

## Consolidated Financial Results for The Fiscal Year Ended September 30, 2022

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, Prime Market
Headquarters (URL <a href="https://www.shoei.com/">https://www.shoei.com/</a> )	Tokyo, Japan
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Hiroshi Yamaguchi, Director and General Manager of Business & Financial Management Headquarters
Date of the Ordinary General Meeting of Shareholders:	Dec. 23, 2022
Payment Date of Dividends:	Dec. 26, 2022
Filing Date of Financial Statements:	Dec. 26, 2022

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# I . Financial Summary

## 1) Operating Performance

	Millions of Yen		
	Oct.20-Sept.21	Oct.21-Sept.22	% Changes
Net Sales	23,752	28,953	21.9
Operating Income	6,024	8,382	39.1
Ordinary Income	6,092	8,503	39.6
Net Income	4,407	6,018	36.6
	Yen		
<i>Per Share Amounts</i>			
Net Income	164.19	224.37	
Net Income, Diluted	—	—	

### Notes:

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

Millions of Yen	
Oct.20-Sept.21	Oct.21-Sept.22
—	—

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

Shares	
Oct.20-Sept.21	Oct.21-Sept.22
26,842,361	26,824,987

#### 3.Number of Treasury Shares as of September 30,2022: 25,971

#### 4.Change of Accounting Method: Not Applicable

(Application of Accounting Standard for Revenue Recognition)

March 31, 2020, hereinafter referred to as the “Accounting Standard for Revenue Recognition”) from the beginning of the first quarter of the current fiscal year and recognized revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

With regard to the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year was added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and a new accounting policy was applied from the beginning balance of the current fiscal year.

As a result, there was no effect on the Company’s profit and loss for the first quarter of the current fiscal year. In addition, there is no effect on the balance of retained earnings at the beginning of the fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019; hereinafter, “Fair Value Accounting Standards”) and others from October 1, 2021. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others. This has no effect on the quarterly consolidated financial statement.

#### 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 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, 21</u>	<u>Sept. 30, 22</u>
Total Assets	23,778	29,428
Net Assets	18,528	22,895
	Percent	
Net Assets to Total Assets	77.9%	77.7%
	Yen	
Net Assets per Share	690.91	852.65

### *Notes:*

*1. Number of Shares Outstanding on September 30, 2021 and September 30, 2022*

*(Consolidated):*

	Shares	
	<u>Sept. 30, 21</u>	<u>Sept. 30, 22</u>
	26,856,858	26,856,858

### 3) Cash Flow

	Millions of Yen	
	Oct.20-Sept.21	Oct.21-Sept.22
Net Cash Flow from Operating Activities	5,215	6,027
Net Cash Flow from Investment Activities	(1,354)	(1,845)
Net Cash Flow from Financial Activities	(2,111)	(2,270)
Cash and Cash Equivalents at the End of the Period	11,426	13,887

### 4) Scope of Consolidation

Number of Consolidated Subsidiaries	8
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	1
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
	Oct.22-Sept.23
Net Sales	31,690
Operating Income	8,780
Ordinary Income	8,780
Profit attributable to owners of parent	6,260
	Yen
Net Income Per Share	233.31

## 【Qualitative Information on Performance on Consolidated Basis】

During the fiscal year under review (from October 1, 2021 to September 30, 2022), the global economy faced the problem of increasing geopolitical risks, such as the crisis in Ukraine and resultant surges in the prices of a range of items including fossil fuels, despite the easing of restrictions on activities in response to progress with vaccinations and the positive effects of a range of economic measures in conjunction with the COVID-19 pandemic. In addition, the downward risk of economic conditions remained due to the impact of restrictions on the supply of semiconductors and inflation control measures implemented in Europe and the United States. Looking at the market for high-end motorcycle helmets, especially in developed countries, demand remained stable or rose even amid the COVID-19 pandemic, reflecting a rise in the popularity of motorcycles as means of transportation or recreation that people use or enjoy while simultaneously avoiding the Three Cs. Consequently, demand in such countries remained solid. The Company is now diligently gathering information on the impact of the above downward risk of economic conditions on demand for its product lines. However, there has yet to be evidence of any remarkable decline in demand.

