

Securities Code: 7839
Tokyo Stock Exchange, Prime Market

SHOEI CO., LTD. Financial Results Briefing for the Fiscal Year Ended September 30, 2022

December 2, 2022





Financial Results for the Fiscal Year Ended September 30, 2022 P. 2



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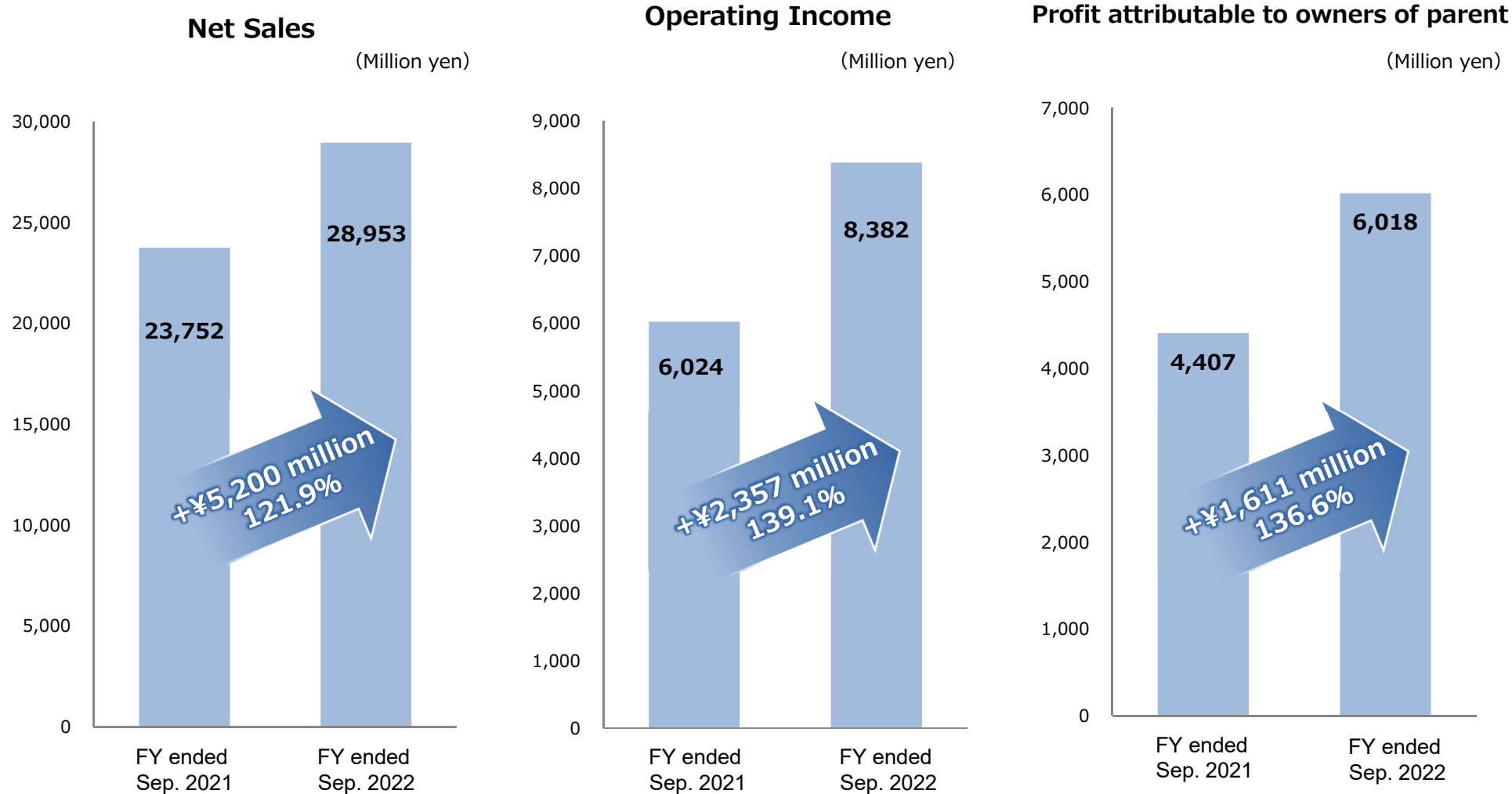
I. Financial Results for the Fiscal Year Ended September 30, 2022



(1) Financial Highlights



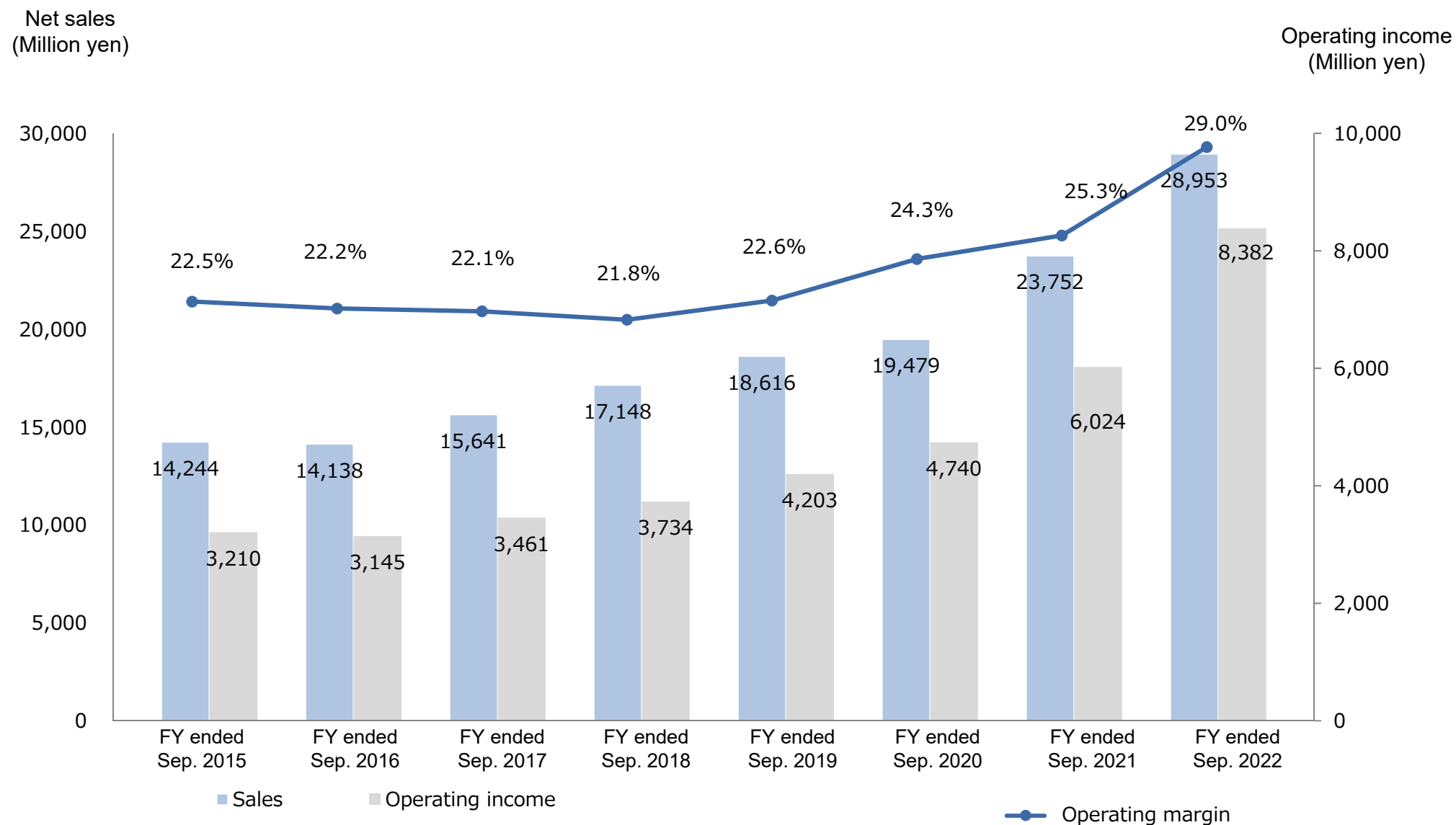
Net Sales/Operating Income/Profit attributable to owners of parent



ROE **25.8%** ▶ **29.1%**

Average foreign exchange rates for the term (the ended of the FY Sep. 2022) US\$/JPY=123.87, EUR/JPY=134.86
 Overseas subsidiary conversion rates (end of June 2022) US\$/JPY=136.68, EUR/JPY=142.67

