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

(January 1, 2024 –September 30, 2024) October 29, 2024

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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 nine months of FY2024 (January 1, 2024 – September 30, 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 nine months of FY2024	334,879	(10.8)	50,651	(29.7)	58,262	(39.4)	41,343	(31.3)
First nine months of FY2023	375,264	(19.8)	72,086	(43.0)	96,221	(35.8)	60,169	(47.0)

(Note) Comprehensive income First nine months of FY2024: 65,204 million yen (-44.3%) First nine months of FY2023: 117,059 million yen (-36.4%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months of FY2024	461.71	—
First nine months of FY2023	665.35	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First nine months of FY2024	896,089	824,793	91.9
FY2023	871,731	802,396	91.9

(Reference) Shareholders' equity First nine months of FY2024: 823,711 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	—	154.50	—		
FY2024 (Forecast)				154.50	309.00

(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
FY2024	450,000	(5.1)	66,000	(21.1)	77,500	(25.0)	56,000	(8.4)	626.92

(Note) Change in forecasted consolidated business performance during the period: Yes

*Notes

(1) Significant changes in the scope of consolidation during the period: 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 FY2024	89,380,000 shares	FY2023	90,022,000 shares
② Number of shares of treasury stock at period-end:	First nine months of FY2024	53,981 shares	FY2023	56,027 shares
③ Average number of shares during the period (cumulative from the beginning of the fiscal year):	First nine months of FY2024	89,543,816 shares	First nine months of FY2023	90,433,672 shares

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

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 2024, geopolitical risks caused by the prolonged invasion of Ukraine and rising tensions in the Middle East, as well as stagnant Chinese economy, among other factors, exerted downward pressure on the economic climate. However, mainly on the back of subsided high inflation, the global economy emerged from the stagnant period and started to show signs of a pickup.

In Europe, the impact of cumulative tightening of monetary policies had lessened. As a result, personal consumption continued to pick up and the economy started to show some signs of recovery.

In the U.S., although firm personal consumption supported the economy, the pace of economic expansion was moderate due to a slowdown in the labor market.

In China, the economy was lackluster due to the prolonged recession in the real estate sector and sluggish personal consumption.

In Japan, the economy continued to recover moderately, backed by a pickup in personal consumption in tandem with the improved income environment and rising 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 2024, net sales decreased 10.8% from the same period of the previous year to 334,879 million yen. Operating income decreased 29.7% to 50,651 million yen, ordinary income decreased 39.4% to 58,262 million yen, and net income attributable to owners of parent decreased 31.3% to 41,343 million yen.

Reportable Segment Overview

① Bicycle Components

While the strong interest in bicycles continued as a long-term trend, retail inventories at retailers started to show signs of progress. However, market inventories of completed bicycles remained high.

Overseas, in the European market, retail sales of completed bicycles remained weak due to unfavorable weather conditions in early spring, and market inventories of completed bicycles remained at a somewhat high level.

In the North American market, retail sales softened, although interest in bicycles was firm and adjustments of market inventories of completed bicycles were progressing.

In the Asian, Oceanian and Central and South American markets, personal consumption continued to be sluggish, retail sales of completed bicycles were weak, and market inventories were at a high level. In the Chinese market, the popularity of cycling in general continued, retail sales of completed bicycles were favorable, especially for road bikes, 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, and adjustments of market inventories continued.

Under these market conditions, the Shimano Group received a favorable reception for its products, including SHIMANO 105, a component for road bikes, and a gravel-specific component SHIMANO GRX.

As a result, net sales from this segment decreased 12.3% from the same period of the previous year to 253,861 million yen, and operating income decreased 26.1% to 41,342 million yen.

② Fishing Tackle

Demand for fishing tackle that had been overly strong globally cooled down and sales remained weak. Meanwhile, adjustments of market inventories started to show signs of progress.

In the Japanese market, buying motives among fishing enthusiasts were firm. On the other hand, adjustments of market inventories continued, and sales were lackluster as affected by extreme heat and adverse weather conditions.

