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Summary of Consolidated Financial Results for the First Quarter of FY2021 (Unaudited)

(January 1, 2021 – March 31, 2021) [Japanese Standard] (Consolidated)

April 27, 2021

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 Date of filing of quarterly report to Ministry of Finance: May 13, 2021 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 FY2021 (January 1, 2021 – March 31, 2021)

(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 FY2021	126,426	64.4	32,571	157.3	36,948	58.3	28,596	45.4
First Quarter of FY2020	76,920	(12.3)	12,658	(22.3)	23,340	61.8	19,663	95.6

(Note) Comprehensive income First Quarter of FY2021: 46,580 million yen (–%) First Quarter of FY2020: 479 million yen (-96.4%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter of FY2021	308.48	—
First Quarter of FY2020	212.12	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2021	615,857	550,600	89.3
FY2020	590,420	529,785	89.6

(Reference) Shareholders' equity First Quarter of FY2021: 550,060 million yen FY2020: 529,287 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	—	77.50	—	277.50	355.00
FY2021	—	—	—	—	—
FY2021 (Forecast)	—	77.50	—	77.50	155.00

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

The year-end dividend for FY2020 was 277.50 yen per share, including a commemorative dividend of 200 yen for the 100th anniversary of the Company's foundation and an ordinary dividend of 77.50 yen per share.

3. Forecasted consolidated business performance for FY2021 (January 1, 2021 – December 31, 2021)

(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 FY2021	237,700	48.3	53,200	85.5	57,500	59.1	42,600	36.5	459.55
FY2021	455,500	20.5	105,000	27.0	109,500	34.4	79,600	25.4	858.69

(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 FY2021	92,720,000 shares	FY2020	92,720,000 shares
First Quarter of FY2021	20,322 shares	FY2020	20,159 shares
First Quarter of FY2021	92,699,702 shares	First Quarter of FY2020	92,700,633 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 2021, vaccinations commenced around the world to prevent the spread of the novel coronavirus (COVID-19). However, with the infections showing no sign of slowing down, the situation continued where countries were struggling for its containment.

In Europe, recovery of employment and income conditions was delayed, hampered by restrictions on outings and other enhanced quarantine measures and prolonged unemployment centering around young generations in many countries.

In the U.S., personal consumption started to pick up on the back of the relaxation of behavioral restrictions, along with an increase in disposable income resulting from economic stimulus measures and steady progress on vaccinations.

In Japan, as a sign of another wave of infections had been seen from the end of the year, the declaration of a state of emergency was once again issued in January. As a result, a growing sense of economic slowdown stagnated personal consumption.

In spite of such a business climate, demand for bicycles and fishing remained high, due to interest in them as a mode of transportation as well as an outdoor leisure activity that can avoid closed, crowded and close-contact environment, and for the first quarter of fiscal year 2021, net sales increased 64.4% from the same period of the previous year to 126,426 million yen. Operating income increased 157.3% to 32,571 million yen, ordinary income increased 58.3% to 36,948 million yen due to the recording of foreign exchange gains and other factors, and net income attributable to owners of parent increased 45.4% to 28,596 million yen.

Reportable Segment Overview

① Bicycle Components

Amid another wave of COVID-19 infections, global demand for bicycles continuing from the previous year remained at a high level.

Under such circumstances, in overseas markets including that of Europe and North America, retail sales of bicycles and bicycle-related products remained robust and the inability of supply to keep up with demand continued. As a result, trends of shortages in market inventories persisted in each country.

In the Japanese market, as retail sales for cross bikes, used for recreation and as a mode of transportation for commuting to work and school, and for E-BIKE were solid, market inventories remained largely at appropriate levels.

Under these market conditions, order-taking was brisk for EP8, the new product of SHIMANO STEPS sport E-BIKE components series, the new Deore MTB components and a wide range of existing products overall.

As a result, net sales from this segment increased 76.3% from the same period of the previous year to 103,757 million yen, and operating income increased 169.3% to 27,730 million yen.

