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## Summary of Consolidated Financial Results for FY2014

(January 1, 2014 – December 31, 2014) [Japanese Standard] (Consolidated)

February 10, 2015

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 Vice President, Accounting: Nobuhiro Inoue Telephone: +81-72-223-3254  
 Date of Shareholders' Meeting: March 26, 2015 Scheduled payment date for dividends: March 27, 2015  
 Date of filing of annual report to Ministry of Finance: March 27, 2015  
 Supplemental information: Yes  
 Financial results briefing: Yes

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

### 1. Consolidated financial results for FY2014 (January 1, 2014 - December 31, 2014)

(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  |      |
|--------|-------------|------|------------------|------|-----------------|------|-------------|------|
|        | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen | %    |
| FY2014 | 333,168     | 22.9 | 65,816           | 57.5 | 71,019          | 49.4 | 51,237      | 46.0 |
| FY2013 | 271,037     | 10.2 | 41,775           | 2.0  | 47,549          | 20.3 | 35,088      | 27.7 |

(Note) Comprehensive income: FY2014: 69,165 million yen (11.4%) FY2013: 62,073 million yen (38.6%)

|        | Net income per share (Basic) | Net income per share (Diluted) | Return on shareholders' equity | Ordinary income to total assets | Operating income to net sales |
|--------|------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|
|        | Yen                          | Yen                            | %                              | %                               | %                             |
| FY2014 | 552.70                       | —                              | 17.1                           | 19.8                            | 19.8                          |
| FY2013 | 378.50                       | —                              | 14.5                           | 16.5                            | 15.4                          |

(Reference) Equity in earnings: FY2014: — million yen FY2013: — million yen

### (2) Consolidated balance sheet information

|        | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|--------|--------------|-------------|----------------------------|----------------------|
|        | Million yen  | Million yen | %                          | Yen                  |
| FY2014 | 396,967      | 331,195     | 83.2                       | 3,562.54             |
| FY2013 | 319,223      | 270,914     | 84.6                       | 2,912.40             |

(Reference) Shareholders' equity FY2014: 330,263 million yen FY2013: 269,995 million yen

### (3) Consolidated cash flow information

|        | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|        | Million yen                          | Million yen                          | Million yen                          | Million yen                              |
| FY2014 | 55,937                               | (34,705)                             | (7,239)                              | 152,934                                  |
| FY2013 | 49,021                               | (27,205)                             | (7,194)                              | 125,867                                  |

### 2. Dividend information

|                   | Dividend per share |             |             |          |        | Total dividend (Annual) | Dividend payout ratio (Consolidated) | Dividend per shareholders' equity (Consolidated) |
|-------------------|--------------------|-------------|-------------|----------|--------|-------------------------|--------------------------------------|--|
|                   | 1st Quarter        | 2nd Quarter | 3rd Quarter | Year-end | Total  |                         |                                      |  |
|                   | Yen                | Yen         | Yen         | Yen      | Yen    | Million yen             | %                                    | %  |
| FY2013            | —                  | 43.50       | —           | 43.50    | 87.00  | 8,065                   | 23.0                                 | 3.3  |
| FY2014            | —                  | 52.50       | —           | 52.50    | 105.00 | 9,734                   | 19.0                                 | 3.2  |
| FY2015 (Forecast) | —                  | 52.50       | —           | 52.50    | 105.00 |                         | 18.4                                 |  |

(Note) The year-end cash dividend for FY2014 included a special dividend of 46.25 yen.

### 3. Forecasted consolidated business performance for FY2015 (January 1, 2015 - December 31, 2015)

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

|                      | Net sales   |      | Operating income |      | Ordinary income |      | Net income  |      | Net income per share |
|----------------------|-------------|------|------------------|------|-----------------|------|-------------|------|----------------------|
|                      | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen | %    | Yen                  |
| First half of FY2015 | 180,700     | 15.6 | 38,000           | 25.0 | 38,000          | 30.5 | 27,300      | 31.3 | 294.48               |
| FY2015               | 355,000     | 6.6  | 73,500           | 11.7 | 73,500          | 3.5  | 53,000      | 3.4  | 571.71               |

\*Notes

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

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

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

(3) Number of shares of common stock issued

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

|        |                      |        |                      |
|--------|----------------------|--------|----------------------|
| FY2014 | 92,720,000<br>shares | FY2013 | 92,720,000<br>shares |
| FY2014 | 15,462<br>shares     | FY2013 | 14,538<br>shares     |
| FY2014 | 92,705,020<br>shares | FY2013 | 92,706,039<br>shares |

Presentation concerning audit procedures

This financial report is outside the scope of audit procedures pursuant to the Financial Instruments and Exchange Act and procedures for audit of financial statements pursuant to the Financial Instruments and Exchange Act were not completed as of the disclosure of this financial report.

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.

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## 1. Business Results

### (1) Analysis of Consolidated Business Results

#### ① Review of Operations

During fiscal year 2014, as concerns about a possible rekindling of the European debt crisis receded, economic sentiment picked up somewhat. However, the pace of improvement remained slow mainly owing to deterioration of relationships with Russia triggered by the conflict in Ukraine. Meanwhile, the U.S. economy shifted to a recovery track owing to robust domestic demand centering on personal consumption as the labor market continued to improve.

In Japan, in addition to the hike of raw materials costs in line with the rapid depreciation of the yen, certain industries continued to suffer from reactionary fall from last-minute demand accompanying the consumption tax increase in April, and economic sentiment of the private sector was sluggish. Exports showed signs of improvement as movement toward depreciation of the yen strengthened while the recovery of overseas economies continued.

In these circumstances, inspired by our mission—"To create new value and 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, net sales increased 22.9% from the previous year to 333,168 million yen. Operating income increased 57.5% to 65,816 million yen, ordinary income increased 49.4% to 71,019 million yen, and net income increased 46.0% to 51,237 million yen.

### Reportable Segment Overview

#### Bicycle Components

In Europe, a major market for Shimano products, retail sales continued to be buoyant following the mild winter, and distributor inventories were relatively low. In North America, which experienced an extremely harsh winter, despite a delay in the commencement of sales, retail sales were generally brisk from spring onward and comparable to the level in a typical year. As a result, distributor inventories were within an appropriate range. In Japan, despite a severe winter, retail sales of sports bicycles and mid-range and high-grade community bicycles were robust even after the consumption tax increase. Sales of community bicycles, however, were somewhat weak.

The Chinese market was strong, as sales of sports bicycles continued to grow and a shift to high-grade bicycles was also apparent. Sales growth of sports bicycles in other emerging markets with growth potential was also robust.

In these market conditions, against a backdrop of rising expectations in view of promising market trends from the next fiscal year onward, order-taking was brisk as Shimano products were relatively affordable because of the depreciation of the yen. Moreover, sales of new models released in 2014, including XTR, which are Shimano's finest mountain bike components, ALIVIO casual mountain bike components, Tourney TX entry-level mountain bike components, 105 road bike components, and disk brakes for road bikes, were buoyant.

As a result, sales from this segment increased 26.1% from the previous year to 273,955 million yen, and operating income increased 57.0% to 62,033 million yen.

#### Fishing Tackle

The Japanese market got off to a smooth start thanks to stable weather from the New Year onward and longer-than-usual holidays. However, subsequently, the Japanese market lost momentum temporarily, affected by heavy snowfalls. Consumption stalled due to typhoons and heavy rains and a hike in gasoline prices and other commodity prices over the summer and the autumn. In these market conditions, Shimano exceeded the previous year's sales result because demand for high-grade products increased before the consumption tax increase in Spring and new products, including NEW STELLA, were highly regarded in the market.

Overseas, sales in North America were robust for the full year because the weather was generally mild despite the unsettled weather in the first quarter and the launch of new products had a positive impact. In Asia, sales were also robust despite a slowdown in economic growth.

As a result, sales from this segment increased 10.2% from the previous year to 58,825 million yen, and operating income increased 64.0% to 3,943 million yen.

## Others

Sales from other segments increased 2.9% from the previous year to 387 million yen and operating loss of 160 million yen was recorded, following an operating loss of 135 million yen for the previous year.

## ② Forecast for the Fiscal Year Ending December 31, 2015

The moderate recovery of the European economies is expected to continue, supported by the quantitative easing by the European Central Bank and the subsequent depreciation of the euro, and falling oil prices. However, concerns remain, such as possible rekindling of the Greek crisis and slowing of the Central and Eastern European economies owing to deterioration of relationships with Russia. In the U.S., signs of an economic expansion are strengthening with robust personal consumption against the backdrop of an improvement in the labor market and recovery in economic sentiment of manufacturers. In China, whose economy is slowing, the question of whether the government will implement policies to support the economy is a focus of attention.

