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Summary of Consolidated Financial Results for the First Quarter of FY2024 (JGAAP)

(January 1, 2024 – March 31, 2024)

April 23, 2024



Company Name: Shimano Inc.
Code Number: 7309
Representative: Taizo Shimano, President
Contact: Takuma Kanai, Executive Officer, Supervising of ESG Development
Dept., Corporate Governance Administration Dept. and
Accounting Dept.

Stock Exchange: Tokyo, Prime Market
URL: <https://www.shimano.com>

Telephone: +81-72-223-3254

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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 FY2024 (January 1, 2024 – March 31, 2024)

(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 FY2024	100,557	(20.2)	13,421	(52.1)	28,852	0.9	23,687	17.2
First quarter of FY2023	126,071	(12.5)	28,009	(26.4)	28,596	(27.4)	20,203	(29.7)

(Note) Comprehensive income First quarter of FY2024: 51,576 million yen (73.6%) First quarter of FY2023: 29,713 million yen (-46.5%)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
First quarter of FY2024	263.69	—	—	—
First quarter of FY2023	223.11	—	—	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter of FY2024	908,758	836,781	91.9
FY2023	871,731	802,396	91.9

(Reference) Shareholders' equity First quarter of FY2024: 835,574 million yen FY2023: 801,166 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	142.50	—	142.50	285.00
FY2024	—	—	—	—	—
FY2024 (Forecast)	—	142.50	—	142.50	285.00

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

3. Forecasted consolidated business performance for FY2024 (January 1, 2024 – December 31, 2024)

(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 FY2024	190,000	(27.8)	21,800	(59.6)	41,800	(38.9)	33,300	(33.9)	370.96
FY2024	420,000	(11.5)	56,800	(32.1)	86,800	(16.0)	66,300	8.4	738.59

(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 FY2024	89,822,000 shares	FY2023	90,022,000 shares
First quarter of FY2024	56,057 shares	FY2023	56,027 shares
First quarter of FY2024	89,832,613 shares	First quarter of FY2023	90,553,130 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 2024, the pace of global economic recovery was sluggish, dragged down by tight monetary policies adopted globally that had exerted impacts on economy in various countries, uncertain conditions in Ukraine and the Middle East, and a slowdown in economic recovery in China.

In Europe, hikes in energy costs and raw material prices showed signs of easing, but the economy remained lackluster due to the continued downturn in personal consumption.

In the U.S., despite the ongoing monetary tightening, the economy remained firm backed by strong employment and favorable income environment.

In China, consumer confidence waned due to the prolonged stagnation in the real estate market, and economic recovery slowed down.

In Japan, economic recovery remained somewhat sluggish with consumer behavior becoming increasingly budget-minded along with price hikes.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for the first quarter of fiscal year 2024, net sales decreased 20.2% from the same period of the previous year to 100,557 million yen. Operating income decreased 52.1% to 13,421 million yen, ordinary income increased 0.9% to 28,852 million yen, and net income attributable to owners of parent increased 17.2% to 23,687 million yen.

Reportable Segment Overview

① Bicycle Components

Interest in bicycles remained high as a long-term trend. On the other hand, supply and demand adjustments continued, and market inventories remained high globally.

Overseas, in the European market, the strong interest in bicycles continued in our major market, namely, Germany and Benelux countries. On the other hand, in other countries, market inventories remained high due to cooling consumer confidence on account of inflation and economic slowdowns.

In the North American market, although interest in bicycles was firm, retail sales of completed bicycles softened, and market inventories remained at a high level.

In the Asian, Oceanian and Central and South American markets, retail sales of completed bicycles were weak due to sluggish personal consumption on account of rising inflation and economic uncertainty, and market inventories were at a high level. In the Chinese market, aided by outdoor recreation boom, popularity of road bikes continued. As a result, retail sales of completed bicycles were favorable, and market inventories remained at an appropriate level.

In the Japanese market, retail sales were sluggish as affected by the soaring price of completed bicycles due to yen depreciation and pullbacks in consumer spending and market inventories remained high.

Under these market conditions, the Shimano Group received a favorable reception for its products, including SHIMANO 105 equipped with a twelve-speed derailleur, and a gravel-specific component SHIMANO GRX.

As a result, net sales from this segment decreased 22.6% from the same period of the previous year to 76,090 million yen, and operating income decreased 52.7% to 10,471 million yen.

② Fishing Tackle

Demand for fishing tackle that had been overly strong globally cooled down from the previous year. Although sales have been weak since then, adjustments to increased market inventories started to show signs of progress.

