	51,677	(20.6)	47,029	(52.3)	33,991	(55.5)
FY2024	450,993	(4.9)	65,085	(22.2)	98,674	(4.5)	76,329	24.8

(Note) Comprehensive income FY2025: 64,957 million yen (-49.8%) FY2024: 129,497 million yen (27.1%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2025	388.17	—	3.9	5.0	11.1
FY2024	853.36	—	9.1	10.8	14.4

(Reference) Equity in earnings FY2025: — million yen FY2024: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2025	938,250	869,501	92.5	10,041.66
FY2024	958,953	883,613	92.0	9,907.24

(Reference) Shareholders' equity FY2025: 868,256 million yen FY2024: 882,397 million yen

(3) Consolidated cash flow information

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2025	63,780	(40,675)	(80,319)	472,800
FY2024	87,032	(35,810)	(49,476)	530,310

2. Dividend information

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend per shareholders' equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2024	—	154.50	—	154.50	309.00	27,561	36.2	3.3
FY2025	—	169.50	—	169.50	339.00	29,512	87.3	3.4
FY2026 (Forecast)	—	181.50	—	181.50	363.00	—	—	—

3. Forecasted consolidated business performance for FY2026 (January 1, 2026 – December 31, 2026)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2026	227,000	(4.4)	24,000	(14.7)	29,300	108.7	22,000	455.3	254.44
FY2026	467,000	0.2	47,000	(9.1)	56,000	19.1	42,000	23.6	485.74

*Notes

(1) Significant changes in scope of consolidation during the year: None

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- ① Changes in accounting policies in accordance with revision of accounting standards: Yes
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatement: None

(Note) For details, please see “3. Consolidated Financial Statements and Primary Notes (5) Notes relating to Consolidated Financial Statements (Note on Changes in Accounting Policies)” on page 14 of the attached document.

(3) Number of shares of common stock issued

- ① Number of shares of common stock issued at year-end (including treasury stock):
- ② Number of shares of treasury stock at year-end:
- ③ Average number of shares during the year:

FY2025	86,530,000 shares	FY2024	89,120,000 shares
FY2025	64,521 shares	FY2024	54,078 shares
FY2025	87,566,641 shares	FY2024	89,446,009 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2025 (January 1, 2025 – December 31, 2025)

(1) Non-consolidated income information (The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	276,467	8.3	26,083	(8.7)	132,027	27.9	129,841	38.0
FY2024	255,297	(10.3)	28,579	(26.2)	103,227	60.0	94,110	132.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2025	1,482.77	—
FY2024	1,052.15	—

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2025	348,121	313,582	90.1	3,626.68
FY2024	300,992	259,952	86.4	2,918.65

(Reference) Shareholders' equity FY2025: 313,582 million yen

FY2024: 259,952 million yen

This financial report is outside the scope of audit by certified public accountants or audit corporations.

Explanation regarding the appropriate use of forecasts of business performance and other special items

The forecasts of consolidated business performance and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that management believes reasonable and actual business performance may differ materially from those described in such statements due to various factors. For details of assumptions for the forecasts and other related items, please refer to page 4 of the attached document. Shimano Inc. accepts no liability whatsoever for any direct or consequential loss arising from any use of this document.

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1. Overview of Business Results

(1) Overview of Operations for FY2025

During fiscal year 2025, the global economy followed a gradual recovery trend. However, views on the economic outlook continued to be cautious due to trade policies around the world and rising geopolitical risks such as prolonged international conflicts that created a sense of uncertainty in the current economic conditions.

In Europe, stability in the employment and income environment and prices underpinned personal consumption, and the economy recovered moderately.

In the U.S., the previously strong economy came to a standstill amid the cooling of consumer sentiment due to rising prices caused by tariff policies and a slowdown in the labor market.

In China, the economy remained weak due to the prolonged recession in the real estate sector and a slump in personal consumption.

In Japan, surges in food prices subsided, and the economy maintained a moderate recovery, supported partly by an improvement in the income environment and continuation of monetary easing.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for fiscal year 2025, net sales increased 3.4% from the previous year to 466,243 million yen. Operating income decreased 20.6% to 51,677 million yen, ordinary income decreased 52.3% to 47,029 million yen, and net income attributable to owners of parent decreased 55.5% to 33,991 million yen.

Reportable Segment Overview

Bicycle Components

While the strong interest in bicycles continued as a long-term trend, adjustments of market inventories made gradual progress as a whole, although the situations were mixed by region.

