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## Summary of Consolidated Financial Results for the First Quarter of FY2017 (Unaudited)

(January 1, 2017 – March 31, 2017) [Japanese Standard] (Consolidated)

April 25, 2017

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 Date of filing of quarterly report to Ministry of Finance: May 11, 2017 Scheduled payment date for dividends: —  
 Supplemental information: Yes  
 Financial results briefing: No

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

### 1. Consolidated financial results for the First Quarter of FY2017 (January 1, 2017 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of FY2017	79,921	(2.7)	15,261	(5.1)	13,289	26.9	9,537	50.1
First Quarter of FY2016	82,169	(16.2)	16,080	(30.7)	10,472	(61.5)	6,355	(68.9)

(Note) Comprehensive income First Quarter of FY2017: 5,289 million yen (-%)

First Quarter of FY2016: 260 million yen (-97.7%)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
First Quarter of FY2017	102.88	—	—	—
First Quarter of FY2016	68.56	—	—	—

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2017	444,489	389,480	87.5
FY2016	443,954	391,381	88.0

(Reference) Shareholders' equity First Quarter of FY2017: 388,729 million yen FY2016: 390,626 million yen

### 2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	77.50	—	77.50	155.00
FY2017	—	—	—	—	—
FY2017 (Forecast)	—	77.50	—	77.50	155.00

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

### 3. Forecasted consolidated business performance for FY2017 (January 1, 2017 - December 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First Half of FY2017	162,600	(2.3)	30,400	(11.0)	28,400	(10.2)	19,400	(15.4)	209.27
FY2017	330,000	2.2	66,000	2.3	64,000	(8.6)	44,000	(13.7)	474.63

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

\*Notes

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

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

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

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

(4) Number of shares of common stock issued

① Number of shares of common stock issued at period-end (including treasury stock):	First Quarter of FY2017	92,720,000 shares	FY2016	92,720,000 shares
② Number of shares of treasury stock at period-end:	First Quarter of FY2017	17,008 shares	FY2016	16,902 shares
③ Average number of shares during the period (cumulative from the beginning of the fiscal year):	First Quarter of FY2017	92,703,062 shares	First Quarter of FY2016	92,703,482 shares

This quarterly financial report is outside the scope of quarterly review procedures.

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

### (1) Results of Operations

During the first quarter of fiscal year 2017, the European economies were on a recovery trajectory accompanied by moderate inflation as business sentiment picked up in light of the recovery of both exports and the labor market. In the U.S., the recovery trend continued owing to expectations that the Trump administration will implement measures to bring about economic expansion and the economy grew moderately.

In Japan, although a moderate economic recovery continued and personal consumption showed signs of improvement against the backdrop of a robust labor market, the economic recovery lacked vigor owing to concerns about yen appreciation.

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, for the first quarter of fiscal year 2017, net sales decreased 2.7% from the same period of the previous year to 79,921 million yen. Operating income decreased 5.1% to 15,261 million yen, ordinary income increased 26.9% to 13,289 million yen, and net income attributable to owners of parent increased 50.1% to 9,537 million yen.

### Business Segment Overview

#### ① Bicycle Components

In Europe, retail sales of completed bicycles were at the expected level for a typical first quarter partly due to the winter off-season. Distributor inventories of bicycles in Europe remained at an appropriate level.

In North America, whereas retail sales of completed bicycles on the West Coast were sluggish because of many rainy days, those on the East Coast and inland exceeded the forecast because of a rather warm winter, and retail sales were robust overall. Distributor inventories remained at an appropriate level.

In China, where retail sales had been lackluster since 2015, retail sales slightly exceeded the level for the same period of the previous year and distributor inventories recovered to an appropriate level.

As regards other emerging markets, retail sales in Southeast Asia continued to lack vigor just as the previous year, and those in Brazil, the largest market in South America, showed no signs of recovery.

In the Japanese market, retail sales of both sports bicycles and community bicycles were sluggish, and distributor inventories were somewhat high.

In these market conditions, shipments of the flagship road bike component DURA-ACE Di2 (electronic shifting system) and the STePS E8000 drive unit for e-MTB, which is for the European market, began at the end of 2016 and these products were well received in the market.

As a result, net sales from this segment decreased 0.9% from the same period of the previous year to 64,674 million yen, and operating income decreased 3.2% to 13,992 million yen.

#### ② Fishing Tackle

The Japanese market was robust, benefitting from the strong results of retailers' New Year sales. Thus, sales got off to a flying start in Japan.