In the Japanese market, due to an adjustment of market inventories with stagnant demand, market conditions remained at a standstill, and sales were lackluster.

Overseas, in the North American market, while market inventories remained high, sales were favorable as demand increased compared to the previous year.

In the European market, sales were lackluster due to an adjustment of market inventories.

In the Asian market, market inventories remained high, and sales were weak due to cooling consumer confidence on account of economic stagnation.

In the Australian market, demand for fishing tackle increased, partially aided by stable weather conditions. As a result, market inventories remained at an appropriate level, and sales were strong.

Under these market conditions, order-taking was brisk for the new electric reels BEASTMASTER MD, the new spinning reels TWINPOWER, and the new rods POISON ADRENA.

As a result, net sales from this segment decreased 11.9% from the same period of the previous year to 24,369 million yen, and operating income decreased 49.8% to 2,961 million yen.

③ Others

Net sales from this segment decreased 5.4% from the same period of the previous year to 97 million yen and operating loss of 11 million yen was recorded, following an operating loss of 8 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 2024 amounted to 908,758 million yen, an increase of 37,027 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 12,653 million yen in cash and time deposits, an increase of 7,498 million yen in notes and accounts receivable-trade, an increase of 6,591 million yen in construction in progress, an increase of 3,140 million yen in buildings and structures, an increase of 2,954 million yen in investment securities, and an increase of 1,985 million yen in merchandise and finished goods.

Total liabilities amounted to 71,977 million yen, an increase of 2,642 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 2,798 million yen in income taxes payable, an increase of 2,263 million yen in accounts payable-trade, a decrease of 1,321 million yen in others under current liabilities, and a decrease of 939 million yen in provision for product warranties.

Net assets amounted to 836,781 million yen, an increase of 34,384 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 25,795 million yen in foreign currency translation adjustments, an increase of 6,640 million yen in retained earnings, and an increase of 1,892 million yen in unrealized gain (loss) on other securities.

(3) Forecast for the Fiscal Year Ending December 31, 2024

The consolidated business performance forecasts have been revised as follows in light of current trends in the first quarter of fiscal year 2024 where market inventories remained at a high level, and the outlook will remain uncertain. Despite such conditions, non-operating income was recorded due to the depreciation of Asian currencies caused by the stronger U.S. dollar, and gross profit increased due to positive effects produced by accelerated sales of some products that had been scheduled for the second quarter mainly in the Chinese market, where the popularity of road bikes continued, and to improvement in cost of sales ratio.

Revisions to consolidated business performance forecast figures for the first half of FY2024 (January 1, 2024 – June 30, 2024)

	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)	190,000	18,000	28,000	21,000	233.42
Revised forecast (B)	190,000	21,800	41,800	33,300	370.96
Difference (B-A)	—	3,800	13,800	12,300	
Change (%)	—	21.1	49.3	58.6	
First half results for FY2023	263,250	53,908	68,409	50,378	556.81

Revisions to consolidated business performance forecast figures for FY2024 (January 1, 2024 – December 31, 2024)

	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)	420,000	53,000	73,000	54,000	600.23
Revised forecast (B)	420,000	56,800	86,800	66,300	738.59
Difference (B-A)	—	3,800	13,800	12,300	
Change (%)	—	7.2	18.9	22.8	
Full year results for FY2023	474,362	83,653	103,369	61,142	676.77

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

(Millions of yen)

	FY2023 As of Dec. 31, 2023	First quarter of FY2024 As of Mar. 31, 2024
Assets		
Current assets		
Cash and time deposits	493,933	506,586
Notes and accounts receivable-trade	31,602	39,101
Merchandise and finished goods	74,293	76,278
Work in process	31,771	31,681
Raw materials and supplies	6,424	6,632
Others	15,071	16,332
Allowance for doubtful accounts	(342)	(629)
Total current assets	652,753	675,984
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	76,763	79,903
Machinery and vehicles (net)	33,005	32,953
Land	14,317	14,486
Leased assets (net)	5,433	5,595
Construction in progress	22,994	29,586
Others (net)	5,468	5,423
Total property, plant and equipment	157,982	167,948
Intangible assets		
Goodwill	1,898	1,839
Software	13,225	14,059
Others	6,864	7,233
Total intangible assets	21,989	23,132
Investments and other assets		
Investment securities	23,781	26,735
Deferred income taxes	9,693	9,400
Net defined benefit asset	2,804	2,826
Others	3,174	3,162
Allowance for doubtful accounts	(447)	(430)
Total investments and other assets	39,006	41,693
Total fixed assets	218,977	232,774
Total assets	871,731	908,758

