

Consolidated Financial Results for The Fiscal Year Ended September 30, 2018

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, 1st Section
Headquarters (URL https://www.shoei.com/)	Tokyo, Japan
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Atsuyuki Miyakawa, General Manager of Corporate Planning Department
Date of the Ordinary General Meeting of Shareholders:	Dec. 21, 2018
Payment Date of Dividends:	Dec. 25, 2018
Filing Date of Financial Statements:	Dec. 25, 2018

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	<u>Oct.16-Sept.17</u>	<u>Oct.17-Sept.18</u>	<u>% Changes</u>
Net Sales	15,641	17,148	9.6
Operating Income	3,461	3,734	7.9
Ordinary Income	3,497	3,772	7.9
Net Income	2,358	2,578	9.3

	Yen	
	<u>Oct.16-Sept.17</u>	<u>Oct.17-Sept.18</u>
<i>Per Share Amounts</i>		
Net Income	171.29	187.21
Net Income, Diluted	—	—

Notes:

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

	Millions of Yen	
	<u>Oct.16-Sept.17</u>	<u>Oct.17-Sept.18</u>
	—	—

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

	Shares	
	<u>Oct.16-Sept.17</u>	<u>Oct.17-Sept.18</u>
	13,771,845	13,771,744

3.Number of Treasury Shares as of September 30,2018: 782

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 previous year.

6.Amounts Less than \1 million 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

	<u>Millions of Yen</u>	
	<u>Sept. 30, 17</u>	<u>Sept. 30, 18</u>
Total Assets	15,003	16,755
Net Assets	12,255	13,659
	<u>Percent</u>	
Net Assets to Total Assets	81.7%	81.5%
	<u>Yen</u>	
Net Assets per Share	889.93	991.88

Notes:

1. Number of Shares Outstanding on September 30, 2017 and September 30, 2018

(Consolidated):

	<u>Shares</u>	
	<u>Sept.30,17</u>	<u>Sept.30,18</u>
	13,772,400	13,772,400

3) Cash Flow

	Millions of Yen	
	Oct.16-Sept.17	Oct.17-Sept.18
Net Cash Flow from Operating Activities	1,758	3,304
Net Cash Flow from Investment Activities	(1,039)	(1,214)
Net Cash Flow from Financial Activities	(1,089)	(1,172)
Cash and Cash Equivalents at the End of the Period	7,230	8,114

4) Scope of Consolidation

Number of Consolidated Subsidiaries	5
Number of Non-Consolidated Subsidiaries in Equity Method	0
Number of Affiliates in Equity Method	0

5) 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, 2019

	Millions of Yen
	Oct.18-Sept.19
Net Sales	18,150
Operating Income	3,440
Ordinary Income	3,450
Profit attributable to owners of parent	2,390
	Yen
Net Income Per Share	173.55

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Net sales	15,641,249	17,148,757
Cost of sales	9,162,603	10,302,723
Gross profit	6,478,646	6,846,033
Selling, general and administrative expenses		
Sales commission	65,834	74,982
Packing and transportation expenses	199,952	218,671
Advertising expenses	690,409	698,404
Provision of allowance for doubtful accounts	-175	1,717
Directors' compensations	146,057	130,399
Salaries and bonuses	701,433	726,323
Provision for bonuses	14,300	13,700
Retirement benefit expenses	26,690	27,385
Provision for directors' retirement benefits	24,096	21,131
Insurance expenses	91,527	89,856
Depreciation	50,827	57,462
Commission fee	283,470	330,706
Other	722,744	721,256
Total selling, general and administrative expenses	3,017,169	3,111,996
Operating profit	3,461,476	3,734,037
Non-operating income		
Interest income	900	1,786
Foreign exchange gains	31,835	26,412
Subsidy income	3,001	4,919
Miscellaneous income	10,263	11,106
Total non-operating income	46,000	44,224
Non-operating expenses		
Loss on transfer of receivables	8,402	1,272
Payments for employment of persons with disabilities	600	1,200
Miscellaneous loss	1,347	3,535
Total non-operating expenses	10,350	6,008
Ordinary profit	3,497,127	3,772,253
Extraordinary income		
Gain on sales of non-current assets	1,593	2,275
Total extraordinary income	1,593	2,275
Extraordinary losses		
Loss on sales of non-current assets	-	363
Loss on retirement of non-current assets	13,653	-
Provision for loss on litigation	17,275	-
Early Termination Fee	-	26,861
Total extraordinary losses	30,929	27,224
Profit before income taxes	3,467,791	3,747,305
Income taxes - current	1,039,253	1,196,590
Income taxes - deferred	69,548	-27,543
Total income taxes	1,108,802	1,169,046
Profit	2,358,988	2,578,258
Profit attributable to owners of parent	2,358,988	2,578,258

