

Securities Code: 7839
Tokyo Stock Exchange, 1st Section

SHOEI CO., LTD.

Financial Results Briefing for the Fiscal Year Ended September 30, 2020

November 26, 2020





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I. Financial Results for the Fiscal Year Ended September 30, 2020



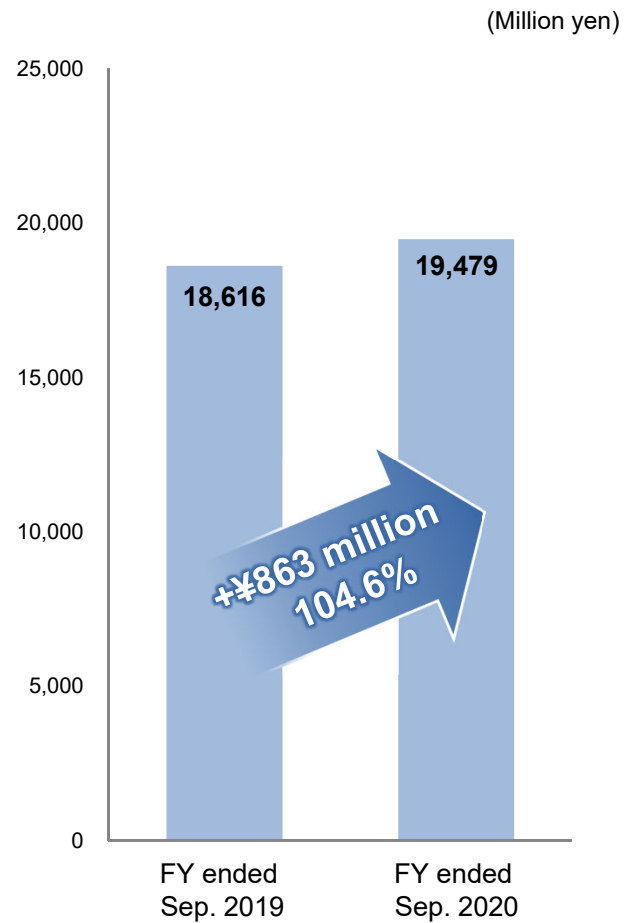
1. Operating Results for the Fiscal Year Ended September 30, 2020

