2026

Integrated Report

FY2025

Taizo Shimano
Representative Director, President

Toward Nature, Toward People

Under the mission, "To promote health and happiness through the enjoyment of nature and the world around us," the Company delivers "captivating products" to customers around the world. Bicycles and fishing are activities that engage most directly with the natural environment. The value the Company seeks to provide to people who enjoy bicycles and fishing does not remain limited to performance and functionality. Under the concept of "Toward Nature, Toward People," the Company enhances the quality of experiences through safety, reliability, and comfort, and contributes from a long-term perspective to richer lifestyles and the expansion of related cultures.

At the same time, uncertainty surrounding the Company's business environment continues to increase, including fluctuations in global demand, rising geopolitical and cybersecurity risks, supply chain disruptions caused by natural disasters, and changes in the competitive environment driven by advances in AI.

In such an environment, the Company considers that clearly defining the source of the value it creates, determining where to focus management resources, and demonstrating how these results connect to corporate value constitute the responsibility of management.

The source of the Company's value creation lies in its technology and human capital centered on manufacturing. Since its founding in 1921, its commitment to quality and development philosophy based on sensitivity form the foundation of its current competitive advantage. Specifically, planning conceptualizes value, development enhances performance and reliability through precision processing and materials research, design aligns with user sensibilities and behavior, and manufacturing realizes these elements with high quality and stability. For this series of processes, employees share the concept of "Beyond Gears, to the Senses," and are required to create value that exceeds expectations by starting from the experience beyond components.

In addition, the Company develops its business globally while accurately capturing market trends and customer needs in each country and region. Maintaining consistent levels of quality and supply worldwide and continuing to be a brand that is chosen with confidence in every region constitute both the foundation of management and a responsibility. When considering product development, assessing whether it aligns with global demand and profitability is an important perspective. However, the Company does not make decisions solely on that basis. It also continues to make choices to support the foundations of markets and cultures and to expand region-specific ways of enjoying products. Such accumulation builds strong trust with customers and leads to brand strength and sustainable growth.

Management Perspectives to Accelerate Value Creation

In order to further accelerate value creation, the Company places importance on three perspectives.

First, as a development-oriented digital manufacturing company, the Company advances manufacturing that starts from experience value. The integration of digital technologies and mechanical engineering is an important domain that creates new experience value. New automatic shifting proposals utilizing AI learning functions represent one such example. Through these initiatives, the Company strengthens the integration of planning, development, design, and manufacturing so that customers can experience comfort and reassurance at every touchpoint—from the moment they ride a bicycle or begin fishing, to preparation and post-use maintenance—and steadily cultivates future growth opportunities.

Second, the Company strengthens supply chain resilience. As risks such as natural disasters, geopolitical developments, and cybersecurity threats increase, stable supply constitutes both a responsibility to society and customers and a foundation supporting competitiveness. The Company strengthens supply chain management while achieving both local autonomy and overall optimization, thereby enabling swift and highly accurate decision-making. In addition, by appropriately managing and utilizing data related to products and operations, the Company enhances productivity, improves quality, and shortens lead times from development to supply, thereby accelerating value creation.

Third, the Company enhances governance and transparency that support trust. To remain a trusted company over the long term, effective supervision, sound checks and balances, and decision-making incorporating diverse perspectives are essential. The Company enhances the effectiveness of the Board of Directors, continues to improve governance including nomination and remuneration, and deepens internal control and risk management to enhance management effectiveness.

Investment and Capital Policy

The Company considers achieving a balance between growth investment and shareholder returns without bias as an important management issue. Based on alignment with strategy, profitability, and contributions to capital efficiency, management resources are allocated with priority to areas that lead to competitive advantage.

Under this policy, the Company promotes proactive growth investment over the medium to long term while aiming to improve operating margins and achieve a double-digit ROE. By further strengthening its capabilities in human capital, technology, and production infrastructure, and by advancing supply chain resilience, digital utilization, and productivity improvement, the Company strengthens profitability and improves capital efficiency. Through disciplined capital allocation, the Company achieves both growth investment and shareholder returns while enhancing corporate value. At the same time, the Company maintains financial soundness to withstand changes in the environment while ensuring flexibility to respond when necessary. Regarding capital policy, the Company conducts ongoing examinations at the Board of Directors, taking into account both stability and flexibility of returns based on their alignment with corporate value enhancement.

In addition, the Company positions dialogue with shareholders and investors not merely as an opportunity for explanation but as an important opportunity to enhance management. The Company sincerely considers such inputs and strives to improve the quality of management.

Sustainability

Initiatives related to environmental, social, and governance issues are directly linked to enhancing corporate value, ensuring business continuity, and strengthening the Company's trust and competitiveness, and are positioned as priority management themes.

Climate change and resource circulation present risks through regulations, costs, and changes in market structures, while also providing opportunities through technological innovation and the creation of new experience value. The Company steadily advances initiatives while taking economic rationality into account.

The Company positions human capital as an important management resource. Under the corporate culture of "harmony with rigor," the Company fosters a culture in which employees continue to learn autonomously and builds an organization that continues to take on challenges in an uncertain environment. In addition, the Company expands the use of new technologies, including AI, as tools to enhance human capabilities, achieving both creativity and productivity. Furthermore, based on the principle that "safety and health take priority over all," the Company further strengthens the development of a safety culture.

Respect for human rights constitutes a fundamental responsibility as a global company. The Company advances the identification, mitigation, and remediation of risks across the entire supply chain, while continuing appropriate monitoring and dialogue with stakeholders to ensure effective implementation.

To Our Stakeholders

The Company continues to expand opportunities for people to connect with nature through "captivating products" and contributes to the realization of richer lifestyles. To achieve this, the Company continues to refine its human capital and technological capabilities while implementing disciplined capital policies and transparent governance, and continues to embrace change as an opportunity. The Company seeks to build sustainable growth and competitiveness that are not influenced by short-term fluctuations. By providing products and services that continue to be chosen by customers, developing together with business partners and local communities, creating an environment in which employees can work with pride, and engaging in constructive dialogue with shareholders and investors, the Company enhances corporate value over the medium to long term.

The Company appreciates the continued understanding and support of all stakeholders.

History of Value Creation

Net Sales (FY2025)

JPY 466.2 billion

Since the start of manufacturing bicycle components in 1921, the Company has expanded its markets globally in the fields of bicycles, fishing, and rowing while achieving various technological innovations. The Company continues to enhance its corporate value by providing joy and inspiration to people around the world, with “people and nature” as key themes.

1921

Founding

The Company began its bicycle business in Sakai, Osaka, where blacksmithing skills were deeply rooted.

Shozaburo Shimano founded Shimano Iron Works. Driven by ambition and passion, the Company took on the challenge of producing freewheels, which require advanced technical expertise. High-quality products, achieved through refined heat treatment technologies, impressed the industry, and the spirit of pursuing technology became the origin of today’s Shimano.

Founder: Shozaburo Shimano

Freewheel produced during the early years

Other Milestones

1922 Began production of freewheels

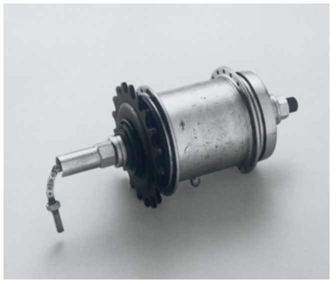
1940 Reorganized as a corporation and changed the company name to Shimano Iron Works Co., Ltd.

–1960s

Beginning of Global Expansion

With the establishment of a local subsidiary in New York, the Company laid the foundation for its global business operations.

Taking the establishment of its New York subsidiary as a starting point, the Company initiated full-scale expansion into global markets. By reflecting local needs in product development while building trust, the Company established the foundation for its growth as a global brand.



1957: Began production of internally geared hubs (3-speed hub)

1965: Established SHIMANO AMERICAN CORPORATION in New York, U.S.A.

Other Milestones

1951 Absorbed Shimano Bicycle Co., Ltd. and changed the company name to Shimano Industrial Co., Ltd.

1954 Began production of external derailleurs

1957 Commenced research on cold forging

1961 Exhibited a 3-speed hub for the first time at a cycle show in the United States

1962 Achieved practical application of cold forging

1970s

Launch of the Fishing Tackle Business

The Company entered the fishing tackle business as a second core pillar alongside the bicycle components business.

Based on its corporate philosophy of “contributing to people’s health through leisure,” the Company expanded into the fishing tackle business. Applying technologies developed in the bicycle business, it began manufacturing precision reels and rods. This marked a turning point that significantly expanded Shimano’s business domains, establishing the fishing tackle business as another key pillar alongside bicycle components.

1971: Launched the spinning reel “DUX”

1973: Launched the “DURA-ACE” road racing components series

Other Milestones

1970 Established Shimano Yamaguchi Co., Ltd. (currently the Shimonoseki Factory)

1972 Established SHIMANO (EUROPA) GmbH in Düsseldorf, West Germany

Listed on the Second Section of the Osaka Securities Exchange

1973 Launched the Shimano Racing Team

Established the first overseas production base, SHIMANO (SINGAPORE) PTE. LTD.

Listed on the Second Section of the Tokyo Stock Exchange

Transferred to the First Section of both the Tokyo and Osaka Stock Exchanges

1980s–

Active Promotion of Cycling and Fishing Culture

The Company committed to promoting cycling and fishing culture as sports and expanding participation.

In parallel with technological innovation, the Company communicated the appeal of cycling and fishing as sports through support for competitions and the organization of events. By expanding points of contact with users, it contributed to market growth and the establishment of culture, and grew into a company that supports the industry.

1982: Released the first mountain bike components, “DEORE XT”

1992: Launched the first “STELLA” reel equipped with SBL (Shimano Balance Lock)

Other Milestones

1982 Released the first “SHIMANO 105” road components series

1984 Held the first Shimano Greenpia Road event (currently the Shimano Suzuka Road Race)

Held the first SHIMANO Japan Cup (fishing)

1988 Andy Hampsten (Seven-Eleven Team), using DURA-ACE, won the Giro d’Italia overall

1990 Established SHIMANO COMPONENTS (MALAYSIA) SDN. BHD. in Malaysia

1991 Changed the company name from Shimano Industrial Co., Ltd. to Shimano Inc.

Established PT SHIMANO BATAM in Indonesia

Released the MTB racing components “SHIMANO XTR”

2000s–

Globally Recognized Technologies

The Company accelerated its global expansion across Europe, Asia, and South America.

The Company expanded local operations and strengthened its production systems, thereby establishing business foundations in Europe, Asia, and South America. By enabling the provision of products tailored to local needs, the Company further enhanced its competitiveness in global markets while aiming to increase its brand value on a global scale.

2009: Introduced Di2 (Digital Integrated Intelligence) to DURA-ACE

2014: Opened the new head office factory, “Sakai Intelligent Plant”

Other Milestones

2003 Established SHIMANO (KUNSHAN) FISHING TACKLE CO., LTD. in China

Established SHIMANO (TIANJIN) BICYCLE COMPONENTS CO., LTD. in China

2014 Launched “SHIMANO STEPS,” components for electric-assist bicycles

2017 Relocated and established SHIMANO EUROPE HOLDING B.V. in Eindhoven, the Netherlands

2019 Launched “SHIMANO GRX,” components for gravel road bikes

2020s–

Relentless Pursuit of Innovation

The Company continues to pursue a richer relationship between people and nature.

Amid increasing awareness of sustainability, the Company focuses on creating products in harmony with nature and generating social value. With a vision of enabling people to enjoy outdoor activities more safely and with greater fulfillment, the Company continues its relentless pursuit of innovation.

2020: Completed the head office R&D facility, “Technology Innovation Center”

2025: Launched the self-powered automatic shifting system, “Q’AUTO”

Other Milestones

2021 Celebrated the 100th anniversary of founding

Began providing neutral support at the Tour de France

2022 Completed Shimano Singapore Intelligent Plant

Transitioned to the Prime Market of the Tokyo Stock Exchange

2023 Launched “CUES,” components compatible with a wide range of cycling styles

2025 Completed the new head office building, “Sakai Global Headquarters”

Value Creation Process

The source of the Company's value creation lies in its capabilities in planning, development, design, and manufacturing, cultivated since its founding. By combining these strengths with digital technologies, human resource development, and the enhancement of a global supply structure, the Company continues to enhance customer value while improving profitability and capital efficiency, thereby enhancing corporate value over the medium to long term. As a development-oriented digital manufacturing company originating from Japan, the Company remains a "Value Creating Company" that provides "captivating products" loved by people around the world.

