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Summary of Consolidated Financial Results for FY2021 (Unaudited)

(January 1, 2021 – December 31, 2021) [Japanese Standard] (Consolidated)

February 8, 2022

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 Date of Shareholders' Meeting: March 30, 2022 Scheduled payment date for dividends: March 31, 2022
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for FY2021 (January 1, 2021 – December 31, 2021)

(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	%
FY2021	546,515	44.6	148,287	79.3	152,562	87.3	115,937	82.7
FY2020	378,040	4.1	82,701	21.6	81,471	17.3	63,472	22.5

(Note) Comprehensive income FY2021: 147,752 million yen (170.6%) FY2020: 54,602 million yen (8.8%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2021	1,252.62	—	20.2	23.5	27.1
FY2020	684.71	—	12.5	14.4	21.9

(Reference) Equity in earnings FY2021: — million yen FY2020: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	705,370	616,651	87.3	6,697.82
FY2020	590,420	529,785	89.6	5,709.69

(Reference) Shareholders' equity FY2021: 615,992 million yen FY2020: 529,287 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
FY2021	112,439	(20,129)	(58,774)	357,773
FY2020	91,050	(28,328)	(17,905)	300,197

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	%	%
FY2020	—	77.50	—	277.50	355.00	32,908	51.8	6.5
FY2021	—	117.50	—	117.50	235.00	21,698	18.8	3.8
FY2022 (Forecast)	—	117.50	—	117.50	235.00	—	—	—

(Note) The year-end dividend for FY2020 was 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 FY2022 (January 1, 2022 – December 31, 2022)

(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 FY2022	293,200	10.8	81,300	16.3	81,600	10.4	60,000	7.1	652.39
FY2022	580,000	6.1	161,000	8.6	161,700	6.0	117,500	1.3	1,277.60

(Note) Effective from the beginning of FY2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. Accordingly, the above forecasts of consolidated business performance reflect the adoption of this accounting standard, etc. As the application of the said standard, etc has no effect on consolidated income information, the rates of increase (decrease) compared to the corresponding prior period are calculated based on consolidated business performance for FY2021.

*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:

FY2021	92,390,000 shares	FY2020	92,720,000 shares
FY2021	420,938 shares	FY2020	20,159 shares
FY2021	92,556,104 shares	FY2020	92,700,305 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2021 (January 1, 2021 – December 31, 2021)

(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	%
FY2021	311,823	43.0	63,083	101.0	64,744	(8.4)	47,107	(27.2)
FY2020	218,131	(1.3)	31,386	3.1	70,667	100.0	64,742	138.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2021	508.96	—
FY2020	698.40	—

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	257,233	200,912	78.1	2,184.56
FY2020	259,921	214,127	82.4	2,309.90

(Reference) Shareholders' equity FY2021: 200,912 million yen FY2020: 214,127 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 FY2021

During fiscal year 2021, while restrictions on activities were eased along with the progress of the COVID-19 vaccinations around the world, with signs of changes starting to appear in people's lifestyles in the post-COVID-19 society, the pace of economic recovery varied from region to region due to tightening of global logistics, semiconductor shortages, sharp rises in raw material and energy prices, as well as uncertainties caused by the infection spread of new variants and other factors.

In Europe, while the normalization of economies progressed, with steady economic expansion led by personal consumption, slow supply of raw materials and soaring energy prices dampened consumer sentiment and purchasing activities.

In the U.S., although economic activities are on track for recovery, led by personal consumption backed by a rebound from suppressed consumption in the COVID-19 pandemic as well as economic measures, the infection spread of new variants weighed on consumer sentiment.

In Japan, signs of economic recovery began to appear amid repeated restrictions on activities and easing of them by COVID-19 measures, but the pace of recovery in personal consumption was slow.

