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Information Omitted from the Paper Copy of the Notice of Convocation of the 119th Ordinary General Meeting of Shareholders

The 119th Fiscal Year (from January 1, 2025 to December 31, 2025)

Business Report

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SHIMANO INC.

The Company provides these documents on its website on the Internet (https://www.shimano.com/en/ir/shareholdermeeting.html) and Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search) (https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do) pursuant to laws and regulations as well as the Articles of Incorporation.

Business Report

Systems to Ensure the Appropriateness of Operations (Internal Control Systems) and the Status of Implementation of Such Systems

(1) Systems to Ensure the Appropriateness of Operations

In accordance with the provisions of the Companies Act, the Board of Directors has decided on the implementation of systems to ensure that the execution of duties by Directors is in compliance with laws, regulations and the Articles of Incorporation and systems to ensure the appropriateness of other operations. The Company will continue to ensure the appropriateness of management and operations and endeavor to improve the internal control systems described below, while making such alterations as may be required by changes in the business environment.

Basic Policies on Establishment of Internal Control Systems

1. System to ensure that the execution of duties by the Company's Directors is in compliance with laws and regulations and the Articles of Incorporation

The Company shall establish Compliance Regulations and various other rules and regulations and take the initiative to ensure compliance throughout the Company and its subsidiaries (hereinafter referred to as the "Shimano Group").

2. Systems governing the storage and management of information relating to the execution of duties by the Company's Directors

Any information relating to the execution of duties by Directors that requires storage shall be recorded and stored by the responsible operating department(s) of the Company in accordance with the Information Control Regulations.

3. Regulations and other systems governing management of the risk of losses

(1) The departments in charge of each business operational function shall identify operational risks relevant to them, assess the risks, and take countermeasures against them.
(2) Certain matters including operational risks shall be deliberated, and decisions shall be made through the approval request system or by the Board of Directors.
(3) Rules on how to handle emergencies shall be created, and organizational measures, such as the establishment of emergency response headquarters as necessary, shall be taken.
(4) A department to oversee governance shall be established to manage risks globally.
(5) The internal audit organization shall perform internal audits of the status of operations in each part of the organization in accordance with the Internal Audit Regulations to assess the status. Any points that require improvement in terms of risk management shall be advised immediately, and subsequent checks shall be made to follow up on any required changes.

4. Systems to ensure the efficient execution of duties by the Company's Directors

(1) Regular meetings of the Board of Directors shall be convened once a month, in principle. The Board of Directors shall deliberate and decide matters contained in each meeting's agenda, which is created and managed according to the Board of Directors Regulations.
(2) The Board of Directors shall decide important matters relating to business policies, laws and regulations and all other important business-related matters, and oversee the overall operation of the business.
(3) Directors shall endeavor to manage those parts of the organization entrusted to them in accordance with the Regulations for Division of Duties and the Regulations for Clarification of Authority swiftly and efficiently so as to improve the performance of these operations.

5. Systems to ensure that the execution of duties by the Company's employees is in compliance with laws and regulations and the Articles of Incorporation

(1) Various internal regulations, including the Compliance Regulations, shall be established to ensure that the execution of duties by employees is in full compliance with laws and regulations and the Articles of Incorporation.
(2) The internal audit organization shall perform internal audits of the status of compliance, in accordance with the Internal Audit Regulations and other regulations mentioned above. The results shall be reported in a timely fashion to the Board of Directors and the Audit & Supervisory Board.
(3) The Company shall conduct education and training to ensure that employees have an adequate understanding of the Compliance Regulations.

6. Systems for reporting of matters concerning execution of duties by subsidiaries' directors etc. to the Company

(1) When a subsidiary makes an important management decision, it shall implement necessary measures such as requesting the Company's prior approval in accordance with internal regulations.

(2) Subsidiaries shall periodically report their financial conditions to the Company.

7. Regulations and other systems governing subsidiaries' management of the risk of losses

The Company's Directors in charge shall comprehensively provide advice and guidance concerning subsidiaries' business operations and risk management systems.

8. Systems to ensure efficient execution of duties by subsidiaries' directors

Information technology shall be utilized appropriately and effectively, such as the introduction of a shared system for consolidated accounting, throughout the Shimano Group for communication of information between the Company and subsidiaries and for business processes to the extent applicable.

9. Systems to ensure that the execution of duties by subsidiaries' directors and employees is in compliance with laws and regulations and the Articles of Incorporation

Each subsidiary shall establish compliance systems through the establishment of regulations similar to the Company's Compliance Regulations or other internal rules and regulations, according to each subsidiary's individual situation.

10. Other systems to ensure the appropriateness of operations across the Shimano Group consisting of the Company and its subsidiaries

With the aim of instituting effective internal controls across the whole Shimano Group, the Company shall appoint managers with requisite responsibilities, assess situations of legal/regulatory compliance and risk management, and swiftly implement necessary countermeasures.

11. Matters concerning employees who provide assistance to Audit & Supervisory Board Members, in the case that the Company's Audit & Supervisory Board Members request that the Company assign employees as assistants to support their duties

If deemed necessary by Audit & Supervisory Board Members, appropriate personnel shall be exclusively assigned to provide assistance to Audit & Supervisory Board Members.

12. Matters concerning the independence of employees mentioned in (11) above from the Company's Directors

Employees mentioned in (11) above shall be outside the Directors' chain of command and follow instructions of the Audit & Supervisory Board Members.

13. Matters concerning the ensuring of effectiveness of instructions of the Company's Audit & Supervisory Board Members to employees mentioned in (11) above

Employees mentioned in (11) above, in accordance with the instructions issued by the Audit & Supervisory Board Members, shall have authority to perform investigations.