Overseas, in the European market, retail sales of completed bicycles were robust backed by stable weather conditions, but market inventories remained at a somewhat high level.

In the North American market, while retail sales of completed bicycles remained weak due to economic uncertainty, market inventories maintained appropriate levels.

In the Asian and Central and South American markets, although retail sales of completed bicycles remained somewhat weak due to weak personal consumption, market inventories maintained an appropriate level overall. On the other hand, in the Chinese market, while interest in cycling as a sport remained firm, demand for road bikes showed signs of easing, retail sales were lackluster, and market inventories remained at a high level.

In the Oceanian market, retail sales were initially weak, but subsequently remained strong, and market inventories also maintained appropriate levels.

In the Japanese market, retail sales continued to be sluggish due to the soaring price of completed bicycles, but market inventories maintained appropriate levels.

Under these market conditions, the Shimano Group's products were well received, including XTR, the flagship model in our renewed components for mountain bikes, as well as the DEORE XT and DEORE series, and Q'AUTO, which features self-powered automatic gear-shifting function.

As a result, net sales from this segment increased 2.7% from the previous year to 354,972 million yen, and operating income decreased 20.9% to 42,841 million yen.

Fishing Tackle

While the interest in fishing tackle continued, sales remained firm mainly overseas, and market inventories improved to an appropriate level overall.

In the Japanese market, although adjustments of market inventories progressed, sales remained weak due to a decline in personal consumption as affected by price hikes and extreme heat.

Overseas, in the North American market, sales remained strong, thanks to favorable offshore fishing conditions mainly in the West Coast and the Northeast areas throughout the year, and market inventories maintained appropriate levels.

In the European market, sales were strong thanks to stable weather conditions, and market inventories remained at an appropriate level.

In the Asian market, sales were strong backed by demand for high-priced reels mainly in the Chinese market, and adjustments of market inventories made progress.

In the Australian market, sales were strong and market inventories remained at an appropriate level, supported by stable weather conditions and favorable offshore fishing conditions.

Under these market conditions, the new spinning reel STELLA SW and baitcasting reels ANTARES were well-received in the market. In addition, order-taking was brisk for POISON ULTIMA, the pinnacle of our

POISON bass rod series.

As a result, net sales from this segment increased 5.6% from the previous year to 110,832 million yen, and operating income decreased 18.9% to 8,865 million yen.

Others

Net sales from this segment decreased 2.3% from the previous year to 439 million yen and operating loss of 29 million yen was recorded, following an operating loss of 1 million yen for the previous year.

(2) Overview of Financial Position for FY2025

Total assets as of the end of fiscal year 2025 amounted to 938,250 million yen, a decrease of 20,703 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 16,779 million yen in buildings and structures, an increase of 9,985 million yen in merchandise and finished goods, an increase of 4,667 million yen in software, an increase of 3,456 million yen in investment securities, an increase of 2,650 million yen in net defined benefit asset, a decrease of 56,721 million yen in cash and time deposits, and a decrease of 3,763 million yen in deferred income taxes.

Total liabilities amounted to 68,748 million yen, a decrease of 6,591 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 2,143 million yen in provision for product warranties under current liabilities, an increase of 783 million yen in others under current liabilities, an increase of 663 million yen in accounts payable-trade, a decrease of 9,595 million yen in provision for product warranties under long-term liabilities, and a decrease of 641 million yen in income taxes payable.

Net assets amounted to 869,501 million yen, a decrease of 14,111 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 27,737 million yen in foreign currency translation adjustments, an increase of 3,005 million yen in unrealized gain (loss) on other securities, and a decrease of 44,652 million yen in retained earnings.

As a result, the shareholders' equity ratio was 92.5% compared with 92.0% as of the previous fiscal year-end, and net assets per share were 10,041.66 yen compared with 9,907.24 yen as of the previous fiscal year-end.

(3) Overview of Cash Flows for FY2025

Net cash provided by operating activities amounted to 63,780 million yen compared with 87,032 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 56,358 million yen, depreciation and amortization amounting to 27,208 million yen, interest and dividend income received amounting to 19,001 million yen, and foreign exchange losses (gains) amounting to 18,538 million yen. The main cash outflows included income taxes paid amounting to 20,425 million yen, interest and dividend income amounting to 17,849 million yen, provision for product warranties amounting to 7,449 million yen, and inventories amounting to 6,968 million yen.

