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Summary of Consolidated Financial Results for the First Quarter of FY2022 (Unaudited)

(January 1, 2022 – March 31, 2022) [Japanese Standard] (Consolidated)

April 26, 2022

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 Date of filing of quarterly report to Ministry of Finance: May 12, 2022 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 FY2022 (January 1, 2022 – March 31, 2022)

(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 FY2022	144,047	13.9	38,033	16.8	39,395	6.6	28,740	0.5
First Quarter of FY2021	126,426	64.4	32,571	157.3	36,948	58.3	28,596	45.4

(Note) Comprehensive income First Quarter of FY2022: 55,523 million yen (19.2%) First Quarter of FY2021: 46,580 million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First Quarter of FY2022	314.03	—
First Quarter of FY2021	308.48	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2022	723,553	639,656	88.3
FY2021	705,370	616,651	87.3

(Reference) Shareholders' equity First Quarter of FY2022: 638,912 million yen FY2021: 615,992 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	117.50	—	117.50	235.00
FY2022	—	—	—	—	—
FY2022 (Forecast)	—	117.50	—	117.50	235.00

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

3. Forecasted consolidated business performance for FY2022 (January 1, 2022 – December 31, 2022)

(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 FY2022	293,200	10.8	81,300	16.3	82,600	11.8	60,000	7.1	658.34
FY2022	580,000	6.1	161,000	8.6	163,100	6.9	117,500	1.3	1,289.24

(Notes) 1. Change in forecasted consolidated business performance during the period: Yes

2. Effective from the beginning of FY2022, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. Accordingly, the above forecasts of consolidated business performance reflect the adoption of this accounting standard, etc. As the application of the said standard, etc. has no effect on consolidated income information, the rates of increase (decrease) compared to the corresponding prior period are calculated based on consolidated business performance for FY2021.

*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: | Yes |
| 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 FY2022	91,990,000 shares	FY2021	92,390,000 shares
First Quarter of FY2022	851,019 shares	FY2021	420,938 shares
First Quarter of FY2022	91,519,666 shares	First Quarter of FY2021	92,699,702 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 2022, while signs of recovery from economic stagnation caused by the spread of the Omicron variant began to appear, the outlook for the global economy quickly became uncertain due to rising inflation and Russia's invasion of Ukraine in late February. Economic sanctions imposed on Russia by Western nations have created global energy supply shortages and a sudden rise in raw material prices, putting downward pressure on personal consumption.

In Europe, although the economy had been on the upswing, the acceleration of inflation caused by the worsening situation in Ukraine has weighed on consumer sentiment.

In the U.S., while there was concern about the negative impact of rising inflation on the economy, personal consumption remained steady.

In China, personal consumption was sluggish in March due to strict restrictions on activities associated with the zero-COVID strategy.

In Japan, personal consumption slowed down and the economy weakened due to stricter COVID-19 measures put in place in response to the spread of the Omicron variant.

In this environment, interest in and demand for bicycles and fishing continued to be high despite supply chain disruptions and tight logistics, and for the first quarter of fiscal year 2022, net sales increased 13.9% from the same period of the previous year to 144,047 million yen. Operating income increased 16.8% to 38,033 million yen, ordinary income increased 6.6% to 39,395 million yen, and net income attributable to owners of parent increased 0.5% to 28,740 million yen.

Reportable Segment Overview

① Bicycle Components

The global cycling boom showed signs of cooling down, with market inventories of entry-class and middle-class bicycles approaching appropriate levels, while demand centering around high-end class bicycles remained high.

In the European market, demand for bicycles and bicycle-related products remained firm as governments continued their policies to promote bicycles in response to growing environmental awareness. While demand for e-bikes remained strong, market inventories of entry-level and middle-class bicycles approached appropriate levels.

In the North American market, demand for bicycles remained firm and market inventories, centering around entry-class and middle-class bicycles, recovered to appropriate levels.

In the Asian and South and Central American markets, the cycling boom cooled off, and market inventories of entry-class bicycles remained at a slightly higher level.

In the Japanese market, while market inventories of road bikes remained at a low level due to steady demand for sport bikes, retail sales of community bicycles were sluggish, resulting in market inventories remaining at a higher level.

Under these market conditions, order-taking was brisk for a wide range of products, including the high-end models for road bikes, DURA-ACE and ULTEGRA, and sport E-BIKE components, SHIMANO STEPS series.

As a result, net sales from this segment increased 13.9% from the same period of the previous year to 118,176 million yen, and operating income increased 17.0% to 32,455 million yen.

② Fishing Tackle

Continuing from the previous year, fishing was welcomed by a wide range of users, and the fishing tackle market thrived and maintained high demand around the world.

In the Japanese market, while there were signs of a lull in the fishing boom, high demand for various fishing types continued from the previous year, and sales remained robust.

