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## Summary of Consolidated Financial Results for the First Quarter of FY2023 (JGAAP)

(January 1, 2023 – March 31, 2023) [Japanese Standard] (Consolidated)

April 25, 2023



Company Name: Shimano Inc.

Code Number: 7309

Representative: Taizo Shimano, President

Contact: Takuma Kanai, Executive Officer, General Affairs Administration Dept.

and Supervising of Accounting Dept.

Date of filing of quarterly report to Ministry of Finance: May 11, 2023

Supplemental information: Yes

Financial results briefing: No

Stock Exchange: Tokyo, Prime Market

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Scheduled payment date for dividends: —

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

### 1. Consolidated financial results for the first quarter of FY2023 (January 1, 2023 – March 31, 2023)

(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 FY2023	126,071	(12.5)	28,009	(26.4)	28,596	(27.4)	20,203	(29.7)
First quarter of FY2022	144,047	13.9	38,033	16.8	39,395	6.6	28,740	0.5

(Note) Comprehensive income First quarter of FY2023: 29,713 million yen (-46.5%) First quarter of FY2022: 55,523 million yen (19.2%)

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
First quarter of FY2023	223.11	—	—	—
First quarter of FY2022	314.03	—	—	—

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter of FY2023	825,410	752,998	91.1
FY2022	826,413	741,095	89.6

(Reference) Shareholders' equity First quarter of FY2023: 751,874 million yen FY2022: 740,108 million yen

### 2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	117.50	—	142.50	260.00
FY2023	—	—	—	—	—
FY2023 (Forecast)	—	142.50	—	142.50	285.00

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

### 3. Forecasted consolidated business performance for FY2023 (January 1, 2023 – December 31, 2023)

(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 FY2023	254,200	(16.3)	49,700	(38.6)	53,700	(41.7)	38,700	(43.6)	428.09
FY2023	460,000	(26.9)	83,000	(50.9)	96,500	(45.3)	69,500	(45.8)	768.79

(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 FY2023	91,160,100 shares	FY2022	91,160,100 shares
First quarter of FY2023	758,720 shares	FY2022	531,034 shares
First quarter of FY2023	90,553,130 shares	First quarter of FY2022	91,519,666 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 2023, interest rate hikes by the central banks of various countries to cope with rising prices, the prolonged turmoil in Ukraine and other factors weighed heavily on the normalization of the global economy.

In Europe, easing concerns over tight energy supply and demand led to lower gas prices and government measures to address rising prices supported economic activity.

In the U.S., although favorable employment conditions supported personal consumption, the economy was affected by monetary policy, including higher policy rates, leading to rising uncertainties.

In China, restrictions on activities in place due to the spread of the novel coronavirus (COVID-19) eased, and the normalization of economic activities progressed.

In Japan, although rising prices exerted downward pressure on personal consumption, the economy gradually recovered as signs of normalization of economic activities were seen under the with-COVID policy.

In this environment, demand for bicycles and fishing tackle showed signs of cooling down, and for the first quarter of fiscal year 2023, net sales decreased 12.5% from the same period of the previous year to 126,071 million yen. Operating income decreased 26.4% to 28,009 million yen, ordinary income decreased 27.4% to 28,596 million yen, and net income attributable to owners of parent decreased 29.7% to 20,203 million yen.

### Reportable Segment Overview

#### ① Bicycle Components

Although the strong interest in bicycles cooled down as progress was made toward recovery to pre-COVID-19 day-to-day routines, interest in bicycles continued as a long-term trend. On the other hand, concerns about economic recession, including rapidly rising inflation, led to a slowdown in sales of completed bicycles, and market inventories generally remained high, despite ongoing supply and demand adjustments.

Overseas, in the European market, interest in bicycles continued to be high, and retail sales of completed bicycles, especially e-bikes, was solid. Market inventories generally remained at high levels, although some high-end models were in short supply.

In the North American market, sales remained weak and market inventories were at a consistently high level.

In the Asian and South and Central American markets, although interest in bicycles was firm, sales remained somewhat sluggish due to cooling consumer confidence on account of currency depreciation and rising inflation. However, in the Chinese market, sales remained strong, especially for road bikes, owing to the growing momentum of outdoor sports cycling.