Net cash used in investing activities amounted to 40,675 million yen compared with 35,810 million yen used for the previous year. The main cash outflows included acquisition of property, plant and equipment amounting to 35,519 million yen and acquisition of intangible assets amounting to 10,247 million yen.

Net cash used in financing activities amounted to 80,319 million yen compared with 49,476 million yen used for the previous year. The main cash outflows included acquisition of treasury stock amounting to 50,006 million yen and cash dividends to shareholders amounting to 28,609 million yen.

As a result, cash and cash equivalents at the end of the year were 472,800 million yen.

Cash flow indicators are shown in the following table.

	FY2021	FY2022	FY2023	FY2024	FY2025
Equity ratio (%)	87.3	89.6	91.9	92.0	92.5
Market value equity ratio (%)	399.8	229.4	225.3	198.7	152.4
Interest-bearing debt to cash flow ratio (years)	0.06	0.05	0.03	0.05	0.07
Interest coverage ratio (times)	908.2	658.2	412.7	753.8	580.1

(Notes)

1. Each indicator is calculated using the consolidated results based on the formula indicated below:

Equity ratio:	Shareholders' equity / Total assets
Market value equity ratio:	Total market capitalization / Total assets
Interest-bearing debt to cash flow ratio:	Interest-bearing debt / Operating cash flow
Interest coverage ratio:	Operating cash flow / Interest paid

2. Total market capitalization is calculated by:

Closing stock price on the last day of the fiscal year × The number of shares of common stock issued and outstanding at the end of the fiscal year, less treasury stock.

3. Interest-bearing debt covers all debt in the consolidated balance sheet for which interest is paid.

4. Cash flows from operating activities and the amount of interest payments stated in the consolidated statements of cash flows are used as operating cash flow and interest paid.

(4) Forecast for the Future

Although the global economy is expected to grow firmly, it may be swayed by factors such as policy trends around the world and developments in geopolitical risks amid global instability.

In Europe, the economy is expected to follow a moderate recovery trend, backed by price stability and a recovery in personal consumption.

In the U.S., as the international situation is becoming increasingly unpredictable, the sense of uncertainty about the economic outlook may heighten, and there are concerns about the impact on the previously strong economy.

In China, the economy is expected to remain weak with the continuation of the recession in the real estate sector and the high unemployment rate.

In Japan, a moderate economic recovery is expected, thanks to improvements in the employment and income environment and the government social policies supporting domestic demand, but the economy may be affected by directions of the economic policies.

In these circumstances, the Company emphasizes not only striving to offer high-grade, attractive and “captivating products” as a “development-oriented digital manufacturing company” of Japan origin by reflecting customers' viewpoints, while closely monitoring trends in demand for bicycles and fishing tackle, but also moving forward step by step as a “value creating company” that continues to create a shared value between corporations and society. Taking a long-term perspective, we will endeavor to further enhance management efficiency and strive for sustainable corporate growth by keeping in mind the creation of new cycling and fishing culture.

Forecasted consolidated business performance for the fiscal year ending December 31, 2026 is indicated below.

(Millions of yen)

	FY2026	Change from the previous year (%)
Net sales	467,000	0.2
Operating income	47,000	(9.1)
Ordinary income	56,000	19.1
Net income attributable to owners of parent	42,000	23.6

Sales forecasts by segment are indicated below.

(Millions of yen)

	First half		Second half		Full year	
	Amount	%	Amount	%	Amount	%
Bicycle Components	165,000	72.7	185,000	77.1	350,000	75.0
Fishing Tackle	61,800	27.2	54,700	22.8	116,500	24.9
Others	200	0.1	300	0.1	500	0.1
Total	227,000	100.0	240,000	100.0	467,000	100.0

(5) Dividend Policy and Cash Dividends for FY2025 and FY2026

The Company considers the return of earnings to shareholders to be one of the most important issues for management. The Company's basic policy is to continue providing stable returns reflecting overall business performance and strategy. Pursuant to this policy, the Company will strive to improve shareholder returns to reach a total return ratio of at least 50%, by continuing to enhance dividends and engaging in acquisitions of treasury stock on a flexible, ongoing basis.

