

EXECUTIVE SUMMARY

Dear 5x5x5 Russo Fund Investment Committee & Board,

I recommend a long position in Shimano (7309 JP Equity). I think the business is worth 27,000 JPY/share, which is 64% upside against today's price of 16,445 JPY and represents a meaningful margin of safety against the bear case. Most of the business (by sales and profit contribution) is related to **mechanical bicycle component manufacturing**, where Shimano is **the global market share leader by far**. I think the likelihood is high that this is a classic case where an extraordinary business that has **generated 23% average ROICs since 2007**, but faces some **prolonged temporary headwinds** and is being **overly discounted by the market** (stock is down 50% since peak). The likelihood of mispricing increases as this is a relatively large, liquid company listed in Japan that doesn't like meeting investors, stopped disclosing key information such as the sales split by destination country and has just a short window each year when most sales happen for both main segments (70% of bicycles are sold from mid-April to Mid-July¹), making it easy to extrapolate weak results.

Yet, this is a company that not only has a hypothetical capacity to suffer but has been through analogous challenging periods (such as following the 1990s leisure boom and the GFC, when the whole bicycle industry was under tremendous pressure), during which it created a fantastic business and shareholder result. In addition, it is family owned, where the legacy of generations worth of the Shimano family is at stake, which gives me some comfort that they are motivated by the same long-term compounding aims as us.

The investment thesis rests on the following key buy-ins:

- 1) Elevated market inventories are not permanent, and as the market normalises, Shimano will emerge in a stronger position and benefit from operating leverage again
- 2) Shimano will continue to be largely exposed to high-end mechanical bicycles, which are a much more resilient part of the market driven by cycling enthusiasts that outgrows the average by value and volume
- 3) E-bike components have a long runway for growth at double digit volumes
- 4) Shimano's e-bike business is subscale, but can reach similar profitability and benefit from customer loyalty despite potentially increasing Chinese competition

The market is pricing in weak growth and flat margins (extrapolating the recent weak base). **Meanwhile from a simple IRR bridge, we can get to high teens** based on a 7% medium-term sales growth rate, operating margin expansion from recent lows of 11% back to the low 20% range and the firepower to put the balance sheet to work by returning cash to shareholders either through dividends or share repurchases, which Shimano has already accelerated, as they are coming to realise they don't need 450 B JPY (3 B USD) as a safety net in the event of an earthquake or other mishap.

The asset value and earnings power value estimates support the decision as **almost all of Shimano's market capitalization today is captured in the asset value**. In addition, as of Q1 2026, Shimano has **31% of its market capitalisation in cash²**, and between changes in the company's own language, shareholder attention and the reforms on the Tokyo Stock Exchange, is ripe to release it to shareholders over our investment period.

In a bull case we can reach 37,300 JPY/share (+127%). Meanwhile, even in a very bearish case, Shimano retains market leadership for high-end mechanical components desired by bike enthusiasts, at the current level of business there with robust margins. I evaluate Shimano may be worth 13,717 JPY/share (-17%) in that scenario.

Thank you for considering my idea for the fund.

Scope for variant perception & value-added research (VAR)

¹ CLSA Research Jul 2023 - accessed via Columbia Libraries/Refinitiv

² The proportion is even higher if you choose to count the investment securities as liquid cash-like assets

This section is my answer to why the opportunity exists and why I think we can have an edge. The context is that after many more people decided to purchase a bicycle during COVID19 when there was a boom in leisure spending, Shimano was likely over-earning, while giving some commentary that they can head towards further record margins and maintain the level of business. This has been followed by several years of disappointment as the market and Shimano's performance has been surprisingly weak, with the market correcting expectations rather sharply as sales and profitability have been surprisingly weak for Shimano and other industry players.

While as I come to the end of my Columbia journey, I find I'm increasingly tending to de-emphasise this kind of thinking, this is one of the few cases where I truly feel there is a good chance that I have a better than average grasp of the types of market players I am trading against and their temperament or thought process. There are several behavioural biases that seem to be at play here, in the face of which I was very fortunate to use my status as a student to conduct differentiated value-added conversations, was able to receive and prioritise what seems like the most important information, and use the lens of a 5 year+ investment horizon to look through factors that other investors are forced to overweight in their investment decision frameworks.



Bloomberg, own annotations based on industry news reports & company filings

In a nutshell:

- Some investors are using mental shortcuts, getting **read-across from the bike assemblers and import/export data**, which I think is **much more heavily skewed towards lower-end bikes than what Shimano is exposed to**
- Several ESG and Sustainability-oriented funds that had inflows leading into and during COVID invested as Shimano's shares benefitted from some momentum
 - o When the opposite happened and Shimano was hit with visceral news such as the product recall, human rights issues and labour infractions in the supply chain, they were **forced sellers** based on the **reputational risk**
- The **lack of investor access and English-language information** creates a reluctance to engage with the materials that are available if you are creative – for example, one investor mentioned to me that the motivations and track record of the latest CEO, Yozo Shimano, are uncertain³ – meanwhile this is easily

³ Exchange with a long-only investor, previously with a small position in Shimano: "Yozo Shimano took over in 2021. We have no clue how he differs. That's the whole problem. It's all tea leaves."

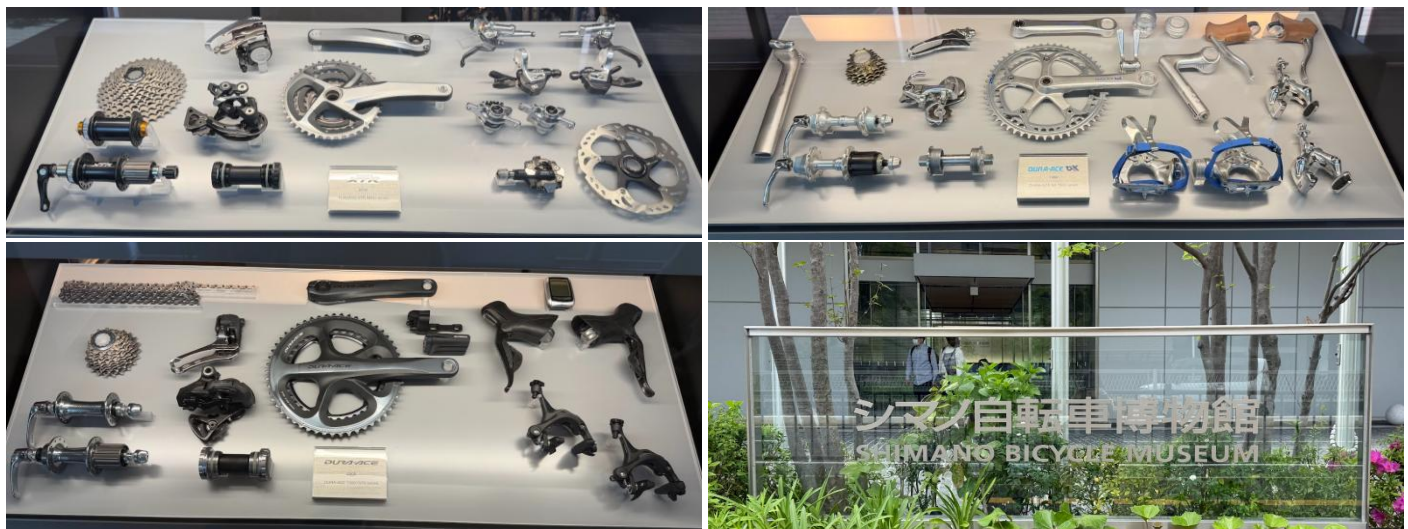
verifiable as there is even an English language Forbes article⁴ explaining that his prior role was President of the Bicycle Components division since 2001, so for me this is a good demonstration of the mental fatigue even detail-oriented, long-term investors may face when considering the return on time

These were the **10 highest-value conversations** I had for developing conviction in the thesis.

- Columbia student with prior experience in competitive cycling, proud owner of Shimano and SRAM bikes
- Retired former Shimano VP (3.5 decades at Shimano) who also had experience at SRAM
- Bicycle industry consultant, former USA Cycling Race Mechanic and bike shop consultant
- Representatives at SRAM (#2 competitor to Shimano in bicycle components) including:
 - A co-founder of SRAM
 - 2 Director/VP-level employees in the Advanced Development/Corporate Development divisions
- Director of Engineering at top 3 bicycle distributor, in the industry since 2002, with prior experience at Ford as a Design Engineer
- Former Senior/Area Sales Manager in the bicycle industry since 2007 with experience across more than 4 bicycle brands including Canondale
- Marketing Director of a bicycle retailer, former Director of Marketing at Specialized, current industry writer
- Transportation columnist with a focus on bike initiatives, former State Bike Parking Program Manager

Shimano's IR team did not acknowledge me when I tried to reach out to them as a student both directly and through the Center on Japanese Economy & Business (CJEB) at Columbia. Although Columbia's network proved less useful here, cold outreach leveraging my position as a student and my undergraduate alumni network proved effective to get these interactions. I was also able to get some partial industry data through the Ministry of the Economy, Trade & Industry (METI) and national bike associations, immersed myself in LinkedIn thought leaders in the cycling space and was able to review the Stanford Shimano case.

Finally, my significant other was by chance visiting Japan near the end of this project and I was able to convince her to visit the Shimano museum in Osaka and report back. I take the fact that there was absolutely no one there at a time when many investors are visiting Japan for various broker-organised forums as a **possible further soft indicator of the lack of interest in Shimano**.



Key business model aspects: what you need to know about Shimano

Shimano is a family business was founded in 1921, with a deep-rooted history in bicycle components. Over time, the technology had some common ground with what is needed for fish tackle and rowing equipment

⁴ <https://www.forbes.com/profile/yozo-shimano/>

products, although today there seems to be less overlap in the R&D and investment needs. For the sake of our investment thesis we will focus on the main part of the business by operating profit – the bicycle division.

Bicycle components (FY25: 76% sales, 83% operating income)

Shimano manufactures almost every type of bicycle component incl. brakes, gears, shifters, cassettes, cranksets, derailleurs and others (with the exception of the main bodyframe, handlebar and tyres), often sold as “groupsets”. Typically, these are attached to high-end bikes⁵ used by professional athletes, so small differences in performance are critical.

The reason for Shimano’s success is that they are able to produce the highest quality bike components at the lowest cost out of the competitors. Competitors have usually not been able to replicate the technical performance in terms of durability and function of the parts when they have mud or sand on them. This led Shimano to become the world’s leading brand of bicycle components and somewhat synonymous with bicycle components. In fact, some people would go as far as saying that Shimano could be referred to as the “Intel of the bicycle business”⁶.

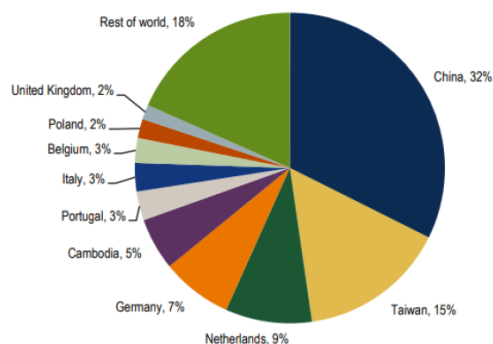
China and Taiwan are the largest exporters of finished bikes, which is where Shimano’s customers (bike assemblers) tend to be located. Shimano is highly exposed to Europe because on top of direct sales, the largest bike customers (such as Giant, Merida) that Shimano sells to in Asia go on to export the products that they have assembled using Shimano components to Europe themselves, despite the assembly occurring in Asia.

Bicycle components sold in Japan are priced in JPY, whereas those sold overseas are priced in USD. For this reason, Shimano has historically often been a beneficiary of currency movements as a weaker yen is favourable for the price competitiveness of their products that are largely sold abroad.

China and Taiwan are largest exporters

Mainland China and Taiwan are largest exporters of bicycles. In 2019, China accounted for 32% of the world’s bicycle exports and Taiwan for 15%.

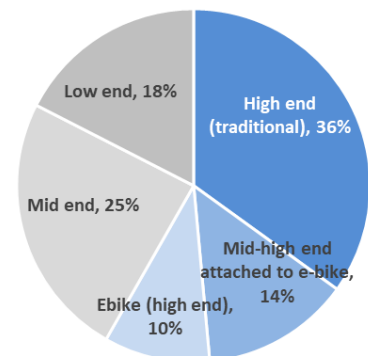
Chart 16: China and Taiwan account for 47% of world’s total bicycle exports



Source: CEIC, World’s Top Exports, BofA Global Research

BofA Bicycle Primer Jun 2020 – accessed via Refinitiv/Columbia Libraries

Shimano Sales Contribution by Bike Type Est.



Shimano Sales Contribution by Bike Type Est.

