

May 18, 2020
SHOEI CO., LTD.

Consolidated Financial Results

for the Second Quarter of the Fiscal Year Ending September 30, 2020

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, 1st Section
Headquarters	Tokyo, Japan
(URL https://www.shoei.com/)	
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Atsuyuki Miyakawa, General Manager of Corporate Planning Department

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	Oct.18-Mar.19	Oct.19-Mar.20	% Changes
Net Sales	7,841	8,669	10.6
Operating Income	1,692	2,054	21.4
Ordinary Income	1,686	2,037	20.9
Profit attributable to owners of parent	1,156	1,412	22.2
	Yen		
<i>Per Share Amounts</i>			
Net Income	41.99	51.91	
Net Income, Diluted	—	—	

Notes:

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

Millions of Yen	
Oct.18-Mar.19	Oct.19-Mar.20
—	—

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

Shares	
Oct.18-Mar.19	Oct.19-Mar.20
27,543,183	27,214,096

3.On April 1st, 2020, 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 March 31, 2020: 0

5.Change of Accounting Method:

Beginning with the current consolidated first quarter, the Company has applied IFRS16

Leases for overseas consolidated subsidiaries that have adopted International Financial Reporting Standards.

The impact of this accounting standard on quarterly consolidated financial statements is minor.

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	
	Sep.30,19	Mar.31,20
Total Assets	18,252	18,084
Net Assets	15,065	13,753
	Percentage	
Net Assets to Total Assets	82.5%	76.0%
	Yen	
Net Assets per Share	546.99	512.35

Notes:

1. Number of Shares Outstanding on September 30, 2019 and Mar 31, 2020
(Consolidated):

<u>Shares</u>	
<u>Sep.30,19</u>	<u>Mar.31,20</u>
27,544,800	26,843,058

2. On April 1st, 2020, the Company conducted a two-for-one stock split of common stock.

Concerning the number of shares for the previous fiscal year,

“number of shares outstanding on September 30, 2019 and Mar 31, 2020”

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

3) Cash Flow

	<u>Millions of Yen</u>	
	<u>Oct.18-Mar.19</u>	<u>Oct.19-Mar.20</u>
Net Cash Flow from Operating Activities	1,079	1,545
Net Cash Flow from Investment Activities	(465)	(446)
Net Cash Flow from Financial Activities	(1,281)	(2,768)
Cash and Cash Equivalents at the End of	7,430	7,377

4) Scope of Consolidation

Number of Consolidated Subsidiaries	5
Number of Non-Consolidated Subsidiaries in Equity Method	1
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

	<u>Millions of Yen</u>
	<u>Oct.19-Sep.20</u>
Net Sales	19,400
Operating Income	3,870
Ordinary Income	3,880
Net Income	2,670
	<u>Yen</u>
Net Income Per Share	98.78

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Net sales	7,841,990	8,669,484
Cost of sales	4,551,361	4,980,600
Gross profit	3,290,629	3,688,884
Selling, general and administrative expenses	1,598,164	1,633,907
Operating profit	1,692,465	2,054,977
Non-operating income		
Interest income	1,065	907
Insurance claim income	382	278
Subsidy income	6,705	8,224
Miscellaneous income	4,854	15,616
Other	718	523
Total non-operating income	13,726	25,549
Non-operating expenses		
Foreign exchange losses	19,841	39,161
Loss on transfer of receivables	33	22
Other	257	3,434
Total non-operating expenses	20,132	42,617
Ordinary profit	1,686,059	2,037,909
Extraordinary income		
Gain on sales of non-current assets	178	29
Total extraordinary income	178	29
Profit before income taxes	1,686,238	2,037,939
Income taxes - current	520,136	699,990
Income taxes - deferred	9,602	-74,780
Total income taxes	529,739	625,209
Profit	1,156,499	1,412,729
Profit attributable to owners of parent	1,156,499	1,412,729

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Profit	1,156,499	1,412,729
Other comprehensive income		
Foreign currency translation adjustment	-35,438	9,812
Remeasurements of defined benefit plans, net of tax	14,129	17,439
Total other comprehensive income	-21,309	27,251
Comprehensive income	1,135,189	1,439,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,135,189	1,439,981

