

Consolidated Financial Results

for the First Quarter of the Fiscal Year Ending September 30, 2023

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, Prime Market
Headquarters	Tokyo, Japan
(URL https://www.shoei.com/)	
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Hiroshi Yamaguchi, Director and General Manager of Business & Financial Management Headquarters

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	<u>Oct.21-Dec.21</u>	<u>Oct.22-Dec.22</u>	<u>% Changes</u>
Net Sales	7,350	8,117	10.4
Operating Income	2,204	2,581	17.1
Ordinary Income	2,230	2,444	9.6
Profit attributable to owners of parent	1,562	1,712	9.6
	<hr/>		
	Yen		
<i>Per Share Amounts</i>			
Net Income	58.25	63.83	
Net Income, Diluted	—	—	

Notes:

1.Earnings (Losses) of Affiliates in Equity Method:

Millions of Yen	
<u>Oct.21-Dec.21</u>	<u>Oct.22-Dec.22</u>
—	—

2.Average Number of Shares Outstanding During The Period (Consolidated):

Shares	
<u>Oct.21-Dec.21</u>	<u>Oct.22-Dec.22</u>
26,817,839	26,830,857

3.Number of Treasury Stocks as of December 31, 2022: 26,032

4.Change of Accounting Method: Not Applicable.

5.Percentages of net sales, operating income, ordinary income and net income show changes from those in the corresponding period of the previous year.

6.Amounts Less than ¥1million are omitted.

7.The net income per share is calculated using the weighted average number of shares (excluding treasury stock)during the period.

2) Financial Position

	Millions of Yen	
	<u>Sep.30,22</u>	<u>Dec.31,22</u>
Total Assets	29,428	26,489
Net Assets	22,895	21,615
	Percentage	
Shareholders' equity ratio	77.7%	81.5%
	Yen	
Net Assets per Share	852.65	805.64

Notes:

1.Number of Shares Outstanding on September 30, 2022 and Dec 31, 2022

(Consolidated):

Shares	
<u>Sep.30,22</u>	<u>Dec.31,22</u>
26,856,858	26,856,858

3) Scope of Consolidation

Number of Consolidated Subsidiaries	8
Number of Non-Consolidated Subsidiaries in Equity Method	0
Number of Affiliates in Equity Method	0

4) Change in Consolidation During the Period

Number of Newly Consolidated Subsidiaries	0
Number of Companies Excluded from Consolidation	0
Number of Subsidiaries and Affiliates Newly Consolidated in Equity Method	0
Number of Companies Excluded from Consolidation in Equity Method	0

II. Consolidated Forecasts

for The Fiscal Year Ending September 30, 2023

	Millions of Yen
	<u>Oct.22-Sep.23</u>
Net Sales	31,690
Operating Income	8,780
Ordinary Income	8,780
Net Income	6,260
	Yen
Net Income Per Share	233.31

【Qualitative Information on Performance on Consolidated Basis】

During the first quarter of the fiscal year under review (from October 1, 2022 to December 31, 2022), the global economy continued to face downward risks, mainly reflecting inflation control measures implemented in Europe and the United States, in addition to increasing geopolitical risks, such as the crisis in Ukraine, and resultant surges in the prices of a range of items including fossil fuels.

The market for high-end motorcycle helmets, especially in developed countries, saw the increased popularity of motorcycles as means of transportation or recreation that people use or enjoy while simultaneously avoiding the Three Cs amid the COVID-19 pandemic. Under the post-COVID-19 situation and the above conditions of the global economy, the Company has been carefully watching how the demand trends will change. At present, however, no rapid decline in demand has been reported. In this situation, the Company has manufactured and sold products in accordance with the plan formulated at the beginning of the fiscal year and successfully implemented its ongoing measures on the development and manufacture of new models that meet customer demand and on a sales and service system for supporting customers' safety. In the first quarter under review, the total number of units sold in Japan and overseas increased 2.1% year on year. In Europe, the number of units sold rose 2.2% year on year, reflecting solid retail sales. In North America, the number of units sold decreased 31.2% year on year as a reaction against the fact that distributors expanded inventory over the past year while enjoying strong sales. The number of units sold in Japan increased 1.8% year on year due to successful brand and sales strategies. In Asia, the number of units sold increased 29.7% year on year because sales in China increased significantly, up 71.3% year on year, while the demand remained strong with the impact of the delayed timing of orders placed by local distributors, which took place in the fiscal year before last, having bottomed out.

With respect to financial results for the first quarter under review, net sales grew 10.4%, or by 767,205 thousand yen year on year, to 8,117,312 thousand yen, driven by sales in Asia and Europe. Operating income came to 2,581,013 thousand yen, a year-on-year increase of 17.1%, or 376,765 thousand yen, despite an increase in material and other costs, due to the effect of launch of new models (the X-15 series) and lower-than-expected selling, general and administrative expenses. Ordinary income rose 214,314 thousand yen, or 9.6%, year on year, to 2,444,434 thousand yen. Profit before income tax totaled 2,444,569 thousand yen, a year-on-year increase of 214,417 thousand yen, or 9.6%. Profit attributable to owners of parent was 1,712,624 thousand yen, an increase of 150,551 thousand yen, or 9.6%, year on year.

