

Consolidated Financial Results

for the First Quarter of the Fiscal Year Ending September 30, 2022

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:	Hiroshi Yamaguchi, Director and General Manager of Corporate Planning Department

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	Oct.20-Dec.20	Oct.21-Dec.21	% Changes
Net Sales	5,767	7,350	27.4
Operating Income	1,431	2,204	53.9
Ordinary Income	1,437	2,230	55.2
Profit attributable to owners of parent	1,001	1,562	56.0

	Yen	
	Oct.20-Dec.20	Oct.21-Dec.21
<i>Per Share Amounts</i>		
Net Income	37.31	58.25
Net Income, Diluted	—	—

Notes:

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

Millions of Yen	
Oct.20-Dec.20	Oct.21-Dec.21
—	—

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

Shares	
Oct.20-Dec.20	Oct.21-Dec.21
26,842,944	26,817,839

3.Number of Treasury Stocks as of December 31, 2021: 39,019

4.Change of Accounting Method:

(Application of Accounting Standard for Revenue Recognition)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, 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 ¥1million 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>Sep.30,21</u>	<u>Dec.31,21</u>
Total Assets	23,778	22,656
Net Assets	18,528	17,836
	Percentage	
Shareholders' equity ratio	77.9%	78.6%
	Yen	
Net Assets per Share	690.91	665.10

Notes:

1. Number of Shares Outstanding on September 30, 2021 and Dec 31, 2021
(Consolidated):

Shares	
<u>Sep.30,21</u>	<u>Dec.31,21</u>
26,856,858	26,856,858

3) Scope of Consolidation

Number of Consolidated Subsidiaries	8
Number of Non-Consolidated Subsidiaries in Equity Method	0
Number of Affiliates in Equity Method	0

4) 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, 2022

	Millions of Yen
	<u>Oct.21-Sep.22</u>
Net Sales	26,430
Operating Income	6,620
Ordinary Income	6,630
Net Income	4,720
	Yen
Net Income Per Share	176.00

【Qualitative Information on Performance on Consolidated Basis】

During the first quarter of the fiscal year under review (from October 1, 2021 to December 31, 2021), the global economy continued to face downward risks including the risk of the spread of new variants and restrictions on the supply of semiconductors and other products, despite the easing of restrictions on activities in response to the positive effects of a range of economic measures and progress with vaccinations.

Looking at the market for high-end motorcycle helmets, especially in developed countries (Japan, the United States and Europe), 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. In Asia, demand also continued to be at high levels mainly in China.

In this situation, the Company continued to move forward successfully with the development and sales of new models that meet customer demand and implementation of services that support customers' safety. In the first quarter under review, the total number of units in Japan and overseas increased 22.3% year on year, helped by strong market conditions in developed countries. In Europe, the number of units sold rose 19.0% year on year, reflecting continuing solid retail sales. In North America, the number of units sold soared 82.3% 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 18.8%, because the market continued to be strong as in the previous year. In Asia, the number of units sold decreased 7.3% year on year 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.

In the first quarter of the fiscal year under review, net sales grew 27.4%, or 1,582,111 thousand yen, year on year, to 7,350,107 thousand yen. Operating income came to 2,204,247 thousand yen, an increase of 53.9%, or 772,396 thousand yen, year on year, reflecting an improvement in the cost of sales ratio due to a decrease in unrealized gains and the posting of lower-than-expected selling, general and administration expenses attributable to COVID-19 and certain expenses carried forward to subsequent periods. Ordinary income rose 792,949 thousand yen, or 55.2%, year on year, to 2,230,120 thousand yen. Profit before income tax totaled 2,230,152 thousand yen, an increase of 55.2%, or 792,981 thousand yen, year on year, and profit attributable to owners of parent was 1,562,072 thousand yen, an increase of 56.0%, or 560,646 thousand yen, year on year.

Sales by Market

Japan : 1,464,208 thousand yen (+256,955 thousand yen (21.3%) year on year)

Europe : 2,940,411 thousand yen (+506,055 thousand yen (20.8%) year on year)

North America : 1,229,818 thousand yen (+608,186 thousand yen (97.8%) year on year)

Asia : 1,505,265 thousand yen (+71,326 thousand yen (5.0%) year on year)

Others : 210,401 thousand yen (+139,587 thousand yen (197.1%) year on year)

Exchange rates applied to the period are as below;

For exchanging sales : 113.29 yen/US\$ (104.59 yen/US\$ year on year)

129.44 yen/Euro (124.23 yen/Euro year on year)

For exchanging result of overseas subsidiaries as of September 30, 2021:

111.92 yen/US\$ (105.80 yen/US\$ year on year)

129.86 yen/Euro (124.17 yen/Euro year on year)

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

Original forecast published on November 12, 2021 is not changed. When revision is required, it will be published timely and properly.