14. Systems for reporting by the Company's Directors and employees to the Company's Audit & Supervisory Board Members

Directors and employees shall swiftly report the status of performance of internal audits, as well as statutory matters, to the Company's Audit & Supervisory Board Members.

15. Systems for reporting by subsidiaries' directors, audit & supervisory board members and employees, or persons who received reports from such persons, to the Company's Audit & Supervisory Board Members

Subsidiaries' directors, audit & supervisory board members and employees shall swiftly report the matters which the Company's Audit & Supervisory Board Members request, as well as statutory matters. Persons who received reports from subsidiaries' directors, audit & supervisory board members and employees shall do the same.

16. Other systems for reporting to the Company's Audit & Supervisory Board Members

(1) Upon request of any Audit & Supervisory Board Member, reporting and information gathering shall be swiftly conducted, in accordance with the stipulations of the Audit & Supervisory Board.

(2) The internal audit organization shall closely collaborate with the Audit & Supervisory Board, including by means of discussion and exchange of opinions.

17. Systems to ensure that reporting persons mentioned in (14)-(16) above do not receive discriminatory treatment as a result of such reports

(1) Regarding persons who reported to Audit & Supervisory Board Members, the fact of such reporting and the content of the reporting shall be kept confidential, and it is prohibited to discriminate against persons who have reported to Audit & Supervisory Board Members for that reason alone.

(2) Regarding persons who reported to the designated internal or external point of contact for compliance matters for swift recognition of violations of laws and regulations and/or unethical behaviors, the fact of such reporting and the content of the reporting shall be kept confidential, and it is prohibited to discriminate against persons who reported to the point of contact for that reason alone.

18. Matters concerning procedures for advance payment or reimbursement of expenses incurred in the course of execution of duties by the Company's Audit & Supervisory Board Members and policies related to processing of expenses or liabilities arising from execution of duties

Audit & Supervisory Board Members may consult lawyers, certified public accountants, and/or other external experts, as necessary, and expenses incurred shall be borne by the Company.

19. Other systems to ensure effective performance of audits by the Company's Audit & Supervisory Board Members

(1) Opportunities shall be made available for Audit & Supervisory Board Members to attend meetings of the Board of Directors and other important meetings so that Audit & Supervisory Board Members can identify important internal issues and state their views, as necessary.

(2) Forums shall be established, as necessary, to facilitate exchanges of views between the Audit & Supervisory Board and Representative Directors.

(2) Status of Implementation of the Systems to Ensure the Appropriateness of Operations

1) Internal workshops and seminars on basic compliance matters, for which external instructors are invited, are held in house for officers and employees of the Company and its subsidiaries, in order to instill the consciousness of compliance.

2) An assessment of the effectiveness of internal controls over financial reporting, based on the Financial Instruments and Exchange Act, concluded that no material violations were detected in the fiscal year ended December 31, 2025, and internal control systems are appropriately implemented.

3) Reports on the Company's and subsidiaries' businesses are periodically made, not only at meetings of the Company's Board of Directors, but also at important internal meetings. If issues requiring improvement or problems arise, instructions are issued to the departments concerned, as necessary.

Basic Policy on the Control of the Company

(1) Details of the Basic Policy

The Company believes that it is necessary that the persons who control decisions on the Company's financial and business policies fully understand the Company's financial and business details and the sources of the Company's corporate value and make possible the continuous and sustained preservation and enhancement of the Company's corporate value and the common interests of the shareholders.

The Company will not repudiate even a large-scale purchase of the Company's shares, provided that the purchase contributes to the Company's corporate value and the common interests of the shareholders.

However, a number of large-scale share purchases would have little value to the corporate value and the common interests of the shareholders. For instance, some large-scale share purchases, in light of their purposes, would clearly impair the corporate value and the common interests of the shareholders, pose a risk of effectively compelling shareholders to sell their shares, fail to provide the Board of Directors or shareholders of the targeted company with sufficient time or information to consider the details of the large-scale share purchase or for the Board of Directors of the targeted company to make an alternative proposal, or require the targeted company to discuss and negotiate with the purchaser to obtain more favorable terms than those offered by the purchaser.

In particular, the sources of the Shimano Group's corporate value include 1) worldwide sales bases and networks that make possible the rapid detection of customer needs; 2) highly creative planning and development capabilities and technological capabilities that satisfy customer needs; 3) a cost-competitive production structure that takes advantage of the strengths of the countries where the manufacturing bases are located and supply capacity to meet worldwide demand; 4) a global service structure; and 5) harmonious business operation among the Shimano Group companies. The factors that form the foundation of these strengths include (i) firm relationships of trust with customers, business partners, employees, and other stakeholders; (ii) the technical development capabilities and expertise of individual employees; and (iii) a corporate culture that enables individual employees to fully demonstrate those capabilities. If a person conducting a large-scale purchase of the Company's shares failed to understand not only the details of the Company's finances and business, but also these sources of the Company's corporate value, and failed to preserve and enhance them in the medium term and long term, the Company's corporate value and the common interests of the shareholders would be impaired. Also, if the Company receives a proposal for a large-scale purchase of shares from an outsider, to enable the shareholders to make the optimal choice it will be necessary for the Company to judge the affects the purchase will have on the Company's corporate value and the common interests of the shareholders after appropriately ascertaining the tangible and intangible elements that constitute the Company's corporate value and information about the purchaser and share purchase. Any large-scale purchase forcibly conducted while such information remained undisclosed would pose a risk of impairment to the Company's corporate value and the common interests of the shareholders.