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	9,018,639	7,377,139
Notes and accounts receivable - trade	2,233,168	1,728,204
Merchandise and finished goods	1,227,427	2,278,223
Work in process	661,877	831,698
Raw materials and supplies	703,465	912,255
Forward exchange contracts	19,524	—
Other	820,832	845,115
Allowance for doubtful accounts	-5,726	-5,508
Total current assets	14,679,209	13,967,128
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,166,936	3,166,874
Accumulated depreciation	-2,145,319	-2,144,248
Buildings and structures, net	1,021,617	1,022,625
Machinery, equipment and vehicles	3,355,870	3,523,278
Accumulated depreciation	-2,082,628	-2,228,546
Machinery, equipment and vehicles, net	1,273,241	1,294,731
Tools, furniture and fixtures	4,537,736	4,653,770
Accumulated depreciation	-4,235,723	-4,340,149
Tools, furniture and fixtures, net	302,013	313,621
Land	211,544	211,544
Construction in progress	74,824	212,486
Right-of-use assets	—	298,886
Total property, plant and equipment	2,883,240	3,353,895
Intangible assets	65,696	69,395
Investments and other assets		
Deferred tax assets	413,605	485,394
Other	210,363	209,067
Total investments and other assets	623,969	694,462
Total non-current assets	3,572,905	4,117,753
Total assets	18,252,115	18,084,881

(Thousands of yen)

	As of September 30, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	495,905	1,115,420
Accounts payable - other	307,291	399,659
Income taxes payable	650,191	758,827
Provision for bonuses	223,200	233,800
Other	563,518	633,444
Total current liabilities	2,240,108	3,141,152
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	151,743	127,381
Retirement benefit liability	753,103	767,386
Asset retirement obligations	41,306	41,343
Other	—	254,462
Total non-current liabilities	946,152	1,190,574
Total liabilities	3,186,260	4,331,727
Net assets		
Shareholders' equity		
Share capital	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	13,981,413	12,639,477
Treasury shares	-1,983	—
Total shareholders' equity	15,765,829	14,425,877
Accumulated other comprehensive income		
Foreign currency translation adjustment	-511,702	-501,890
Remeasurements of defined benefit plans	-188,272	-170,833
Total accumulated other comprehensive income	-699,975	-672,723
Total net assets	15,065,854	13,753,153
Total liabilities and net assets	18,252,115	18,084,881

Consolidated Statements of Cash Flow

(Thousands of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,686,238	2,037,939
Depreciation	375,348	394,479
Increase (decrease) in allowance for doubtful accounts	-1,011	-220
Increase (decrease) in provision for bonuses	-1,200	10,600
Increase (decrease) in provision for retirement benefits for directors (and other officers)	22,515	-24,361
Increase (decrease) in retirement benefit liability	31,821	34,728
Interest and dividend income	-1,065	-907
Insurance claim income	-382	-278
Subsidy income	-6,705	-8,224
Interest expenses	11	2,112
Foreign exchange losses (gains)	-4,978	-19,077
Loss (gain) on sales of non-current assets	-178	-29
Decrease (increase) in trade receivables	567,843	505,397
Decrease (increase) in inventories	-1,191,179	-1,428,620
Increase (decrease) in trade payables	466,186	619,245
Decrease (increase) in other current assets	28,938	-1,816
Increase (decrease) in other current liabilities	-124,781	5,500
Other, net	-96,380	9,251
Subtotal	1,751,039	2,135,720
Interest and dividends received	1,065	907
Proceeds from insurance income	382	278
Subsidies received	6,705	8,224
Interest paid	-11	-2,112
Income taxes paid	-680,178	-607,675
Income taxes refund	—	10,647
Net cash provided by (used in) operating activities	1,079,002	1,545,990
Cash flows from investing activities		
Purchase of property, plant and equipment	-445,705	-421,867
Proceeds from sales of property, plant and equipment	1,068	30
Purchase of intangible assets	-4,427	-18,143
Other, net	-16,141	-6,051
Net cash provided by (used in) investing activities	-465,205	-446,032
Cash flows from financing activities		
Purchase of treasury shares	-232	-1,292,900
Dividends paid	-1,279,757	-1,457,088
Repayments of lease obligations	-1,044	-18,016
Net cash provided by (used in) financing activities	-1,281,033	-2,768,004
Effect of exchange rate change on cash and cash equivalents	-16,851	26,961
Net increase (decrease) in cash and cash equivalents	-684,087	-1,641,085
Cash and cash equivalents at beginning of period	8,114,979	9,018,224
Cash and cash equivalents at end of period	7,430,891	7,377,139

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.2018-Mar.2019</u>		<u>Oct.2019-Mar.2020</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	3,734,564	47.6	4,203,517	48.5
North America	1,304,410	16.6	999,777	11.5
Other Areas	<u>909,374</u>	<u>11.6</u>	<u>1,267,536</u>	<u>14.6</u>
Overseas Sales Total	<u>5,948,350</u>	<u>75.9</u>	<u>6,470,832</u>	<u>74.6</u>
Total including Japan	7,841,990	100.0	8,669,484	100.0