Overseas, in the North American market, sales were strong backed by stable demand, and market inventories progressed toward an appropriate level.

In the European market, sales continued to be weak, but there was progress in adjustments of market inventories.

In the Asian market, sales were lackluster as affected by a slowdown in personal consumption and adverse weather conditions, and market inventories remained high.

In the Australian market, backed by favorable weather and fishing conditions, sales were favorable and market inventories remained at an appropriate level.

Under these market conditions, the new baitcasting reels OCEA CONQUEST CT and the new spinning reels BB-X TECHNIUM FIRE BLOOD were well-received in the market. In addition, order-taking continued to be brisk for the spinning reels TWINPOWER.

As a result, net sales from this segment decreased 5.6% from the same period of the previous year to

80,690 million yen, and operating income decreased 42.4% to 9,323 million yen.

③ Others

Net sales from this segment decreased 5.9% from the same period of the previous year to 327 million yen and operating loss of 14 million yen was recorded, following an operating loss of 31 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 2024 amounted to 896,089 million yen, an increase of 24,357 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 15,904 million yen in construction in progress, an increase of 4,205 million yen in work in process, an increase of 3,797 million yen in notes and accounts receivable-trade, an increase of 3,247 million yen in buildings and structures, a decrease of 3,536 million yen in merchandise and finished goods, and a decrease of 1,993 million yen in machinery and vehicles.

Total liabilities amounted to 71,295 million yen, an increase of 1,960 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 4,322 million yen in accounts payable-trade, and a decrease of 2,093 million yen in provision for product warranties.

Net assets amounted to 824,793 million yen, an increase of 22,397 million yen compared with the figure as of the previous fiscal year-end. The principal factors included an increase of 22,822 million yen in foreign currency translation adjustments, and a decrease of 1,086 million yen in retained earnings.

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

The consolidated business performance forecasts have been revised as follows, in light of factors such as non-operating expenses that were recorded due to the appreciation of Asian currencies caused by the weaker U.S. dollar during the first nine months of fiscal year 2024.

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)	450,000	66,000	100,000	77,000	862.01
Revised forecast (B)	450,000	66,000	77,500	56,000	626.92
Difference (B-A)	—	—	(22,500)	(21,000)	
Change (%)	—	—	(22.5)	(27.3)	
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 nine months of FY2024 As of Sep. 30, 2024
Assets		
Current assets		
Cash and time deposits	493,933	495,762
Notes and accounts receivable-trade	31,602	35,400
Merchandise and finished goods	74,293	70,756
Work in process	31,771	35,976
Raw materials and supplies	6,424	7,159
Others	15,071	14,300
Allowance for doubtful accounts	(342)	(445)
Total current assets	652,753	658,909
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	76,763	80,010
Machinery and vehicles (net)	33,005	31,012
Land	14,317	14,575
Leased assets (net)	5,433	5,405
Construction in progress	22,994	38,899
Others (net)	5,468	5,042
Total property, plant and equipment	157,982	174,945
Intangible assets		
Goodwill	1,898	1,564
Software	13,225	13,349
Others	6,864	9,277
Total intangible assets	21,989	24,191
Investments and other assets		
Investment securities	23,781	24,026
Deferred income taxes	9,693	8,449
Net defined benefit asset	2,804	2,668
Others	3,174	3,349
Allowance for doubtful accounts	(447)	(450)
Total investments and other assets	39,006	38,042
Total fixed assets	218,977	237,179
Total assets	871,731	896,089

(Millions of yen)