The Company believes that a person conducting a large-scale purchase of shares that does not contribute to the Company's corporate value and the common interests of the shareholders would be inappropriate as a person to control decisions on the Company's financial and business policies and that it is necessary to secure the Company's corporate value and the common interests of the shareholders by adopting necessary and appropriate measures to counter a large-scale purchase by such a person.

(2) Outline of the Measures for the Realization of the Basic Policy

(A) Special Measures to Contribute to the Realization of the Basic Policy

(i) Measures for the Enhancement of Corporate Value

To maintain and further strengthen the above-mentioned sources of corporate value, the Company believes that it must continue to supply services and products that are trusted by and provide satisfaction to customers and in the coming years engage in the development and manufacture of products that respond to heightened customer interest in the environment, health, and other matters. Also, demand for bicycle components and fishing equipment, the Company's mainstay products, is increasing in emerging markets, such as China and Central and South America. The Company intends to implement various measures so as to earn the confidence of customers also in these emerging markets. Against that backdrop, the Company will realize medium-term to long-term enhancement of corporate value by having as its basic policies 1) the reinforcement of core competences and 2) the creation of a cycling culture and fishing culture and brand reinforcement.

(ii) Reinforcement of Corporate Governance and Shareholder Returns

At the Company, supervision of the Directors' execution of duties is performed by means of 5 Independent Outside Directors and an Audit & Supervisory Board that includes 2 Independent Outside Audit & Supervisory

Board Members. Also, the Company has established an internal audit organization. It periodically audits the state of compliance and risk management and is engaged in the development and implementation of global internal control systems.

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. The Company has continued to pay stable dividends since it listed its shares in 1972 and, furthermore, has increased dividends in line with improvement in business performance. The Company also has been actively conducting share repurchases.

Furthermore, with regard to activities to discharge social responsibility, the Shimano Group has long actively engaged in cultural activities, participated in volunteer activities, and sponsored events in communities where it has a presence. These activities build relationships of trust with business partners, area residents, and other stakeholders.

(B) Outline of the Measures to Prevent Decisions on the Company's Financial and Business Policies from Being Controlled by Persons Viewed as Inappropriate under the Basic Policy

In the event of a large-scale purchase of the Company's shares, the Company will make appropriate responses, as necessary, including making efforts for vigorous gathering of information and appropriate disclosure, in order to secure and enhance the Company's corporate value and the common interests of the shareholders.

(3) The Decisions of the Company's Board of Directors Concerning Specific Measures and the Reasons Thereof

Special Measures to Contribute to the Realization of the Basic Policy

The measures for the enhancement of corporate value and measures for the reinforcement of corporate governance described in the above (2) (A) have been formulated as specific measures for the continuous and sustained preservation and enhancement of the Company's corporate value and the common interests of the shareholders and indeed contribute to realization of the Basic Policy. Accordingly, these measures are in line with the basic policy and in accordance with the common interests of the Company's shareholders and are not for the purpose of maintaining the position of the Company's corporate officers.

Consolidated Statement of Shareholders' Equity

(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
Cancelation 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
Cancelation 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

Note: Amounts are rounded down to the nearest million yen.

Notes relating to Consolidated Financial Statements

1. Notes relating to basis of presenting consolidated financial statements

(1) Consolidation

(a) The consolidated financial statements include the accounts of the Company and the following 49 subsidiaries.

Shimano North America Holding, Inc.
Shimano Canada Ltd.
G.Loomis, Inc.
Innovative Textiles, Inc.
Shimano Europe B.V.
Shimano Benelux B.V.
Shimano Belgium N.V.
Lazer Sport N.V.
Shimano France S.A.S.
Shimano Iberia, S.L.
Shimano Nordic OY
Shimano Italia S.R.L.
Shimano Italia S.p.A. in liquidazione
Shimano Czech Republic, s.r.o.
Shimano UK Ltd.
Shimano Nordic Denmark ApS
Shimano Nordic AB
Shimano Nordic AS
Shimano Polska Sp. z o.o.
Shimano Germany Fishing GmbH
Shimano Bike & Fishing Mexico S.A. de C.V.
Shimano Argentina S.A.U.
Shimano Latin America Representacao Comercial Ltda.
Shimano Uruguay S.A.
Shimano Components (Malaysia) Sdn. Bhd.
Shimano (Mersing) Sdn. Bhd.
Shimano Oceania Holdings Pty. Ltd.
Shimano Australia Cycling Pty. Ltd.
Shimano Australia Fishing Pty. Ltd.
PT Shimano Batam
Shimano (Philippines) Inc.
Shimano New Zealand Limited
Shimano (Singapore) Pte. Ltd.
MSC Pte. Ltd.
Shimano Sales Co., Ltd.
Shimano Kumamoto Co., Ltd.
Shimano Sales Vietnam Co., Ltd.
Shimano (Cambodia) Co., Ltd.
Shimano (Kunshan) Bicycle Components Co., Ltd.
Shimano (Tianjin) Bicycle Components Co., Ltd.
Shimano (Kunshan) Fishing Tackle Co., Ltd.
Shimano (Lianyungang) Industrial Co., Ltd.
Shimano (Shanghai) Sales Corporation
Shimano (Taiwan) Co., Ltd.
PRO (Taiwan) Procurement Co., Ltd.
Shimano Menat Spor Etkinlikleri Spor Malzemeleri ve Ekipmanlari Ticaret Limited Sirketi
Shimano Bisiklet Parca ve Ekipmanlari Satis Servis Ticaret Anonim Sirketi
Shimano Balikcilik Malzemeleri ve Ekipmanlari Satis Ticaret Anonim Sirketi
Shimano South Asia Private Limited

(b) The remaining subsidiaries including Shimano Adachi Co., Ltd. are excluded from consolidation since the aggregate amounts of the total assets, net sales, net income and retained earnings of these subsidiaries are immaterial to the comparable amounts in the accompanying consolidated financial statements.

