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## Summary of Consolidated Financial Results for FY2023 (JGAAP)

(January 1, 2023 – December 31, 2023)

February 13, 2024

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Date of Shareholders' Meeting: March 27, 2024 Scheduled payment date for dividends: March 28, 2024

Date of filing of annual report to Ministry of Finance: March 28, 2024

Supplemental information: Yes

Financial results briefing: Yes

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

### 1. Consolidated financial results for FY2023 (January 1, 2023 – December 31, 2023)

(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	%
FY2023	474,362	(24.6)	83,653	(50.5)	103,369	(41.5)	61,142	(52.3)
FY2022	628,909	15.1	169,158	14.1	176,568	15.7	128,178	10.6

(Note) Comprehensive income FY2023: 101,862 million yen (-43.5%) FY2022: 180,405 million yen (22.1%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2023	676.77	—	7.9	12.2	17.6
FY2022	1,408.22	—	18.9	23.1	26.9

(Reference) Equity in earnings FY2023: — million yen FY2022: — million yen

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	871,731	802,396	91.9	8,905.21
FY2022	826,413	741,095	89.6	8,166.35

(Reference) Shareholders' equity FY2023: 801,166 million yen FY2022: 740,108 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
FY2023	114,567	(31,760)	(43,961)	481,982
FY2022	110,684	(33,378)	(58,422)	417,266

### 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	%	%
FY2022	—	117.50	—	142.50	260.00	23,623	18.5	3.5
FY2023	—	142.50	—	142.50	285.00	25,702	42.1	3.3
FY2024 (Forecast)	—	142.50	—	142.50	285.00	—	—	—

### 3. Forecasted consolidated business performance for FY2024 (January 1, 2024 – December 31, 2024)

(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 FY2024	190,000	(27.8)	18,000	(66.6)	28,000	(59.1)	21,000	(58.3)	233.42
FY2024	420,000	(11.5)	53,000	(36.6)	73,000	(29.4)	54,000	(11.7)	600.23

\*Notes

(1) Changes in significant subsidiaries during the year (Changes in specified subsidiaries due to changes in scope of consolidation): 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: None
- ④ Retrospective restatement: None

(3) Number of shares of common stock issued

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

FY2023	90,022,000 shares	FY2022	91,160,100 shares
FY2023	56,027 shares	FY2022	531,034 shares
FY2023	90,345,879 shares	FY2022	91,021,710 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2023 (January 1, 2023 – December 31, 2023)

(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	%
FY2023	284,739	(22.6)	38,731	(48.4)	64,504	(24.3)	40,475	(36.7)
FY2022	368,070	18.0	75,017	18.9	85,199	31.6	63,920	35.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2023	448.00		—	
FY2022	702.25		—	

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	250,664	211,469	84.4	2,350.55
FY2022	268,115	209,751	78.2	2,314.39

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

FY2022: 209,751 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 FY2023

During fiscal year 2023, tight monetary policies to tame inflation that had been adopted mainly in Europe and the U.S. were largely projected to end, but the pace of global economic recovery remained at a standstill as turmoil in Ukraine and the Middle East and a slowdown in economic recovery in China exerted downward pressure on economy.

In Europe, hikes in energy costs and raw material prices showed signs of easing, but the economy remained lackluster.

In the U.S., while inflation gradually slowed down and the FRB continued to forego interest rate hikes, personal consumption driven by favorable employment environment and household assets supported the economy.

In China, personal consumption after the lifting of restrictions on activities ended up as a reaction after the pandemic, and economic recovery remained lackluster, affected by the prolonged downturn in the real estate market.

In Japan, while economic activities returned to normal and demand from inbound tourists recovered, wage growth hardly kept up with price hikes and personal consumption was sluggish, resulting in moderate economic recovery.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for fiscal year 2023, net sales decreased 24.6% from the previous year to 474,362 million yen. Operating income decreased 50.5% to 83,653 million yen, ordinary income decreased 41.5% to 103,369 million yen, and net income attributable to owners of parent decreased 52.3% to 61,142 million yen.