(Millions of yen)

	FY2023 As of Dec. 31, 2023	First quarter of FY2024 As of Mar. 31, 2024
Liabilities		
Current liabilities		
Accounts payable-trade	11,025	13,289
Income taxes payable	5,737	8,535
Accrued employee bonuses	3,041	2,847
Accrued officer bonuses	141	51
Provision for product warranties	16,017	15,078
Others	25,870	24,548
Total current liabilities	61,834	64,350
Long-term liabilities		
Deferred income taxes	3,179	3,148
Net defined benefit liability	1,253	1,314
Others	3,067	3,164
Total long-term liabilities	7,500	7,627
Total liabilities	69,334	71,977
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	647,172	653,813
Treasury stock	(1,264)	(1,184)
Total shareholders' equity	687,162	693,882
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	4,902	6,794
Foreign currency translation adjustments	109,101	134,897
Total accumulated other comprehensive income	114,003	141,691
Non-controlling interests	1,230	1,207
Total net assets	802,396	836,781
Total liabilities and net assets	871,731	908,758

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2023 Jan. 1, 2023 to Mar. 31, 2023	First quarter of FY2024 Jan. 1, 2024 to Mar. 31, 2024
Net sales	126,071	100,557
Cost of sales	73,770	61,513
Gross profit	52,300	39,044
Selling, general and administrative expenses	24,290	25,623
Operating income	28,009	13,421
Non-operating income		
Interest income	3,924	5,907
Dividend income	219	109
Foreign exchange gains	—	9,401
Others	163	314
Total non-operating income	4,306	15,733
Non-operating expenses		
Interest expenses	57	8
Foreign exchange losses	3,076	—
Voluntary recall expenses	449	136
Others	137	157
Total non-operating expenses	3,720	301
Ordinary income	28,596	28,852
Extraordinary losses		
Loss on factory reconstruction	196	60
Total extraordinary losses	196	60
Income before income taxes	28,399	28,792
Income taxes-current	7,293	5,679
Income taxes-deferred	824	(675)
Total income taxes	8,117	5,003
Net income	20,282	23,788
Net income attributable to non-controlling interests	78	100
Net income attributable to owners of parent	20,203	23,687

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First quarter of FY2023	First quarter of FY2024
	Jan. 1, 2023 to Mar. 31, 2023	Jan. 1, 2024 to Mar. 31, 2024
Net income	20,282	23,788
Other comprehensive income		
Unrealized gain (loss) on other securities	(70)	1,892
Foreign currency translation adjustments	9,501	25,895
Total other comprehensive income	9,430	27,787
Comprehensive income	29,713	51,576
(Breakdown)		
Comprehensive income attributable to owners of parent	29,575	51,375
Comprehensive income attributable to non-controlling interests	137	200

(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 200,000 shares of common stock on February 27, 2024 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 April 25, 2023. As a result, treasury stock increased by 4,147 million yen during the first quarter of fiscal year 2024, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 200,000 shares of treasury stock on March 27, 2024 based on the resolution of the Board of Directors meeting held on March 19, 2024. As a result, retained earnings and treasury stock decreased by 4,227 million yen and 4,227 million yen, respectively, during the first quarter of fiscal year 2024.

(Segment Information)

First quarter of FY2023 (Jan. 1, 2023 – Mar. 31, 2023)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated statements of income
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Goods to be transferred at a point in time	98,298	27,670	103	126,071	—	126,071
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	98,298	27,670	103	126,071	—	126,071
Third parties	98,298	27,670	103	126,071	—	126,071
Inter-segment	—	—	—	—	—	—
Total	98,298	27,670	103	126,071	—	126,071
Segment income (loss)	22,123	5,894	(8)	28,009	—	28,009

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.

First quarter of FY2024 (Jan. 1, 2024 – Mar. 31, 2024)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated statements of income
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Goods to be transferred at a point in time	76,090	24,369	97	100,557	—	100,557
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	76,090	24,369	97	100,557	—	100,557
Third parties	76,090	24,369	97	100,557	—	100,557
Inter-segment	—	—	—	—	—	—
Total	76,090	24,369	97	100,557	—	100,557
Segment income (loss)	10,471	2,961	(11)	13,421	—	13,421

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.