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Summary of Consolidated Financial Results for FY2024 (JGAAP)

(January 1, 2024 – December 31, 2024) February 12, 2025

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Date of Shareholders' Meeting: March 27, 2025 Scheduled payment date for dividends: March 28, 2025
Date of filing of annual report to Ministry of Finance: March 28, 2025
Supplemental information: Yes
Financial results briefing: Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for FY2024 (January 1, 2024 – December 31, 2024)

(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	%
FY2024	450,993	(4.9)	65,085	(22.2)	98,674	(4.5)	76,329	24.8
FY2023	474,362	(24.6)	83,653	(50.5)	103,369	(41.5)	61,142	(52.3)

(Note) Comprehensive income FY2024: 129,497 million yen (27.1%) FY2023: 101,862 million yen (-43.5%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2024	853.36	—	9.1	10.8	14.4
FY2023	676.77	—	7.9	12.2	17.6

(Reference) Equity in earnings FY2024: — million yen FY2023: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2024	958,953	883,613	92.0	9,907.24
FY2023	871,731	802,396	91.9	8,905.21

(Reference) Shareholders' equity FY2024: 882,397 million yen FY2023: 801,166 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
FY2024	87,032	(35,810)	(49,476)	530,310
FY2023	114,567	(31,760)	(43,961)	481,982

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	%	%
FY2023	—	142.50	—	142.50	285.00	25,702	42.1	3.3
FY2024	—	154.50	—	154.50	309.00	27,561	36.2	3.3
FY2025 (Forecast)	—	169.50	—	169.50	339.00		—	

3. Forecasted consolidated business performance for FY2025 (January 1, 2025 – December 31, 2025)

(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 FY2025	228,000	5.1	30,000	(3.1)	41,300	(25.8)	31,000	(29.1)	348.06
FY2025	470,000	4.2	70,000	7.6	95,000	(3.7)	71,000	(7.0)	797.16

*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: None
② Changes in accounting policies other than ① above: None
③ Changes in accounting estimates: Yes
④ Retrospective restatement: None

(Note) For details, please see "3. Consolidated Financial Statements and Primary Notes (5) Notes relating to Consolidated Financial Statements (Changes in Accounting Estimates)" 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):	FY2024	89,120,000 shares	FY2023	90,022,000 shares
② Number of shares of treasury stock at year-end:	FY2024	54,078 shares	FY2023	56,027 shares
③ Average number of shares during the year:	FY2024	89,446,009 shares	FY2023	90,345,879 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2024 (January 1, 2024 – December 31, 2024)

(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	%
FY2024	255,297	(10.3)	28,579	(26.2)	103,227	60.0	94,110	132.5
FY2023	284,739	(22.6)	38,731	(48.4)	64,504	(24.3)	40,475	(36.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024	1,052.15	—
FY2023	448.00	—

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2024	300,992	259,952	86.4	2,918.65
FY2023	250,664	211,469	84.4	2,350.55

(Reference) Shareholders' equity FY2024: 259,952 million yen FY2023: 211,469 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 FY2024

During fiscal year 2024, the global economy started to show moderate growth on the back of subsided inflation. However, uncertainty about the outlook increased due to rising tensions in Ukraine and the Middle East, stagnant Chinese economy, and changes in leadership in various countries.

In Europe, personal consumption picked up as price hikes cooled down and the economy started to recover moderately.

In the U.S., although personal consumption was firm, the pace of economic recovery remained somewhat sluggish as affected by a slowdown in the labor market and high interest rates.

In China, the economy was lackluster due to the prolonged stagnancy in the real estate market and sluggish personal consumption.

In Japan, the economy followed a moderate recovery trend on the back of strong demand from inbound tourists and the improved employment and income environment.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for fiscal year 2024, net sales decreased 4.9% from the previous year to 450,993 million yen. Operating income decreased 22.2% to 65,085 million yen, ordinary income decreased 4.5% to 98,674 million yen, and net income attributable to owners of parent increased 24.8% to 76,329 million yen.

