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## Summary of Consolidated Financial Results for FY2020 (Unaudited)

(January 1, 2020 – December 31, 2020) [Japanese Standard] (Consolidated)

February 9, 2021

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 Date of Shareholders' Meeting: March 30, 2021 Scheduled payment date for dividends: March 31, 2021  
 Date of filing of annual report to Ministry of Finance: March 31, 2021  
 Supplemental information: Yes  
 Financial results briefing: Yes

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

### 1. Consolidated financial results for FY2020 (January 1, 2020 – December 31, 2020)

(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	%
FY2020	378,040	4.1	82,701	21.6	81,471	17.3	63,472	22.5
FY2019	363,230	4.4	68,010	3.5	69,471	(5.6)	51,833	(3.9)

(Note) Comprehensive income FY2020: 54,602 million yen (8.8%)

FY2019: 50,167 million yen (34.2%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2020	684.71	—	12.5	14.4	21.9
FY2019	559.15	—	11.0	13.3	18.7

(Reference) Equity in earnings FY2020: — million yen

FY2019: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020	590,420	529,785	89.6	5,709.69
FY2019	538,769	489,236	90.8	5,275.96

(Reference) Shareholders' equity FY2020: 529,287 million yen

FY2019: 489,084 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
FY2020	91,050	(28,328)	(17,905)	300,197
FY2019	67,897	34,409	(12,832)	264,738

### 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	%	%
FY2019	—	77.50	—	77.50	155.00	14,368	27.7	3.0
FY2020	—	77.50	—	277.50	355.00	32,908	51.8	6.5
FY2021 (Forecast)	—	77.50	—	77.50	155.00	—	—	—

(Note) The year-end dividend for FY2020 will be 277.50 yen per share, including a commemorative dividend of 200 yen for the 100th anniversary of the Company's foundation and an ordinary dividend of 77.50 yen per share.

3. Forecasted consolidated business performance for FY2021 (January 1, 2021 – December 31, 2021)

(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 FY2021	237,700	48.3	53,200	85.5	53,300	47.5	39,500	26.6	426.10
FY2021	455,500	20.5	105,000	27.0	105,300	29.2	76,500	20.5	825.24

\*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:

FY2020	92,720,000 shares	FY2019	92,720,000 shares
FY2020	20,159 shares	FY2019	19,272 shares
FY2020	92,700,305 shares	FY2019	92,701,143 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2020 (January 1, 2020 – December 31, 2020)

(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	%
FY2020	218,131	(1.3)	31,386	3.1	70,667	100.0	64,742	138.0
FY2019	221,040	7.9	30,446	2.5	35,342	(8.5)	27,201	(10.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020	698.40	—
FY2019	293.43	—

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020	259,921	214,127	82.4	2,309.90
FY2019	204,778	164,551	80.4	1,775.09

(Reference) Shareholders' equity FY2020: 214,127 million yen FY2019: 164,551 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 FY2020

During fiscal year 2020, due to the global spread of the novel coronavirus (COVID-19), economic activities were severely constrained. In Europe, in each country, lockdown and other measures were implemented in early spring as a measure to prevent the spread of infections. Although such measures were relaxed before the summer vacation season, activity restrictions were tightened once again owing to an increase in the number of people infected with COVID-19, and consumer sentiment remained weak due to concerns over the outlook of the economy as there was no clear indication of when the pandemic would be brought under control.

In the U.S., employment conditions deteriorated rapidly in response to the spread of COVID-19 in spring. While there were temporary signs of economic indicators that suggested recovery after restrictions on outings were relaxed, a full-scale recovery trend was not realized, and a trend of cutting back on consumption spread due to continued uncertainty about the future outlook.

In Japan, the economy deteriorated due to the government's request that people refrain from going out under the declaration of a state of emergency in April. After the declaration was lifted, while implementing measures to prevent the spread of infections, economic measures such as the Go To campaign were introduced with a view to underpinning economic activities. However, the spread of infections has not been contained, and the pace of recovery of personal consumption remained slow.