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Profit	2,358,988	2,578,258
Other comprehensive income		
Deferred gains or losses on hedges	-2,094	1,523
Foreign currency translation adjustment	490,767	-7,843
Remeasurements of defined benefit plans, net of tax	7,231	3,387
Total other comprehensive income	495,904	-2,931
Comprehensive income	2,854,893	2,575,326
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,854,893	2,575,326

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	7,230,692	8,115,168
Notes and accounts receivable - trade	1,794,616	2,179,023
Merchandise and finished goods	1,198,874	1,396,979
Work in process	449,884	421,830
Raw materials and supplies	569,682	689,927
Deferred tax assets	233,633	259,871
Other	755,398	721,672
Allowance for doubtful accounts	-6,097	-7,732
Total current assets	12,226,684	13,776,740
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,889,080	3,009,619
Accumulated depreciation	-2,070,086	-2,106,608
Buildings and structures, net	818,994	903,011
Machinery, equipment and vehicles	2,663,358	3,006,197
Accumulated depreciation	-1,685,213	-1,812,639
Machinery, equipment and vehicles, net	978,145	1,193,558
Tools, furniture and fixtures	4,437,742	4,514,958
Accumulated depreciation	-3,986,915	-4,275,073
Tools, furniture and fixtures, net	450,827	239,885
Land	211,544	211,544
Leased assets	6,090	6,090
Accumulated depreciation	-2,030	-4,059
Leased assets, net	4,060	2,030
Construction in progress	77,696	140,711
Total property, plant and equipment	2,541,267	2,690,740
Intangible assets	65,049	68,984
Investments and other assets		
Deferred tax assets	136,398	134,712
Other	34,255	84,597
Total investments and other assets	170,654	219,309
Total non-current assets	2,776,970	2,979,034
Total assets	15,003,655	16,755,775

(Thousands of yen)

	As of September 30, 2017	As of September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	606,099	655,824
Accounts payable - other	300,378	249,929
Income taxes payable	509,458	671,370
Provision for bonuses	205,600	220,700
Forward exchange contracts	14,425	4,804
Other	369,479	493,505
Total current liabilities	2,005,440	2,296,134
Non-current liabilities		
Provision for directors' retirement benefits	94,244	115,375
Net defined benefit liability	613,816	657,802
Asset retirement obligations	32,070	26,700
Other	2,088	-
Total non-current liabilities	742,219	799,878
Total liabilities	2,747,660	3,096,012
Net assets		
Shareholders' equity		
Capital stock	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	10,919,056	12,326,708
Treasury shares	-615	-1,568
Total shareholders' equity	12,704,840	14,111,539
Accumulated other comprehensive income		
Deferred gains or losses on hedges	-1,523	-
Foreign currency translation adjustment	-270,752	-278,595
Remeasurements of defined benefit plans	-176,568	-173,181
Total accumulated other comprehensive income	-448,845	-451,777
Total net assets	12,255,995	13,659,762
Total liabilities and net assets	15,003,655	16,755,775

Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,394,778	391,621	9,648,043	-585	11,433,858
Changes of items during period					
Dividends of surplus			-1,087,976		-1,087,976
Profit attributable to owners of parent			2,358,988		2,358,988
Purchase of treasury shares				-30	-30
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,271,012	-30	1,270,981
Balance at end of current period	1,394,778	391,621	10,919,056	-615	12,704,840

	Accumulated other comprehensive income				Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	570	-761,520	-183,800	-944,750	10,489,108
Changes of items during period					
Dividends of surplus					-1,087,976
Profit attributable to owners of parent					2,358,988
Purchase of treasury shares					-30
Net changes of items other than shareholders' equity	-2,094	490,767	7,231	495,904	495,904
Total changes of items during period	-2,094	490,767	7,231	495,904	1,766,886
Balance at end of current period	-1,523	-270,752	-176,568	-448,845	12,255,995