Reportable Segment Overview

Bicycle Components

While the strong interest in bicycles continued as a long-term trend, retail sales of completed bicycles were weak and market inventories remained high.

Overseas, in the European market, retail sales of completed bicycles softened due to unfavorable weather conditions in early spring, and market inventories remained at a high level.

In the North American market, although interest in bicycles was firm, retail sales of completed bicycles remained weak and market inventories were somewhat high.

In the Asian, Oceanian and Central and South American markets, the level of market inventories started to show signs of improvement. On the other hand, personal consumption continued to be sluggish and retail sales of completed bicycles remained weak. In the Chinese market, while the popularity of cycling as a sport continued to be high, the shipping volume of completed bicycles to the market increased in the end of the season, and market inventories remained high.

In the Japanese market, retail sales were sluggish as affected by the soaring price of completed bicycles, and market inventories remained somewhat high.

Under these market conditions, the Shimano Group received a favorable reception for its products, including SHIMANO 105, a component for road bikes, and a gravel-specific component SHIMANO GRX.

As a result, net sales from this segment decreased 5.2% from the previous year to 345,553 million yen, and operating income decreased 17.0% to 54,157 million yen.

Fishing Tackle

Demand for fishing tackle that had been overly strong globally cooled down and sales remained weak. Meanwhile, adjustments of market inventories started to show signs of improvement.

In the Japanese market, buying motives among fishing enthusiasts were firm and sales of high-priced products were strong. However, sales were generally lackluster and adjustments of market inventories continued.

Overseas, in the North American market, sales were strong backed by stable demand, and market inventories progressed toward an appropriate level.

In the European market, sales regained momentum and adjustments of market inventories started to show signs of progress.

In the Asian market, sales were weak as affected by sluggish personal consumption and adverse weather conditions, and market inventories remained at a somewhat high level.

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

Under these market conditions, the new spinning reels VANFORD were well-received in the market. In addition, order-taking continued to be brisk for the spinning reels TWIN POWER and the rods POISON ADRENA.

As a result, net sales from this segment decreased 3.9% from the previous year to 104,990 million yen, and

operating income decreased 40.6% to 10,929 million yen.

Others

Net sales from this segment decreased 1.9% from the previous year to 449 million yen and operating loss of 1 million yen was recorded, following an operating loss of 11 million yen for the previous year.

(2) Overview of Financial Position for FY2024

Total assets as of the end of fiscal year 2024 amounted to 958,953 million yen, an increase of 87,221 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 40,112 million yen in cash and time deposits, an increase of 21,629 million yen in construction in progress, an increase of 8,299 million yen in notes and accounts receivable-trade, an increase of 7,273 million yen in work in process, an increase of 4,081 million yen in buildings and structures, an increase of 2,859 million yen in software in progress, an increase of 2,194 million yen in others under current assets, and an increase of 2,111 million yen in investment securities.

Total liabilities amounted to 75,339 million yen, an increase of 6,005 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 12,151 million yen in provision for product warranties under long-term liabilities, an increase of 5,085 million yen in accounts payable-trade, an increase of 4,065 million yen in income taxes payable, and a decrease of 14,843 million yen in provision for product warranties under current liabilities.

Net assets amounted to 883,613 million yen, an increase of 81,216 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 50,718 million yen in foreign currency translation adjustments, an increase of 28,197 million yen in retained earnings, and an increase of 2,236 million yen in unrealized gain (loss) on other securities.

As a result, the shareholders' equity ratio was 92.0% compared with 91.9% as of the previous fiscal year-end, and net assets per share were 9,907.24 yen compared with 8,905.21 yen as of the previous fiscal year-end.

(3) Overview of Cash Flows for FY2024

Net cash provided by operating activities amounted to 87,032 million yen compared with 114,567 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 98,594 million yen, depreciation and amortization amounting to 25,037 million yen, and interest and dividend income received amounting to 24,379 million yen. The main cash outflows included interest and dividend income amounting to 23,529 million yen, income taxes paid amounting to 18,475 million yen, foreign exchange losses (gains) amounting to 9,618 million yen, and notes and accounts receivable amounting to 6,944 million yen.