In accordance with the above policy, the Company intends to pay out year-end cash dividends of 169.50 yen per share, an increase of 15 yen per share from the year-end cash dividends paid in the previous year. As a result, cash dividends for the full year of fiscal year 2025 will amount to 339 yen per share, an increase of 30 yen per share from the cash dividends paid in the previous year.

The Company intends to pay out cash dividends of 363 yen per share for fiscal year 2026 (181.50 yen for interim and year-end cash dividends, respectively).

2. Basic Approach to the Selection of Accounting Standards

The Shimano Group prepares consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP), taking into consideration comparability of consolidated financial statements over time and comparability among companies. The Shimano Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2024 As of Dec. 31, 2024	FY2025 As of Dec. 31, 2025
Assets		
Current assets		
Cash and time deposits	534,045	477,324
Notes and accounts receivable-trade	39,902	38,460
Merchandise and finished goods	73,683	83,669
Work in process	39,044	40,999
Raw materials and supplies	7,914	7,328
Others	17,265	18,837
Allowance for doubtful accounts	(395)	(501)
Total current assets	711,461	666,119
Fixed assets		
Property, plant and equipment		
Buildings and structures	137,592	157,918
Accumulated depreciation	(56,102)	(60,238)
Accumulated impairment loss	(644)	(56)
Buildings and structures (net)	80,844	97,623
Machinery and vehicles	123,181	131,683
Accumulated depreciation	(91,928)	(100,052)
Accumulated impairment loss	(76)	(44)
Machinery and vehicles (net)	31,176	31,587
Land	15,117	15,815
Leased assets	9,937	11,064
Accumulated depreciation	(4,282)	(5,016)
Accumulated impairment loss	(6)	(6)
Leased assets (net)	5,649	6,040
Construction in progress	44,624	43,940
Others	68,057	64,705
Accumulated depreciation	(62,729)	(58,567)
Accumulated impairment loss	(30)	(4)
Others (net)	5,297	6,133
Total property, plant and equipment	182,708	201,141
Intangible assets		
Goodwill	1,661	1,455
Software	13,424	18,091
Software in progress	7,914	8,386
Others	1,960	1,389
Total intangible assets	24,960	29,323
Investments and other assets		
Investment securities	25,892	29,348
Deferred income taxes	8,382	4,618
Net defined benefit asset	2,900	5,550
Others	3,097	2,627
Allowance for doubtful accounts	(450)	(478)
Total investments and other assets	39,822	41,665
Total fixed assets	247,491	272,130
Total assets	958,953	938,250

(Millions of yen)

	FY2024 As of Dec. 31, 2024	FY2025 As of Dec. 31, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	16,111	16,774
Lease obligations	1,242	1,423
Income taxes payable	9,803	9,161
Accrued employee bonuses	3,479	3,479
Accrued officer bonuses	160	144
Provision for product warranties	1,173	3,317
Others	23,832	24,616
Total current liabilities	55,802	58,917
Long-term liabilities		
Lease obligations	2,319	2,607
Deferred income taxes	3,018	2,449
Net defined benefit liability	1,310	1,473
Provision for product warranties	12,151	2,555
Others	737	744
Total long-term liabilities	19,537	9,830
Total liabilities	75,339	68,748
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,324
Retained earnings	675,370	630,717
Treasury stock	(1,186)	(1,100)
Total shareholders' equity	715,438	670,554
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	7,139	10,144
Foreign currency translation adjustments	159,819	187,557
Total accumulated other comprehensive income	166,958	197,702
Non-controlling interests	1,215	1,245
Total net assets	883,613	869,501
Total liabilities and net assets	958,953	938,250

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY2024 Jan. 1, 2024 to Dec. 31, 2024	FY2025 Jan. 1, 2025 to Dec. 31, 2025
Net sales	450,993	466,243
Cost of sales	278,690	299,627
Gross profit	172,303	166,616
Selling, general and administrative expenses	107,217	114,938
Operating income	65,085	51,677
Non-operating income		
Interest income	22,817	16,736
Dividend income	712	1,112
Foreign exchange gains	12,227	—
Others	1,649	1,740
Total non-operating income	37,406	19,589
Non-operating expenses		
Interest expenses	117	109
Contribution	1,000	850
Loss on valuation of investment securities	1,036	915
Foreign exchange losses	—	19,626
Others	1,662	2,734
Total non-operating expenses	3,817	24,237
Ordinary income	98,674	47,029
Extraordinary income		
Gain on sales of investment securities	—	*1 3,222
Reversal of provision for loss on free inspection	—	*2 6,284
Total extraordinary income	—	9,507
Extraordinary losses		
Loss on factory reconstruction	80	179
Total extraordinary losses	80	179
Income before income taxes	98,594	56,358
Income taxes-current	22,104	19,151
Income taxes-deferred	(82)	3,049
Total income taxes	22,021	22,201
Net income	76,573	34,156
Net income attributable to non-controlling interests	243	165
Net income attributable to owners of parent	76,329	33,991