Mission: To promote health and happiness through the enjoyment of nature and the world around us

Vision: A "Value Creating Company" that provides "captivating products"

Core Competencies

— Planning Capability —
Identifies untapped value and serves as the starting point for product development through original ideas that create new experiences and markets

— Development Capability —
Realizes functionality and reliability by maximizing performance through advanced precision processing and materials research

— Design Capability —
Creates forms that naturally align with user sensibilities and behavior by harmonizing functionality and beauty based on a deep understanding of function

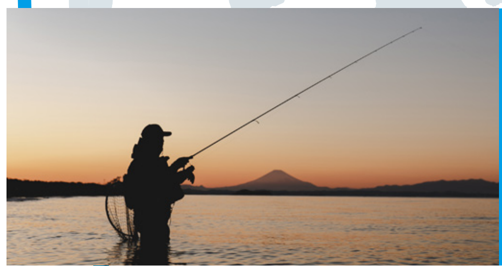
— Manufacturing Capability —
Transforms ideas generated from the above capabilities into high-quality products

Field Supporting Connections Between People and Nature

1 Basic Policies for Achieving the Mission
Reinforcement of core competencies and clear focus on target markets

Bicycle Components Business P.9

Manufacture and sale of derailleurs, brakes, and other bicycle components



Fishing Tackle Business P.10

Manufacture and sale of reels, rods, and fishing gear

2 Basic Policies for Achieving the Mission
Creation of new bicycle and fishing cultures and enhancement of the Shimano brand

3 Basic Policies for Achieving the Mission
Enhancement of corporate value for all stakeholders, including shareholders, customers, and employees

Economic and Social Value

Shareholders and Investors
Enhancement of corporate value
Distribution of results
P.11-14

Customers and Business Partners
Development of the bicycle and fishing industries
Enhancement of cultural value

Employees
Safe and comfortable working environments
Fair distribution of results
P.18-20

Society and Environment
Healthy and enriched lifestyles
Reduction of environmental impact
P.16-18

Foundations Supporting Value Creation

- Corporate culture that supports development
- Sound financial structure P.11-14
- Corporate governance P.21-24

External Environment Surrounding the Company • Changes in demand • Geopolitical risks • Climate change and natural disasters • Advances in AI • Cybersecurity risks

Mission Statement, Business Policy, and Team Shimano Guiding Principles

Mission Statement

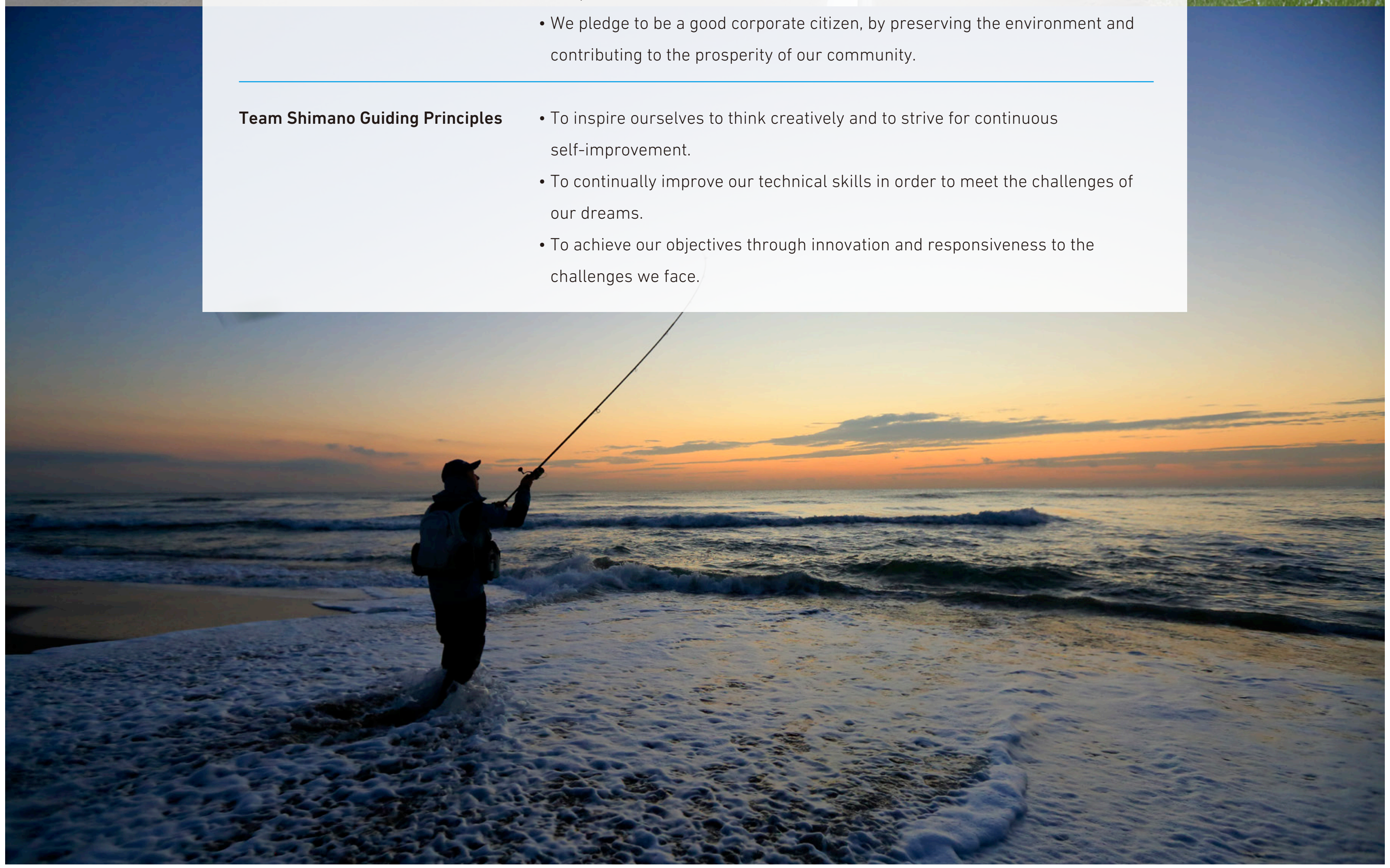
To promote health and happiness through the enjoyment of nature and the world around us.

Business Policy

- We strive to provide quality products and services that are reliable and trustworthy.
- We pledge to continually increase our corporate value and to ensure corporate management worthy of the trust placed in us.
- We strive to provide a fair and vibrant work environment where all can share in the pleasure and satisfaction that comes with achievement.
- We pledge to be a good corporate citizen, by preserving the environment and contributing to the prosperity of our community.

Team Shimano Guiding Principles

- To inspire ourselves to think creatively and to strive for continuous self-improvement.
- To continually improve our technical skills in order to meet the challenges of our dreams.
- To achieve our objectives through innovation and responsiveness to the challenges we face.



At a Glance

Who we are

Founded **1921**

Number of Employees (as of December 31, 2025) **1,779** (Head Office) **10,242** (Consolidated)

Consolidated Net Sales (FY2025) **JPY 466.2 billion**

Consolidated Operating Income (FY2025) **JPY 51.7 billion**

Our Business

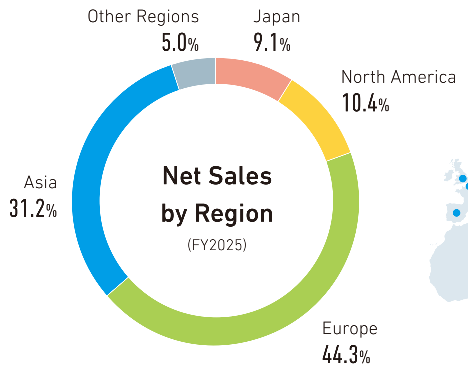
Bicycle Components Business

The bicycle components business engages in the manufacture and sale of drive components such as derailleurs, braking components such as brakes, and other bicycle components and related products.

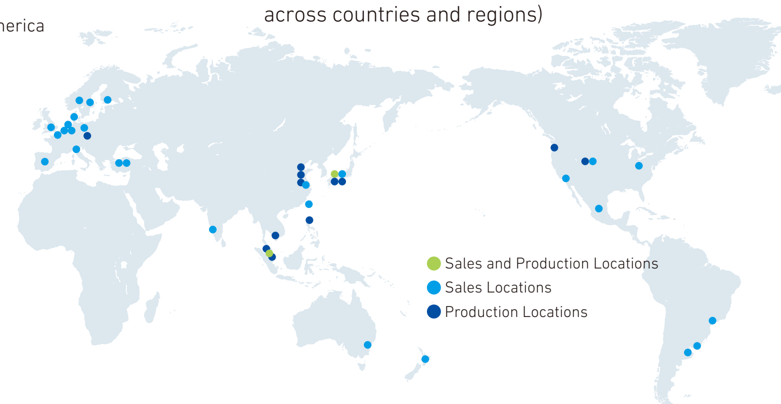
Fishing Tackle Business

The fishing tackle business engages in the manufacture and sale of reels, rods, and fishing gear.

Our Network



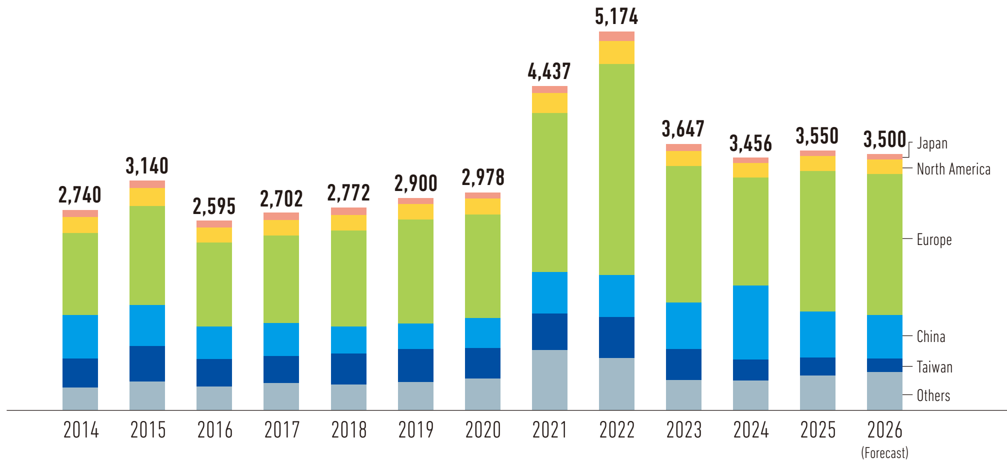
Team Shimano Around the World
(Employees including those of consolidated subsidiaries across countries and regions)



Segment Overview

Bicycle Components Business Net Sales

(JPY 100 Million)



Net Sales (FY2025)

JPY 355.0 billion

Operating Income (FY2025)

JPY 42.8 billion

Interest in bicycles remained high as a long-term trend. Although there were regional differences, market inventory adjustments progressed gradually overall.

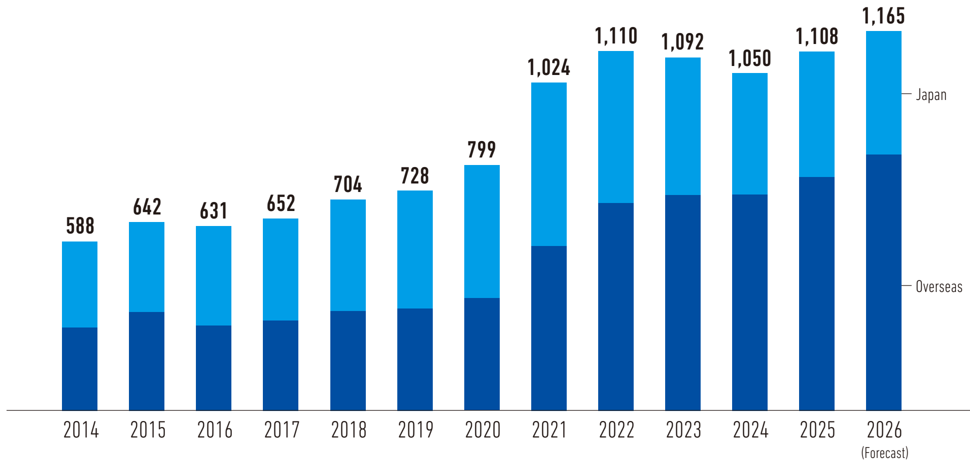
Featured Product

Q'AUTO: AI-Controlled Automatic Shifting System

Q'AUTO is a new automatic shifting system for conventional bicycles (non-e-bikes) that allows riders to simply pedal while AI automatically selects the optimal gear. Built-in sensors detect riding conditions such as speed, gradient, and pedaling cadence, and select the optimal gear according to these conditions. When the rider feels that the selected gear is not optimal, manual adjustment is possible by clicking a wireless shifting switch compatible with Q'AUTO. The AI learns from these manual adjustments and continuously optimizes gear selection to better match the rider's preferences. In addition, the system is self-powered using energy generated through pedaling, eliminating the need for charging or a battery. This enables the advanced integration of bicycles with electronic and electrical technologies while reducing environmental impact.