In this environment, supply chains were disrupted, and some of the Shimano Group's factories experienced temporary shutdown due to lockdown. However, interest in and demand for bicycles and fishing continued to be high, and the Shimano Group increased production capacity at the factories in Japan and overseas. As a result, for fiscal year 2021, net sales increased 44.6% from the previous year to 546,515 million yen. Operating income increased 79.3% to 148,287 million yen, ordinary income increased 87.3% to 152,562 million yen, and net income attributable to owners of parent increased 82.7% to 115,937 million yen.

Reportable Segment Overview

Bicycle Components

Demand for mid to high-end bicycles remained at high levels due to the global cycling boom, triggered by the spread of COVID-19, but some markets began to settle down in the second half of fiscal year 2021.

In the European market, high demand for bicycles and bicycle-related products continued, backed by governments' policies to promote bicycles in response to growing environmental awareness. Market inventories of completed bicycles remained at low levels despite signs of improvement.

In the North American market, while demand for bicycles continued to be high, market inventories, centering around entry-class bicycles, began to approach appropriate levels.

In the Asian and South and Central American markets, the cycling boom showed signs of cooling off in the second half of fiscal year 2021, and market inventories of mainstay entry-class bicycles reached appropriate levels.

In the Japanese market, despite inventory shortages of new high-end road bikes and entry-class road bikes with high demand, retail sales of community bicycles stagnated, resulting in market inventories slightly higher than appropriate levels.

Under these market conditions, while the Shimano Group further increased production, order-taking was brisk for a wide range of products, including the two new high-end models of road bikes, DURA-ACE and ULTEGRA, and sport E-BIKE components, SHIMANO STEPS series.

As a result, net sales from this segment increased 49.0% from the previous year to 443,678 million yen, and operating income increased 82.7% to 125,146 million yen.

Fishing Tackle

Fishing was welcomed by a wide range of users as an activity that could avoid people crowding, and the fishing tackle market thrived and maintained high demand around the world.

In the Japanese market, although there were signs of a lull in the fishing boom, sales remained robust, led by salt lure-related products, as the situation of COVID-19 started to settle down, and consumer appetite increased, in addition to the good weather.

Overseas, in the North American market, demand remained high with firm sales, backed by stable weather and buoyant markets.

In the European market, while demand started to cool off in some regions, sales remained solid as a result of widespread use of vaccinations and progress in online sales.

In the Asian market, sales remained favorable due to strong demand for high price range products, especially in the Chinese market where the impact of COVID-19 was small. In the Australian market, sales remained favorable, supported by strong demand, despite some regions being put under lockdown.

Under these market conditions, spinning reels BB-X TECHNIUM, ULTEGRA, and TWIN POWER SW, bait reels ANTARES DC and SLX MGL, and carp rods Tribal TX series were well-received in the market.

As a result, net sales from this segment increased 28.1% from the previous year to 102,388 million yen, and operating income increased 62.1% to 23,120 million yen.

Others

Net sales from this segment increased 25.7% from the previous year to 447 million yen and operating income of 20 million yen was recorded, following an operating loss of 57 million yen for the previous year.

(2) Overview of Financial Position for FY2021

Total assets as of the end of fiscal year 2021 amounted to 705,370 million yen, an increase of 114,950 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 58,906 million yen in cash and time deposits, an increase of 14,394 million yen in merchandise and finished goods, an increase of 14,018 million yen in notes and accounts receivable-trade, an increase of 12,063 million yen in work in process, and an increase of 6,459 million yen in construction in progress.

Total liabilities amounted to 88,719 million yen, an increase of 28,084 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 12,525 million yen in income taxes payable, an increase of 5,625 million yen in accounts payable-trade, an increase of 5,453 million yen in others under current liabilities, and an increase of 3,124 million yen in short-term loans payable.

Net assets amounted to 616,651 million yen, an increase of 86,865 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 68,217 million yen in retained earnings, an increase of 30,457 million yen in foreign currency translation adjustments, and an increase of 13,130 million yen in treasury stock.

