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## Summary of Consolidated Financial Results for FY2019 (Unaudited)

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

February 12, 2020

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 Vice President, Accounting: Michiyasu Hirose Scheduled payment date for dividends: March 27, 2020  
 Date of Shareholders' Meeting: March 26, 2020  
 Date of filing of annual report to Ministry of Finance: March 27, 2020  
 Supplemental information: Yes  
 Financial results briefing: Yes

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

### 1. Consolidated financial results for FY2019 (January 1, 2019 – December 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	%
FY2019	363,230	4.4	68,010	3.5	69,471	(5.6)	51,833	(3.9)
FY2018	348,035	3.6	65,687	2.1	73,588	32.0	53,931	40.3

(Note) Comprehensive income FY2019: 50,167 million yen (34.2%)

FY2018: 37,379 million yen (-30.9%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2019	559.15	—	11.0	13.3	18.7
FY2018	581.77	—	12.2	14.8	18.9

(Reference) Equity in earnings FY2019: — million yen

FY2018: — million yen

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	538,769	489,236	90.8	5,275.96
FY2018	503,845	453,457	90.0	4,890.08

(Reference) Shareholders' equity FY2019: 489,084 million yen

FY2018: 453,318 million yen

(Note) Effective from the beginning of FY2019, 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 FY2018 were adjusted retrospectively in accordance with this change.

### (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
FY2019	67,897	34,409	(12,832)	264,738
FY2018	49,593	(49,008)	(21,709)	176,392

### 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	%	%
FY2018	—	77.50	—	77.50	155.00	14,368	26.6	3.3
FY2019	—	77.50	—	77.50	155.00	14,368	27.7	3.0
FY2020 (Forecast)	—	77.50	—	77.50	155.00	—	—	—

### 3. Forecasted consolidated business performance for FY2020 (January 1, 2020 – December 31, 2020)

(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 FY2020	183,000	0.6	34,600	1.6	35,300	1.9	26,100	5.4	281.55
FY2020	372,000	2.4	68,700	1.0	71,700	3.2	52,200	0.7	563.10

\*Notes

(1) Changes 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: None  
 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:

FY2019	92,720,000 shares	FY2018	92,720,000 shares
FY2019	19,272 shares	FY2018	18,430 shares
FY2019	92,701,143 shares	FY2018	92,702,150 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2019 (January 1, 2019 – December 31, 2019)

(1) Non-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	%
FY2019	221,040	7.9	30,446	2.5	35,342	(8.5)	27,201	(10.6)
FY2018	204,851	7.2	29,708	12.7	38,609	22.6	30,418	29.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019	293.43	—
FY2018	328.13	—

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	204,778	164,551	80.4	1,775.09
FY2018	192,781	151,611	78.6	1,635.48

(Reference) Shareholders' equity FY2019: 164,551 million yen FY2018: 151,611 million yen

This financial report is outside the scope of audit 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 4 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. Overview of Business Results

### (1) Overview of Operations for FY2019

During fiscal year 2019, in Europe, the economic recovery stagnated owing to the sense of uncertainty associated with the Brexit problem in the UK, while personal consumption backed by improved employment and income environments underpinned the economy. The U.S. economy remained solid, backed by a firm footing in favorable employment and income environments, despite concerns about the course of the U.S.-China trade friction. In Japan, despite a trend toward gradual recovery in personal consumption, corporate business conditions were lackluster due to worldwide protectionist movements and the pace of economic recovery slowed down.

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 fiscal year 2019, net sales increased 4.4% from the previous year to 363,230 million yen. Operating income increased 3.5% to 68,010 million yen, ordinary income decreased 5.6% to 69,471 million yen, and net income attributable to owners of parent decreased 3.9% to 51,833 million yen.

#### Reportable Segment Overview

##### Bicycle Components

In Europe, continued good weather conditions supported favorable retail sales of completed bicycles, mainly sport E-BIKE, and distributor inventories of bicycles in Europe generally remained at an appropriate level.

In North America, although total retail unit sales of completed bicycles slightly decreased, the sales amount remained at the same level as the previous year partly due to increased sales unit prices. Distributor inventories generally remained at an appropriate level.

In China, retail sales of completed bicycles remained at the same level as the previous year as the downward trend that persisted until last year has begun to slow and stopped. Distributor inventories remained at an appropriate level.