(2) Applications of the equity method

None of the unconsolidated subsidiaries and affiliated companies (20 to 50 percent-owned companies) including Sanbo Co., Ltd. is accounted for by the equity method since the aggregate amounts of net income and retained earnings of these companies are immaterial to the comparable amounts in the accompanying consolidated financial statements.

(3) Fiscal year of the consolidated subsidiaries

The fiscal year of Shimano Italia S.p.A. in liquidazione ends on November 30 and its financial statements as of November 30 are used for preparation of the consolidated financial statements. Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.

(4) Summary of material accounting policies

(a) Valuation basis and method for principal assets

Securities

Other securities (syn. Available-for-sale securities)

Other securities except for shares, etc. with no market prices

Other securities except for shares, etc. with no market prices are stated at the market value method.

Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sales of these securities are credited or charged to income, with cost determined on the moving average basis.

Shares, etc. with no market prices

Shares, etc. with no market prices are stated at moving average cost.

Inventories

Inventories held for sale in the ordinary course of business are stated principally at cost (the book value devaluation method based on decline in profitability), and their valuation methods are as follows.

Merchandise, finished goods, work in process and raw materials are stated principally at cost determined by the weighted average method.

Supplies are stated principally at the most recent purchase method.

(b) Depreciation and amortization of principal fixed assets

Property, plant and equipment

Property, plant and equipment acquired on or before March 31, 2007 (excluding leased assets)

Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the former declining-balance method.

Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.

Buildings (excluding building fixtures) acquired on or after April 1, 1998, are depreciated by the former straight-line method.

Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets.

Property, plant and equipment acquired on or after April 1, 2007 (excluding leased assets)

Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the declining-balance method.

Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.

Buildings (including building fixtures) are depreciated by the straight-line method.

Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets.

Property, plant and equipment acquired on or after April 1, 2016 (excluding leased assets)

Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the declining-balance method.

Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.

Buildings (including building fixtures) and structures are depreciated by the straight-line method.

Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets.

Leased assets

Leased assets related to finance lease transactions without ownership transfer

Depreciation of leased assets related to finance lease transactions without ownership transfer is principally computed by the straight-line method based on the period of the leasing contract as the useful lives and with no residual value.

Right-of-use assets

Depreciation of right-of-use assets is computed by the straight-line method based on the useful lives of right-of-use assets or the period of the leasing contract, whichever is shorter.

Intangible assets

Intangible assets are amortized principally by the straight-line method. Amortization of software for internal use is computed by the straight-line method over an estimated useful life (principally 5 years).

(c) Provision for principal allowances and reserves

Allowance for doubtful accounts

The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. Such amount is computed by applying bad debt loss ratios based on past experience for general receivables and by individually reviewing collectability for specific doubtful accounts.

Accrued employee bonuses

Accrued employee bonuses are provided in an amount corresponding to the fiscal year based on the projected amount sufficient to meet future payments of bonuses to employees.

Accrued officer bonuses

Accrued officer bonuses are provided in an amount corresponding to the fiscal year based on the projected amount sufficient to meet future payments of bonuses to officers.

Provision for product warranties

Provision for product warranties is recorded to provide for the expenses, etc. associated with free inspection and replacement of specific products sold in the past, in an amount corresponding to the individually-estimated expense.

(d) Revenue and expenses

The Shimano Group is mainly engaged in the manufacture and sale of bicycle components and fishing tackle.

Performance obligations are considered to be satisfied at the time of delivery of products or merchandise under sales contracts with customers, and revenue from the sale of products or merchandise is recognized in the amount expected to be received in return for the products or merchandise. The Group applies the alternative treatment set forth in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, recognizing revenue from products or merchandise sold within Japan at the time of shipment, as there is a normal period of time between shipment and delivery. For chargeable supplied transactions where the Group carries the obligation of buying back the supplied items, the disposal of the supplied items is not recognized.

(e) Translation of assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities of the Company denominated in foreign currencies are translated into Japanese yen at applicable current exchange rates at the balance sheet date. However, receivables and payables denominated in foreign currencies covered by forward exchange contracts are translated at the contracted rates. Differences arising from translation are charged or credited to income. Assets and liabilities of consolidated overseas subsidiaries are translated into Japanese yen at the rate of exchange at the balance sheet date, and revenue and expense accounts are translated into Japanese yen at the average rates over the fiscal year. Differences arising from translation are included in foreign currency translation adjustments and non-controlling interest in net assets.

(f) Accounting for hedges

Method of hedge accounting

With respect to receivables and payables denominated in foreign currencies covered by forward exchange contracts, appropriation accounting is applied.

Hedging instrument and risk hedged

Foreign exchange forward contracts serve as hedges against risk of fluctuation in currency exchange rates concerning foreign currency-denominated assets and liabilities and for scheduled foreign currency-denominated transactions.

Hedging policy

Hedging transactions are only adopted in order to appropriately control and reduce risks associated with export and import.

Assessing the effectiveness of a hedge

Hedge accounting is applied in accordance with the “Practical Guidelines Concerning Accounting for Financial Instruments” (Accounting Standards Board of Japan).

(g) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over a reasonable number of years within 20 years, based on judgment of individual items. Goodwill whose amount is immaterial is fully amortized as incurred.