Sales by Market

Japan : 1,539,016 thousand yen (+74,807 thousand yen (5.1%) year on year)

Europe : 3,368,672 thousand yen (+428,261 thousand yen (14.6%) year on year)

North America : 1,028,561 thousand yen (-201,257 thousand yen (-16.4%) year on year)

Asia : 1,936,648 thousand yen (+431,382 thousand yen (28.7%) year on year)

Others : 244,413 thousand yen (+34,011 thousand yen (16.2%) year on year)

Exchange rates applied to the period are as below;

For exchanging sales : 141.86 yen/US\$ (113.29 yen/US\$ year on year)

145.02 yen/Euro (129.44 yen/Euro year on year)

For exchanging result of overseas subsidiaries as of September 30, 2022:

144.81 yen/US\$ (111.92 yen/US\$ year on year)

142.32 yen/Euro (129.86 yen/Euro year on year)

【Qualitative Information on Forecast of Fiscal Year on Consolidated Basis】

Original forecast published on November 15, 2022 is not changed. When revision is required, it will be published timely and properly.

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Net sales	7,350,107	8,117,312
Cost of sales	4,069,535	4,372,447
Gross profit	3,280,571	3,744,864
Selling, general and administrative expenses	1,076,323	1,163,851
Operating profit	2,204,247	2,581,013
Non-operating income		
Interest income	36	28
Foreign exchange gains	24,544	-
Insurance claim income	241	-
Subsidy income	-	105
Patent Settlement	-	11,364
Other	2,718	2,257
Total non-operating income	27,540	13,755
Non-operating expenses		
Interest expenses	1,564	1,789
Foreign exchange losses	-	147,835
Other	103	709
Total non-operating expenses	1,668	150,334
Ordinary profit	2,230,120	2,444,434
Extraordinary income		
Gain on sale of non-current assets	31	134
Total extraordinary income	31	134
Profit before income taxes	2,230,152	2,444,569
Income taxes - current	581,841	753,389
Income taxes - deferred	86,238	-21,443
Total income taxes	668,079	731,945
Profit	1,562,072	1,712,624
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,562,072	1,712,624

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit	1,562,072	1,712,624
Other comprehensive income		
Deferred gains or losses on hedges	-11,518	-
Foreign currency translation adjustment	-50,564	3,088
Remeasurements of defined benefit plans, net of tax	8,923	7,545
Total other comprehensive income	-53,159	10,633
Comprehensive income	1,508,913	1,723,257
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,508,913	1,722,983
Quarterly comprehensive income for non- controlling interests	-	274

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	13,887,217	10,766,349
Notes receivable - trade	294,601	90,662
Accounts receivable - trade	2,933,908	2,802,456
Merchandise and finished goods	2,527,624	2,790,874
Work in process	1,082,031	1,098,599
Raw materials and supplies	1,300,821	1,741,154
Other	1,510,113	1,089,934
Allowance for doubtful accounts	-2,902	-2,895
Total current assets	23,533,416	20,377,137
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,177,291	4,240,506
Accumulated depreciation	-2,330,056	-2,359,034
Buildings and structures, net	1,847,234	1,881,471
Machinery, equipment and vehicles	4,367,929	4,441,912
Accumulated depreciation	-3,055,171	-3,140,588
Machinery, equipment and vehicles, net	1,312,758	1,301,324
Tools, furniture and fixtures	5,145,629	5,299,472
Accumulated depreciation	-4,774,059	-4,849,588
Tools, furniture and fixtures, net	371,570	449,883
Land	235,118	235,118
Leased assets	83,121	83,121
Accumulated depreciation	-37,404	-41,560
Leased assets, net	45,716	41,560
Construction in progress	520,152	651,402
Right-of-use assets	501,386	498,962
accumulated depreciation	-139,582	-150,892
right-of-use assets, net	361,804	348,069
Total property, plant and equipment	4,694,355	4,908,831
Intangible assets	135,738	136,472
Investments and other assets		
Deferred tax assets	598,886	618,265
Other	466,233	448,366
Total investments and other assets	1,065,119	1,066,631
Total non-current assets	5,895,213	6,111,935
Total assets	29,428,630	26,489,072

(Thousands of yen)

	As of September 30, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	1,344,571	1,111,498
Lease liabilities	70,123	81,624
Accounts payable – other	459,691	615,647
Income taxes payable	1,587,544	796,481
Provision for bonuses	305,000	133,200
Other	1,650,731	1,079,555
Total current liabilities	5,417,662	3,818,005
Non-current liabilities		
Lease liabilities	346,279	314,404
Retirement benefit liability	679,628	650,598
Asset retirement obligations	41,529	41,548
Other	48,141	48,615
Total non-current liabilities	1,115,579	1,055,166
Total liabilities	6,533,242	4,873,172
Net assets		
Shareholders' equity		
Share capital	1,421,929	1,421,929
Capital surplus	418,773	418,773
Retained earnings	21,103,439	19,813,652
Treasury shares	-120,030	-120,364
Total shareholders' equity	22,824,112	21,533,990
Accumulated other comprehensive income		
Foreign currency translation adjustment	201,039	204,127
Remeasurements of defined benefit plans	-147,766	-140,221
Total accumulated other comprehensive income	53,272	63,906
Non-controlling interests	18,003	18,003
Total net assets	22,895,387	21,615,900
Total liabilities and net assets	29,428,630	26,489,072