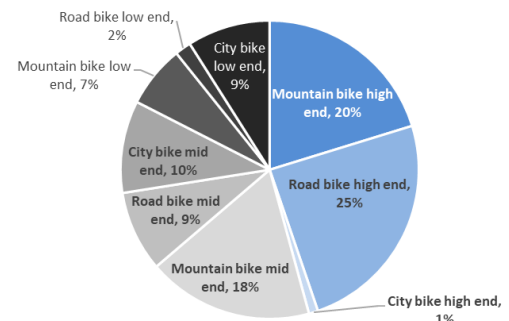
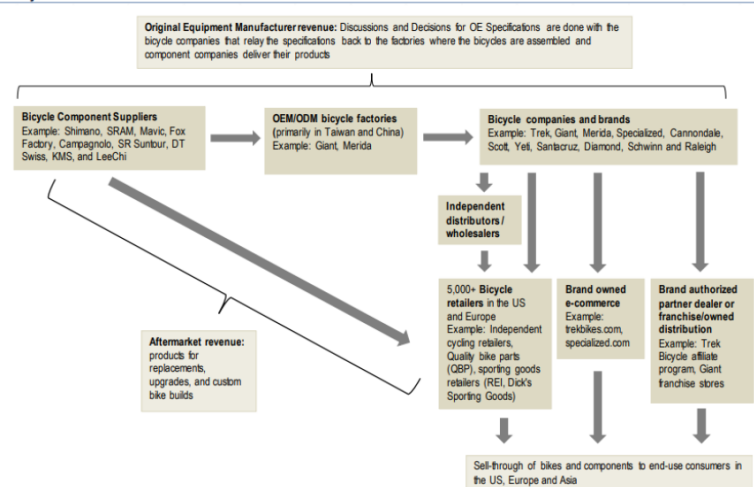


Exhibit 6: Bicycle OEM business model

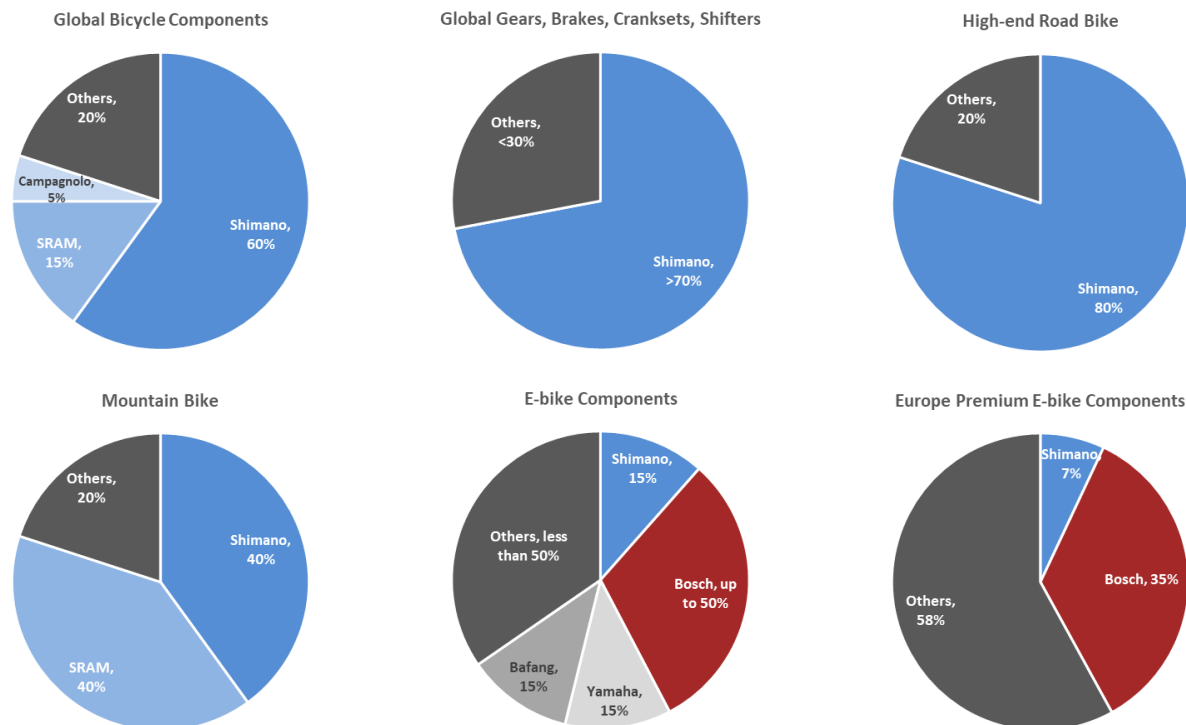


⁵ Best estimate based on CLSA Deep Dive Jul 2023

⁶ Morningstar Research – accessed via Columbia Libraries

I found anecdotes that Shimano components account for ~20% of a high end-bike's retail sales price or third of the cost of materials. For mid-end bikes the corresponding numbers could be 10% and 20%. In recent years as if Shimano's products are adopted for all possible parts it would be possible for this number to reach 40-50%. However, this is largely anecdotal and varies by bicycle model so it's hard to draw broad conclusions.

Shimano is the market leader in mechanical often cited as having 60-70% market share and the number 2 in e-bikes, but there are some nuances by specific product and type of bicycle. SRAM also appears well-positioned and is an impressive company based on my research so far.



Best effort indicative compilation from sell-side analyst research and industry expert conversations

Fish tackle (FY25: 24% sales, 17% operating profit)

Shimano entered this market in 1970 and there is little granular disclosure at this point. In the past the main product category was reels (50% of sales), followed by rods (40%). Shimano is the #1 player in rods, #2 player in reels, with around 20% market share in Japan and 10% in North America/Europe but has been outgrowing GlobeRide in recent years. Fish tackle is quite a fragmented market but with weaker growth prospects (unless someone invents the e-bike equivalent of the fishing rod) and seems more pure consumer discretionary.

Others (FY25: <1% sales, <1% operating profit)

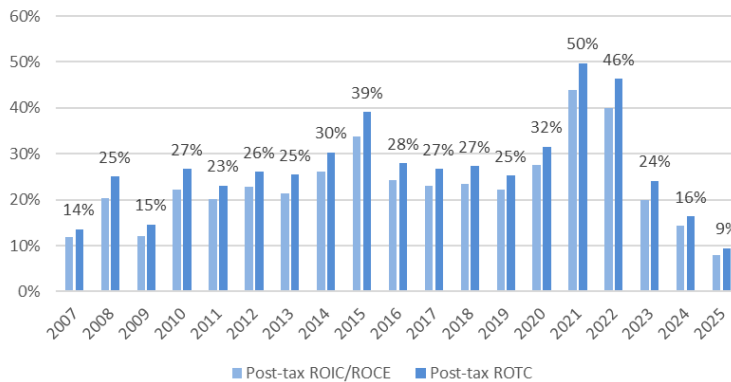
This is where Shimano produces rowing machine equipment. Pre-2009 this was up to 2% of sales, but has been struggling to meet a 500 M JPY revenue target since 2012. The business is not profitable and unlikely to be a major driver for the foreseeable future.

Competitive advantages & economic moat

MEASURING THE MOAT

Shimano's advantages are reflected in the returns on capital generated by the business that have been well above the cost of capital and until the post-pandemic period, on a positive long-term trajectory since 1993. I think this is the biggest indication of the moat in a quantitative form apart from the high market share.

Shimano return profile evolution



Shimano DuPont (2 stage)	ROIC	NOPAT margin	Invested Capital Turnover
2025 metrics	8%	7%	1.2x
2021 metrics	44%	20%	2.1x
2019 metrics	22%	14%	1.6x
Average last 10 years	25%	15%	1.7x
Average last 18 years	23%	13%	1.7x

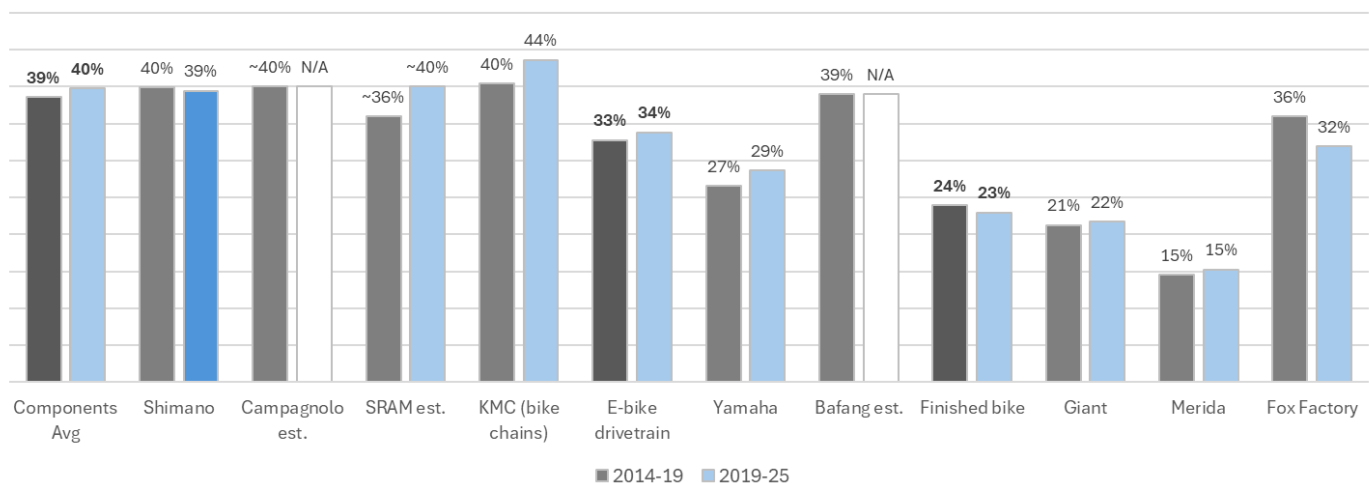
Please refer to the Appendix for the underlying calculations

I also think the advantages are captured by Shimano's very stable gross margins, latent pricing power and ability to capture more of the gross margin dollars than the other more fragmented parts of the value chain.

"The power position in the industry is the component supplier. They are the ones with the best margins and really the only ones with any sustainable advantage, in my opinion, because they have the technology, they have the intellectual property, and they're doing all the product development."

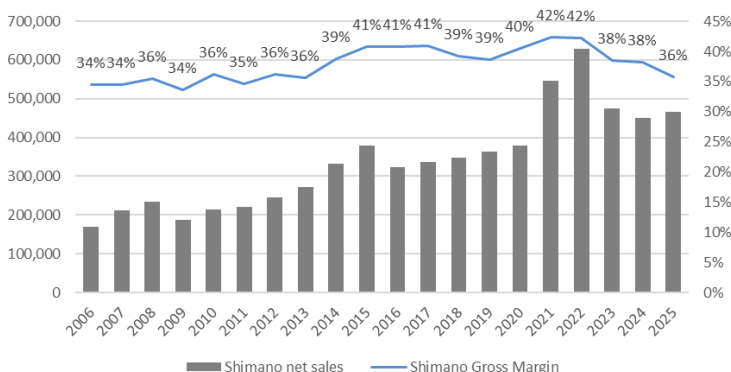
- (Anonymised) Director/VP-level contact at competitor

Gross Profit Margins by Player Type

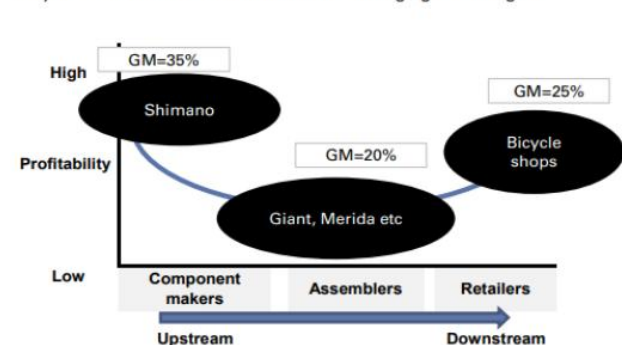


Own analysis based on Bloomberg data & expert conversations

Shimano Sales & Gross Margin Evolution



Bicycle value chain and manufacturers' average gross margins



⁷ Right hand visual - Goldman Sachs Apr 2014

The result is that in the bicycle segment, Shimano sits in the thin part of an hourglass-like industry map, with many fragmented suppliers and a particularly fragmented distributor and end-customer base (although I heard it is likely the top 20% distributors make up for 80% of the profit capture in their part of the market). For example, there are 5,000-6,000 bike dealers in the US, as well as further generalist sporting good outlets that stock bikes, Walmart and increasingly small specialty e-bike outlets. This means **power of suppliers is low** and **power of buyers is low** too.

Extensive & Entrenched Distribution Network

Shimano has extensive and long-lasting relationships with all leading bicycle manufacturers and authorised dealers. I've heard that almost any bike manufacturer or dealer in the world, large or small, would have a relationship with Shimano. In particular, in high-end bikes, the market structure is an oligopoly or duopoly, with Shimano, SRAM and Campagnolo controlling c. 90% of the market between them.

*“Every retail store will sell Shimano and SRAM. And they will either go through a distributor or they will go direct to the manufacturer for components... You **can't be a bike shop and not sell both SRAM and Shimano. You can ignore everybody else, but you cannot ignore those two.**”*

- Former Shimano/SRAM VP (with prior competitive cycling experience)

*“Look at Campagnolo. They say they can make a competitive product, but it's **really a duopoly**. Bike distributors like Giant, Canyon, Merida, Specialized have **40-year+ relationships with Shimano**, and if they decide to swap out components and mess up, they risk the customer getting alienated.”*

- Columbia student with cycling expertise, proud owner of both SRAM & Shimano bikes

There is a meaningful aftermarket component at c. 30% of Shimano's sales, as bicycle components tend to last a shorter amount of time (2-5 years depending on usage) compared to the bike frame. Customers tend to choose like-for-like replacements for parts, driven by an expert salesperson and by availability. Shimano are able to leverage their distribution network to supply both frame manufacturers and specialised bicycle shops with parts. In market where aftermarket sales are significant, this entrenches Shimano's competitive advantage as Shimano's parts will be available in shops globally. Cyclists tend to rely on a fragmented network of independent bicycle dealer shops for maintenance, repair and servicing. Often trained mechanics choose parts that they can replace like-for-like worldwide, so widespread availability of a given brand's parts is a key consideration in the purchase or replacement decision.

*“Shimano is an example of a **brand has come to dominate its market over decades and maintains a durable lead** over competitors. How can one company capture and maintain such an overwhelming competitive position in an **arguably low-tech market**? After all, derailleurs were invented in the 1930s and haven't changed much in outward design or function. Similar to Tesla (TSLA US, Not Rated) with electric vehicles or Apple (AAPL US, Not Rated) with the iPhone, **Shimano wasn't the pioneer in many areas yet has come to establish a market-leading position** over time.”⁸*

Economies of Scale of R&D (& Capex)

Shimano set the standard in bicycle components. The level of technical performance and durability that Shimano have been able to achieve and maintain is a level beyond most competitors. Anecdotally, “Shimano's R&D budget is larger than the rest of the bicycle industry combined”. While I wasn't able to verify this, I do show that Shimano, despite not always being the pioneer, are able to spend 2-6x more than the nearest players in R&D dollars. Shimano believe that even if competitors develop a new innovative product, they are able to quickly respond and regain any market share and as a result that they have never nor will never go through period of continuous market share loss. Shimano's historical capex likewise means their production capacity is

⁸ Morningstar Research – accessed via Columbia Libraries

likely to be a barrier to entry. I think this is what has allowed Shimano to become a relatively low-cost producer at scale of the highest quality components.