(h) Other material accounting policies for preparation of consolidated financial statements

Accounting for employee retirement benefits

Net defined benefit liability (or net defined benefit asset, in cases where the amount of pension assets exceeds the retirement benefit obligation), including both the unfunded lump-sum benefit and the funded pension plan, is calculated as the difference between the expected and discounted future retirement and Shimano corporate pension payments, and the assets under the pension plan to meet such future payments. All the past service costs and actuarial gains and losses are expensed in the fiscal year in which they occur.

In calculating retirement benefit obligation, the benefit formula basis is applied to allocate projected retirement benefits to the periods until the end of the current fiscal year.

Certain consolidated subsidiaries use the simplified method whereby the amount that would be required to be paid if all their eligible employees voluntarily terminated their employment as of the balance sheet date is treated as retirement benefit obligation for the calculation of net defined benefit liability and retirement benefit cost.

2. Notes relating to 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 the fiscal year ended December 31, 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 the fiscal year ended December 31, 2025. This change in accounting policies has no impact on the consolidated financial statements.

3. Notes relating to accounting estimates

(1) Amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2025

Provision for product warranties	5,872 million yen

(2) Information on the contents of material accounting estimates for the identified item

1) Method for calculating the amount recorded in the consolidated financial statements for the fiscal year ended December 31, 2025 and key assumptions used in the calculation

Provision for product warranties for the fiscal year ended December 31, 2025 is recorded at an estimated amount mainly of expenses, etc. associated with free inspection and replacement of bonded 11-speed HOLLOWTECH II road cranksets produced by the Company, calculated based on information currently available.

Future expenditures arising from the free inspection and replacement primarily consist of expenses associated with free inspection (hereinafter referred to as "inspection cost") and expenses associated with the manufacturing of substitute parts to be used at the time of free replacement (hereinafter referred to as "manufacturing cost").

Future expenditures arising from the free inspection and replacement are calculated at an amount estimated to be incurred in the future based on information currently available. Specifically, the inspection cost is calculated by multiplying the number of units projected to be inspected in the future by the unit cost per inspection. The manufacturing cost is calculated by multiplying the number of units projected to be replaced in the future by the production cost per unit.

2) Impact on the consolidated financial statements for the following fiscal year

The estimated amount to be incurred in the future mainly comprises the inspection cost and manufacturing cost, as reasonably calculated based on information currently available. However, the estimated amount may differ from the actual amount incurred.

In that case, the difference may have a material impact on the amount of provision for product warranties to be recorded in the consolidated financial statements for future fiscal years.

4. Notes relating to consolidated balance sheet

Accumulated depreciation of property, plant and equipment	223,874 million yen

5. Notes relating to consolidated statement of income

(1) Selling, general and administrative expenses

Main components of selling, general and administrative expenses for the fiscal year ended December 31, 2025:

Salaries and wages	29,021 million yen
Advertising and sales promotion expenses	14,405 million yen
R&D expenses	6,041 million yen

(2) R&D expenses

R&D expenses included in selling, general and administrative expenses and manufacturing expenses for the fiscal year ended December 31, 2025	16,275 million yen

(3) Write-down of inventories held for ordinary sales purposes due to a decline in profitability

Cost of sales	(1,406) million yen

6. Notes relating to consolidated statement of shareholders' equity

(1) Total number of issued shares as of the end of the fiscal year ended December 31, 2025 86,530,000 shares

(2) Cash dividends paid during the fiscal year ended December 31, 2025

(a) Payment of cash dividends

At the Ordinary General Meeting of Shareholders held on March 27, 2025, the following resolutions were made.

・Matters concerning dividends for shares of common stock

Total amount of cash dividends	13,760 million yen
Cash dividends per share	154.50 yen
Record date	December 31, 2024
Effective date	March 28, 2025

(b) Payment of interim cash dividend

At the meeting of the Board of Directors on July 29, 2025, the following resolutions were made.

・Matters concerning dividends for shares of common stock

Total amount of cash dividends	14,856 million yen
Cash dividends per share	169.50 yen
Record date	June 30, 2025
Effective date	September 2, 2025

(3) Cash dividends paid after the end of the fiscal year ended December 31, 2025

At the Ordinary General Meeting of Shareholders to be held on March 24, 2026, the following resolutions are expected to be made.

・Matters concerning dividends for shares of common stock

Total amount of cash dividends	14,655 million yen
Source of dividends	Retained earnings
Cash dividends per share	169.50 yen
Record date	December 31, 2025
Effective date	March 25, 2026

7. Notes relating to financial instruments

(1) Policies on financial instruments

The Shimano Group restricts its fund management to deposits with financial institutions with high credit standing and raises funds mainly by means of bank loans.

The Shimano Group manages customer credit risk from notes and accounts receivable-trade on the basis of internal credit control guidelines.

Investment securities are primarily stocks and the Shimano Group monitors fair value of listed stocks on a quarterly basis.

The Shimano Group uses derivatives for the purpose of hedging risks in accordance with the internal guidelines.

(2) Fair values of financial instruments

Carrying amounts, fair values and the differences between carrying amounts and fair values as of December 31, 2025, are as follows:

(Millions of yen)

	Carrying amount	Fair value	Difference
Investment securities	20,275	20,275	-
Assets	20,275	20,275	-
Long-term loans payable	-	-	-
Liabilities	-	-	-
Derivatives	-	-	-

Notes:

1. Cash and time deposits, notes and accounts receivable-trade, accounts payable-trade, short-term loans payable, and income taxes payable are not included in the table above because these instruments are cash-based and their carrying amount approximates fair value because of their short-term maturities.
2. Shares, etc. with no market prices (9,073 million yen on the consolidated balance sheet) are not included in "Investment securities."
3. The carrying amount and fair value of long-term loans payable include the current portion of long-term loans payable.