Net cash used in investing activities amounted to 35,810 million yen compared with 31,760 million yen used for the previous year. The main cash inflows included proceeds from maturities of time deposits amounting to 13,076 million yen. The main cash outflows included acquisition of property, plant and equipment amounting to 36,824 million yen and acquisition of intangible assets amounting to 8,753 million yen.

Net cash used in financing activities amounted to 49,476 million yen compared with 43,961 million yen used for the previous year. The main cash outflows included cash dividends to shareholders amounting to 26,630 million yen and acquisition of treasury stock amounting to 21,488 million yen.

As a result, cash and cash equivalents at the end of the year were 530,310 million yen.

Cash flow indicators are shown in the following table.

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	89.6	87.3	89.6	91.9	92.0
Market value equity ratio (%)	378.1	399.8	229.4	225.3	198.7
Interest-bearing debt to cash flow ratio (years)	0.04	0.06	0.05	0.03	0.05
Interest coverage ratio (times)	793.5	908.2	658.2	412.7	753.8

(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 follow a moderate recovery trend, rising resource prices stemming from geopolitical risks, such as the situations in Ukraine and the Middle East, and supply chain disruptions caused by stagnation of logistics, as well as changes in government policies resulting from the national elections conducted across the globe in 2024, may put downward pressure on economy.

As inflation subsided and personal consumption recovered mainly in Europe and the U.S., the economy is expected to be on a moderate recovery trend. Nonetheless, the economy in Europe may be influenced by political instability in major countries, while that in the U.S. may be swayed by trade policies of the new administration.

In China, economic recovery may remain lackluster due to the prolonged stagnation in the real estate market.

In Japan, personal consumption is expected to be firm backed by the improved income environment and the government economic policies, and the economy is expected to recover moderately. However, the U.S. trade policies may have impacts on economy.

In these circumstances, the Company emphasizes not only striving to develop and manufacture "captivating products" that bring sensations to many people as a "development-oriented digital manufacturing company" of Japan origin that offers high-grade, attractive products 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. We will endeavor to further enhance management efficiency and strive for sustainable corporate growth by pursuing the creation of new cycling and fishing culture.

Forecasted consolidated business performance for the fiscal year ending December 31, 2025 is indicated below.

(Millions of yen)

	FY2025	Change from the previous year (%)
Net sales	470,000	4.2
Operating income	70,000	7.6
Ordinary income	95,000	(3.7)
Net income attributable to owners of parent	71,000	(7.0)

Sales forecasts by segment are indicated below.

(Millions of yen)

	First half		Second half		Full year	
	Amount	%	Amount	%	Amount	%
Bicycle Components	170,000	74.6	190,000	78.5	360,000	76.6
Fishing Tackle	57,800	25.3	51,700	21.4	109,500	23.3
Others	200	0.1	300	0.1	500	0.1
Total	228,000	100.0	242,000	100.0	470,000	100.0

(5) Dividend Policy and Cash Dividends for FY2024 and FY2025

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 154.50 yen per share, an increase of 12 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 2024 will amount to 309 yen per share, an increase of 24 yen per share from the cash dividends paid in the previous year.

The Company intends to pay out cash dividends of 339 yen per share for fiscal year 2025 (169.50 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)

