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

(January 1, 2023 – September 30, 2023) [Japanese Standard] (Consolidated)

October 24, 2023



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Date of filing of quarterly report to Ministry of Finance: November 9, 2023

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 nine months of FY2023 (January 1, 2023 – September 30, 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 nine months of FY2023	375,264	(19.8)	72,086	(43.0)	96,221	(35.8)	60,169	(47.0)
First nine months of FY2022	467,665	18.3	126,576	18.3	149,862	31.8	113,486	31.9

(Note) Comprehensive income First nine months of FY2023: 117,059 million yen (-36.4%) First nine months of FY2022: 184,076 million yen (74.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months of FY2023	665.35	—
First nine months of FY2022	1,245.02	—

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First nine months of FY2023	900,347	825,551	91.6
FY2022	826,413	741,095	89.6

(Reference) Shareholders' equity First nine months of FY2023: 824,275 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	—	142.50	—	—	—
FY2023 (Forecast)	—	—	—	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
FY2023	462,000	(26.5)	77,000	(54.5)	105,000	(40.5)	66,000	(48.5)
								730.77

(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):	First nine months of FY2023	90,460,000 shares	FY2022	91,160,100 shares
② Number of shares of treasury stock at period-end:	First nine months of FY2023	144,473 shares	FY2022	531,034 shares
③ Average number of shares during the period (cumulative from the beginning of the fiscal year):	First nine months of FY2023	90,433,672 shares	First nine months of FY2022	91,152,582 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 nine months of fiscal year 2023, the pace of global economic recovery was dull as the intensified turmoil persisting in Ukraine, interest rate hikes by the central banks of various countries to tame inflation, a slowdown in economic recovery in China and other factors exerted downward pressure.

In Europe, interest rate hikes eased inflation pressure, which supported in part personal consumption, but the economy remained lackluster.

In the U.S., amid the continued monetary tightening, consumer confidence started to show signs of improvement, backed by favorable employment conditions and the rise in real wages.

In China, economic activities resumed, but economic recovery was sluggish due to manifested concerns over the real estate market and a decline in personal consumption.

In Japan, normalization of economic activities progressed, and moderate economic recovery continued, supported by personal consumption and demand from inbound tourists.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for the first nine months of fiscal year 2023, net sales decreased 19.8% from the same period of the previous year to 375,264 million yen. Operating income decreased 43.0% to 72,086 million yen, ordinary income decreased 35.8% to 96,221 million yen, and net income attributable to owners of parent decreased 47.0% to 60,169 million yen.

### Reportable Segment Overview

#### ① Bicycle Components

Although the strong interest in bicycles cooled down, interest in bicycles continued to be high as a long-term trend. On the other hand, market inventories generally remained high, despite ongoing supply and demand adjustments.

Overseas, in the European market, the strong interest in bicycles continued in our major market, namely, Germany and Benelux countries, and retail sales of completed bicycles were strong. Market inventories, however, remained at high levels.

In the North American market, retail sales of completed bicycles remained weak and market inventories were at a consistently high level, despite some progress in inventory adjustment.

In the Asian, Oceanian and Central and South American markets, although interest in bicycles was firm, retail sales of completed bicycles remained somewhat sluggish due to cooling consumer confidence on account of rising inflation and economic uncertainty, and market inventories were at a high level. However, in the Chinese market, sales remained strong, especially for road bikes, owing to the continued popularity of outdoor sports cycling, and market inventories remained at an appropriate level.

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

Under these market conditions, the Shimano Group received a favorable reception for its new 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 24.8% from the same period of the previous year to 289,443 million yen, and operating income decreased 48.8% to 55,917 million yen.

#### ② Fishing Tackle

Although the global high demand for fishing tackle cooled down, interest in fishing continued as an outdoor leisure activity.

In the Japanese market, with leisure options becoming diversified, there was a decline in the number of new family users and beginners that had increased during the COVID-19 pandemic, on account of rising prices and unfavorable weather conditions, leading to sluggish sales of popularly priced products. Meanwhile, willingness to buy high-priced products was firm among long-time fishing enthusiasts.