R&D spend in USD M	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Aggregate
SHIMANO INC	60	68	91	90	116	126	128	114	113	97	122	111	116	111	118	129	107	104	107	109	2018-25
SRAM INTERNATIONAL	22	28	47	28	37																
ACCELL GROUP BV			4	3	3	3	2	2	3	1	2	2	2	4	2	7					
FOX FACTORY HOLD				6	7	10	10	10	14	17	18	20	26	32	34	47	56	53	60	69	2.4x
GIANT MANUFACTUR	6	6	8	8	15	20	21	24	25	25	25	26	27	28	32	37	51	47	44	43	2.9x
MERIDA INDUSTRY																					
BAFANG ELECTRI-A													5	6	7	13	13	13	11	8	12.0x
MISTO HOLDINGS C						44									52	59	63	72	75	80	
MIPS AB									0	0	1	1	1	2	2	3	3	3	4	4	41.9x
Shimano x nearest	2.8x	2.5x	2.0x	3.2x	3.1x	2.9x	6.0x	4.8x	4.5x	3.9x	4.9x	4.3x	4.2x	3.5x	2.2x	2.2x	1.7x	1.4x	1.4x	1.4x	

Bloomberg, own analysis

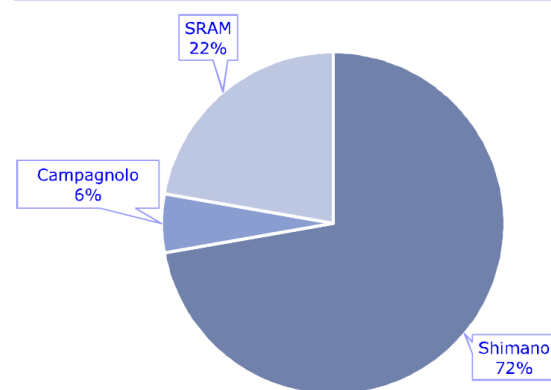
“Shimano is fantastic at mass production forging and metalworking with a large volume, which they can do at very low prices but very high quality and durability, and, Shimano has a **strategy of never sacrificing their durability for the price point...** Shimano has an incredible engineering staff and they make super high quality products... but they **have always been under extreme pressure from Asia**, first from Taiwan and now from China and a lot of the manufacturers like Trek, Specialized, Cannondale, Giant, all the big brands would make their house brand hubs and cranks for their less expensive bikes, and then they would use Shimano or SRAM as a complete group set for the more expensive stuff... they copied the flash marks on the castings. It looks exactly the same... but the inside isn't copied as well... So Shimano has constantly been under pressure for the last 20 years for lower cost competition out of Asia, and then the competition with Campagnolo, who has pretty much lost completely... So **Shimano's been under pressure from both sides, but every time I have thought that they're in trouble, they come out with some new innovation** that's very clever and changes your riding experience... They've never been under more pressure and at the same time, **somehow they keep finding ways to stay in the game and continue to be a quality leader at the top of premium components...** if you know how to forge something hollow, it's **mind-blowing how hard that is to do... cold-forging something hollow is unbelievable technology...** People have said that **Shimano invented cold-forging.**”

- Former Shimano/SRAM VP (with prior competitive cycling experience)

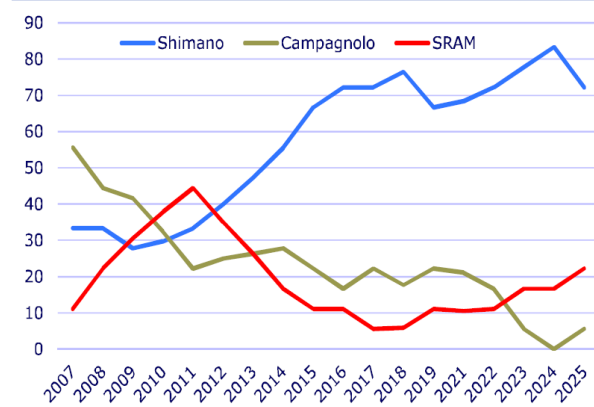
Reputation, Brand Equity & Comprehensive Product Ecosystem

Shimano have spent 100 years building up a legendary brand reputation and have historically made an effort to support professional cyclists who have high visibility (e.g. Olympic athletes and Tour de France winners). In recent, years they take a similar approach to sport in emerging markets as well.

World tour 2025 - What groupsets are the pro riders using?



What components are the Cycling World Tour riders using



CLSA Research Mar 2025 - accessed via Refinitiv/Columbia Libraries

“The bigger advantage they have is that they're a **known quantity as a dependable supplier**. If the factory has to do a production run, load the bikes in Asia or wherever (because the less expensive bikes aren't being made here, and even the premium bikes, most of them are imported), load them on a boat, and **it takes a month to**

*get here - there's a **three-month lead time** from trying to get it, all the parts to the factory, build the bike, ship the bike, land it, and get it to the bike store."*

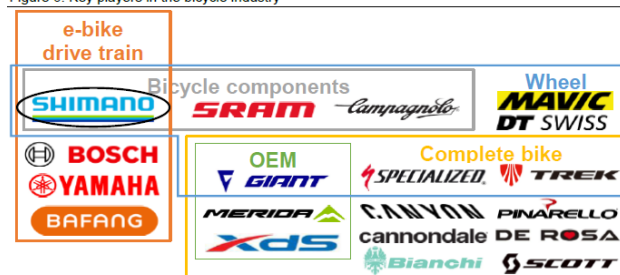
- Former Shimano/SRAM VP (with prior competitive cycling experience)

Anecdotally, no competitor is able to match the breadth and depth of the Shimano groupset ecosystem. While SRAM also historically sells products for virtually all types of bikes, in the past they have not been able to make meaningful sales in gear systems for electrically-assisted pedal cycles. Campagnolo historically specialises in road bikes (only making wheels but no parts for mountain bikes)⁸¹. This is probably also one of the reasons why Shimano have been so successful from a distribution perspective as it is probably quite useful for a dealer to have the breadth. The breadth of the portfolio across groupsets also means there is a chance for technology trickle down into lower-priced ranges

	Gears	Brakes	Crank	Chains	Wheels	Pedals	Mounts	Seats
Shimano (JP)								
SRAM (US)								
- Zipp (US)								
Campagnolo (IT)								
- Fulcrum (IT)								
Bontrager (US)								
KMC (TW)								
Mavic (F)								
Look (F)								
Time (F)								
FSA (US/IT)								
Cinelli (IT)								
Fizik (IT)								
Selle (IT)								
Spinergy (US)								
FFWD (NL)								
Easton (US)								

Notes: Zipp is owned by SRAM, Fulcrum by Campagnolo, Bontrager by Trek.

Figure 6. Key players in the bicycle industry



CLSA Shimano Deep Dive 2024 & Mizuho Jan 2026 – accessed via Refinitiv/Columbia Libraries

Large bike assemblers are incentivised against vertical integration and cannot move into components

Industry experts have explained that this is not possible as the assemblers would only be able to use the components in their own bikes (other assemblers would not want to buy from them).

*"Specialized, for example, is not going to buy tracker wheels because they know they're owned by Trek and they're not going to buy a product from a competitor... suppliers are a vital part of the industry because they **have to be essentially neutral**... a question we used to get a lot from private equity [when we] thought about going public [from a] lot of bankers was why don't you just build your own bike? Well, if we build our own bike, then no one would buy our parts because they don't want to buy from us. They don't want you competing with them. It's the same. Shimano gets that question all the time. Why don't you build your own bike? **If Shimano builds their own bike, it'd be great for SRAM because then Specialized would never buy anything from Shimano anymore and [neither would] Trek...** So kind of got to stay in your lane."*

- (Anonymised) Director/VP-level contact at competitor

Investment thesis: key supporting evidence

Buy in 1: Elevated market inventories are not permanent, and as the market normalises, Shimano will emerge in a stronger position and benefit from operating leverage again

For me there is **one singular quote that explains what is happening** and that **makes or breaks the investment case**:

*"Here's what happened and why it happened. In 2020, during the COVID bike boom/bubble... Shimano latched into non-cancellable purchase orders with every major bike company (by major I mean the big 4: Trek Specialize, Giant and Canondale). Those were non-cancellable contracts. As the bubble burst, Shimano forced their suppliers to honor those contracts and take on inventory they did not want. This was coming up and they were developing ever more competitive components, so decided to forgive some of those non-cancellable contracts, **which generated a short-term cash loss** for them, **but generated the enormous goodwill with the bike brands**. So now those chickens are coming home to roost but **bike brands still have an enormous amount of excess inventory**. If you look at the inventory figures published by [redacted] and they're available*

on [redacted] (for a fee) you see what looks healthy inventory levels, but senior executives and bike companies tell me those levels are only healthy because **there's so much unsold inventory** topped by a thin layer of new inventory, **which is where the Shimano sales shortfall** is coming from and where SRAM has taken an advantage on new orders.”

- Marketing Director of a bicycle retailer, former Director of Marketing at Specialized, industry writer

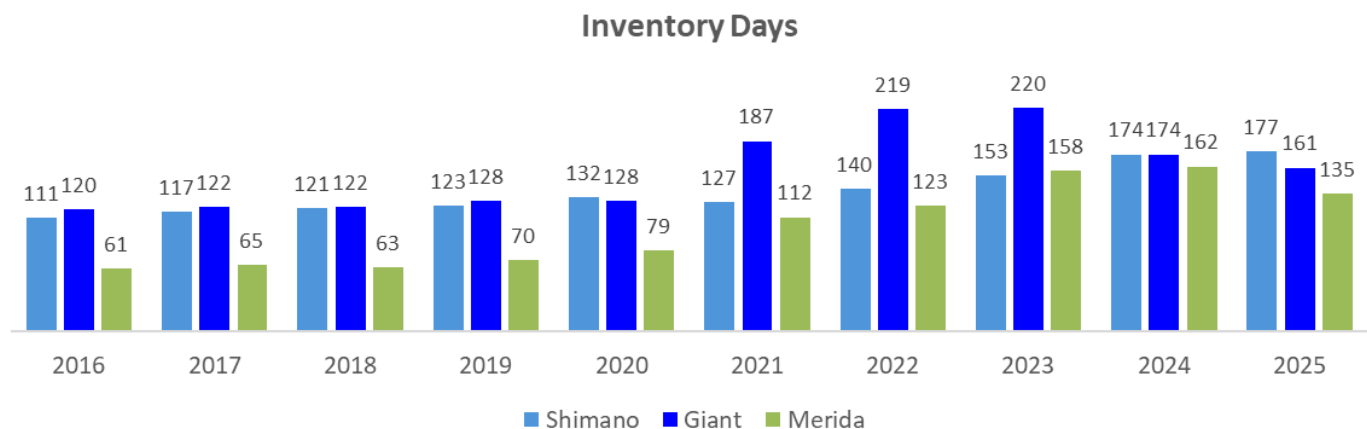
Here is a compilation of comments by Shimano on bicycles directly, which clearly shows progress. I also wanted to put it together to give an appreciation of how quickly the situation deteriorated, when in 2021 investors may have thought things would've been temporary based on Shimano's comments.

Year	Overall	Europe	North America	Asia & other	Japan
FY25	“strong interest in bicycles continued as a long-term trend, adjustments of market inventories made gradual progress as a whole, although the situations were mixed by region.”	“market inventories remained at a somewhat high level ”	“sales of completed bicycles remained weak due to economic uncertainty, market inventories maintained appropriate levels ”	China: “retail sales were lackluster , and market inventories remained at a high level ” Asia ex China & Americas: “although retail sales of completed bicycles remained somewhat weak due to weak personal consumption, market inventories maintained an appropriate level overall ”	“retail sales continued to be sluggish due to the soaring price of completed bicycles, but market inventories maintained appropriate levels ”
FY24	“strong interest in bicycles continued as a long-term trend, retail sales of completed bicycles were weak and market inventories remained high ”	“retail sales of completed bicycles softened due to unfavorable weather conditions in early spring, and market inventories remained at a high level ”	“although interest in bicycles was firm, retail sales of completed bicycles remained weak and market inventories were somewhat high ”	China: “while the popularity of cycling as a sport continued to be high, the shipping volume of completed bicycles to the market increased in the end of the season, and market inventories remained high ” Asia ex China & Americas: “the level of market inventories started to show signs of improvement . On the other hand, personal consumption continued to be sluggish and retail sales of completed bicycles remained weak ”	“retail sales were sluggish as affected by the soaring price of completed bicycles, and market inventories remained somewhat high ”
FY23	“Although the booming popularity of bicycles cooled down , interest in bicycles continued to be high as a long-term trend. On the other hand, market inventories generally remained high , despite ongoing supply and demand adjustments.”	“the strong interest in bicycles continued in our major market, namely, Germany and Benelux countries, and retail sales of completed bicycles were strong. On the other hand, in other countries, consumer demand waned on account of inflation and an	“although interest in bicycles was firm, retail sales of completed bicycles remained weak partly due to a reaction from the cycling boom, and market inventories were at a consistently high level. ”	China: “sales remained strong, especially for road bikes, owing to the continued popularity of outdoor sports cycling, and market inventories remained at an appropriate level ” Asia ex China & Americas: “ retail sales of completed bicycles	“retail sales were sluggish as affected by the soaring price of completed bicycles due to yen depreciation and pullbacks in consumer spending and market inventories remained high. ”

		economic slowdown, and market inventories remained at high levels.		remained sluggish due to cooling consumer confidence on account of rising inflation and economic uncertainty, and market inventories were at a high level.	
FY22	“Although the strong interest in bicycles during the COVID-19 pandemic showed signs of cooling down, demand for bicycles remained above the pre-COVID-19 levels. In terms of market inventories of completed bicycles, those of high-end class bicycles remained at a low level. Meanwhile, inventory levels of middle class bicycles rose, following those of entry-class bicycles.”	“sales of bicycles and bicycle-related products remained firm, partly backed by strong interest in bicycles. Despite shortages in inventories of completed bicycles, especially e bikes and high-end class road bikes, market inventories remained somewhat high. ”	“although demand for bicycles was firm, market inventories remained higher than appropriate levels due to the supply adjustment of completed bicycles.”	China: “ market inventories of sport bikes remained at a low level, with a growing interest in cycling” Asia ex China & Americas: “consumer sentiment declined due to high inflation and interest in bicycles cooled off ”	“although demand for sport bikes and e-bikes remained firm, market inventories of general completed bicycles remained high ”
FY21	“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”	“high demand for bicycles and bicycle-related products continued... Market inventories of completed bicycles remained at low levels despite signs of improvement.”	“while demand for bicycles continued to be high, market inventories, centering around entry-class bicycles, began to approach appropriate levels. ”	All Asia & Americas: “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. ”	“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. ”

Compiled from Shimano Summaries of Financial Statements FY21-25, DK emphasis

Bike distributor surveys run by the sell-side analysts suggest we are approaching normal a bit faster than Shimano’s commentary suggests and although they are no distributors themselves, I thought it was useful to show the inventory days of Giant and Merida, given they are important players in the supply chain as well.



