

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Summary of Consolidated Financial Results for the First Quarter of FY2018 (Unaudited)

(January 1, 2018 – March 31, 2018) [Japanese Standard] (Consolidated)

April 24, 2018

Company Name: Shimano Inc. Stock Exchange: Tokyo, First Section
 Code Number: 7309 URL: <http://www.shimano.com>
 President: Yozo Shimano
 Vice President, Accounting: Michiyasu Hirose Telephone: +81-72-223-3254
 Date of filing of quarterly report to Ministry of Finance: May 10, 2018 Scheduled payment date for dividends: –
 Supplemental information: Yes
 Financial results briefing: No

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

1. Consolidated financial results for the First Quarter of FY2018 (January 1, 2018 – March 31, 2018)

(1) Consolidated income information (The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY2018	85,236	6.7	16,928	10.9	15,454	16.3	10,793	13.2
First Quarter of FY2017	79,921	(2.7)	15,261	(5.1)	13,289	26.9	9,537	50.1

(Note) Comprehensive income First Quarter of FY2018: 1,083 million yen (-79.5%) First Quarter of FY2017: 5,289 million yen (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter of FY2018	116.43	–
First Quarter of FY2017	102.88	–

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2018	477,074	424,361	88.9
FY2017	488,770	430,465	88.0

(Reference) Shareholders' equity First Quarter of FY2018: 424,217 million yen FY2017: 430,313 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	–	77.50	–	77.50	155.00
FY2018	–	–	–	–	–
FY2018 (Forecast)	–	77.50	–	77.50	155.00

(Note) Change in forecasted dividend during the period: None

3. Forecasted consolidated business performance for FY2018 (January 1, 2018 – December 31, 2018)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First Half of FY2018	173,300	6.3	33,000	7.0	31,500	16.9	22,100	18.0	238.40
FY2018	350,000	4.2	67,000	4.1	65,500	17.5	46,000	19.7	496.21

(Note) Change in forecasted consolidated business performance during the period: Yes

*Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries due to changes in scope of consolidation): None

(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- ① Changes in accounting policies in accordance with revision of accounting standards: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatement: None

(4) Number of shares of common stock issued

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

First Quarter of FY2018	92,720,000 shares	FY2017	92,720,000 shares
First Quarter of FY2018	17,454 shares	FY2017	17,276 shares
First Quarter of FY2018	92,702,546 shares	First Quarter of FY2017	92,703,062 shares

This quarterly financial report is outside the scope of quarterly review procedures by certified public accountants or audit corporations.

Explanation regarding the appropriate use of forecasts of business performance and other special items

The forecasts of consolidated business performance and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that management believes reasonable and actual business performance may differ materially from those described in such statements due to various factors. For details of assumptions for the forecasts and other related items, please refer to Page 3 of the attached document. Shimano Inc. accepts no liability whatsoever for any direct or consequential loss arising from any use of this document.

○Table of contents of the attached document

1. Qualitative Information on Consolidated Financial Performance for the Period under Review	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Forecast for the Fiscal Year Ending December 31, 2018.....	3
2. Consolidated Financial Statements and Primary Notes	4
(1) Consolidated Balance Sheets.....	4
(2) Consolidated Statements of Income and Comprehensive Income.....	6
(3) Notes relating to Consolidated Financial Statements	8
(Note concerning Assumption of Going Concern)	8
(Note on Significant Change in the Amount of Shareholders' Equity).....	8
(Changes in Significant Subsidiaries during the Period)	8
(Segment Information)	8

1. Qualitative Information on Consolidated Financial Performance for the Period under Review

(1) Results of Operations

During the first quarter of fiscal year 2018, the European economies were on a mild expansion trajectory as companies' production and exports increased and the labor market continued to improve though personal consumption temporarily weakened. In the U.S., consumer sentiment was strong, driven by the buoyant labor market, and business conditions turned firmer, mainly in the manufacturing sector. In Japan, the economy followed a moderate recovery track, mainly supported by personal consumption amid robust labor and income conditions.

In these circumstances, inspired by our mission—"To promote health and happiness through the enjoyment of nature and the world around us"—the Shimano Group sought to attract consumers with a stream of captivating products designed to enrich the experience of cyclists and anglers around the world, and moreover attuned to the contemporary emphasis on well-being and the environment.

As a result, for the first quarter of fiscal year 2018, net sales increased 6.7% from the same period of the previous year to 85,236 million yen. Operating income increased 10.9% to 16,928 million yen, ordinary income increased 16.3% to 15,454 million yen, and net income attributable to owners of parent increased 13.2% to 10,793 million yen.

Reportable Segment Overview

① Bicycle Components

In Europe, while retail sales of completed bicycles, mainly E-BIKE, stayed in a robust situation since the second half of the previous year, distributor inventories of bicycles remained at an appropriate level.

In North America, although retail sales of completed bicycles were sluggish at the beginning of the year, distributor inventories maintained an appropriate level.

In China, retail sales of completed bicycles showed no signs of recovery and retail sales of low-end and middle-range bicycles continued to be sluggish, although distributor inventories remained at an appropriate level.