Overseas, while sales in the North American market continued to be weak, demand remained high for high-priced products.

In the European market, demand was stable in some areas, but sales were lackluster partly due to unfavorable weather conditions in summer.

In the Asian market, sales continued to be favorable as demand was high for high-priced products in the Chinese market.

In the Australian market, assisted by favorable fishing conditions, demand for products became robust and sales were strong.

Under these market conditions, order-taking was brisk for the new spinning reels STRADIC and BB-X DESPINA, the existing spinning reels VANQUISH, and other products.

As a result, net sales from this segment increased 3.4% from the same period of the previous year to 85,472 million yen, and operating income decreased 7.3% to 16,200 million yen.

③ Others

Net sales from this segment decreased 2.5% from the same period of the previous year to 348 million yen and operating loss of 31 million yen was recorded, following an operating loss of 24 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 nine months of fiscal year 2023 amounted to 900,347 million yen, an increase of 73,933 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 81,134 million yen in cash and time deposits, an increase of 4,883 million yen in investment securities, an increase of 4,707 million yen in construction in progress, an increase of 3,770 million yen in deferred income taxes, a decrease of 18,386 million yen in notes and accounts receivable-trade, and a decrease of 8,321 million yen in work in process.

Total liabilities amounted to 74,795 million yen, a decrease of 10,522 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 16,658 million yen in provision for product warranties, a decrease of 16,827 million yen in income taxes payable and a decrease of 9,296 million yen in accounts payable-trade.

Net assets amounted to 825,551 million yen, an increase of 84,456 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 54,764 million yen in foreign currency translation adjustments, an increase of 17,942 million yen in retained earnings, and a decrease of 9,701 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 nine months of fiscal year 2023 where market inventories remain at a high level, but the outlook will remain uncertain. Despite such conditions, orders for the Group, which had gone through revisions in light of unfavorable weather conditions in this early spring, did not fall as much as projected, and non-operating income was recorded due to the depreciation of Asian currencies caused by the stronger U.S. dollar. Meanwhile, other factors have been also taken into account, such as the recording of provision for expenses associated with free inspection and replacement provided to certain products under a free inspection program, as loss on free inspection under extraordinary losses.

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)	450,000	70,000	93,000	69,000	763.24
Revised forecast (B)	462,000	77,000	105,000	66,000	730.77
Difference (B-A)	12,000	7,000	12,000	(3,000)	
Change (%)	2.7	10.0	12.9	(4.3)	
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 nine months of FY2023 As of Sep. 30, 2023
Assets		
Current assets		
Cash and time deposits	430,429	511,563
Notes and accounts receivable-trade	55,201	36,814
Merchandise and finished goods	79,966	80,516
Work in process	42,733	34,412
Raw materials and supplies	8,209	6,711
Others	12,523	13,223
Allowance for doubtful accounts	(310)	(413)
Total current assets	628,754	682,827
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	77,239	78,132
Machinery and vehicles (net)	25,600	27,492
Land	13,936	14,269
Leased assets (net)	5,205	5,562
Construction in progress	18,749	23,457
Others (net)	6,513	6,404
Total property, plant and equipment	147,244	155,319
Intangible assets		
Goodwill	3,065	2,996
Software	10,059	10,029
Others	6,716	8,715
Total intangible assets	19,841	21,741
Investments and other assets		
Investment securities	19,694	24,578
Deferred income taxes	6,728	10,498
Net defined benefit asset	2,645	2,529
Others	1,941	3,290
Allowance for doubtful accounts	(436)	(438)
Total investments and other assets	30,573	40,458
Total fixed assets	197,659	217,519
Total assets	826,413	900,347