Fishing Tackle Business Net Sales

(JPY 100 Million)



Net Sales (FY2025)

JPY 110.8 billion

Operating Income (FY2025)

JPY 8.9 billion

Supported by continued interest in fishing tackle, sales remained firm, mainly in overseas markets, and market inventories improved to generally appropriate levels.

Featured Product

STELLA SW: Equipped with Advanced Technologies for Catching Large Fish

The "STELLA SW," a flagship reel designed for saltwater fishing targeting large fish, is introduced with the latest technologies. The lineup includes 17 models that respond to a wide range of needs, including the Company's first size 25000 model. The reel incorporates Shimano's proprietary technologies to meet the key performance requirements for catching large fish, including high casting performance, durability, superior drag performance, and suppression of line trouble. These technologies include "INFINITYLOOP," which delivers high casting performance through ultra-high-density line winding; "INFINITYXROSS," a gear system that enhances strength and durability; "XX TOUGH DRAG," which improves drag performance through enhanced heat dissipation and durability; and "ANTI-TWIST FIN," which suppresses line slack. The new STELLA SW, built on a strong track record and reliability, elevates saltwater fishing to a new stage.

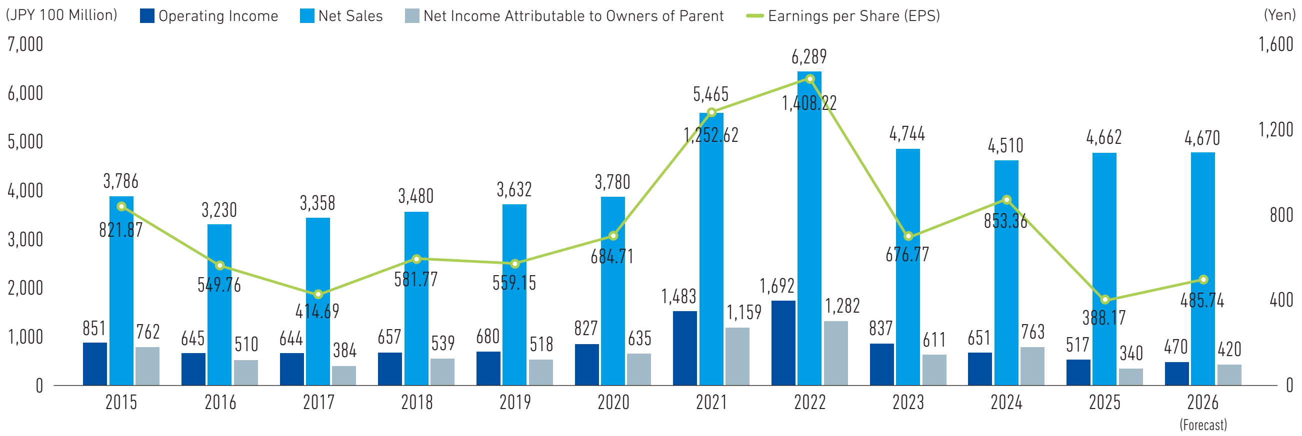
Performance Review and Financial Strategy

Performance Review and Business Overview

From 2021 to 2022, net sales in both the bicycle components business and the fishing tackle business increased significantly, supported by the cycling boom during the COVID-19 pandemic and growing popularity of outdoor leisure activities that avoid close contact. Subsequently, particularly in the bicycle components business, consumer demand at retail stores in various countries weakens, and markets enter a phase of supply-demand adjustment. While inventory adjustments in each market are progressing gradually, particularly in Europe, concerns remain regarding the prolonged purchasing cycle of consumers due to uncertainty about the future, as well as increasing cost pressures from rising prices of raw materials and the impact of foreign exchange fluctuations.

Under these business conditions, interest in bicycles and fishing remains firm, supported by health and environmental awareness. The Company promotes business growth and demand expansion through the continuous introduction of "captivating products" that exceed customer expectations.

Trends in Consolidated Performance



The details of results for FY2025 are as follows.

In the bicycle components business, progress in inventory adjustments of bicycles varied by region. While retail sales in the European market remained firm, supported by stable weather conditions, demand for road bicycles in the Chinese market moderated and retail sales remained weak. In the fishing tackle business, market inventories improved to generally appropriate levels, and sales remained firm, mainly in overseas markets. As a result, net sales for the fiscal year amounted to JPY 466,243 million (up 3.4% compared with the previous fiscal year).

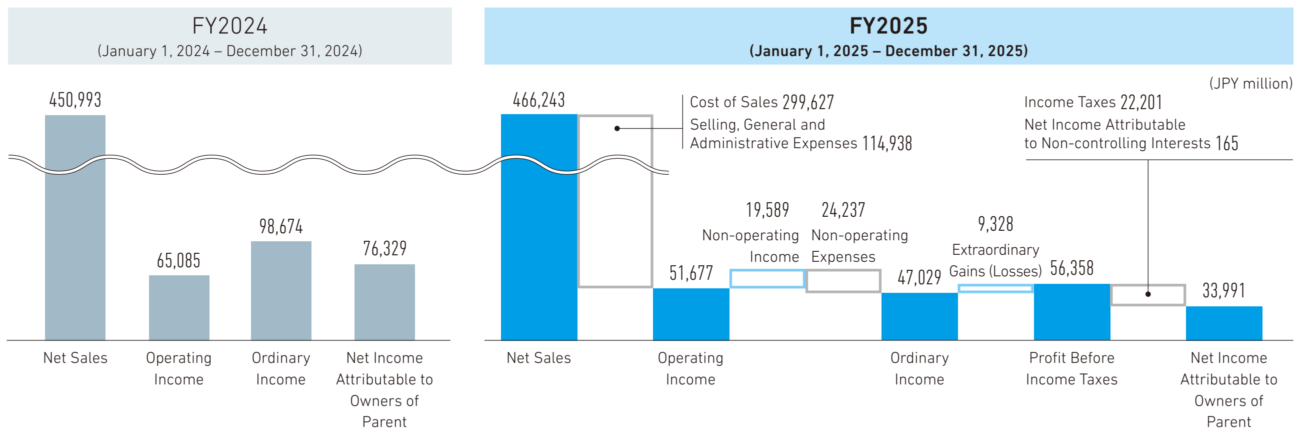
In the bicycle components business, inventory adjustments continued in certain regions, and mainly due to a decrease in production resulting from reduced orders for overseas products, gross profit for the fiscal year amounted to JPY 166,616 million (down 3.3% compared with the previous fiscal year). The gross profit margin decreased by 2.5 percentage points from the previous fiscal year to 35.7%.

Selling, general and administrative expenses amounted to JPY 114,938 million (up 7.2% compared with the previous fiscal year), due to increases in labor costs caused by inflation, an increase in software-related expenses associated with future investments, and increases in advertising expenses and transportation costs related to new products. As a result, operating income amounted to JPY 51,677 million (down 20.6% compared with the previous fiscal year). The operating margin decreased by 3.3 percentage points from the previous fiscal year to 11.1%.

Net non-operating income, calculated by subtracting non-operating expenses from non-operating income, amounted to negative JPY 4,647 million (positive JPY 33,589 million in the previous fiscal year), mainly due to an increase in foreign exchange losses. As a result, ordinary income amounted to JPY 47,029 million (down 52.3% compared with the previous fiscal year).

Net income attributable to owners of parent amounted to JPY 33,991 million (down 55.5% compared with the previous fiscal year), mainly due to the recognition of a reversal of provisions related to free inspection programs.

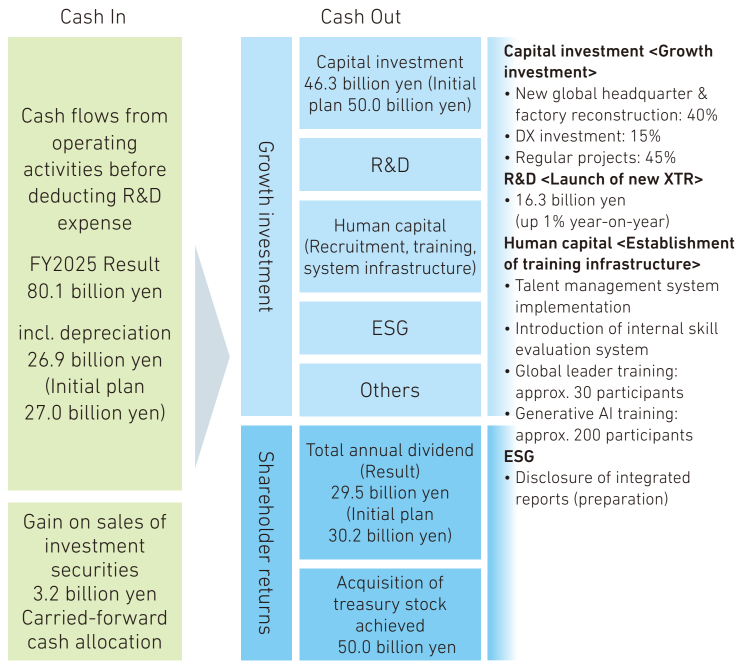
Consolidated Statements of Income (Summary)



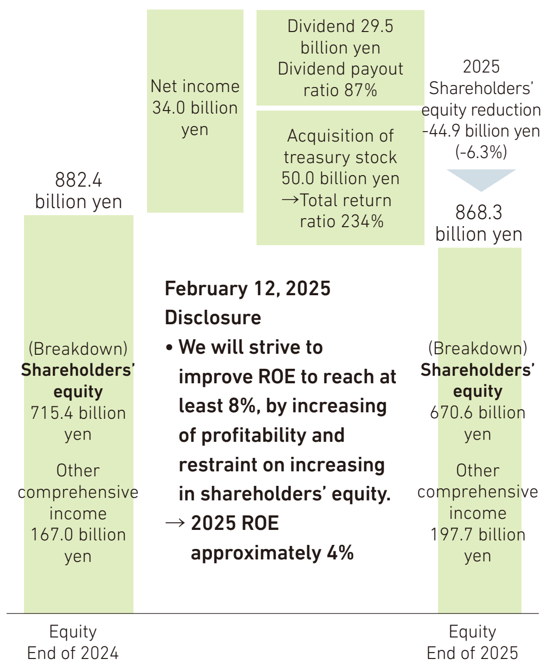
Financial Strategy: Cash Allocation, Initiatives to Improve Capital Efficiency, and Cash Management

The Company considers that, by determining an optimal balance between growth investment and shareholder returns, it is important to achieve efficient cash allocation and thereby enhance the Company's corporate value and, ultimately, its share price on a sustainable basis. The Company's cash allocation and initiatives to improve capital efficiency for FY2025 are as follows.

Cash Allocation



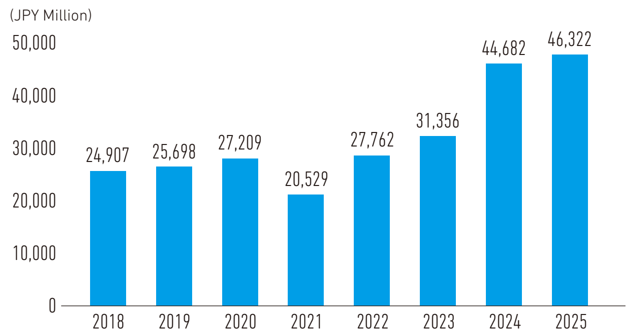
Shareholders' equity



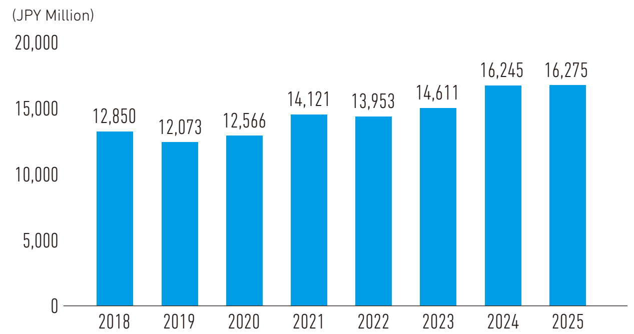
- **February 12, 2025 Timely Disclosure: We seek to implement acquisitions of treasury stock in the approximate amount of 100 billion yen over the next two years.**
- **FY2025 Result: Dividend payout ratio 87%, Total return ratio 234%**

The main initiatives for growth investment are as follows. In FY2025, the Company conducted capital expenditures of JPY 46,322 million and incurred research and development expenses of JPY 16,275 million.