#### Reportable Segment Overview

##### Bicycle Components

Although the booming popularity of bicycles cooled down, interest in bicycles continued to be high as a long-term trend. On the other hand, market inventories generally remained high, despite ongoing supply and demand adjustments.

Overseas, in the European market, the strong interest in bicycles continued in our major market, namely, Germany and Benelux countries, and retail sales of completed bicycles were strong. On the other hand, in other countries, consumer demand waned on account of inflation and an economic slowdown, and market inventories remained at high levels.

In the North American market, although interest in bicycles was firm, retail sales of completed bicycles remained weak partly due to a reaction from the cycling boom, and market inventories were at a consistently high level.

In the Asian, Oceanian and Central and South American markets, although interest in bicycles was firm, retail sales of completed bicycles remained sluggish due to cooling consumer confidence on account of rising inflation and economic uncertainty, and market inventories were at a high level. However, in the Chinese market, sales remained strong, especially for road bikes, owing to the continued popularity of outdoor sports cycling, and market inventories remained at an appropriate level.

In the Japanese market, retail sales were sluggish as affected by the soaring price of completed bicycles due to yen depreciation and pullbacks in consumer spending and market inventories remained high.

Under these market conditions, the Shimano Group received a favorable reception for its new products, including SHIMANO 105 equipped with a twelve-speed derailleur, and a gravel-specific component SHIMANO GRX.

As a result, net sales from this segment decreased 29.5% from the previous year to 364,679 million yen, and operating income decreased 55.0% to 65,251 million yen.

##### Fishing Tackle

With changes in global consumer trends, demand for fishing tackle showed signs of cooling down, which led to an increase in market inventories and exerted no small effect on sales.

In the Japanese market, sales were sluggish with leisure options becoming diversified after the COVID-19 pandemic.

Overseas, in the North American market, sales that had been initially weak became strong, assisted by rising demand for new products.

In the European market, our performance had been supported by stable demand in some areas, but sales were lackluster due to an adjustment of market inventories.

In the Asian market, sales were favorable in the Chinese market, but demand showed signs of slowdown as consumer confidence waned with uncertain outlook for business sentiment.

In the Australian market, sales were strong thanks to favorable fishing conditions and stable weather conditions.

Under these market conditions, the new spinning reels STRADIC and the highest-end model lure fishing rods WORLD SHAULA were well-received in the market. In addition, order-taking was brisk for the existing spinning reels VANQUISH and other high-priced products.

As a result, net sales from this segment decreased 1.6% from the previous year to 109,225 million yen, and operating income decreased 23.8% to 18,413 million yen.

#### Others

Net sales from this segment decreased 4.6% from the previous year to 457 million yen and operating loss of 11 million yen was recorded, following an operating income of 1 million yen for the previous year.

### (2) Overview of Financial Position for FY2023

Total assets as of the end of fiscal year 2023 amounted to 871,731 million yen, an increase of 45,317 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 63,504 million yen in cash and time deposits, an increase of 7,404 million yen in machinery and vehicles, an increase of 4,245 million yen in construction in progress, an increase of 4,086 million yen in investment securities, an increase of 3,165 million yen in software, an increase of 2,965 million yen in deferred income taxes, a decrease of 23,598 million yen in notes and accounts receivable-trade, a decrease of 10,962 million yen in work in process, and a decrease of 5,673 million yen in merchandise and finished goods.

Total liabilities amounted to 69,334 million yen, a decrease of 15,983 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 14,624 million yen in provision for product warranties, a decrease of 16,162 million yen in income taxes payable, a decrease of 9,570 million yen in accounts payable-trade, a decrease of 2,912 million yen in others under current liabilities, and a decrease of 2,151 million yen in short-term loans payable.

Net assets amounted to 802,396 million yen, an increase of 61,301 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 39,015 million yen in foreign currency translation adjustments, an increase of 11,645 million yen in cancellation of treasury stock, and an increase of 9,031 million yen in retained earnings.

As a result, the shareholders' equity ratio was 91.9% compared with 89.6% as of the previous fiscal year-end, and net assets per share were 8,905.21 yen compared with 8,166.35 yen as of the previous fiscal year-end.