	(Millions of yen)	
	FY2022 As of Dec. 31, 2022	First nine months of FY2023 As of Sep. 30, 2023
Liabilities		
Current liabilities		
Accounts payable-trade	20,595	11,298
Short-term loans payable	2,151	209
Income taxes payable	21,899	5,072
Accrued employee bonuses	3,682	4,283
Accrued officer bonuses	198	101
Provision for product warranties	1,393	18,052
Others	28,688	28,087
Total current liabilities	78,608	67,105
Long-term liabilities		
Deferred income taxes	2,522	3,167
Net defined benefit liability	1,210	1,395
Others	2,976	3,127
Total long-term liabilities	6,709	7,690
Total liabilities	85,318	74,795
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	638,141	656,083
Treasury stock	(12,909)	(3,207)
Total shareholders' equity	666,485	694,129
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,537	5,296
Foreign currency translation adjustments	70,085	124,849
Total accumulated other comprehensive income	73,623	130,145
Non-controlling interests	986	1,276
Total net assets	741,095	825,551
Total liabilities and net assets	826,413	900,347

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

## Consolidated Statements of Income

	(Millions of yen)	
	First nine months of FY2022 Jan. 1, 2022 to Sep. 30, 2022	First nine months of FY2023 Jan. 1, 2023 to Sep. 30, 2023
Net sales	467,665	375,264
Cost of sales	269,385	228,687
Gross profit	198,279	146,576
Selling, general and administrative expenses	71,702	74,489
Operating income	126,576	72,086
Non-operating income		
Interest income	2,878	13,773
Dividend income	479	615
Foreign exchange gains	20,934	10,227
Others	924	816
Total non-operating income	25,216	25,432
Non-operating expenses		
Interest expenses	100	152
Contribution	1,100	943
Voluntary recall expenses	471	144
Others	258	57
Total non-operating expenses	1,930	1,298
Ordinary income	149,862	96,221
Extraordinary losses		
Loss on free inspection	—	17,074
Impairment loss	618	—
Subsidiary restructuring loss	460	—
Loss on sales of shares of subsidiaries	98	—
Loss on factory reconstruction	801	833
Total extraordinary losses	1,979	17,908
Income before income taxes	147,883	78,312
Income taxes-current	35,673	22,111
Income taxes-deferred	(1,469)	(4,166)
Total income taxes	34,203	17,945
Net income	113,679	60,367
Net income attributable to non-controlling interests	193	197
Net income attributable to owners of parent	113,486	60,169



## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First nine months of FY2022 Jan. 1, 2022 to Sep. 30, 2022	First nine months of FY2023 Jan. 1, 2023 to Sep. 30, 2023
Net income	113,679	60,367
Other comprehensive income		
Unrealized gain (loss) on other securities	(981)	1,758
Foreign currency translation adjustments	71,378	54,934
Total other comprehensive income	70,396	56,692
Comprehensive income	184,076	117,059
(Breakdown)		
Comprehensive income attributable to owners of parent	183,707	116,692
Comprehensive income attributable to non-controlling interests	368	367

(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, and acquired 88,000 shares of common stock on August 9, 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 25, 2023. As a result, treasury stock increased by 6,784 million yen during the first nine months of fiscal year 2023, including the increase due to acquisition of fractional shares.

(Cancellation of treasury stock)

The Company canceled 700,100 shares of treasury stock on May 2, 2023 based on the resolution of the Board of Directors meeting held on April 25, 2023. As a result, retained earnings and treasury stock decreased by 16,429 million yen and 16,429 million yen, respectively, during the first nine months of fiscal year 2023.

## (Segment Information)

First nine months of FY2022 (Jan. 1, 2022 – Sep. 30, 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	384,654	82,653	357	467,665	—	467,665
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	384,654	82,653	357	467,665	—	467,665
Third parties	384,654	82,653	357	467,665	—	467,665
Inter-segment	—	—	—	—	—	—
Total	384,654	82,653	357	467,665	—	467,665
Segment income (loss)	109,119	17,482	(24)	126,576	—	126,576

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 nine months of FY2023 (Jan. 1, 2023 – Sep. 30, 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	289,443	85,472	348	375,264	—	375,264
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	289,443	85,472	348	375,264	—	375,264
Third parties	289,443	85,472	348	375,264	—	375,264
Inter-segment	—	—	—	—	—	—
Total	289,443	85,472	348	375,264	—	375,264
Segment income (loss)	55,917	16,200	(31)	72,086	—	72,086

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.