In Japan, because of the postponing of the consumption tax increase scheduled in October 2015, the Japanese economy is expected to recover at a moderate pace, centering on personal consumption and capital investment. Exports are likely to increase against the backdrop of a recovery in overseas economies and the fall of oil prices.

In these circumstances, the Shimano Group, while closely monitoring economic trends in Japan and overseas, is endeavoring to further enhance management efficiency. We will take the lead in the creation of new cycling culture and new sport fishing culture.

In view of the outlook described above, for the fiscal year ending December 31, 2015, the Shimano Group forecasts net sales of 355,000 million yen, an increase of 6.6% from the fiscal year 2014, operating income of 73,500 million yen, an increase of 11.7%, ordinary income of 73,500 million yen, an increase of 3.5%, and net income of 53,000 million yen, an increase of 3.4%.

Sales forecasts by segment are indicated below.

(Millions of yen)

|                    |           | First half |       | Second half |       | Full year |       |
|--------------------|-----------|------------|-------|-------------|-------|-----------|-------|
|                    |           | Amount     | %     | Amount      | %     | Amount    | %     |
| Bicycle components | Japan     | 4,700      | 2.6   | 4,800       | 2.7   | 9,500     | 2.7   |
|                    | Overseas  | 143,300    | 79.3  | 139,200     | 79.9  | 282,500   | 79.6  |
|                    | Sub-total | 148,000    | 81.9  | 144,000     | 82.6  | 292,000   | 82.3  |
| Fishing tackle     |           | 32,500     | 18.0  | 30,100      | 17.3  | 62,600    | 17.6  |
| Others             |           | 200        | 0.1   | 200         | 0.1   | 400       | 0.1   |
| Total              |           | 180,700    | 100.0 | 174,300     | 100.0 | 355,000   | 100.0 |

## (2) Analysis of Consolidated Financial Position

## ① Assets, Liabilities and Net Assets

## (Total assets)

Total assets as of the end of fiscal year 2014 amounted to 396,967 million yen (an increase of 77,744 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 29,045 million yen in cash and time deposits, an increase of 11,856 million yen in merchandise and finished goods, and an increase of 11,703 million yen in buildings and structures, an increase of 6,372 million yen in notes and accounts receivable-trade, and an increase of 5,229 million yen in work in process.

## (Total Liabilities)

Total liabilities as of the end of fiscal year 2014 amounted to 65,772 million yen (an increase of 17,463 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 5,402 million yen in income taxes payable, an increase of 4,609 million yen in accounts payable-trade, an increase of 3,666 million yen in short-term loans payable, and an increase of 3,597 million yen in other current liabilities.

## (Net assets)

Net assets as of the end of fiscal year 2014 amounted to 331,195 million yen (an increase of 60,280 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 42,338 million yen in retained earnings and an increase of 17,714 million yen in foreign currency translation adjustments.

## ② Cash Flows

Net cash provided by operating activities amount to 55,937 million yen compared with 49,021 million yen for the previous year. The main items were income before income taxes and minority interests of 68,553 million yen and depreciation and amortization amounting to 13,505 million yen. Cash outlays included an increase in inventories amounting to 13,767 million yen and income taxes paid amounting to 13,022 million yen.

Net cash used in investing activities amounted to 34,705 million yen compared with 27,205 million yen for the previous year. The main items included acquisition of property, plant and equipment amounting to 28,291 million yen.

Net cash used in financing activities amounted to 7,239 million yen compared with 7,194 million yen for the previous year. The main items included cash dividends to shareholders amounting to 8,899 million yen.

As a result, cash and cash equivalents at the end of the year were 152,934 million yen.

Cash flow indicators are shown in the following table.

|  | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 |
|--|--------|--------|--------|--------|--------|
| Equity ratio (%)                             | 84.3   | 83.9   | 83.7   | 84.6   | 83.2   |
| Market value equity ratio (%)                | 188.7  | 162.4  | 198.6  | 262.2  | 365.5  |
| Interest-bearing debt to cash flow ratio (%) | 0.06   | 0.30   | 0.20   | 0.20   | 0.23   |
| Interest coverage ratio (times)              | 93.6   | 87.1   | 115.4  | 155.8  | 164.5  |

## (Notes)

1. Each indicator is calculated using the consolidated results based on the formula indicated below:

|   |   |
|---|---|
| Equity ratio:                             | Shareholders' equity / Total assets         |
| Market value equity ratio:                | Total market capitalization / Total assets  |
| Interest-bearing debt to cash flow ratio: | Interest-bearing debt / Operating cash flow |
| Interest coverage ratio:                  | Operating cash flow / Interest paid         |

2. Total market capitalization is calculated by:

Closing stock price on the last day of the fiscal year x The number of shares of common stock issued and outstanding at the end of the fiscal year, less treasury stock.

3. Interest-bearing debt covers all debt in the consolidated balance sheet for which interest is paid.

4. Cash flows from operating activities and the amount of interest payments stated in the consolidated statements of cash flows are used as operating cash flow and interest paid.

## (3) Dividend Policy and Cash Dividends for FY2014 and FY2015

The Company considers the return of earnings to shareholders to be one of the most important issues for management. The Company's basic policy is to continue providing stable returns reflecting overall business performance and strategy.

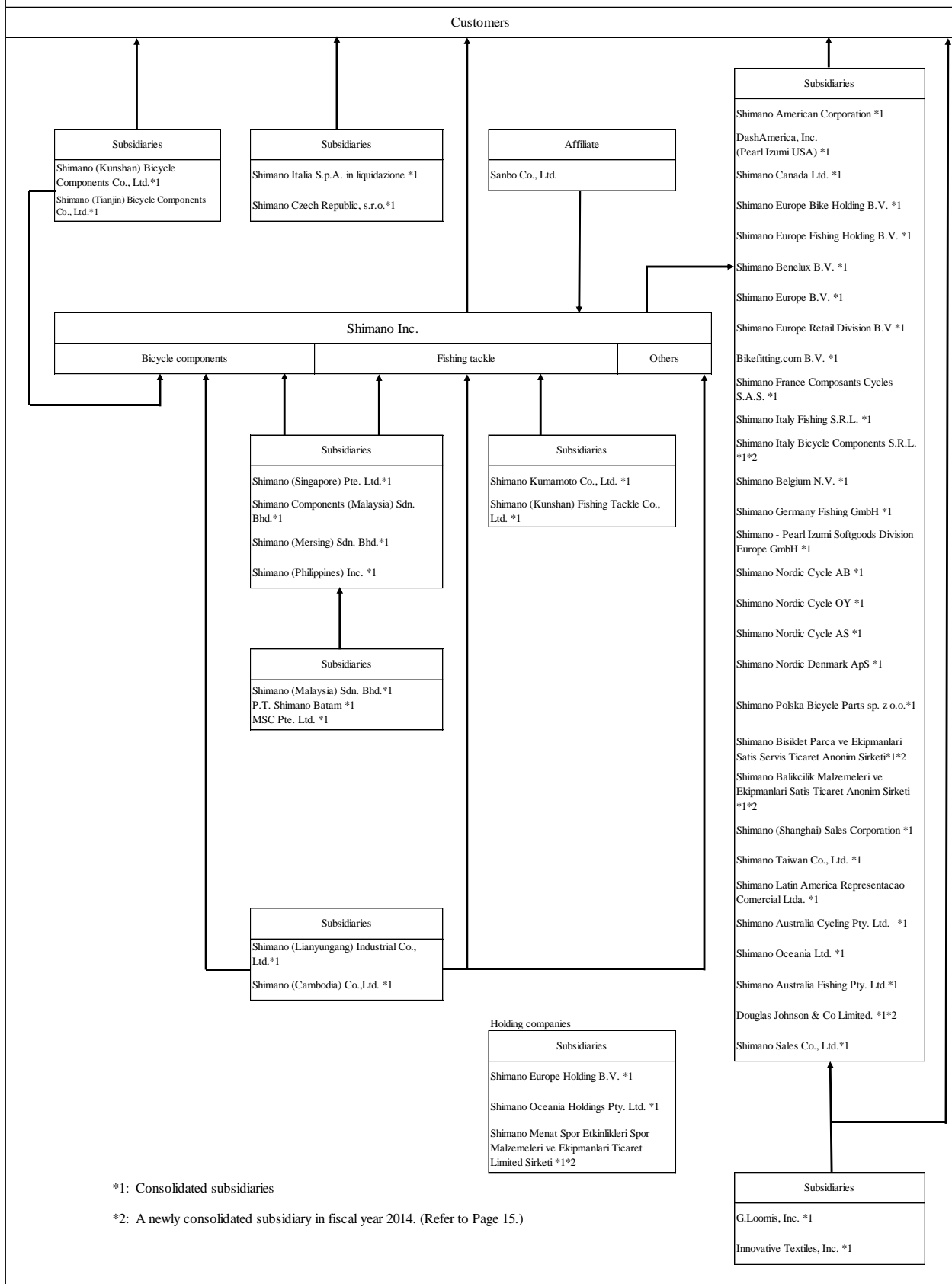
In accordance with the above policy, the Company intends to pay out year-end cash dividends of 52.50 yen per share, which include a special dividend of 46.25 yen, an increase of 9 yen from the amount paid for the previous year. As a result, cash dividends for the full year of fiscal year 2014 will amount to 105 yen per share, an increase of 18 yen from the amount paid for the previous year.