With regard to the other emerging markets, the Brazilian market saw sluggish retail sales due to the impact of political instability, and the Argentine market remained stagnant due to the effects of currency depreciation. Distributor inventories generally remained at an appropriate level except for the Argentine market.

In the Japanese market, although sales of middle- to high-end sports bicycles were sluggish, the sales amount remained at the same level as the previous year partly due to increased sales unit prices driven by stronger demand for cross bike and E-BIKE for commuting to work and school. Distributor inventories remained at an appropriate level.

Under these market conditions, the new Deore XT and SLX high-end MTB components, and GRX middle- to high-end gravel road components were well received in the market. Also, the SHIMANO STEPS sport E-BIKE components continued to remain favorable as with the previous year.

As a result, net sales from this segment increased 4.6% from the previous year to 290,038 million yen, and operating income increased 1.0% to 57,850 million yen.

##### Fishing Tackle

In the Japanese market, retail sales were steady until September, but ended up at the same level as the previous year following the stagnation due to the impact of typhoons after October.

Overseas, in the North American market, sales were solid as the firm economy provided support, despite some impact from bad weather conditions. In Europe, although overall sales were sluggish, signs of recovery were seen in some countries on the continent, and sales in the UK recovered and underpinned the market. In Asia, sales of sports fishing-related products continued to be favorable in China. In Australia, sales were sluggish as the market stagnated due to bad weather conditions which hindered the start of the fishing season.

Under these market conditions, sales in Japan exceeded the previous year's level as sales of middle to high price-range reels, including new products, were robust, while rods were also well received centering on lure-related products, along with strong sales of new products overseas, such as SLX DC and STRADIC.

As a result, net sales from this segment increased 3.4% from the previous year to 72,838 million yen, and operating income increased 19.6% to 10,219 million yen.

### Others

Net sales from this segment decreased 0.7% from the previous year to 353 million yen and an operating loss of 59 million yen was recorded, following an operating loss of 107 million yen for the previous year.

### (2) Overview of Financial Position for FY2019

Total assets as of the end of fiscal year 2019 amounted to 538,769 million yen (an increase of 34,924 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 27,166 million yen in cash and time deposits, an increase of 10,368 million yen in construction in progress, an increase of 3,835 million yen in merchandise and finished goods, and a decrease of 2,796 million yen in notes and accounts receivable-trade, a decrease of 2,491 million yen in buildings and structures, and a decrease of 2,146 million yen in others under investments and other assets.

Total liabilities amounted to 49,533 million yen (a decrease of 854 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 2,565 million yen in short-term loans payable, an increase of 913 million yen in lease obligations under long-term liabilities, and a decrease of 2,501 million yen in others under long-term liabilities, and a decrease of 1,598 million yen in provision for loss on fire.

Net assets amounted to 489,236 million yen (an increase of 35,778 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 37,465 million yen in retained earnings and a decrease of 1,811 million yen in foreign currency translation adjustments.

### (3) Overview of Cash Flows for FY2019

Net cash provided by operating activities amounted to 67,897 million yen compared with 49,593 million yen provided for the previous year. The main cash inflows included income before income taxes amounting to 71,393 million yen and depreciation and amortization amounting to 18,130 million yen. The main cash outflows included income taxes paid amounting to 17,680 million yen and inventories amounting to 5,703 million yen.

Net cash provided by investing activities amounted to 34,409 million yen compared with 49,008 million yen used for the previous year. The main cash inflows included proceeds from maturities of time deposits amounting to 73,130 million yen. The main cash outflows included acquisition of property, plant and equipment amounting to 23,252 million yen and purchases of time deposits amounting to 13,234 million yen.

Net cash used in financing activities amounted to 12,832 million yen compared with 21,709 million yen used for the previous year. The main cash inflows included short-term loans payable, net amounting to 2,561 million yen. The main cash outflows included cash dividends to shareholders amounting to 14,367 million yen.

As a result, cash and cash equivalents at the end of the year were 264,738 million yen.

Cash flow indicators are shown in the following table.

	FY2015	FY2016	FY2017	FY2018	FY2019
Equity ratio (%)	86.3	88.0	88.0	90.0	90.8
Market value equity ratio (%)	403.2	383.0	300.6	285.5	305.8
Interest-bearing debt to cash flow ratio (years)	0.13	0.15	0.14	0.04	0.08
Interest coverage ratio (times)	243.8	369.9	365.6	253.4	610.3

(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 × 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.