### (3) Overview of Cash Flows for FY2023

Net cash provided by operating activities amounted to 114,567 million yen compared with 110,684 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 83,438 million yen, notes and accounts receivable amounting to 25,141 million yen, depreciation and amortization amounting to 23,937 million yen, interest and dividend income received amounting to 20,323 million yen, inventories amounting to 20,251 million yen, and provision for product warranties amounting to 15,459 million yen. The main cash outflows included income taxes paid amounting to 43,197 million yen and interest and dividend income amounting to 21,112 million yen.

Net cash used in investing activities amounted to 31,760 million yen compared with 33,378 million yen used for the previous year. The main cash inflows included proceeds from maturities of time deposits amounting to 9,756 million yen. The main cash outflows included acquisition of property, plant and equipment amounting to 24,783 million yen, purchases of time deposits amounting to 7,891 million yen, and acquisition of intangible assets amounting to 6,532 million yen.

Net cash used in financing activities amounted to 43,961 million yen compared with 58,422 million yen used for the previous year. The main cash outflows included cash dividends to shareholders amounting to 25,804 million yen, acquisition of treasury stock amounting to 14,724 million yen, and short-term loans payable, net amounting to 2,280 million yen.

As a result, cash and cash equivalents at the end of the year were 481,982 million yen.

Cash flow indicators are shown in the following table.

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity ratio (%)	90.8	89.6	87.3	89.6	91.9
Market value equity ratio (%)	305.8	378.1	399.8	229.4	225.3
Interest-bearing debt to cash flow ratio (years)	0.08	0.04	0.06	0.05	0.03
Interest coverage ratio (times)	610.3	793.5	908.2	658.2	412.7

(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

Soaring resource prices and stagnation of logistics stemming from geopolitical risks, such as the prolongation of the situation in Ukraine and growing tension in the Middle East, may disrupt global supply chains and put further downward pressure on economy. In addition, the outcomes of elections scheduled in major countries and regions in 2024 and changes in interest rate policies in various countries may affect the economy.

While monetary tightening adopted mainly in Europe and the U.S. are showing signs of easing, it is expected in Europe that personal consumption will recover thanks to declining inflation rates and improvement in employment environment, leading to moderate economic recovery. Meanwhile, in the U.S., there is concern that the presidential election in 2024 may influence the economy.

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

In Japan, moderate economic recovery is expected as wage raise and the government economic policies will support normalization of economic activities. However, an unstable international situation and shifts in the government monetary 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, 2024 is indicated below.

(Millions of yen)

	FY2024	Change from the previous year (%)
Net sales	420,000	(11.5)
Operating income	53,000	(36.6)
Ordinary income	73,000	(29.4)
Net income attributable to owners of parent	54,000	(11.7)

Sales forecasts by segment are indicated below.

(Millions of yen)

	First half		Second half		Full year	
	Amount	%	Amount	%	Amount	%
Bicycle components	142,000	74.7	183,000	79.6	325,000	77.4
Fishing tackle	47,800	25.2	46,700	20.3	94,500	22.5
Others	200	0.1	300	0.1	500	0.1
Total	190,000	100.0	230,000	100.0	420,000	100.0

#### (5) Dividend Policy and Cash Dividends for FY2023 and FY2024

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. In accordance with the above policy, the Company intends to pay out year-end cash dividends of 142.50 yen per share, the same amount as the year-end cash dividends paid in the previous year. As a result, cash dividends for the full year of fiscal year 2023 will amount to 285 yen per share, an increase of 25 yen per share from the cash dividends paid in the previous year.

