

Consolidated Financial Results for The Fiscal Year Ended September 30, 2020

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 Investors & Public Relations Department
Date of the Ordinary General Meeting of Shareholders:	Dec. 24, 2020
Payment Date of Dividends:	Dec. 25, 2020
Filing Date of Financial Statements:	Dec. 25, 2020

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	Oct.18-Sept.19	Oct.19-Sept.20	% Changes
Net Sales	18,616	19,479	4.6
Operating Income	4,203	4,740	12.8
Ordinary Income	4,179	4,746	13.6
Net Income	2,935	3,348	14.1

	Yen	
	Oct.18-Sept.19	Oct.19-Sept.20
<i>Per Share Amounts</i>		
Net Income	106.58	123.88
Net Income, Diluted	—	—

Notes:

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

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

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

	Shares	
	Oct.18-Sept.19	Oct.19-Sept.20
	27,543,124	27,028,537

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 Shares as of September 30,2020: 114

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 previous year.

7.Amounts Less than \1 million 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	
	<u>Sept. 30, 19</u>	<u>Sept. 30, 20</u>
Total Assets	18,252	20,841
Net Assets	15,065	15,631
	Percent	
Net Assets to Total Assets	82.5%	75.0%
	Yen	
Net Assets per Share	546.99	582.32

Notes:

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

	Shares	
	<u>Sept. 30, 19</u>	<u>Sept. 30, 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 September 30, 2020”

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

3) Cash Flow

	Millions of Yen	
	Oct.18-Sept.19	Oct.19-Sept.20
Net Cash Flow from Operating Activities	3,382	4,542
Net Cash Flow from Investment Activities	(1,050)	(1,359)
Net Cash Flow from Financial Activities	(1,284)	(2,795)
Cash and Cash Equivalents at the End of the Period	9,018	9,383

4) Scope of Consolidation

Number of Consolidated Subsidiaries	6
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 for The Fiscal Year Ending September 30, 2021

	Millions of Yen
	Oct.20-Sept.21
Net Sales	23,350
Operating Income	5,190
Ordinary Income	5,200
Profit attributable to owners of parent	3,560
	Yen
Net Income Per Share	132.62

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	18,616,239	19,479,662
Cost of sales	11,104,082	11,309,824
Gross profit	7,512,156	8,169,837
Selling, general and administrative expenses		
Sales commission	66,399	61,806
Packing and transportation costs	238,299	248,620
Advertising expenses	724,575	688,986
Provision of allowance for doubtful accounts	-273	1,893
Remuneration for directors (and other officers)	155,905	141,885
Salaries and bonuses	750,545	790,758
Provision for bonuses	9,800	10,100
Retirement benefit expenses	46,327	32,556
Provision for retirement benefits for directors (and other officers)	36,367	26,902
Insurance expenses	96,137	95,210
Depreciation	63,407	118,398
Commission expenses	306,145	373,394
Other	814,568	839,164
Total selling, general and administrative expenses	3,308,207	3,429,677
Operating profit	4,203,949	4,740,159
Non-operating income		
Interest income	2,435	1,607
Insurance claim income	1,045	839
Subsidy income	7,146	13,831
Withholding income tax refund	-	5,681
Miscellaneous income	9,800	21,439
Total non-operating income	20,428	43,400
Non-operating expenses		
Interest expenses	77	6,019
Foreign exchange losses	39,744	26,778
Loss on transfer of receivables	33	30
Payments for employment of persons with disabilities	1,800	-
Miscellaneous loss	3,320	4,286
Total non-operating expenses	44,976	37,115
Ordinary profit	4,179,401	4,746,444
Extraordinary income		
Gain on sales of non-current assets	830	1,531
Total extraordinary income	830	1,531
Profit before income taxes	4,180,232	4,747,975
Income taxes - current	1,257,283	1,393,320
Income taxes - deferred	-12,516	6,384
Total income taxes	1,244,766	1,399,704
Profit	2,935,465	3,348,271
Profit attributable to owners of parent	2,935,465	3,348,271

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit	2,935,465	3,348,271
Other comprehensive income		
Foreign currency translation adjustment	-233,106	-53,121
Remeasurements of defined benefit plans, net of tax	-15,091	23,012
Total other comprehensive income	-248,198	-30,109
Comprehensive income	2,687,267	3,318,161
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,687,267	3,318,161

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	9,018,639	9,383,136
Notes and accounts receivable - trade	2,233,168	1,931,140
Merchandise and finished goods	1,227,427	2,506,584
Work in process	661,877	812,916
Raw materials and supplies	703,465	885,261
Forward exchange contracts	19,524	-
Other	820,832	1,069,399
Allowance for doubtful accounts	-5,726	-5,065
Total current assets	14,679,209	16,583,374
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,166,936	3,334,367
Accumulated depreciation	-2,145,319	-2,171,539
Buildings and structures, net	1,021,617	1,162,827
Machinery, equipment and vehicles	3,355,870	3,681,397
Accumulated depreciation	-2,082,628	-2,363,868
Machinery, equipment and vehicles, net	1,273,241	1,317,529
Tools, furniture and fixtures	4,537,736	4,888,988
Accumulated depreciation	-4,235,723	-4,419,589
Tools, furniture and fixtures, net	302,013	469,399
Land	211,544	211,544
Construction in progress	74,824	115,446
Right-of-use assets	-	272,131
Total property, plant and equipment	2,883,240	3,548,878
Intangible assets	65,696	104,126
Investments and other assets		
Deferred tax assets	413,605	402,094
Other	210,363	202,938
Total investments and other assets	623,969	605,033
Total non-current assets	3,572,905	4,258,037
Total assets	18,252,115	20,841,411