Derivatives

Not applicable because no derivative transactions existed at the end of fiscal year 2025.

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels on the basis of the observability and significance of the inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial instruments carried on the consolidated balance sheet at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	20,275	-	-	20,275
Assets	20,275	-	-	20,275

2) Financial instruments other than those carried on the consolidated balance sheet at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans payable*	-	-	-	-
Liabilities	-	-	-	-

*The amount of long-term loans payable includes the current portion of long-term loans payable.

Note: Explanation of the valuation techniques and inputs used to measure fair value

Investment securities

Listed shares are valued at market prices. Because listed shares are traded in active markets, their fair value is classified as Level 1 fair value.

Long-term loans payable

The fair value of long-term loans payable is calculated with the discounted present value method on the basis of the sum of principal and interest amounts and a discount rate that takes into account the remaining time until payment is due and credit risk, and is classified as Level 2.

8. Notes relating to revenue recognition

(1) Disaggregation of revenue from contracts with customers

(Millions of yen)

	Reportable Segment			
	Bicycle Components	Fishing Tackle	Others	Total
Net sales				
Goods to be transferred at a point in time	354,972	110,832	439	466,243
Goods to be transferred over a period of time	-	-	-	-
Revenue from contracts with customers	354,972	110,832	439	466,243
Third parties	354,972	110,832	439	466,243

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.

(2) Information fundamental to an understanding of revenue from contracts with customers

Information fundamental to an understanding of revenue is as presented in "1. Notes relating to basis of presenting consolidated financial statements (4) Summary of material accounting policies (d) Revenue and expenses."

(3) Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flow arising from these contracts, and information on the amount and timing of revenue expected to be recognized in future fiscal years from contracts with customers existing at the end of the fiscal year ended December 31, 2025

1) Balance of receivables and contract liabilities from contracts with customers

(Millions of yen)

	Fiscal year ended December 31, 2025
Receivables from contracts with customers (as of January 1, 2025)	39,902
Receivables from contracts with customers (as of December 31, 2025)	38,460
Contract liabilities (as of January 1, 2025)	5,931
Contract liabilities (as of December 31, 2025)	5,173

Contract liabilities are mainly related to advances received from customers. Contract liabilities are reversed as revenue is recognized.

2) Transaction price allocated to remaining performance obligations

The Shimano Group has applied a practical expedient and omitted presentation of the transaction price allocated to remaining performance obligations because there are no material contracts for which the initially expected contract term exceeds one year.

9. Notes relating to per share data

(1) Net assets per share 10,041.66 yen

(2) Basic earnings per share 388.17 yen

* The basis for calculation of the basic earnings per share is as follows:

Net income attributable to owners of parent	33,991 million yen
Net income attributable to owners of parent related to common stock	33,991 million yen
Average number of shares of common stock outstanding	87,566 thousand shares

Note: Amounts are rounded down to the nearest million yen.

<For Reference>

Consolidated Statement of Cash Flows

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

(Millions of yen)

Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
63,780	(40,675)	(80,319)	472,800

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Shareholders' Equity

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

(Millions of yen)

	Shareholders' equity		
	Common stock	Capital surplus	
		Capital reserve	Total capital surplus
Balance at beginning of year	35,613	5,822	5,822
Changes of items during the year			
Cash dividends paid			
Net income			
Acquisition of treasury stock			
Disposal of treasury stock			
Cancellation of treasury stock			
Net changes of items other than shareholders' equity			
Total changes of items during the year	—	—	—
Balance at end of year	35,613	5,822	5,822

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance at beginning of year	3,194	208,623	211,817	(1,186)	252,067
Changes of items during the year					
Cash dividends paid		(28,617)	(28,617)		(28,617)
Net income		129,841	129,841		129,841
Acquisition of treasury stock				(50,006)	(50,006)
Disposal of treasury stock		(2)	(2)	68	65
Cancellation of treasury stock		(50,023)	(50,023)	50,023	−
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	51,197	51,197	85	51,282
Balance at end of year	3,194	259,820	263,014	(1,100)	303,349

	Valuation and translation adjustments		Total net assets
	Unrealized gain (loss) on other securities	Total valuation and translation adjustments	
Balance at beginning of year	7,884	7,884	259,952
Changes of items during the year			
Cash dividends paid			(28,617)
Net income			129,841
Acquisition of treasury stock			(50,006)
Disposal of treasury stock			65
Cancellation of treasury stock			−
Net changes of items other than shareholders' equity	2,347	2,347	2,347
Total changes of items during the year	2,347	2,347	53,630
Balance at end of year	10,232	10,232	313,582

Note: Amounts are rounded down to the nearest million yen.

Notes relating to Non-consolidated Financial Statements

1. Notes relating to material accounting policies

(1) Valuation basis and method for principal assets

Securities

Subsidiaries' and affiliates' stocks

Subsidiaries' and affiliates' stocks are stated at moving average cost.

Other securities (syn. Available-for-sale securities)

Other securities except for shares, etc. with no market prices

Other securities except for shares, etc. with no market prices are stated at the market value method.
Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets.
Realized gains and losses on sales of these securities are credited or charged to income, with cost determined on the moving average basis.

Shares, etc. with no market prices

Shares, etc. with no market prices are stated at moving average cost.

Inventories

Inventories held for sale in the ordinary course of business are stated at cost (the book value devaluation method based on decline in profitability), and their valuation methods are as follows.

Finished goods, work in process and raw materials are stated at the weighted average method.
Supplies are stated at the most recent purchase method.