5. Effective from the beginning of FY2019, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), and the cash flow indicators presented for FY2018 were adjusted retrospectively in accordance with this change.

## (4) Forecast for the Future

There are concerns that the U.S.-China trade issues and heightened geopolitical risks in the Middle East will impact the global economy. In addition, the economy in Europe threatens to decelerate due to the Brexit turmoil. In the U.S., expanded personal consumption is expected to lead a continued economic recovery, while there exists a possibility that the economic climate will be affected by how the presidential election unfolds. In Japan, the pace of economic recovery is estimated to be quite moderate due to a reaction to the rush demand before the consumption tax increase, and slowdowns in employment and income improvements.

In these circumstances, the Company, while closely monitoring economic trends in Japan and overseas, is endeavoring to further enhance management efficiency. We will strive for sustainable corporate growth by pursuing the creation of new cycling and fishing culture.

Forecasted consolidated business performance for the fiscal year ending December 31, 2020 is indicated below.

(Millions of yen)

	FY2020	Change from the previous year (%)
Net sales	372,000	2.4
Operating income	68,700	1.0
Ordinary income	71,700	3.2
Net income attributable to owners of parent	52,200	0.7

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,900	2.1	3,700	2.0	7,600	2.0
	Overseas	140,100	76.6	148,800	78.7	288,900	77.7
	Sub-total	144,000	78.7	152,500	80.7	296,500	79.7
Fishing tackle		38,800	21.2	36,200	19.1	75,000	20.2
Others		200	0.1	300	0.2	500	0.1
Total		183,000	100.0	189,000	100.0	372,000	100.0

## (5) Dividend Policy and Cash Dividends for FY2019 and FY2020

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 77.50 yen per share unchanged from the amount paid for the previous year. As a result, cash dividends for the full year of fiscal year 2019 will amount to 155 yen per share, unchanged from the amount paid for the previous year.

The Company intends to pay out cash dividends of 155 yen per share for fiscal year 2020 (77.50 yen for interim and year-end cash dividends, respectively).

**2. Basic Approach to the Selection of Accounting Standards**

The Shimano Group prepares consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP), taking into consideration comparability of consolidated financial statements over time and comparability among companies. The Shimano Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2018	FY2019
	As of Dec. 31, 2018	As of Dec. 31, 2019
<b>Assets</b>		
Current assets		
Cash and time deposits	242,903	270,070
Notes and accounts receivable-trade	38,989	36,192
Merchandise and finished goods	36,069	39,904
Work in process	23,002	23,874
Raw materials and supplies	4,968	5,156
Others	7,670	6,336
Allowance for doubtful accounts	(259)	(345)
Total current assets	353,343	381,189
Fixed assets		
Property, plant and equipment		
Buildings and structures	91,095	91,482
Accumulated depreciation	(33,283)	(36,162)
Accumulated impairment loss	(107)	(107)
Buildings and structures (net)	57,703	55,211
Machinery and vehicles	75,811	79,598
Accumulated depreciation	(54,147)	(57,879)
Accumulated impairment loss	(103)	(103)
Machinery and vehicles (net)	21,560	21,615
Land	13,622	13,575
Leased assets	146	3,881
Accumulated depreciation	(77)	(636)
Accumulated impairment loss	—	(4)
Leased assets (net)	69	3,239
Construction in progress	15,088	25,457
Others	54,073	55,640
Accumulated depreciation	(48,113)	(50,019)
Accumulated impairment loss	(9)	(8)
Others (net)	5,950	5,612
Total property, plant and equipment	113,995	124,712
Intangible assets		
Goodwill	4,413	3,886
Software	6,404	5,562
Software in progress	1,127	1,549
Others	2,706	2,611
Total intangible assets	14,650	13,610
Investments and other assets		
Investment securities	12,185	12,328
Deferred income taxes	5,917	5,337
Others	4,294	2,147
Allowance for doubtful accounts	(541)	(555)
Total investments and other assets	21,855	19,257
Total fixed assets	150,501	157,580
Total assets	503,845	538,769

(Millions of yen)