The Company intends to pay out cash dividends of 285 yen per share for fiscal year 2024 (142.50 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)	
	FY2022	FY2023
	As of Dec. 31, 2022	As of Dec. 31, 2023
<b>Assets</b>		
Current assets		
Cash and time deposits	430,429	493,933
Notes and accounts receivable-trade	55,201	31,602
Merchandise and finished goods	79,966	74,293
Work in process	42,733	31,771
Raw materials and supplies	8,209	6,424
Others	12,523	15,071
Allowance for doubtful accounts	(310)	(342)
Total current assets	628,754	652,753
Fixed assets		
Property, plant and equipment		
Buildings and structures	124,159	126,870
Accumulated depreciation	(46,153)	(49,492)
Accumulated impairment loss	(766)	(615)
Buildings and structures (net)	77,239	76,763
Machinery and vehicles	102,424	114,954
Accumulated depreciation	(76,673)	(81,803)
Accumulated impairment loss	(150)	(146)
Machinery and vehicles (net)	25,600	33,005
Land	13,936	14,317
Leased assets	7,826	8,815
Accumulated depreciation	(2,615)	(3,376)
Accumulated impairment loss	(5)	(5)
Leased assets (net)	5,205	5,433
Construction in progress	18,749	22,994
Others	62,160	65,357
Accumulated depreciation	(55,606)	(59,853)
Accumulated impairment loss	(40)	(35)
Others (net)	6,513	5,468
Total property, plant and equipment	147,244	157,982
Intangible assets		
Goodwill	3,065	1,898
Software	10,059	13,225
Software in progress	4,970	5,054
Others	1,745	1,810
Total intangible assets	19,841	21,989
Investments and other assets		
Investment securities	19,694	23,781
Deferred income taxes	6,728	9,693
Net defined benefit asset	2,645	2,804
Others	1,941	3,174
Allowance for doubtful accounts	(436)	(447)
Total investments and other assets	30,573	39,006
Total fixed assets	197,659	218,977
Total assets	826,413	871,731



(Millions of yen)

	FY2022 As of Dec. 31, 2022	FY2023 As of Dec. 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	20,595	11,025
Short-term loans payable	2,151	—
Lease obligations	928	1,022
Income taxes payable	21,899	5,737
Accrued employee bonuses	3,682	3,041
Accrued officer bonuses	198	141
Provision for product warranties	1,393	16,017
Others	27,760	24,847
<b>Total current liabilities</b>	<b>78,608</b>	<b>61,834</b>
<b>Long-term liabilities</b>		
Lease obligations	2,298	2,370
Deferred income taxes	2,522	3,179
Net defined benefit liability	1,210	1,253
Others	678	696
<b>Total long-term liabilities</b>	<b>6,709</b>	<b>7,500</b>
<b>Total liabilities</b>	<b>85,318</b>	<b>69,334</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	638,141	647,172
Treasury stock	(12,909)	(1,264)
<b>Total shareholders' equity</b>	<b>666,485</b>	<b>687,162</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	3,537	4,902
Foreign currency translation adjustments	70,085	109,101
<b>Total accumulated other comprehensive income</b>	<b>73,623</b>	<b>114,003</b>
<b>Non-controlling interests</b>	<b>986</b>	<b>1,230</b>
<b>Total net assets</b>	<b>741,095</b>	<b>802,396</b>
<b>Total liabilities and net assets</b>	<b>826,413</b>	<b>871,731</b>

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

	(Millions of yen)	
	FY2022 Jan. 1, 2022 to Dec. 31, 2022	FY2023 Jan. 1, 2023 to Dec. 31, 2023
Net sales	628,909	474,362
Cost of sales	363,264	291,847
Gross profit	265,645	182,515
Selling, general and administrative expenses	96,486	98,861
Operating income	169,158	83,653
Non-operating income		
Interest income	5,985	20,102
Dividend income	643	1,009
Foreign exchange gains	3,323	—
Others	1,069	792
Total non-operating income	11,022	21,905
Non-operating expenses		
Interest expenses	154	211
Contribution	1,120	955
Voluntary recall expenses	1,389	341
Foreign exchange losses	—	54
Others	947	626
Total non-operating expenses	3,612	2,188
Ordinary income	176,568	103,369
Extraordinary losses		
Loss on free inspection	—	*1 17,625
Impairment loss	*2 733	*2 909
Subsidiary restructuring loss	*3 491	—
Loss on sales of shares of subsidiaries	*4 98	—
Loss on factory reconstruction	1,132	1,396
Total extraordinary losses	2,456	19,931
Income before income taxes	174,112	83,438
Income taxes-current	46,494	25,234
Income taxes-deferred	(818)	(3,148)
Total income taxes	45,676	22,085
Net income	128,436	61,352
Net income attributable to non-controlling interests	257	209
Net income attributable to owners of parent	128,178	61,142