As a result, the shareholders' equity ratio was 87.3% compared with 89.6% as of the previous fiscal year-end, and net assets per share were 6,697.82 yen compared with 5,709.69 yen as of the previous fiscal year-end.

(3) Overview of Cash Flows for FY2021

Net cash provided by operating activities amounted to 112,439 million yen compared with 91,050 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 153,728 million yen, depreciation and amortization amounting to 18,749 million yen, and accounts payable amounting to 4,384 million yen. The main cash outflows included income taxes paid amounting to 26,197 million yen, inventories amounting to 24,651 million yen, and notes and accounts receivable amounting to 12,496 million yen.

Net cash used in investing activities amounted to 20,129 million yen compared with 28,328 million yen used for the previous year. The main cash inflows included proceeds from maturities of time deposits amounting to 1,635 million yen and proceeds from sale of investment securities amounting to 1,415 million yen. The main cash outflows included acquisition of property, plant and equipment amounting to 16,156 million yen, acquisition of intangible assets amounting to 3,878 million yen, and purchases of time deposits amounting to 2,260 million yen.

Net cash used in financing activities amounted to 58,774 million yen compared with 17,905 million yen used for the previous year. The main cash inflows included short-term loans payable, net amounting to 2,987 million yen. The main cash outflows included cash dividends to shareholders amounting to 36,596 million yen and acquisition of treasury stock amounting to 24,235 million yen.

As a result, cash and cash equivalents at the end of the year were 357,773 million yen.

Cash flow indicators are shown in the following table.

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	88.0	90.0	90.8	89.6	87.3
Market value equity ratio (%)	300.6	285.5	305.8	378.1	399.8
Interest-bearing debt to cash flow ratio (years)	0.14	0.04	0.08	0.04	0.06
Interest coverage ratio (times)	365.6	253.4	610.3	793.5	908.2

(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

There is concern that the global economy will be weighed down by the infection spread of new, highly infectious variants, and that shortages of semiconductors and electronic components, rising prices of raw materials, tight logistics, a labor shortage, and other problems may further worsen. However, interest in outdoor leisure activities that can avoid people crowding is expected to continue.

In Europe, while there exists concern about new variants, it is forecast that the recovery trend in personal consumption will continue, and the economy will remain on the upswing, as a result of widespread use of vaccinations and improvement in supply restrictions.

In the U.S., while the normalization of economic activities progresses, monetary policy developments and the outcome of the midterm elections may influence the economy.

In China, there is concern that the economy will slow down sharply due to worsening debt problems at certain companies, among other factors. The impact of the slowdown will spread to the world economy and drag down the economy.

In Japan, efforts to carefully strike a balance between the prevention of infection spread and economic revitalization will continue, and the pace of economic recovery is expected to remain modest.

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, 2022 is indicated below.

(Millions of yen)

	FY2022	Change from the previous year (%)
Net sales	580,000	6.1
Operating income	161,000	8.6
Ordinary income	161,700	6.0
Net income attributable to owners of parent	117,500	1.3

(Note) Effective from the beginning of FY2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. Accordingly, the above forecasts of consolidated business performance reflect the adoption of this accounting standard, etc. As the application of the said standard, etc has no effect on consolidated income information, the rates of change from the previous year are calculated based on consolidated business performance for FY2021.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	5,300	1.8	4,900	1.7	10,200	1.8
	Overseas	234,700	80.0	230,100	80.2	464,800	80.1
	Sub-total	240,000	81.8	235,000	81.9	475,000	81.9
Fishing tackle		53,000	18.1	51,500	18.0	104,500	18.0
Others		200	0.1	300	0.1	500	0.1
Total		293,200	100.0	286,800	100.0	580,000	100.0

(5) Dividend Policy and Cash Dividends for FY2021 and FY2022

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 117.50 yen per share, an increase of 40 yen per share from the year-end cash dividends paid in the previous year (excluding a commemorative dividend). As a result, cash dividends for the full year of fiscal year 2021 will amount to 235 yen per share, an increase of 80 yen per share from the cash dividends paid in the previous year (excluding a commemorative dividend).