In spite of such a business climate, interest in bicycles and fishing that can avoid closed, crowded and close-contact environment boosted demand, and for fiscal year 2020, net sales increased 4.1% from the previous year to 378,040 million yen. Operating income increased 21.6% to 82,701 million yen, ordinary income increased 17.3% to 81,471 million yen, and net income attributable to owners of parent increased 22.5% to 63,472 million yen.

#### Reportable Segment Overview

##### Bicycle Components

Demand for bicycles had declined sharply in early spring due to the spread of COVID-19, but then, cycling gained attention as an easy form of recreation and exercise, as well as a mode of transportation with a lower risk of infection, leading to an increase in demand for bicycles on a global scale.

Under such circumstances, in overseas markets including that of Europe and North America, while retail sales of bicycles and bicycle-related products remained robust, as the inability of supply to keep up with the strong demand continued, trends of shortages in both distributor inventories and retail inventories persisted in each country.

In the Japanese market, although there was no significant increase in demand for bicycles as seen in the U.S. and Europe, as retail sales for cross bikes, used for recreation and as a mode of transportation, and for E-BIKE were solid, distributor inventories remained largely at appropriate levels.

Under these market conditions, order-taking was brisk for the new Deore MTB components and a wide range of existing products overall.

As a result, net sales from this segment increased 2.7% from the previous year to 297,777 million yen, and operating income increased 18.4% to 68,494 million yen.

##### Fishing Tackle

Restrictions on outings such as lockdown were imposed in many countries as a measure to prevent the spread of COVID-19, and the accompanying measure to prohibit store operations impacted sales of fishing products in the first half of 2020. After the restrictions were relaxed, fishing regained attention as an outdoor leisure activity, and demand for fishing products increased.

Under these conditions, in the Japanese market, sales remained favorable, reflecting trends in the market activated due to an increase in the number of new customers who are outdoor-minded. In the fourth quarter, sales of mid-range and popular price range products were especially favorable, supported by good weather.

Overseas, in the North American market, the new products were well received and, centering around low- and mid-range price products, sales were solid. In Europe, although some regions were under lockdown due to another wave of infections, sales remained strong as growth of e-commerce for fishing tackle encouraged diversification of sales channels. In Asia, sales in China remained robust as the nation recovered from COVID-19 rapidly. In Australia, where fishing season began in the fourth quarter, sales remained favorable, reflecting high demand for fishing tackle.

Under these market conditions, orders for new products were favorable, while ZODIAS (bass rods equipped with HI-POWER X), BB-X SPECIAL series (rods for ISO-fishing equipped with SPIRAL X CORE), as well

as the spinning reels VANFORD and SARAGOSA SW were well-received in the market.

As a result, net sales from this segment increased 9.7% from the previous year to 79,907 million yen, and operating income increased 39.6% to 14,264 million yen.

#### Others

Net sales from this segment increased 0.8% from the previous year to 356 million yen and an operating loss of 57 million yen was recorded, following an operating loss of 59 million yen for the previous year.

### (2) Overview of Financial Position for FY2020

Total assets as of the end of fiscal year 2020 amounted to 590,420 million yen (an increase of 51,650 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 35,542 million yen in cash and time deposits, and an increase of 13,828 million yen in buildings and structures.

Total liabilities amounted to 60,635 million yen (an increase of 11,101 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 5,198 million yen in accounts payable-trade, an increase of 3,811 million yen in others under current liabilities, an increase of 3,598 million yen in income taxes payable, and a decrease of 3,158 million yen in short-term loans payable.

Net assets amounted to 529,785 million yen (an increase of 40,549 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 49,104 million yen in retained earnings and a decrease of 8,654 million yen in foreign currency translation adjustments.

As a result, the shareholders' equity ratio was 89.6% compared with 90.8% as of the previous fiscal year-end, and net assets per share were 5,709.69 yen compared with 5,275.96 yen as of the previous fiscal year-end.

### (3) Overview of Cash Flows for FY2020

Net cash provided by operating activities amounted to 91,050 million yen compared with 67,897 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 84,820 million yen, depreciation and amortization amounting to 18,270 million yen, accounts payable amounting to 5,348 million yen, and others, net from operating activities amounting to 5,406 million yen. The main cash outflows included income taxes paid amounting to 16,831 million yen and inventories amounting to 6,212 million yen.