Overseas, in the North American market, while the popularity of fishing began to cool down, demand for fishing tackle remained strong, and sales remained favorable.

In the European market, sales remained strong despite the impact that the situation in Ukraine and rising inflation have had on consumer sentiment.

In the Asian market, demand for fishing tackle, mainly in the Chinese market, remained strong, and sales were solid.

In the Australian market, although sales stagnated in some areas due to heavy rain damage, sales were solid in the Australian market as a whole, partly due to active consumer behavior.

Under these market conditions, various products, including spinning reels STELLA and AERO

TECHNIUM MGS, as well as the rod EXPRIDE, were well-received in the market.

As a result, net sales from this segment increased 14.1% from the same period of the previous year to 25,767 million yen, and operating income increased 14.8% to 5,564 million yen.

③ Others

Net sales from this segment increased 11.4% from the same period of the previous year to 104 million yen and operating income of 12 million yen was recorded, following an operating loss of 5 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 2022 amounted to 723,553 million yen, an increase of 18,182 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 12,877 million yen in merchandise and finished goods, an increase of 12,462 million yen in buildings and structures, an increase of 5,676 million yen in notes and accounts receivable-trade, an increase of 3,677 million yen in investment securities, an increase of 3,560 million yen in machinery and vehicles, a decrease of 13,691 million yen in construction in progress, and a decrease of 12,041 million yen in cash and time deposits.

Total liabilities amounted to 83,897 million yen, a decrease of 4,822 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 2,531 million yen in accounts payable-trade, and a decrease of 7,506 million yen in income taxes payable.

Net assets amounted to 639,656 million yen, an increase of 23,004 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 26,255 million yen in foreign currency translation adjustments.

(3) Forecast for the Fiscal Year Ending December 31, 2022

Regarding consolidated business performance forecasts, the forecasts of ordinary income for the first half and full year have been revised as follows due to the recording of impairment loss and the recording of non-operating income associated with the depreciation of Asian currencies during the first quarter of fiscal year 2022.

Revisions to consolidated business performance forecast figures for the first half of FY2022 (January 1, 2022 – June 30, 2022)

	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)	293,200	81,300	81,600	60,000	652.39
Revised forecast (B)	293,200	81,300	82,600	60,000	658.34
Difference (B-A)	—	—	1,000	—	
Change (%)	—	—	1.2	—	
First half results for FY2021	264,694	69,922	73,900	56,007	604.18

Revisions to consolidated business performance forecast figures for FY2022 (January 1, 2022 – December 31, 2022)

	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)	580,000	161,000	161,700	117,500	1,277.60
Revised forecast (B)	580,000	161,000	163,100	117,500	1,289.24
Difference (B-A)	—	—	1,400	—	
Change (%)	—	—	0.9	—	
Full year results for FY2021	546,515	148,287	152,562	115,937	1,252.62

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

(Millions of yen)

	FY2021 As of Dec. 31, 2021	First Quarter of FY2022 As of Mar. 31, 2022
Assets		
Current assets		
Cash and time deposits	364,519	352,478
Notes and accounts receivable-trade	52,186	57,862
Merchandise and finished goods	55,528	68,406
Work in process	39,498	41,568
Raw materials and supplies	8,232	9,001
Others	8,876	9,396
Allowance for doubtful accounts	(298)	(338)
Total current assets	528,544	538,374
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	67,748	80,211
Machinery and vehicles (net)	21,298	24,858
Land	13,765	14,004
Leased assets (net)	4,973	5,124
Construction in progress	26,151	12,460
Others (net)	5,466	6,140
Total property, plant and equipment	139,405	142,801
Intangible assets		
Goodwill	3,274	3,305
Software	6,190	6,553
Others	6,663	7,571
Total intangible assets	16,128	17,430
Investments and other assets		
Investment securities	14,061	17,738
Deferred income taxes	6,053	5,932
Others	1,641	1,720
Allowance for doubtful accounts	(463)	(443)
Total investments and other assets	21,292	24,947
Total fixed assets	176,826	185,179
Total assets	705,370	723,553

(Millions of yen)

	FY2021 As of Dec. 31, 2021	First Quarter of FY2022 As of Mar. 31, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	24,352	26,883
Short-term loans payable	3,133	3,430
Income taxes payable	23,170	15,663
Accrued employee bonuses	3,467	2,911
Accrued officer bonuses	172	43
Others	27,230	28,106
Total current liabilities	81,528	77,039
Long-term liabilities		
Long-term loans payable	2	1
Deferred income taxes	2,164	1,896
Net defined benefit liability	2,104	1,998
Others	2,920	2,960
Total long-term liabilities	7,191	6,857
Total liabilities	88,719	83,897
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	566,263	571,089
Treasury stock	(13,284)	(21,860)
Total shareholders' equity	594,232	590,482
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,620	4,035
Foreign currency translation adjustments	18,139	44,394
Total accumulated other comprehensive income	21,759	48,430
Non-controlling interests	659	743
Total net assets	616,651	639,656
Total liabilities and net assets	705,370	723,553