② Fishing Tackle

Since the previous year, fishing as a leisure activity with a lower risk of infection has been supported by long-time fishing enthusiasts and also by a new customer base, and the fishing tackle market has been thriving on a global scale.

Under these conditions, in the Japanese market, sales remained favorable, reflecting the warm winter and continued attention for salt lure fishing.

Overseas, in the North American market, backed by strong demand, sales remained favorable centering around mid-range and popular price range products. In Europe, sales remained favorable backed by the online sales of fishing tackle gaining popularity and solid demand. In Asia, sales remained solid centering around products for sport fishing. Supported by good weather, in Australia, sales remained favorable, reflecting strong demand.

Under these market conditions, new products, including spinning reels TWIN POWER SW, GRAPPLER BB (light jigging rods equipped with HI-POWER X) and shore jigging rods COLTSNIPER BB, as well as the existing products such as the spinning reels VANFORD and SARAGOSA SW were well-received in the market.

As a result, net sales from this segment increased 25.6% from the same period of the previous year to 22,575 million yen, and operating income increased 102.7% to 4,846 million yen.

③ Others

Net sales from this segment increased 24.3% from the same period of the previous year to 93 million yen

and an operating loss of 5 million yen was recorded, following an operating loss of 30 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 2021 amounted to 615,857 million yen (an increase of 25,436 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 8,133 million yen in notes and accounts receivable-trade, an increase of 4,600 million yen in merchandise and finished goods, an increase of 3,787 million yen in cash and time deposits, an increase of 2,333 million yen in work in process, an increase of 2,182 million yen in investment securities, and an increase of 1,944 million yen in construction in progress.

Total liabilities amounted to 65,256 million yen (an increase of 4,621 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 3,202 million yen in others under current liabilities, an increase of 2,555 million yen in accounts payable-trade, and a decrease of 941 million yen in income taxes payable.

Net assets amounted to 550,600 million yen (an increase of 20,815 million yen compared with the figure as of the previous fiscal year-end). The principal factors included an increase of 16,383 million yen in foreign currency translation adjustments, and an increase of 2,871 million yen in retained earnings.

(3) Forecast for the Fiscal Year Ending December 31, 2021

Regarding consolidated business performance forecasts, the forecasts of ordinary income and net income attributable to owners of parent for the first half and full year have been revised as follows due to the recording of non-operating income associated with the depreciation of Asian currencies during the first quarter of fiscal year 2021.

Revisions to consolidated business performance forecast figures for the first half of FY2021 (January 1, 2021 – June 30, 2021)

	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)	237,700	53,200	53,300	39,500	426.10
Revised forecast (B)	237,700	53,200	57,500	42,600	459.55
Difference (B-A)	—	—	4,200	3,100	
Change (%)	—	—	7.9	7.8	
First half results for FY2020	160,255	28,674	36,131	31,206	336.64

Revisions to consolidated business performance forecast figures for FY2021 (January 1, 2021 – December 31, 2021)

	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)	455,500	105,000	105,300	76,500	825.24
Revised forecast (B)	455,500	105,000	109,500	79,600	858.69
Difference (B-A)	—	—	4,200	3,100	
Change (%)	—	—	4.0	4.1	
Full year results for FY2020	378,040	82,701	81,471	63,472	684.71

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

(Millions of yen)

	FY2020 As of Dec. 31, 2020	First Quarter of FY2021 As of Mar. 31, 2021
Assets		
Current assets		
Cash and time deposits	305,613	309,401
Notes and accounts receivable-trade	38,168	46,301
Merchandise and finished goods	41,134	45,734
Work in process	27,435	29,769
Raw materials and supplies	5,934	6,659
Others	5,604	7,074
Allowance for doubtful accounts	(420)	(441)
Total current assets	423,468	444,499
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	69,040	69,073
Machinery and vehicles (net)	20,808	21,113
Land	13,508	13,682
Leased assets (net)	4,133	4,441
Construction in progress	19,692	21,636
Others (net)	4,946	4,874
Total property, plant and equipment	132,129	134,823
Intangible assets		
Goodwill	3,591	3,572
Software	5,543	5,565
Others	6,113	6,357
Total intangible assets	15,248	15,494
Investments and other assets		
Investment securities	12,901	15,083
Deferred income taxes	5,545	4,872
Others	1,648	1,596
Allowance for doubtful accounts	(520)	(513)
Total investments and other assets	19,574	21,039
Total fixed assets	166,952	171,357
Total assets	590,420	615,857