(2) Trends of Consolidated Business Results



(3) Market Environment and Topics in the Fiscal Year Ended September 30, 2022



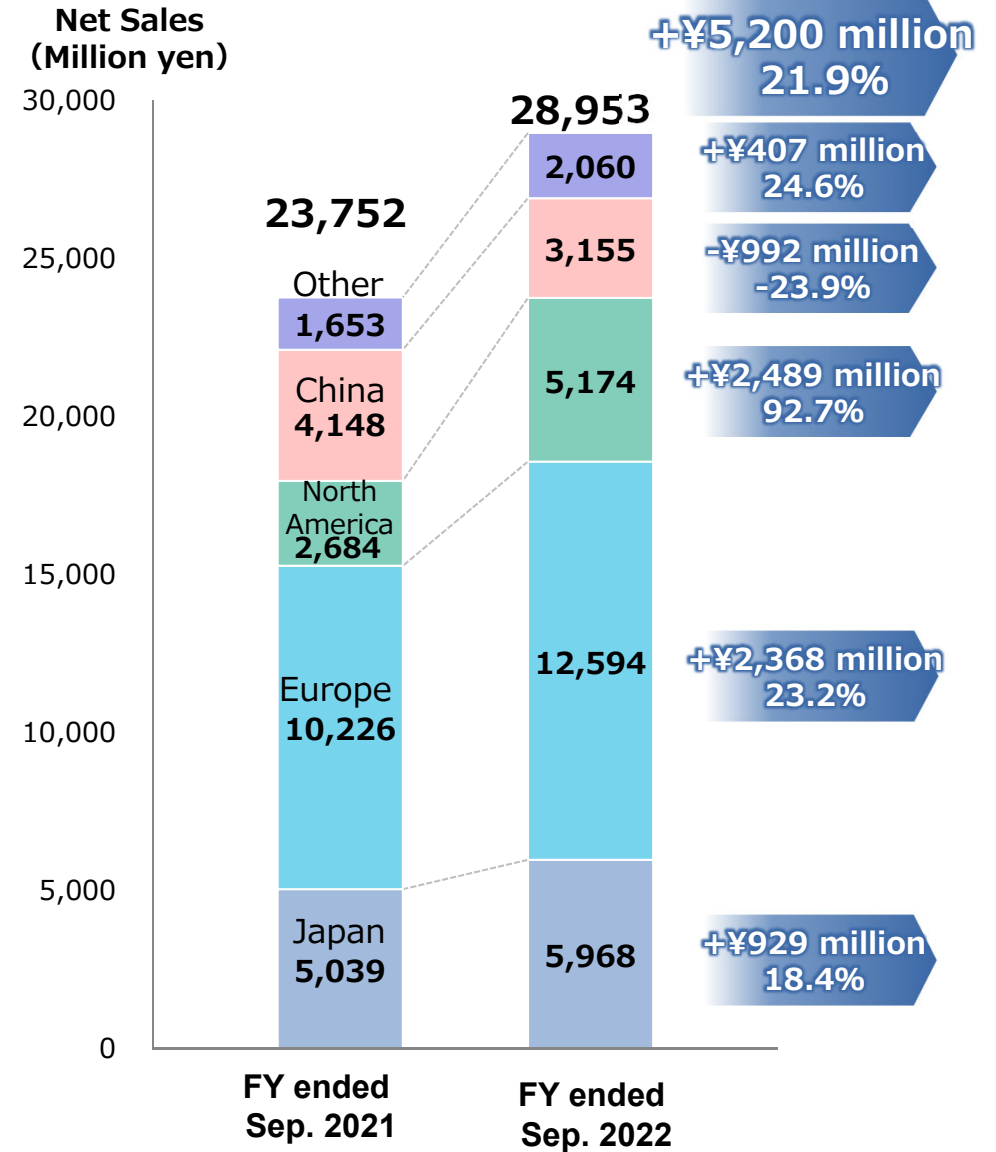
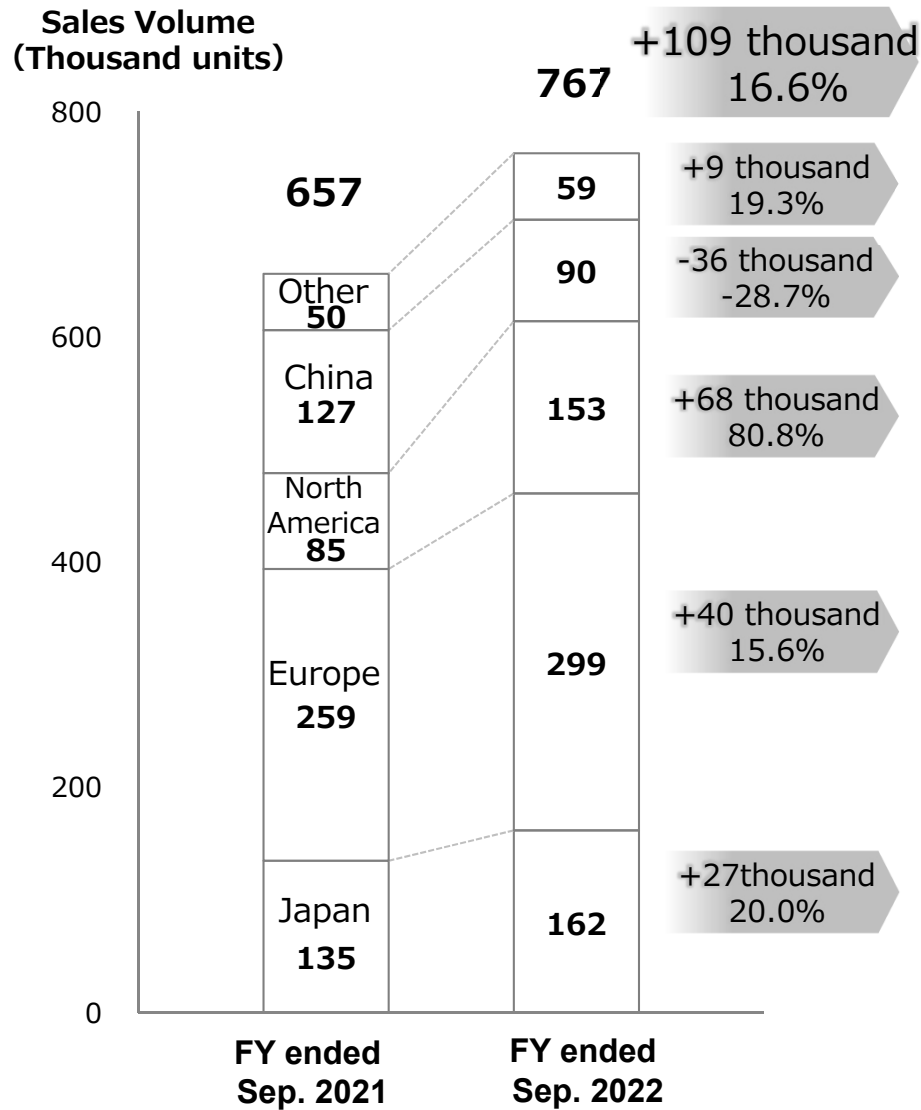
Key points of the financial results for the fiscal year ended September 30, 2022

- (1) Looking at the market for high-end motorcycle helmets, especially in developed countries, demand rose even amid the COVID-19 pandemic, reflecting the increased popularity of motorcycles as means of transportation or recreation that people use or enjoy while simultaneously avoiding the Three Cs. Net sales increased 21.9% year on year.
- (2) In anticipation of a rise in demand, we took the necessary steps to increase production while simultaneously implementing anti-Covid measures. As a result, the number of units produced increased 14.4% year on year, to 800,000. Meanwhile, European subsidiaries had difficulty managing inventories properly because the period of transportation from Japan to such subsidiaries became longer due to logistical disruptions. Ultimately, however, sales to Europe increased 23.2%.
- (3) Looking at sales by region, sales to China decreased 28.7% year on year as a result of the distributors implementing inventory management based on a pessimistic outlook, while those to North America recorded a significant jump of 80.8% for an opposite reason.
- (4) With respect to exchange rates, although the yen continued to depreciate throughout the period, benefits from the weak yen were limited due to the implementation of foreign exchange rate contracts at an early stage.

(4) Consolidated Sales Volume and Net Sales by Region



Consolidated Sales Volume and Net Sales by Region



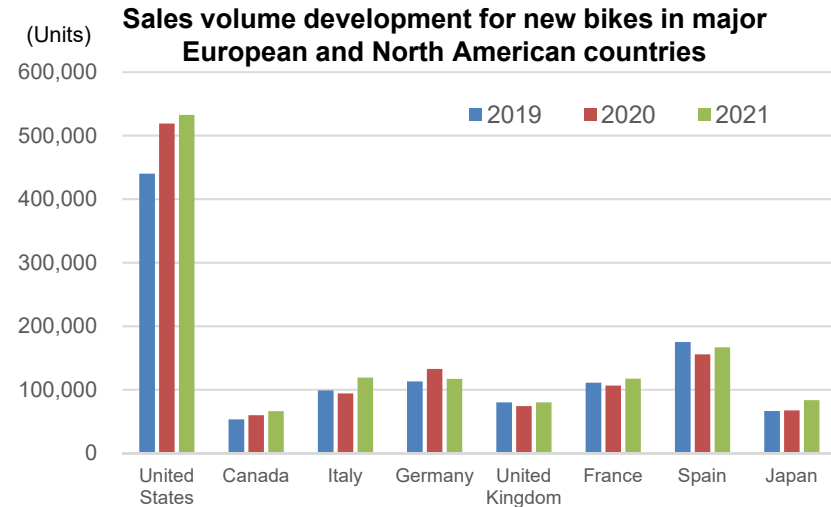
(5) Market Environment and Topics in the Fiscal Year Ended September 30, 2022 (Region)