(2) Depreciation and amortization of principal fixed assets

Property, plant and equipment

Property, plant and equipment acquired on or before March 31, 2007 (excluding leased assets)

Property, plant and equipment are depreciated principally by the former declining-balance method.
Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.
Buildings (excluding building fixtures) acquired on or after April 1, 1998, are depreciated by the former straight-line method.

Property, plant and equipment acquired on or after April 1, 2007 (excluding leased assets)

Property, plant and equipment are depreciated principally by the declining-balance method.
Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.
Buildings (including building fixtures) are depreciated by the straight-line method.

Property, plant and equipment acquired on or after April 1, 2016 (excluding leased assets)

Property, plant and equipment are depreciated principally by the declining-balance method.
Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the respective assets.
Buildings (including building fixtures) and structures are depreciated by the straight-line method.
Useful lives of principal items of property, plant and equipment
Buildings are depreciated over a period of 3-50 years.
Plant and machinery are depreciated over a period of 9-10 years.

Leased assets

Leased assets related to finance lease transactions without ownership transfer

Depreciation of leased assets related to finance lease transactions without ownership transfer is principally computed by the straight-line method based on the period of the leasing contract as the useful lives with no residual value.

Intangible assets

Intangible assets are amortized principally by the straight-line method. Amortization of software for internal use is computed by the straight-line method over an estimated useful life of 5 years.

Long-term prepaid expenses

Long-term prepaid expenses are amortized primarily by the straight-line method.

(3) Provision for principal allowances and reserves

Allowance for doubtful accounts

The allowance for doubtful accounts is provided in an amount sufficient to cover possible losses on collection. Such amount is computed by applying bad debt loss ratios based on past experience for general accounts and by individually reviewing collectability for specific doubtful accounts.

Accrued employee bonuses

Accrued employee bonuses are provided in an amount corresponding to the fiscal year based on the projected amount sufficient to meet future payments of bonuses to employees.

Accrued officer bonuses

Accrued officer bonuses are provided in an amount corresponding to the fiscal year based on the projected amount sufficient to meet future payments of bonuses to officers.

Provision for product warranties

Provision for product warranties is recorded to provide for the expenses, etc. associated with free inspection and replacement of specific products sold in the past, in an amount corresponding to the individually-estimated expense.

Employee retirement benefits (Prepaid pension costs)

The liability, including both the unfunded lump-sum benefit and the funded pension plan, is calculated as the difference between the expected and discounted future retirement and Shimano corporate pension payments, and the assets under the pension plan to meet such future payments. All the past service costs and actuarial gains and losses are expensed in the fiscal year in which they occur.
In calculating retirement benefit obligation, the benefit formula basis is applied to allocate projected retirement benefits to the periods until the end of the current fiscal year.

(4) Revenue and expenses

The Company is mainly engaged in the manufacture and sale of bicycle components and fishing tackle.
Performance obligations are considered to be satisfied at the time of delivery of products or merchandise under sales contracts with customers, and revenue from the sale of products or merchandise is recognized in the amount expected to be received in return for the products or merchandise. The Company applies the alternative treatment set forth in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, recognizing revenue from products or merchandise sold within Japan at the time of shipment, as there is a normal period of time between shipment and delivery. For chargeable supplied transactions where the Company carries the obligation of buying back the supplied items, the disposal of the supplied items is not recognized.

(5) Translation of assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities of the Company denominated in foreign currencies are translated into Japanese yen at the rates of exchange at the balance sheet date. However, receivables and payables denominated in foreign currencies covered by forward exchange contracts are translated at the contracted rates. Differences arising from translation are charged or credited to income.

(6) Accounting for hedges

Method of hedge accounting

With respect to receivables and payables denominated in foreign currencies covered by forward exchange contracts, appropriation accounting is applied.

Hedging instrument and risk hedged

Foreign exchange forward contracts serve as hedges against risk of fluctuation in currency exchange rates concerning foreign currency-denominated assets and liabilities and for scheduled foreign currency-denominated transactions.

Hedging policy

Hedging transactions are only adopted in order to appropriately control and reduce risks associated with export and import.

Assessing the effectiveness of a hedge

Hedge accounting is applied in accordance with the "Practical Guidelines Concerning Accounting for Financial Instruments" (Accounting Standards Board of Japan).

2. Notes relating to 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 the fiscal year ended December 31, 2025.

Revisions to categories for recording current income taxes, etc., conform to the transitional treatment set forth in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022. This change in accounting policies has no impact on the non-consolidated financial statements.

3. Notes relating to accounting estimates

(1) Amount recorded in the non-consolidated financial statements for the fiscal year ended December 31, 2025

Provision for product warranties 5,494 million yen

(2) Information on the contents of material accounting estimates for the identified item

1) Method for calculating the amount recorded in the non-consolidated financial statements for the fiscal year ended December 31, 2025 and key assumptions used in the calculation

Provision for product warranties for the fiscal year ended December 31, 2025 is recorded at an estimated amount mainly of expenses, etc. associated with free inspection and replacement of bonded 11-speed HOLLOWTECH II road cranksets produced by the Company, calculated based on information currently available.

Future expenditures arising from the free inspection and replacement primarily consist of expenses associated with free inspection (hereinafter referred to as "inspection fee") and expenses associated with the manufacturing of substitute parts to be used at the time of free replacement (hereinafter referred to as "manufacturing cost").

Future expenditures arising from the free inspection and replacement are calculated at an amount estimated to be incurred in the future based on information currently available. Specifically, the inspection cost is calculated by multiplying the number of units projected to be inspected in the future by the unit cost per inspection. The manufacturing cost is calculated by multiplying the number of units projected to be replaced in the future by the production cost per unit.

