

Consolidated Financial Results

for the Third 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
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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	<u>Oct.21-Jun.22</u>	<u>Oct.22-Jun.23</u>	<u>% Changes</u>
Net Sales	21,133	24,591	16.4
Operating Income	6,400	8,037	25.6
Ordinary Income	6,456	8,128	25.9
Profit attributable to owners of parent	4,369	5,689	30.2
	<hr/>		
	Yen		
<i>Per Share Amounts</i>			
Net Income	81.45	105.99	
Net Income, Diluted	—	—	

Notes:

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

Millions of Yen	
<u>Oct.21-Jun.22</u>	<u>Oct.22-Jun.23</u>
—	—

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

Shares	
<u>Oct.21-Jun.22</u>	<u>Oct.22-Jun.23</u>
53,647,379	53,675,629

3.On April 1st, 2023, the Company conducted a two-for-one stock split of common stock.

Concerning the number of shares for the previous fiscal year,

“average number of shares outstanding during the period”

have been calculated and presented as if the split was conducted at beginning of the previous fiscal year.

4.Number of Treasury Stocks as of Jun 30, 2023: 29,108

5.Change of Accounting Method: Not Applicable.

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

7.Amounts Less than ¥1million are omitted.

8.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>Jun.30,23</u>
Total Assets	29,428	31,216
Net Assets	22,895	25,668
	Percentage	
Net Assets to Total Assets	77.7%	82.2%
	Yen	
Net Assets per Share	426.33	478.14

Notes:

1. Number of Shares Outstanding on September 30, 2022 and Jun 30, 2023
(Consolidated):

Shares	
<u>Sep.30,22</u>	<u>Jun.30,23</u>
53,713,716	53,713,716

II. Consolidated Forecasts for The Fiscal Year Ending September 30, 2023

	Millions of Yen
	<u>Oct.22-Sep.23</u>
Net Sales	33,980
Operating Income	11,440
Ordinary Income	11,470
Net Income	8,210
	Yen
Net Income Per Share	153.11

【Qualitative Information on Performance on Consolidated Basis】

During the first nine months of the fiscal year under review (from October 1, 2022 to June 30, 2023), the global economy continued to slow down, mainly reflecting inflation control measures implemented in Europe and the United States, in addition to various prices remaining high.

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 global economic conditions, developed countries and the Chinese market were losing momentum, and inventories were increasing at distributors. However, the Company does not expect demand to decline decisively in the future, given demand for new models resulting from revised standards. 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 nine months under review, the total number of units sold in Japan and overseas increased 4.1% year on year. In Europe, the number of units sold remained weak, down 0.9% year on year, reflecting a calming of demand. In North America, the number of units sold decreased 50.2% year on year as a reaction against the fact that distributors expanded inventory over the past year while enjoying strong sales and falling demand. In Japan, the number of units sold declined 3.2% year on year but remained at a high level. In Asia, the number of units sold increased 97.6% year on year because sales in China increased significantly, up 129.0% 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.

In the first nine months of the fiscal year under review, net sales grew 16.4%, or 3,458,377 thousand yen, to 24,591,595 thousand yen. The growth was driven by strong markets in Asia, particularly the Chinese market, and the weaker yen. Operating income came to 8,037,215 thousand yen, a year-on-year increase of 25.6%, or 1,636,797 thousand yen, despite an increase in material and other costs, due to across-the-board price increases in October 2022, the effect of launch of new models (the X-15 series), which boosted the average unit selling price per helmet, and lower-than-expected selling, general and administrative expenses. Ordinary income rose 1,672,327 thousand yen, or 25.9%, year on year, to 8,128,378 thousand yen. Profit before income tax totaled 8,128,574 thousand yen, a year-on-year increase of 1,672,472 thousand yen, or 25.9%. Profit attributable to owners of parent was 5,689,166 thousand yen, an increase of 1,319,676 thousand yen, or 30.2%, year on year.

Sales by Market

Japan : 4,753,313 thousand yen (+259,860 thousand yen (5.8%) year on year)

Europe : 10,063,777 thousand yen (+1,021,064 thousand yen (11.3%) year on year)

North America : 2,602,329 thousand yen (-1,312,329 thousand yen (-33.5%) year on year)

Asia : 6,476,817 thousand yen (+3,333,537 thousand yen (106.1%) year on year)

Others : 695,357 thousand yen (+156,245 thousand yen (29.0%) year on year)

Exchange rates applied to the period are as below:

For exchanging sales : 137.32 yen/US\$ (119.81 yen/US\$ year on year)

145.71 yen/Euro (133.27 yen/Euro year on year)

For exchanging result of overseas subsidiaries as of March 31, 2023:

133.53 yen/US\$ (122.39 yen/US\$ year on year)

145.72 yen/Euro (136.70 yen/Euro year on year)

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

The Company will make an upward revision to the full-year consolidated results forecast for the fiscal year ending September 30, 2023. Accordingly, net sales, operating income, ordinary income and profit attributable to owners of parent will be 33,980 million yen, up 7.2% from the previous forecast, 11,440 million yen, up 30.3%, 11,470 million yen, up 30.6% and 8,210 million yen, up 31.2%, respectively. The main factors were exchange rates, especially the yen's depreciation against the euro, which was much weaker than expected, and an improvement in the profit margin of the new model (X-15 series).