Overseas, in Asia, while sales were sluggish in Southeast Asia and Taiwan wherein the slowdown of these economies became evident, sales in China and South Korea on the other hand were robust. As a result, overall sales in Asia were virtually unchanged from the same period of the previous year.

In Europe, sales exceeded the level of the same period of the previous year as initiatives to secure pre-orders had a positive impact and order-taking for new products was buoyant, too. These positive factors were especially notable in the UK. In contrast, sales in both North America and Australia decreased from the same period of the previous year. In North America, despite robust order-taking for new products, consumer sentiment was rather weak, reflecting uncertain economic prospects. In Australia, excess distribution inventories at major chain stores and weather had adverse impacts.

As a result, net sales from this segment decreased 9.8% from the same period of the previous year to 15,153 million yen, and operating income decreased 18.8% to 1,332 million yen.

#### ③ Others

Net sales from this segment increased 3.6% from the same period of the previous year to 93 million yen and an operating loss of 63 million yen was recorded, following an operating loss of 19 million yen for the same period of the previous year.

## (2) Financial Position

## Assets, Liabilities and Net Assets

## (Assets)

Total assets as of the end of the first quarter of fiscal year 2017 amounted to 444,489 million yen (an increase of 535 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 2,237 million yen in merchandise and finished goods, an increase of 2,148 million yen in software, an increase of 1,891 million yen in deferred income taxes of investments and other assets, an increase of 1,874 million yen in machinery and vehicles, a decrease of 4,114 million yen in cash and time deposits, and a decrease of 3,444 million yen in construction in progress.

## (Liabilities)

Total liabilities as of the end of the first quarter of fiscal year 2017 amounted to 55,008 million yen (an increase of 2,435 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 1,205 million yen in accounts payable-trade and an increase of 723 million yen in income taxes payable.

## (Net assets)

Net assets as of the end of the first quarter of fiscal year 2017 amounted to 389,480 million yen (a decrease of 1,900 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 2,352 million yen in retained earnings and a decrease of 4,193 million yen in foreign currency translation adjustments.

## (3) Forecast for the Fiscal Year Ending December 31, 2017

Due to the recording of non-operating expenses owing to the impact of the depreciation of the U.S. dollar in the first quarter of fiscal year 2017, the forecasts for ordinary income and net income attributable to owners of parent for the first half and full year of fiscal year 2017 have been revised as below.

## Revisions to consolidated business performance forecast figures for the first half of FY2017 (January 1, 2017 - June 30, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	162,600	30,400	30,400	21,500	231.92
Revised forecast (B)	162,600	30,400	28,400	19,400	209.27
Difference (B-A)	—	—	(2,000)	(2,100)	
Change (%)	—	—	(6.6)	(9.8)	
First half results for FY2016	166,428	34,163	31,630	22,922	247.27

## Revisions to consolidated business performance forecast figures for FY2017 (January 1, 2017 – December 31, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	330,000	66,000	66,000	46,500	501.60
Revised forecast (B)	330,000	66,000	64,000	44,000	474.63
Difference (B-A)	—	—	(2,000)	(2,500)	
Change (%)	—	—	(3.0)	(5.4)	
Full year results for FY2016	322,998	64,546	70,002	50,964	549.76

## **2. Notes relating to Summary Information**

### (1) Changes in Significant Subsidiaries during the Period:

During the first quarter of fiscal year 2017, Shimano Europe Bike Holding B.V., which was a consolidated subsidiary, merged with Shimano Europe B.V. and Shimano Europe Retail Division B.V., which were consolidated subsidiaries. The former Shimano Europe Bike Holding B.V. remained as the surviving company and changed its name to Shimano Europe B.V. As a result, the former Shimano Europe B.V. and the former Shimano Europe Retail Division B.V. were excluded from the scope of consolidation.

### (2) Additional Information

(Adoption of “Implementation Guidance on Recoverability of Deferred Tax Assets”)

Effective from the first quarter of fiscal year 2017, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 issued on March 28, 2016).

