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Summary of Consolidated Financial Results for the First Quarter of FY2019 (Unaudited)

(January 1, 2019 – March 31, 2019) [Japanese Standard] (Consolidated)

April 23, 2019

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 Date of filing of quarterly report to Ministry of Finance: May 9, 2019 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 FY2019 (January 1, 2019 – March 31, 2019)

(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 FY2019	87,714	2.9	16,285	(3.8)	14,421	(6.7)	10,050	(6.9)
First Quarter of FY2018	85,236	6.7	16,928	10.9	15,454	16.3	10,793	13.2

(Note) Comprehensive income First Quarter of FY2019: 13,386 million yen (—%) First Quarter of FY2018: 1,083 million yen (-79.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter of FY2019	108.42	—
First Quarter of FY2018	116.43	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2019	509,358	459,658	90.2
FY2018	503,845	453,457	90.0

(Reference) Shareholders' equity First Quarter of FY2019: 459,517 million yen FY2018: 453,318 million yen

(Note) Effective from the beginning of the first quarter of FY 2019, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc., and the figures presented for the FY 2018 were adjusted retrospectively in accordance with this change.

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	77.50	—	77.50	155.00
FY2019	—	—	—	—	—
FY2019 (Forecast)	—	77.50	—	77.50	155.00

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

3. Forecasted consolidated business performance for FY2019 (January 1, 2019 – December 31, 2019)

(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 FY2019	177,900	1.8	34,600	0.3	32,700	(14.7)	23,500	(15.2)	253.50
FY2019	365,000	4.9	73,000	11.1	71,100	(3.4)	51,900	(3.8)	559.86

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

*Notes

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

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

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

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

(4) Number of shares of common stock issued

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

First Quarter of FY2019	92,720,000 shares	FY2018	92,720,000 shares
First Quarter of FY2019	18,489 shares	FY2018	18,430 shares
First Quarter of FY2019	92,701,539 shares	First Quarter of FY2018	92,702,546 shares

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

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

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

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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 2019, the European economies were supported by personal consumption backed by a favorable employment environment, despite the economic slowdown due to concerns about fiscal instability in Italy and the Brexit problem in the UK. The U.S. economy remained firm backed by the solid labor market, although there were worries about personal consumption due to turmoil resulting from the partial government shutdown. In Japan, despite firm employee income and personal consumption, business conditions stagnated amid overseas economic weakness.

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

As a result, for the first quarter of fiscal year 2019, net sales increased 2.9% from the same period of the previous year to 87,714 million yen. Operating income decreased 3.8% to 16,285 million yen, ordinary income decreased 6.7% to 14,421 million yen, and net income attributable to owners of parent decreased 6.9% to 10,050 million yen.

Reportable Segment Overview

① Bicycle Components

In Europe, retail sales of completed bicycles, mainly sport E-BIKE, remained solid in continuation from the previous year, and distributor inventories of bicycles in Europe remained at an appropriate level.

In North America, although total retail unit sales of completed bicycles were sluggish, the sales amount remained at the same level as the previous year due to relatively strong sales of high-end bicycles. Distributor inventories remained at an appropriate level.

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

With regard to the other emerging markets, retail sales in Southeast Asia continued to lack vigor. Meanwhile, in South America, while retail sales in the Brazilian market continued to recover, the Argentine market remained stagnant due to the effects of currency depreciation. Distributor inventories remained at an appropriate level except for the Argentine market.

In the Japanese market, despite good weather conditions, sales of high-end sports bicycles were sluggish. Meanwhile, as the shift to sports-type cross bike and E-BIKE for commuting to work and school further progressed, unit sales decreased, but sales unit prices increased. Distributor inventories were slightly high.

Under these market conditions, the SHIMANO 105 Series, which is one of the high-end road bike components, and the SHIMANO STEPS sport E-BIKE components, were well received in the market in continuation from the previous year.

As a result, net sales from this segment increased 2.4% from the same period of the previous year to 69,603 million yen, and operating income decreased 5.6% to 13,926 million yen.

② Fishing Tackle

In the Japanese market, sales remained solid as the warm and stable weather conditions from the start of the year led to an increase in the number of visitors to retailers.

Overseas, in the North American market, sales were solid as the firm economy provided support despite some impacts from unseasonable weather. In Europe, although sales were sluggish in some countries on the continent, where distributor inventories seem excessive, distributor inventories in the UK moved towards an appropriate level. In Asia, sales in China, South Korea and Southeast Asia were robust thanks to the continued high popularity of sports fishing. In Australia, sales remained solid, as there were no major cyclone disasters like there were in the previous year.

Under these market conditions, sales in Japan increased compared to the previous year as sales of high-end products, including new products, remained robust. Overseas, sales on the whole exceeded the previous year's level, as the STELLA SW and other new products were well received.

As a result, net sales from this segment increased 5.1% from the same period of the previous year to 18,032 million yen, and operating income increased 7.0% to 2,364 million yen.

③ Others

Net sales from this segment decreased 9.1% from the same period of the previous year to 77 million yen and an operating loss of 5 million yen was recorded, following an operating loss of 38 million yen for the same period of the previous year.

(2) Financial Position

Assets, Liabilities and Net Assets

Total assets as of the end of the first quarter of fiscal year 2019 amounted to 509,358 million yen (an increase of 5,513 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 5,433 million yen in construction in progress, an increase of 3,207 million yen in leased assets, an increase of 2,692 million yen in merchandise and finished goods, and a decrease of 4,617 million yen in cash and time deposits.

Total liabilities amounted to 49,700 million yen (a decrease of 687 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 991 million yen in others under long-term liabilities, an increase of 719 million yen in short-term loans payable, and a decrease of 2,138 million yen in income taxes payable.