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2022	FY2023
	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Dec. 31, 2023
Net income	128,436	61,352
Other comprehensive income		
Unrealized gain (loss) on other securities	(82)	1,364
Foreign currency translation adjustments	52,051	39,145
Total other comprehensive income	51,969	40,509
Comprehensive income	180,405	101,862
(Breakdown)		
Comprehensive income attributable to owners of parent	180,042	101,523
Comprehensive income attributable to non-controlling interests	362	338

## (3) Consolidated Statements of Shareholders' Equity

FY2022 (From January 1, 2022 to December 31, 2022)

(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	566,263	(13,284)	594,232
Changes of items during the year					
Cash dividends paid			(21,515)		(21,515)
Net income attributable to owners of parent			128,178		128,178
Acquisition of treasury stock				(34,412)	(34,412)
Disposal of treasury stock		1		0	1
Cancellation of treasury stock		(1)	(34,786)	34,787	—
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	71,877	375	72,252
Balance at end of year	35,613	5,640	638,141	(12,909)	666,485

	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	3,620	18,139	21,759	659	616,651
Changes of items during the year					
Cash dividends paid					(21,515)
Net income attributable to owners of parent					128,178
Acquisition of treasury stock					(34,412)
Disposal of treasury stock					1
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	(82)	51,945	51,863	327	52,191
Total changes of items during the year	(82)	51,945	51,863	327	124,444
Balance at end of year	3,537	70,085	73,623	986	741,095

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

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2022	FY2023
	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Dec. 31, 2023
Cash flows from operating activities:		
Income before income taxes	174,112	83,438
Depreciation and amortization	20,992	23,937
Impairment loss	733	909
Allowance for doubtful accounts	(39)	13
Loss on free inspection	—	2,762
Interest and dividend income	(6,628)	(21,112)
Interest expenses	154	211
Foreign exchange losses (gains)	(1,065)	3,581
Notes and accounts receivable	(1,594)	25,141
Inventories	(23,939)	20,251
Accounts payable	(4,821)	(10,177)
Net defined benefit asset	(2,645)	(158)
Net defined benefit liability	(945)	(48)
Loss on factory reconstruction	1,132	1,396
Provision for product warranties	990	15,459
Subsidiary restructuring loss	491	—
Loss (gain) on sales of shares of subsidiaries	98	—
Loss on sales and disposal of property, plant and equipment	96	15
Others, net	(1,763)	(6,916)
Subtotal	155,357	138,705
Interest and dividend income received	4,940	20,323
Loss on free inspection paid	—	(986)
Interest expenses paid	(168)	(277)
Income taxes paid	(49,445)	(43,197)
Net cash provided by operating activities	110,684	114,567
Cash flows from investing activities:		
Purchases of time deposits	(8,118)	(7,891)
Proceeds from maturities of time deposits	2,090	9,756
Acquisition of property, plant and equipment	(20,247)	(24,783)
Proceeds from sales of property, plant and equipment	160	95
Acquisition of intangible assets	(7,265)	(6,532)
Payments for loss on factory reconstruction	(626)	(1,280)
Acquisition of investment securities	(4,999)	(1,805)
Short-term loans receivable, net	(228)	(198)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	5,307	—
Others, net	548	880
Net cash used in investing activities	(33,378)	(31,760)

(Millions of yen)

	FY2022 Jan. 1, 2022 to Dec. 31, 2022	FY2023 Jan. 1, 2023 to Dec. 31, 2023
Cash flows from financing activities:		
Short-term loans payable, net	(1,446)	(2,280)
Repayments of long-term loans payable	(6)	—
Repayments of lease obligations	(1,018)	(1,119)
Acquisition of treasury stock	(34,412)	(14,724)
Proceeds from disposal of treasury stock	1	55
Cash dividends to shareholders	(21,497)	(25,804)
Cash dividends to non-controlling shareholders	(42)	(88)
Net cash used in financing activities	(58,422)	(43,961)
Effect of exchange rate changes on cash and cash equivalents	40,608	25,869
Net increase (decrease) in cash and cash equivalents	59,492	64,715
Cash and cash equivalents at beginning of year	357,773	417,266
Cash and cash equivalents at end of year	417,266	481,982