In the Japanese market, the soaring price of completed bicycles due to yen depreciation and other factors slowed the pace of sales and market inventories remained somewhat high.

Under these market conditions, the Shimano Group provided products to the market, including the new product SHIMANO 105 that is a high-end model for road bikes, and sport e-bike components, SHIMANO STEPS series.

As a result, net sales from this segment decreased 16.8% from the same period of the previous year to 98,298 million yen, and operating income decreased 31.8% to 22,123 million yen.

#### ② Fishing Tackle

The global interest in fishing showed signs of cooling down, despite the appearance of with-COVID activities, such as on-site fishing tackle shows taking place in various countries for the first time in several years.

In the Japanese market, while there were inventory adjustment activities at retail stores, demand for high-priced products was brisk.

Overseas, sales in the North American market softened compared to the previous year.

In the European market, the Turkey-Syria Earthquake for the most part had no impact, and backed by stable demand sales remained strong.

In the Asian market, sales were favorable as interest in fishing was buoyed by the spread of fishing culture. In the Chinese market, which was buffeted by the spread of COVID-19 at the start of the year, the market normalized from February, and sales were strong on the growing momentum for fishing trips.

In the Australian market, sales remained firm, assisted by favorable fishing conditions, although demand began to show signs of slowing.

Under these market conditions, order-taking was brisk for the new spinning reels VANQUISH and the

highest-end model lure fishing rods WORLD SHAULA LIMITED, and other products that were well-received in the market.

As a result, net sales from this segment increased 7.4% from the same period of the previous year to 27,670 million yen, and operating income increased 5.9% to 5,894 million yen.

③ Others

Net sales from this segment decreased 1.4% from the same period of the previous year to 103 million yen and operating loss of 8 million yen was recorded, following an operating income of 12 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 2023 amounted to 825,410 million yen, a decrease of 1,003 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 13,232 million yen in merchandise and finished goods and an increase of 1,038 million yen in machinery and vehicles, and a decrease of 11,296 million yen in cash and time deposits, a decrease of 2,175 million yen in work in process, and a decrease of 1,764 million yen in notes and accounts receivable-trade.

Total liabilities amounted to 72,411 million yen, a decrease of 12,907 million yen compared with the figure as of the previous fiscal year-end. The principal factors included a decrease of 9,702 million yen in income taxes payable and a decrease of 1,715 million yen in accounts payable-trade.

Net assets amounted to 752,998 million yen, an increase of 11,903 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 9,443 million yen in foreign currency translation adjustments, an increase of 7,288 million yen in retained earnings, and an increase of 4,895 million yen in treasury stock.

(3) Forecast for the Fiscal Year Ending December 31, 2023

The consolidated business performance forecasts have been revised as follows in light of current trends in the first quarter of fiscal year 2023 where market inventories have been at a generally high level, and with the ongoing revisions to orders received by the Shimano Group in line with supply and demand adjustments, which had swollen significantly prior to the adjustments.

Revisions to consolidated business performance forecast figures for the first half of FY2023 (January 1, 2023 – June 30, 2023)

	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)	254,200	49,700	55,700	40,200	443.57
Revised forecast (B)	254,200	49,700	53,700	38,700	428.09
Difference (B-A)	—	—	(2,000)	(1,500)	
Change (%)	—	—	(3.6)	(3.7)	
First half results for FY2022	303,686	80,909	92,123	68,558	750.68

Revisions to consolidated business performance forecast figures for FY2023 (January 1, 2023 – December 31, 2023)

	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)	500,000	105,000	119,500	86,500	954.44
Revised forecast (B)	460,000	83,000	96,500	69,500	768.79
Difference (B-A)	(40,000)	(22,000)	(23,000)	(17,000)	
Change (%)	(8.0)	(21.0)	(19.2)	(19.7)	
Full year results for FY2022	628,909	169,158	176,568	128,178	1,408.22

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

(Millions of yen)