Compiled from UBS HOLT Lens – accessed via Columbia Libraries

If we do get a return to “normal”, I think Shimano has a good chance to benefit from the operating leverage it has seen in the past. I show the drop through of incremental sales to operating profit below, which historically has

been in the 25-33% range for the parts of the business that matter most. This will also go hand-in-hand with the one-off/unusual wage increases getting digested and over the long-run I think the incremental R&D spend that has been pumped into developing e-bike-related things can flatten.

Operating leverage analysis	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2007-25	2007-19	2019-25
Drop through Shimano	861%	25%	28%	36%	45%	-13%	38%	3%	39%	42%	37%	-2%	11%	15%	99%	39%	25%	55%	79%	-88%	27%	24%	32%
Bicycle components	205%	25%	27%	37%	45%	-13%	43%	3%	40%	44%	40%	-4%	-2%	5%	138%	39%	27%	80%	-19%	-37%	27%	22%	33%
Fishing	0%	30%	21%	32%	32%	29%	4%	2%	28%	42%	164%	8%	29%	70%	57%	39%	12%	325%	177%	-35%	56%	38%	92%
Others	22%	-13%	25%	19%	-62%	42%	-23%	-44%	-227%	833%	-389%	-377%	194%	-2400%	67%	85%	-59%	55%	-125%	280%	-133%	-217%	-300%

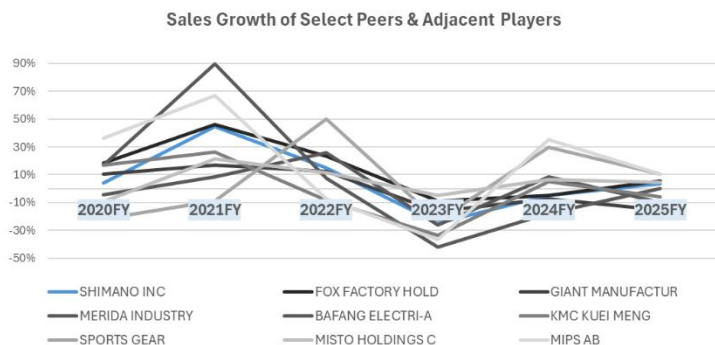
Shimano Company Filings, own calculations (change in operating profit over change in sales)

Buy in 2: Shimano will continue to be largely exposed to high-end mechanical bicycles, which are a much more resilient part of the market driven by cycling enthusiasts that outgrows the average by value and volume

There are a lot of potential visuals to show here but on their own they are low-value, easily available from sell-side and industry analysis and would take a lot of space. Here are the key points:

- Bicycle sales/production volumes overall have grown at low single digits
 - The bicycle market by value has grown faster than this
- Shimano has by far outgrown these rates both through pricing and through being exposed to higher value bikes that are more resilient
- Shimano has less exposure to low-end bikes than the other publicly listed companies in the supply chain
- For these reasons, Shimano's drawdowns were less steep than the drawdowns of the others post-COVID
- Underlying trend in increasing bicycle incentives is healthy and there is a runway to see greater penetration in bicycle use in several countries.

Sales growth yoy %	2017FY	2018FY	2019FY	2020FY	2021FY	2022FY	2023FY	2024FY	2025FY
SHIMANO INC	4%	4%	4%	4%	45%	15%	-25%	-5%	3%
FOX FACTORY HOLD	18%	30%	21%	19%	46%	23%	-9%	-5%	5%
YAMAHA MOTOR CO	11%	0%	-1%	-12%	23%	24%	7%	7%	-2%
GIANT MANUFACTUR	-4%	9%	5%	10%	17%	12%	-16%	-7%	-15%
MERIDA INDUSTRY	-2%	15%	9%	-4%	9%	26%	-26%	9%	-10%
BAFANG ELECTRI-A	57%	53%	27%	17%	89%	8%	-42%	-18%	
KMC KUEI MENG	26%	0%	4%	17%	26%	-8%	-34%	5%	-6%
BAFANG ELECTRI-A	57%	53%	27%	17%	89%	8%	-42%	-18%	
MIZUNO CORP	-4%	-2%	-4%	-5%	-11%	15%	23%	8%	5%
YONEX CO LTD	13%	2%	-2%	1%	-17%	44%	44%	9%	19%
TECHNOGYM SPA	6%	8%	5%	-24%	20%	18%	12%	12%	13%
TIANNENG POWER	25%	29%	17%	32%	60%	-13%	12%	-9%	-30%
SHANGHAI PHOEN-B	127%	-47%	28%	41%	50%	-22%	8%	26%	-2%
AIMA TECHNOLOG-A	21%	15%	16%	24%	19%	35%	1%	3%	16%
LUYUAN GROUP HOL					44%	40%	6%	0%	16%
TOPKEY	2%	17%	-2%	0%	20%	26%	-15%	2%	-3%
GLOBERIDE INC	0%	8%	2%	1%	14%	20%	12%	-6%	-2%
SPORTS GEAR		8%	-1%	-21%	-9%	50%	-23%	30%	10%
MISTO HOLDINGS C	162%	17%	17%	-9%	21%	11%	-5%	7%	5%
MIPS AB	45%	53%	39%	36%	67%	-7%	-37%	35%	10%



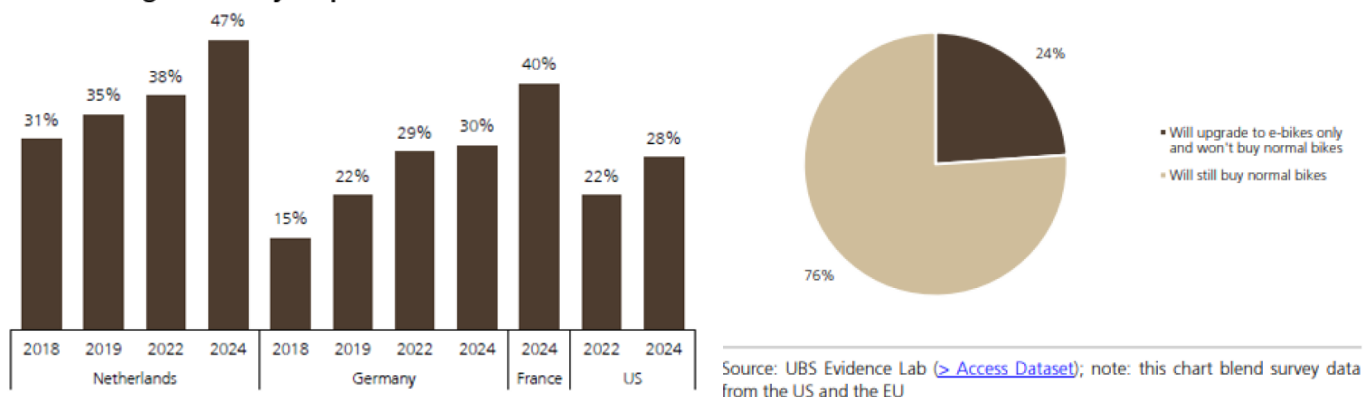
Using Bloomberg data, own calculations

Buy in 3: E-bike components have a long runway for growth at double digit volumes

Based on the Confederation of the European Bicycle Industry (CONEBI) e-bike unit sales in Europe have grown at a 26% CAGR from 2006-23. My conversations with industry experts suggested that the unit sales can continue to grow at double digit rates if not higher globally. Shimano unfortunately do not give enough information to track this properly over time for their own sales mix but I understand direct e-bike component sales could be 10-15% of bicycle segment sales and a further 14% of sales could be mechanical components that are directly attached to new e-bikes.

My value added research conversations also suggested that in some countries, e-bikes are making up 50% of new bike sales in the total addressable market, whereas penetration of bikes into the existing "fleet" is at perhaps 30%, so there is still a long runway for adoption. Importantly this doesn't seem to be cannibalising mechanical bike sales as I show the soft data below that many bike owners still intend to stick to mechanical bikes for their next purchases, although this is something worth tracking over time.

Percentage of survey respondents that own an e-bike



UBS Evidence Lab survey data from Jun 2024 and May 2026 – accessed via Columbia Libraries

Buy in 4: Shimano's e-bike business is subscale, but can reach similar profitability and benefit from customer loyalty despite potentially increasing Chinese competition

From my estimates and due diligence, I estimate that in 2022-23, Shimano should have been making c. 15% operating margins in e-bike components they were manufacturing directly, when the sales base was about 10-12% of sales of the bicycle components division. This was also while they were still procuring a lot of components like the battery and motor from external parties (like Panasonic). While disclosure is limited, it seems logical that the argument Shimano makes that these could at least start to approach the margin profile they used to make in mechanical components is reasonable. At the same, I have read comments that for Giant, who have more scale but have greater exposure to low-end bicycles, e-bike sales are a driver for margin expansion (albeit from a lower base).

Here are some further reasons why Shimano should be successful in e-bikes.

“High-end e-bikes still use Shimano and SRAM. SRAM is more innovative but Shimano will wait to adopt technology and be the most reliable in terms of durability.”

- Columbia student with cycling expertise, proud owner of both SRAM & Shimano bikes

Shimano's unique advantages over other e-bike motor competitors

In our view, Shimano has key advantages over the traditional motor manufacturers that it competes against in the e-bike motor segment:

- deep understanding of bicycles and a wealth of expertise in bicycle components, which should help deliver better user experience through better integration of the motor and other components;
- strong relationship and long history of cooperation with bike OEMs and brands, which should give Shimano a strong foothold in working with them on e-bike as well; and
- extensive service network along with its relationship with bike dealers globally, which should make it easier for Shimano to partner with dealers to provide aftersales services.

Table 12: Shimano works with a much greater number of e-bike brands than its competitors

	Shimano	Bosch	Brose
Number of motors	6	7	7
Total number of brand customers	Over 160 (Including Trek, Raleigh, Scott, Cannondale, Merida, BMC, etc.)	Over 70 (Including Trek, Raleigh, Scott, Schwinn, Cube, Haibike, etc.)	Over 50 (including Specialized, Triobike, BMW, HEAD, etc)

BofA Research – Jan 2021 – accessed via Refinitiv/Columbia Libraries

Management alignment & capital allocation track record

Management have meaningful skin in the game. This is a family-owned business, where the **Shimano family owns c. 12% of shares outstanding**, once you take into account two holding trusts. This means that although we do not have a granular understanding of the KPIs behind the incentive packages, executives should be aligned with us as minority shareholders and act as business owners because they are. Up until recently, the ROIC and business decision track record likewise indicate positive alignment.

Holder Name	# Shares	Latest Chg	% Out	Insider Status	Market Value USD M	Market Value JPY M	Hold Period	Cost (FIFO)	Cost (LIFO)	Cost (Avg.)	Ret % (FIFO)	Ret % (LIFO)	Ret % (Avg)
Shimano Yozo	644,000	-64,000	0.74	Y	68	10,645	23	3393.75	2045.3	2728.06	387.07	708.19	505.93
Shimano Taizo	110,000	1,000	0.13	Y	12	1,818	16.25	3919.15	3919.15	3919.15	321.77	321.77	321.77
Tsuzaki Masahiro	7,000	0	0.01	Y	1	116	16.25	9726.41	9726.41	9726.41	69.95	69.95	69.95
Ichijo Kazuo	5,000	1,000	0.01	Y	1	83	18.25	8886.43	8886.43	8886.43	86.01	86.01	86.01
Toyoshima Takashi	3,000	0	0	Y	0	50	12.25	14621.99	14621.99	14621.99	13.05	13.05	13.05
Katsumaru Mitsuhiro	1,000	0	0	Y	0	17	3.25	20920.78	20920.78	20920.78	-20.99	-20.99	-20.99
Sakakibara Sadayuki	1,000	0	0	Y	0	17	2.25	20653.2	20653.2	20653.2	-19.96	-19.96	-19.96
Ohtake Masahiro	1,000	0	0	Y	0	17	0.25	16918.33	16918.33	16918.33	-2.3	-2.3	-2.3
Yoshimoto Masayoshi	1,000	0	0	Y	0	17	1.25	20849.76	20849.76	20849.76	-20.72	-20.72	-20.72
Minato Kozan (Mie Shimano)	7,936,000	0	9.17	N-P	836	131,182	-	-	-	-	-	-	-
Three Ace KK (Shimano family)	2,171,000	0	2.51	N-P	229	35,887	-	-	-	-	-	-	-