With regard to the other emerging markets, retail sales of completed bicycles in Southeast Asia showed signs of recovery, but still lacked vigor. Retail sales of completed bicycles in South America maintained recovery from the second half of the previous year, particularly in Brazil and Argentina. Distributor inventories were at an appropriate level both in Southeast Asia and South America.

In the Japanese market, retail sales of both sports bicycles and community bicycles were lackluster, partly due to unstable weather, such as heavy snowfalls. Distributor inventories remained at a slightly high level, though they were in an appropriate range.

Under these market conditions, the SHIMANO STEPS E8000 drive unit for E-MTB, the DI2 (electronic shifting system) version and the disc brakes of the ULTEGRA road bike components were well received in the market since the previous year.

As a result, net sales from this segment increased 5.1% from the same period of the previous year to 68,000 million yen, and operating income increased 5.5% to 14,757 million yen.

② Fishing Tackle

In the Japanese market, retailers' New Year sales were strong, but sales were weak thereafter due to cold weather and heavy snowfalls.

Overseas, sales in Europe were stagnant due to cold weather and other factors and distributor inventories increased in the major markets of Germany and the UK. In the North American market, sales remained robust supported by the firm economy. In Asia, sales in China, South Korea and Southeast Asian markets continued to be robust, led by sports fishing, though sales in Taiwan were stagnant. In Australia, sales were stagnant partly due to cyclones that hit the country in March.

Under these market conditions, in Japan, new products like the STELLA and the Bantam were well received in the market. As a result, sales in Japan exceeded the previous year's level. Overseas, although sales in Australia fell below the previous year's level due to the cyclones, overseas sales on the whole exceeded the previous year's level because sales in Europe, North America and Asia exceeded the previous year's level.

As a result, net sales from this segment increased 13.2% from the same period of the previous year to 17,151 million yen, and operating income increased 65.8% to 2,209 million yen.

③ Others

Net sales from this segment decreased 9.1% from the same period of the previous year to 85 million yen and an operating loss of 38 million yen was recorded, following an operating loss of 63 million yen for the same period of the previous year.

(2) Financial Position

Assets, Liabilities and Net Assets

(Assets)

Total assets as of the end of the first quarter of fiscal year 2018 amounted to 477,074 million yen (a decrease of 11,695 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 1,480 million yen in other current assets, an increase of 916 million yen in merchandise and finished goods, a decrease of 9,877 million yen in cash and time deposits, a decrease of 1,349 million yen in construction in progress, a decrease of 1,082 million yen in machinery and vehicles, and a decrease of 1,013 million yen in investment securities.

(Liabilities)

Total liabilities as of the end of the first quarter of fiscal year 2018 amounted to 52,713 million yen (a decrease of 5,591 million yen compared with the figure as of the previous fiscal year-end). The principal factors included a decrease of 2,734 million yen in income taxes payable and a decrease of 2,574 million yen in other current liabilities.

(Net assets)

Net assets as of the end of the first quarter of fiscal year 2018 amounted to 424,361 million yen (a decrease of 6,104 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 3,608 million yen in retained earnings and a decrease of 9,131 million yen in foreign currency translation adjustments.

(3) Forecast for the Fiscal Year Ending December 31, 2018

The forecasts of ordinary income and net income attributable to owners of parent for the first half and full year 2018 have been revised as below, because non-operating expenses were recorded in the first quarter owing to the depreciation of the U.S. dollar against major Asian currencies.

Revisions to consolidated business performance forecast figures for the first half of FY2018 (January 1, 2018 - June 30, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	173,300	33,000	33,000	23,300	251.34
Revised forecast (B)	173,300	33,000	31,500	22,100	238.40
Difference (B-A)	—	—	(1,500)	(1,200)	
Change (%)	—	—	(4.5)	(5.2)	
First half results for FY2017	163,079	30,832	26,937	18,728	202.03

Revisions to consolidated business performance forecast figures for FY2018 (January 1, 2018 – December 31, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	350,000	67,000	67,000	47,200	509.15
Revised forecast (B)	350,000	67,000	65,500	46,000	496.21
Difference (B-A)	—	—	(1,500)	(1,200)	
Change (%)	—	—	(2.2)	(2.5)	
Full year results for FY2017	335,800	64,351	55,748	38,443	414.69

2. Consolidated Financial Statements and Primary Notes**(1) Consolidated Balance Sheets**

(Millions of yen)

	FY2017 As of Dec. 31, 2017	First Quarter of FY2018 As of Mar. 31, 2018
Assets		
Current assets		
Cash and time deposits	241,268	231,390
Notes and accounts receivable-trade	35,574	36,142
Merchandise and finished goods	33,820	34,737
Work in process	19,131	19,172
Raw materials and supplies	4,650	4,725
Deferred income taxes	3,080	2,781
Others	5,640	7,121
Allowance for doubtful accounts	(370)	(330)
Total current assets	342,795	335,741
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	60,229	60,204
Machinery and vehicles (net)	24,564	23,481
Land	13,890	13,737
Leased assets (net)	62	55
Construction in progress	4,823	3,474
Others (net)	6,240	5,811
Total property, plant and equipment	109,810	106,765
Intangible assets		
Goodwill	5,388	5,084
Software	6,668	6,889
Others	3,968	3,518
Total intangible assets	16,025	15,492
Investments and other assets		
Investment securities	15,029	14,016
Deferred income taxes	2,603	2,760
Others	3,009	2,848
Allowance for doubtful accounts	(504)	(550)
Total investments and other assets	20,138	19,074
Total fixed assets	145,974	141,332
Total assets	488,770	477,074