Regional strategies

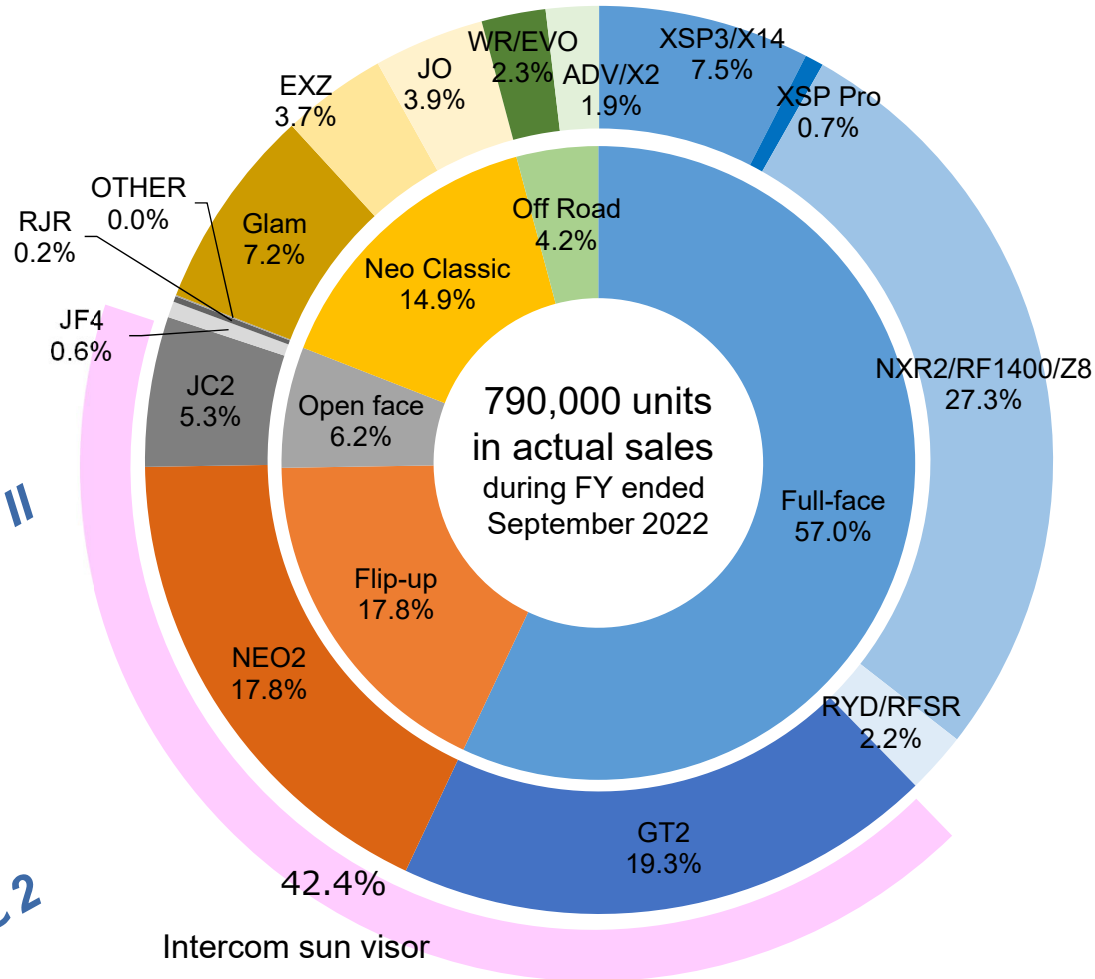
Europe	Sales volumes showed only solid growth for the above reasons, but consolidated sales increased on a yen basis due to the strong euro.
North America	The number of units sold increased sharply (up 80.8%), helped by brisk business conditions in the United States and the distributors' active purchasing policy. The increase stood at 92.7% on a yen basis partly due to the strong dollar.
Asia	In China, motorcycle-related demand is considered to have been at high levels because the market remained relatively unaffected by the COVID-19 pandemic. Even so, the number of units sold decreased, reflecting conservative orders that we received from the local distributors. Sales grew steadily in Korea and Taiwan while those in Southeast Asia showed no more than a slight increase due to the negative impact of the COVID-19 pandemic.
Japan	Sales continued to be strong due to the sustained effects of the motorcycle boom and the popularity of our products (Glamstar, etc.).

Bike sales were favorable in all countries as well during the pandemic.



Source: compiled by us based on statistics from each country

(6) Sales by model



(7) Market Environment and Topics in the Fiscal Year Ended September 30, 2022 (Product)



- Glamster 06 introduced in July 2022/leading model X-SPR Pro(X-15) introduced in July 2022

Glamster 06



Europe

Launch: October 2022

RRP

Germany and France: EUR 529.00-629.00 (incl. tax)

X-SPR Pro / X15



Europe (X-SPR Pro)

Launch: October 2022

RRP: EUR 479.00-639.00

North America (X-15)

Launch: May 2023

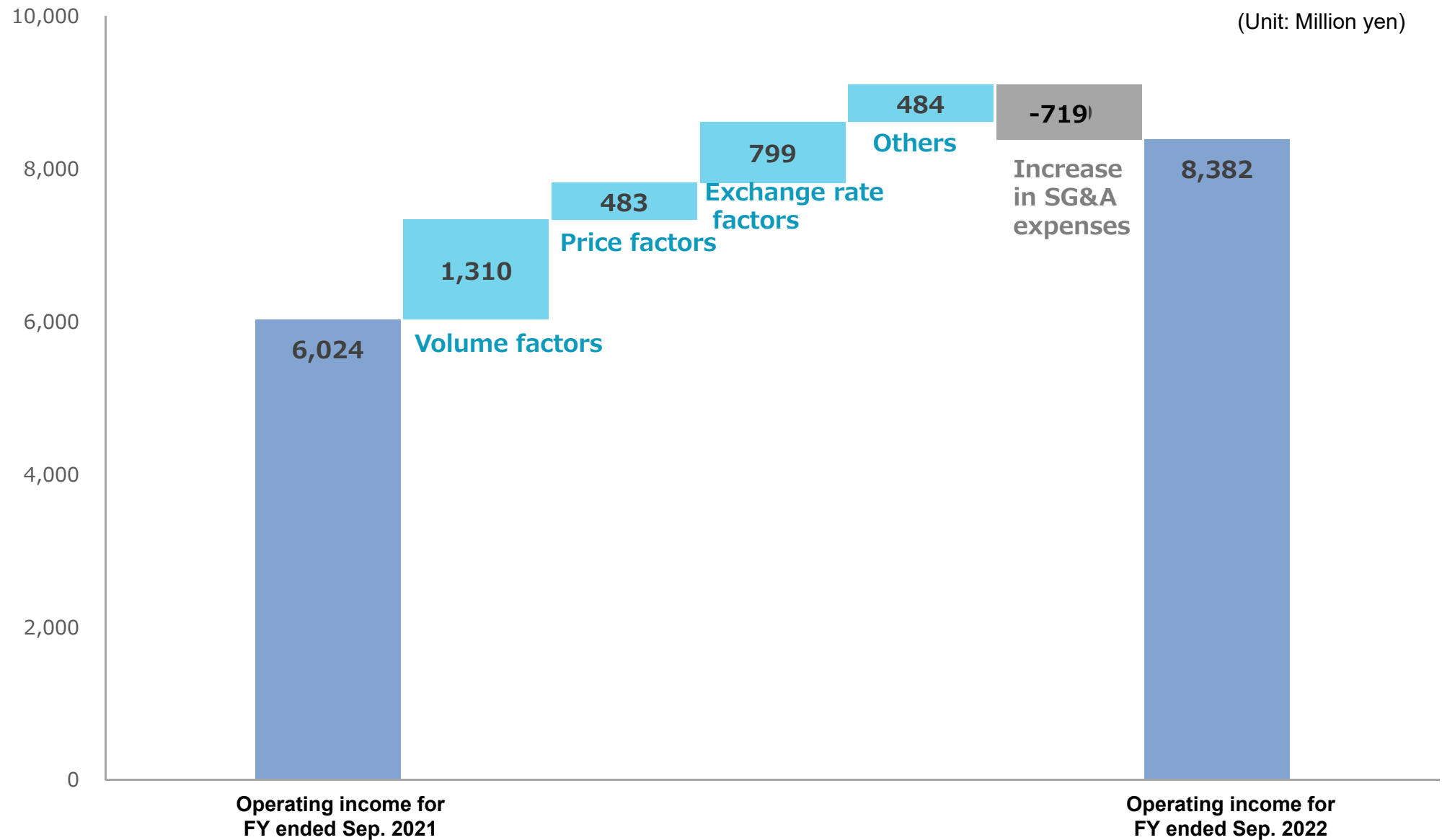
RRP: US\$ 899.99-1,049.99

Japan (X-15)

Launch: Jan. 2023 – April 2023

RRP: JPY74,800-92,400 (incl. tax)