The Company intends to pay out cash dividends of 235 yen per share for fiscal year 2022 (117.50 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)	
	FY2020 As of Dec. 31, 2020	FY2021 As of Dec. 31, 2021
Assets		
Current assets		
Cash and time deposits	305,613	364,519
Notes and accounts receivable-trade	38,168	52,186
Merchandise and finished goods	41,134	55,528
Work in process	27,435	39,498
Raw materials and supplies	5,934	8,232
Others	5,604	8,876
Allowance for doubtful accounts	(420)	(298)
Total current assets	423,468	528,544
Fixed assets		
Property, plant and equipment		
Buildings and structures	108,637	112,017
Accumulated depreciation	(39,489)	(44,160)
Accumulated impairment loss	(107)	(108)
Buildings and structures (net)	69,040	67,748
Machinery and vehicles	81,695	89,730
Accumulated depreciation	(60,788)	(68,337)
Accumulated impairment loss	(97)	(94)
Machinery and vehicles (net)	20,808	21,298
Land	13,508	13,765
Leased assets	5,384	6,932
Accumulated depreciation	(1,247)	(1,953)
Accumulated impairment loss	(4)	(4)
Leased assets (net)	4,133	4,973
Construction in progress	19,692	26,151
Others	56,722	57,734
Accumulated depreciation	(51,767)	(52,261)
Accumulated impairment loss	(8)	(6)
Others (net)	4,946	5,466
Total property, plant and equipment	132,129	139,405
Intangible assets		
Goodwill	3,591	3,274
Software	5,543	6,190
Software in progress	3,600	3,935
Others	2,512	2,727
Total intangible assets	15,248	16,128
Investments and other assets		
Investment securities	12,901	14,061
Deferred income taxes	5,545	6,053
Others	1,648	1,641
Allowance for doubtful accounts	(520)	(463)
Total investments and other assets	19,574	21,292
Total fixed assets	166,952	176,826
Total assets	590,420	705,370

(Millions of yen)

	FY2020 As of Dec. 31, 2020	FY2021 As of Dec. 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	18,727	24,352
Short-term loans payable	9	3,133
Lease obligations	737	827
Income taxes payable	10,644	23,170
Accrued employee bonuses	2,556	3,467
Accrued officer bonuses	162	172
Others	21,108	26,402
Total current liabilities	53,946	81,528
Long-term liabilities		
Long-term loans payable	11	2
Lease obligations	1,597	2,298
Deferred income taxes	1,483	2,164
Net defined benefit liability	2,872	2,104
Others	722	621
Total long-term liabilities	6,688	7,191
Total liabilities	60,635	88,719
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,642	5,640
Retained earnings	498,046	566,263
Treasury stock	(154)	(13,284)
Total shareholders' equity	539,146	594,232
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	2,458	3,620
Foreign currency translation adjustments	(12,318)	18,139
Total accumulated other comprehensive income	(9,859)	21,759
Non-controlling interests	498	659
Total net assets	529,785	616,651
Total liabilities and net assets	590,420	705,370

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

	(Millions of yen)	
	FY2020 Jan. 1, 2020 to Dec. 31, 2020	FY2021 Jan. 1, 2021 to Dec. 31, 2021
Net sales	378,040	546,515
Cost of sales	224,956	315,097
Gross profit	153,083	231,417
Selling, general and administrative expenses	70,382	83,129
Operating income	82,701	148,287
Non-operating income		
Interest income	2,163	1,419
Dividend income	428	819
Foreign exchange gains	–	3,386
Others	654	670
Total non-operating income	3,247	6,294
Non-operating expenses		
Interest expenses	106	116
Contribution	976	984
Loss on disposal of fixed assets	579	503
Foreign exchange losses	2,372	–
Others	441	415
Total non-operating expenses	4,476	2,020
Ordinary income	81,471	152,562
Extraordinary income		
Insurance income	*1 3,619	*1 345
Gain on sale of investment securities	–	*2 1,282
Total extraordinary income	3,619	1,627
Extraordinary losses		
Loss on factory reconstruction	271	461
Total extraordinary losses	271	461
Income before income taxes	84,820	153,728
Income taxes-current	20,738	37,758
Income taxes-deferred	556	(162)
Total income taxes	21,294	37,596
Net income	63,525	116,132
Net income attributable to non-controlling interests	52	194
Net income attributable to owners of parent	63,472	115,937