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

(Millions of yen)

	FY2016 As of Dec. 31, 2016	First Quarter of FY2017 As of Mar. 31, 2017
Assets		
Current assets		
Cash and time deposits	199,772	195,658
Notes and accounts receivable-trade	34,302	34,807
Merchandise and finished goods	31,740	33,977
Work in process	17,218	16,222
Raw materials and supplies	4,658	4,494
Deferred income taxes	2,938	2,978
Others	7,151	8,153
Allowance for doubtful accounts	(244)	(280)
Total current assets	297,538	296,010
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	59,920	60,915
Machinery and vehicles (net)	23,691	25,565
Land	13,342	13,747
Leased assets (net)	44	42
Construction in progress	9,280	5,835
Others (net)	6,467	6,815
Total property, plant and equipment	112,747	112,922
Intangible assets		
Goodwill	5,814	5,556
Software	4,937	7,085
Others	5,219	3,462
Total intangible assets	15,971	16,105
Investments and other assets		
Investment securities	13,747	13,697
Deferred income taxes	1,304	3,195
Others	3,119	3,023
Allowance for doubtful accounts	(475)	(465)
Total investments and other assets	17,696	19,450
Total fixed assets	146,415	148,478
Total assets	443,954	444,489

	(Millions of yen)	
	FY2016 As of Dec. 31, 2016	First Quarter of FY2017 As of Mar. 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	12,051	13,256
Short-term loans payable	7,477	7,537
Income taxes payable	5,856	6,579
Deferred income taxes	94	41
Accrued employee bonuses	1,781	1,928
Accrued officer bonuses	191	50
Others	16,611	16,852
<b>Total current liabilities</b>	<b>44,063</b>	<b>46,247</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1,498	1,397
Deferred income taxes	1,079	1,071
Net defined benefit liability	4,031	3,997
Others	1,900	2,294
<b>Total long-term liabilities</b>	<b>8,509</b>	<b>8,761</b>
<b>Total liabilities</b>	<b>52,572</b>	<b>55,008</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
Capital surplus	5,667	5,667
Retained earnings	347,840	350,192
Treasury stock	(96)	(98)
<b>Total shareholders' equity</b>	<b>389,023</b>	<b>391,374</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	3,666	3,612
Foreign currency translation adjustments	(2,063)	(6,257)
<b>Total accumulated other comprehensive income</b>	<b>1,602</b>	<b>(2,645)</b>
<b>Non-controlling interests</b>	<b>754</b>	<b>751</b>
<b>Total net assets</b>	<b>391,381</b>	<b>389,480</b>
<b>Total liabilities and net assets</b>	<b>443,954</b>	<b>444,489</b>

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

	(Millions of yen)	
	First Quarter of FY2016 Jan. 1, 2016 to Mar. 31, 2016	First Quarter of FY2017 Jan. 1, 2017 to Mar. 31, 2017
Net sales	82,169	79,921
Cost of sales	49,270	46,677
Gross profit	32,899	33,244
Selling, general and administrative expenses	16,819	17,982
Operating income	16,080	15,261
Non-operating income		
Interest income	328	405
Dividend income	61	52
Others	127	92
Total non-operating income	516	549
Non-operating expenses		
Interest expenses	42	41
Foreign exchange losses	5,886	2,385
Others	195	94
Total non-operating expenses	6,124	2,522
Ordinary income	10,472	13,289
Extraordinary losses		
Loss on factory reconstruction	8	25
Total extraordinary losses	8	25
Income before income taxes	10,464	13,264
Income taxes-current	3,706	5,698
Income taxes-deferred	382	(2,000)
Total income taxes	4,089	3,697
Net income	6,374	9,566
Net income attributable to non-controlling interests	18	29
Net income attributable to owners of parent	6,355	9,537

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Quarter of FY2016 Jan. 1, 2016 to Mar. 31, 2016	First Quarter of FY2017 Jan. 1, 2017 to Mar. 31, 2017
Net income	6,374	9,566
Other comprehensive income		
Unrealized gain (loss) on other securities	(1,280)	(54)
Foreign currency translation adjustments	(4,833)	(4,222)
Total other comprehensive income	(6,113)	(4,276)
Comprehensive income	260	5,289
(Breakdown)		
Comprehensive income attributable to owners of parent	293	5,288
Comprehensive income attributable to non-controlling interests	(33)	0

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

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

(Segment Information)

First Quarter of FY2016 (Jan. 1, 2016 – Mar. 31, 2016)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1) Third parties	65,282	16,796	90	82,169	—	82,169
2) Inter-segment	—	—	—	—	—	—
Total	65,282	16,796	90	82,169	—	82,169
Segment income (loss)	14,458	1,640	(19)	16,080	—	16,080

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

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

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

(Millions of yen)

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

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