(Millions of yen)

	FY2020 As of Dec. 31, 2020	First Quarter of FY2021 As of Mar. 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	18,727	21,282
Short-term loans payable	9	7
Income taxes payable	10,644	9,703
Accrued employee bonuses	2,556	2,260
Accrued officer bonuses	162	40
Others	21,846	25,048
Total current liabilities	53,946	58,342
Long-term liabilities		
Long-term loans payable	11	9
Deferred income taxes	1,483	1,686
Net defined benefit liability	2,872	2,741
Others	2,320	2,476
Total long-term liabilities	6,688	6,914
Total liabilities	60,635	65,256
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,642	5,642
Retained earnings	498,046	500,917
Treasury stock	(154)	(158)
Total shareholders' equity	539,146	542,014
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	2,458	3,980
Foreign currency translation adjustments	(12,318)	4,065
Total accumulated other comprehensive income	(9,859)	8,046
Non-controlling interests	498	540
Total net assets	529,785	550,600
Total liabilities and net assets	590,420	615,857

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

	(Millions of yen)	
	First Quarter of FY2020 Jan. 1, 2020 to Mar. 31, 2020	First Quarter of FY2021 Jan. 1, 2021 to Mar. 31, 2021
Net sales	76,920	126,426
Cost of sales	47,006	74,784
Gross profit	29,913	51,641
Selling, general and administrative expenses	17,254	19,069
Operating income	12,658	32,571
Non-operating income		
Interest income	874	366
Dividend income	63	176
Foreign exchange gains	10,074	3,744
Others	225	197
Total non-operating income	11,239	4,485
Non-operating expenses		
Interest expenses	32	28
Contribution	10	27
Loss on disposal of fixed assets	458	25
Others	56	26
Total non-operating expenses	558	108
Ordinary income	23,340	36,948
Extraordinary income		
Insurance income	—	345
Total extraordinary income	—	345
Extraordinary losses		
Loss on factory reconstruction	100	64
Total extraordinary losses	100	64
Income before income taxes	23,239	37,230
Income taxes-current	2,916	8,237
Income taxes-deferred	655	334
Total income taxes	3,572	8,571
Net income	19,667	28,659
Net income attributable to non-controlling interests	3	63
Net income attributable to owners of parent	19,663	28,596

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Quarter of FY2020	First Quarter of FY2021
	Jan. 1, 2020 to Mar. 31, 2020	Jan. 1, 2021 to Mar. 31, 2021
Net income	19,667	28,659
Other comprehensive income		
Unrealized gain (loss) on other securities	(1,738)	1,521
Foreign currency translation adjustments	(17,449)	16,400
Total other comprehensive income	(19,187)	17,921
Comprehensive income	479	46,580
(Breakdown)		
Comprehensive income attributable to owners of parent	482	46,501
Comprehensive income attributable to non-controlling interests	(2)	79

(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 FY2020 (Jan. 1, 2020 – Mar. 31, 2020)

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						
Third parties	58,868	17,976	75	76,920	—	76,920
Inter-segment	—	—	—	—	—	—
Total	58,868	17,976	75	76,920	—	76,920
Segment income (loss)	10,298	2,391	(30)	12,658	—	12,658

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

First Quarter of FY2021 (Jan. 1, 2021 – Mar. 31, 2021)

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						
Third parties	103,757	22,575	93	126,426	—	126,426
Inter-segment	—	—	—	—	—	—
Total	103,757	22,575	93	126,426	—	126,426
Segment income (loss)	27,730	4,846	(5)	32,571	—	32,571

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