Trends in Capital Expenditures

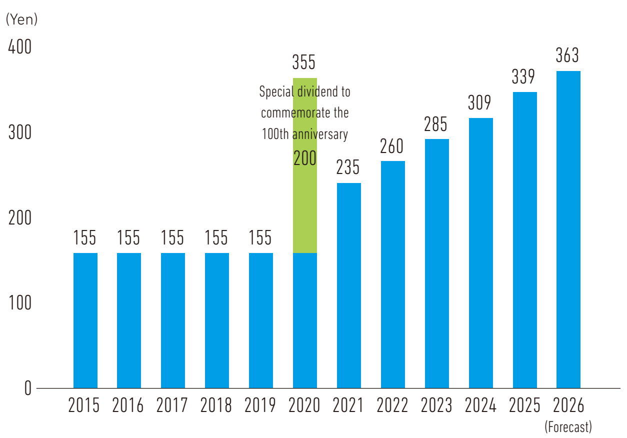


Trends in R&D Expenses

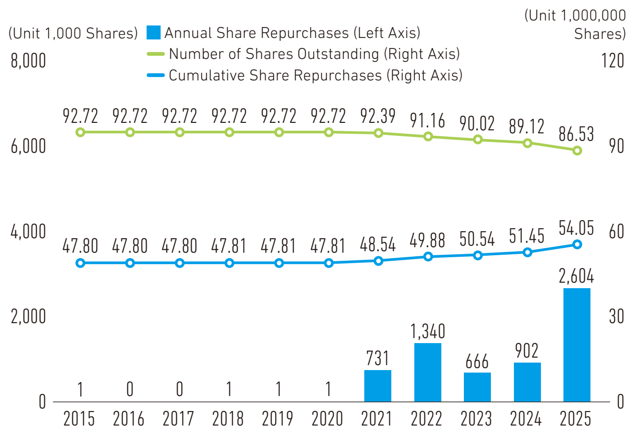


The Company considers the return of earnings to shareholders to be one of the most important management issues and adopts a basic policy of maintaining and continuing stable dividends while distributing results in line with business performance. The Company enhances shareholder returns by improving dividends and continuing flexible share repurchases, with a total return ratio of 50% as a minimum benchmark. In FY2025, the Company paid dividends of JPY 29.5 billion and conducted acquisition of treasury stock of JPY 50.0 billion.

Dividends per Share

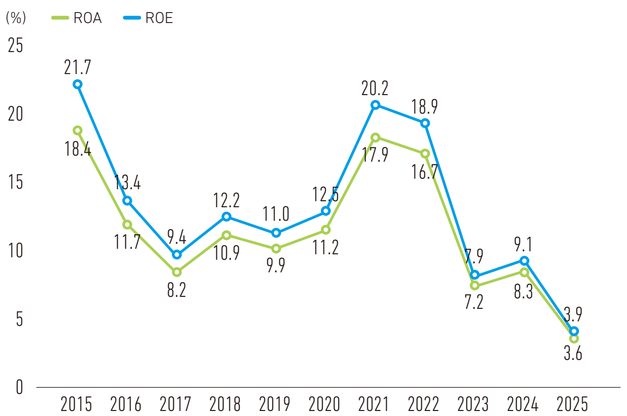


Share Repurchase and Number of Shares Outstanding

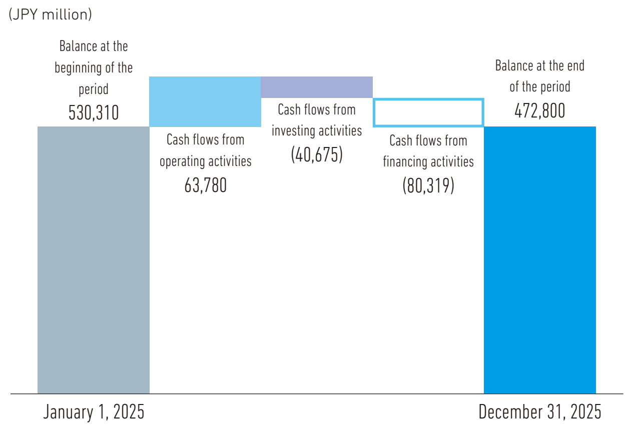


ROA and ROE trends are as shown below. In FY2025, ROA is 3.6% and ROE is 3.9%. Cash and cash equivalents at the end of the fiscal year amount to JPY 472,800 million, a decrease of JPY 57,509 million compared with the previous fiscal year.

ROA & ROE



Consolidated Statements of Cash Flows (Summary)



Note: Exchange differences related to cash and cash equivalents are not included.
Any discrepancies in the graph arising from this are adjusted.

Growth Investment and ROE Improvement

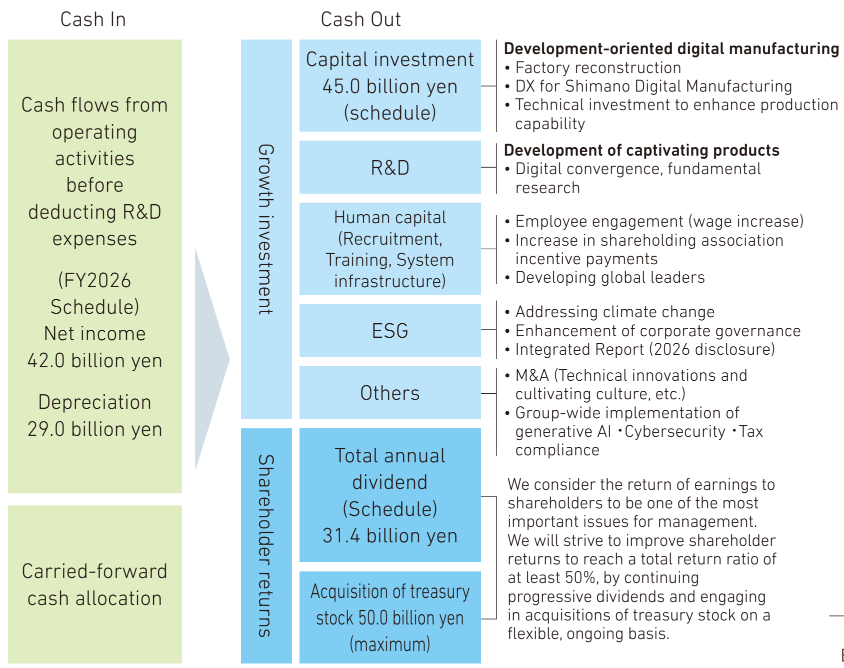
With respect to growth investments, the Company monitors progress from the perspectives of shortening development lead times, improving productivity, ensuring quality stability, strengthening supply capabilities, and enhancing human capital, and links these efforts to improvements in profitability and capital efficiency over the medium to long term.

For ROE improvement, in addition to enhancing profitability, the Company promotes the effective utilization of capital through investment decisions that emphasize capital efficiency and the enhancement of shareholder returns.

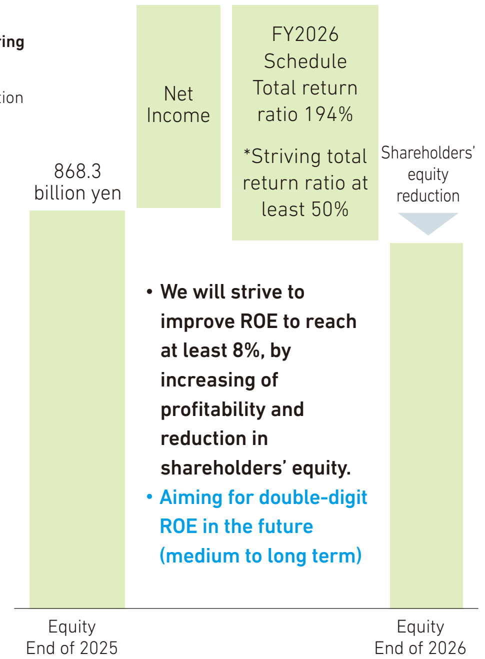
The Company's cash allocation and initiatives to improve capital efficiency for FY2026 are as follows. In FY2026, the Company plans to pay dividends of JPY 31.4 billion and to acquire treasury stock with an upper limit of JPY 50.0 billion, and aims to further optimize equity.

Cash allocation and improvement of capital efficiency (2026 Schedule)

Cash Allocation



Shareholders' equity



•February 10, 2026 Timely Disclosure: We seek to implement acquisitions of treasury stock in the approximate amount of 50.0 billion yen (2nd consecutive year).
•FY2026 annual dividend are scheduled +24 yen, Dividend payout ratio 75%, Total return ratio 194%

The Company's approach to appropriate cash levels is as follows.

Cash Position management policy (Announced in February 2026)

Cash Balance as of 2025	=	Working capital	+	Growth investment	+	Contingency	+	Shareholder returns
470.0 billion yen		**Over 170.0 billion yen**		**Over 130.0 billion yen**		**Over 120.0 billion yen**		**2026 Acquisition of treasury stock 50.0 billion yen (Maximum)**

<Working capital>
Future sales revenue equivalent to approximately three months

<Growth Investment>
1. Production technology capabilities to achieve exceptional quality
• High-precision mold manufacturing plant, exploring process automation using physical AI, etc.
Strengthening supply chain resilience through localized production
2. Funding for M&A and Synergies with existing business
3. Expansion of cycling/fishing culture, Environment investment
• Creating sustainable experiential opportunities (Trailborn and others)

<Contingency>
1. Preparations for natural disasters
(assuming approximately six months of operational suspension)
• Damage to existing facilities and restoration
• Loss of inventory intended for sale
• Securing personnel for recovery activities etc.
2. Ensuring financial soundness to sustain the industry and maintain trust
During the market inventory adjustment period after the COVID-19 pandemic, we accepted order cancellations totaling approximately 360.0 billion yen from customers for minimizing the negative impact on the industry as a whole. We believe it will stabilize the market and build a new foundation for growth.

FY2025 Cash balance in Consolidated BS was 477.3 billion yen.
- **Down 56.7 billion yen (-11%) compared with the end of FY2024**
- **Up 171.7 billion yen compared with the pre-COVID-19 period, of which 125.3 billion yen was attributable to the yen-depreciation–drive foreign currency translation impact**

(JPY 100M)

	Pre-Covid-19		Now		
Cash Trend	2020	2024	2025	Compared with 2020	Future
Japanese yen	780	614	775		
Foreign currencies	2,276	3,212	2,745		Cash
Foreign currency translation		1,514	1,253		
Consolidated cash balance	3,056	5,340	4,773		Balance
	USD104 EUR127	USD158 EUR165	USD157 EUR184		

Sustainability at Shimano

Basic Approach to Sustainability

The Company positions its mission, "To promote health and happiness through the enjoyment of nature and the world around us," as the foundation of its corporate activities. This mission is not merely a concept, but serves as a guideline for creating tangible value through the Company's products, employees, and corporate culture, and returning such value to society. The Company aims to achieve a world in which people and nature are in harmony and contributes to creating a future filled with inspiration and enjoyment.

The three colors representing "land, sky, and sea" incorporated in the corporate brand logo reflect the Company's business domains and the world it seeks to achieve. For Shimano, which operates in fields closely connected to nature such as bicycles and fishing, the preservation and improvement of the global environment are extremely important issues. The Company promotes initiatives to reduce environmental impact continuously and proactively in order to protect the natural environment where its products are enjoyed and to contribute to the realization of a sustainable society.

The Company continues to create new value through its corporate activities while valuing harmony between people and nature and contributes to health and happiness, thereby fulfilling its responsibility toward the realization of a sustainable society.