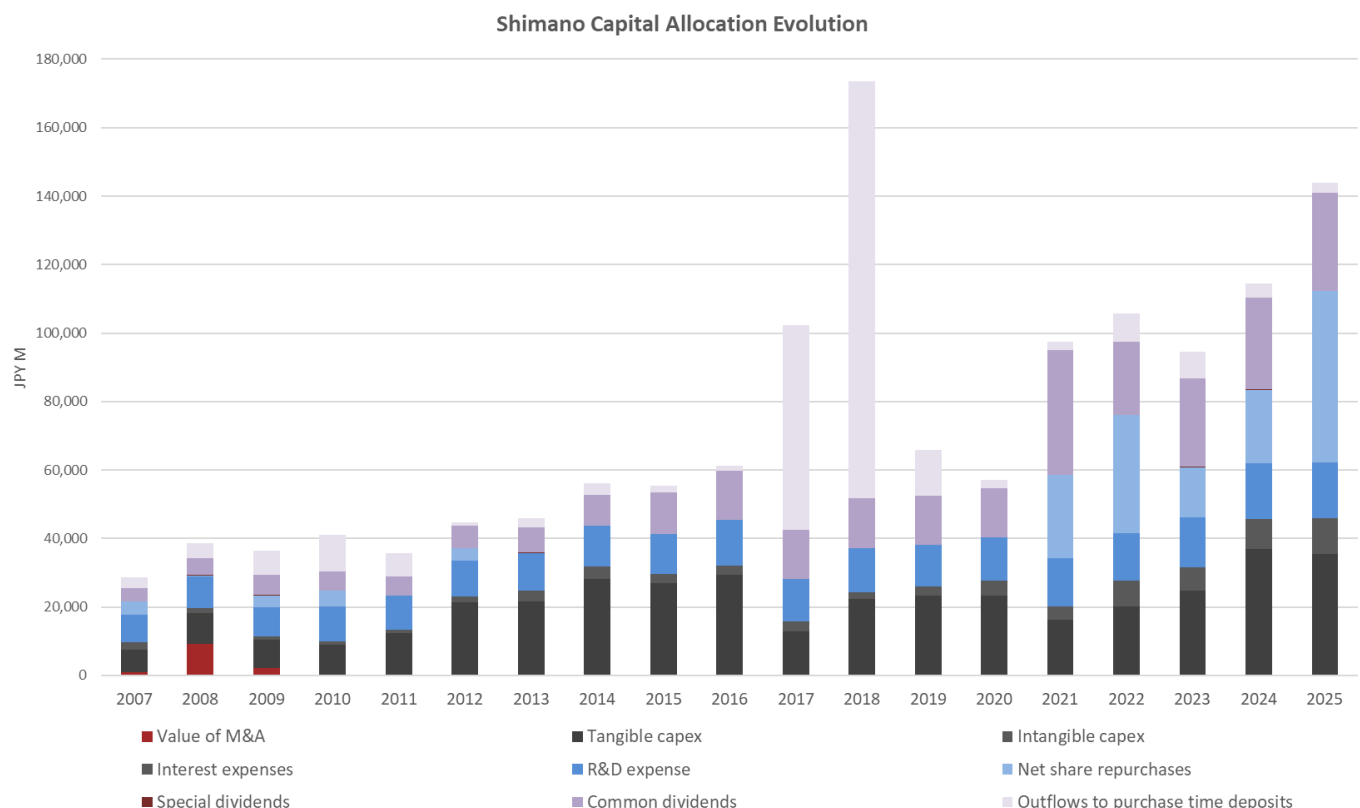
Capital allocation historically focused on reinvestment into the business with the **majority of the cash deployed being funnelled towards tangible capex** (factories) and **R&D**, which we showed earlier has played into Shimano's advantages. In recent years, Shimano has **initiated share repurchases** and in the last year has **accelerated the buyback program**. The track record on M&A has been mixed, as Shimano has previously acquired Pearl Izumi (clothing) and Laser (helmets) and lead to eventual divestments. However, they have not done any major M&A for many years and instead focused on growing the business organically.

From a leverage standpoint, Shimano has held a **net cash position since at least 2008**.

Cash Position management policy (Announced in February 2026)



Shimano Earnings Supplement - Feb 2026



Company filings, own analysis

Shimano has in recent years made efforts to clarify the roles of the Board Members and demonstrate that despite long-tenures and ISS/Glass-Lewis recommendations to vote against certain directors that the Board is not captive.

In the appendix I also show a summary of the forecast guidance from management against the results. In the past the track record was good and clear until the pandemic when the capital markets communication went a little askew. However, Shimano have become better at communicating that there will be a drastic miss without being overly conservative.

Pre-mortem, where can we be most wrong & scope for further due diligence

Further diligence into internal cost controls that goes hand in hand with management succession planning may be needed. Shimano's SG&A costs ex-R&D have ballooned. For now, I am comfortable taking the bet that this is a long-term play with a normalising supply chain, a tricky product period for production capacity/personnel planning and the need to raise wages in South East Asia to retain and attract labour. Ideally, I would do some on-the-ground checks and factory-level benchmarking, but in the absence of that I would track how the expense lines and commentaries are developing over the coming reporting periods.

Threat of competitors catching up and encroaching on Shimano's business. This has been a persistent threat for about 100 years and one player, SRAM did manage to break into the market and establish a position (albeit they are still far behind Shimano, est. \$1 B USD of sales). The big threat today is from a Chinese player, DJI, who have come into the e-bike market and been able to take share from Bosch. My expert conversations suggest DJI is not really competing with SRAM or Shimano for now, and earlier I had a compelling explanation of how Shimano has been facing moat attacks and competitive challenges since the start and yet successfully has managed to retain an impressive and resilient market position.

"2 years ago, Bosch had the majority of all high-end e-bike sales... maybe even higher than the number you mentioned, could be 60-70%. In the last year a Chinese company called DJI, the make drones, have smashed Bosch. They may have taken half of their business within one year. They came out with a super low-cost high=quality system. We (SRAM) are not really competing with them yet, so it doesn't affect us too much since we don't have too much for sale there, but goes to show how quickly a company can upend another company."

- (Anonymised) Director/VP-level contact at competitor

US tariff risk is not a major threat to the Shimano thesis. 90% of bikes sold in the USA are imported with 40% of those imported coming from China and import taxes are currently steep (125% for China-assembled bicycles). The reason there is limited impact on Shimano is that the **US accounts for only c. 5% of Shimano's direct sales** and most of their products sold to the US are high-end components or aftermarket sales, for which the consumer is relatively price insensitive. Furthermore, from my expert conversations, I learned that likely many US-bound bikes were able to get diverted to Canada or Mexico. That said, tariffs would make bikes more expensive, which would be a further factor that can continue to subdue bike market demand.

There could be an existential risk that our leisure time and transportation habits shift entirely given the sea-changes with AI. This is a true risk but it is mitigated by the exposure to cycling (and fishing) as traditionalist hobby, and the fact that if an alternative preferred form of transport is developed it should be possible to see it coming ahead mass adoption.

Regulation banning/restricting the use of bicycles. Globally there has been a favourable regulatory environment for cycling, with incentives for bike ownership, investments in infrastructure and clear rules for cyclists. A reversal of these things would be a risk that could limit further bike ownership growth.

This could be more of a discretionary spend than imagined. Although I am comfortable with the stickiness of the decision-making process of a typical Shimano customer, there is could be a point where the consumer is unable to afford the purchase even if they want to, as the marginal benefit for most bike owners of owning the top-tier latest model may be dwarfed by other spending needs in a weak consumer environment.

Cannibalisation of mechanical bikes by e-bikes could accelerate. E-bikes are already taking a large proportion of new sales and it seems within the high-end bike and e-bike customer segments, having Shimano as the brand on your bike still matters.

Can Shimano exploit new or more direct sales channels (e.g. online) if the distributors/dealerships with whom they have longstanding relationships go out of business. Think this is an open question and it is worth tracking alternative data on bike dealership counts and store locators.

Signposts to review or exit the position:

- Persistent cost increases
- Evidence of meaningful loss of market share to new/Chinese players
- E-bike market slowdown or replacement of e-bikes by e-moto or another alternative
- Capital allocation away from the core (e.g. to M&A)
- Industry/market data showing extreme share gain of e-bikes with lower end components

Valuation & key assumptions

My central intrinsic value estimate is a triangulation of the 10Y FCFF DCF, an EV/EBIT multiple-based approach and from capitalising my estimated normalised FCF for Shimano at an appropriate rate for this type of asset. I then also sanity-checked against other historical trading multiples, trading comps, the simplified IRR logic and the earnings power value analysis.

On a 10Y FCFF DCF, with 8.0% WACC and a 2.5% terminal growth rate, my base case estimate for intrinsic value is 24,922 JPY/share (+52%).

From an EV/EBIT perspective, this is a business generating above average ROIC on a through-cycle basis and that I think can grow free cash flow and earnings at above average rates. For a company of this type of a profile, a 15x EV/EBIT multiple on 2030E normalised EBIT seems appropriate. This yields 29,436 JPY/share (+79%).

Using my base case assumptions, Shimano can generate a 2030 free cash flow of ~100,000 JPY. Capitalising a business with a long-track record that will beat the fade and still has a long runway for growth at a 5% cap rate, leads us to 24,261 JPY/share (+48%).

In a bear case: I value Shimano on a 5x normal but less optimistic EV/EBIT.

In a bull case: I could see Shimano grow faster and for simplicity value it on a 20x EV/EBIT.

Asset value estimate

I estimate Shimano's asset value to be 1,345 B JPY, which is just 6.6% below the market capitalization. This implies the market is giving Shimano no credit for any competitive advantages and implicitly valuing Shimano as a business where competition is going to erode the earnings power until the business is commodity-like. This contradicts the track-record of the business and my understanding of the sustainability of Shimano's market share and persistent above-cost-of-capital returns.

AV Calculation		Notes
Book Equity	869,501	FY25 Balance Sheet
Goodwill	0	Adjustment for acquisitions where business quality doesn't deserve goodwill
PP&E adjustment	50,000	I was unable to estimate this given limited disclosure and information available, so instead I am providing the best guess estimate given by AI
<u>Missing intangibles:</u>		
Workforce reproduction	13,366	10K employees x typical salary 8.7K JPY/year x 15% headhunter fee
Brand value	318,220	Interbrands est. 2025
Product Portfolio	66,566	8 year life assumed on R&D (2 product cycles)
Distribution Network	27,000	Reproduction value of distribution network (could be higher)
AV Equity	1,344,652	Sum of Book equity with adjustments
Asset value est.	1,345	JPY B
Market capitalization	1,440	Bloomberg as of 3rd May 2026

My estimates could be most wrong on the PP&E adjustment (perhaps could be higher), the distribution network replication value (could also be higher as there are additional layers of support/relationships beyond the immediate dealer network and know-how in managing this web), but the workforce reproduction value could be lower as many employees are likely to be located in South-East Asia and be paid the prevailing lower wage there (with a lower headhunter cost).

Workforce reproduction		Notes
FY25 employees	10,242	Consolidated employees from ESG factsheet FY25
Typical salary est. JPY M/year	8.7	Chat GPT based on Shimano Japanese security filings
Headhunter fee est.	15%	Likely largely engineering/STEM hires
Workforce reproduction est.	13,366	Employees x typical salary x headhunter fee

Brand value		Notes
Interbrand 2025	2,029	USD M
Exchange rate JPY/USD	157	Google Finance 3rd May 2026
Interbrand 2025	318,220	JPY M
Shimano FY25 sales	466,243	JPY M
Royalty value est.	23,312	At 5% of sales

Distribution value		Notes
Bike distribution network'	20,000	Last publicly available number fo local authorised dealers
Sales onboarding JPY K	200	Per dealer est. from generative AI
Training/certification JPY K	250	Per dealer est. from generative AI
Tooling/demo JPY K	300	Per dealer est. from generative AI
Technical suppot JPY K	350	Per dealer est. from generative AI
Initial spare parts/support JPY K	250	Per dealer est. from generative AI
Total per shop JPY M	1.35	
Est. distribution reproduction	27,000	JPY M

Year	R&D	Weight	Contribution
2018	12,850	0.13	1,606
2019	12,073	0.25	3,018
2020	12,566	0.38	4,712
2021	14,121	0.50	7,061
2022	13,953	0.63	8,721
2023	14,611	0.75	10,958
2024	16,245	0.88	14,214
2025	16,275	1.00	16,275
Product portfolio			66,566

R&D values are from Japanese-language Yuho's translated individually for select years and then parsed through Chat GPT and Claude since these numbers are not available in English-language disclosure. I assume an 8-year life for R&D, because although Shimano is on 4-year innovation cycles, the previous generations of products do not immediately become obsolete.

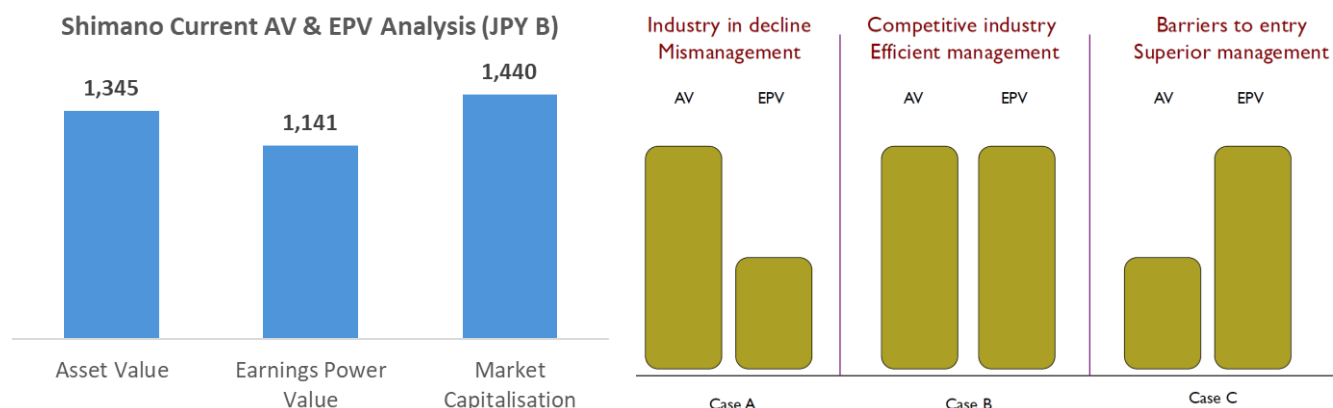
Earnings power value estimate

Shimano clearly is in a downturn mode after the big pandemic run up in sales and profitability, so the EPV benefits from smoothing, which is hard to do in a very precise way, which is why I try to show 3 scenarios: the state of the company as of FY25, a 7Y smoothed number and my best guess at what the normal EPV of the business could look like.

Shimano EPV Summary	FY25	Smooth	Normalised	Notes
Revenue	466,243	466,243	505,903	Normalised grown from 2020 sales base at 6% per year
Operating margin (%)	11.1%	19.7%	23.0%	Smoothing is over 7 years
Sustainable operating profit	51,677	91,770	116,358	
<i>Growth expense adjustments</i>				
Customer list	9,866	9,866	9,866	Assume 10% of SG&A ex R&D is growth-related
Product portfolio (R&D for growth)	66,566	66,566	66,566	From asset value calculation
Other	0	0	0	
Total Adjustment	76,432	76,432	76,432	
Excess amortization	0	0	0	
Total Adj. Op. Income	128,109	168,202	192,789	
Other losses (gains)	23,454	681	1,313	Capturing "extraordinary" and recurring non-operating losses
Tax rate (%)	39	27	24	
Adj. NOPAT - Bus. Op.	63,428	121,559	145,522	
WACC	10	10	8	Greenwald-style analysis
EPV Op. Business	634,283	1,215,594	1,819,022	
Cash & equivalents	506,672	506,672	506,672	
Debt	0	0	0	
EPV Equity JPY M	1,140,955	1,722,266	2,325,694	

The Earnings Power Value of Shimano today is slightly lower than the Asset Value estimated earlier. This matches our analysis in the sense that the narrative around Shimano is that either the legacy portion of the industry is facing challenges and/or Shimano is being mismanaged, or that the company is being managed efficiently but the industry is becoming more competitive.