The Company intends to pay out cash dividends of 105 yen per share for fiscal year 2015 (52.50 yen for both interim and year-end cash dividend).

## 2. Outline of the Group

The Shimano Group consists of Shimano Inc. and 50 consolidated subsidiaries and affiliates. The Group is mainly engaged in manufacturing and sales of bicycle components and fishing tackle.

Business relationships among the Shimano Group companies are indicated below.



### 3. Business Policy

Since no significant changes have been made to the information for management policies in the Summary of Consolidated Financial Results for FY2011 disclosed on February 8, 2012, disclosure of the management policies has been omitted.

The Summary of Consolidated Financial Results for FY2011 is available at the following URLs.

- Shimano Website <http://www.shimano.com>
- Tokyo Stock Exchange Website (Listed Company Information Search)  
<http://www.tse.or.jp/listing/compsearch/index.html>



#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

|                                     | (Millions of yen)   |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | FY2013              | FY2014              |
|                                     | As of Dec. 31, 2013 | As of Dec. 31, 2014 |
| <b>Assets</b>                       |                     |                     |
| Current assets                      |                     |                     |
| Cash and time deposits              | 128,796             | 157,841             |
| Notes and accounts receivable-trade | *2 30,899           | *2 37,272           |
| Merchandise and finished goods      | 28,293              | 40,150              |
| Work in process                     | 17,145              | 22,375              |
| Raw materials and supplies          | 4,718               | 5,647               |
| Deferred income taxes               | 2,718               | 3,214               |
| Others                              | 3,464               | 5,069               |
| Allowance for doubtful accounts     | (296)               | (184)               |
| Total current assets                | 215,740             | 271,386             |
| Fixed assets                        |                     |                     |
| Property, plant and equipment       |                     |                     |
| Buildings and structures            | 56,985              | 70,863              |
| Accumulated depreciation            | (26,828)            | (29,016)            |
| Accumulated impairment loss         | (168)               | (154)               |
| Buildings and structures (net)      | 29,988              | 41,692              |
| Machinery and vehicles              | 60,006              | 67,312              |
| Accumulated depreciation            | (43,000)            | (48,188)            |
| Accumulated impairment loss         | (161)               | (130)               |
| Machinery and vehicles (net)        | 16,844              | 18,994              |
| Land                                | 11,814              | 13,137              |
| Leased assets                       | 85                  | 112                 |
| Accumulated depreciation            | (55)                | (60)                |
| Leased assets (net)                 | 30                  | 51                  |
| Construction in progress            | 11,283              | 14,172              |
| Others                              | 43,948              | 48,467              |
| Accumulated depreciation            | (39,095)            | (42,067)            |
| Accumulated impairment loss         | (16)                | (13)                |
| Others (net)                        | 4,836               | 6,386               |
| Total property, plant and equipment | 74,798              | 94,434              |
| Intangible assets                   |                     |                     |
| Goodwill                            | 3,997               | 2,963               |
| Software                            | 2,834               | 2,849               |
| Others                              | 5,604               | 7,203               |
| Total intangible assets             | 12,437              | 13,016              |
| Investments and other assets        |                     |                     |
| Investment securities               | *1 12,361           | *1 13,485           |
| Deferred income taxes               | 1,280               | 1,303               |
| Others                              | 3,071               | 3,833               |
| Allowance for doubtful accounts     | (465)               | (492)               |
| Total investments and other assets  | 16,247              | 18,129              |
| Total fixed assets                  | 103,482             | 125,580             |
| Total assets                        | 319,223             | 396,967             |

|   | (Millions of yen)   |                     |
|---|---------------------|---------------------|
|   | FY2013              | FY2014              |
|   | As of Dec. 31, 2013 | As of Dec. 31, 2014 |
| <b>Liabilities</b>                            |                     |                     |
| <b>Current liabilities</b>                    |                     |                     |
| Accounts payable-trade                        | 11,935              | 16,545              |
| Short-term loans payable                      | 6,130               | 9,796               |
| Income taxes payable                          | 5,593               | 10,995              |
| Deferred income taxes                         | 315                 | 292                 |
| Accrued employee bonuses                      | 1,524               | 1,986               |
| Accrued officer bonuses                       | 184                 | 207                 |
| Provision for loss on factory reconstruction  | 596                 | 44                  |
| Others  | 14,278              | 17,876              |
| Total current liabilities                     | 40,559              | 57,745              |
| <b>Long-term liabilities</b>                  |                     |                     |
| Long-term loans payable                       | 3,159               | 2,670               |
| Deferred income taxes                         | 1,051               | 1,308               |
| Employee retirement benefits                  | 2,710               | —                   |
| Net defined benefit liability                 | —                   | 3,287               |
| Others  | 827                 | 761                 |
| Total long-term liabilities                   | 7,749               | 8,027               |
| Total liabilities                             | 48,308              | 65,772              |
| <b>Net assets</b>                             |                     |                     |
| <b>Shareholders' equity</b>                   |                     |                     |
| Common stock                                  | 35,613              | 35,613              |
| Capital surplus                               | 5,822               | 5,823               |
| Retained earnings                             | 204,388             | 246,726             |
| Treasury stock                                | (58)                | (71)                |
| Total shareholders' equity                    | 245,765             | 288,092             |
| <b>Accumulated other comprehensive income</b> |                     |                     |
| Unrealized gain (loss) on other securities    | 3,080               | 3,307               |
| Foreign currency translation adjustments      | 21,149              | 38,863              |
| Total accumulated other comprehensive income  | 24,229              | 42,171              |
| Minority interests                            | 919                 | 931                 |
| Total net assets                              | 270,914             | 331,195             |
| Total liabilities and net assets              | 319,223             | 396,967             |

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

## Consolidated Statements of Income

(Millions of yen)

|   | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
|---|--|--|
| Net sales   | 271,037                                    | 333,168                                    |
| Cost of sales                                     | *2 174,613                                 | *2 203,825                                 |
| Gross profit                                      | 96,423                                     | 129,342                                    |
| Selling, general and administrative expenses      | *1,*2 54,648                               | *1,*2 63,526                               |
| Operating income                                  | 41,775                                     | 65,816                                     |
| Non-operating income                              |  |  |
| Interest income                                   | 873  | 1,054                                      |
| Dividend income                                   | 205  | 764  |
| Foreign exchange gains                            | 5,004                                      | 3,942                                      |
| Others  | 637  | 711  |
| Total non-operating income                        | 6,721                                      | 6,472                                      |
| Non-operating expenses                            |  |  |
| Interest expenses                                 | 333  | 338  |
| Loss on disposal of fixed assets                  | 152  | 134  |
| Others  | 461  | 796  |
| Total non-operating expenses                      | 947  | 1,269                                      |
| Ordinary income                                   | 47,549                                     | 71,019                                     |
| Extraordinary losses                              |  |  |
| Loss on impairment                                | —  | 1,516                                      |
| Provision for loss on factory reconstruction      | 596  | —  |
| Loss on factory reconstruction                    | 1,730                                      | 950  |
| Total extraordinary losses                        | 2,326                                      | 2,466                                      |
| Income before income taxes and minority interests | 45,222                                     | 68,553                                     |
| Income taxes-current                              | 11,722                                     | 17,934                                     |
| Income taxes-deferred                             | (1,626)                                    | (515)                                      |
| Total income taxes                                | 10,095                                     | 17,418                                     |
| Income before minority interests                  | 35,126                                     | 51,134                                     |
| Minority interests in net income (loss)           | 38   | (103)                                      |
| Net income  | 35,088                                     | 51,237                                     |

## Consolidated Statements of Comprehensive Income

|   | (Millions of yen)                |                                  |
|---|----------------------------------|----------------------------------|
|   | FY2013                           | FY2014                           |
|   | Jan. 1, 2013 to<br>Dec. 31, 2013 | Jan. 1, 2014 to<br>Dec. 31, 2014 |
| Income before minority interests                          | 35,126                           | 51,134                           |
| Other comprehensive income                                |                                  |                                  |
| Unrealized gain (loss) on other securities                | 2,167                            | 226                              |
| Foreign currency translation adjustments                  | 24,778                           | 17,804                           |
| Total other comprehensive income                          | 26,946                           | 18,031                           |
| Comprehensive income                                      | 62,073                           | 69,165                           |
| (Breakdown)   |                                  |                                  |
| Comprehensive income attributable to owners of the parent | 61,866                           | 69,179                           |
| Comprehensive income attributable to minority interests   | 206                              | (13)                             |