## (5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

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

(Acquisition of treasury stock)

The Company acquired 227,600 shares of common stock on March 14, 2023 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 26, 2022, and acquired 88,000 shares of common stock on August 9, 2023, and 349,500 shares of common stock on November 8, 2023 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. As a result, treasury stock increased by 14,724 million yen during fiscal year 2023, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 700,100 shares of treasury stock on May 2, 2023 based on the resolution of the Board of Directors meeting held on April 25, 2023, and 438,000 shares of treasury stock on December 26, 2023 based on the resolution of the Board of Directors meeting held on December 19, 2023. As a result, retained earnings and treasury stock decreased by 26,312 million yen and 26,313 million yen, respectively, during fiscal year 2023.

(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.

\*2. Impairment loss

FY2022 (Jan. 1, 2022 - Dec. 31, 2022)

The Shimano Group recorded impairment loss on the following asset.

Location	Use	Category	Amount
Shimano Europe B.V.	Distribution warehouse	Buildings and structures, etc.	733 million yen

(Background)

As a result of the decision to restructure supply chains based on outsourcing, the book value of the distribution warehouse owned by Shimano Europe B.V., a consolidated subsidiary, was reduced to the recoverable amount, and the amount of decline was recorded as an impairment loss.

(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)

Net realizable values are calculated using reasonable estimates based on real estate appraisal amounts and other factors.



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%.

\*3. Subsidiary restructuring loss

FY2022 (Jan. 1, 2022 - Dec. 31, 2022)

The Shimano Group recorded expenses pertaining to the restructuring of supply chains of Shimano Europe B.V., a consolidated subsidiary.

\*4. Loss on sales of shares of subsidiaries

FY2022 (Jan. 1, 2022 - Dec. 31, 2022)

The Shimano Group recorded loss on sales of shares resulting of subsidiaries as it transferred its shares of DashAmerica, Inc. (Pearl Izumi USA), a consolidated subsidiary.

## (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

FY2022 (Jan. 1, 2022 - Dec. 31, 2022)

(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	517,436	110,993	479	628,909	—	628,909
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	517,436	110,993	479	628,909	—	628,909
Third parties	517,436	110,993	479	628,909	—	628,909
Inter-segment	—	—	—	—	—	—
Total	517,436	110,993	479	628,909	—	628,909
Segment income (loss)	144,994	24,163	1	169,158	—	169,158
Segment assets	255,295	59,095	641	315,032	511,381	826,413
Other items						
Depreciation and amortization	17,861	2,629	38	20,529	—	20,529
Amortization of goodwill	370	92	—	463	—	463
Increase in property, plant and equipment and intangible assets	19,209	5,582	2	24,793	2,968	27,762

- Notes:
1. Segment assets adjustment was 511,381 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.

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.

## [Related information]

## Information by geographical area

## Net Sales

FY2022 (Jan. 1, 2022 - Dec. 31, 2022)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
54,383	57,643	299,934	191,479	25,468	628,909

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

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.

## (Per Share Data)

	FY2022 Jan. 1, 2022 to Dec. 31, 2022	FY2023 Jan. 1, 2023 to Dec. 31, 2023
Net assets per share	8,166.35 yen	8,905.21 yen
Basic earnings per share	1,408.22 yen	676.77 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

	FY2022 Jan. 1, 2022 to Dec. 31, 2022	FY2023 Jan. 1, 2023 to Dec. 31, 2023
Net income attributable to owners of parent (millions of yen)	128,178	61,142
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	128,178	61,142
Average number of shares of common stock outstanding (thousand shares)	91,021	90,345

## (Material Subsequent Events)

Not applicable.