Net assets amounted to 459,658 million yen (an increase of 6,200 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 3,416 million yen in foreign currency translation adjustments, and an increase of 2,866 million yen in retained earnings.

(3) Forecast for the Fiscal Year Ending December 31, 2019

The forecasts of ordinary income and net income attributable to owners of parent for the first half and full year 2019 have been revised as below, because non-operating expenses were recorded in the first quarter owing to the impact of the appreciation of major Asian currencies.

Revisions to consolidated business performance forecast figures for the first half of FY2019 (January 1, 2019 - June 30, 2019)

	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)	177,900	34,600	34,600	25,600	276.15
Revised forecast (B)	177,900	34,600	32,700	23,500	253.50
Difference (B-A)	—	—	△1,900	△2,100	
Change (%)	—	—	△5.5	△8.2	
First half results for FY2018	174,731	34,512	38,350	27,718	299.00

Revisions to consolidated business performance forecast figures for FY2019 (January 1, 2019 – December 31, 2019)

	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)	365,000	73,000	73,000	54,000	582.51
Revised forecast (B)	365,000	73,000	71,100	51,900	559.86
Difference (B-A)	—	—	△1,900	△2,100	
Change (%)	—	—	△2.6	△3.9	
Full year results for FY2018	348,035	65,687	73,588	53,931	581.77

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

(Millions of yen)

	FY2018 As of Dec. 31, 2018	First Quarter of FY2019 As of Mar. 31, 2019
Assets		
Current assets		
Cash and time deposits	242,903	238,285
Notes and accounts receivable-trade	38,989	39,983
Merchandise and finished goods	36,069	38,761
Work in process	23,002	22,085
Raw materials and supplies	4,968	5,174
Others	7,670	7,853
Allowance for doubtful accounts	(259)	(257)
Total current assets	353,343	351,888
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	57,703	57,598
Machinery and vehicles (net)	21,560	21,966
Land	13,622	13,645
Leased assets (net)	69	3,277
Construction in progress	15,088	20,522
Others (net)	5,950	5,716
Total property, plant and equipment	113,995	122,726
Intangible assets		
Goodwill	4,413	4,252
Software	6,404	6,406
Others	3,833	3,458
Total intangible assets	14,650	14,117
Investments and other assets		
Investment securities	12,185	12,024
Deferred income taxes	5,917	6,813
Others	4,294	2,337
Allowance for doubtful accounts	(541)	(549)
Total investments and other assets	21,855	20,626
Total fixed assets	150,501	157,470
Total assets	503,845	509,358

(Millions of yen)

	FY2018 As of Dec. 31, 2018	First Quarter of FY2019 As of Mar. 31, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	13,995	13,778
Short-term loans payable	602	1,321
Income taxes payable	7,097	4,959
Accrued employee bonuses	2,098	2,213
Accrued officer bonuses	186	42
Provision for loss on fire	1,609	1,577
Others	17,474	17,669
Total current liabilities	43,064	41,561
Long-term liabilities		
Long-term loans payable	482	359
Deferred income taxes	220	325
Net defined benefit liability	3,327	3,167
Others	3,293	4,285
Total long-term liabilities	7,323	8,138
Total liabilities	50,388	49,700
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,642	5,642
Retained earnings	411,476	414,342
Treasury stock	(121)	(122)
Total shareholders' equity	452,610	455,475
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	2,560	2,478
Foreign currency translation adjustments	(1,852)	1,564
Total accumulated other comprehensive income	708	4,042
Non-controlling interests	139	140
Total net assets	453,457	459,658
Total liabilities and net assets	503,845	509,358

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

	(Millions of yen)	
	First Quarter of FY2018 Jan. 1, 2018 to Mar. 31, 2018	First Quarter of FY2019 Jan. 1, 2019 to Mar. 31, 2019
Net sales	85,236	87,714
Cost of sales	50,632	53,787
Gross profit	34,603	33,926
Selling, general and administrative expenses	17,675	17,641
Operating income	16,928	16,285
Non-operating income		
Interest income	764	1,068
Dividend income	75	80
Others	360	280
Total non-operating income	1,200	1,429
Non-operating expenses		
Interest expenses	52	22
Foreign exchange losses	2,065	2,359
Others	556	912
Total non-operating expenses	2,674	3,293
Ordinary income	15,454	14,421
Extraordinary losses		
Loss on factory reconstruction	26	4
Loss on fire	106	200
Total extraordinary losses	132	205
Income before income taxes	15,321	14,216
Income taxes-current	4,160	4,894
Income taxes-deferred	365	(731)
Total income taxes	4,526	4,162
Net income	10,795	10,054
Net income attributable to non-controlling interests	2	3
Net income attributable to owners of parent	10,793	10,050

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Quarter of FY2018	First Quarter of FY2019
	Jan. 1, 2018 to Mar. 31, 2018	Jan. 1, 2019 to Mar. 31, 2019
Net income	10,795	10,054
Other comprehensive income		
Unrealized gain (loss) on other securities	(570)	(82)
Foreign currency translation adjustments	(9,142)	3,414
Total other comprehensive income	(9,712)	3,332
Comprehensive income	1,083	13,386
(Breakdown)		
Comprehensive income attributable to owners of parent	1,091	13,384
Comprehensive income attributable to non-controlling interests	(8)	1

(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.

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

Effective from the beginning of the first quarter of fiscal year 2019, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc., whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.

(Segment Information)

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

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

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

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

First Quarter of FY2019 (Jan. 1, 2019 – Mar. 31, 2019)

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	69,603	18,032	77	87,714	—	87,714
2)Inter-segment	—	—	—	—	—	—
Total	69,603	18,032	77	87,714	—	87,714
Segment income (loss)	13,926	2,364	(5)	16,285	—	16,285

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