	FY2023 As of Dec. 31, 2023	FY2024 As of Dec. 31, 2024
Assets		
Current assets		
Cash and time deposits	493,933	534,045
Notes and accounts receivable-trade	31,602	39,902
Merchandise and finished goods	74,293	73,683
Work in process	31,771	39,044
Raw materials and supplies	6,424	7,914
Others	15,071	17,265
Allowance for doubtful accounts	(342)	(395)
Total current assets	652,753	711,461
Fixed assets		
Property, plant and equipment		
Buildings and structures	126,870	137,592
Accumulated depreciation	(49,492)	(56,102)
Accumulated impairment loss	(615)	(644)
Buildings and structures (net)	76,763	80,844
Machinery and vehicles	114,954	123,181
Accumulated depreciation	(81,803)	(91,928)
Accumulated impairment loss	(146)	(76)
Machinery and vehicles (net)	33,005	31,176
Land	14,317	15,117
Leased assets	8,815	9,937
Accumulated depreciation	(3,376)	(4,282)
Accumulated impairment loss	(5)	(6)
Leased assets (net)	5,433	5,649
Construction in progress	22,994	44,624
Others	65,357	68,057
Accumulated depreciation	(59,853)	(62,729)
Accumulated impairment loss	(35)	(30)
Others (net)	5,468	5,297
Total property, plant and equipment	157,982	182,708
Intangible assets		
Goodwill	1,898	1,661
Software	13,225	13,424
Software in progress	5,054	7,914
Others	1,810	1,960
Total intangible assets	21,989	24,960
Investments and other assets		
Investment securities	23,781	25,892
Deferred income taxes	9,693	8,382
Net defined benefit asset	2,804	2,900
Others	3,174	3,097
Allowance for doubtful accounts	(447)	(450)
Total investments and other assets	39,006	39,822
Total fixed assets	218,977	247,491
Total assets	871,731	958,953

(Millions of yen)

	FY2023 As of Dec. 31, 2023	FY2024 As of Dec. 31, 2024
Liabilities		
Current liabilities		
Accounts payable-trade	11,025	16,111
Lease obligations	1,022	1,242
Income taxes payable	5,737	9,803
Accrued employee bonuses	3,041	3,479
Accrued officer bonuses	141	160
Provision for product warranties	16,017	1,173
Others	24,847	23,832
Total current liabilities	61,834	55,802
Long-term liabilities		
Lease obligations	2,370	2,319
Deferred income taxes	3,179	3,018
Net defined benefit liability	1,253	1,310
Provision for product warranties	—	12,151
Others	696	737
Total long-term liabilities	7,500	19,537
Total liabilities	69,334	75,339
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	647,172	675,370
Treasury stock	(1,264)	(1,186)
Total shareholders' equity	687,162	715,438
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	4,902	7,139
Foreign currency translation adjustments	109,101	159,819
Total accumulated other comprehensive income	114,003	166,958
Non-controlling interests	1,230	1,215
Total net assets	802,396	883,613
Total liabilities and net assets	871,731	958,953

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Net sales	474,362	450,993
Cost of sales	291,847	278,690
Gross profit	182,515	172,303
Selling, general and administrative expenses	98,861	107,217
Operating income	83,653	65,085
Non-operating income		
Interest income	20,102	22,817
Dividend income	1,009	712
Foreign exchange gains	－	12,227
Others	792	1,649
Total non-operating income	21,905	37,406
Non-operating expenses		
Interest expenses	211	117
Contribution	955	1,000
Voluntary recall expenses	341	248
Loss on valuation of investment securities	－	1,036
Foreign exchange losses	54	－
Others	626	1,414
Total non-operating expenses	2,188	3,817
Ordinary income	103,369	98,674
Extraordinary losses		
Loss on free inspection	*1 17,625	－
Impairment loss	*2 909	－
Loss on factory reconstruction	1,396	80
Total extraordinary losses	19,931	80
Income before income taxes	83,438	98,594
Income taxes-current	25,234	22,104
Income taxes-deferred	(3,148)	(82)
Total income taxes	22,085	22,021
Net income	61,352	76,573
Net income attributable to non-controlling interests	209	243
Net income attributable to owners of parent	61,142	76,329

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Net income	61,352	76,573
Other comprehensive income		
Unrealized gain (loss) on other securities	1,364	2,236
Foreign currency translation adjustments	39,145	50,687
Total other comprehensive income	40,509	52,923
Comprehensive income	101,862	129,497
(Breakdown)		
Comprehensive income attributable to owners of parent	101,523	129,284
Comprehensive income attributable to non-controlling interests	338	212

(3) Consolidated Statements of Shareholders' Equity

FY2023 (From January 1, 2023 to December 31, 2023)