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2024 Jan. 1, 2024 to Dec. 31, 2024	FY2025 Jan. 1, 2025 to Dec. 31, 2025
Net income	76,573	34,156
Other comprehensive income		
Unrealized gain (loss) on other securities	2,236	3,005
Foreign currency translation adjustments	50,687	27,794
Total other comprehensive income	52,923	30,800
Comprehensive income	129,497	64,957
(Breakdown)		
Comprehensive income attributable to owners of parent	129,284	64,734
Comprehensive income attributable to non-controlling interests	212	223

(3) Consolidated Statements of Shareholders' Equity

FY2024 (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,640	647,172	(1,264)	687,162
Changes of items during the year					
Cash dividends paid			(26,621)		(26,621)
Net income attributable to owners of parent			76,329		76,329
Acquisition of treasury stock				(21,488)	(21,488)
Disposal of treasury stock		6		49	55
Cancellation of treasury stock		(6)	(21,510)	21,517	—
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	28,197	78	28,275
Balance at end of year	35,613	5,640	675,370	(1,186)	715,438

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	4,902	109,101	114,003	1,230	802,396
Changes of items during the year					
Cash dividends paid					(26,621)
Net income attributable to owners of parent					76,329
Acquisition of treasury stock					(21,488)
Disposal of treasury stock					55
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	2,236	50,718	52,955	(14)	52,940
Total changes of items during the year	2,236	50,718	52,955	(14)	81,216
Balance at end of year	7,139	159,819	166,958	1,215	883,613

FY2025 (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,640	675,370	(1,186)	715,438
Changes of items during the year					
Cash dividends paid			(28,617)		(28,617)
Net income attributable to owners of parent			33,991		33,991
Acquisition of treasury stock				(50,006)	(50,006)
Disposal of treasury stock			(2)	68	65
Cancellation of treasury stock			(50,023)	50,023	—
Change in ownership interest of parent due to transactions with non-controlling interests		(316)			(316)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	(316)	(44,652)	85	(44,883)
Balance at end of year	35,613	5,324	630,717	(1,100)	670,554

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	7,139	159,819	166,958	1,215	883,613
Changes of items during the year					
Cash dividends paid					(28,617)
Net income attributable to owners of parent					33,991
Acquisition of treasury stock					(50,006)
Disposal of treasury stock					65
Cancellation of treasury stock					—
Change in ownership interest of parent due to transactions with non-controlling interests					(316)
Net changes of items other than shareholders' equity	3,005	27,737	30,743	29	30,772
Total changes of items during the year	3,005	27,737	30,743	29	(14,111)
Balance at end of year	10,144	187,557	197,702	1,245	869,501

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2024	FY2025
	Jan. 1, 2024 to Dec. 31, 2024	Jan. 1, 2025 to Dec. 31, 2025
Cash flows from operating activities:		
Income before income taxes	98,594	56,358
Depreciation and amortization	25,037	27,208
Allowance for doubtful accounts	30	107
Loss on free inspection	2,433	1,370
Loss (gain) on sales of investment securities	(541)	(3,222)
Interest and dividend income	(23,529)	(17,849)
Interest expenses	117	109
Foreign exchange losses (gains)	(9,618)	18,538
Notes and accounts receivable	(6,944)	2,551
Inventories	(2,221)	(6,968)
Accounts payable	4,253	(33)
Net defined benefit asset	(95)	(2,650)
Net defined benefit liability	0	171
Loss on factory reconstruction	80	179
Provision for product warranties	(2,738)	(7,449)
Loss on sales and disposal of property, plant and equipment	66	237
Others, net	(1,419)	(2,175)
Subtotal	83,503	66,482
Interest and dividend income received	24,379	19,001
Loss on free inspection paid	(2,259)	(1,168)
Interest expenses paid	(115)	(109)
Income taxes paid	(18,475)	(20,425)
Net cash provided by operating activities	87,032	63,780
Cash flows from investing activities:		
Purchases of time deposits	(4,226)	(3,103)
Proceeds from maturities of time deposits	13,076	2,478
Acquisition of property, plant and equipment	(36,824)	(35,519)
Proceeds from sales of property, plant and equipment	108	2,119
Acquisition of intangible assets	(8,753)	(10,247)
Payments for loss on factory reconstruction	(87)	(184)
Acquisition of investment securities	(3)	(67)
Proceeds from sales of investment securities	737	3,382
Short-term loans receivable, net	(125)	(44)
Others, net	288	511
Net cash used in investing activities	(35,810)	(40,675)