(8) Variance Analysis of Operating Income



(9) Consolidated Balance Sheets

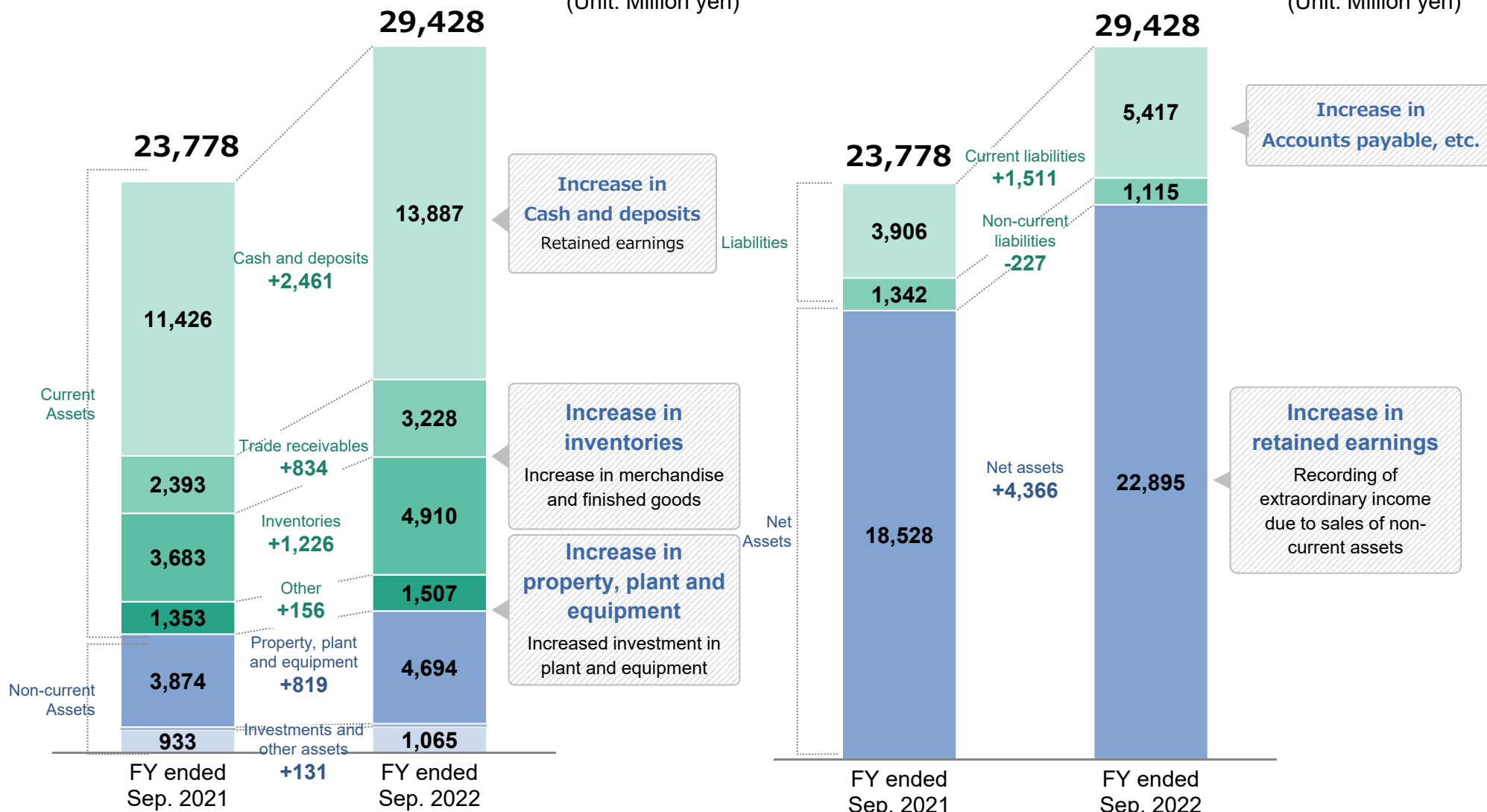


Assets

Liabilities/Net Assets

(Unit: Million yen)

(Unit: Million yen)



Shareholder equity ratio **77.9%** ▶ **77.7%**

II. Forecasts for the Fiscal Year Ending September 30, 2023

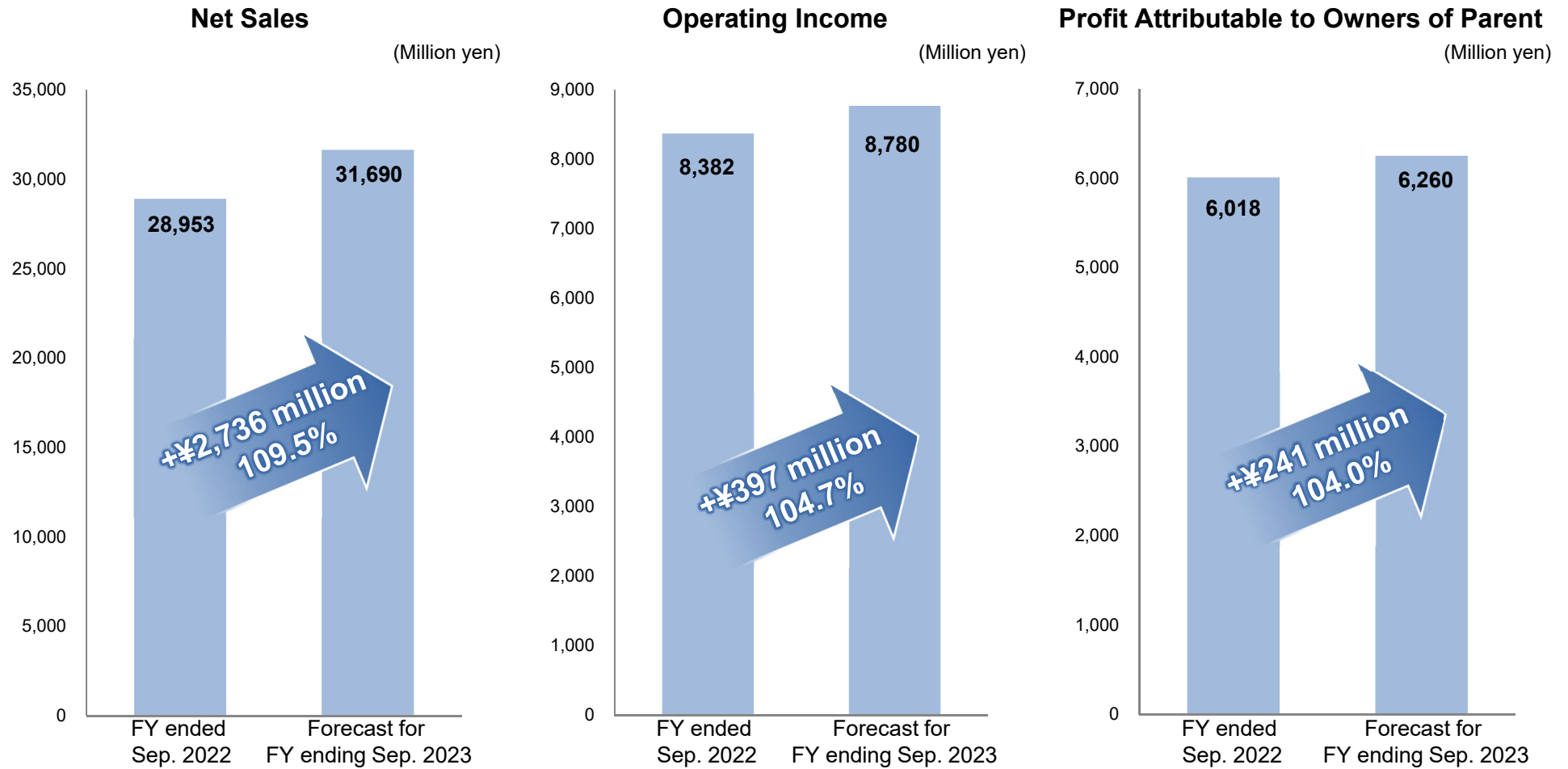


1. Result Forecasts for FY ending September 2023

(1) Sales and Profit Forecasts



Net Sales/Operating Income/Profit Attributable to Owners of Parent



Average foreign exchange rates for the term (the Forecasts of the FY ending Sep. 2023) US\$/JPY=135.00, EUR/JPY=135.00
 Overseas subsidiary conversion rates (end of June 2023) US\$/JPY=135.00, EUR/JPY=135.00

Foreign exchange rate sensitivity **US\$: 28.2**
EUR: 76.1

US\$: 13.1
EUR: 53.4

US\$: 10.0
EUR: 38.9

*Estimated impacts of a one yen-fall of the yen against US\$ or EUR. We do not provide any guarantee of results.

Key Factors Affecting Forecasts for the Fiscal Year Ending September 30, 2023

- (1) Based on the current order backlogs and the volume of orders expected to be received going forward, full production will be achieved even after the planned enhancement of production capacity (800,000 units to 830,000 units).
- (2) We are in the process of gathering information from sales subsidiaries with respect to forecasts on sales in Japan. According to feedback that has been received to date, the impact of price increases and uncertainty over economic trends, which are mainly attributable to the Russia-Ukraine conflict, will be broadly within expectations due in part to the expected launch of new mainstay models.
- (3) The subsidiary in Thailand has finally succeeded in completing procedures suspended due to the impact of the COVID-19 pandemic and is ready to continue importing from Japan without problem. The impact of this development is minor. Going forward, however, we expect that the subsidiary will contribute to improving profitability on a consolidated basis.
- (4) In China, considering the previous year's inventory mismanagement as a lesson, distributors are working on aggressive purchase plans despite ongoing COVID-linked restrictions on movement. Shipments from Japan therefore are expected to rise significantly.
- (5) SG&A expenses are expected to increase 719 million yen year on year, assuming that we will continue to make vigorous capital investments and business activities will return to pre-COVID levels.
- (6) Expected exchange at 1 US\$ = 135 JPY, 1 EUR = 135 JPY