## (3) Consolidated Statements of Shareholders' Equity

FY2013 (From January 1, 2013 to December 31, 2013)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of year                         | 35,613               | 5,822           | 176,808           | (47)           | 218,197                    |
| Changes of items during the year                     |                      |                 |                   |                |                            |
| Cash dividends paid                                  |                      |                 | (7,509)           |                | (7,509)                    |
| Net income   |                      |                 | 35,088            |                | 35,088                     |
| Acquisition of treasury stock                        |                      |                 |                   | (11)           | (11)                       |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the year               | —                    | —               | 27,579            | (11)           | 27,568                     |
| Balance at end of year                               | 35,613               | 5,822           | 204,388           | (58)           | 245,765                    |

|  | Accumulated other comprehensive income     |  |  | Minority interests | Total net assets |
|--|--|--|--|--------------------|------------------|
|  | Unrealized gain (loss) on other securities | Foreign currency translation adjustments | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of year                         | 913  | (3,462)                                  | (2,548)                                      | 716                | 216,364          |
| Changes of items during the year                     |  |  |  |                    |                  |
| Cash dividends paid                                  |  |  |  |                    | (7,509)          |
| Net income   |  |  |  |                    | 35,088           |
| Acquisition of treasury stock                        |  |  |  |                    | (11)             |
| Net changes of items other than shareholders' equity | 2,167                                      | 24,611                                   | 26,778                                       | 203                | 26,981           |
| Total changes of items during the year               | 2,167                                      | 24,611                                   | 26,778                                       | 203                | 54,550           |
| Balance at end of year                               | 3,080                                      | 21,149                                   | 24,229                                       | 919                | 270,914          |

FY2014 (From January 1, 2014 to December 31, 2014)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                |                            |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of year                         | 35,613               | 5,822           | 204,388           | (58)           | 245,765                    |
| Changes of items during the year                     |                      |                 |                   |                |                            |
| Cash dividends paid                                  |                      |                 | (8,899)           |                | (8,899)                    |
| Net income   |                      |                 | 51,237            |                | 51,237                     |
| Acquisition of treasury stock                        |                      |                 |                   | (13)           | (13)                       |
| Sales of treasury stock                              |                      | 1               |                   | 0              | 2                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the year               | —                    | 1               | 42,338            | (12)           | 42,326                     |
| Balance at end of year                               | 35,613               | 5,823           | 246,726           | (71)           | 288,092                    |

|  | Accumulated other comprehensive income     |  |  | Minority interests | Total net assets |
|--|--|--|--|--------------------|------------------|
|  | Unrealized gain (loss) on other securities | Foreign currency translation adjustments | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of year                         | 3,080                                      | 21,149                                   | 24,229                                       | 919                | 270,914          |
| Changes of items during the year                     |  |  |  |                    |                  |
| Cash dividends paid                                  |  |  |  |                    | (8,899)          |
| Net income   |  |  |  |                    | 51,237           |
| Acquisition of treasury stock                        |  |  |  |                    | (13)             |
| Sales of treasury stock                              |  |  |  |                    | 2                |
| Net changes of items other than shareholders' equity | 226  | 17,714                                   | 17,941                                       | 12                 | 17,953           |
| Total changes of items during the year               | 226  | 17,714                                   | 17,941                                       | 12                 | 60,280           |
| Balance at end of year                               | 3,307                                      | 38,863                                   | 42,171                                       | 931                | 331,195          |

## (4) Consolidated Statements of Cash Flows

|   | (Millions of yen)                          |  |
|---|--|--|
|   | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
| Cash flows from operating activities:                       |  |  |
| Income before income taxes and minority interests           | 45,222                                     | 68,553                                     |
| Depreciation and amortization                               | 12,203                                     | 13,505                                     |
| Loss on impairment  | —  | 1,516                                      |
| Allowance for doubtful accounts                             | 5  | (90)                                       |
| Interest and dividend income                                | (1,078)                                    | (1,818)                                    |
| Interest expenses   | 333  | 338  |
| Foreign exchange gains/losses                               | (3,182)                                    | (2,693)                                    |
| Notes and accounts receivable                               | (861)                                      | (4,899)                                    |
| Inventories   | 4,155                                      | (13,767)                                   |
| Accounts payable  | 420  | 3,442                                      |
| Employee retirement benefits                                | (25)                                       | —  |
| Net defined benefit liability                               | —  | 556  |
| Provision for loss on factory reconstruction                | 596  | (552)                                      |
| Loss on factory reconstruction                              | 1,730                                      | 950  |
| Gain on sales/disposal of fixed assets                      | 123  | 120  |
| Others, net   | 1,814                                      | 2,336                                      |
| Subtotal  | 61,457                                     | 67,498                                     |
| Interest and dividend income received                       | 1,088                                      | 1,801                                      |
| Interest expenses paid                                      | (314)                                      | (340)                                      |
| Income taxes paid   | (13,210)                                   | (13,022)                                   |
| Net cash provided by operating activities                   | 49,021                                     | 55,937                                     |
| Cash flows from investing activities:                       |  |  |
| Purchases of time deposits                                  | (2,516)                                    | (3,550)                                    |
| Proceeds from maturities of time deposits                   | —  | 1,841                                      |
| Acquisition of property, plant and equipment                | (21,490)                                   | (28,291)                                   |
| Proceeds from sales of fixed assets                         | 330  | 246  |
| Acquisition of intangible assets                            | (2,920)                                    | (3,120)                                    |
| Payments for loss on factory reconstruction                 | (1,589)                                    | (1,162)                                    |
| Acquisition of investment securities                        | (33)                                       | (598)                                      |
| Proceeds from sales of investment securities                | 27   | —  |
| Increase in short-term loans receivable                     | (13)                                       | (89)                                       |
| Payments for acquisition of newly consolidated subsidiaries | —  | (959)                                      |
| Others, net   | 997  | 979  |
| Net cash used in investing activities                       | (27,205)                                   | (34,705)                                   |

|  | (Millions of yen)                          |  |
|--|--|--|
|  | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
| Cash flows from financing activities:                        |  |  |
| Increase in short-term loans payable                         | 280  | 3,008                                      |
| Proceeds from long-term loans payable                        | 3,225                                      | —  |
| Repayment of long-term loans payable                         | (2,764)                                    | (1,353)                                    |
| Repayments of finance lease obligations                      | (410)                                      | (13)                                       |
| Acquisition of treasury stock                                | (11)                                       | (13)                                       |
| Gain on sales of treasury stock                              | —  | 2  |
| Cash dividends to shareholders                               | (7,511)                                    | (8,899)                                    |
| Proceeds from share issuance to minority shareholders        | —  | 87   |
| Cash dividends to minority shareholders                      | (3)  | (57)                                       |
| Net cash used in financing activities                        | (7,194)                                    | (7,239)                                    |
| Effect of exchange rate changes on cash and cash equivalents | 16,437                                     | 13,074                                     |
| Net increase (decrease) in cash and cash equivalents         | 31,058                                     | 27,066                                     |
| Cash and cash equivalents at beginning of year               | 94,809                                     | 125,867                                    |
| Cash and cash equivalents at end of year                     | * 125,867                                  | * 152,934                                  |



## (5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Preparation of the Consolidated Financial Statements - Significant Matters)

## 1. Consolidation

The consolidated financial statements include the accounts of the Company and the 50 subsidiaries whose names are stated in “2. Outline of the Group” on Page 5 of the Attachment.

During fiscal year 2014, the following companies were included in the scope of consolidation: Shimano Menat Spor Etkinlikleri Spor Malzemeleri ve Ekipmanlari Ticaret Limited Sirketi, Shimano Bisiklet Parca ve Ekipmanlari Satis Servis Ticaret Anonim Sirketi, Shimano Italy Bicycle Components S.R.L., and Shimano Balikcilik Malzemeleri ve Ekipmanlari Satis Ticaret Anonim Sirketi due to establishment and Douglas Johnson & Co Limited due to acquisition of shares.

## 3. Fiscal year of the consolidated subsidiaries

The fiscal year of Shimano Italia S.p.A. in liquidazione ends on November 30 and its financial statements at November 30 are used for preparation of the consolidated financial statements. Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.

Since no significant changes have been made to the information in the recent securities report (submitted on March 28, 2014) for items other than the above 1 and 3, disclosure of other items has been omitted.