Net cash used by investing activities amounted to 28,328 million yen compared with 34,409 million yen provided for the previous year. The main cash inflows included proceeds from maturities of time deposits amounting to 2,276 million yen. The main cash outflows included acquisition of property, plant and equipment amounting to 23,360 million yen, acquisition of intangible assets amounting to 4,205 million yen, and purchases of time deposits amounting to 2,383 million yen.

Net cash used in financing activities amounted to 17,905 million yen compared with 12,832 million yen used for the previous year. The main cash outflows included cash dividends to shareholders amounting to 14,371 million yen and short-term loans payable, net amounting to 2,623 million yen.

As a result, cash and cash equivalents at the end of the year were 300,197 million yen.

Cash flow indicators are shown in the following table.

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	88.0	88.0	90.0	90.8	89.6
Market value equity ratio (%)	383.0	300.6	285.5	305.8	378.1
Interest-bearing debt to cash flow ratio (years)	0.15	0.14	0.04	0.08	0.04
Interest coverage ratio (times)	369.9	365.6	253.4	610.3	793.5

(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.
5. Effective from the beginning of FY2019, the Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 issued on February 16, 2018), and the cash flow indicators presented for FY2018 were adjusted retrospectively in accordance with this change.

#### (4) Forecast for the Future

Although there are some promising signs of economic recovery such as the start of vaccinations to prevent the spread of COVID-19, uncertainties remain over the full-scale recovery of economic activities. Meanwhile, with a view to preventing the spread of COVID-19, interest in outdoor leisure activities that can avoid closed, crowded and close-contact environment is expected to continue.

In Europe, economic turmoil caused by Brexit is expected to be avoided by agreement to conclude a free trade agreement. In China, the impact of COVID-19 will ease, and the economic recovery is expected to continue, driven by personal consumption. In the U.S., the Biden administration came to power, and additional financial support by the government is expected. However, social instability due to political division may discourage economic recovery. In Japan, as infection trends directly affect consumer sentiment and concerns prevail over the impact on the holding of the Tokyo Olympic and Paralympic Games, decline in consumption will not be fully recovered and the pace of economic recovery is estimated to be moderate.

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, while closely monitoring favorable 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, 2021 is indicated below.

(Millions of yen)

	FY2021	Change from the previous year (%)
Net sales	455,500	20.5
Operating income	105,000	27.0
Ordinary income	105,300	29.2
Net income attributable to owners of parent	76,500	20.5

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,500	1.5	3,200	1.5	6,700	1.5
	Overseas	191,500	80.5	171,800	78.9	363,300	79.7
	Sub-total	195,000	82.0	175,000	80.4	370,000	81.2
Fishing tackle		42,500	17.9	42,500	19.5	85,000	18.7
Others		200	0.1	300	0.1	500	0.1
Total		237,700	100.0	217,800	100.0	455,500	100.0

(5) Dividend Policy and Cash Dividends for FY2020 and FY2021

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 277.50 yen per share, consisting of an ordinary dividend of 77.50 yen per share and a commemorative dividend of 200 yen per share celebrating the 100th anniversary of the Company's founding in March 2021, as an expression of the Company's gratitude for continued support from shareholders. As a result, cash dividends for the full year of fiscal year 2020 will amount to 355 yen per share.

The Company intends to pay out cash dividends of 155 yen per share for fiscal year 2021 (77.50 yen for interim and year-end cash dividends, respectively).

For details, please refer to "Notice Concerning Dividends of Surplus" announced today.