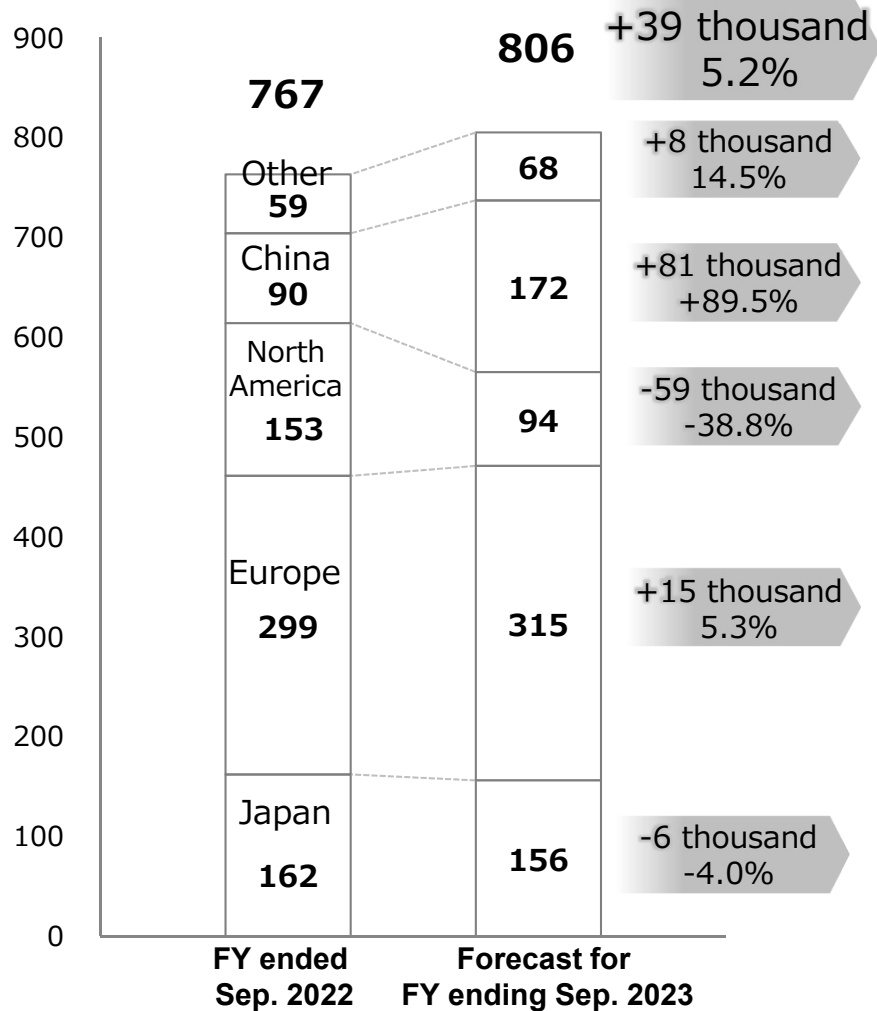
1. Result Forecasts for FY ending September 2023

(3) Consolidated Sales Volume and Net Sales by Region

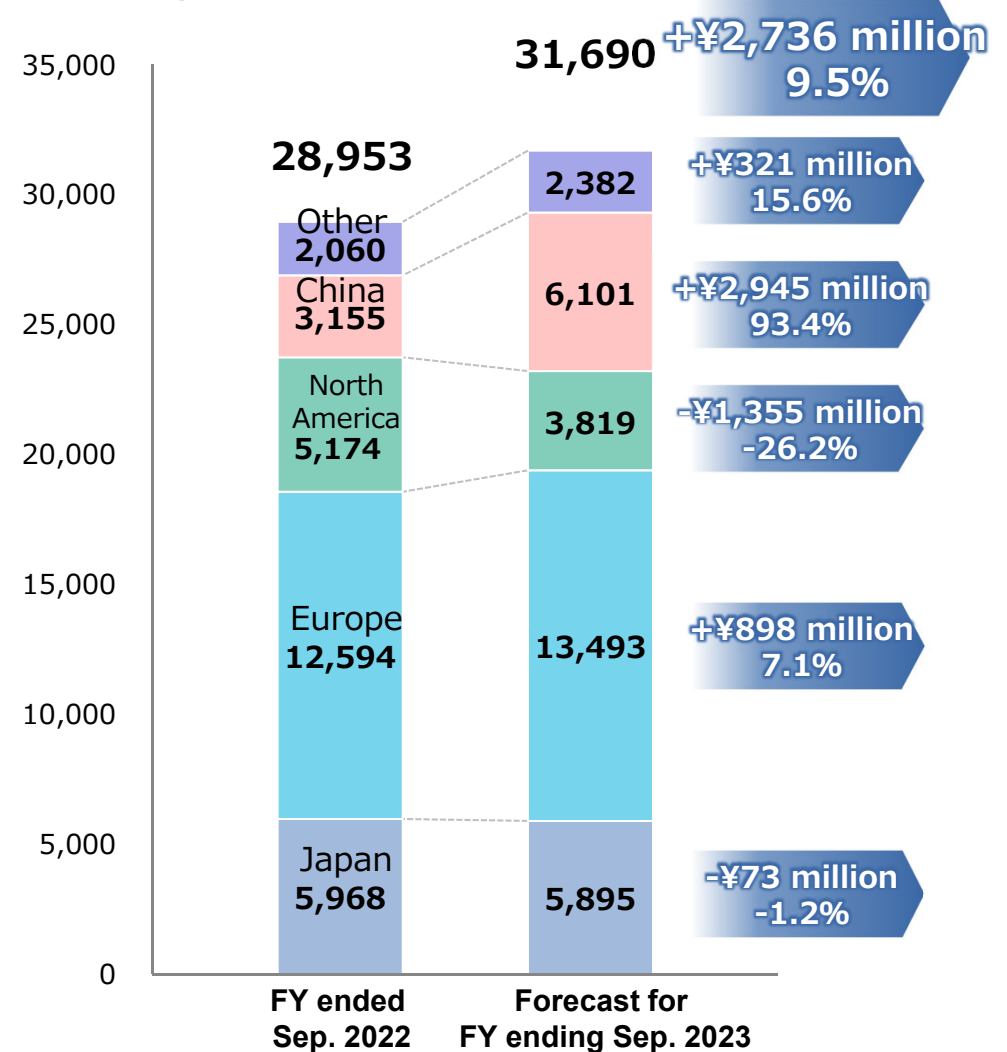


Consolidated Sales Volume and Net Sales by Region

Sales Volume
(Thousand units)



Net Sales
(Million yen)



(4)Market Environment and Topics in the Fiscal Year Ending September 30, 2023



Regional strategies

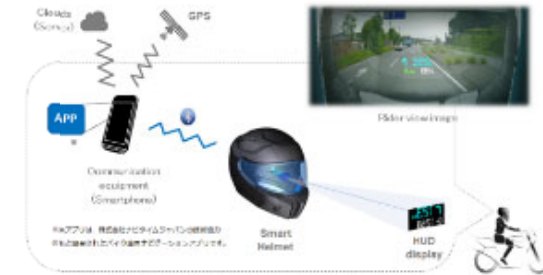
Europe	SG&A expenses are expected to increase 719 million yen year on year, assuming that we will continue to make vigorous capital investments and business activities will return to pre-COVID levels.
North America	SG&A expenses are expected to increase 719 million yen year on year, assuming that we will continue to make vigorous capital investments and business activities will return to pre-COVID levels.
Asia	We anticipate that full-scale operations will start at SHOEI Shanghai, a subsidiary that has been effectively dormant since its establishment. By collecting accurate information on demand trends in China, we will work on development plans and sales policies for the country.
Japan	We anticipate that full-scale operations will start at SHOEI Shanghai, a subsidiary that has been effectively dormant since its establishment. By collecting accurate information on demand trends in China, we will work on development plans and sales policies for the country.

(5) Market environment and topics (products, production) for FY ending September 2023



Product Strategy

- Expected to launch smart helmets this term



- We will apply the MM93 model strategy to six to seven models in total on top of X-15



EX-ZERO
MM93 COLLECTION
MASTE



GT-Air II
MM93 COLLECTION
ROAD



NEOTEC II
MM93 COLLECTION
2-WAY



NXR2
MM93 COLLECTION
RUSH, 1 other model



X-15
Márquez 7

Production Strategy

- Develop production system: Attempt to expand capacity to 830,000 units a year
 - The development of the site for the second Ibaraki plant is expected to be completed in July 2023.
 - The parking lot inside the Iwate Plant will be relocated to a newly purchased plot nearby and production facilities will be installed in the lot that will become vacant.

2. Capital Strategy

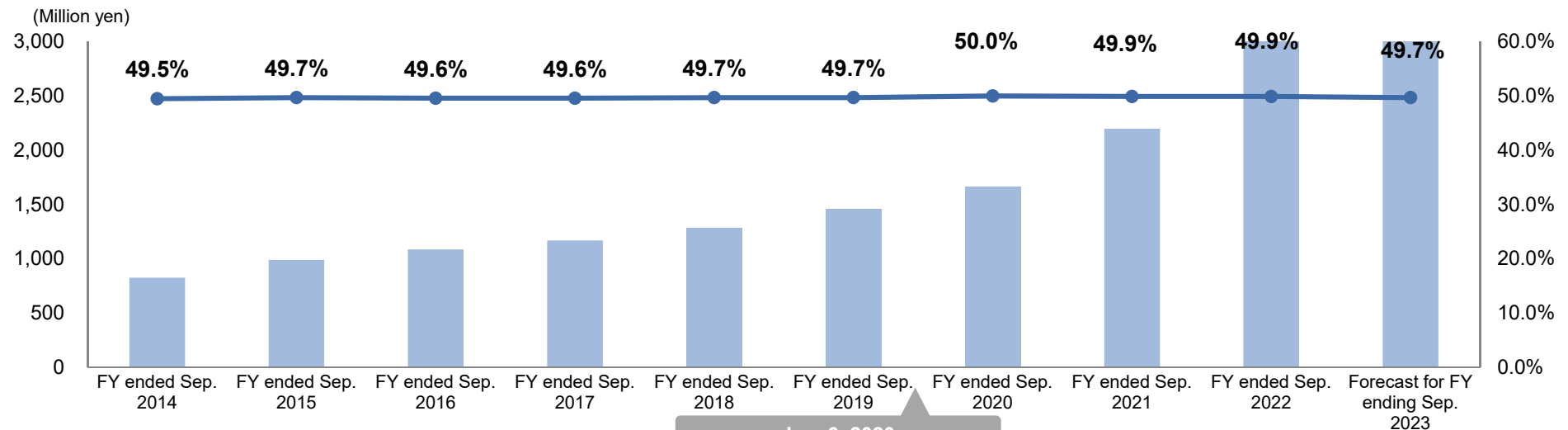


The New Market Division

- In January 2022, we completed procedures with respect to the application for the selection of the TSE Prime Market. With the approval given by the Tokyo Stock Exchange, we shifted to the TSE Prime Market in April 2022.