In this situation, the Company's ongoing measures to develop and manufacture new models that meet customer demand and to build a sales and service system for supporting customers' safety have made it possible to demonstrate a competitive edge and maintain the No.1 market share for high-end motorcycle helmets in almost all countries. With these and other achievements, the Company continued to move forward successfully.

In the fiscal year under review, the total number of units sold in Japan and overseas increased 16.6% year on year, helped by strong market conditions in developed countries. In Europe, the number of units sold rose 15.6% year on year, reflecting continuing solid retail sales. In North America, the number of units sold soared 80.8% year on year due to proactive efforts made to receive orders, including those placed for inventory accumulation, against the backdrop of strong motorcycle-related market conditions. The number of units sold was encouraging in Japan as well, with a year-on-year increase of 20.0%, because the market continued to be strong as in the previous year. In Asia, the number of units sold decreased 18.4% year on year, reflecting the prolonged lead time, or the period between when orders are received and when they are shipped, due to the delayed timing of orders placed by the local distributors in China in comparison with those placed by distributors in other areas against the backdrop of limited production capacity.

With respect to financial results for the fiscal year under review, net sales grew 21.9%, or 5,200,977 thousand yen, year on year, to 28,953,513 thousand yen, helped by strong sales in both Japan and overseas. Operating income came to 8,382,260 thousand yen, an increase of 39.1%, or 2,357,495 thousand yen, year on year, due to the effect of price increases for new models (including the Z8 series) launched sequentially in the previous fiscal year, the weaker yen and lower-than-expected selling, general and administrative expenses. Ordinary income rose 2,411,246 thousand yen, or 39.6%, year on year, to 8,503,518 thousand yen. Profit before income tax totaled 8,503,570 thousand yen, an increase of 2,409,595 thousand yen, or 39.5%, year on year, and profit attributable to owners of parent was 6,018,609 thousand yen, an increase of 1,611,407 thousand yen, or 36.6%, year on year.

### Sales by Market

Japan : 5,968,617 thousand yen ( +929,108 thousand yen (18.4%) year on year)

Europe : 12,594,730 thousand yen ( +2,368,317 thousand yen (23.2%) year on year)

North America : 5,174,005 thousand yen ( +2,489,096 thousand yen (92.7%) year on year)

Asia : 4,456,520 thousand yen ( -647,150 thousand yen (-12.7%) year on year)

Others : 759,639 thousand yen ( +61,605 thousand yen (8.8%) year on year)

Foreign exchange rates applied at the Company for consolidated sales for the fiscal year under review (average rates for the period) were 123.87 yen to the U.S. dollar, a depreciation of 16.31 yen year on year, and 134.86 yen to the euro, or depreciation of 6.55 yen year on year. Meanwhile, foreign exchange rates applied at its overseas subsidiaries (as of June 30, 2022) were 136.68 yen to the U.S. dollar, a depreciation of 26.10 yen year on year, and 142.67 yen to the euro, or depreciation of 11.09 yen year on year.

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

With the growth rate of the global economy predicted to slow going forward, downward risks are expected to linger in a range of areas, as mentioned in the preceding page.

Looking at the market for high-end motorcycle helmets, especially in developed countries, demand remained stable or rose even amid the COVID-19 pandemic, reflecting a rise in the popularity of motorcycles as means of transportation or recreation that people use or enjoy while simultaneously avoiding the Three Cs. Although the Company expects that such a trend will continue, it is also paying attention to the impact of the abovementioned downward risk of economic conditions on demand for its product lines. Under such circumstances, it anticipates that sales will continue to be strong in Europe. In North America, sales to distributors are expected to decrease due to a rise in inventory in the fiscal year under review, although the motorcycle market remains strong. In Asia, sales are expected to increase significantly year on year in China, where demand is expected to remain strong, reflecting alleviation of the impact of the delayed timing of orders placed by the distributors there in the fiscal year review. In Southeast Asia, the market is expected to recover gradually from the decline caused by the COVID-19 pandemic. In Japan, a high level of sales is expected as in the fiscal year under review.