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	5,767,995	7,350,107
Cost of sales	3,534,283	4,069,535
Gross profit	2,233,712	3,280,571
Selling, general and administrative expenses	801,860	1,076,323
Operating profit	1,431,851	2,204,247
Non-operating income		
Interest income	219	36
Foreign exchange gains	1,367	24,544
Insurance claim income	1,624	241
Subsidy income	200	-
Other	3,474	2,718
Total non-operating income	6,887	27,540
Non-operating expenses		
Interest expenses	1,320	1,564
Other	247	103
Total non-operating expenses	1,568	1,668
Ordinary profit	1,437,170	2,230,120
Extraordinary income		
Gain on sale of non-current assets	-	31
Total extraordinary income	-	31
Profit before income taxes	1,437,170	2,230,152
Income taxes - current	437,036	581,841
Income taxes - deferred	-1,291	86,238
Total income taxes	435,744	668,079
Profit	1,001,426	1,562,072
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,001,426	1,562,072

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit	1,001,426	1,562,072
Other comprehensive income		
Deferred gains or losses on hedges	-	-11,518
Foreign currency translation adjustment	106,642	-50,564
Remeasurements of defined benefit plans, net of tax	7,150	8,923
Total other comprehensive income	113,792	-53,159
Comprehensive income	1,115,218	1,508,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,115,218	1,508,913
Quarterly comprehensive income for non- controlling interests	-	-

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	11,426,062	9,493,376
Notes and accounts receivable - trade	2,393,715	2,594,278
Merchandise and finished goods	1,646,080	2,237,804
Work in process	999,435	1,052,986
Raw materials and supplies	1,038,084	1,209,735
Other	1,353,487	978,508
Allowance for doubtful accounts	-2,623	-2,588
Total current assets	18,854,243	17,564,101
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,725,216	3,838,477
Accumulated depreciation	-2,245,184	-2,281,207
Buildings and structures, net	1,480,032	1,557,269
Machinery, equipment and vehicles	3,948,169	4,016,776
Accumulated depreciation	-2,726,108	-2,832,055
Machinery, equipment and vehicles, net	1,222,060	1,184,720
Tools, furniture and fixtures	4,883,954	4,854,824
Accumulated depreciation	-4,608,737	-4,603,096
Tools, furniture and fixtures, net	275,217	251,727
Land	215,959	221,196
Leased assets	83,121	83,121
Accumulated depreciation	-20,780	-24,936
Leased assets, net	62,341	58,184
Construction in progress	279,025	582,985
Right-of-use assets	339,993	331,132
Total property, plant and equipment	3,874,629	4,187,217
Intangible assets	116,126	123,625
Investments and other assets		
Deferred tax assets	520,300	434,946
Other	412,896	346,244
Total investments and other assets	933,197	781,190
Total non-current assets	4,923,953	5,092,033
Total assets	23,778,196	22,656,135

(Thousands of yen)

As of September 30, 2021 As of December 31, 2021

Liabilities		
Current liabilities		
Accounts payable - trade	728,056	1,311,620
Lease obligations	66,379	62,455
Accounts payable - other	450,039	535,673
Income taxes payable	1,098,818	631,231
Provision for bonuses	271,500	116,200
Other	1,291,700	934,492
Total current liabilities	3,906,495	3,591,673
Non-current liabilities		
Lease obligations	339,022	330,370
Retirement benefit liability	833,740	807,595
Asset retirement obligations	41,455	41,473
Other	128,674	48,436
Total non-current liabilities	1,342,892	1,227,877
Total liabilities	5,249,387	4,819,550
Net assets		
Shareholders' equity		
Share capital	1,421,929	1,421,929
Capital surplus	418,773	418,773
Retained earnings	17,290,836	16,651,771
Treasury shares	-187,202	-187,202
Total shareholders' equity	18,944,337	18,305,271
Accumulated other comprehensive income		
Deferred gains or losses on hedges	-	-11,518
Foreign currency translation adjustment	-210,606	-261,170
Remeasurements of defined benefit plans	-222,924	-214,001
Total accumulated other comprehensive income	-433,531	-486,690
Non-controlling interests	18,003	18,003
Total net assets	18,528,809	17,836,584
Total liabilities and net assets	23,778,196	22,656,135