(Millions of yen)

	FY2024 Jan. 1, 2024 to Dec. 31, 2024	FY2025 Jan. 1, 2025 to Dec. 31, 2025
Cash flows from financing activities:		
Repayments of lease obligations	(1,180)	(1,350)
Acquisition of treasury stock	(21,488)	(50,006)
Proceeds from disposal of treasury stock	55	65
Cash dividends to shareholders	(26,630)	(28,609)
Cash dividends to non-controlling shareholders	(233)	(96)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(322)
Net cash used in financing activities	(49,476)	(80,319)
Effect of exchange rate changes on cash and cash equivalents	46,582	(294)
Net increase (decrease) in cash and cash equivalents	48,327	(57,509)
Cash and cash equivalents at beginning of year	481,982	530,310
Cash and cash equivalents at end of year	530,310	472,800

(5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Note on Significant Change in the Amount of Shareholders' Equity)

(Acquisition of treasury stock)

The Company acquired 2,603,300 shares of common stock from February 13, 2025 to December 31, 2025 through market purchases, including Off-auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange, based on the resolutions of the Board of Directors meetings held on February 12, 2025 and August 19, 2025. As a result, treasury stock increased by 50,006 million yen during fiscal year 2025, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 1,410,000 shares of treasury stock on May 1, 2025 based on the resolution of the Board of Directors meeting held on April 23, 2025, and 1,180,000 shares of treasury stock on November 26, 2025 based on the resolution of the Board of Directors meeting held on November 18, 2025. As a result, retained earnings and treasury stock decreased by 50,023 million yen and 50,023 million yen, respectively, during fiscal year 2025.

(Note on Changes in Accounting Policies)

(“Application of Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) from the beginning of fiscal year 2025.

Revisions to categories for recording current income taxes, etc. (taxation on other comprehensive income), conform to the transitional treatment set forth in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). This change in accounting policies has no impact on the consolidated financial statements.

In addition, for amendments related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of fiscal year 2025. This change in accounting policies is applied retrospectively, and the consolidated financial statements for the previous fiscal year reflect the retroactive application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Notes relating to Consolidated Statements of Income)

*1. Gain on sales of investment securities

FY2025 (Jan. 1, 2025 - Dec. 31, 2025)

Gain on sales of investment securities was recorded following the sale of some investment securities (three listed stocks) held by the Shimano Group.

*2. Reversal of provision for loss on free inspection

FY2025 (Jan. 1, 2025 - Dec. 31, 2025)

To provide for future expenditures necessary for free inspection and replacement of 11-speed HOLLOWTECH II road cranksets produced by the Company, estimated future expenses are recorded as provision for product warranties. In fiscal year 2025, the free inspection and replacement made progress and based on the latest information that became available, more precise estimates are now possible on the future expenses. Accordingly, the amount of the provision was revised and 6,284 million yen was recorded as reversal of provision for loss on free inspection under extraordinary income.

(Note on Segment Information)

[Segment Information]

1. Overview of reportable segments

The reportable segments of the Company are those units for which separate financial information is available, and which are regularly examined by the Board of Directors concerning decisions on the allocation of management resources and for assessing business performance.

The Company operates through the three divisions of Bicycle Components, Fishing Tackle and Others.

Principle products of each reportable segment are listed below.

Reportable segment	Principal products
Bicycle Components	Derailleurs and other drive components, brakes and other braking components, other bicycle components and related goods
Fishing Tackle	Reels, rods and other recreational fishing gear
Others	Rowing-related equipment, etc.

2. Basis for calculating sales, income (loss), assets, liabilities and other items by reportable segment

Accounting methods applied for calculation of sales, income (loss), assets, liabilities, and other items by reportable segment are the same as those used for preparing the consolidated financial statements.