In addition, with respect to the full-year non-consolidated results forecast for the fiscal year ending September 30, 2023, the Company will make upward revisions to net sales and incomes respective levels.

Foreign exchange rates applied at the Company for the full-year forecast are 137.93 yen to the U.S. dollar (up 14.06 yen year on year) and 147.98 yen to the euro (up 13.12 yen year on year), while those applied at its overseas subsidiaries (as of June 30, 2023) are 144.99 yen to the U.S. dollar (up 8.31 yen year on year) and 157.60 yen to the euro (up 14.93 yen year on year).

The Company will also revise its year-end dividend forecast to 76.00 yen per share (up 18 yen per share from the previous forecast), which is equivalent to 50%, or the payout ratio, of earnings per share (153.11 yen) for the fiscal year under review.

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	21,133,218	24,591,595
Cost of sales	11,433,436	12,878,730
Gross profit	9,699,782	11,712,865
Selling, general and administrative expenses	3,299,363	3,675,650
Operating profit	6,400,418	8,037,215
Non-operating income		
Interest income	119	5,129
Foreign exchange gains	44,147	58,019
Insurance claim income	20	-
Subsidy income	8,973	8,099
Patent Settlement	-	11,364
Other	11,610	20,399
Total non-operating income	64,870	103,011
Non-operating expenses		
Interest expenses	5,668	5,857
Payments for employment of persons with disabilities	2,750	2,500
Other	819	3,491
Total non-operating expenses	9,238	11,848
Ordinary profit	6,456,050	8,128,378
Extraordinary income		
Gain on sale of non-current assets	51	134
Other	-	61
Total extraordinary income	51	196
Profit before income taxes	6,456,102	8,128,574
Income taxes - current	2,068,376	2,575,196
Income taxes - deferred	18,235	-135,787
Total income taxes	2,086,612	2,439,408
Profit	4,369,489	5,689,166
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,369,489	5,689,166

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit	4,369,489	5,689,166
Other comprehensive income		
Deferred gains or losses on hedges	-21,009	-34,594
Foreign currency translation adjustment	197,872	40,273
Remeasurements of defined benefit plans, net of tax	26,770	22,635
Total other comprehensive income	203,633	28,313
Comprehensive income	4,573,123	5,717,479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,573,123	5,717,891
Quarterly comprehensive income for non-controlling interests	-	-411

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	13,887,217	12,911,434
Notes receivable - trade	294,601	119,446
Accounts receivable - trade	2,933,908	2,697,317
Merchandise and finished goods	2,527,624	3,845,529
Work in process	1,082,031	1,702,412
Raw materials and supplies	1,300,821	1,430,584
Other	1,510,113	1,687,360
Allowance for doubtful accounts	-2,902	-2,903
Total current assets	23,533,416	24,391,182
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,177,291	4,491,689
Accumulated depreciation	-2,330,056	-2,414,999
Buildings and structures, net	1,847,234	2,076,689
Machinery, equipment and vehicles	4,367,929	4,664,970
Accumulated depreciation	-3,055,171	-3,255,228
Machinery, equipment and vehicles, net	1,312,758	1,409,741
Tools, furniture and fixtures	5,145,629	5,992,559
Accumulated depreciation	-4,774,059	-5,175,027
Tools, furniture and fixtures, net	371,570	817,532
Land	235,118	257,057
Leased assets	83,121	83,121
Accumulated depreciation	-37,404	-49,872
Leased assets, net	45,716	33,248
Construction in progress	520,152	471,515
Right-of-use assets	501,386	538,700
Accumulated depreciation	-139,582	-131,036
Right-of-use-assets, net	361,804	407,664
Total property, plant and equipment	4,694,355	5,473,448
Intangible assets	135,738	194,091
Investments and other assets		
Deferred tax assets	598,886	740,651
Other	466,233	416,694
Total investments and other assets	1,065,119	1,157,345
Total non-current assets	5,895,213	6,824,885
Total assets	29,428,630	31,216,068

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,344,571	797,494
Lease liabilities	70,123	95,449
Accounts payable - other	459,691	519,406
Income taxes payable	1,587,544	1,391,793
Provision for bonuses	305,000	135,800
Other	1,650,731	1,569,075
Total current liabilities	5,417,662	4,509,018
Non-current liabilities		
Lease liabilities	346,279	353,560
Retirement benefit liability	679,628	596,036
Asset retirement obligations	41,529	41,586
Other	48,141	47,345
Total non-current liabilities	1,115,579	1,038,528
Total liabilities	6,533,242	5,547,546
Net assets		
Shareholders' equity		
Share capital	1,421,929	1,421,929
Capital surplus	418,773	418,773
Retained earnings	21,103,439	23,781,465
Treasury shares	-120,030	-53,236
Total shareholders' equity	22,824,112	25,568,932
Accumulated other comprehensive income		
Deferred gains or losses on hedges	-	-34,594
Foreign currency translation adjustment	201,039	243,313
Remeasurements of defined benefit plans	-147,766	-125,131
Total accumulated other comprehensive income	53,272	83,587
Non-controlling interests	18,003	16,002
Total net assets	22,895,387	25,668,521
Total liabilities and net assets	29,428,630	31,216,068