(Changes in Significant Accounting Policies)

(Adoption of “Accounting Standard for Retirement Benefits” and related matters)

Effective from the end of fiscal year 2014, the Company has adopted the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012) (excluding the main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits and the main clause of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits) and has changed to the method according to which retirement benefit obligations net of pension assets is recognized as net defined benefit liability. Also, the Company has adopted a method according to which unrecognized actuarial gains and losses and past service costs are recognized in the fiscal year during which they arise.

As a result, net defined benefit liability amounted to 3,287 million yen at the end of fiscal year 2014. This change has no impact on per share data.

(Additional Information)

(Changes in the discount rate for provision for net defined benefit liability)

The discount rate applied for calculation at the beginning of the period was 2.0%. As a result of reconsideration at the end of the second quarter of fiscal year 2014, it was determined that the change of the discount rate would have an impact on the amount of retirement benefit obligation and the discount rate was changed to 1.5%. As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for fiscal year 2014, decreased by 1,055 million yen, respectively. The impact on the reportable segment is stated in the relevant section.

(Notes relating to Consolidated Balance Sheets)

\*1 The following pertains to non-consolidated subsidiaries and affiliates

|                       | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|-----------------------|---------------------------------|---------------------------------|
| Investment securities | 1,739 million yen               | 1,744 million yen               |

\*2 As the fiscal year-end fell on a holiday for financial institutions, notes receivable with maturity dates on the fiscal year-end date were cashed on a subsequent settlement date. The following amount of notes receivable with maturity dates on the fiscal year-end date was included in the balance of notes receivable at fiscal year-end.

|                  | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|------------------|---------------------------------|---------------------------------|
| Notes receivable | 18 million yen                  | 31 million yen                  |

(Notes relating to Consolidated Statements of Income)

\*1 Main components of selling, general and administrative expenses

|  | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
|--|--|--|
| Salaries and wages                       | 13,231 million yen                         | 15,807 million yen                         |
| Advertising and sales promotion expenses | 8,063 million yen                          | 8,876 million yen                          |

\*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses

|  | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
|--|--|--|
|  | 11,073 million yen                         | 11,970 million yen                         |

(Notes relating to Consolidated Statements of Shareholders' Equity)

FY2013 (From January 1, 2013 to December 31, 2013)

1. Total number of issued shares

(Thousand shares)

| Class of shares | Balance as of<br>December 31, 2012 | Increase | Decrease | Balance as of<br>December 31, 2013 |
|-----------------|------------------------------------|----------|----------|------------------------------------|
| Common stock    | 92,720                             | —        | —        | 92,720                             |

2. Treasury stock

(Thousand shares)

| Class of shares | Balance as of<br>December 31, 2012 | Increase | Decrease | Balance as of<br>December 31, 2013 |
|-----------------|------------------------------------|----------|----------|------------------------------------|
| Common stock    | 13                                 | 1        | —        | 14                                 |

(Details of the change)

Details of the increase in the number of shares are as follows:

Acquisition of fractional shares 1 thousand shares

## 3. Dividends

## (1) Payment of cash dividends

| Resolution  | Class of shares | Total amount of cash dividends (Millions of yen) | Cash dividends per share (yen) | Record date   | Effective date |
|---|-----------------|--|--------------------------------|---------------|----------------|
| General Meeting of shareholders held on March 28, 2013  | Common stock    | 3,476  | 37.50                          | Dec. 31, 2012 | Mar. 29, 2013  |
| Meeting of the Board of Directors held on July 30, 2013 | Common stock    | 4,032  | 43.50                          | Jun. 30, 2013 | Sep. 4, 2013   |

## (2) Dividends with record date within the current fiscal year and effective in the next fiscal year

| Resolution   | Class of shares | Source of dividends | Total amount of cash dividends (Millions of yen) | Cash dividends per share (yen) | Record date   | Effective date |
|--|-----------------|---------------------|--|--------------------------------|---------------|----------------|
| General Meeting of shareholders held on March 27, 2014 | Common stock    | Retained earning    | 4,032  | 43.50                          | Dec. 31, 2013 | Mar. 28, 2014  |

FY2014 (From January 1, 2014 to December 31, 2014)

## 1. Total number of issued shares

(Thousand shares)

| Class of shares | Balance as of December 31, 2013 | Increase | Decrease | Balance as of December 31, 2014 |
|-----------------|---------------------------------|----------|----------|---------------------------------|
| Common stock    | 92,720                          | —        | —        | 92,720                          |

## 2. Treasury stock

(Thousand shares)

| Class of shares | Balance as of December 31, 2013 | Increase | Decrease | Balance as of December 31, 2014 |
|-----------------|---------------------------------|----------|----------|---------------------------------|
| Common stock    | 14                              | 1        | 0        | 15                              |

(Details of the change)

Details of the change in the number of shares are as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Acquisition of fractional shares | 1 thousand shares |
| Sale of fractional shares        | 0 thousand shares |

## 3. Dividends

## (1) Payment of cash dividends

| Resolution  | Class of Shares | Total amount of cash dividends (Millions of yen) | Cash dividends per share (yen) | Record date   | Effective date |
|---|-----------------|--|--------------------------------|---------------|----------------|
| General Meeting of shareholders held on March 27, 2014  | Common stock    | 4,032  | 43.50                          | Dec. 31, 2013 | Mar. 28, 2014  |
| Meeting of the Board of Directors held on July 29, 2014 | Common stock    | 4,867  | 52.50                          | Jun. 30, 2014 | Sep. 4, 2014   |

## (2) Dividends with record date within the current fiscal year and effective in the next fiscal year

| Resolution   | Class of shares | Source of dividends | Total amount of cash dividends (Millions of yen) | Cash dividends per share (yen) | Record date   | Effective date |
|--|-----------------|---------------------|--|--------------------------------|---------------|----------------|
| General Meeting of shareholders held on March 26, 2015 | Common stock    | Retained earnings   | 4,866  | 52.50                          | Dec. 31, 2014 | Mar. 27, 2015  |

(Notes relating to Consolidated Statements of Cash Flows)

\* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets

|  | FY2013                           | FY2014                           |
|--|----------------------------------|----------------------------------|
|  | Jan. 1, 2013 to<br>Dec. 31, 2013 | Jan. 1, 2014 to<br>Dec. 31, 2014 |
| Cash and time deposits                               | 128,796 million yen              | 157,841 million yen              |
| Time deposits with maturities exceeding three months | (2,928) million yen              | (4,907) million yen              |
| Cash and cash equivalents                            | 125,867 million yen              | 152,934 million yen              |

(Notes relating to Securities)

FY2013 (As of Dec. 31, 2013)

Other securities

(Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost)

| Item      | Book value<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|-----------|---------------------------------|---------------------------------------|---------------------------------|
| (1) Stock | 9,205                           | 4,013                                 | 5,191                           |
| Subtotal  | 9,205                           | 4,013                                 | 5,191                           |

(Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost)

| Item      | Book value<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|-----------|---------------------------------|---------------------------------------|---------------------------------|
| (1) Stock | 1,130                           | 1,385                                 | (255)                           |
| Subtotal  | 1,130                           | 1,385                                 | (255)                           |

The book value of securities whose market value declines to 50% or less of the acquisition cost during the fiscal year is written down.

FY2014 (As of Dec. 31, 2014)

Other securities

(Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost)

| Item      | Book value<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|-----------|---------------------------------|---------------------------------------|---------------------------------|
| (1) Stock | 9,881                           | 4,079                                 | 5,801                           |
| Subtotal  | 9,881                           | 4,079                                 | 5,801                           |

(Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost)

| Item      | Book value<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|-----------|---------------------------------|---------------------------------------|---------------------------------|
| (1) Stock | 1,550                           | 1,885                                 | (334)                           |
| Subtotal  | 1,550                           | 1,885                                 | (334)                           |

The book value of securities whose market value declines to 50% or less of the acquisition cost during the fiscal year is written down.