In this situation, for the consolidated fiscal year ending September 30, 2023 (from October 1, 2022 through September 30, 2023), the Company expects an increase in sales and profit, with net sales of 31,690,000 thousand yen, an increase of 2,736,486 thousand yen, or 9.5%, year on year, operating income of 8,780,000 thousand yen, an increase of 397,739 thousand yen, or 4.7%, year on year, ordinary income of 8,780,000 thousand yen, an increase of 276,481 thousand yen, or 3.3%, year on year, and profit attributable to owners of parent of 6,260,000 thousand yen, an increase of 241,390 thousand yen, or 4.0%, year on year. The forecast is based on full-year average exchange rates of 135 yen to the US dollar and 135 yen to the euro.

\* Forecasts for financial results are determined based on information available to the Company as of the date of the announcement. Actual results may differ due to a range of uncertainties embodied in the forecasts, future changes in internal or external conditions in terms of business operation, or other factors.

### 【Basic Principles of Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year】

The Company positions the return of profit to shareholders as an important management issue. With this in mind, its basic policy is to attach importance to payout ratios and implement performance-linked dividend payments, while also enhancing shareholders' equity to strengthen financial conditions and management foundations. The Company will pay year-end dividends according to the consolidated dividend payout ratio of approximately 50%. It introduced a shareholder benefit system in 2021.

Following the above basic policy, the Company intends to pay a year-end dividend of 112 yen per share (up 30 yen year on year) for the fiscal year ended September 30, 2022.

In addition, from medium- to long-term perspectives, it will allocate internal reserves to research and development and capital investments for the development of new products, while also saving part of such reserves for future business development.

With respect to a year-end dividend for the fiscal year ending September 30, 2023, the Company plans to pay 116 yen per share, or 4 yen more than the year-end dividend for the fiscal year under review.

### III. Consolidated Financial Statements

#### Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	23,752,536	28,953,513
Cost of sales	13,652,326	15,776,697
Gross profit	10,100,209	13,176,816
Selling, general and administrative expenses		
Sales commission	81,751	118,849
Packing and transportation costs	303,026	361,785
Advertising expenses	802,654	995,395
Provision of allowance for doubtful accounts	3,046	3,765
Remuneration for directors (and other officers)	168,718	187,868
Salaries and bonuses	875,686	933,700
Provision for bonuses	11,500	13,800
Retirement benefit expenses	36,747	38,676
Provision for retirement benefits for directors (and other officers)	5,298	-
Share-based payment expenses	40,727	113,190
Insurance expenses	95,336	94,753
Depreciation	163,342	165,634
Commission expenses	456,755	538,751
Other	1,030,852	1,228,383
Total selling, general and administrative expenses	4,075,443	4,794,555
Operating profit	6,024,765	8,382,260
Non-operating income		
Interest income	296	2,773
Foreign exchange gains	54,057	99,088
Insurance claim income	2,301	20
Subsidy income	12,125	10,365
Miscellaneous income	10,113	20,281
Total non-operating income	78,895	132,529
Non-operating expenses		
Interest expenses	6,806	7,218
Payments for employment of persons with disabilities	2,350	2,750
Commission for purchase of treasury shares	1,158	-
Miscellaneous losses	1,074	1,303
Total non-operating expenses	11,389	11,271
Ordinary profit	6,092,271	8,503,518
Extraordinary income		
Gain on sale of non-current assets	1,703	51
Total extraordinary income	1,703	51
Profit before income taxes	6,093,974	8,503,570
Income taxes - current	1,779,997	2,593,324
Income taxes - deferred	-93,224	-108,362
Total income taxes	1,686,773	2,484,961
Profit	4,407,201	6,018,609
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,407,201	6,018,609



# Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	4,407,201	6,018,609
Other comprehensive income		
Foreign currency translation adjustment	354,218	411,645
Remeasurements of defined benefit plans, net of tax	-57,664	75,158
Total other comprehensive income	296,553	486,803
Comprehensive income	4,703,755	6,505,413
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,703,755	6,506,686
Comprehensive income attributable to non- controlling interests	-	-1,273

# Consolidated Balance Sheets

(Thousands of yen)