The figures of income (loss) by reportable segment are based on operating income.

3. Information on sales, income (loss), assets, liabilities and other items by reportable segment and disaggregation of revenue

FY2024 (Jan. 1, 2024 - Dec. 31, 2024)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Goods to be transferred at a point in time	345,553	104,990	449	450,993	—	450,993
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	345,553	104,990	449	450,993	—	450,993
Third parties	345,553	104,990	449	450,993	—	450,993
Inter-segment	—	—	—	—	—	—
Total	345,553	104,990	449	450,993	—	450,993
Segment income (loss)	54,157	10,929	(1)	65,085	—	65,085
Segment assets	231,697	62,044	570	294,312	664,640	958,953
Other items						
Depreciation and amortization	20,943	3,721	36	24,701	—	24,701
Amortization of goodwill	284	50	—	335	—	335
Increase in property, plant and equipment and intangible assets	25,715	7,546	14	33,277	11,405	44,682

- Notes:
1. Segment assets adjustment was 664,640 million yen, the main items of which were surplus funds (cash and time deposits) and corporate assets. The expenses, such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.
 2. There is no difference between total segment income (loss) and operating income in the consolidated statements of income.
 3. Net sales includes revenue from contracts with customers and other revenue; however, most of the revenue is generated from contracts with customers, therefore other revenue is not deemed important and is thus not displayed separately.

FY2025 (Jan. 1, 2025 - Dec. 31, 2025)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Goods to be transferred at a point in time	354,972	110,832	439	466,243	—	466,243
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	354,972	110,832	439	466,243	—	466,243
Third parties	354,972	110,832	439	466,243	—	466,243
Inter-segment	—	—	—	—	—	—
Total	354,972	110,832	439	466,243	—	466,243
Segment income (loss)	42,841	8,865	(29)	51,677	—	51,677
Segment assets	261,106	69,594	545	331,246	607,003	938,250
Other items						
Depreciation and amortization	23,070	3,780	40	26,890	—	26,890
Amortization of goodwill	282	34	—	317	—	317
Increase in property, plant and equipment and intangible assets	22,087	5,052	28	27,168	19,154	46,322

- Notes:
1. Segment assets adjustment was 607,003 million yen, the main items of which were surplus funds (cash and time deposits) and corporate assets. The expenses, such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.
 2. There is no difference between total segment income (loss) and operating income in the consolidated statements of income.
 3. Net sales includes revenue from contracts with customers and other revenue; however, most of the revenue is generated from contracts with customers, therefore other revenue is not deemed important and is thus not displayed separately.

[Related information]

Information by geographical area

Net Sales

FY2024 (Jan. 1, 2024 - Dec. 31, 2024)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
41,448	46,870	160,625	178,995	23,053	450,993

- Notes:
1. Net sales are classified by countries and regions according to customer location.
 2. Net sales in Europe includes net sales in Germany amounting to 48,360 million yen, which accounts for more than 10% of net sales in the consolidated statements of income.
 3. Net sales in Asia includes net sales in China amounting to 116,438 million yen, which accounts for more than 10% of net sales in the consolidated statements of income.

FY2025 (Jan. 1, 2025 - Dec. 31, 2025)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
42,341	48,423	206,403	145,686	23,388	466,243

- Notes:
1. Net sales are classified by countries and regions according to customer location.
 2. Net sales in Europe includes net sales in Germany amounting to 67,403 million yen, which accounts for more than 10% of net sales in the consolidated statements of income.
 3. Net sales in Asia includes net sales in China amounting to 78,576 million yen, which accounts for more than 10% of net sales in the consolidated statements of income.

(Per Share Data)

	FY2024 Jan. 1, 2024 to Dec. 31, 2024	FY2025 Jan. 1, 2025 to Dec. 31, 2025
Net assets per share	9,907.24 yen	10,041.66 yen
Basic earnings per share	853.36 yen	388.17 yen

Notes: 1. Diluted earnings per share is not presented because there were no securities with dilutive effect.
2. Basis for calculation of basic earnings per share

Basic earnings per share

	FY2024 Jan. 1, 2024 to Dec. 31, 2024	FY2025 Jan. 1, 2025 to Dec. 31, 2025
Net income attributable to owners of parent (millions of yen)	76,329	33,991
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	76,329	33,991
Average number of shares of common stock outstanding (thousand shares)	89,446	87,566

(Material Subsequent Events)

Not applicable.