(Notes relating to Deferred Tax Accounting)

## 1. Significant components of deferred tax assets and liabilities

|   | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|---|---------------------------------|---------------------------------|
| (Deferred tax assets)                                   |                                 |                                 |
| Excess of limit of accrued employee bonuses             | 241 million yen                 | 242 million yen                 |
| Enterprise tax payable                                  | 191 million yen                 | 497 million yen                 |
| Officer retirement benefits                             | 272 million yen                 | 244 million yen                 |
| Excess of limit of employee retirement benefits         | 897 million yen                 | – million yen                   |
| Excess of limit of net defined benefit liability        | – million yen                   | 1,105 million yen               |
| Unrealized loss on other securities                     | 60 million yen                  | 67 million yen                  |
| Book in excess of tax depreciation                      | 197 million yen                 | 176 million yen                 |
| Unrealized gain of inventories                          | 817 million yen                 | 1,249 million yen               |
| Loss on revaluation of other securities                 | 848 million yen                 | 848 million yen                 |
| Loss on revaluation of golf memberships                 | 150 million yen                 | 154 million yen                 |
| Excess of limit of allowance for doubtful accounts      | 396 million yen                 | 394 million yen                 |
| Provision for loss on factory reconstruction            | 226 million yen                 | 15 million yen                  |
| Loss on impairment                                      | 246 million yen                 | 234 million yen                 |
| Book in excess of tax depreciation for small sum assets | 196 million yen                 | 211 million yen                 |
| Devaluation loss on inventories                         | 494 million yen                 | 490 million yen                 |
| Others  | 751 million yen                 | 906 million yen                 |
| Sub-total deferred tax assets                           | 5,989 million yen               | 6,839 million yen               |
| Valuation allowance                                     | (44) million yen                | (150) million yen               |
| Total deferred tax assets                               | 5,945 million yen               | 6,688 million yen               |
| (Deferred tax liabilities)                              |                                 |                                 |
| Undistributed earnings of consolidated subsidiaries     | (105) million yen               | (64) million yen                |
| Reserve for special depreciation                        | (1,325) million yen             | (1,649) million yen             |
| Unrealized gain on other securities                     | (1,869) million yen             | (2,053) million yen             |
| Others  | (14) million yen                | (5) million yen                 |
| Total deferred tax liabilities                          | (3,313) million yen             | (3,772) million yen             |
| Net deferred tax assets                                 | 2,631 million yen               | 2,916 million yen               |

## 2. Reconciliation between the effective statutory tax rate and the actual effective tax rate.

|   | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|---|---------------------------------|---------------------------------|
| Effective statutory tax rate                      | 38.0 %                          | 38.0 %                          |
| (Reconciliation)                                  |                                 |                                 |
| Permanent difference-expenses                     | 0.7 %                           | 1.2 %                           |
| Permanent difference-income                       | (1.2) %                         | (1.7) %                         |
| Tax credit  | (1.9) %                         | (1.4) %                         |
| Differences in tax rates for foreign subsidiaries | (11.3) %                        | (10.9) %                        |
| Valuation allowance                               | (3.1) %                         | 0.1 %                           |
| Other   | 1.1 %                           | 0.1 %                           |
| Actual effective tax rate                         | 22.3 %                          | 25.4 %                          |

## (Segment Information)

## [Segment Information]

## 1. Overview of reportable segments

The reportable segments of the Company are those units for which separate financial information is available, and which are regularly examined by the Board of Directors concerning decisions on the allocation of management resources and for assessing business performance.

The Company operates through the three divisions of Bicycle Components, Fishing Tackle and Others.

Principle products of each reportable segment are listed below.

| Reportable segment | Principal products                                    |
|--------------------|---|
| Bicycle Components | Freewheels, front gears, derailleurs, brakes, etc.    |
| Fishing Tackle     | Reels, rods, etc.                                     |
| Others             | Cold forged products, rowing-related equipments, etc. |

## 2. Basis for calculating sales, income (loss), assets, liabilities and other items by reportable segment

Accounting methods applied for calculation of sales, income (loss), assets, liabilities, and other items by reportable segment correspond to information presented under “(6) Preparation of the Consolidated Financial Statements - Significant Matters.” Segment income is based on operating income.

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

FY2013 (Jan. 1, 2013 - Dec. 31, 2013)

(Millions of yen)

|   | Reportable Segment |                |        |         | Adjustment | Consolidated Financial Statements |
|---|--------------------|----------------|--------|---------|------------|-----------------------------------|
|   | Bicycle Components | Fishing Tackle | Others | Total   |            |                                   |
| Net sales   |                    |                |        |         |            |                                   |
| 1)Third parties   | 217,263            | 53,398         | 376    | 271,037 | —          | 271,037                           |
| 2)Inter-segment   | —                  | —              | —      | —       | —          | —                                 |
| Total   | 217,263            | 53,398         | 376    | 271,037 | —          | 271,037                           |
| Segment income (loss)   | 39,505             | 2,404          | (135)  | 41,775  | —          | 41,775                            |
| Segment assets  | 111,275            | 29,402         | 707    | 141,384 | 177,838    | 319,223                           |
| Other items   |                    |                |        |         |            |                                   |
| Depreciation and amortization                                   | 10,177             | 1,701          | 45     | 11,923  | —          | 11,923                            |
| Amortization of goodwill  | 211                | 69             | —      | 280     | —          | 280                               |
| Increase in property, plant and equipment and intangible assets | 15,628             | 1,413          | 10     | 17,051  | 7,358      | 24,410                            |

Note: 1. Segment assets adjustment was 177,838 million yen, the main items of which were surplus funds (cash and deposits) and corporate assets. The expenses such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.  
2. There is no difference between total segment income and operating income in the consolidated statements of income.

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

(Millions of yen)

|   | Reportable Segment |                |        |         | Adjustment | Consolidated Financial Statements |
|---|--------------------|----------------|--------|---------|------------|-----------------------------------|
|   | Bicycle Components | Fishing Tackle | Others | Total   |            |                                   |
| Net sales   |                    |                |        |         |            |                                   |
| 1)Third parties   | 273,955            | 58,825         | 387    | 333,168 | —          | 333,168                           |
| 2)Inter-segment   | —                  | —              | —      | —       | —          | —                                 |
| Total   | 273,955            | 58,825         | 387    | 333,168 | —          | 333,168                           |
| Segment income (loss)   | 62,033             | 3,943          | (160)  | 65,816  | —          | 65,816                            |
| Segment assets  | 146,439            | 37,407         | 854    | 184,702 | 212,265    | 396,967                           |
| Other items   |                    |                |        |         |            |                                   |
| Depreciation and amortization                                   | 11,199             | 1,922          | 42     | 13,164  | —          | 13,164                            |
| Amortization of goodwill  | 223                | 118            | —      | 341     | —          | 341                               |
| Increase in property, plant and equipment and intangible assets | 22,534             | 3,931          | 188    | 26,654  | 4,757      | 31,412                            |

Note: 1. Segment assets adjustment was 212,265 million yen, the main items of which were surplus funds (cash and deposits) and corporate assets. The expenses such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.

2. There is no difference between total segment income and operating income in the consolidated statements of income

3. As described in (Additional Information), the Company changed the discount rate for net defined benefit liability at the end of the second quarter of fiscal year 2014. As a result, segment income of "Bicycle Components" and "Fishing Tackle" for fiscal year 2014 decreased by 745 million yen and by 282 million yen, respectively, and a segment loss of "Others" increased by 27 million yen compared with the previous method.

## [Information for loss on impairment on fixed assets by reportable segment]

FY2013 (Jan. 1, 2013 - Dec. 31, 2013)

The details have been omitted because the amount was immaterial.

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

The Company recognized loss on impairment for the following asset.

| Use                | Category | Location                            | Amount                |
|--------------------|----------|-------------------------------------|-----------------------|
| Bicycle Components | Goodwill | DashAmerica, Inc. (Pearl Izumi USA) | 1,516 millions of yen |

## (Background)

As a result of reviewing the profit plan of DashAmerica, Inc., the book value of goodwill was fully impaired due to lower cash flow over the expected period was estimated.

## (Method of grouping)

The company assets are grouped by reportable segment and in the minimum unit that produces cash flow.

## [Related information]

## Information by geographical area

## Net Sales

FY2013 (Jan. 1, 2013 - Dec. 31, 2013)

(Millions of yen)

| Japan  | North America | Europe | Asia   | Other  | Total   |
|--------|---------------|--------|--------|--------|---------|
| 31,545 | 33,223        | 93,357 | 99,246 | 13,664 | 271,037 |

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

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

(Millions of yen)

| Japan  | North America | Europe  | Asia    | Other  | Total   |
|--------|---------------|---------|---------|--------|---------|
| 33,243 | 35,977        | 121,584 | 126,777 | 15,585 | 333,168 |

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

## (Per Share Data)

|                      | FY2013<br>Jan. 1, 2013<br>to Dec. 31, 2013 | FY2014<br>Jan. 1, 2014<br>to Dec. 31, 2014 |
|----------------------|--|--|
| Net assets per share | 2,912.40 yen                               | 3,562.54 yen                               |
| Net income per share | 378.50 yen                                 | 552.70 yen                                 |

Notes: 1. Diluted net income per share is not presented because there were no securities with dilutive effect.  
2. Basis for calculation of net income per share

## Net income per share

|  | FY2013<br>Jan. 1, 2013<br>to Dec. 31, 2013 | FY2014<br>Jan. 1, 2014<br>to Dec. 31, 2014 |
|--|--|--|
| Net income   | 35,088                                     | 51,237                                     |
| Amount not attributable to common shareholders                         | —  | —  |
| Net income attributable to common stock                                | 35,088                                     | 51,237                                     |
| Average number of shares of common stock outstanding (thousand shares) | 92,706                                     | 92,705                                     |

Disclosure of notes relating to derivative transactions, lease transactions, financial instruments, employee retirement benefits, business combinations, asset retirement obligations and immovable property has been omitted because such disclosure in the Summary of Financial Results is considered to be unnecessary. Stock options or related party transactions are not applicable.