	FY2018 As of Dec. 31, 2018	FY2019 As of Dec. 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	13,995	13,529
Short-term loans payable	602	3,167
Lease obligations	15	375
Income taxes payable	7,097	7,046
Accrued employee bonuses	2,098	2,183
Accrued officer bonuses	186	161
Provision for sales returns	140	93
Provision for loss on fire	1,609	10
Others	17,319	17,033
<b>Total current liabilities</b>	<b>43,064</b>	<b>43,599</b>
<b>Long-term liabilities</b>		
Long-term loans payable	482	1
Lease obligations	46	959
Deferred income taxes	220	1,005
Net defined benefit liability	3,327	3,220
Others	3,247	746
<b>Total long-term liabilities</b>	<b>7,323</b>	<b>5,933</b>
<b>Total liabilities</b>	<b>50,388</b>	<b>49,533</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
Capital surplus	5,642	5,642
Retained earnings	411,476	448,941
Treasury stock	(121)	(135)
<b>Total shareholders' equity</b>	<b>452,610</b>	<b>490,061</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	2,560	2,687
Foreign currency translation adjustments	(1,852)	(3,663)
<b>Total accumulated other comprehensive income</b>	<b>708</b>	<b>(976)</b>
<b>Non-controlling interests</b>	<b>139</b>	<b>151</b>
<b>Total net assets</b>	<b>453,457</b>	<b>489,236</b>
<b>Total liabilities and net assets</b>	<b>503,845</b>	<b>538,769</b>



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

(Millions of yen)

	FY2018		FY2019	
	Jan. 1, 2018 to Dec. 31, 2018		Jan. 1, 2019 to Dec. 31, 2019	
Net sales		348,035		363,230
Cost of sales		211,463		222,638
Gross profit		136,572		140,591
Selling, general and administrative expenses		70,884		72,581
Operating income		65,687		68,010
Non-operating income				
Interest income		3,624		4,108
Dividend income		719		584
Foreign exchange gains		3,761		—
Others		1,155		906
Total non-operating income		9,261		5,598
Non-operating expenses				
Interest expenses		206		101
Contribution		161		851
Loss on disposal of fixed assets		154		308
Voluntary recall expenses		155		2
Foreign exchange losses		—		2,463
Others		683		410
Total non-operating expenses		1,361		4,138
Ordinary income		73,588		69,471
Extraordinary income				
Gain on sales of fixed assets	*4	741	*4	2,559
Insurance income	*2	25		—
Total extraordinary income		766		2,559
Extraordinary losses				
Loss on impairment	*1	266		—
Loss on factory reconstruction		258		184
Loss on fire	*3	2,605	*3	452
Total extraordinary losses		3,130		637
Income before income taxes		71,224		71,393
Income taxes-current		17,273		18,260
Income taxes-deferred		11		1,275
Total income taxes		17,285		19,535
Net income		53,939		51,857
Net income attributable to non-controlling interests		7		23
Net income attributable to owners of parent		53,931		51,833

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2018 Jan. 1, 2018 to Dec. 31, 2018	FY2019 Jan. 1, 2019 to Dec. 31, 2019
Net income	53,939	51,857
Other comprehensive income		
Unrealized gain (loss) on other securities	(1,813)	126
Foreign currency translation adjustments	(14,745)	(1,816)
Total other comprehensive income	(16,559)	(1,690)
Comprehensive income	37,379	50,167
(Breakdown)		
Comprehensive income attributable to owners of parent	37,392	50,149
Comprehensive income attributable to non-controlling interests	(12)	18

(3) Consolidated Statements of Shareholders' Equity  
 FY2018 (From January 1, 2018 to December 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,642	371,914	(102)	413,066
Changes of items during the year					
Cash dividends paid			(14,368)		(14,368)
Net income attributable to owners of parent			53,931		53,931
Acquisition of treasury stock				(18)	(18)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	39,562	(18)	39,543
Balance at end of year	35,613	5,642	411,476	(121)	452,610

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	4,374	12,872	17,246	152	430,465
Changes of items during the year					
Cash dividends paid					(14,368)
Net income attributable to owners of parent					53,931
Acquisition of treasury stock					(18)
Net changes of items other than shareholders' equity	(1,813)	(14,725)	(16,538)	(12)	(16,551)
Total changes of items during the year	(1,813)	(14,725)	(16,538)	(12)	22,991
Balance at end of year	2,560	(1,852)	708	139	453,457