Trend of Dividend Payout Ratio

- We maintain dividend payout ratio of 50% at the end of the period.



Jan. 6, 2020
Acquired 350K shares of treasury stock

Per-share dividend (Yen)	60.0	72.0	79.0	85.0	93.0	106.0	62.0	82.0	112.0	116.0
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Mar. 31, 2020
Conducted 2-for-1 stock split

Shareholder Benefits

- Our sales promotional items or a voucher for preferential discount that can be used only at our directly managed stores

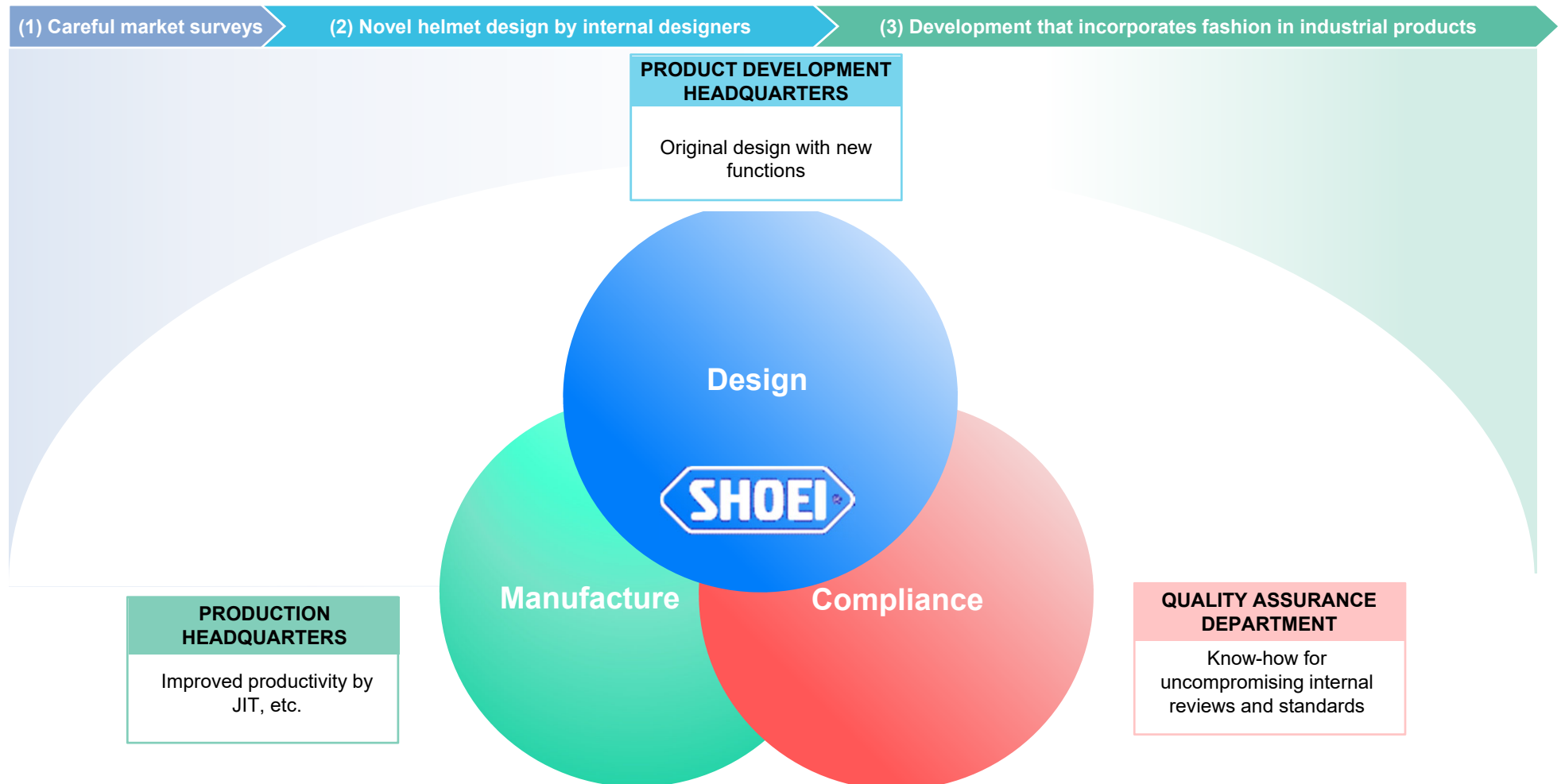


III. Growth Strategies



Maintaining Made in Japan with the twin axes of high added value and rational production

- Resilience that skillfully combines the three elements indispensable to premium helmet production, which have mutual trade-offs
- Integrated production systems at our two plants in Japan, with flexible systems to enable production at either plant
- Maintaining superiority as well as strengthening information management to keep high technologies and expertise confidential



Business Concept

Quality & Value

Management Policies

- 1 Commit to ensuring business continuity in the long term through a sound financial position
- 2 Compete with “Made in Japan” products
- 3 Listen to consumer feedback

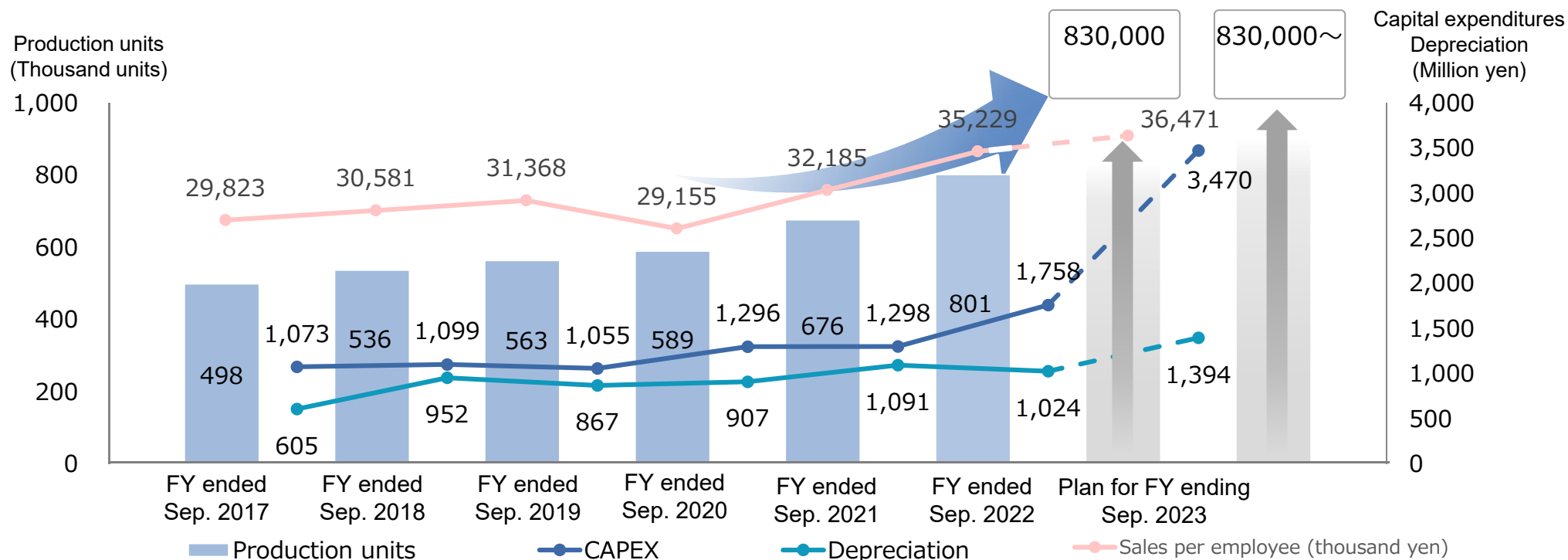
Management Strategies

- 1 Production Strategy
- 2 Sales strategy
- 3 Brand strategy
- 4 ESG management

1. Production Strategy



- We are a *Kaizen*-oriented company and put *Genchigenbutsu*, the underlying concept that emphasizes the importance of frontline operations, into practice. In other words, we will make capital investments speedily to respond to an increase in the volume of sales after we actually recognize demand instead of making them based on estimates and wishful thinking. We take it for granted that there will be risks of a downturn as a result of the end of the COVID-19 pandemic and riders becoming older and therefore consider it appropriate to deal with this risk in a discreet way.
- Production targets for FY2023/9: 830,000



今後の生産体制について

- To respond to a significant rise in demand and enhance production capacity, we secured a 7.2-hectare site (for the second Ibaraki Plant) next to the Ibaraki Plant (The existing Ibaraki Plant's site is 3.3 hectares).
- The development of the site for the second Ibaraki Plant will be completed and transferred to us in July 2023. We will decide what should be transferred to the second Ibaraki Plant and what should be expanded while simultaneously monitoring demand trends going forward.
- At this point, we assume that the warehouse and parking lot will be relocated while the production facilities will be expanded inside the existing first Ibaraki Plant.