Sustainability Promotion Structure

The Group established the ESG Committee in May 2022 as an organization to deliberate sustainability-related environmental and social issues that affect corporate value and business activities. The ESG Committee is attended by all Executive Officers and conducts continuous discussions on various issues.

From FY2024, in order to further enhance the quality of deliberations and connect them to effective initiatives, the Company established three subcommittees under the ESG Committee: the Environmental Committee, the Social and Ethics Committee, and the Governance Committee. Each subcommittee conducts specialized deliberations on policies and key measures related to important sustainability themes, and the results of such deliberations are reported to and discussed at the ESG Committee.

The results of deliberations at the ESG Committee are reported to the Board of Directors, and the Board of Directors supervises the progress and effectiveness of each initiative and provides necessary instructions based on these discussions.

ESG Committee (Established in 2022)
Number of meetings in FY2025: 4
Participants: Development Division, Corporate Functions, Business Administration Division, Procurement Division, Quality Assurance Division
Main themes: Sustainability-related environmental and social issues affecting corporate value and business activities

Environmental Committee (Established in 2024)
Number of meetings in FY2025: 11
Participants: Development Division, Corporate Functions Manufacturing Division, Procurement Division, Design Division
Main themes: Climate change response/Environmental regulations

Social and Ethics Committee (Established in 2024)
Number of meetings in FY2025: 7
Participants: Development Division, Procurement Division, Manufacturing Division, Internal Audit Division, Quality Assurance Division
Main themes: Promotion of respect for human rights/Ensuring occupational health and safety

Governance Committee (Established in 2024)
Number of meetings in FY2025: 7
Participants: Corporate Functions, Business Administration Division, Internal Audit Division, Quality Assurance Division
Main themes: Strengthening crisis management systems (including cybersecurity measures and responses to large-scale earthquakes)/Strengthening internal control

Assessment of Risks and Opportunities Related to Materiality

In a rapidly changing market and social environment, the Company considers that adopting strategies that capture risks and opportunities that may affect the Group's business leads to ensuring the sustainability of its operations. Various environmental and social issues represent risks that may threaten corporate sustainability, while addressing such issues also leads to new business opportunities.

The Shimano Group identifies risks and opportunities related to its material issues and strives to reduce risks, while aiming to achieve both continuous contributions to society and enhancement of corporate value for the Group through the creation of business models that address these issues. To this end, the Group establishes various policies, including the Code of Conduct, and sets up promotion frameworks as described above, and conducts examination of concrete measures.

Environment

Disclosure Based on the TCFD Recommendations

The Company considers climate change to be one of its important themes, based on its mission: "To promote health and happiness through the enjoyment of nature and the world around us." The Company analyzes climate-related risks and opportunities that may impact its business and evaluates their materiality. Integrating responses to risks and the realization of opportunities into management strategy and promoting such initiatives is important for the Company's sustainable growth and enhancement of corporate value, as well as for contributing to the sustainability of society. The Company appropriately discloses the progress of these initiatives.

Governance

The ESG Committee has monitored CO_2 emissions and reduction activities, deliberated on policies and measures for addressing climate-related risks and opportunities, and reported the results to the Board of Directors. Furthermore, from April 2024, the Environmental Committee under the ESG Committee established a framework that enables effective promotion and more substantive discussions under the leadership of the responsible Executive Officer. Based on discussions at the Environmental Committee and deliberations at the ESG Committee, the Board of Directors receives reports and supervises and instructs so that appropriate measures for climate-related risks and opportunities are implemented.

Strategy

In 2022, the Company qualitatively assessed climate-related risks and opportunities that may have financial impacts over a time horizon through 2030 in order to confirm impacts across the entire Group. In 2023, the Company conducted scenario analysis using climate scenarios presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), including a 1.5°C scenario and a 4°C scenario, targeting 2030. Within these analyses, among the climate-related risks and opportunities identified qualitatively, those that can be quantitatively evaluated are also assessed in terms of their impact on the business.

Major climate-related risks and opportunities that have a significant impact on the business are as follows.

Risks and Opportunities	External Environment Changes	Impact on Business
Transition Risks	Policies and regulations: Introduction of carbon tax, increase in carbon tax rates	Increase in costs
	Reputation: Increasing number of stakeholders who regard climate change initiatives as a component of brand value	Decrease in revenue
Physical Risks	Intensification of acute events such as typhoons and floods	Decrease in revenue, increase in investment costs
Opportunities	Products and services: Expansion of the bicycle market as low-carbon mobility	Increase in revenue

Risk Management

With respect to climate-related risks, the Company conducts discussions at the ESG Committee and reports the results to the Board of Directors. The Board of Directors receives reports on the content of discussions and supervises by conducting reviews and providing instructions as necessary.

With respect to climate-related opportunities, business divisions evaluate market and product trends. Based on these evaluations, the ESG Committee conducts deliberations, and the results are reported to the Board of Directors, which conducts oversight accordingly.

Metrics and Targets

[Metrics]

CO_2 emissions corresponding to Scope 1*1 and Scope 2*2

[Targets]

- Reduce CO_2 emissions corresponding to Scope 1 and Scope 2 by 55% by 2030 compared with 2013 levels, targeting domestic and overseas manufacturing sites
- Achieve carbon neutrality across the entire Group by 2050

Notes
*1 Scope 1: Direct emissions from operations due to the use of fossil fuels (excluding CO_2 emissions from fuel used by vehicles operating outside company premises and greenhouse gas emissions originating from renewable energy)
*2 Scope 2: Indirect emissions from the use of electricity, steam, and hot water supplied from outside the Company

Initiatives to Mitigate Climate Change

The Company reduces CO_2 emissions as part of its response to climate change in order to contribute to the creation of a sound and sustainable global environment. Under a highly efficient and waste-free production system, the Company reduces energy consumption and promotes the transition to renewable energy. Specifically, the Company replaces facilities that use fossil fuels as heat sources with highly energy-efficient electric equipment and covers all electricity used at domestic manufacturing sites with electricity derived from renewable energy sources. In addition, the Company places emphasis on activities to reduce COPQ (Cost of Poor Quality), eliminates waste in production activities, and reduces CO_2 emissions while ensuring economic rationality. To enhance the reliability of disclosed CO_2 emissions data, the Company obtains third-party assurance.

The Company sets targets to reduce CO_2 emissions (Scope 1 and Scope 2) at domestic and overseas manufacturing sites by 55% by 2030 compared with 2013 levels and to achieve carbon neutrality across the entire Group by 2050, defined as balancing greenhouse gas emissions and removals to achieve net zero. With regard to Scope 3*, the Company develops systems to enable the calculation of emissions with the aim of disclosure to investors by 2029.

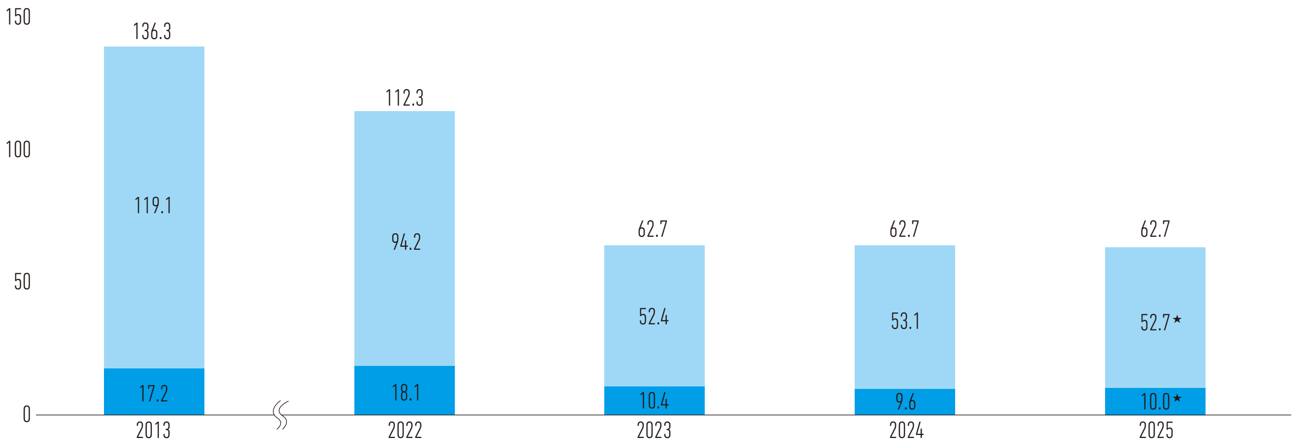
Through these initiatives, the Company reduces CO_2 emissions in manufacturing and contributes to the conservation and improvement of a sustainable global environment.

Note
*Scope 3: Indirect CO_2 emissions associated with the Company's business activities

CO_2 Emissions (Scope 1 + Scope 2)

Boundary of aggregation: Manufacturing sites of SHIMANO INC. and Group manufacturing sites in Japan and overseas ■ Scope 1 ■ Scope 2 ★ Items subject to third-party assurance

(Unit: thousand $t\text{-}CO_2$)



Notes
• Totals may not match the sum of individual figures due to rounding.
• To enhance the reliability of disclosed information, the Company obtains third-party assurance from FY2024, and assurance is provided for FY2025 data.
Reference ESG Sheet
https://www.shimano.com/jp/ir/library/esgsheet.html

Development Using Post-Consumer Recycled Materials

In cooperation with partner companies, the Company established a new recycling scheme to sort and collect magnesium materials from post-consumer scrap and to utilize high-purity recycled magnesium obtained through melting and refining for product applications.

This recycled magnesium achieves a level of quality comparable to that of virgin material through thorough removal of impurities and also maintains price competitiveness. Accordingly, it is expected to become a new procurement method for raw materials that reduces environmental impact while ensuring economic rationality. In January 2026, the Company establishes a mass production system for recycled magnesium and proceeds with final preparations for its application to certain high-end reel components. The Company continues to verify processability and quality control using recycled materials, with a view to applying them to other products. The Company provides innovative models that achieve both reduction of environmental impact and economic rationality and contributes to the realization of a circular economy.

Initiatives to Reduce Environmental Impact and Manage Chemical Substances

Policy

Based on its corporate mission, the Company recognizes that actively addressing environmental conservation for local communities and the global environment is one of its most important issues, and promotes environmental conservation activities in accordance with its environmental action guidelines. In line with ISO 14001, the Company establishes policies on compliance with laws and regulations, the development and continuous improvement of environmental management systems, the reduction of environmental impact and prevention of pollution, coexistence with society, education, awareness, and communication activities, and guidelines for actions in overseas operations.

Shimano Green Plan

As a specific initiative related to the environment, the Company establishes the "Shimano Green Procurement Standards" (currently renamed the "Shimano Green Plan"), which define standards for chemical substances contained in raw materials, parts, and products. These standards were first issued in 2004 and have been revised repeatedly to respond to regulations, market requirements, and to understand the management systems of business partners, and are now in their 10th edition. The Company clearly defines prohibited and controlled substances for chemical substances contained in raw materials, parts, and products that constitute Shimano products, and ensures thorough awareness among business partners by distributing self-check sheets and other materials. In addition, the Company obtains commitments from suppliers to comply with these standards to ensure that raw materials and parts used in its products are procured in accordance with these standards. Through these efforts, the Company reduces environmental impact and harmful substances affecting human health.

Integrated Chemical Substance Management Project

The Company establishes regulations for chemical substance management and defines specific procedures for the operation of chemical substance management and risk assessment, and promotes the "Integrated Chemical Substance Management Project" with the aim of enhancing chemical substance management in manufacturing processes. Under this project, the Company first establishes unified chemical substance management regulations across four domestic sites and develops a system to centrally manage information on chemical substances contained in products. Through this system, the Company enables prompt responses to regulations, information sharing across the entire supply chain, and early identification of risks, thereby reducing environmental impact throughout the processes from product development to procurement and manufacturing.

Social

Human Capital Management

Basic Approach to Investment in Human Capital

Human capital is an important management resource that supports the Company's capabilities in planning, development, design, and manufacturing.

Since its founding, the Company has emphasized the spirit of "harmony with rigor," valuing the career development of individuals with diverse values and strengths and promoting the sustainable enhancement of corporate value. Based on the "Shimano Competency," which is established as the basic policy for human resource development to embody the Company's corporate philosophy and aspirations, the Company fosters a culture in which employees learn proactively, provides opportunities for discovering, applying, and experiencing new knowledge, and creates connections among employees, thereby linking these efforts to the provision of "captivating products." Looking ahead, in order to evolve into a development-oriented digital manufacturing company, it is essential to develop human resources with capabilities not only in manufacturing expertise but also in digital technologies, data utilization, and global management. The Company promotes the growth of each employee through training programs, global talent development initiatives, and support for the use of AI, thereby linking individual development to the enhancement of corporate value.