You can easily see how the EPV could be higher with even small normalisations in the financial performance of Shimano, which would correspond to them realising the advantages they seem to have based on our qualitative assessment.



Own calculations, Modern Value Lecture Slides

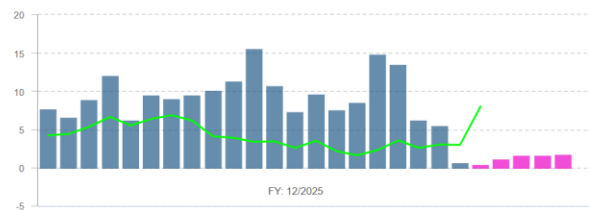
In either case, given the AV is so close to the current market capitalisation, it is clear that the market is ascribing almost no growth prospects to Shimano, which given a stable growing market (at a minimum in terms of pricing

power, aftermarket sales and bikes upgrades) and the fast-growing e-bike component, seems to be a mismatch and is what presents the opportunity to own what can be a great mispriced asset.

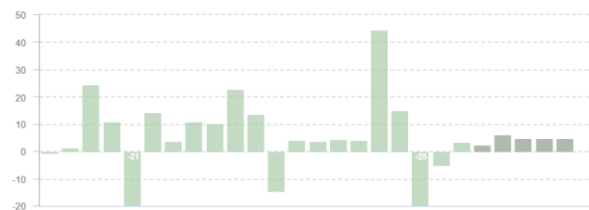
What's priced in?

Below I have visualised what IBES consensus numbers are implying for Shimano: prolonged weak growth, increased capital intensity and permanent impairment of the margin profile – whereby the margin does not return to what I view as sustainable and normal pre-covid levels.

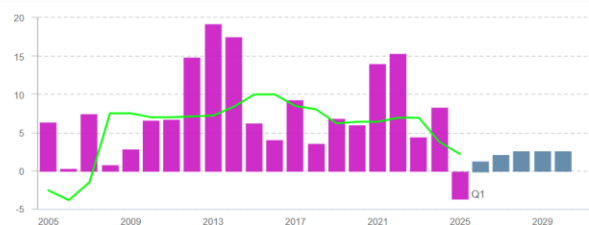
CFROI (%) (Economic Return)



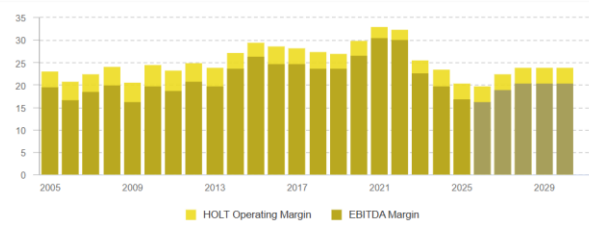
Sales Growth (%) (Nominal)



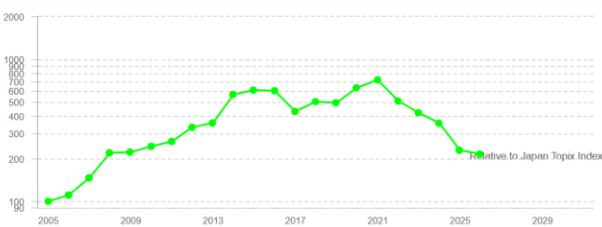
Asset Growth (%) (Change In Inv. Capital)



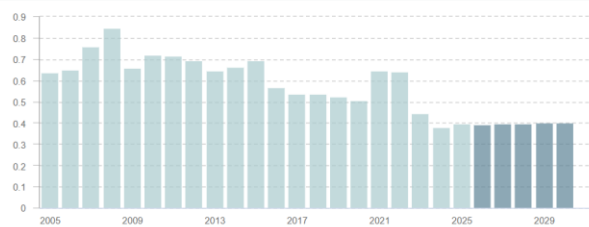
Margins (%)



Total Shareholder Return



Asset Turns (Sales/Invested Capital)



UBS HOLT Lens accessed via Columbia Libraries

Using a reverse FCFF DCF with 2% terminal growth and 8% WACC, Shimano is pricing in 30.5% FCFF growth at the current price for the next 10 years. Shimano can easily outgrow this if my analysis is correct. While this sounds like a drastic growth rate, this is because we are starting at a record low free cash flow of 5 B JPY, when just 2 years ago Shimano was making 80 B JPY.

Reverse DCF

Current stock price	16,445
Total shares outstanding	86.5
Perpetuity growth rate	2.0%
Discount rate	8.0%

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
FCF	4,498	5,874	7,672	10,020	13,085	17,090	22,319	29,149	38,068	49,717	64,931
yoy growth %		31%	31%	31%	31%	31%	31%	31%	31%	31%	31%

Total enterprise value est.	912,566	FCFF Refs:		2015	2016	2017	2018	2019	2020	2021	2022	2023
Net debt	-506,672			53,420	34,241	49,918	34,856	38,868	59,413	89,025	82,019	79,020
Equity value	1,419,238											
Intrinsic value per share est.	16,407											
Upside (downside)	0%											

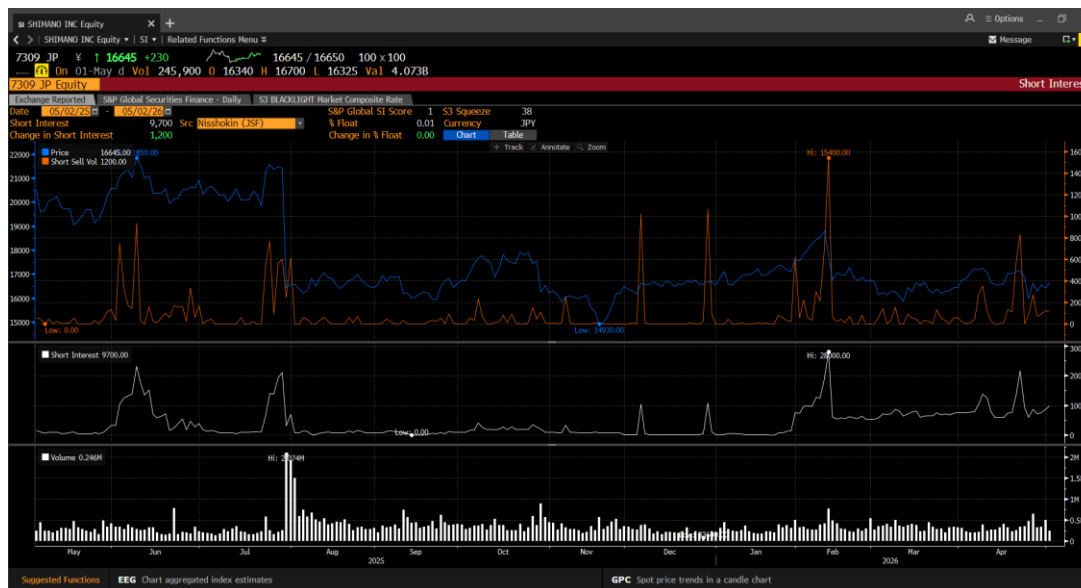
Calculations, Bloomberg (share price data), company filings

Appendices & further supporting information

Appendix 0: Key reference materials that directly or indirectly contributed to my understanding of Shimano

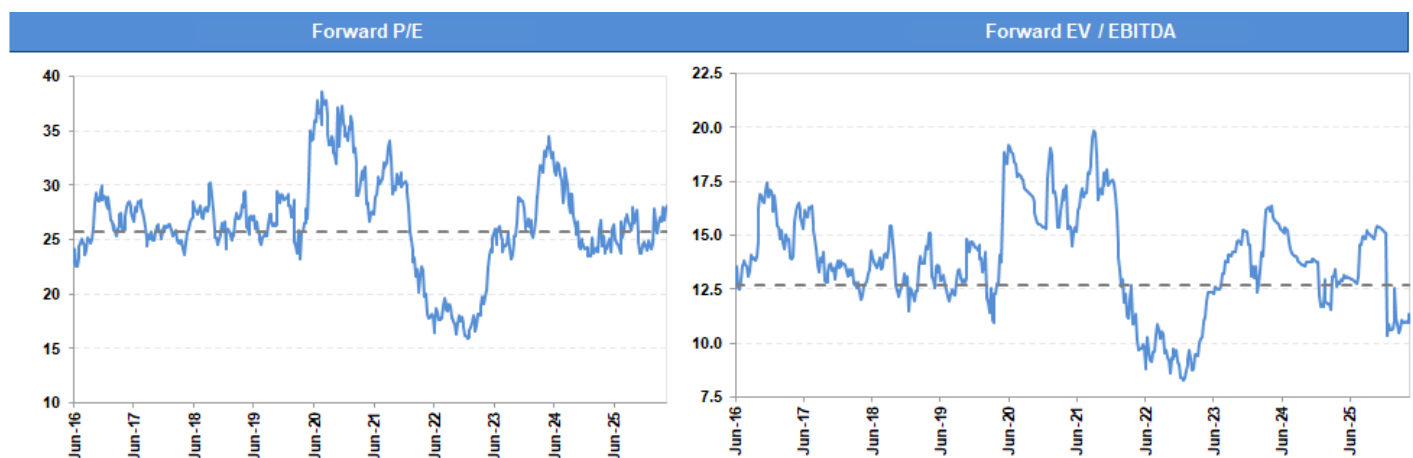
- Stanford Business School - *Shimano and the high-end road bike industry* – Aug 2007
- <https://www.bicycleretailer.com/>
- Bike industry podcasts:
 - o The Wild Ones Cycling Podcast – *Shimano Are Being Fined + Another New Factor* – Mar 2026
 - o The BikeRadar Podcast – *Shimano Dura-Ace is Coming Our Predictions* – Mar 2026
 - o The Nero Show – *Shimano Crank Recall* – Sep 2023
- Japan Bicycle Producers' Industry Association
- Japan Ministry of Trade, Industry & Economy
- An investor I met in Omaha was kind enough to share notes from an interview with founder Shozaburo Shimano published Sep 2023
- Various analyst research including: CLSA, Morningstar, Bank of America, Macquarie, Citi, Nomura, UBS (investment research & Evidence Lab), JP Morgan

Appendix 1: Short interest



Bloomberg

Appendix 2: Relative valuation multiples are reasonable against own history pre-COVID19



Bloomberg, own analysis

Shimano 10-year historical PE trading bands



Source: CLSA Evaluator

Shimano 10-year historical PB trading bands



Source: CLSA Evaluator

CLSA Research Feb 2026 – accessed via Refinitiv/Columbia Libraries

Appendix 3: Trading comparables show Shimano trading at a premium but with more resilient performance against other players in the sector

Name	MCAP (USD M)	Best P/E			Best P/B			EV/EBITDA				Sales CAGR (local currency)				EPS CAGR (local currency)				Reported GPM	Best GPM	Reported Adj OPM	Best OPM	Bbg ROE	Fwd 12M Best ROE	ROIC FY0
		Fwd FY	Fwd FY+1	Fwd FY+2	Fwd FY	Fwd FY+1	Fwd FY+2	FY0	Fwd FY+1	Fwd FY+2	2006-19	2006-25	2014-19	2019-25	2006-19	2006-25	2015-19	2019-25								
Shimano Inc	9,063	31.1	28.3	24.3	1.7	1.7	1.7	12.5	10.3		6%	6%	1%	5%	12%	4%	-7%	-13%	-	51%	-	11.5%	4%	6%	3%	
SRAM International	Private	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55%	-	-	-	-	-	58%	
Fox Factory Hold	720	12.3	11.7	10.6	1.0	0.9		7.9	7.4		-	-	8%	14%	-	-	38%	-240%	30%	34%	65.8%	4.7%	3%	7%	4%	
Giant Manufacturer	853	12.3	11.2	9.5	0.8	0.8		5.2	4.5		7%	5%	1%	-1%	10%	-2%	-3%	-27%	-	36%	-	5.3%	2%	7%	1%	
Merida Industry	554	10.9	10.0	8.5	0.8	0.8		9.8	8.3		9%	6%	0%	-1%	10%	3%	-4%	-14%	-	41%	-	6.2%	6%	8%	4%	
Kmc Kuei Meng	328	10.9	-	-	1.2	-		-	-		17%	11%	6%	-2%	-	-	-	-	-	65%	-	25.8%	13%	-	8%	
Campagnolo Srl	Private	-	-	-	-	-	-	-	-	-	-	-	-2%	-	-	-	-	-	0%	-	-	-	-1%	-	-1%	
Closer peer avg.	614	11.6	11.0	9.5	0.9	0.8		7.6	6.8		11%	7%	3%	2%	10%	0%	10%	-94%	30%	39%	65.8%	10.5%	5%	7%	12%	
Closer peer median	637	11.6	11.2	9.5	0.9	0.8		7.9	7.4		9%	6%	1%	-1%	10%	0%	-3%	-27%	30%	39%	65.8%	5.7%	3%	7%	4%	
Accell Group Bv	Private	-	-	-	-	-	-	-	-	-	8%	-	2%	-	-17%	-	-47%	-	-	0%	7.7%	-	15%	15%	11%	
Yamaha Motor Co	7,027	11.0	10.2	9.0	0.9	0.9		7.3	6.4		0%	3%	1%	9%	-1%	-10%	9%	-30%	-	56%	-	6.5%	1%	9%	1%	
Bafang Electric-A	1,303	58.7	58.9	56.3	-	-		33.9	28.8		-	-	-	-	-	-	23%	-	-	25%	-	10.0%	2%	5%	1%	
Mizuno Corp	1,626	14.7	13.1	13.6	-	-		8.7	8.1		1%	3%	0%	6%	-	-	-	-	-	0%	-	7%	10%	11%	8%	
Yonex Co Ltd	1,549	19.3	16.7	17.2	2.9	2.5		11.8	10.8		5%	8%	3%	18%	-	-	-	-	-	34%	-	8.1%	16%	16%	14%	
Technogym Spa	4,771	30.8	29.6	27.6	10.5	9.9		16.4	14.9		-	-	14%	5%	-	-	-	-	-	37%	34.2%	-	33%	35%	29%	
Tianneng Power	871	3.5	3.5	3.2	0.3	0.3		3.0	2.8		33%	25%	10%	6%	-	-	-	-	10%	52%	-	4.6%	8%	9%	5%	
Shanghai Phoenix-B	628	-	-	-	-	-		-	-		-4%	1%	4%	17%	-	-	-	-	-	58%	-	1%	-	-	3%	
Aima Technology-A	2,957	8.2	7.8	7.2	1.8	1.7		6.9	6.0		-	-	-	19%	-	-	4%	25%	-	0%	-	-	21%	21%	10%	
Luyuan Group Holdings	639	-	-	-	-	-		-	-		-	-	-	-	-	-	-	-	14%	21%	-	10%	-	5%		
Topkey	437	9.6	-	-	1.3	-		4.6	-		-	-	14%	5%	-	-	10%	9%	-	42%	-	17.2%	15%	-	10%	
Globeride Inc	295	10.3	9.9	10.0	0.7	0.7		6.3	6.1		4%	5%	2%	7%	5%	5%	16%	3%	-	60%	-	-2.0%	8%	7%	6%	
Johnson Health	1,221	11.0	10.1	8.6	2.8	2.5		7.4	6.3		6%	9%	4%	16%	-2%	3%	24%	16%	-	28%	-	0.1%	21%	26%	8%	
Sports Gear	492	10.4	10.1	9.5	1.0	1.0		6.0	4.8		-	-	-	3%	-	-	-	2%	-	28%	-	8.7%	9%	10%	7%	
Misto Holdings C	1,455	8.8	8.5	8.1	1.0	1.0		5.6	5.3		-	-	14%	5%	-	-	-5%	-	-	61%	-	15.1%	11%	12%	8%	
Mips Ab	782	31.1	26.3	20.3	10.4	9.5		21.7	14.8		-	-	30%	15%	-	-	-	5%	73%	60%	29.2%	37.1%	20%	39%	19%	
Extended peers avg.	1,737	17.5	17.1	15.9	3.1	3.0		10.7	9.6		7%	8%	8%	10%	-4%	-1%	6%	3%	32%	35%	23.7%	10.2%	13%	17%	9%	
Extended peers median	1,221	11.0	10.1	9.7	1.3	1.3		7.3	6.4		4%	5%	4%	7%	-1%	3%	10%	4%	14%	36%	29.2%	8.1%	11%	12%	8%	
Industry avg	1,879	17.0	16.6	15.2	2.4	2.4		10.3	9.1		8%	7%	6%	8%	2%	0%	6%	-22%	32%	37%	34%	10.4%	10%	14%	10%	
Industry median	862	11.0	10.7	9.8	1.1	1.0		7.4	6.9		6%	6%	4%	6%	5%	3%	9%	-2%	22%	37%	32%	7.5%	10%	10%	7%	