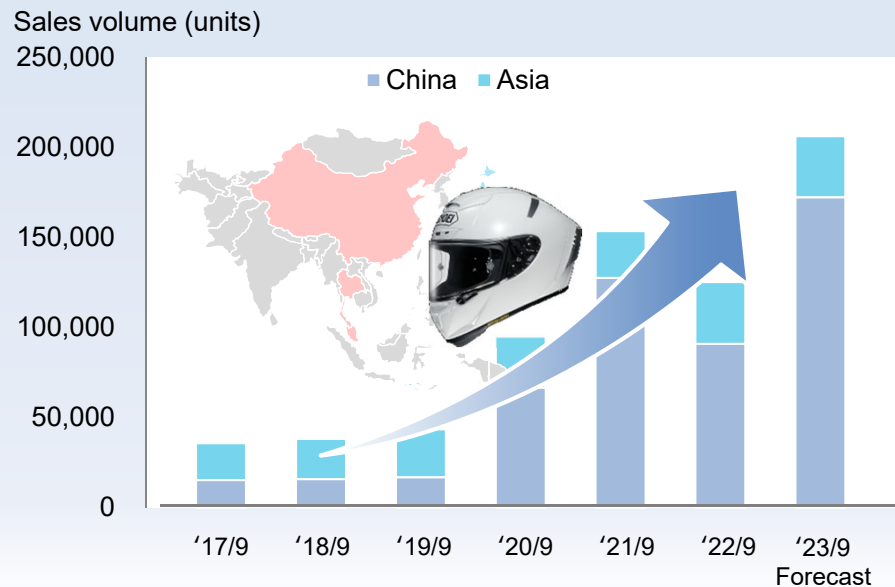
2. Sales strategy (1)



- Strengthen sales and expand promotional activities with a focus on Asia and China, where rider population growth and a bike boom driven by the younger generation is expected in the future

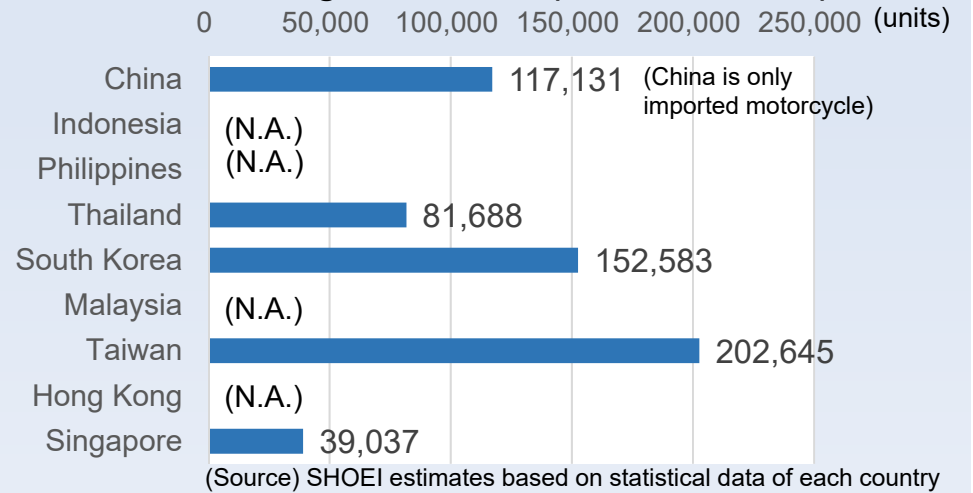
Increase of sales in Asia

Trend of sales volume in Asia market



Overview of Asia market

Sales volume of large motorbikes (more than 250cc) in 2021



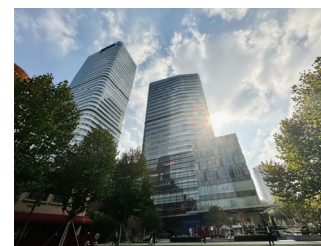
Promote sales in Asia (develop sales hubs)



August 2019 SHOEI ASIA CO., LTD. Established (Thailand)
 Sept. 2022 Acquisition of the Thailand Industrial Standards approval



June 2021 SHOEI (SHANGHAI) CO., LTD. Established (Preparing offices)
 April 2022 One general manager and one local staff member will be hired for the office, the opening of which was delayed due to the impact of the COVID-19 pandemic.



2. Sales strategy (2)



- Since direct contact with customer needs will help us improve product quality and develop new products, we plan on opening our third satellite shop (SHOEI Gallery) in Yokohama in November this year.
- At SHOEI Gallery Tokyo and all our SHOEI technical shops across Japan and the world, we offer PFS and premium services for custom-made interiors that fit the customers perfectly.

Direct sales showroom SHOEI Gallery Tokyo

Exhibition space for SHOEI products
Used to display existing line-up of products, launch new products and provide PFS services which give customers the opportunity to try all products on



Open in November 2022



“SHOEI Personal Fitting System” helmet interior adjustment service

- Each part of the head is measured in detail to determine the optimal helmet size for the user based on the measurement data
- Special pads are used to create a perfectly fitting helmet interior with a made-to-order feel

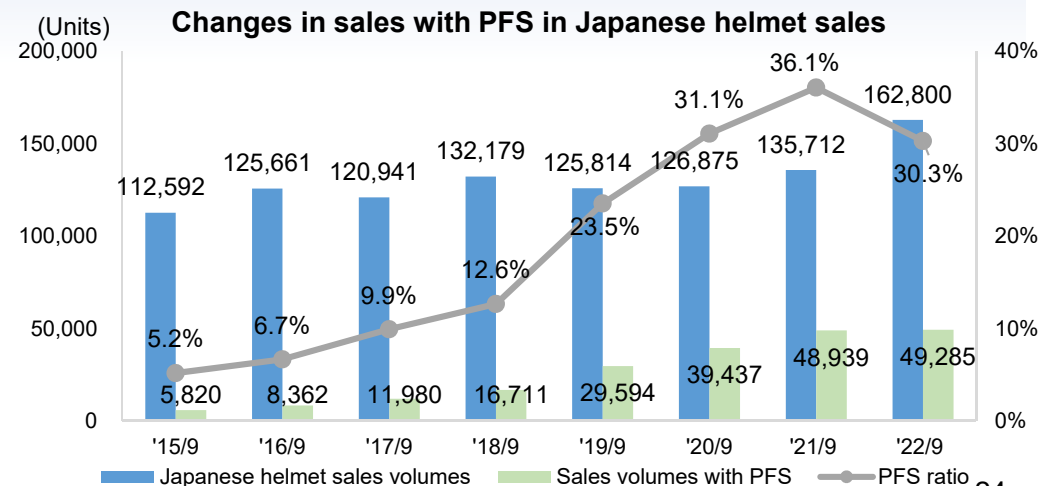
(1) Measurement

Trained staff use a special measuring device to measure the shape of the head which is unique to each individual



(2) Adjustment

A combination of separate small pads is used to adjust the feel and fit of the helmet



3. Brand strategy Promotion through sponsor activities / Promotion by YouTube correspondence



- Extend racer agreement with brothers Marc Márquez and Alex Márquez, both Spanish MotoGP drivers, until the end of 2024

Promotion through sponsor activities



Marc Marquez



Alex Marquez



Fabio Di Giannantonio

Promotion by YouTube



4. ESG Management

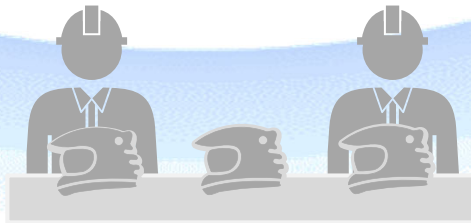


Environment

Preventing global warming

- Ascertaining what suits SHOEI and promptly promote what we can
 - All employees of head office commute by public transportation.
 - Company cars will gradually be replaced with hybrid vehicles.
 - Improve green efficiency of power purchased for plant production (currently approx. 13%)
 - Specifically discuss assistance, etc. to plant employees who buy a green car to commute to work. Decide.
 - Introduction of EV charging equipment at the two plants
 - Purchase of Outlander PHEV vehicles
- Promote spread of bikes with little CO2 emissions

Rich imagination and a product quality to be proud of



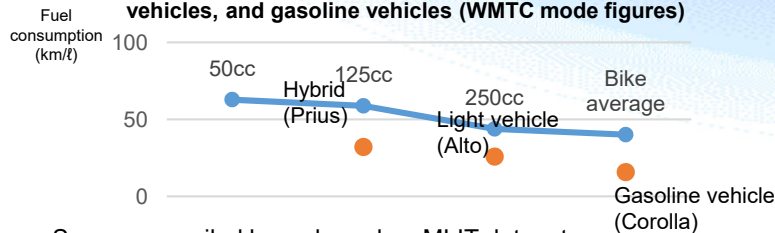
Governance

Corporate governance and compliance

- Respond to required governance items when moving to the prime market
- Appropriately respond to revised CGC
- Board of Directors
 - Seven Directors in total, three of whom are Outside Directors
- Auditors and Board of Auditors
 - Three Auditors in total, two of whom are Outside Auditors
- Nomination and Remuneration Committee
 - Three Director in total, two of whom are Outside Directors



Comparison of fuel consumption between bikes, hybrid vehicles, and gasoline vehicles (WMTC mode figures)



Source: compiled by us based on MLIT data, etc.

