

Consolidated Financial Results for The Fiscal Year Ended September 30, 2019

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. 20, 2019
Payment Date of Dividends:	Dec. 23, 2019
Filing Date of Financial Statements:	Dec. 23, 2019

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	<u>Oct.17-Sept.18</u>	<u>Oct.18-Sept.19</u>	<u>% Changes</u>
Net Sales	17,148	18,616	8.6
Operating Income	3,734	4,203	12.6
Ordinary Income	3,772	4,179	10.8
Net Income	2,578	2,935	13.9

<i>Per Share Amounts</i>	Yen	
	<u>Oct.17-Sept.18</u>	<u>Oct.18-Sept.19</u>
Net Income	187.21	213.15
Net Income, Diluted	—	—

Notes:

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

Millions of Yen	
<u>Oct.17-Sept.18</u>	<u>Oct.18-Sept.19</u>
—	—

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

Shares	
<u>Oct.17-Sept.18</u>	<u>Oct.18-Sept.19</u>
13,771,744	13,771,562

3.Number of Treasury Shares as of September 30,2019: 871

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

	Millions of Yen	
	<u>Sept. 30, 18</u>	<u>Sept. 30, 19</u>
Total Assets	16,755	18,252
Net Assets	13,659	15,065
	Percent	
Net Assets to Total Assets	81.5%	82.5%
	Yen	
Net Assets per Share	991.88	1,093.99

Notes:

1. Number of Shares Outstanding on September 30, 2018 and September 30, 2019

(Consolidated):

Shares	
<u>Sept.30,18</u>	<u>Sept.30,19</u>
13,772,400	13,772,400

3) Cash Flow

	Millions of Yen	
	Oct.17-Sept.18	Oct.18-Sept.19
Net Cash Flow from Operating Activities	3,304	3,382
Net Cash Flow from Investment Activities	(1,214)	(1,050)
Net Cash Flow from Financial Activities	(1,172)	(1,284)
Cash and Cash Equivalents at the End of the Period	8,114	9,018

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, 2020

	Millions of Yen
	Oct.19-Sept.20
Net Sales	19,400
Operating Income	3,870
Ordinary Income	3,880
Profit attributable to owners of parent	2,670
	Yen
Net Income Per Share	193.88

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Net sales	17,148,757	18,616,239
Cost of sales	10,302,723	11,104,082
Gross profit	6,846,033	7,512,156
Selling, general and administrative expenses		
Sales commission	74,982	66,399
Packing and transportation expenses	218,671	238,299
Advertising expenses	698,404	724,575
Provision of allowance for doubtful accounts	1,717	-273
Remuneration for directors (and other officers)	130,399	155,905
Salaries and bonuses	726,323	750,545
Provision for bonuses	13,700	9,800
Retirement benefit expenses	27,385	46,327
Provision for retirement benefits for directors (and other officers)	21,131	36,367
Insurance expenses	89,856	96,137
Depreciation	57,462	63,407
Commission expenses	330,706	306,145
Other	721,256	814,568
Total selling, general and administrative expenses	3,111,996	3,308,207
Operating profit	3,734,037	4,203,949
Non-operating income		
Interest income	1,786	2,435
Foreign exchange gains	26,412	-
Insurance income	3,499	1,045
Subsidy income	4,919	7,146
Miscellaneous income	7,606	9,800
Total non-operating income	44,224	20,428
Non-operating expenses		
Foreign exchange losses	-	39,744
Loss on transfer of receivables	1,272	33
Payments for employment of persons with disabilities	1,200	1,800
Miscellaneous loss	3,535	3,397
Total non-operating expenses	6,008	44,976
Ordinary profit	3,772,253	4,179,401
Extraordinary income		
Gain on sales of non-current assets	2,275	830
Total extraordinary income	2,275	830
Extraordinary losses		
Loss on sales of non-current assets	363	-
Early Termination Fee	26,861	-
Total extraordinary losses	27,224	-
Profit before income taxes	3,747,305	4,180,232
Income taxes - current	1,196,590	1,257,283
Income taxes - deferred	-27,543	-12,516
Total income taxes	1,169,046	1,244,766
Profit	2,578,258	2,935,465
Profit attributable to owners of parent	2,578,258	2,935,465

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Profit	2,578,258	2,935,465
Other comprehensive income		
Deferred gains or losses on hedges	1,523	-
Foreign currency translation adjustment	-7,843	-233,106
Remeasurements of defined benefit plans, net of tax	3,387	-15,091
Total other comprehensive income	-2,931	-248,198
Comprehensive income	2,575,326	2,687,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,575,326	2,687,267

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	8,115,168	9,018,639
Notes and accounts receivable - trade	2,179,023	2,233,168
Merchandise and finished goods	1,396,979	1,227,427
Work in process	421,830	661,877
Raw materials and supplies	689,927	703,465
Forward exchange contracts	-	19,524
Other	721,672	820,832
Allowance for doubtful accounts	-7,732	-5,726
Total current assets	13,516,868	14,679,209
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,009,619	3,166,936
Accumulated depreciation	-2,106,608	-2,145,319
Buildings and structures, net	903,011	1,021,617
Machinery, equipment and vehicles	3,006,197	3,355,870
Accumulated depreciation	-1,812,639	-2,082,628
Machinery, equipment and vehicles, net	1,193,558	1,273,241
Tools, furniture and fixtures	4,514,958	4,537,736
Accumulated depreciation	-4,275,073	-4,235,723
Tools, furniture and fixtures, net	239,885	302,013
Land	211,544	211,544
Leased assets	6,090	-
Accumulated depreciation	-4,059	-
Leased assets, net	2,030	-
Construction in progress	140,711	74,824
Total property, plant and equipment	2,690,740	2,883,240
Intangible assets	68,984	65,696
Investments and other assets		
Deferred tax assets	394,584	413,605
Other	84,597	210,363
Total investments and other assets	479,181	623,969
Total non-current assets	3,238,906	3,572,905
Total assets	16,755,775	18,252,115