Bloomberg as of 29th April 2026, own analysis

Appendix 4: Shareholders are increasingly putting direct pressure on Shimano to increase their commitments to return cash to shareholders – tabling a proposal to return 200 B JPY within the next year. While Shimano

Board of Directors' Position on the Annual General Meeting of Shareholders

The Board of Directors has submitted Proposals No. 1 through No. 4 to the 119th Annual General Meeting of Shareholders scheduled to be held on March 24, 2026. **The Board opposes Shareholder Proposal No. 5 (Acquisition of Treasury Shares).**

Company Proposals	Proposal No. 1	Appropriation of Surplus	For
	Proposal No. 2	Election of Four Directors	For
	Proposal No. 3	Election of Three Audit & Supervisory Board Members	For
	Proposal No. 4	Election of One Substitute Audit & Supervisory Board Member	For
Shareholder Proposal	Proposal No. 5	Acquisition of Treasury Stock*	Against

※ISS also recommends
voting against.
(as of March 6, 2026)

*The shareholder proposal requests that, within one year from the conclusion of this Annual General Meeting of Shareholders, the Company acquire 15 million shares of its own stock, with an aggregate acquisition amount of JPY 200 billion.

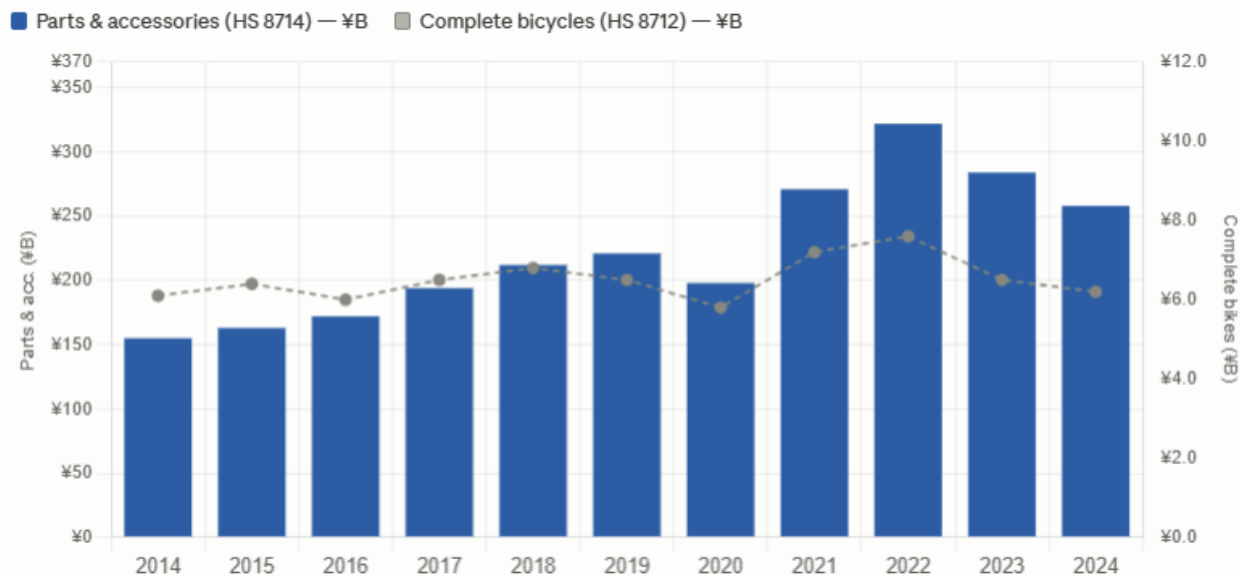
Shimano Supplemental Explanatory Material on the Opinion of the Company's Board of Directors Regarding Proposals to be Submitted to the Annual General Meeting of Shareholders – Mar 2026

Appendix 5: Shimano ROIC analysis

ROIC analysis	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-tax ROIC/ROCE	27%	30%	19%	32%	30%	32%	28%	35%	45%	33%	33%	31%	31%	37%	58%	54%	27%	19%	13%
Pre-tax ROTC	33%	36%	23%	39%	34%	37%	33%	41%	52%	38%	38%	36%	35%	42%	66%	63%	33%	21%	16%
Post-tax ROIC/ROCE	17%	20%	12%	22%	20%	23%	21%	26%	34%	24%	23%	24%	22%	28%	44%	40%	20%	14%	8%
Post-tax ROTC	22%	25%	15%	27%	23%	26%	25%	30%	39%	28%	27%	27%	25%	32%	50%	46%	24%	16%	9%
Revenue	211,767	235,142	186,686	213,596	221,770	245,843	271,037	333,168	378,645	322,998	335,800	348,035	363,230	378,040	546,515	628,908	474,362	450,993	466,243
Operating income	31,336	37,819	20,528	32,772	31,742	40,961	41,775	65,816	85,053	65,546	64,351	65,687	68,010	82,701	148,287	169,158	83,653	65,085	51,677
Total Capital	94,121	103,620	88,488	85,083	92,716	112,171	127,310	160,028	165,042	173,924	169,579	181,970	195,396	196,045	225,031	269,115	254,966	304,321	331,016
Capital Employed/Invested Capital	117,003	127,778	107,470	102,105	106,587	128,400	151,408	185,820	191,110	200,585	197,778	211,638	222,334	224,192	255,267	312,817	308,464	349,569	392,178
Net PP&E	45,783	43,335	44,400	43,793	46,793	61,073	74,795	94,432	101,910	112,744	109,808	113,992	124,709	132,127	139,401	147,242	157,980	182,707	201,138
Net working capital	48,338	60,285	44,088	41,290	45,923	51,098	52,515	65,596	63,132	61,180	59,771	67,978	70,687	63,918	85,630	121,873	96,986	121,614	129,878
Current Assets	133,953	122,492	123,919	140,148	150,842	175,798	215,740	271,386	296,287	297,538	342,795	353,343	381,189	423,468	528,544	628,754	652,753	711,461	666,119
Cash & time deposits	55,851	42,314	60,833	72,881	82,252	94,950	128,796	157,841	190,210	199,772	241,268	242,903	270,070	305,613	364,519	430,429	493,933	534,045	477,324
Current liabilities	33,259	22,197	20,483	26,729	26,803	35,665	40,559	57,745	50,899	44,063	49,327	43,064	43,599	53,946	81,528	78,603	61,834	55,802	58,917
ST interest-bearing debt	3,495	2,304	1,485	752	4,136	5,915	6,130	9,796	7,954	7,477	7,571	602	3,167	9	3,133	2,151	0	0	0
Working capital assets	78,102	80,178	63,086	67,267	68,590	80,848	86,944	113,545	106,077	97,766	101,527	110,440	111,119	117,855	164,025	198,325	158,820	177,416	188,795
Working capital liabilities	29,764	19,893	18,998	25,977	22,667	29,750	34,429	47,949	42,945	36,586	41,756	42,462	40,432	53,937	78,395	76,452	61,834	55,802	58,917
Short-term interest-bearing debt	3,495	2,304	1,485	752	4,136	5,915	6,130	9,796	7,954	7,477	7,571	602	3,167	9	3,133	2,151	0	0	0
Long-term interest-bearing debt	2,098	2,019	270	633	2,928	1,070	3,159	2,670	2,068	1,498	1,009	482	1	11	2	0	0	0	0
Equity	167,261	165,769	166,548	173,601	181,775	216,365	270,915	331,195	371,298	391,382	430,466	453,457	489,236	529,785	616,651	741,095	802,397	883,614	869,502
Excess cash	55,851	42,314	60,833	72,881	82,252	94,950	128,796	157,841	190,210	199,772	241,268	242,903	270,070	305,613	364,519	430,429	493,933	534,045	477,324
Operating margin	15%	16%	11%	15%	14%	17%	15%	20%	22%	20%	19%	19%	19%	22%	27%	27%	18%	14%	11%
Total capital turnover	2.2x	2.3x	2.1x	2.5x	2.4x	2.2x	2.1x	2.1x	2.3x	1.9x	2.0x	1.9x	1.9x	1.9x	2.4x	2.3x	1.9x	1.5x	1.4x
Invested capital turnover	1.8x	1.8x	1.7x	2.1x	2.1x	1.9x	1.8x	1.8x	2.0x	1.6x	1.7x	1.6x	1.6x	1.7x	2.1x	2.0x	1.5x	1.3x	1.2x
Effective tax rate	35%	31%	37%	31%	33%	28%	22%	26%	24%	26%	30%	24%	27%	25%	24%	26%	26%	23%	39%
NOPAT	20,371	26,043	12,930	22,679	21,419	29,326	32,449	48,591	64,572	48,769	45,365	49,746	49,401	61,939	112,022	124,782	61,511	50,092	31,320
NOPAT margin	10%	11%	7%	11%	10%	12%	12%	15%	17%	15%	14%	14%	14%	16%	20%	20%	13%	11%	7%
Total capital turnover	2.2x	2.3x	2.1x	2.5x	2.4x	2.2x	2.1x	2.1x	2.3x	1.9x	2.0x	1.9x	1.9x	1.9x	2.4x	2.3x	1.9x	1.5x	1.4x
Invested capital turnover	1.8x	1.8x	1.7x	2.1x	2.1x	1.9x	1.8x	1.8x	2.0x	1.6x	1.7x	1.6x	1.6x	1.7x	2.1x	2.0x	1.5x	1.3x	1.2x

Company filings, own analysis⁹

Appendix 6: Example of alternative or underlying industry data that market participants may over-emphasise given the lack of granular investor materials given by Shimano – showing the continued declines in industry sales/export trends



Source: Japan Ministry of Finance / Japan Customs trade statistics (via JBPI annual reports and UN Comtrade). Parts & accessories = HS 8714 (bicycle-specific sub-headings, excl. motorcycle-only parts). Complete bicycles = HS 8712. Values in billion JPY. 2024 estimated from available monthly data.