## **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)	
	FY2019	FY2020
	As of Dec. 31, 2019	As of Dec. 31, 2020
<b>Assets</b>		
Current assets		
Cash and time deposits	270,070	305,613
Notes and accounts receivable-trade	36,192	38,168
Merchandise and finished goods	39,904	41,134
Work in process	23,874	27,435
Raw materials and supplies	5,156	5,934
Others	6,336	5,604
Allowance for doubtful accounts	(345)	(420)
Total current assets	381,189	423,468
Fixed assets		
Property, plant and equipment		
Buildings and structures	91,482	108,637
Accumulated depreciation	(36,162)	(39,489)
Accumulated impairment loss	(107)	(107)
Buildings and structures (net)	55,211	69,040
Machinery and vehicles	79,598	81,695
Accumulated depreciation	(57,879)	(60,788)
Accumulated impairment loss	(103)	(97)
Machinery and vehicles (net)	21,615	20,808
Land	13,575	13,508
Leased assets	3,881	5,384
Accumulated depreciation	(636)	(1,247)
Accumulated impairment loss	(4)	(4)
Leased assets (net)	3,239	4,133
Construction in progress	25,457	19,692
Others	55,640	56,722
Accumulated depreciation	(50,019)	(51,767)
Accumulated impairment loss	(8)	(8)
Others (net)	5,612	4,946
Total property, plant and equipment	124,712	132,129
Intangible assets		
Goodwill	3,886	3,591
Software	5,562	5,543
Software in progress	1,549	3,600
Others	2,611	2,512
Total intangible assets	13,610	15,248
Investments and other assets		
Investment securities	12,328	12,901
Deferred income taxes	5,337	5,545
Others	2,147	1,648
Allowance for doubtful accounts	(555)	(520)
Total investments and other assets	19,257	19,574
Total fixed assets	157,580	166,952
Total assets	538,769	590,420



(Millions of yen)

	FY2019 As of Dec. 31, 2019	FY2020 As of Dec. 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	13,529	18,727
Short-term loans payable	3,167	9
Lease obligations	375	737
Income taxes payable	7,046	10,644
Accrued employee bonuses	2,183	2,556
Accrued officer bonuses	161	162
Provision for sales returns	93	263
Provision for loss on fire	10	—
Others	17,033	20,845
<b>Total current liabilities</b>	<b>43,599</b>	<b>53,946</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1	11
Lease obligations	959	1,597
Deferred income taxes	1,005	1,483
Net defined benefit liability	3,220	2,872
Others	746	722
<b>Total long-term liabilities</b>	<b>5,933</b>	<b>6,688</b>
<b>Total liabilities</b>	<b>49,533</b>	<b>60,635</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
Capital surplus	5,642	5,642
Retained earnings	448,941	498,046
Treasury stock	(135)	(154)
<b>Total shareholders' equity</b>	<b>490,061</b>	<b>539,146</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	2,687	2,458
Foreign currency translation adjustments	(3,663)	(12,318)
<b>Total accumulated other comprehensive income</b>	<b>(976)</b>	<b>(9,859)</b>
<b>Non-controlling interests</b>	<b>151</b>	<b>498</b>
<b>Total net assets</b>	<b>489,236</b>	<b>529,785</b>
<b>Total liabilities and net assets</b>	<b>538,769</b>	<b>590,420</b>

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

	(Millions of yen)	
	FY2019 Jan. 1, 2019 to Dec. 31, 2019	FY2020 Jan. 1, 2020 to Dec. 31, 2020
Net sales	363,230	378,040
Cost of sales	222,638	224,956
Gross profit	140,591	153,083
Selling, general and administrative expenses	72,581	70,382
Operating income	68,010	82,701
Non-operating income		
Interest income	4,108	2,163
Dividend income	584	428
Others	906	654
Total non-operating income	5,598	3,247
Non-operating expenses		
Interest expenses	101	106
Contribution	851	976
Loss on disposal of fixed assets	308	579
Foreign exchange losses	2,463	2,372
Others	412	441
Total non-operating expenses	4,138	4,476
Ordinary income	69,471	81,471
Extraordinary income		
Insurance income	—	*1 3,619
Gain on sales of fixed assets	*2 2,559	—
Total extraordinary income	2,559	3,619
Extraordinary losses		
Loss on factory reconstruction	184	271
Loss on fire	*3 452	—
Total extraordinary losses	637	271
Income before income taxes	71,393	84,820
Income taxes-current	18,260	20,738
Income taxes-deferred	1,275	556
Total income taxes	19,535	21,294
Net income	51,857	63,525
Net income attributable to non-controlling interests	23	52
Net income attributable to owners of parent	51,833	63,472