In March 2022, the Company launched its corporate university, "Shimano Campus," and established opportunities to deepen understanding of the Company's history and philosophy, as well as platforms for employees to connect and share their expertise and experiences.

Human Resource Development Programs

As opportunities for discovering, applying, and experiencing new knowledge, the Company promotes employees' career development through human resource development programs across domestic and overseas locations, as well as among overseas locations. For example, in the Shimano Leadership Development (SLD) program, young engineers stay at retail locations in Europe and North America and gain experience in product usage and sales environments. In addition, the Company conducts the Learning Team Shimano Program (LTSP), in which next-generation leaders from overseas locations are invited to the head office to deepen their understanding of the Company's philosophy and culture. Furthermore, the Apprentice Program, which enables employees to work at locations different from their usual workplace for approximately three months to promote human exchange and mutual understanding among locations, was launched in 2024 and conducted between the head office and European locations in 2025.

Creating a Work Environment with AI and Supporting Career Development

The Company promotes the creation of a work environment with AI so that each employee is able to enhance productivity autonomously. As part of these initiatives, training programs aimed at improving understanding of generative AI and enhancing skills are provided to employees who wish to participate.

In addition, as part of career development support, the Company develops systems that respond to employees' autonomous capability development and growth, and supports each employee in proactively acquiring the skills necessary for career development. As a specific initiative, in 2025 the Company established company-wide common skills required of business professionals, including qualifications offered by external organizations, which serve as the foundation for these efforts. Going forward, the Company will continue to promote employee growth with the aim of enhancing the performance of the organization as a whole.

Support for Flexible Working Styles

The Company enhances initiatives such as remote work systems and staggered working hours that enable flexible working styles regardless of time and location, as well as initiatives that support the balance between work and childcare, nursing care, and fertility treatment. The rate of childcare leave usage is 100% for female employees and 74.4% for male employees.

With respect to caregiving support, the Company introduces new initiatives aimed at reducing employee concerns and encouraging advance preparation. These include the publication of a caregiving handbook, the establishment of both internal and external consultation services, and the provision of caregiving support seminars twice annually for domestic consolidated group companies. The Company considers it important to create a work environment where employees can work with peace of mind and maintain good health while responding to diverse working needs.

Ensuring Psychological Safety

The Company recognizes the importance of psychological safety in the workplace. E-learning programs aimed at strengthening compliance awareness are taken by 94.1% of employees. In addition, based on the results of stress checks, feedback and support are provided to each department.

Promotion of Employee Health

From the perspective of promoting employee health, the Company implements initiatives such as the development of bicycle parking facilities, bathing facilities, and maintenance facilities, the provision of commuting allowances for bicycle commuting, and subsidies for the purchase of bicycles and helmets. Currently, 714 employees, approximately 40% of the Company's workforce, choose bicycle commuting. These initiatives promote a culture of cycling within the Company and support employee health.

Occupational Health and Safety

Basic Policy on Occupational Health and Safety

Based on the principle that "safety and health take priority over all," the Group promotes the creation of a workplace where employees can work safely and with peace of mind. With the aim of achieving zero workplace accidents, the Group strengthens the development of safety culture and systems at both domestic and overseas sites.

Implementation Structure and Governance

In accordance with the Industrial Safety and Health Act, the Company establishes health and safety committees and holds meetings on a regular monthly basis. The committees are chaired by the General Safety and Health Manager and consist of safety managers, health supervisors, occupational health physicians, and employee representatives, thereby reflecting both management and labor perspectives. The committees deliberate on key matters related to occupational health and safety, including the identification of hazards and risks, risk assessments, and health management, and the results are deployed across each department's activities. Through these efforts, the Company continuously promotes risk reduction through workplace patrols and improvement activities.

In the event of occupational accidents or incidents, information is promptly shared, and cause analysis and the development of measures to prevent recurrence are carried out, thereby ensuring that such measures are implemented across the entire Company.

Development of Safety Culture and Project Initiatives

The "Shu-Ha-Ri Project," a safety-focused workplace improvement project that commenced at the head office factory in 2018, is expanded to the Shimonoseki Factory and continues as an ongoing safety initiative at both sites. The project is also being expanded to overseas factories, and through both "creating safe workplaces" and "developing safety-conscious personnel," the Company promotes workplace improvements and human resource development, with the aim of establishing a safety culture across the global Group.

Global Promotion of Occupational Health and Safety

In 2024, the Company established an organization to promote global occupational health and safety and commenced the collection of information from overseas locations. A framework is established to share reports of occupational accidents and incidents promptly in both Japanese and English across domestic and overseas factories, thereby enabling the horizontal deployment of measures to prevent recurrence.

Ensuring a Safe Working Environment

In addition to working environment measurements conducted in accordance with the Industrial Safety and Health Act, the Company conducts voluntary measurements to ensure the safety of the working environment, including confirmation of the performance of local exhaust ventilation systems and re-evaluation of exposure levels. Through these initiatives, the Company reduces the environmental impact of its products as a whole and mitigates adverse effects on human health, thereby contributing to the realization of a sustainable society.

Human Rights

Respect for Human Rights

The Group believes that building relationships in which all stakeholders support one another and share joy as members of society is the source of providing "captivating products." Based on this concept, the Group formulated its "Code of Conduct" in 2016, which states that each individual of the Group complies with applicable laws and regulations in each country and region and conducts business in a sincere and fair manner.

In July 2024, based on the United Nations Guiding Principles on Business and Human Rights, the Group formulated a "Human Rights Policy" based on the Code of Conduct in order to promote respect for human rights throughout the entire supply chain. Based on this Human Rights Policy, the Group addresses human rights issues across the entire supply chain and requests all business partners involved in all products and services of the Group to understand, agree with, and comply with this policy.

Human Rights Issues Surrounding the Group

The Group recognizes that its supply chain spans diverse regions around the world and, given the nature of its manufacturing operations involving a large number of workers, human rights issues—including forced labor—may arise. In addition, the Group recognizes that migrant workers are often placed in more vulnerable positions and may face a relatively higher risk of being exposed to such issues.

Promotion of Human Rights Due Diligence

As part of its human rights due diligence efforts, the Group proceeds with preparations for the introduction of Sedex, a platform for collecting and managing information on labor conditions, occupational health and safety, the environment, and corporate ethics.

In addition, to promote understanding of the Human Rights Policy and the UNGPs, the Group conducted e-learning programs for all employees in Japan, as well as human rights training programs tailored to different levels and functions, including Executive Officers and procurement personnel. Furthermore, to ensure the proper implementation of human rights due diligence, the Group strengthens internal coordination frameworks and continuously conducts assessments of human rights risks based on business activities and regional characteristics.

Initiatives in the Supply Chain

The Company positions the realization of respect for human rights throughout the supply chain as one of its important issues. In 2021, the Company established the "Vendor Code of Conduct" as a set of guidelines for suppliers to fulfill their responsibilities to society and the environment. To understand the status of initiatives based on this Code, the Company has conducted questionnaire-based surveys since FY2023. In addition, to objectively assess the effectiveness of these initiatives, the Company conducts audits utilizing third-party organizations for suppliers of overseas subsidiaries in Japan and Southeast Asia from 2025.

Based on the information obtained through these initiatives, the Company provides advice and follow-up as necessary and promotes the enhancement of initiatives through dialogue and collaboration with business partners, thereby advancing respect for human rights throughout the supply chain.

Survey	Content	Results for FY2025
Vendor Code of Conduct Survey	A survey is conducted on the status of compliance with the Shimano Group Vendor Code of Conduct. With respect to human rights, the survey covers areas such as forced labor, child labor, working hours, and occupational health and safety.	Responses were received from 710 domestic business partners.
Survey on Employment Management of Foreign Workers	A survey is conducted to confirm the status of initiatives related to respect for human rights, compliance with laws and regulations, labor management, and occupational health and safety at each stage from recruitment and hiring to employment and resignation of foreign workers.	Responses were received from 17 domestic staffing agencies.

Introduction of a Grievance Mechanism

As a full member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), the Group utilizes a non-judicial grievance mechanism operated by JaCER as a third-party human rights grievance channel. Through this platform, the Group receives reports regarding human rights issues from all stakeholders.

In addition, to enhance the effectiveness of this mechanism, the Group conducts briefings for suppliers and distributes poster materials, thereby promoting awareness and utilization of the platform.

Governance

Basic Approach to Corporate Governance

The Company positions corporate governance as an important management issue, and enhances corporate governance from a long-term perspective by establishing systems for appropriate and prompt decision-making and business execution, as well as appropriate supervision and monitoring systems.

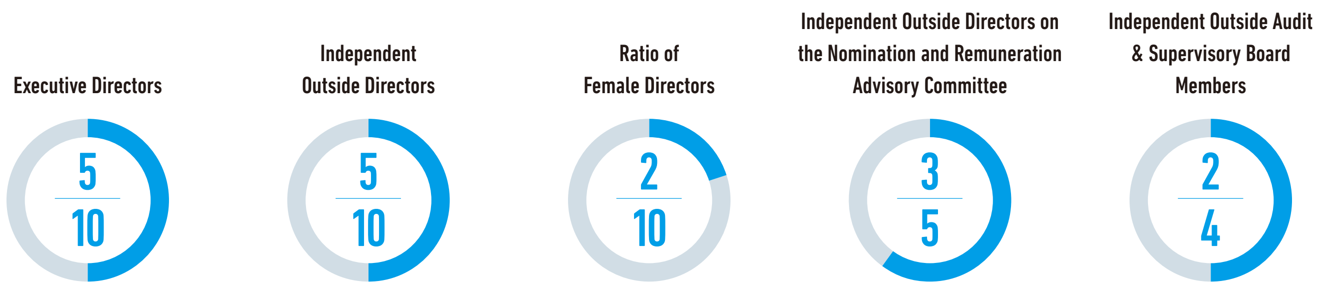
Based on its mission, "To promote health and happiness through the enjoyment of nature and the world around us," the Company continues to fulfill its role as a development-oriented manufacturing company and continues to propose "captivating products." In addition, the Company regards sustainable growth as a value-creating company as its fundamental management philosophy and strives to enhance corporate value for all stakeholders, including shareholders and investors, customers, business partners, society, and employees.

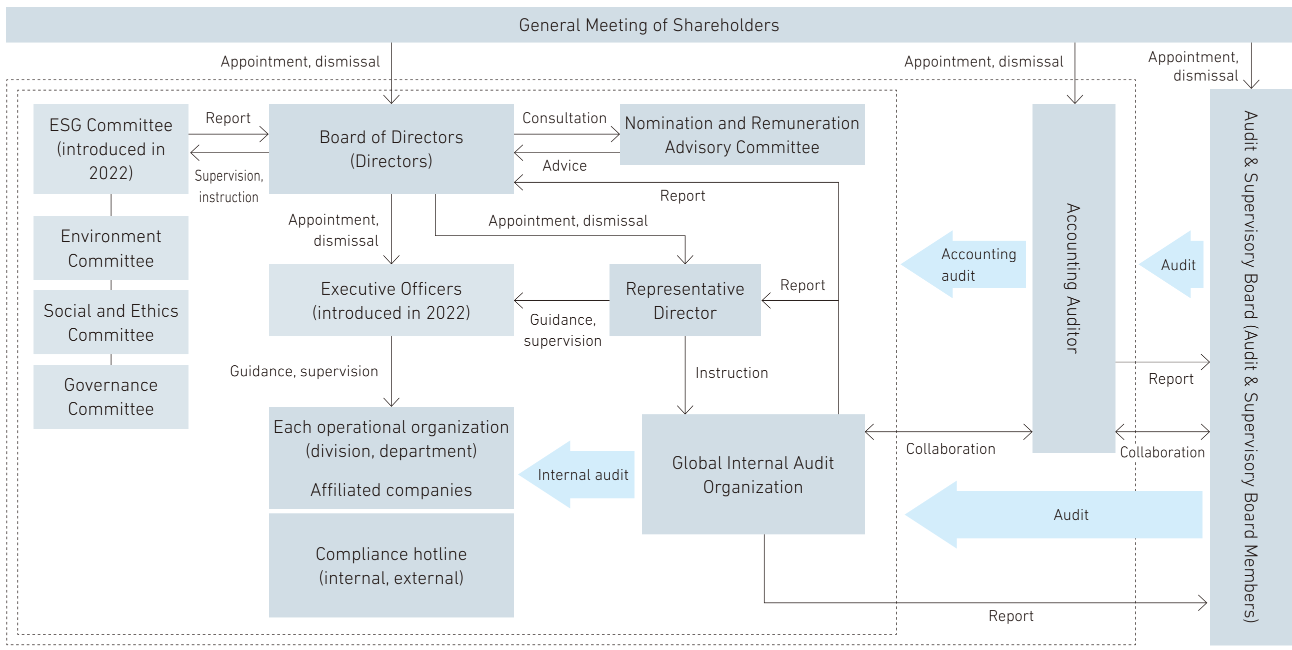
Furthermore, by promoting open management, the Company enhances management transparency, respects the rights of shareholders, and fully fulfills its fiduciary responsibility and accountability.