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020 Jan. 1, 2020 to Dec. 31, 2020	FY2021 Jan. 1, 2021 to Dec. 31, 2021
Net income	63,525	116,132
Other comprehensive income		
Unrealized gain (loss) on other securities	(228)	1,161
Foreign currency translation adjustments	(8,694)	30,458
Total other comprehensive income	(8,923)	31,620
Comprehensive income	54,602	147,752
(Breakdown)		
Comprehensive income attributable to owners of parent	54,589	147,556
Comprehensive income attributable to non-controlling interests	12	196

(3) Consolidated Statements of Shareholders' Equity
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

FY2021 (From January 1, 2021 to December 31, 2021)

(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	498,046	(154)	539,146
Changes of items during the year					
Cash dividends paid			(36,616)		(36,616)
Net income attributable to owners of parent			115,937		115,937
Acquisition of treasury stock				(24,235)	(24,235)
Cancellation of treasury stock		(1)	(11,103)	11,104	—
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	(1)	68,217	(13,130)	55,085
Balance at end of year	35,613	5,640	566,263	(13,284)	594,232

	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	2,458	(12,318)	(9,859)	498	529,785
Changes of items during the year					
Cash dividends paid					(36,616)
Net income attributable to owners of parent					115,937
Acquisition of treasury stock					(24,235)
Cancellation of treasury stock					—
Net changes of items other than shareholders' equity	1,161	30,457	31,618	160	31,779
Total changes of items during the year	1,161	30,457	31,618	160	86,865
Balance at end of year	3,620	18,139	21,759	659	616,651

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2020	FY2021
	Jan. 1, 2020 to Dec. 31, 2020	Jan. 1, 2021 to Dec. 31, 2021
Cash flows from operating activities:		
Income before income taxes	84,820	153,728
Depreciation and amortization	18,270	18,749
Allowance for doubtful accounts	40	(207)
Insurance income	(3,619)	(345)
Loss (gain) on sale of investment securities	—	(1,282)
Interest and dividend income	(2,592)	(2,238)
Interest expenses	106	116
Foreign exchange losses (gains)	1,966	(3,053)
Notes and accounts receivable	(2,340)	(12,496)
Inventories	(6,212)	(24,651)
Accounts payable	5,348	4,384
Net defined benefit liability	(318)	(835)
Loss on factory reconstruction	271	461
Provision for loss on fire	(10)	—
Loss on sales and disposal of property, plant and equipment	559	465
Others, net	5,406	3,393
Subtotal	101,695	136,189
Interest and dividend income received	2,945	2,226
Insurance income received	3,619	345
Payments for fire	(265)	—
Interest expenses paid	(114)	(123)
Income taxes paid	(16,831)	(26,197)
Net cash provided by operating activities	91,050	112,439
Cash flows from investing activities:		
Purchases of time deposits	(2,383)	(2,260)
Proceeds from maturities of time deposits	2,276	1,635
Acquisition of property, plant and equipment	(23,360)	(16,156)
Proceeds from sales of property, plant and equipment	73	90
Acquisition of intangible assets	(4,205)	(3,878)
Payments for loss on factory reconstruction	(292)	(432)
Acquisition of investment securities	(1,030)	(431)
Proceeds from sale of investment securities	0	1,415
Short-term loans receivable, net	37	(28)
Others, net	556	(84)
Net cash used in investing activities	(28,328)	(20,129)

(Millions of yen)