As of September 30, 2021      As of September 30, 2022

Assets		
Current assets		
Cash and deposits	11,426,062	13,887,217
Notes and accounts receivable - trade	2,393,715	-
Notes receivable - trade	-	294,601
Accounts receivable - trade	-	2,933,908
Merchandise and finished goods	1,646,080	2,527,624
Work in process	999,435	1,082,031
Raw materials and supplies	1,038,084	1,300,821
Other	1,353,487	1,510,113
Allowance for doubtful accounts	-2,623	-2,902
Total current assets	18,854,243	23,533,416
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,725,216	4,177,291
Accumulated depreciation	-2,245,184	-2,330,056
Buildings and structures, net	1,480,032	1,847,234
Machinery, equipment and vehicles	3,948,169	4,367,929
Accumulated depreciation	-2,726,108	-3,055,171
Machinery, equipment and vehicles, net	1,222,060	1,312,758
Tools, furniture and fixtures	4,883,954	5,145,629
Accumulated depreciation	-4,608,737	-4,774,059
Tools, furniture and fixtures, net	275,217	371,570
Land	215,959	235,118
Leased assets	83,121	83,121
Accumulated depreciation	-20,780	-37,404
Leased assets, net	62,341	45,716
Construction in progress	279,025	520,152
Right-of-use assets	339,993	361,804
Total property, plant and equipment	3,874,629	4,694,355
Intangible assets	116,126	135,738
Investments and other assets		
Deferred tax assets	520,300	598,886
Other	412,896	466,233
Total investments and other assets	933,197	1,065,119
Total non-current assets	4,923,953	5,895,213
Total assets	23,778,196	29,428,630

As of September 30, 2021 As of September 30, 2022

Liabilities		
Current liabilities		
Accounts payable – trade	728,056	1,344,571
Lease liabilities	66,379	70,123
Accounts payable – other	450,039	459,691
Income taxes payable	1,098,818	1,587,544
Provision for bonuses	271,500	305,000
Other	1,291,700	1,650,731
Total current liabilities	3,906,495	5,417,662
Non-current liabilities		
Lease liabilities	339,022	346,279
Retirement benefit liability	833,740	679,628
Asset retirement obligations	41,455	41,529
Other	128,674	48,141
Total non-current liabilities	1,342,892	1,115,579
Total liabilities	5,249,387	6,533,242
Net assets		
Shareholders' equity		
Share capital	1,421,929	1,421,929
Capital surplus	418,773	418,773
Retained earnings	17,290,836	21,103,439
Treasury shares	-187,202	-120,030
Total shareholders' equity	18,944,337	22,824,112
Accumulated other comprehensive income		
Foreign currency translation adjustment	-210,606	201,039
Remeasurements of defined benefit plans	-222,924	-147,766
Total accumulated other comprehensive income	-433,531	53,272
Non-controlling interests	18,003	18,003
Total net assets	18,528,809	22,895,387
Total liabilities and net assets	23,778,196	29,428,630

# Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,394,778	391,621	14,575,019	-276	16,361,142
Changes during period					
Issuance of new shares	27,151	27,151			54,303
Dividends of surplus			-1,664,262		-1,664,262
Profit attributable to owners of parent			4,407,201		4,407,201
Purchase of treasury shares				-386,168	-386,168
Disposal of treasury shares		-7,456		199,242	191,786
Transfer of loss on disposal of treasury shares		7,456	-7,456		-
Change in scope of consolidation			-19,665		-19,665
Net changes in items other than shareholders' equity					
Total changes during period	27,151	27,151	2,715,817	-186,926	2,583,194
Balance at end of period	1,421,929	418,773	17,290,836	-187,202	18,944,337

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	-564,824	-165,260	-730,084	-	15,631,057
Changes during period					
Issuance of new shares					54,303
Dividends of surplus					-1,664,262
Profit attributable to owners of parent					4,407,201
Purchase of treasury shares					-386,168
Disposal of treasury shares					191,786
Transfer of loss on disposal of treasury shares					-
Change in scope of consolidation					-19,665
Net changes in items other than shareholders' equity	354,218	-57,664	296,553	18,003	314,556
Total changes during period	354,218	-57,664	296,553	18,003	2,897,751
Balance at end of period	-210,606	-222,924	-433,531	18,003	18,528,809