(Thousands of yen)

	As of September 30, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	655,824	495,905
Accounts payable - other	249,929	307,291
Income taxes payable	671,370	650,191
Provision for bonuses	220,700	223,200
Forward exchange contracts	4,804	-
Other	493,505	563,518
Total current liabilities	2,296,134	2,240,108
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	115,375	151,743
Retirement benefit liability	657,802	753,103
Asset retirement obligations	26,700	41,306
Total non-current liabilities	799,878	946,152
Total liabilities	3,096,012	3,186,260
Net assets		
Shareholders' equity		
Capital stock	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	12,326,708	13,981,413
Treasury shares	-1,568	-1,983
Total shareholders' equity	14,111,539	15,765,829
Accumulated other comprehensive income		
Foreign currency translation adjustment	-278,595	-511,702
Remeasurements of defined benefit plans	-173,181	-188,272
Total accumulated other comprehensive income	-451,777	-699,975
Total net assets	13,659,762	15,065,854
Total liabilities and net assets	16,755,775	18,252,115

Consolidated Statements of Changes in Net Assets

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

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	12,326,708	-1,568	14,111,539
Changes of items during period					
Dividends of surplus			-1,280,760		-1,280,760
Profit attributable to owners of parent			2,935,465		2,935,465
Purchase of treasury shares				-415	-415
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,654,705	-415	1,654,290
Balance at end of current period	1,394,778	391,621	13,981,413	-1,983	15,765,829

	Accumulated other comprehensive income			Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	-278,595	-173,181	-451,777	13,659,762
Changes of items during period				
Dividends of surplus				-1,280,760
Profit attributable to owners of parent				2,935,465
Purchase of treasury shares				-415
Net changes of items other than shareholders' equity	-233,106	-15,091	-248,198	-248,198
Total changes of items during period	-233,106	-15,091	-248,198	1,406,091
Balance at end of current period	-511,702	-188,272	-699,975	15,065,854

Consolidated Statements of Cash Flow

(Thousands of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,747,305	4,180,232
Depreciation	952,668	868,192
Increase (decrease) in allowance for doubtful accounts	1,638	-1,678
Increase (decrease) in provision for bonuses	15,100	2,500
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21,131	36,367
Increase (decrease) in retirement benefit liability	49,684	74,133
Interest and dividend income	-1,786	-2,435
Insurance income	-3,499	-1,045
Subsidy income	-4,919	-7,146
Interest expenses	39	77
Foreign exchange losses (gains)	25,799	-3,966
Loss (gain) on sales of non-current assets	-1,912	-830
Decrease (increase) in notes and accounts receivable - trade	-384,848	-96,011
Decrease (increase) in inventories	-291,113	-149,038
Increase (decrease) in notes and accounts payable - trade	50,034	-141,758
Decrease (increase) in other current assets	-8,812	-124,682
Increase (decrease) in other current liabilities	111,569	110,676
Other, net	2,088	-99,737
Subtotal	4,280,165	4,643,847
Interest and dividend income received	1,786	2,435
Proceeds from insurance income	3,499	1,045
Proceeds from subsidy income	4,919	7,146
Interest expenses paid	-39	-77
Income taxes paid	-1,007,866	-1,275,399
Income taxes refund	21,750	3,737
Net cash provided by (used in) operating activities	3,304,214	3,382,735
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,114,341	-990,121
Proceeds from sales of property, plant and equipment	2,377	1,698
Purchase of intangible assets	-31,499	-19,418
Other, net	-71,493	-42,335
Net cash provided by (used in) investing activities	-1,214,956	-1,050,177
Cash flows from financing activities		
Purchase of treasury shares	-952	-415
Cash dividends paid	-1,169,954	-1,282,240
Repayments of lease obligations	-2,088	-2,088
Net cash provided by (used in) financing activities	-1,172,995	-1,284,743
Effect of exchange rate change on cash and cash equivalents	-31,975	-144,569
Net increase (decrease) in cash and cash equivalents	884,286	903,244
Cash and cash equivalents at beginning of period	7,230,692	8,114,979
Cash and cash equivalents at end of period	8,114,979	9,018,224

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.2017-Sept.2018</u>		<u>Oct.2018-Sept.2019</u>	
	<u>Sales</u>	<u>Percentage</u>	<u>Sales</u>	<u>Percentage</u>
	<u>Thousands</u>	<u>Overseas</u>	<u>Thousands</u>	<u>Overseas</u>
	<u>of Yen</u>	<u>Sales to</u>	<u>of Yen</u>	<u>Sales to</u>
		<u>Net Sales</u>		<u>Net Sales</u>
Europe	7,910,630	46.1	8,991,992	48.3
North America	2,767,099	16.1	2,889,671	15.5
Other Areas	1,884,514	11.0	2,176,598	11.7
Overseas Sales Total	<u>12,562,245</u>	<u>73.3</u>	<u>14,058,263</u>	<u>75.5</u>
Total including Japan	17,148,757	100.0	18,616,239	100.0