FY2019 (From January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,642	411,476	(121)	452,610
Changes of items during the year					
Cash dividends paid			(14,368)		(14,368)
Net income attributable to owners of parent			51,833		51,833
Acquisition of treasury stock				(14)	(14)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	37,465	(14)	37,451
Balance at end of year	35,613	5,642	448,941	(135)	490,061

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	2,560	(1,852)	708	139	453,457
Changes of items during the year					
Cash dividends paid					(14,368)
Net income attributable to owners of parent					51,833
Acquisition of treasury stock					(14)
Net changes of items other than shareholders' equity	126	(1,811)	(1,684)	12	(1,672)
Total changes of items during the year	126	(1,811)	(1,684)	12	35,778
Balance at end of year	2,687	(3,663)	(976)	151	489,236

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2018	FY2019
	Jan. 1, 2018 to Dec. 31, 2018	Jan. 1, 2019 to Dec. 31, 2019
Cash flows from operating activities:		
Income before income taxes	71,224	71,393
Depreciation and amortization	17,512	18,130
Loss on impairment	266	—
Allowance for doubtful accounts	(53)	108
Insurance income	(25)	—
Interest and dividend income	(4,344)	(4,692)
Interest expenses	206	101
Foreign exchange losses (gains)	(6,855)	2,295
Notes and accounts receivable	(4,443)	2,519
Inventories	(8,526)	(5,703)
Accounts payable	1,258	(274)
Net defined benefit liability	(686)	(117)
Loss on factory reconstruction	258	184
Provision for loss on fire	1,609	(1,598)
Loss on fire	996	452
Loss on sales and disposal of property, plant and equipment	(685)	(2,238)
Others, net	(2,466)	501
Subtotal	65,242	81,064
Interest and dividend income received	4,023	4,817
Insurance income received	25	—
Payments for fire	(827)	(192)
Interest expenses paid	(195)	(111)
Income taxes paid	(18,676)	(17,680)
Net cash provided by operating activities	49,593	67,897
Cash flows from investing activities:		
Purchases of time deposits	(122,008)	(13,234)
Proceeds from maturities of time deposits	96,515	73,130
Acquisition of property, plant and equipment	(22,252)	(23,252)
Proceeds from sales of property, plant and equipment	1,637	568
Acquisition of intangible assets	(1,943)	(2,702)
Payments for loss on factory reconstruction	(301)	(125)
Short-term loans receivable, net	(15)	(0)
Others, net	(640)	25
Net cash used in investing activities	(49,008)	34,409

(Millions of yen)

	FY2018 Jan. 1, 2018 to Dec. 31, 2018	FY2019 Jan. 1, 2019 to Dec. 31, 2019
Cash flows from financing activities:		
Short-term loans payable, net	(6,794)	2,561
Repayment of long-term loans payable	(506)	(472)
Repayments of lease obligations	(22)	(535)
Acquisition of treasury stock	(18)	(14)
Cash dividends to shareholders	(14,366)	(14,367)
Cash dividends to non-controlling shareholders	—	(4)
Net cash used in financing activities	(21,709)	(12,832)
Effect of exchange rate changes on cash and cash equivalents	(2,246)	(1,128)
Net increase (decrease) in cash and cash equivalents	(23,370)	88,346
Cash and cash equivalents at beginning of year	199,762	176,392
Cash and cash equivalents at end of year	176,392	264,738

(5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Preparation of the Consolidated Financial Statements - Significant Matters)

(Consolidation)

The consolidated financial statements include the accounts of the Company and its 50 subsidiaries.

During fiscal year 2019, Shimano Iberia, S.L. is included in the scope of consolidation due to its establishment.

(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 as of 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.

(Changes in Presentation)

(Changes following the adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

Effective from the beginning 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), whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.

As a result, in the consolidated balance sheet for the previous fiscal year, “deferred tax assets” of 3,060 million yen under “current assets,” “deferred tax liabilities” of 99 million yen under “current liabilities” and 337 million yen out of “deferred tax liabilities” under “long-term liabilities” are included in and presented as “deferred tax assets” of 5,917 million yen under “investments and other assets.”

## (Notes relating to Consolidated Statements of Income)

## \*1 Loss on impairment

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

The Shimano Group recognized loss on impairment for the following asset.

Location	Use	Category	Amount
Innovative Textiles, Inc.	Fishing Tackle	Goodwill	266 million yen

## (Background)

As a result of reviewing the profit plan of Innovative Textiles, Inc., the book value of goodwill was fully written off because lower cash flow was estimated over the expected period.