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)	
	First Quarter of FY2021	First Quarter of FY2022
	Jan. 1, 2021 to Mar. 31, 2021	Jan. 1, 2022 to Mar. 31, 2022
Net sales	126,426	144,047
Cost of sales	74,784	83,069
Gross profit	51,641	60,978
Selling, general and administrative expenses	19,069	22,944
Operating income	32,571	38,033
Non-operating income		
Interest income	366	373
Dividend income	176	88
Foreign exchange gains	3,744	800
Others	197	327
Total non-operating income	4,485	1,588
Non-operating expenses		
Interest expenses	28	33
Contribution	27	69
Loss on disposal of fixed assets	25	24
Others	26	99
Total non-operating expenses	108	226
Ordinary income	36,948	39,395
Extraordinary income		
Insurance income	345	—
Total extraordinary income	345	—
Extraordinary losses		
Impairment loss	—	593
Subsidiary restructuring loss	—	441
Loss on factory reconstruction	64	69
Total extraordinary losses	64	1,104
Income before income taxes	37,230	38,290
Income taxes-current	8,237	9,744
Income taxes-deferred	334	(258)
Total income taxes	8,571	9,486
Net income	28,659	28,804
Net income attributable to non-controlling interests	63	64
Net income attributable to owners of parent	28,596	28,740

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Quarter of FY2021	First Quarter of FY2022
	Jan. 1, 2021 to Mar. 31, 2021	Jan. 1, 2022 to Mar. 31, 2022
Net income	28,659	28,804
Other comprehensive income		
Unrealized gain (loss) on other securities	1,521	415
Foreign currency translation adjustments	16,400	26,303
Total other comprehensive income	17,921	26,719
Comprehensive income	46,580	55,523
(Breakdown)		
Comprehensive income attributable to owners of parent	46,501	55,410
Comprehensive income attributable to non-controlling interests	79	113

(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)

(Acquisition of treasury stock)

The Company acquired 518,000 shares of common stock on February 18, 2022, and 311,900 shares of common stock on March 16, 2022 through Off-auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange, based on the resolution of the Board of Directors meeting held on July 27, 2021. As a result, treasury stock increased by 21,684 million yen during the first quarter of fiscal year 2022, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 400,000 shares of treasury stock on January 25, 2022 based on the resolution of the Board of Directors meeting held on January 18, 2022. As a result, retained earnings and treasury stock decreased by 13,108 million yen and 13,108 million yen, respectively, during the first quarter of fiscal year 2022.

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc. at the beginning of the first quarter of fiscal year 2022. Accordingly, the Company recognized revenue at an amount it expected to receive in exchange for a promised good or service at a time when control over such good or service was transferred to a customer.

As a result, with regard to chargeable supplied transactions within group companies, while the Company recognized the disposal of supplied items such as raw materials provided for a fee in the past, the method has been changed so that, in cases where the Company carries the obligation of buying back the supplied items, the disposal of the supplied items is not recognized.

In adopting the Revenue Recognition Accounting Standard, etc., the Company followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the Company adjusted retained earnings as of the beginning of the first quarter of fiscal year 2022 with the cumulative effect that would be obtained if the Company retrospectively adopted the new accounting policy prior to the beginning of the first quarter of fiscal year 2022, and adopted the new accounting policy with the adjusted beginning balance.

As a result, these changes in accounting policies do not affect the beginning balance of retained earnings and gain or loss for the first quarter of fiscal year 2022.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information that disaggregates revenue from contracts with customers for the first quarter of the previous fiscal year is not provided.

(Adoption of the Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. at the beginning of the first quarter of fiscal year 2022. According to the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will continue to adopt new accounting policies set forth by the Fair Value Measurement Accounting Standard, etc. in the future. There is no impact on the quarterly consolidated financial statements.

(Segment Information)

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.

First Quarter of FY2022 (Jan. 1, 2022 – Mar. 31, 2022)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Goods to be transferred at a point in time	118,176	25,767	104	144,047	—	144,047
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	118,176	25,767	104	144,047	—	144,047
Third parties	118,176	25,767	104	144,047	—	144,047
Inter-segment	—	—	—	—	—	—
Total	118,176	25,767	104	144,047	—	144,047
Segment income (loss)	32,455	5,564	12	38,033	—	38,033

Notes: 1. There is no difference between total segment income (loss) and operating income in the consolidated statements of income.

2. Net sales includes revenue from contracts with customers and other revenue; however, most of the revenue is generated from contracts with customers, therefore other revenue is not deemed important and is thus not displayed separately.