## (Significant Subsequent Events)

Not applicable.



## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

|                                      | (Millions of yen)             |                               |
|--------------------------------------|-------------------------------|-------------------------------|
|                                      | FY2013<br>As of Dec. 31, 2013 | FY2014<br>As of Dec. 31, 2014 |
| Assets                               |                               |                               |
| Current assets                       |                               |                               |
| Cash and time deposits               | 16,860                        | 17,172                        |
| Notes receivable                     | * 1,173                       | * 966                         |
| Accounts receivable-trade            | 22,629                        | 26,286                        |
| Finished goods                       | 4,849                         | 8,859                         |
| Work in process                      | 8,176                         | 11,252                        |
| Raw materials and supplies           | 1,252                         | 1,561                         |
| Accounts receivable-other            | 2,061                         | 3,403                         |
| Deferred income taxes                | 1,173                         | 974                           |
| Others                               | 1,585                         | 2,154                         |
| Allowance for doubtful accounts      | (178)                         | (43)                          |
| Total current assets                 | 59,583                        | 72,588                        |
| Fixed assets                         |                               |                               |
| Property, plant and equipment        |                               |                               |
| Buildings                            | 27,529                        | 33,920                        |
| Accumulated depreciation             | (12,895)                      | (13,002)                      |
| Accumulated impairment loss          | (151)                         | (140)                         |
| Buildings (net)                      | 14,482                        | 20,777                        |
| Structures                           | 2,581                         | 2,762                         |
| Accumulated depreciation             | (2,127)                       | (2,095)                       |
| Accumulated impairment loss          | (1)                           | (1)                           |
| Structures (net)                     | 452                           | 666                           |
| Plant and machinery                  | 20,148                        | 20,773                        |
| Accumulated depreciation             | (15,396)                      | (15,759)                      |
| Accumulated impairment loss          | (160)                         | (129)                         |
| Plant and machinery (net)            | 4,591                         | 4,884                         |
| Vehicles                             | 179                           | 174                           |
| Accumulated depreciation             | (103)                         | (112)                         |
| Accumulated impairment loss          | (0)                           | (0)                           |
| Vehicles (net)                       | 75                            | 60                            |
| Tool, equipment and furniture        | 25,912                        | 27,181                        |
| Accumulated depreciation             | (23,754)                      | (24,232)                      |
| Accumulated impairment loss          | (14)                          | (12)                          |
| Tools, equipment and furniture (net) | 2,143                         | 2,936                         |
| Land                                 | 9,838                         | 9,817                         |
| Leased assets                        | 50                            | 67                            |
| Accumulated depreciation             | (35)                          | (40)                          |
| Leased assets (net)                  | 15                            | 27                            |
| Construction in progress             | 4,182                         | 2,805                         |
| Total property, plant and equipment  | 35,782                        | 41,975                        |
| Intangible assets                    |                               |                               |
| Software                             | 1,659                         | 1,837                         |
| Others                               | 441                           | 1,994                         |
| Total intangible assets              | 2,101                         | 3,831                         |

|  | (Millions of yen)   |                     |
|--|---------------------|---------------------|
|  | FY2013              | FY2014              |
|  | As of Dec. 31, 2013 | As of Dec. 31, 2014 |
| Investments and other assets                   |                     |                     |
| Investment securities                          | 9,705               | 10,152              |
| Subsidiaries' and affiliates' stock            | 11,952              | 11,900              |
| Long-term loans to subsidiaries and affiliates | 3,846               | 3,707               |
| Deferred income taxes                          | 1,084               | 1,155               |
| Others   | 2,223               | 2,295               |
| Allowance for doubtful accounts                | (1,027)             | (1,025)             |
| Total investments and other assets             | 27,785              | 28,185              |
| Total fixed assets                             | 65,669              | 73,993              |
| Total assets                                   | 125,252             | 146,582             |
| Liabilities                                    |                     |                     |
| Current liabilities                            |                     |                     |
| Accounts payable-trade                         | 12,884              | 16,559              |
| Accounts payable-other                         | 4,251               | 5,308               |
| Income taxes payable                           | 1,473               | 5,170               |
| Deposit payable                                | 5,909               | 7,016               |
| Accrued employee bonuses                       | 230                 | 230                 |
| Accrued officer bonuses                        | 163                 | 195                 |
| Provision for loss on factory reconstruction   | 596                 | 44                  |
| Others   | 1,197               | 1,628               |
| Total current liabilities                      | 26,705              | 36,152              |
| Long-term liabilities                          |                     |                     |
| Employee retirement benefits                   | 2,065               | 2,801               |
| Others   | 749                 | 684                 |
| Total long-term liabilities                    | 2,814               | 3,485               |
| Total liabilities                              | 29,520              | 39,638              |
| (Net assets)                                   |                     |                     |
| Shareholders' equity                           |                     |                     |
| Common stock                                   | 35,613              | 35,613              |
| Capital surplus                                |                     |                     |
| Capital reserve                                | 5,822               | 5,822               |
| Other capital surplus                          | -                   | 1                   |
| Total capital surplus                          | 5,822               | 5,823               |
| Retained earnings                              |                     |                     |
| Legal reserve                                  | 3,194               | 3,194               |
| Other retained earnings                        |                     |                     |
| Unappropriated retained earnings               | 47,945              | 58,881              |
| Total retained earnings                        | 51,139              | 62,075              |
| Treasury stock                                 | (58)                | (71)                |
| Total shareholders' equity                     | 92,516              | 103,441             |
| Valuation and transaction adjustments          |                     |                     |
| Unrealized gain (loss) on other securities     | 3,214               | 3,502               |
| Total valuation and transaction adjustments    | 3,214               | 3,502               |
| Total net assets                               | 95,731              | 106,943             |
| Total liabilities and net assets               | 125,252             | 146,582             |

## (2) Non-consolidated Statements of Income

|  | (Millions of yen)                          |  |
|--|--|--|
|  | FY2013<br>Jan. 1, 2013<br>to Dec. 31, 2013 | FY2014<br>Jan. 1, 2014<br>to Dec. 31, 2014 |
| Net sales                                    | 205,214                                    | 253,565                                    |
| Cost of sales                                |  |  |
| Beginning balance of finished goods          | 4,865                                      | 4,849                                      |
| Purchases of finished goods                  | 99,815                                     | 122,513                                    |
| Cost of products manufactured                | 64,709                                     | 82,420                                     |
| Total  | 169,390                                    | 209,784                                    |
| Transfer to other accounts                   | 716  | 693  |
| Ending balance of finished goods             | 4,849                                      | 8,859                                      |
| Total cost of sales                          | 163,824                                    | 200,231                                    |
| Gross profit                                 | 41,389                                     | 53,334                                     |
| Selling, general and administrative expenses | 30,601                                     | 34,311                                     |
| Operating income                             | 10,788                                     | 19,023                                     |
| Non-operating income                         |  |  |
| Interest income                              | 337  | 378  |
| Dividend income                              | * 2,978                                    | * 6,844                                    |
| Foreign exchange gains                       | 2,643                                      | 1,618                                      |
| Others                                       | 263  | 466  |
| Total non-operating income                   | 6,223                                      | 9,307                                      |
| Non-operating expenses                       |  |  |
| Interest expenses                            | 79   | 107  |
| Payment discounts                            | 171  | 145  |
| Donations                                    | 156  | 169  |
| Others                                       | 261  | 244  |
| Total non-operating expenses                 | 669  | 667  |
| Ordinary income                              | 16,342                                     | 27,663                                     |
| Extraordinary losses                         |  |  |
| Provision for loss on factory reconstruction | 596  | -  |
| Loss on factory reconstruction               | 1,752                                      | 966  |
| Total extraordinary losses                   | 2,348                                      | 966  |
| Income before income taxes                   | 13,993                                     | 26,697                                     |
| Income tax-current                           | 3,996                                      | 6,895                                      |
| Income tax-deferred                          | (1,901)                                    | (34)                                       |
| Total income taxes                           | 2,095                                      | 6,861                                      |
| Net income                                   | 11,897                                     | 19,835                                     |

## (3) Non-consolidated Statements of Shareholders' Equity

FY2013 (Jan. 1, 2013 - Dec. 31, 2013)