2) Impact on the non-consolidated financial statements for the following fiscal year

The estimated amount to be incurred in the future mainly comprises the inspection cost and manufacturing cost, as reasonably calculated based on information currently available. However, the estimated amount may differ from the actual amount incurred.

In that case, the difference may have a material impact on the amount of provision for product warranties to be recorded in the non-consolidated financial statements for future fiscal years.

4. Notes relating to non-consolidated balance sheet

(1) Short-term monetary receivables from subsidiaries and affiliates	15,720 million yen
Short-term monetary payables to subsidiaries and affiliates (excluding the amount separately presented on the balance sheet)	12,065 million yen
(2) Accumulated depreciation of property, plant and equipment	91,002 million yen

5. Notes relating to non-consolidated statement of income

Transactions with subsidiaries and affiliates

Net sales	86,580 million yen
Goods purchased	39,732 million yen
Commissions paid and storage fees	14,328 million yen
Non-operating transactions	106,913 million yen

6. Notes relating to non-consolidated statement of shareholders' equity

Number of shares of treasury stock at the end of the fiscal year ended December 31, 2025 64,521 shares

7. Notes relating to deferred tax accounting

(1) Significant components of deferred tax assets and liabilities

(Deferred tax assets)	(Millions of yen)
Excess of limit of accrued employee bonuses	129
Enterprise tax payable	269
Officer retirement benefits	114
Loss on revaluation of other securities	86
Loss on revaluation of golf memberships	126
Excess of limit of allowance for doubtful accounts	140
Impairment loss	158
Book in excess of tax depreciation	291
Devaluation loss on inventories	1,980
Provision for product warranties	1,730
Others	1,535
Total deferred tax assets	6,562
(Deferred tax liabilities)	
Unrealized gain on other securities	(4,250)
Prepaid pension costs	(1,747)
Total deferred tax liabilities	(5,997)
Net deferred tax assets	564

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate

Effective statutory tax rate	30.6%
(Reconciliation)	
Permanent difference-expenses	0.1%
Permanent difference-income	(22.0%)
Tax credit	(0.5%)
Others	(0.1%)
Actual effective tax rate	8.1%

8. Notes on related party transactions

Subsidiaries

Company name	Location	Capital	Principal business	Rate of voting rights	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
Shimano (Singapore) Pte. Ltd.	Singapore	S$ 65,994 thousand	Manufacture and sale of bicycle components, sale of fishing tackle, and management of manufacturing subsidiaries in Asia	100.0%	Manufacture of the Company's products/ Officers' posts held concurrently	Dividend income	95,314	-	-
Shimano Components (Malaysia) Sdn. Bhd.	Johor, Malaysia	RM 18,000 thousand	Manufacture and sale of bicycle components and manufacture of fishing tackle	100.0% (100.0%)	Manufacture of the Company's products/ Officers' posts held concurrently	Purchase of bicycle components and fishing tackle (Note 1)	24,881	Accounts payable-trade	4,036
Shimano Europe B.V.	Eindhoven, The Netherlands	EUR 5,148 thousand	Sale of bicycle components and fishing tackle and management of sales subsidiaries in Europe	100.0%	Sale of the Company's products/ Officers' posts held concurrently	Sale of bicycle components and fishing tackle (Note 1)	19,186	Accounts receivable-trade	3,535
Shimano Sales Co., Ltd.	Sakai-ku, Sakai City, Osaka	JPY 277 million	Sale, repair and storage of bicycle components and repair and storage of fishing tackle	100.0%	Sale of the Company's products/ Officers' posts held concurrently	Transfer of funds (Note 3)	-	Deposits received	3,960
						Payment of interest (Note 2)	62		

Transaction amounts do not include consumption taxes. The figure in parentheses for the rate of voting rights refers to the rate of voting rights indirectly held by the Company.

Terms of trade and method for determining terms of trade, etc.:

(Note 1) The terms and conditions for purchase and sale of the Company's products are determined, taking into account market prices and the cost of sales.

(Note 2) Interest rates for the loans/deposits are determined on a reasonable basis, taking into account market interest rates. The Company does not have collateral for the loans.

(Note 3) With regard to transfer of funds, since the funds are settled on a time to time basis, only the ending balance for fiscal year 2025 is stated above.

Officers and major individual shareholders, etc.

Type	Name of company or individual	Location	Capital	Principal business or occupation	Rate of voting rights	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
Company of which an officer or close relatives thereof holds the majority of voting rights	Taiyo Kogyo Co., Ltd.	Sakai-ku, Sakai City, Osaka	JPY 10 million	Sale of petroleum products, real estate leasing and manage-ment business	(Owned) 1.00%	Trading partner Officers' posts held concurrently	Purchase of industrial-use oil (Note 1)	199	Accounts payable-trade, Accounts payable-other	13

The transaction amount does not include consumption taxes, etc. The ending balance includes consumption taxes, etc.

Terms of trade and method for determining terms of trade, etc.:

(Note 1) Prices are determined with the seller taking into account market prices, and payment terms are equivalent to the terms of trade with third parties.

9. Notes relating to revenue recognition

(Information fundamental to an understanding of revenue from contracts with customers)

Information fundamental to an understanding of revenue is presented in "1. Notes relating to material accounting policies (4) Revenue and expenses."

10. Notes relating to per share data

(1) Net assets per share 3,626.68 yen

(2) Basic earnings per share 1,482.77 yen

* The basis for calculation of the basic earnings per share is as follows:

Net income	129,841 million yen
Net income pertaining to common shareholders	129,841 million yen
Average number of shares of common stock outstanding	87,566 thousand shares

Note: Amounts are rounded down to the nearest million yen.