## (Method of grouping)

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

## (Method of calculation of a recoverable amount)

The full amount of the unamortized balance of goodwill was written off and recognized as loss on impairment.

## \*2. Insurance income

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

The Shimano Group recorded insurance income covering the fire that broke out at the Head Office Factory (Sakai-ku, Sakai City) on March 26, 2018.

## \*3. Loss on fire

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

Loss on fire is the amount of loss incurred by the fire that broke out at the Head Office Factory (Sakai-ku, Sakai City) on March 26, 2018. The Shimano Group recognized extinguishment loss for property, plant and equipment including machinery and inventories including work in process, expenses for restoration, as well as other relevant expenses.

The loss includes the provision for loss on fire, which was recognized in the range reasonably estimable at the present time.

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

Loss on fire is the amount of loss incurred by the fire that broke out at the Head Office Factory (Sakai-ku, Sakai City) on March 26, 2018. The Shimano Group recognized expenses for restoration, as well as other relevant expenses.

The loss includes the provision for loss on fire, which was recognized in the range reasonably estimable at the present time.

## \*4. Gain on sales of fixed assets

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

This is associated with the return of public land at China Plant.

In addition, "gain on sales of land" of 741 million yen, which was separately recorded in the previous fiscal year, is presented as "gain on sales of fixed assets."



## (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.

Principal products of each reportable segment are listed below.

Reportable segment	Principal products
Bicycle Components	Deraillleurs and other drive components, brakes and other braking components, other bicycle components and related goods
Fishing Tackle	Reels, rods and other recreational fishing gear
Others	Rowing-related equipment, 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 "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

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	277,243	70,436	355	348,035	—	348,035
Inter-segment	—	—	—	—	—	—
Total	277,243	70,436	355	348,035	—	348,035
Segment income (loss)	57,250	8,544	(107)	65,687	—	65,687
Segment assets	152,394	34,830	741	187,966	316,316	504,283
Other items						
Depreciation and amortization	14,552	2,432	41	17,026	—	17,026
Amortization of goodwill	370	114	—	485	—	485
Increase in property, plant and equipment and intangible assets	16,139	2,064	2	18,205	6,678	24,884

Notes: 1. Segment assets adjustment was 316,316 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 (loss) and operating income in the consolidated statements of income.

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	290,038	72,838	353	363,230	—	363,230
Inter-segment	—	—	—	—	—	—
Total	290,038	72,838	353	363,230	—	363,230
Segment income (loss)	57,850	10,219	(59)	68,010	—	68,010
Segment assets	157,549	36,835	769	195,155	343,614	538,769
Other items						
Depreciation and amortization	15,073	2,612	40	17,726	—	17,726
Amortization of goodwill	319	84	—	404	—	404
Increase in property, plant and equipment and intangible assets	17,046	2,196	16	19,260	6,438	25,698

Notes: 1. Segment assets adjustment was 343,614 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 (loss) and operating income in the consolidated statements of income.

[Information on loss on impairment of fixed assets by reportable segment]

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

(Millions of yen)

	Reportable Segment				Adjustment	Total
	Bicycle Components	Fishing Tackle	Others	Total		
Loss on impairment	—	266	—	266	—	266

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

Not applicable.

[Related information]

Information by geographical area

Net Sales

FY2018 (Jan. 1, 2018 - Dec. 31, 2018)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
41,180	35,855	140,049	115,220	15,729	348,035

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

FY2019 (Jan. 1, 2019 - Dec. 31, 2019)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
40,734	36,664	150,140	119,982	15,709	363,230

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

(Per Share Data)

	FY2018 Jan. 1, 2018 to Dec. 31, 2018	FY2019 Jan. 1, 2019 to Dec. 31, 2019
Net assets per share	4,890.08 yen	5,275.96 yen
Basic earnings per share	581.77 yen	559.15 yen

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

Basic earnings per share

	FY2018 Jan. 1, 2018 to Dec. 31, 2018	FY2019 Jan. 1, 2019 to Dec. 31, 2019
Net income attributable to owners of parent (millions of yen)	53,931	51,833
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	53,931	51,833
Average number of shares of common stock outstanding (thousand shares)	92,702	92,701

(Significant Subsequent Events)

Not applicable.