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable – trade	495,905	1,658,287
Lease obligations	–	45,034
Accounts payable – other	307,291	383,722
Income taxes payable	650,191	872,509
Provision for bonuses	223,200	236,900
Other	563,518	833,884
Total current liabilities	2,240,108	4,030,337
Non-current liabilities		
Lease obligations	–	226,581
Provision for retirement benefits for directors (and other officers)	151,743	137,978
Retirement benefit liability	753,103	774,075
Asset retirement obligations	41,306	41,380
Total non-current liabilities	946,152	1,180,016
Total liabilities	3,186,260	5,210,353
Net assets		
Shareholders' equity		
Share capital	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	13,981,413	14,575,019
Treasury shares	-1,983	-276
Total shareholders' equity	15,765,829	16,361,142
Accumulated other comprehensive income		
Foreign currency translation adjustment	-511,702	-564,824
Remeasurements of defined benefit plans	-188,272	-165,260
Total accumulated other comprehensive income	-699,975	-730,084
Total net assets	15,065,854	15,631,057
Total liabilities and net assets	18,252,115	20,841,411

Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2019

(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

Fiscal year ended September 30, 2020

(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	13,981,413	-1,983	15,765,829
Changes during period					
Dividends of surplus			-1,459,782		-1,459,782
Profit attributable to owners of parent			3,348,271		3,348,271
Purchase of treasury shares				-1,293,176	-1,293,176
Cancellation of treasury shares			-1,294,883	1,294,883	-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	593,605	1,707	595,312
Balance at end of period	1,394,778	391,621	14,575,019	-276	16,361,142

	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 period	-511,702	-188,272	-699,975	15,065,854
Changes during period				
Dividends of surplus				-1,459,782
Profit attributable to owners of parent				3,348,271
Purchase of treasury shares				-1,293,176
Cancellation of treasury shares				-
Net changes in items other than shareholders' equity	-53,121	23,012	-30,109	-30,109
Total changes during period	-53,121	23,012	-30,109	565,203
Balance at end of period	-564,824	-165,260	-730,084	15,631,057

Consolidated Statements of Cash Flow

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	4,180,232	4,747,975
Depreciation	868,192	907,341
Increase (decrease) in allowance for doubtful accounts	-1,678	-595
Increase (decrease) in provision for bonuses	2,500	13,700
Increase (decrease) in provision for retirement benefits for directors (and other officers)	36,367	-13,764
Increase (decrease) in retirement benefit liability	74,133	53,856
Interest and dividend income	-2,435	-1,607
Insurance claim income	-1,045	-839
Subsidy income	-7,146	-13,831
Interest expenses	77	6,019
Foreign exchange losses (gains)	-3,966	-25,792
Loss (gain) on sales of non-current assets	-830	-1,531
Decrease (increase) in trade receivables	-96,011	290,293
Decrease (increase) in inventories	-149,038	-1,627,485
Increase (decrease) in trade payables	-141,758	1,168,499
Decrease (increase) in other current assets	-124,682	-131,845
Increase (decrease) in other current liabilities	110,676	328,604
Other, net	-99,737	10,689
Subtotal	4,643,847	5,709,687
Interest and dividends received	2,435	1,607
Proceeds from insurance income	1,045	839
Subsidies received	7,146	13,831
Interest paid	-77	-6,019
Income taxes paid	-1,275,399	-1,181,211
Income taxes refund	3,737	3,280
Net cash provided by (used in) operating activities	3,382,735	4,542,016
Cash flows from investing activities		
Purchase of property, plant and equipment	-990,121	-1,230,634
Proceeds from sales of property, plant and equipment	1,698	1,531
Purchase of intangible assets	-19,418	-41,423
Loan advances	-	-81,000
Other, net	-42,335	-8,190
Net cash provided by (used in) investing activities	-1,050,177	-1,359,716
Cash flows from financing activities		
Purchase of treasury shares	-415	-1,293,176
Dividends paid	-1,282,240	-1,457,330
Repayments of lease obligations	-2,088	-44,602
Net cash provided by (used in) financing activities	-1,284,743	-2,795,109
Effect of exchange rate change on cash and cash equivalents	-144,569	-22,277
Net increase (decrease) in cash and cash equivalents	903,244	364,912
Cash and cash equivalents at beginning of period	8,114,979	9,018,224
Cash and cash equivalents at end of period	9,018,224	9,383,136

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-Sept.2019</u>		<u>Oct.2019-Sept.2020</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	8,991,992	48.3	9,239,850	47.4
North America	2,889,671	15.5	1,996,115	10.2
Other Areas	2,176,598	11.7	3,690,688	18.9
Overseas Sales Total	<u>14,058,263</u>	<u>75.5</u>	<u>14,926,654</u>	<u>76.6</u>
Total including Japan	18,616,239	100.0	19,479,662	100.0