Fiscal year ended September 30, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,394,778	391,621	10,919,056	-615	12,704,840
Changes of items during period					
Dividends of surplus			-1,170,606		-1,170,606
Profit attributable to owners of parent			2,578,258		2,578,258
Purchase of treasury shares				-952	-952
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,407,652	-952	1,406,699
Balance at end of current period	1,394,778	391,621	12,326,708	-1,568	14,111,539

	Accumulated other comprehensive income				Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	-1,523	-270,752	-176,568	-448,845	12,255,995
Changes of items during period					
Dividends of surplus					-1,170,606
Profit attributable to owners of parent					2,578,258
Purchase of treasury shares					-952
Net changes of items other than shareholders' equity	1,523	7,843	3,387	-2,931	-2,931
Total changes of items during period	1,523	-7,843	3,387	-2,931	1,403,767
Balance at end of current period	-	-278,595	-173,181	-451,777	13,659,762

Consolidated Statements of Cash Flow

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,467,791	3,747,305
Depreciation	605,586	952,668
Increase (decrease) in allowance for doubtful accounts	367	1,638
Increase (decrease) in provision for bonuses	9,200	15,100
Increase (decrease) in provision for directors' retirement benefits	-198,432	21,131
Increase (decrease) in net defined benefit liability	48,957	49,684
Interest and dividend income	-900	-1,786
Insurance income	-1,489	-3,499
Subsidy income	-3,001	-4,919
Interest expenses	374	39
Foreign exchange losses (gains)	15,456	25,799
Loss on retirement of non-current assets	13,653	-
Loss (gain) on sales of non-current assets	-1,593	-1,912
Decrease (increase) in notes and accounts receivable - trade	-479,915	-384,848
Decrease (increase) in inventories	-312,213	-291,113
Increase (decrease) in notes and accounts payable - trade	-53,502	50,034
Decrease (increase) in other current assets	-109,550	-8,812
Increase (decrease) in other current liabilities	-55,845	111,569
Other, net	20,869	2,088
Subtotal	2,965,812	4,280,165
Interest and dividend income received	900	1,786
Proceeds from insurance income	1,489	3,499
Proceeds from subsidy income	3,001	4,919
Interest expenses paid	-374	-39
Income taxes paid	-1,224,712	-1,007,866
Income taxes refund	12,515	21,750
Net cash provided by (used in) operating activities	1,758,631	3,304,214
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,003,981	-1,114,341
Proceeds from sales of property, plant and equipment	2,593	2,377
Purchase of intangible assets	-29,522	-31,499
Other, net	-8,996	-71,493
Net cash provided by (used in) investing activities	-1,039,906	-1,214,956
Cash flows from financing activities		
Purchase of treasury shares	-30	-952
Cash dividends paid	-1,087,773	-1,169,954
Repayments of lease obligations	-1,914	-2,088
Net cash provided by (used in) financing activities	-1,089,717	-1,172,995
Effect of exchange rate change on cash and cash equivalents	404,857	-31,975
Net increase (decrease) in cash and cash equivalents	33,864	884,286
Cash and cash equivalents at beginning of period	7,196,827	7,230,692
Cash and cash equivalents at end of period	7,230,692	8,114,979

IV. Segment Information

(1) Business Segment Information

This section is not applicable because business of our group is limited to manufacture and sale of helmets.

(2) Overseas Sales

	<u>Oct.2016-Sept.2017</u>		<u>Oct.2017-Sept.2018</u>	
	<u>Sales</u>	<u>Percentage</u>	<u>Sales</u>	<u>Percentage</u>
	Thousands	Overseas	Thousands	Overseas
	of Yen	Sales to	of Yen	Sales to
		Net Sales		Net Sales
Europe	7,580,331	48.5	7,910,630	46.1
North America	2,138,989	13.7	2,767,099	16.1
Other Areas	<u>1,858,140</u>	<u>11.9</u>	<u>1,884,514</u>	<u>11.0</u>
Overseas Sales Total	<u>11,577,461</u>	<u>74.0</u>	<u>12,562,245</u>	<u>73.3</u>
Total including Japan	15,641,249	100.0	17,148,757	100.0