Society - Contributing to social issues through business activities

Harmony with local communities

- 100 million yen each donated to Inashiki City (Ibaraki) and Ichinoseki City (Iwate) in our own version of the hometown tax donation program
- Donating tax for hometown assistance



Giving back to employees

- Employee salary increase by 4% for the 8th term in a row
- Giving more back to our employees by creating a system for granting restricted stock



Development and contribution of safety technology

- Promotion of the safety and health of consumers through the development of safe and comfortable helmets and business activities



Appendix: Company Profile



1. Company Profile



Company Name	SHOEI Co., Ltd.
Head Office	1-31-7 Taito, Taito-ku Tokyo
Established on	March 17, 1959
Business description	Manufacture and sale of motorcycle helmets and other helmets for government and other public offices (for the Ministry of Defense and the National Police Agency)
Net Sales	28,953 million yen (Consolidated/Fiscal year ended September 30, 2022)
Ordinary Income	8,503 million yen (Consolidated/Fiscal year ended September 30, 2022)
Profit Attributable to Owners of Parent	6,018 million yen (Consolidated/Fiscal year ended September 30, 2022)
Paid-up Capital	1,421 million yen (Consolidated/as of September 30, 2022)
Number of Employees	759* (Consolidated/as of September 30, 2022) <small>* Including 227 contract and part-time workers</small>
Securities Code	7839 Tokyo Stock Exchange, Prime Market

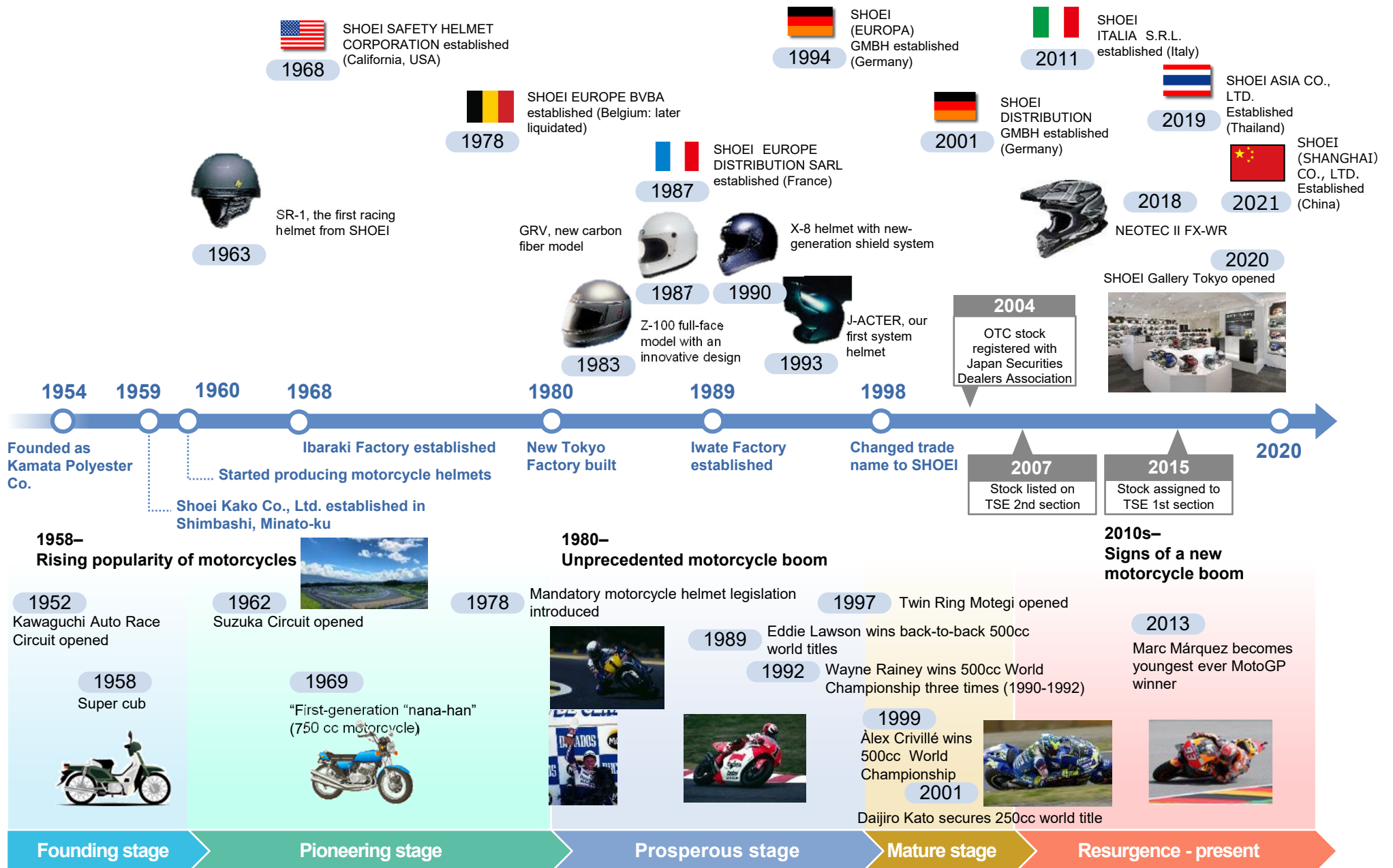
2. Business Description



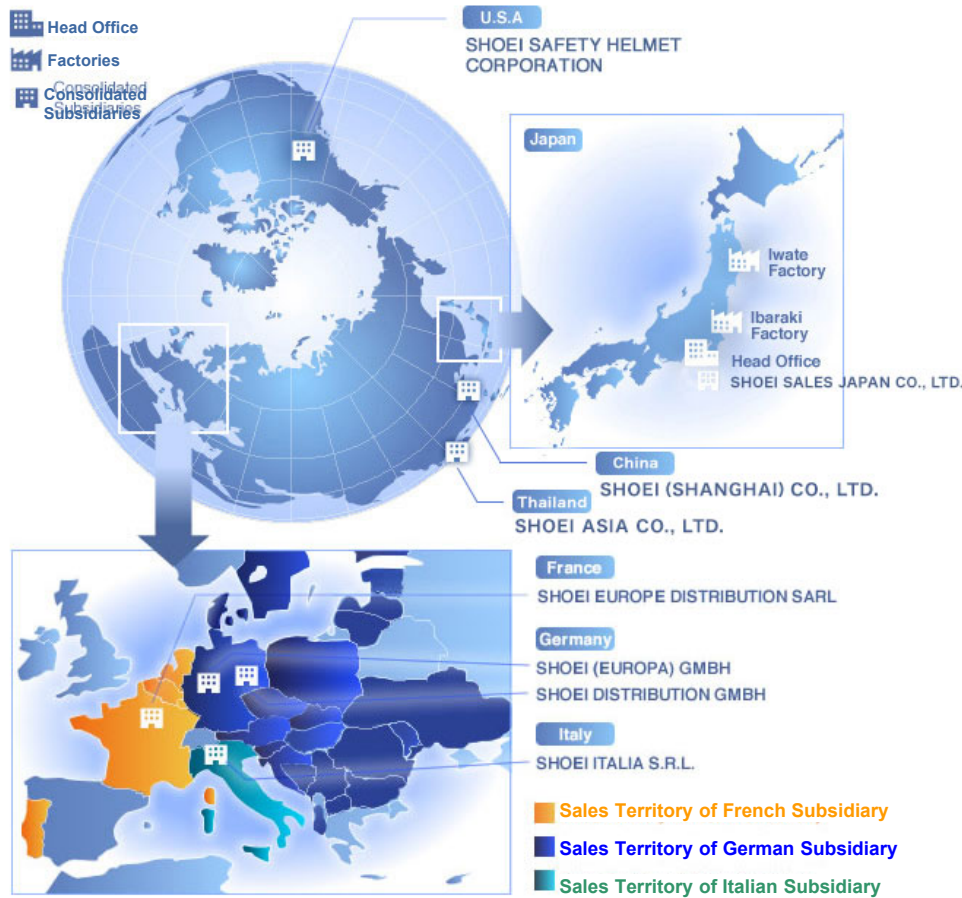
- We manufacture mainly motorcycle helmets as well as some other helmets for aircraft and armored vehicles.
- Our sales network encompasses more than 60 countries extending from Japan to Europe, North and South America, Oceania and Asia. We command the largest share of the premium helmet market in most countries.



3. History



4. Global Network



Iwate Factory



Head Office



Ibaraki Factory

5. Premium helmet market size and SHOEI share by region

- Motorcycle helmets which offer the ultimate in cool appearance, safety and functionality
- Premium helmets which are favored by the world's top racers and which meet the demanding requirements of riders in more than 50 countries around the globe
- Commands a 60% share of the global premium helmets market and market leader in most countries and regions
- Synonym for high quality and safety - SHOEI's helmets are the pride and status symbol of riders who wear them

Boasts more than 60% share of global premium helmets market

Global premium helmets market

Approx. 80 bn yen*



* Based on SHOEI estimates





<X-SPR Pro_X-15>

Full face helmet for Racing

Europe (X-SPR Pro)

Launch: October 2022

RRP: EUR 479.00-639.00

North America (X-15)

Launch: May 2023

RRP: US\$ 899.99-1,049.99

Japan (X-15)

Launch: Jan. 2023 – April 2023

RRP: JPY74,800-92,400 (incl. tax)