	FY2020 Jan. 1, 2020 to Dec. 31, 2020	FY2021 Jan. 1, 2021 to Dec. 31, 2021
Cash flows from financing activities:		
Short-term loans payable, net	(2,623)	2,987
Proceeds from long-term loans payable	21	-
Repayments of long-term loans payable	(459)	(7)
Repayments of lease obligations	(752)	(888)
Acquisition of treasury stock	(18)	(24,235)
Cash dividends to shareholders	(14,371)	(36,596)
Proceeds from share issuance to non-controlling shareholders	301	-
Cash dividends to non-controlling shareholders	(2)	(35)
Net cash used in financing activities	(17,905)	(58,774)
Effect of exchange rate changes on cash and cash equivalents	(9,356)	24,041
Net increase (decrease) in cash and cash equivalents	35,458	57,576
Cash and cash equivalents at beginning of year	264,738	300,197
Cash and cash equivalents at end of year	300,197	357,773

(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 330,000 shares of common stock on September 10, 2021; 200,000 shares of common stock on December 10, 2021; and 200,000 shares of common stock on December 17, 2021 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 July 27, 2021. As a result, treasury stock increased by 24,235 million yen during fiscal year 2021, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 330,000 shares of treasury stock on November 2, 2021 based on the resolution of the Board of Directors meeting held on October 26, 2021. As a result, capital surplus, retained earnings, and treasury stock decreased by 1 million yen, 11,103 million yen, and 11,104 million yen, respectively, during fiscal year 2021.

(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.

FY2021 (Jan. 1, 2021 - Dec. 31, 2021)

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 sale of investment securities

FY2021 (Jan. 1, 2021 - Dec. 31, 2021)

This arose from the sale of some of the investment securities held by the Shimano Group (three listed stocks and two unlisted stocks).

(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

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 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.

FY2021 (Jan. 1, 2021 - Dec. 31, 2021)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	443,678	102,388	447	546,515	—	546,515
Inter-segment	—	—	—	—	—	—
Total	443,678	102,388	447	546,515	—	546,515
Segment income (loss)	125,146	23,120	20	148,287	—	148,287
Segment assets	225,915	45,806	682	272,404	432,966	705,370
Other items						
Depreciation and amortization	15,875	2,400	38	18,314	—	18,314
Amortization of goodwill	346	88	—	434	—	434
Increase in property, plant and equipment and intangible assets	15,821	2,811	5	18,639	1,890	20,529

Notes: 1. Segment assets adjustment was 432,966 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.

[Related information]

Information by geographical area

Net Sales

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.

FY2021 (Jan. 1, 2021 - Dec. 31, 2021)					(Millions of yen)
Japan	North America	Europe	Asia	Other	Total
55,181	49,932	227,456	190,388	23,556	546,515

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

(Per Share Data)

	FY2020 Jan. 1, 2020 to Dec. 31, 2020	FY2021 Jan. 1, 2021 to Dec. 31, 2021
Net assets per share	5,709.69 yen	6,697.82 yen
Basic earnings per share	684.71 yen	1,252.62 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

	FY2020 Jan. 1, 2020 to Dec. 31, 2020	FY2021 Jan. 1, 2021 to Dec. 31, 2021
Net income attributable to owners of parent (millions of yen)	63,472	115,937
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	63,472	115,937
Average number of shares of common stock outstanding (thousand shares)	92,700	92,556

(Significant Subsequent Events)

(Cancellation of treasury stock)

The Company resolved to cancel shares of treasury stock at the Board of Directors meeting held on January 18, 2022 pursuant to the provisions of Article 178 of the Companies Act. The shares of treasury stock were canceled on January 25, 2022.

1. Class of shares canceled
Common stock of the Company
2. Total number of shares canceled
400,000 shares (0.43% of total number of shares of common stock issued before cancellation)
3. Total number of shares of common stock issued after cancellation
91,990,000 shares
4. Cancellation date
January 25, 2022