	FY2022 As of Dec. 31, 2022	First quarter of FY2023 As of Mar. 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	430,429	419,132
Notes and accounts receivable-trade	55,201	53,436
Merchandise and finished goods	79,966	93,199
Work in process	42,733	40,558
Raw materials and supplies	8,209	7,547
Others	12,523	13,518
Allowance for doubtful accounts	(310)	(339)
<b>Total current assets</b>	<b>628,754</b>	<b>627,053</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures (net)	77,239	76,933
Machinery and vehicles (net)	25,600	26,639
Land	13,936	13,965
Leased assets (net)	5,205	5,498
Construction in progress	18,749	18,399
Others (net)	6,513	6,487
<b>Total property, plant and equipment</b>	<b>147,244</b>	<b>147,924</b>
<b>Intangible assets</b>		
Goodwill	3,065	3,016
Software	10,059	9,754
Others	6,716	7,293
<b>Total intangible assets</b>	<b>19,841</b>	<b>20,064</b>
<b>Investments and other assets</b>		
Investment securities	19,694	19,770
Deferred income taxes	6,728	6,241
Net defined benefit asset	2,645	2,677
Others	1,941	2,105
Allowance for doubtful accounts	(436)	(425)
<b>Total investments and other assets</b>	<b>30,573</b>	<b>30,368</b>
<b>Total fixed assets</b>	<b>197,659</b>	<b>198,356</b>
<b>Total assets</b>	<b>826,413</b>	<b>825,410</b>

(Millions of yen)

	FY2022 As of Dec. 31, 2022	First quarter of FY2023 As of Mar. 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	20,595	18,879
Short-term loans payable	2,151	2,370
Income taxes payable	21,899	12,197
Accrued employee bonuses	3,682	3,047
Accrued officer bonuses	198	62
Others	30,081	28,439
Total current liabilities	78,608	64,997
Long-term liabilities		
Deferred income taxes	2,522	2,884
Net defined benefit liability	1,210	1,283
Others	2,976	3,245
Total long-term liabilities	6,709	7,413
Total liabilities	85,318	72,411
<b>Net assets</b>		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	638,141	645,429
Treasury stock	(12,909)	(17,805)
Total shareholders' equity	666,485	668,878
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,537	3,466
Foreign currency translation adjustments	70,085	79,528
Total accumulated other comprehensive income	73,623	82,995
Non-controlling interests	986	1,124
Total net assets	741,095	752,998
Total liabilities and net assets	826,413	825,410

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

## Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2022 Jan. 1, 2022 to Mar. 31, 2022	First quarter of FY2023 Jan. 1, 2023 to Mar. 31, 2023
Net sales	144,047	126,071
Cost of sales	83,069	73,770
Gross profit	60,978	52,300
Selling, general and administrative expenses	22,944	24,290
Operating income	38,033	28,009
Non-operating income		
Interest income	373	3,924
Dividend income	88	219
Foreign exchange gains	800	—
Others	327	163
Total non-operating income	1,588	4,306
Non-operating expenses		
Interest expenses	33	57
Contribution	69	41
Foreign exchange losses	—	3,076
Others	123	545
Total non-operating expenses	226	3,720
Ordinary income	39,395	28,596
Extraordinary losses		
Impairment loss	593	—
Subsidiary restructuring loss	441	—
Loss on factory reconstruction	69	196
Total extraordinary losses	1,104	196
Income before income taxes	38,290	28,399
Income taxes-current	9,744	7,293
Income taxes-deferred	(258)	824
Total income taxes	9,486	8,117
Net income	28,804	20,282
Net income attributable to non-controlling interests	64	78
Net income attributable to owners of parent	28,740	20,203

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First quarter of FY2022 Jan. 1, 2022 to Mar. 31, 2022	First quarter of FY2023 Jan. 1, 2023 to Mar. 31, 2023
Net income	28,804	20,282
Other comprehensive income		
Unrealized gain (loss) on other securities	415	(70)
Foreign currency translation adjustments	26,303	9,501
Total other comprehensive income	26,719	9,430
Comprehensive income	55,523	29,713
(Breakdown)		
Comprehensive income attributable to owners of parent	55,410	29,575
Comprehensive income attributable to non-controlling interests	113	137

(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 227,600 shares of common stock on March 14, 2023 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 26, 2022. As a result, treasury stock increased by 4,895 million yen during the first quarter of fiscal year 2023, including the increase due to acquisition of fractional shares.

## (Segment Information)

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 statements of income
	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.

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.