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2019 Jan. 1, 2019 to Dec. 31, 2019	FY2020 Jan. 1, 2020 to Dec. 31, 2020
Net income	51,857	63,525
Other comprehensive income		
Unrealized gain (loss) on other securities	126	(228)
Foreign currency translation adjustments	(1,816)	(8,694)
Total other comprehensive income	(1,690)	(8,923)
Comprehensive income	50,167	54,602
(Breakdown)		
Comprehensive income attributable to owners of parent	50,149	54,589
Comprehensive income attributable to non-controlling interests	18	12

(3) Consolidated Statements of Shareholders' Equity  
FY2019 (From January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,642	411,476	(121)	452,610
Changes of items during the year					
Cash dividends paid			(14,368)		(14,368)
Net income attributable to owners of parent			51,833		51,833
Acquisition of treasury stock				(14)	(14)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	37,465	(14)	37,451
Balance at end of year	35,613	5,642	448,941	(135)	490,061

	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	2,560	(1,852)	708	139	453,457
Changes of items during the year					
Cash dividends paid					(14,368)
Net income attributable to owners of parent					51,833
Acquisition of treasury stock					(14)
Net changes of items other than shareholders' equity	126	(1,811)	(1,684)	12	(1,672)
Total changes of items during the year	126	(1,811)	(1,684)	12	35,778
Balance at end of year	2,687	(3,663)	(976)	151	489,236

FY2020 (From January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,642	448,941	(135)	490,061
Changes of items during the year					
Cash dividends paid			(14,368)		(14,368)
Net income attributable to owners of parent			63,472		63,472
Acquisition of treasury stock				(18)	(18)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	49,104	(18)	49,085
Balance at end of year	35,613	5,642	498,046	(154)	539,146

	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	2,687	(3,663)	(976)	151	489,236
Changes of items during the year					
Cash dividends paid					(14,368)
Net income attributable to owners of parent					63,472
Acquisition of treasury stock					(18)
Net changes of items other than shareholders' equity	(228)	(8,654)	(8,882)	346	(8,536)
Total changes of items during the year	(228)	(8,654)	(8,882)	346	40,549
Balance at end of year	2,458	(12,318)	(9,859)	498	529,785

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2019	FY2020
	Jan. 1, 2019 to Dec. 31, 2019	Jan. 1, 2020 to Dec. 31, 2020
Cash flows from operating activities:		
Income before income taxes	71,393	84,820
Depreciation and amortization	18,130	18,270
Allowance for doubtful accounts	108	40
Insurance income	—	(3,619)
Interest and dividend income	(4,692)	(2,592)
Interest expenses	101	106
Foreign exchange losses (gains)	2,295	1,966
Notes and accounts receivable	2,519	(2,340)
Inventories	(5,703)	(6,212)
Accounts payable	(274)	5,348
Net defined benefit liability	(117)	(318)
Loss on factory reconstruction	184	271
Provision for loss on fire	(1,598)	(10)
Loss on fire	452	—
Loss on sales and disposal of property, plant and equipment	(2,238)	559
Others, net	501	5,406
Subtotal	81,064	101,695
Interest and dividend income received	4,817	2,945
Insurance income received	—	3,619
Payments for fire	(192)	(265)
Interest expenses paid	(111)	(114)
Income taxes paid	(17,680)	(16,831)
Net cash provided by operating activities	67,897	91,050
Cash flows from investing activities:		
Purchases of time deposits	(13,234)	(2,383)
Proceeds from maturities of time deposits	73,130	2,276
Acquisition of property, plant and equipment	(23,252)	(23,360)
Proceeds from sales of property, plant and equipment	568	73
Acquisition of intangible assets	(2,702)	(4,205)
Payments for loss on factory reconstruction	(125)	(292)
Acquisition of investment securities	—	(1,030)
Short-term loans receivable, net	(0)	37
Others, net	25	556
Net cash provided by (used in) investing activities	34,409	(28,328)

(Millions of yen)