	FY2023 As of Dec. 31, 2023	First nine months of FY2024 As of Sep. 30, 2024
Liabilities		
Current liabilities		
Accounts payable-trade	11,025	15,348
Income taxes payable	5,737	5,450
Accrued employee bonuses	3,041	4,344
Accrued officer bonuses	141	108
Provision for product warranties	16,017	13,924
Others	25,870	25,122
Total current liabilities	61,834	64,298
Long-term liabilities		
Deferred income taxes	3,179	2,663
Net defined benefit liability	1,253	1,340
Others	3,067	2,992
Total long-term liabilities	7,500	6,997
Total liabilities	69,334	71,295
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,640	5,640
Retained earnings	647,172	646,086
Treasury stock	(1,264)	(1,415)
Total shareholders' equity	687,162	685,924
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	4,902	5,863
Foreign currency translation adjustments	109,101	131,923
Total accumulated other comprehensive income	114,003	137,786
Non-controlling interests	1,230	1,082
Total net assets	802,396	824,793
Total liabilities and net assets	871,731	896,089

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	First nine months of FY2023 Jan. 1, 2023 to Sep. 30, 2023	First nine months of FY2024 Jan. 1, 2024 to Sep. 30, 2024
Net sales	375,264	334,879
Cost of sales	228,687	204,402
Gross profit	146,576	130,476
Selling, general and administrative expenses	74,489	79,825
Operating income	72,086	50,651
Non-operating income		
Interest income	13,773	17,653
Dividend income	615	481
Foreign exchange gains	10,227	―
Others	816	1,442
Total non-operating income	25,432	19,577
Non-operating expenses		
Interest expenses	152	80
Contribution	943	875
Foreign exchange losses	―	9,037
Others	202	1,973
Total non-operating expenses	1,298	11,966
Ordinary income	96,221	58,262
Extraordinary losses		
Loss on free inspection	17,074	―
Loss on factory reconstruction	833	66
Total extraordinary losses	17,908	66
Income before income taxes	78,312	58,196
Income taxes-current	22,111	16,446
Income taxes-deferred	(4,166)	211
Total income taxes	17,945	16,658
Net income	60,367	41,538
Net income attributable to non-controlling interests	197	195
Net income attributable to owners of parent	60,169	41,343

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First nine months of FY2023 Jan. 1, 2023 to Sep. 30, 2023	First nine months of FY2024 Jan. 1, 2024 to Sep. 30, 2024
Net income	60,367	41,538
Other comprehensive income		
Unrealized gain (loss) on other securities	1,758	960
Foreign currency translation adjustments	54,934	22,705
Total other comprehensive income	56,692	23,666
Comprehensive income	117,059	65,204
(Breakdown)		
Comprehensive income attributable to owners of parent	116,692	65,126
Comprehensive income attributable to non-controlling interests	367	78

(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, and acquired 442,000 shares of common stock on May 17, 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 23, 2024. As a result, treasury stock increased by 16,015 million yen during the first nine months 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, and canceled 442,000 shares of treasury stock on August 6, 2024 based on the resolution of the Board of Directors meeting held on July 30, 2024. As a result, capital surplus, retained earnings and treasury stock decreased by 6 million yen, 15,808 million yen and 15,814 million yen, respectively, during the first nine months of fiscal year 2024.

(Note on Segment Information)

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.

First nine months of FY2024 (Jan. 1, 2024 – Sep. 30, 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	253,861	80,690	327	334,879	—	334,879
Goods to be transferred over a period of time	—	—	—	—	—	—
Revenue from contracts with customers	253,861	80,690	327	334,879	—	334,879
Third parties	253,861	80,690	327	334,879	—	334,879
Inter-segment	—	—	—	—	—	—
Total	253,861	80,690	327	334,879	—	334,879
Segment income (loss)	41,342	9,323	(14)	50,651	—	50,651

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.

(Note on Statements of Cash Flows)

The consolidated statements of cash flows for the first nine months of fiscal year 2024 have not been prepared. Depreciation and amortization (including amortization related to intangible assets other than goodwill) for the first nine months of fiscal year 2024 are as follows:

(Millions of yen)

	First nine months of FY2023 Jan. 1, 2023 to Sep. 30, 2023	First nine months of FY2024 Jan. 1, 2024 to Sep. 30, 2024
Depreciation and amortization	17,307	18,452