(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	638,141	(12,909)	666,485
Changes of items during the year					
Cash dividends paid			(25,797)		(25,797)
Net income attributable to owners of parent			61,142		61,142
Acquisition of treasury stock				(14,724)	(14,724)
Disposal of treasury stock		0	(1)	56	55
Cancellation of treasury stock		(0)	(26,312)	26,313	—
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	9,031	11,645	20,677
Balance at end of year	35,613	5,640	647,172	(1,264)	687,162

	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	3,537	70,085	73,623	986	741,095
Changes of items during the year					
Cash dividends paid					(25,797)
Net income attributable to owners of parent					61,142
Acquisition of treasury stock					(14,724)
Disposal of treasury stock					55
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	1,364	39,015	40,380	243	40,624
Total changes of items during the year	1,364	39,015	40,380	243	61,301
Balance at end of year	4,902	109,101	114,003	1,230	802,396

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Cash flows from operating activities:		
Income before income taxes	83,438	98,594
Depreciation and amortization	23,937	25,037
Impairment loss	909	–
Allowance for doubtful accounts	13	30
Loss on free inspection	2,762	2,433
Loss (gain) on sales of investment securities	–	(541)
Interest and dividend income	(21,112)	(23,529)
Interest expenses	211	117
Foreign exchange losses (gains)	3,581	(9,618)
Notes and accounts receivable	25,141	(6,944)
Inventories	20,251	(2,221)
Accounts payable	(10,177)	4,253
Net defined benefit asset	(158)	(95)
Net defined benefit liability	(48)	0
Loss on factory reconstruction	1,396	80
Provision for product warranties	15,459	(2,738)
Loss on sales and disposal of property, plant and equipment	15	66
Others, net	(6,916)	(1,419)
Subtotal	138,705	83,503
Interest and dividend income received	20,323	24,379
Loss on free inspection paid	(986)	(2,259)
Interest expenses paid	(277)	(115)
Income taxes paid	(43,197)	(18,475)
Net cash provided by operating activities	114,567	87,032
Cash flows from investing activities:		
Purchases of time deposits	(7,891)	(4,226)
Proceeds from maturities of time deposits	9,756	13,076
Acquisition of property, plant and equipment	(24,783)	(36,824)
Proceeds from sales of property, plant and equipment	95	108
Acquisition of intangible assets	(6,532)	(8,753)
Payments for loss on factory reconstruction	(1,280)	(87)
Acquisition of investment securities	(1,805)	(3)
Proceeds from sales of investment securities	–	737
Short-term loans receivable, net	(198)	(125)
Others, net	880	288
Net cash used in investing activities	(31,760)	(35,810)

(Millions of yen)

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Cash flows from financing activities:		
Short-term loans payable, net	(2,280)	–
Repayments of lease obligations	(1,119)	(1,180)
Acquisition of treasury stock	(14,724)	(21,488)
Proceeds from disposal of treasury stock	55	55
Cash dividends to shareholders	(25,804)	(26,630)
Cash dividends to non-controlling shareholders	(88)	(233)
Net cash used in financing activities	(43,961)	(49,476)
Effect of exchange rate changes on cash and cash equivalents	25,869	46,582
Net increase (decrease) in cash and cash equivalents	64,715	48,327
Cash and cash equivalents at beginning of year	417,266	481,982
Cash and cash equivalents at end of year	481,982	530,310

(5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Changes in Accounting Estimates)

(Provision for product warranties)

To provide for future expenditures associated with free inspection and replacement of bonded 11-speed HOLLOWTECH II road cranksets produced by the Company, an amount of expenses expected to accrue in the future is recorded as provision for product warranties. As there was a progress in the conduct of said free inspection and replacement in fiscal year 2024, and based on new information that became available, more accurate estimates were made possible regarding the timing of the accrual, the Company made changes in the estimates. As a result, provision for product warranties, which was previously recorded under current liabilities, is recorded under current liabilities in an amount expected to accrue within a year after the fiscal year-end, whereas an amount other than the foregoing is recorded under long-term liabilities.