Overview of Corporate Governance Structure

Main Items	Description
Organizational Structure	Company with an Audit & Supervisory Board
Number of Directors	10
Term of Directors	2 years
Number of Outside Directors	5
Voluntary Committees	Nomination and Remuneration Advisory Committee
Number of Independent Outside Directors	5
Auditing Firm	Seiryo Audit Corporation

Governance and Independence





Board of Directors

The Company considers it necessary that the Board of Directors be composed of individuals who possess a balanced perspective, proven track records, and decisiveness that enable them to understand and engage in overall business operations, and that, as a whole, the Board possesses diverse expertise.

Accordingly, the Company designates as Directors those who are responsible for each business and major administrative functions, as well as those responsible for key functions such as manufacturing, development and design, and quality control, thereby ensuring that responsibilities are appropriately allocated across overall business operations. In addition, the Company appoints individuals with a wide range of backgrounds, including experience in taxation, accounting, and operations at other companies, and gives due consideration to maintaining an appropriate balance of knowledge and experience on the Board. Through such a composition of the Board of Directors, the Company continues to respond to business activities that continue to evolve. With regard to succession planning for officers, the Company conducts appropriate examination based on dialogue with investors, while giving consideration to the independence of Outside Officers.

The Company is also enhancing systems to ensure that the duties of Directors are executed efficiently. Specifically, the Board of Directors holds regular meetings once a month and deliberates and resolves matters that fall under the criteria stipulated in the Board of Directors Regulations. The Board of Directors determines management policies, matters prescribed by laws and regulations, and other important management matters, and supervises the status of business execution.

Main Matters Discussed by the Board of Directors

- Financial results and financial matters: approval of financial results, dividends, and capital policies (including setting limits on treasury stock acquisition and cancellation of treasury stock)
- Shareholders Meeting matters: determination of matters to be included in the notice of convocation and proposals related to officer appointments
- Important business execution: approval of various investments
- Governance-related matters: reports on dialogue with investors, responses to the Corporate Governance Code, and verification of policy-held shares
- Others: Director remuneration and reports on sustainability initiatives

Evaluation of the Effectiveness of the Board of Directors

With the aim of objectively assessing the effectiveness of the Board of Directors and linking such assessment to the sustainable enhancement of corporate value, the Company conducted an evaluation of the effectiveness of the Board of Directors in 2026 by utilizing a third-party organization.

In this evaluation, a multifaceted analysis and assessment were conducted based on a questionnaire consisting of 20 evaluation items and open-ended responses, covering the composition and operation of the Board, management strategy, internal control and risk management, nomination and remuneration, as well as the appropriateness of discussions and exchanges of opinions among Directors.

As a result, it was confirmed that the Board of Directors functions effectively by making important decisions through constructive discussions that utilize diverse perspectives.

On the other hand, as key issues for further enhancing the effectiveness of the Board of Directors, the Company recognized the need to further enhance discussions on management strategies and medium- to long-term plans, and to strengthen information sharing and support systems for the Board of Directors.

To address these issues, the Company will review its information provision processes, including the timing and methods of providing materials, and will prepare materials that make key points easier to understand. In addition, the Company will further deepen discussions on management strategies and medium- to long-term plans, thereby enhancing the quality of deliberations by the Board of Directors and promoting further improvement of its governance structure.

Executive Remuneration

The annual remuneration of Directors and Audit & Supervisory Board Members is determined within the maximum total amount of remuneration for all Directors and all Audit & Supervisory Board Members, respectively, as determined by resolution of the Shareholders Meeting.

The annual remuneration for each Director is deliberated by the Nomination and Remuneration Advisory Committee, which includes Outside Directors, in order to examine whether the remuneration system and levels for Directors function as an incentive toward sustainable growth. Based on the recommendations of this Committee, the Board of Directors resolves the amount of remuneration within its discretion, including the establishment of appropriate performance indicators related to performance. The annual remuneration for each Audit & Supervisory Board Member is determined through consultation among the Audit & Supervisory Board Members. Remuneration for Directors, excluding Outside Directors, consists of fixed monthly remuneration, bonuses, and stock-based remuneration (stock-based remuneration is not provided to foreign Directors). Fixed monthly remuneration is determined based on the roles and scope of responsibilities corresponding to each position. Bonuses are provided with the aim of enhancing motivation to improve the Company's growth and profitability, and performance indicators are set based on planned net sales and operating income for the relevant consolidated fiscal year. Bonuses are paid based on the degree of achievement of such targets and the level of growth compared with previous fiscal years.

The composition ratio of remuneration, in the case of standard performance, is approximately fixed remuneration, performance-linked remuneration, and stock-based remuneration at a ratio of 50%, 40%, and 10%, respectively.

Remuneration for Outside Directors consists solely of fixed monthly remuneration and is not linked to performance, in order to ensure a high level of independence.

Nomination and Remuneration Advisory Committee

The Company establishes the Nomination and Remuneration Advisory Committee as a body to deliberate on matters related to the nomination of candidates for Directors and matters related to remuneration and to submit recommendations to the Board of Directors. The Committee consists of five members, of whom a majority, namely three members, are Outside Directors, and deliberations are conducted from an independent perspective. Through this structure, the Company promotes appropriate selection of officers and the development of remuneration systems, and enhances governance.

Constructive Dialogue with Shareholders and Investors

The Company actively engages in dialogue tailored to the interests of various stakeholders through individual IR meetings, regular financial results briefings, and group meetings. The main topics of dialogue include business performance, management strategies, and sustainability, including initiatives related to human rights.

In recent years, the Company has strengthened its IR activities, and in 2025 conducted more than three times as many IR meetings compared with 2019, prior to the COVID-19 pandemic. Opinions and feedback obtained from shareholders and investors through these IR activities are regularly shared with the Board of Directors and are utilized in discussions on management strategy, capital policy, sustainability, and improvements in disclosure.

Going forward, through constructive dialogue with capital markets, the Company enhances management transparency and further deepens its initiatives toward enhancing corporate value over the medium to long term.

The major IR activities

Activity	Participants	FY2025 Results
Financial results briefings	Representative Director, President; Executive Officers; IR Department	2 sessions / Cumulative total of 189 companies
IR meetings and group meetings	Executive Officers; IR Department	Cumulative total of 672 companies

Cybersecurity Initiatives

Cybersecurity as a Key Management Issue Supporting Corporate Value

The Company positions cybersecurity as a critical management issue essential to maintaining and enhancing corporate value. In response to increasingly sophisticated cyber threats, the Company promotes company-wide security measures to ensure business continuity, protect information related to customers and business partners, and maintain global credibility.

Company-wide Security Governance

The Company has established a Computer Security Incident Response Team (CSIRT) as the core of its cybersecurity initiatives and has developed a global risk management framework. The CSIRT is responsible for the following activities:

- Monitoring, detection, and analysis of cyberattacks
- Initial response, containment, and recovery in the event of incidents
- Planning and promotion of company-wide security measures
- Deployment and control of governance across global locations

The status of these activities and risk assessments is reviewed at the ESG Committee, and under the oversight of the Board of Directors, the Company works to enhance its overall level of cybersecurity.

In addition, as part of strengthening incident response processes, the Company clarifies communication frameworks and response procedures, and enhances response capabilities while keeping procedures up to date through regular training.

Future Initiatives

As a company operating globally, the Company continues to strengthen governance based on unified standards across all locations. At the same time, the Company continuously implements cybersecurity initiatives that respond to stakeholder expectations, including the introduction of advanced technologies in line with evolving threat trends and technological innovation, as well as the enhancement of employee training.

Directors and Audit & Supervisory Board Members (as of March 24, 2026)

Title	Name	Gender	Composition of Committees and Meeting Attendance						Skill Matrix								
			Board of Directors	Nomination and Remuneration Advisory Committee	Audit & Supervisory Board	Board of Directors Meetings (Number of Meetings / Attendance (FY2025))	Nomination and Remuneration Advisory Committee Meetings (Number of Meetings / Attendance (FY2025))	Audit & Supervisory Board Meetings (Number of Meetings / Attendance (FY2025))	Corporate Management / Business Strategy	Manufacturing / Technology / R&D	Marketing / Sales	Risk Management / Legal Affairs	Human Resource Management	Sustainability	Finance / Accounting	IT / Digital	Global
Chairman and CEO, Representative Director	Yozo Shimano	Male	◎	◎		13/13	2/2		●	●	●		●				●
President, Representative Director	Taizo Shimano	Male	○	○		13/13	2/2		●	●	●		●			●	●
Deputy President, Representative Director	Takashi Toyoshima	Male	○			13/12				●			●			●	●
Deputy President, Representative Director	Masahiro Tsuzaki	Male	○			13/13					●	●	●	●			●
Senior Executive Vice President	Chia Chin Seng	Male	○			13/13				●					●		●
Outside Director	Kazuo Ichijo	Male	○	○		13/13	2/2		●					●	●	●	●
Outside Director	Mitsuhiro Katsumaru	Male	○	○		13/13	2/2					●		●			●
Outside Director	Sadayuki Sakakibara	Male	○			13/13			●	●			●		●		●
Outside Director	Hiromi Wada	Female	○	○		13/13	1/1*1			●						●	●
Outside Director	Atsumi Eguchi	Female	○			10/10 *2				●				●			●
Full-time Audit & Supervisory Board Member	Masayoshi Yoshimoto	Male	△		◎	13/13		14/14			●						●
Full-time Audit & Supervisory Board Member	Masahiro Ohtake	Male	△		○	—		—					●		●		●
Outside Audit & Supervisory Board Member	Kanako Nozue	Female	△		○	13/13		14/14				●					●
Outside Audit & Supervisory Board Member	Fuminori Mitera	Male	△		○	—		—							●		●

○ indicates a member (◎ indicates the chairperson), and △ indicates an attendee who is not a member *1 Hiromi Wada assumed office on February 13, 2025. *2 Appointed at the Annual General Meeting of Shareholders held in March 2025.