(Millions of yen)

|  | Shareholders' equity |                 |                       |                       |                   |  |                         |
|--|----------------------|-----------------|-----------------------|-----------------------|-------------------|--|-------------------------|
|  | Common stock         | Capital surplus |                       |                       | Retained earnings |  |                         |
|  |                      | Capital reserve | Other capital surplus | Total capital surplus | Capital reserve   | Other capital surplus<br>Unappropriated retained earning | Total retained earnings |
| Balance at beginning of year                         | 35,613               | 5,822           | —                     | 5,822                 | 3,194             | 43,557   | 46,751                  |
| Changes of items during the year                     |                      |                 |                       |                       |                   |  |                         |
| Cash dividends paid                                  |                      |                 |                       |                       |                   | (7,509)  | (7,509)                 |
| Net income   |                      |                 |                       |                       |                   | 11,897   | 11,897                  |
| Acquisition of treasury stock                        |                      |                 |                       |                       |                   |  |                         |
| Net changes of items other than shareholders' equity |                      |                 |                       |                       |                   |  |                         |
| Total changes of items during the year               | —                    | —               | —                     | —                     | —                 | 4,388  | 4,388                   |
| Balance at end of year                               | 35,613               | 5,822           | —                     | 5,822                 | 3,194             | 47,945   | 51,139                  |

|  | Shareholders' equity |                            | Valuation and translation adjustments      |   | Total net assets |
|--|----------------------|----------------------------|--|---|------------------|
|  | Treasury stock       | Total shareholders' equity | Unrealized gain (loss) on other securities | Total valuation and translation adjustments |                  |
| Balance at beginning of year                         | (47)                 | 88,139                     | 1,106                                      | 1,106                                       | 89,246           |
| Changes of items during the year                     |                      |                            |  |   |                  |
| Cash dividends paid                                  |                      | (7,509)                    |  |   | (7,509)          |
| Net income   |                      | 11,897                     |  |   | 11,897           |
| Acquisition of treasury stock                        | (11)                 | (11)                       |  |   | (11)             |
| Net changes of items other than shareholders' equity |                      |                            | 2,108                                      | 2,108                                       | 2,108            |
| Total changes of items during the year               | (11)                 | 4,376                      | 2,108                                      | 2,108                                       | 6,485            |
| Balance at end of year                               | (58)                 | 92,516                     | 3,214                                      | 3,214                                       | 95,731           |

FY2014 (Jan. 1, 2014 to Dec. 31, 2014)

(Millions of yen)

|  | Shareholders' equity |                 |                       |                       |                                 |                        |                         |
|--|----------------------|-----------------|-----------------------|-----------------------|---------------------------------|------------------------|-------------------------|
|  | Common stock         | Capital surplus |                       |                       | Legal reserve                   | Retained earnings      |                         |
|  |                      | Capital reserve | Other capital surplus | Total capital surplus |                                 | Other retained earning | Total retained earnings |
|  |                      |                 |                       |                       | Unappropriated retained earning |                        |                         |
| Balance at beginning of year                         | 35,613               | 5,822           | —                     | 5,822                 | 3,194                           | 47,945                 | 51,139                  |
| Changes of items during the year                     |                      |                 |                       |                       |                                 |                        |                         |
| Cash dividends paid                                  |                      |                 |                       |                       |                                 | (8,899)                | (8,899)                 |
| Net income   |                      |                 |                       |                       |                                 | 19,835                 | 19,835                  |
| Acquisition of treasury stock                        |                      |                 |                       |                       |                                 |                        |                         |
| Sales of treasury stock                              |                      |                 | 1                     | 1                     |                                 |                        |                         |
| Net changes of items other than shareholders' equity |                      |                 |                       |                       |                                 |                        |                         |
| Total changes of items during the year               | —                    | —               | 1                     | 1                     | —                               | 10,935                 | 10,935                  |
| Balance at end of year                               | 35,613               | 5,822           | 1                     | 5,823                 | 3,194                           | 58,881                 | 62,075                  |

|  | Shareholders' equity |                            | Valuation and translation adjustments      |   | Total net assets |
|--|----------------------|----------------------------|--|---|------------------|
|  | Treasury stock       | Total shareholders' equity | Unrealized gain (loss) on other securities | Total valuation and translation adjustments |                  |
| Balance at beginning of year                         | (58)                 | 92,516                     | 3,214                                      | 3,214                                       | 96,731           |
| Changes of items during the year                     |                      |                            |  |   |                  |
| Cash dividends paid                                  |                      | (8,899)                    |  |   | (8,899)          |
| Net income   |                      | 19,835                     |  |   | 19,835           |
| Acquisition of treasury stock                        | (13)                 | (13)                       |  |   | (13)             |
| Sales of treasury stock                              | 0                    | 2                          |  |   | 2                |
| Net changes of items other than shareholders' equity |                      |                            | 287  | 287   | 287              |
| Total changes of items during the year               | (12)                 | 10,924                     | 287  | 287   | 11,212           |
| Balance at end of year                               | (71)                 | 103,441                    | 3,502                                      | 3,502                                       | 106,943          |

## (4) Notes relating to Non-consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Notes relating to Non-consolidated Balance Sheets)

\* As the fiscal year-end fell on a holiday for financial institutions, notes receivable with maturity dates on the fiscal year-end date were cashed on a subsequent settlement date. The following amount of notes receivable with maturity dates on the fiscal year-end date was included in the balance of notes receivable at fiscal year-end.

|                  | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|------------------|---------------------------------|---------------------------------|
| Notes receivable | 18 million yen                  | 31 million yen                  |

(Notes relating to Non-consolidated Statements of Income)

\* Dividend income from affiliated companies.

|                 | FY2013<br>Jan. 1, 2013 to<br>Dec. 31, 2013 | FY2014<br>Jan. 1, 2014 to<br>Dec. 31, 2014 |
|-----------------|--|--|
| Dividend income | 2,812 million yen                          | 6,638 million yen                          |

(Notes relating to Deferred Tax Accounting)

## 1. Significant components of deferred tax assets and liabilities

|  | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|--|---------------------------------|---------------------------------|
| (Deferred tax assets)                              |                                 |                                 |
| Excess of limit of accrued employee bonuses        | 87 million yen                  | 82 million yen                  |
| Enterprise tax payable                             | 157 million yen                 | 453 million yen                 |
| Officer retirement benefits                        | 233 million yen                 | 197 million yen                 |
| Excess of limit of employee retirement benefits    | 743 million yen                 | 1,008 million yen               |
| Unrealized gain on other securities                | 60 million yen                  | 67 million yen                  |
| Loss on revaluation of other securities            | 663 million yen                 | 663 million yen                 |
| Book in excess of tax depreciation                 | 0 million yen                   | 0 million yen                   |
| Loss on revaluation of golf memberships            | 150 million yen                 | 154 million yen                 |
| Excess of limit of allowance for doubtful accounts | 400 million yen                 | 381 million yen                 |
| Provision for loss on factory reconstruction       | 226 million yen                 | 15 million yen                  |
| Loss on impairment                                 | 246 million yen                 | 234 million yen                 |
| Book in excess of tax depreciation                 | 198 million yen                 | 210 million yen                 |
| Devaluation loss on inventories                    | 383 million yen                 | 336 million yen                 |
| Others   | 573 million yen                 | 363 million yen                 |
| Total deferred tax assets                          | 4,126 million yen               | 4,167 million yen               |
| (Deferred tax liabilities)                         |                                 |                                 |
| Unrealized gain on other securities                | (1,869) million yen             | (2,037) million yen             |
| Total deferred tax liabilities                     | (1,869) million yen             | (2,037) million yen             |
| Net deferred tax assets                            | 2,257 million yen               | 2,129 million yen               |

## 2. Reconciliation between the effective statutory tax rate and the actual effective tax rate

|                               | FY2013<br>(As of Dec. 31, 2013) | FY2014<br>(As of Dec. 31, 2014) |
|-------------------------------|---------------------------------|---------------------------------|
| Effective statutory tax rate  | 38.0 %                          | 38.0 %                          |
| (Reconciliation)              |                                 |                                 |
| Permanent difference-expenses | 1.1 %                           | 0.6 %                           |
| Permanent difference-income   | (7.5) %                         | (9.1) %                         |
| Tax credit                    | (5.9) %                         | (3.6) %                         |
| Adjustments of previous year  | (0.0) %                         | (0.3) %                         |
| Valuation allowance           | (10.7) %                        | — %                             |
| Others                        | 0.0 %                           | 0.1 %                           |
| Actual effective tax rate     | 15.0 %                          | 25.7 %                          |

## **6. Change in Member of the Board**

The change in member of the Board shall be effective on March 26, 2015

New candidate for Director

Senior Vice President of Production Engineering Division

and Shimano Research Laboratories

Tomohiro Ohtsu

(Currently Vice President of Production Engineering Division and Shimano Research Laboratories)