These changes in estimates have no impact on the consolidated statements of income for fiscal year 2024.

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

(Acquisition of treasury stock)

The Company acquired 200,000 shares of common stock on February 27, 2024 through Off-auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange, based on the resolution of the Board of Directors meeting held on April 25, 2023, and acquired 702,000 shares of common stock during the period from April 24, 2024 to December 31, 2024 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 April 23, 2024 and October 29, 2024. As a result, treasury stock increased by 21,488 million yen during fiscal year 2024, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 200,000 shares of treasury stock on March 27, 2024 based on the resolution of the Board of Directors meeting held on March 19, 2024, 442,000 shares of treasury stock on August 6, 2024 based on the resolution of the Board of Directors meeting held on July 30, 2024, and 260,000 shares of treasury stock on December 24, 2024 based on the resolution of the Board of Directors meeting held on December 17, 2024. As a result, capital surplus, retained earnings and treasury stock decreased by 6 million yen, 21,510 million yen and 21,517 million yen, respectively, during fiscal year 2024.

(Notes relating to Consolidated Statements of Income)

*1. Loss on free inspection

FY2023 (Jan. 1, 2023 - Dec. 31, 2023)

Some bonded 11-speed HOLLOWTECH II road cranksets produced by the Company on and before June 30, 2019 show bonding separation and delamination, which may produce gap and clearance. The Shimano Group therefore recorded expenses associated with free inspection and replacement.

The amount of loss recorded includes provision for free inspection and replacement, as reasonably estimated based on information currently available to the Company.

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

Not applicable.

*2. Impairment loss

FY2023 (Jan. 1, 2023 - Dec. 31, 2023)

The Shimano Group recorded impairment loss on the following asset.

Location	Use	Category	Amount
Lazer Sport N.V.	Bicycle components	Goodwill	909 million yen

(Background)

As a result of reviewing the profit plan of Lazer Sport N.V., a consolidated subsidiary, the book value of goodwill was reduced to the recoverable amount and the amount of decline was recorded as an impairment loss because lower cash flow over the initially expected period was estimated.

(Method of grouping)

The Shimano Group assets are grouped by reportable segment and in the minimum unit that produces cash flow.

(Method of calculation of a recoverable amount)

The recoverable amount is measured by the value in use, which is calculated by discounting future cash flows at the rate of 10.2%.

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

Not applicable.

(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.

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

FY2023 (Jan. 1, 2023 - Dec. 31, 2023) (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	364,679	109,225	457	474,362	—	474,362
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	364,679	109,225	457	474,362	—	474,362
Third parties	364,679	109,225	457	474,362	—	474,362
Inter-segment	—	—	—	—	—	—
Total	364,679	109,225	457	474,362	—	474,362
Segment income (loss)	65,251	18,413	(11)	83,653	—	83,653
Segment assets	219,249	61,091	532	280,873	590,857	871,731
Other items						
Depreciation and amortization	19,852	3,549	37	23,439	—	23,439
Amortization of goodwill	403	94	—	497	—	497
Increase in property, plant and equipment and intangible assets	21,822	3,153	0	24,976	6,379	31,356

Notes:
1. Segment assets adjustment was 590,857 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.

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.

[Related information]

Information by geographical area

Net Sales

FY2023 (Jan. 1, 2023 - Dec. 31, 2023) (Millions of yen)

Japan	North America	Europe	Asia	Other	Total
48,713	44,679	198,432	159,150	23,386	474,362

Note: Net sales are classified by countries and regions according to customer location.

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

Note: Net sales are classified by countries and regions according to customer location.

(Per Share Data)

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Net assets per share	8,905.21 yen	9,907.24 yen
Basic earnings per share	676.77 yen	853.36 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

	FY2023 Jan. 1, 2023 to Dec. 31, 2023	FY2024 Jan. 1, 2024 to Dec. 31, 2024
Net income attributable to owners of parent (millions of yen)	61,142	76,329
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	61,142	76,329
Average number of shares of common stock outstanding (thousand shares)	90,345	89,446

(Material Subsequent Events)

Not applicable.