Executive Officers (as of March 24, 2026)

Takuma Kanai	Senior Executive Officer In charge of Corporate Governance Administration Department and Information Systems Department, Corporate Governance Administration Division, and Supervising of Accounting Department and Human Resources and General Affairs Department
Tomohiro Ohtsu	Senior Executive Officer Supervising of Global Procurement Department, Production Administration Department and Bicycle Procurement Department in Production Division and Procurement Department, Shimonoseki Factory and Production Department, Shimonoseki Factory in Bicycle Components Division, and Vice President, Shimonoseki Factory
Yuzo Shimano	Senior Executive Officer Vice President, BC Marketing Department, and Supervising of BC Sales Management Department and BC Planning Department in Bicycle Components Division
Yoshitaka Nose	Senior Executive Officer Supervising of Product R&D, Department 1 and Product R&D Department 2 in Bicycle Components Division and Assembly Production Department in Production Division
Keisuke Nakano	Executive Officer Vice President, Process Engineering R&D Department and Supervising of Quality Assurance Department in Process Quality Management Division
Gozo Shimano	Executive Officer Head of Fishing Operations Division, and Vice President, Fishing Business Management Department and Fishing Purchasing Department, and Supervising of Fishing Planning Department, Fishing Marketing Department, and Fishing Product R&D Department 1 and Fishing Product R&D Department 2 in Fishing Operations Division
Fabio Masahiro Takayanagi	Executive Officer SHIMANO EUROPE B.V. President
Chikara Shimada	Executive Officer Vice President, Information Systems Department in Corporate Administration Division
Hideki Hirano	Executive Officer Supervising of Corporate Governance Administration Department in Corporate Administration Division
Yoko Ohseto	Executive Officer Vice President, Design Department

Financial and Non-Financial Highlights

Financial Data (Consolidated)

	2021	2022	2023	2024	2025
Net Sales (JPY million)	546,515	628,909	474,362	450,993	466,243
Domestic Sales (JPY million)	55,181	54,383	48,713	41,448	42,341
Overseas Sales (JPY million)	491,334	574,526	425,649	409,545	423,902
Overseas Sales Ratio (%)	89.9	91.4	89.7	90.8	90.9
Gross Profit (JPY million)	231,417	265,645	182,515	172,303	166,616
Gross Profit Margin (%)	42.3	42.2	38.5	38.2	35.7
SG&A Expenses (JPY million)	83,129	96,486	98,861	107,217	114,938
Operating Income (JPY million)	148,287	169,158	83,653	65,085	51,677
Operating Margin (%)	27.1	26.9	17.6	14.4	11.1
Profit Before Income Taxes (JPY million)	153,728	174,112	83,438	98,594	56,358
Net Income Attributable to Owners of Parent (JPY million)	115,937	128,178	61,142	76,329	33,991
Total Assets (JPY million)	705,370	826,413	871,731	958,953	938,250
Net Assets (JPY million)	616,651	741,095	802,396	883,613	869,501
Shareholders' Equity (JPY million)	594,232	666,485	687,162	715,438	670,554
Equity Ratio (%)	87.3	89.6	91.9	92.0	92.5
Cash Flows from Operating Activities (JPY million)	112,439	110,684	114,567	87,032	63,780
Cash Flows from Investing Activities (JPY million)	(20,129)	(33,378)	(31,760)	(35,810)	(40,675)
Cash Flows from Financing Activities (JPY million)	(58,774)	(58,422)	(43,961)	(49,476)	(80,319)
Cash and Cash Equivalents at Year-End (JPY million)	357,773	417,266	481,982	530,310	472,800
Earnings per Share (EPS) (JPY)	1,252.62	1,408.22	676.77	853.36	388.17
Book Value per Share (BPS) (JPY)	6,697.82	8,166.35	8,905.21	9,907.24	10,041.66
Dividends per Share (DPS) (JPY)	235.00	260.00	285.00	309.00	339.00
Return on Assets (ROA) (%)	17.9	16.7	7.2	8.3	3.6
Return on Equity (ROE) (%)	20.2	18.9	7.9	9.1	3.9
Dividend Payout Ratio (%)	18.8	18.5	42.1	36.2	87.3
Capital Expenditures (JPY million)	20,529	27,762	31,356	44,682	46,322
Depreciation and Amortization (JPY million)	18,749	20,992	23,937	25,037	27,208
R&D Expenses (JPY million)	14,121	13,953	14,611	16,245	16,275

Non-Financial Data

		2023	2024	2025
Environment (E)	Scope 1 (thousand t-CO_2, consolidated)	10.4	9.6	10.0*1
	Scope 2 (thousand t-CO_2, consolidated)	52.4	53.1	52.7*1
	Scope 1 + 2 (thousand t-CO_2, consolidated)	62.7	62.7	62.7*1
	Electricity Consumption (GWh, 15 plants)	182.1	182.6	185.2
	Water Withdrawal (thousand m^3, 15 plants)	1,343	1,368	1,520
	Recycling Volume (valuable materials, tons, Japan)	151	119	160
	Recycling Rate (valuable materials, %, Japan)	35	36	41
Social (S)	Number of Employees (consolidated)	9,703	10,130	10,242
	Female Employees (SHIMANO INC.)	180	186	196
	Average Length of Service (years, SHIMANO INC.)	14.2	13.8	13.8
	Average Age (SHIMANO INC.)	41.3	41.3	41.6
	Employment Rate of Persons with Disabilities (%) (SHIMANO INC., as of June)	2.31	2.30	2.59
	Number of Managers (SHIMANO INC.)	199	209	229
	Female Managers (SHIMANO INC.)	5	6	8
	Tiered Training Programs*2 (participants, Japan and selected overseas group companies)	257	242	1,653
	Global Leadership Programs*3 (participants, Japan and selected overseas group companies)	14	18	23
	Language Training (participants, SHIMANO INC.)	260	697	420
	Correspondence Education (participants, SHIMANO INC.)	222	172	209
	AI Training Participants (SHIMANO INC.)	95	447	164
	Paid Leave Taken (days, SHIMANO INC.)	14.4	14.1	15.2
	Paternity Leave Utilization (%)	63.1	67.6	74.4
	Average Overtime (hours/month, SHIMANO INC.)	24.7	26.1	25.6
Governance (G)	Board of Directors (Total / Outside)	9／4	9／4	10／5
	Female Directors	1	1	2
	Audit & Supervisory Board Members (Total / Outside)	4／2	4／2	4／2
	Board of Directors Meetings (Number / Attendance %)	13／99	13／100	13／99
	Nomination and Remuneration Advisory Committee Meetings (Number / Attendance %)	2／100	2／100	2／100
	Audit & Supervisory Board Meetings (Number / Attendance %)	14／100	14／100	14／100

Notes
*1 Scope 1 and Scope 2 emissions are subject to third-party assurance by KPMG AZSA Sustainability Co., Ltd. to enhance the reliability of disclosed information. The Company has obtained third-party assurance since FY2024, including for FY2025 data.
*2 Tiered training programs include onboarding training for new employees, training for mid-level employees, management training, and global assessment tools.
*3 Global leadership programs include SLD, LTSP, and the Apprentice Program.

Company Overview

(As of December 31, 2025)

Company Name	SHIMANO INC.
Established	February 1921
Incorporated	January 1940
Paid-in Capital	JPY 35,613 million
Business Description	Manufacture and sale of bicycle components, fishing tackle, and rowing-related products
Head Office	3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka 590-8577, Japan
Website	https://www.shimano.com

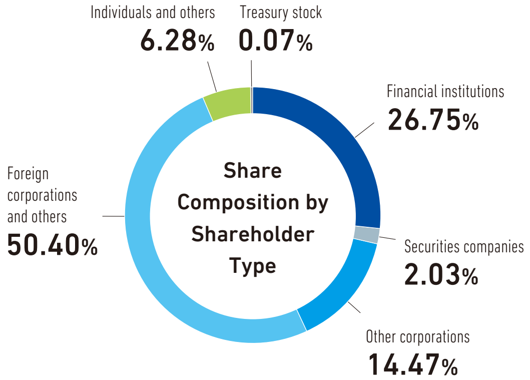
Stock Information

(As of December 31, 2025)

Number of Shares and Shareholders

Total Number of Authorized Shares	262,400,000
Total Number of Issued Shares	86,530,000
Number of Shareholders	14,683
Share Unit	100 shares

Share Distribution by Shareholder Type



Major Shareholders (Top 10)

Shareholder	Shares (thousands)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,126	12.87
Minato Kosan Co., Ltd.	7,936	9.18
JP MORGAN CHASE BANK 380055	6,425	7.43
Custody Bank of Japan, Ltd. (Trust Account)	3,145	3.64
STATE STREET BANK AND TRUST COMPANY 505001	2,609	3.02
THREE-S Co., Ltd.	2,171	2.51
STATE STREET BANK AND TRUST COMPANY 505223	1,870	2.16
Nippon Life Insurance Company	1,801	2.08
Stichting Pensioenfonds Zorg en Welzijn	1,590	1.84
THE BANK OF NEW YORK MELLON 140042	1,549	1.79

Note: Ownership ratios are calculated after deducting treasury stock (64,521 shares).

Shareholder Information

Fiscal Year	January 1 to December 31
Annual General Meeting of Shareholders	March
Record Dates	Year-end dividend: December 31 Interim dividend: June 30
Public Notice	Electronic notification via the Company's website https://www.shimano.com/jp/ir/electronic.html If electronic notification is not possible, notices will be published in the Nihon Keizai Shimbun.

Share Administrator and Special Account Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Share Administrator Office for Handling Shareholder Affairs	Sumitomo Mitsui Trust Bank, Limited Securities Transfer Department 4-5-33 Kitahama, Chuo-ku, Osaka, Japan
Mailing Address	Securities Transfer Department Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
Contact (Telephone Inquiries)	0120-782-031 Reception Hours: 9:00–17:00 (Excluding Saturdays, Sundays, public holidays, and the period from December 31 to January 3)
Website	https://www.smtb.jp/personal/procedure/agency
Frequently Asked Questions	For procedures and frequently asked questions, please refer to the website below: https://faq-agency.smtb.jp/?site_domain=personal
Securities Code	7309

Message from an Outside Director

Evolving Shimano into a "Development-Oriented Digital Manufacturing Company" to Create the Next Phase of Corporate Value

Kazuo Ichijo

Independent Outside Director

Shimano is not simply a company that produces high-quality components and equipment. It is a company that has designed the user experience itself in fields deeply connected to human physical senses and the natural environment, such as cycling and fishing. The smoothness of shifting, the sense of security in braking, the feel of reeling, and the sensitivity transmitted through the rod are values that cannot be fully captured by numerical indicators alone, but are created through the long-standing accumulation of knowledge built by both the shop floor and development teams.

Through my involvement with Shimano as an outside director, I have come to recognize that the source of this value lies not only in technological capabilities and production capacity, but also in the Company's commitment to manufacturing that remains closely aligned with user sensibilities and does not compromise on detail.

Looking ahead, I believe it is important to further evolve Shimano into a development-oriented digital manufacturing company in order to enhance corporate value. In this context, digitalization does not simply refer to efficiency improvements or automation. Rather, it represents the integration of tacit knowledge and embodied knowledge, such as craftsmanship, insights from the field, and user experience, with data, software, and AI to create new product and experiential value. Shimano's precision manufacturing capabilities cultivated over many years, together with its development approach that is closely aligned with user sensibilities, will become an even more important source of competitive advantage in the age of AI.

The Company is already expanding its development scope beyond mechanical manufacturing into areas such as electronic control, software, and the utilization of riding data. In addition, initiatives toward smart factories utilizing AI, IoT, and robotics are being promoted at production sites. These initiatives go beyond improving efficiency and enable the circulation of knowledge across development, production, and customer touchpoints, thereby accelerating Shimano's unique value creation.

Shimano's strengths lie in its precision manufacturing and development approach that remains closely aligned with user sensibilities. By combining these strengths with digital technologies and knowledge-creation management, I am confident that Shimano can open the way to its next stage of growth as a development-oriented digital manufacturing company that contributes to the advancement of outdoor culture worldwide.

To realize this, clear vision from top management and the role of middle management in driving execution are essential. By accurately visualizing and interpreting tacit and embodied knowledge in the field and linking it to management decision-making, digital technologies such as AI can be transformed into true competitive strength.

At the same time, in order to connect these strengths to future corporate value, it is important to continue deepening discussions on key business themes at the Board of Directors.

At Board of Directors meetings, management provides detailed explanations on the business environment, investments in development and manufacturing, human resources and organization, sustainability, and dialogue with capital markets. Each director then engages in multifaceted discussions based on their respective expertise and experience. Going forward, I recognize that enhancing the Board's ability to respond to change will be an important issue.

Evaluations conducted with the involvement of third-party organizations have confirmed that the Board of Directors functions effectively as a whole. From the perspective of further enhancing its effectiveness, it is important to more clearly discuss how growth investments as a development-oriented digital manufacturing company will contribute to medium- to long-term corporate value, and to communicate this clearly both internally and externally. To achieve this, the Company must remain conscious of capital costs and share price, ensure appropriate shareholder returns, and continuously evaluate how management resources are allocated to areas that enhance future competitiveness, profitability, and capital efficiency. While strengthening its current competitive advantages, Shimano is strongly expected to invest proactively in the future and pursue innovation in order to establish the competitive advantages of tomorrow. I recognize that an important mission of an independent outside director is to provide oversight and advice to management so that the executive team maintains an appropriate balance in allocating management resources between the present and the future, thereby further enhancing Shimano's market value.

As an outside director, I will carefully assess whether Shimano's cycle of knowledge creation is functioning effectively and whether the foundations supporting value creation, including human resources and organizational structures, are being developed in a way that supports future growth. At the Board of Directors, while preserving the essence of Shimano's unique value creation, I will raise constructive questions on key themes such as growth investments, capital policy, human capital, and digitalization centered on AI as a new form of token capital, contribute to enhancing the quality of discussions, and provide advice from an independent external perspective to support the Company's sustainable growth in corporate value.