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,421,929	418,773	17,290,836	-187,202	18,944,337
Changes during period					
Issuance of new shares					
Dividends of surplus			-2,199,062		-2,199,062
Profit attributable to owners of parent			6,018,609		6,018,609
Purchase of treasury shares				-261	-261
Disposal of treasury shares		-4,868		67,433	62,565
Transfer of loss on disposal of treasury shares		4,868	-4,868		-
Change in scope of consolidation			-2,074		-2,074
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	3,812,602	67,172	3,879,774
Balance at end of period	1,421,929	418,773	21,103,439	-120,030	22,824,112

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	-210,606	-222,924	-433,531	18,003	18,528,809
Changes during period					
Issuance of new shares					
Dividends of surplus					-2,199,062
Profit attributable to owners of parent					6,018,609
Purchase of treasury shares					-261
Disposal of treasury shares					62,565
Transfer of loss on disposal of treasury shares					-
Change in scope of consolidation					-2,074
Net changes in items other than shareholders' equity	411,645	75,158	486,803	-	486,803
Total changes during period	411,645	75,158	486,803	-	4,366,578
Balance at end of period	201,039	-147,766	53,272	18,003	22,895,387

# Consolidated Statements of Cash Flow

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,093,974	8,503,570
Depreciation	1,091,510	1,014,123
Increase (decrease) in allowance for doubtful accounts	-2,881	57
Increase (decrease) in provision for bonuses	34,600	33,500
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-137,978	-
Increase (decrease) in retirement benefit liability	-24,134	-47,888
Interest and dividend income	-296	-2,773
Insurance claim income	-2,301	-20
Subsidy income	-12,125	-10,365
Interest expenses	6,806	7,218
Foreign exchange losses (gains)	-15,037	-155,397
Loss (gain) on sale of non-current assets	-1,703	-51
Decrease (increase) in trade receivables	-361,660	-743,114
Decrease (increase) in inventories	670,424	-1,120,948
Increase (decrease) in trade payables	-1,018,145	564,660
Decrease (increase) in other current assets	-128,314	-159,393
Increase (decrease) in other current liabilities	523,171	293,974
Increase (decrease) in other non-current liabilities	128,674	-81,329
Other, net	△16,563	23,160
<b>Subtotal</b>	<b>6,828,020</b>	<b>8,118,983</b>
Interest and dividends received	296	2,773
Proceeds from insurance income	2,301	20
Subsidies received	12,125	10,365
Interest paid	-6,806	-7,218
Income taxes paid	-1,620,172	-2,097,660
<b>Net cash provided by (used in) operating activities</b>	<b>5,215,764</b>	<b>6,027,263</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-1,169,674	-1,637,994
Proceeds from sale of property, plant and equipment	1,703	310
Purchase of intangible assets	-69,507	-64,662
Other, net	-117,312	-143,368
<b>Net cash provided by (used in) investing activities</b>	<b>-1,354,791</b>	<b>-1,845,714</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-386,168	-261
Dividends paid	-1,666,193	-2,198,662
Repayments of lease liabilities	-59,419	-71,973
<b>Net cash provided by (used in) financing activities</b>	<b>-2,111,781</b>	<b>-2,270,898</b>
Effect of exchange rate change on cash and cash equivalents	274,546	502,642
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,023,738</b>	<b>2,413,292</b>
Cash and cash equivalents at beginning of period	9,383,136	11,426,062
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	19,187	47,862
<b>Cash and cash equivalents at end of period</b>	<b>11,426,062</b>	<b>13,887,217</b>

## 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

	Oct.2020-Sept.2021		Oct.2021-Sept.2022	
	Sales	Percentage	Sales	Percentage
	Thousands of Yen	Overseas Sales to Net Sales	Thousands of Yen	Overseas Sales to Net Sales
Europe				
France	2,220,311	9.3	2,619,799	9.0
Germany	2,552,412	10.7	2,760,192	9.5
Other Europe	5,453,688	23.0	7,214,737	24.9
North America				
United States of America	2,482,682	10.5	4,882,569	16.9
Other North America	202,226	0.9	291,436	1.0
Asia				
China	4,148,133	17.5	3,155,324	10.9
Other Asia	955,538	4.0	1,301,195	4.5
Other Areas	698,033	2.9	759,639	2.6
Overseas Sales Total	18,713,027	78.8	22,984,896	79.4
Total including Japan	23,752,536	100.0	28,953,513	100.0