	FY2019 Jan. 1, 2019 to Dec. 31, 2019	FY2020 Jan. 1, 2020 to Dec. 31, 2020
Cash flows from financing activities:		
Short-term loans payable, net	2,561	(2,623)
Proceeds from long-term loans payable	—	21
Repayments of long-term loans payable	(472)	(459)
Repayments of lease obligations	(535)	(752)
Acquisition of treasury stock	(14)	(18)
Cash dividends to shareholders	(14,367)	(14,371)
Proceeds from share issuance to non-controlling shareholders	—	301
Cash dividends to non-controlling shareholders	(4)	(2)
Net cash used in financing activities	(12,832)	(17,905)
Effect of exchange rate changes on cash and cash equivalents	(1,128)	(9,356)
Net increase (decrease) in cash and cash equivalents	88,346	35,458
Cash and cash equivalents at beginning of year	176,392	264,738
Cash and cash equivalents at end of year	264,738	300,197

(5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Preparation of the Consolidated Financial Statements - Significant Matters)

(Consolidation)

The consolidated financial statements include the accounts of the Company and its 51 subsidiaries.

During fiscal year 2020, Shimano Bike & Fishing Mexico, S.A. de C.V. is included in the scope of consolidation due to its establishment.

(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.

(Notes relating to Consolidated Statements of Income)

\*1. Insurance income

FY2020 (Jan. 1, 2020 - Dec. 31, 2020)

The Shimano Group recorded insurance income covering the fire that broke out at the Head Office Factory (Sakai-ku, Sakai City) on March 26, 2018.

\*2. Gain on sales of fixed assets

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

This is associated with the return of public land at China Plant.

\*3. Loss on fire

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

Loss on fire is the amount of loss incurred by the fire that broke out at the Head Office Factory (Sakai-ku, Sakai City) on March 26, 2018. The Shimano Group recognized expenses for restoration, as well as other relevant expenses.

The loss includes the provision for loss on fire, which was recognized in the range reasonably estimable at the present time.



## (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 correspond to information presented under "Preparation of the Consolidated Financial Statements - Significant Matters." Segment income is based on operating income.

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

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	290,038	72,838	353	363,230	—	363,230
Inter-segment	—	—	—	—	—	—
Total	290,038	72,838	353	363,230	—	363,230
Segment income (loss)	57,850	10,219	(59)	68,010	—	68,010
Segment assets	157,549	36,835	769	195,155	343,614	538,769
Other items						
Depreciation and amortization	15,073	2,612	40	17,726	—	17,726
Amortization of goodwill	319	84	—	404	—	404
Increase in property, plant and equipment and intangible assets	17,046	2,196	16	19,260	6,438	25,698

Notes: 1. Segment assets adjustment was 343,614 million yen, the main items of which were surplus funds (cash and 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.

FY2020 (Jan. 1, 2020 - Dec. 31, 2020)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	297,777	79,907	356	378,040	—	378,040
Inter-segment	—	—	—	—	—	—
Total	297,777	79,907	356	378,040	—	378,040
Segment income (loss)	68,494	14,264	(57)	82,701	—	82,701
Segment assets	183,937	37,372	724	222,034	368,385	590,420
Other items						
Depreciation and amortization	15,353	2,466	41	17,861	—	17,861
Amortization of goodwill	326	82	—	409	—	409
Increase in property, plant and equipment and intangible assets	23,295	1,618	0	24,914	2,294	27,209

Notes: 1. Segment assets adjustment was 368,385 million yen, the main items of which were surplus funds (cash and 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.

## [Related information]

## Information by geographical area

## Net Sales

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)					(Millions of yen)
Japan	North America	Europe	Asia	Other	Total
40,734	36,664	150,140	119,982	15,709	363,230

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

FY2020 (Jan. 1, 2020 - Dec. 31, 2020)					(Millions of yen)
Japan	North America	Europe	Asia	Other	Total
44,992	39,876	148,738	127,890	16,541	378,040

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

## (Per Share Data)

	FY2019 Jan. 1, 2019 to Dec. 31, 2019	FY2020 Jan. 1, 2020 to Dec. 31, 2020
Net assets per share	5,275.96 yen	5,709.69 yen
Basic earnings per share	559.15 yen	684.71 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

	FY2019 Jan. 1, 2019 to Dec. 31, 2019	FY2020 Jan. 1, 2020 to Dec. 31, 2020
Net income attributable to owners of parent (millions of yen)	51,833	63,472
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	51,833	63,472
Average number of shares of common stock outstanding (thousand shares)	92,701	92,700

## (Significant Subsequent Events)

Not applicable.