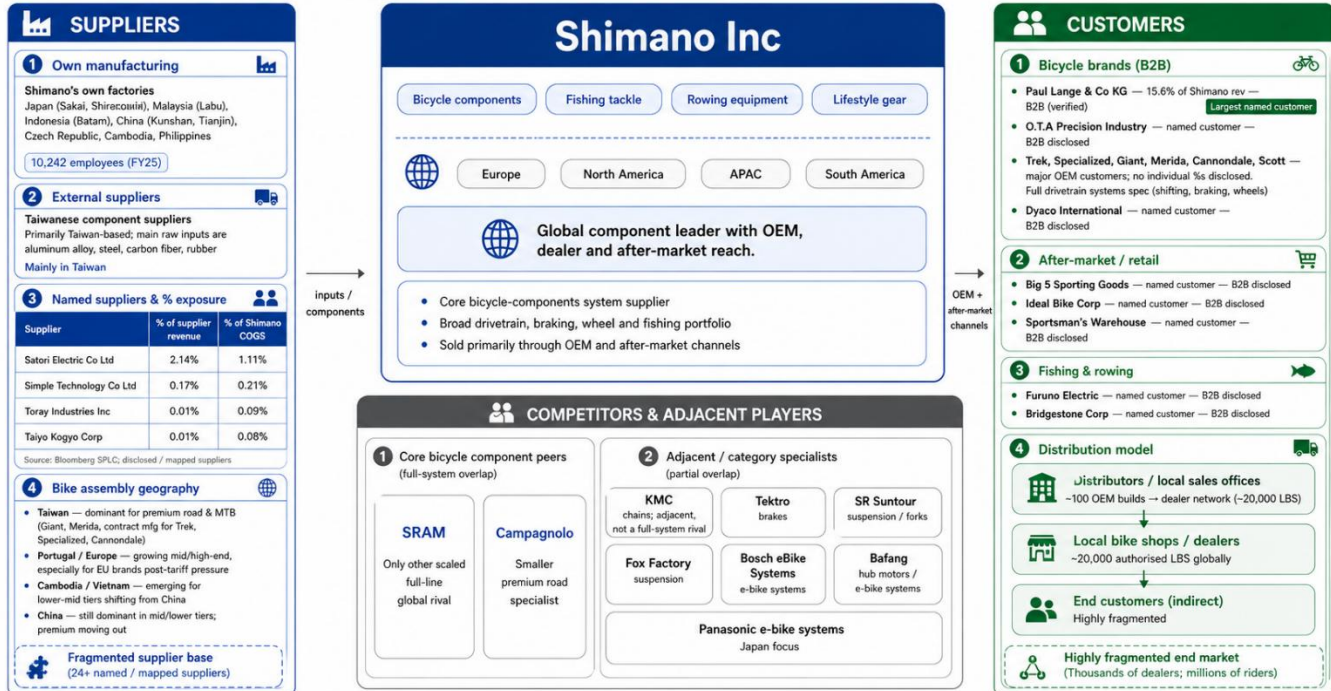
Japan Ministry of Finance, compiled with the assistance of Generative AI

⁹ Capital employed/invested capital defined as Debt + Equity – Excess Cash, total capital defined as net working capital + net PP&E

Appendix 8: Further select photos from Shimano Museum



Appendix 9: Industry map



Stylised with the assistance of Generative AI

Appendix 9: History of management guidance against performance

Shimano Guidance	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
JPY mns unless o/w stated	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Net Sales Forecast	205,000	220,000	230,000	255,000	280,000	355,000	350,000	330,000	350,000	365,000	372,000	455,500	580,000	500,000	420,000	470,000
Updated	208,000	221,000	240,000	265,000	316,000	368,000	325,000	330,000	345,000	362,000	370,000	515,000	590,000	462,000	450,000	460,000
Net Sales Achieved	213,596	221,770	245,843	271,037	333,168	378,645	322,998	335,800	348,035	363,230	378,040	546,515	628,908	474,362	450,993	466,243
Bicycle parts sales forecast	161,000	175,000	184,500	206,600	224,600	292,000	283,000	264,000	282,500	293,000	296,500	370,000	475,000	396,000	325,000	360,000
Bicycle parts sales	169,409	177,307	198,190	217,263	273,955	314,010	259,455	270,206	277,243	290,038	297,777	443,678	517,436	364,679	345,553	354,972
Fish tackle sales forecast	43,000	44,000	45,000	48,000	55,000	62,600	66,600	65,500	67,000	71,500	75,000	85,000	104,500	103,500	94,500	109,500
Fish tackle sales	43,288	43,884	47,234	53,398	58,825	62,245	63,143	65,220	70,436	72,838	79,907	102,388	110,993	109,225	104,990	110,832
Other sales forecast	1,000	1,000	500	400	400	400	400	500	500	500	500	500	500	500	500	500
Other sales	898	578	419	376	387	390	399	373	355	353	356	447	479	457	449	439
Operating Income Forecast	30,000	34,000	35,000	43,000	45,000	73,500	80,000	66,000	67,000	73,000	68,700	105,000	161,000	105,000	53,000	70,000
Updated	32,000	31,000	40,000	43,000	61,000	80,500	68,000	63,000	64,500	67,000	77,000	135,500	163,500	77,000	66,000	46,000
Operating Income Achieved	32,772	31,742	40,961	41,775	65,816	85,053	65,546	64,351	65,687	68,010	82,701	148,287	169,158	83,653	65,085	51,677
Ordinary Income Forecast	30,000	33,000	35,000	43,000	45,000	73,500	80,000	66,000	67,000	73,000	71,700	105,300	161,700	119,500	73,000	95,000
Updated	27,000	31,500	38,000	47,000	61,000	99,500	65,400	57,000	71,500	72,000	81,700	142,300	188,500	93,000	86,800	49,300
Ordinary Income Achieved	20,135	27,763	31,701	47,549	71,019	101,110	70,002	55,748	73,588	69,471	81,471	152,562	176,568	103,369	98,674	47,029
Net income attributable to owner	20,000	22,000	24,000	29,500	31,500	53,000	80,000	46,500	47,200	54,000	52,200	76,500	117,500	86,500	54,000	71,000
Updated	18,500	20,000	26,500	31,000	44,000	76,000	47,500	40,600	52,300	55,300	64,300	103,700	136,300	69,000	66,300	30,500
Net income achieved	9,533	19,121	19,862	35,088	51,237	76,190	50,964	38,443	53,931	51,833	63,472	115,937	128,178	61,142	76,329	33,991
Dividend per share forecast	61	61	61	75	87	105	155	155	155	155	155	155	235	285	285	339
Updated																
Dividend per share paid	61	61	75	87	105	155	155	155	155	155	355	235	260	285	309	339

Company filings, own analysis – red denotes a miss against original guidance/forecast

Appendix 10: Financial Summaries

Shimano Summary	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	170,303	211,767	235,142	186,686	213,596	221,770	245,843	271,037	333,168	378,645	322,998	335,800	348,035	363,230	378,040	546,515	628,908	474,362	450,993	466,243	496,560	528,692	562,776	588,555
Bicycle Parts	122,793	157,839	185,966	144,688	169,409	177,307	198,190	217,263	273,955	314,010	259,455	270,206	277,243	290,038	297,777	443,678	517,436	364,679	345,553	354,972	380,440	407,512	436,314	466,961
Fish Tackle	44,167	50,376	46,324	40,675	43,288	43,884	47,234	53,398	58,825	62,245	63,143	65,220	70,436	72,838	79,907	102,388	110,993	109,225	104,990	110,832	115,671	120,721	125,992	131,493
Others	3,342	3,551	2,821	1,322	898	578	419	376	387	390	399	373	355	353	356	447	479	457	449	439	449	459	470	481
Gross Profit	73,028	83,516	62,859	77,453	76,885	89,132	96,423	129,342	154,514	131,537	137,456	136,572	140,591	153,083	231,417	265,645	182,515	172,303	166,616	191,015	217,251	249,838	274,756	293,100
GPM	43%	39%	27%	41%	36%	40%	39%	48%	46%	35%	43%	41%	40%	42%	61%	49%	29%	36%	37%	41%	44%	47%	49%	49%
Operating Income Margin	15%	16%	11%	15%	14%	17%	15%	20%	23%	20%	19%	19%	19%	22%	27%	27%	18%	14%	11%	14%	16%	20%	21%	21%
Bicycle Parts	17%	19%	14%	18%	17%	20%	18%	23%	25%	22%	21%	21%	20%	23%	28%	28%	18%	16%	12%	15%	18%	21%	23%	23%
Fish Tackle	8%	6%	3%	5%	5%	5%	5%	7%	9%	11%	11%	12%	14%	18%	23%	22%	17%	10%	8%	10%	12%	14%	14%	14%
Others	-1%	-7%	-37%	-25%	-63%	-78%	-36%	-41%	-35%	-43%	-19%	-30%	-17%	-16%	4%	0%	-2%	0%	-7%	-7%	-7%	-7%	-7%	-7%
Bicycle Parts Segment Sales																								
Traditional bike sales	100%	100%	100%	100%	100%	100%	100%	99%	98%	97%	94%	92%	90%	92%	90%	90%				90%	89%	89%	88%	87%
Ebike sales								0%	1%	3%	3%	6%	8%	10%	8%	10%				10%	11%	11%	12%	13%
Bicycle parts margin	17%	19%	14%	18%	17%	20%	18%	23%	25%	22%	21%	21%	20%	23%	28%	28%	18%	16%	12%	15%	18%	21%	23%	23%
Traditional bike								18%	23%	22%	22%	21%	24%	30%	29%					15%	18%	22%	24%	24%
Ebike								0%	10%	10%	10%	11%	12%	15%	15%					15%	16%	17%	18%	19%

Bicycle Components																					
JPY M unless o/w																					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Bicycle Comp. Sales	177,307	198,190	217,263	273,955	314,010	259,455	270,206	277,243	290,038	297,777	443,678	517,436	364,679	345,553	354,972	380,440	407,512	436,314	466,981	499,663	
% growth yoy	5%	12%	10%	26%	15%	-17%	4%	3%	5%	3%	49%	17%	-30%	-5%	3%	7%	7%	7%	7%	7%	
Explicit e-bike sales			0	3,424	7,850	8,000	17,000	21,500	28,500	24,000	44,368	49,674				58,884	65,950	73,864	82,727	92,655	
% growth yoy					129%	2%	113%	26%	33%	-16%	85%	12%				72%	12%	12%	12%	12%	
of which pricing																1.5%	1.5%	1.5%	1.5%	1.5%	
of which volume																10.5%	10.5%	10.5%	10.5%	10.5%	
Trad. components tot.	177,307	198,190	217,263	270,531	306,160	251,455	253,206	255,743	261,538	273,777	399,310	467,762				340,683	362,984	386,443	411,126	437,105	
% growth yoy	5%	12%	10%	25%	13%	-18%	1%	1%	2%	5%	46%	17%				7%	7%	6%	6%	6%	
Trad. comp. in e-bike											62,115	72,441				82,805	89,430	96,584	104,311	112,656	
% growth yoy												17%				8%	8%	8%	8%	8%	
of which pricing																2.0%	2.0%	2.0%	2.0%	2.0%	
of which volume																6.0%	6.0%	6.0%	6.0%	6.0%	
Trad. comp. ex-e-bike											337,195	395,321				391,927	407,604	423,909	440,865	458,500	
% growth yoy												17%				4%	4%	4%	4%	4%	
of which pricing																2.0%	2.0%	2.0%	2.0%	2.0%	
of which volume																2.0%	2.0%	2.0%	2.0%	2.0%	
Bicycle Comp. OP	29,966	39,012	39,505	62,033	79,816	57,874	57,410	57,250	57,850	68,494	125,146	144,994	65,251	54,147	42,841	57,066	72,462	93,495	108,724	116,791	
OPM	17%	20%	18%	23%	25%	22%	21%	21%	20%	23%	28%	28%	18%	16%	12%	15%	18%	21%	23%	23%	
E-bike OP						800	1,700	2,150	3,135	2,880	6,655	7,451				5,964	7,124	8,478	10,054	11,886	
E-bike OPM						10%	10%	10%	11%	12%	15%	15%				15%	16%	17%	18%	19%	
Trad. bike OP	29,966	39,012	39,505	62,033		57,074	55,710	55,100	54,715	65,614	118,491	137,543				51,102	65,337	85,017	98,670	104,905	
Trad. bike OPM	17%	20%	18%	23%		23%	22%	22%	21%	24%	30%	29%				15%	18%	22%	24%	24%	
PP&E & Intangibles	8,466	13,359	15,628	22,534	23,956	20,379	11,989	16,139	17,046	15,353	15,821	19,209	21,822	25,715	22,087	20,010	22,004	23,699	25,543	27,532	
% sales	5%	7%	7%	8%	8%	8%	4%	6%	6%	5%	4%	4%	6%	7%	6%	5%	5%	5%	5%	6%	
Est. useful life	9	10	10	11	11	11	9	10	10	11	13	13	12	11	13	13	13	13	13	13	
D&A	8,426	8,631	10,388	11,422	13,525	13,460	16,274	14,922	15,392	15,679	16,221	18,231	20,255	21,227	18,670	20,542	22,134	23,866	25,731	27,742	
% sales	5%	4%	5%	4%	4%	5%	6%	5%	5%	5%	4%	4%	6%	6%	5%	5%	5%	5%	6%	6%	
Fish Tackle																					
JPY M unless o/w																					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Fish Tackle Sales	43,884	47,234	53,398	58,825	62,245	63,143	65,220	70,436	72,838	79,907	102,388	110,993	109,225	104,990	110,832	115,671	120,721	125,992	131,493	137,234	
% growth yoy	1%	8%	13%	10%	6%	1%	3%	8%	3%	10%	28%	8%	-2%	-4%	6%	4%	4%	4%	4%	4%	
Fish Tackle OP	2,139	2,274	2,404	3,943	5,372	6,842	7,013	8,544	10,219	14,264	23,120	24,163	18,413	10,929	8,865	11,567	14,487	17,639	18,409	19,213	
Fish Tackle OPM	5%	5%	5%	7%	9%	11%	11%	12%	14%	18%	23%	22%	17%	10%	8%	10%	12%	14%	14%	14%	
PP&E & Intangibles	1,086	1,550	1,413	3,931	419	2,882	1,601	2,064	2,196	1,618	2,811	5,582	3,153	7,546	5,052	3,788	3,953	4,126	4,306	4,494	
% sales	2%	3%	3%	7%	1%	5%	2%	3%	3%	2%	3%	5%	3%	7%	5%	3%	3%	3%	3%	3%	
Est. useful life	17	16	16	16	17	16	14	14	13	15	17	19	18	18	18	16	15	15	15	15	
D&A	1,424	1,546	1,770	2,040	1,992	2,026	2,485	2,546	2,696	2,548	2,488	2,721	3,365	3,447	3,685	4,351	5,024	5,293	5,574	5,867	
% sales	3%	3%	3%	3%	3%	3%	4%	4%	4%	3%	2%	2%	3%	3%	3%	4%	4%	4%	4%	4%	

Own analysis – gaps are intentional because there is no chance to get data after Shimano stopped disclosure

Appendix 11: Pricing power

Fig 12 Corporate Goods Price Index Japan – Bicycle Parts

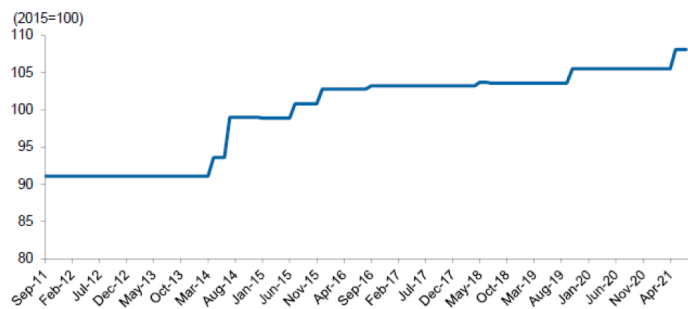


Fig. 61: Taiwan bicycle exports – e-bikes ASP



Macquarie Sep 2021 & Nomura Dec 2021 – accessed via Refinitiv/Columbia Libraries