(Millions of yen)

	FY2017 As of Dec. 31, 2017	First Quarter of FY2018 As of Mar. 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	13,036	13,425
Short-term loans payable	7,571	7,441
Income taxes payable	8,696	5,962
Deferred income taxes	46	33
Accrued employee bonuses	1,976	2,062
Accrued officer bonuses	181	50
Others	17,818	15,244
Total current liabilities	49,327	44,219
Long-term liabilities		
Long-term loans payable	1,009	826
Deferred income taxes	646	627
Net defined benefit liability	4,060	3,855
Others	3,260	3,184
Total long-term liabilities	8,976	8,493
Total liabilities	58,304	52,713
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,642	5,642
Retained earnings	371,914	375,523
Treasury stock	(102)	(105)
Total shareholders' equity	413,066	416,672
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	4,374	3,803
Foreign currency translation adjustments	12,872	3,741
Total accumulated other comprehensive income	17,246	7,545
Non-controlling interests	152	143
Total net assets	430,465	424,361
Total liabilities and net assets	488,770	477,074

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

	(Millions of yen)	
	First Quarter of FY2017 Jan. 1, 2017 to Mar. 31, 2017	First Quarter of FY2018 Jan. 1, 2018 to Mar. 31, 2018
Net sales	79,921	85,236
Cost of sales	46,677	50,632
Gross profit	33,244	34,603
Selling, general and administrative expenses	17,982	17,675
Operating income	15,261	16,928
Non-operating income		
Interest income	405	764
Dividend income	52	75
Others	92	360
Total non-operating income	549	1,200
Non-operating expenses		
Interest expenses	41	52
Foreign exchange losses	2,385	2,065
Others	94	556
Total non-operating expenses	2,522	2,674
Ordinary income	13,289	15,454
Extraordinary losses		
Loss on factory reconstruction	25	26
Loss on fire	—	106
Total extraordinary losses	25	132
Income before income taxes	13,264	15,321
Income taxes-current	5,698	4,160
Income taxes-deferred	(2,000)	365
Total income taxes	3,697	4,526
Net income	9,566	10,795
Net income attributable to non-controlling interests	29	2
Net income attributable to owners of parent	9,537	10,793

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Quarter of FY2017 Jan. 1, 2017 to Mar. 31, 2017	First Quarter of FY2018 Jan. 1, 2018 to Mar. 31, 2018
Net income	9,566	10,795
Other comprehensive income		
Unrealized gain (loss) on other securities	(54)	(570)
Foreign currency translation adjustments	(4,222)	(9,142)
Total other comprehensive income	(4,276)	(9,712)
Comprehensive income	5,289	1,083
(Breakdown)		
Comprehensive income attributable to owners of parent	5,288	1,091
Comprehensive income attributable to non-controlling interests	0	(8)

(3) Notes relating to Consolidated Financial Statements
 (Note concerning Assumption of Going Concern)
 Not applicable.

(Note on Significant Change in the Amount of Shareholders' Equity)
 Not applicable.

(Changes in Significant Subsidiaries during the Period)

During the first quarter of fiscal year 2018, Shimano Europe Holding B.V., which was a consolidated subsidiary, merged with Shimano Europe B.V., Shimano Europe Fishing Holding B.V. and Bikefitting.com B.V., which were consolidated subsidiaries. The former Shimano Europe Holding B.V. remained as the surviving company and changed its name to Shimano Europe B.V. As a result, the former Shimano Europe B.V., the former Shimano Europe Fishing Holding B.V. and the former Bikefitting.com B.V. were excluded from the scope of consolidation.

(Segment Information)

First Quarter of FY2017 (Jan. 1, 2017 – Mar. 31, 2017)

Information on net sales and income (loss) by reportable segment (Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	64,674	15,153	93	79,921	—	79,921
2)Inter-segment	—	—	—	—	—	—
Total	64,674	15,153	93	79,921	—	79,921
Segment income (loss)	13,992	1,332	(63)	15,261	—	15,261

Note: There is no difference between total segment income (loss) and operating income in the consolidated statements of income.

First Quarter of FY2018 (Jan. 1, 2018 – Mar. 31, 2018)

Information on net sales and income (loss) by reportable segment (Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	68,000	17,151	85	85,236	—	85,236
2)Inter-segment	—	—	—	—	—	—
Total	68,000	17,151	85	85,236	—	85,236
Segment income (loss)	14,757	2,209	(38)	16,928	—	16,928

Note: There is no difference between total segment income (loss) and operating income in the consolidated statements of income.