(1) Financial Highlights

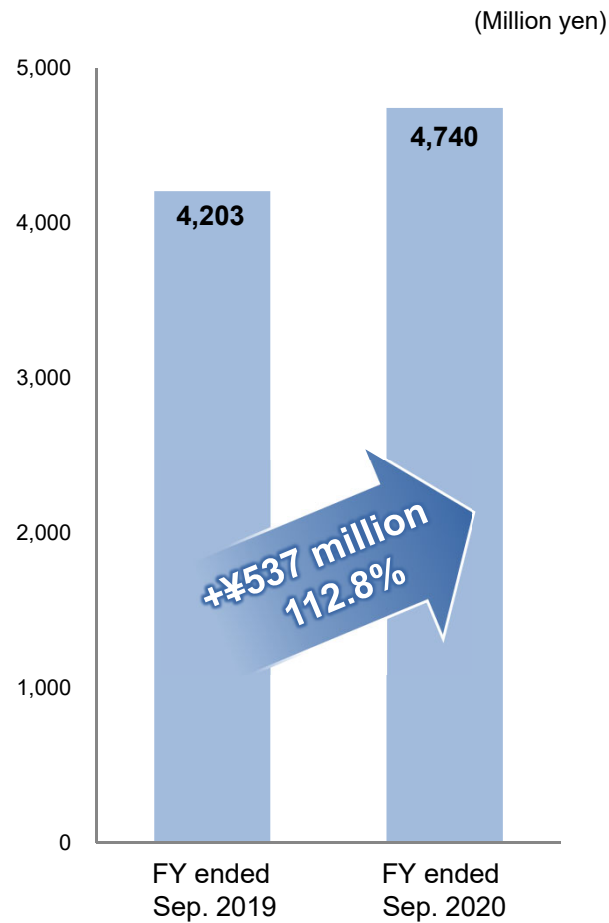


Net Sales/Operating Income/Profit Attributable to Owners of Parent

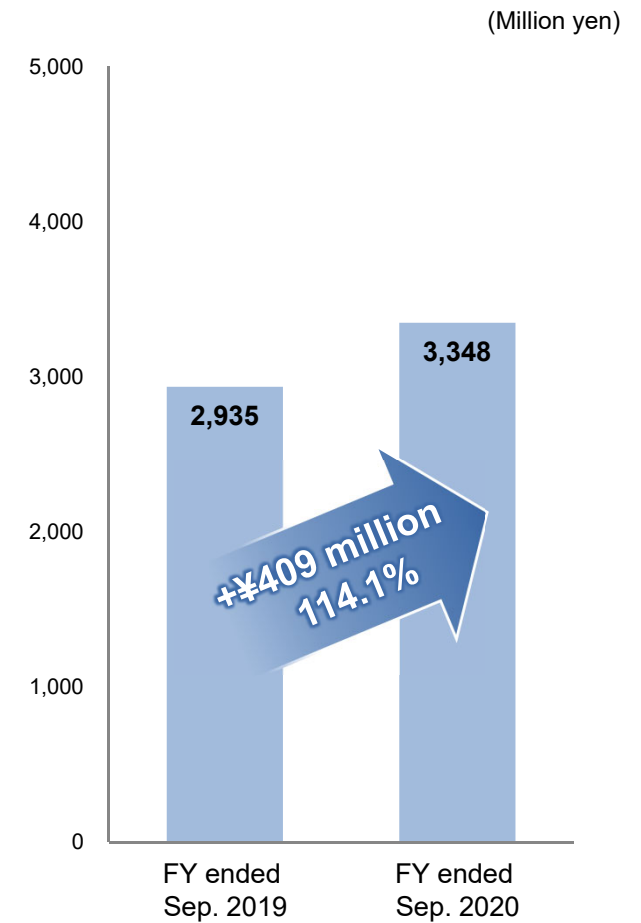
Net Sales



Operating Income



Profit Attributable to Owners of Parent



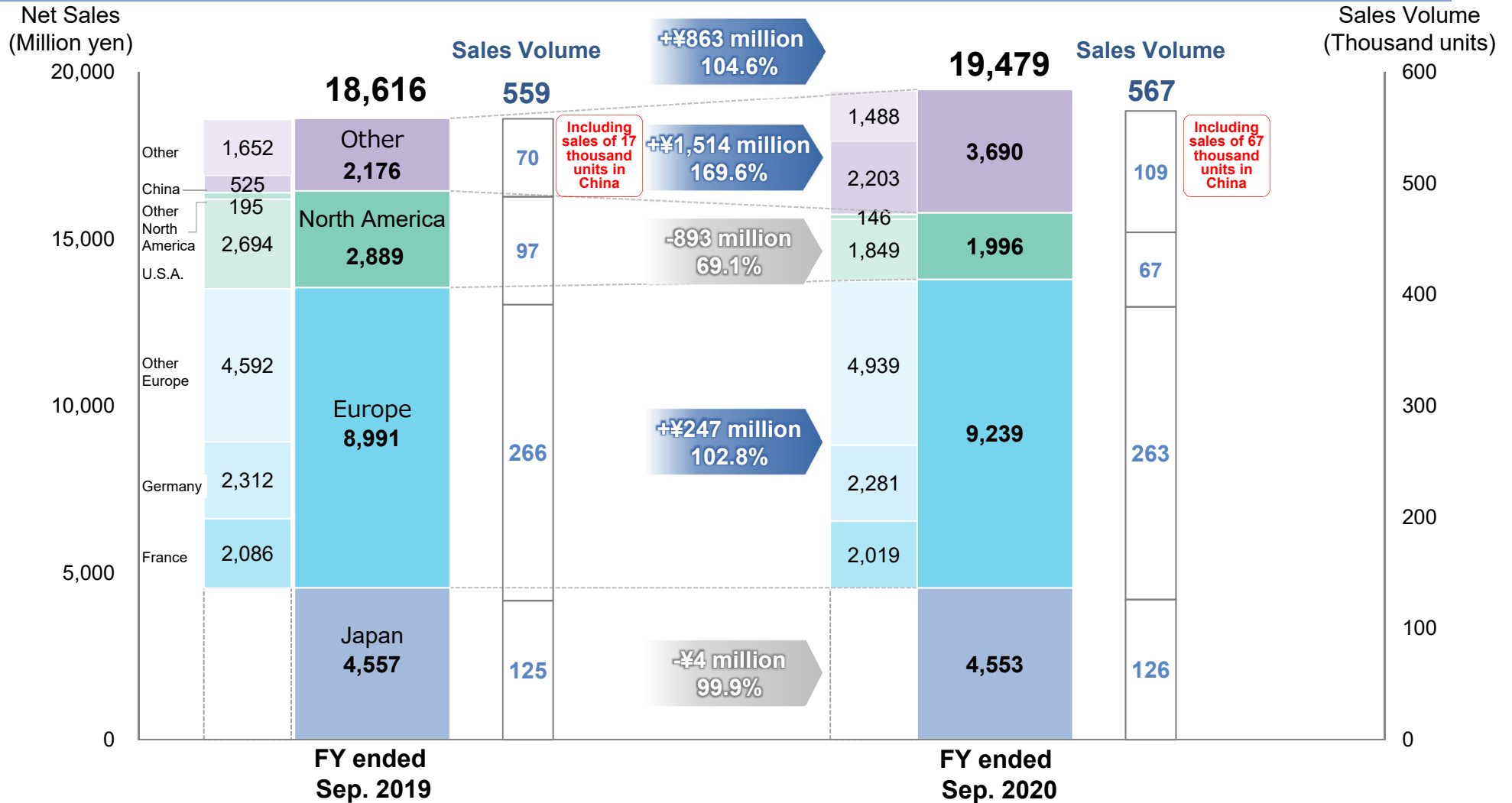
ROE 20.4% ▶ 21.8%

1. Operating Results for the Fiscal Year Ended September 30, 2020

(2) Consolidated Net Sales and Sales Volume by Region



Consolidated Net Sales and Sales Volume by Region



Foreign exchange rates at the term end of subsidiaries (the end of June)

US\$=¥107.79
EUR=¥122.49

US\$=¥107.74 (-¥0.05)
EUR=¥121.08 (-¥1.41)

1. Operating Results for the Fiscal Year Ended September 30, 2020

(3) Market Environment and Topics in the Fiscal Year Ended September 30, 2020



The market environment remained generally favorable until February 2020 before the outbreak of the COVID-19 pandemic led to lockdowns lasting for 2-3 months and the declaration of a state of emergency, resulting in severe restriction on economic activity on a global scale.

Premium motorcycle helmets market

Operating Environment

Europe	Although retail sales were temporarily suspended due to lockdowns, demand recovered quickly with the resumption of retail sales after lockdowns were lifted
Asia	China and other East Asian nations swiftly controlled their COVID-19 outbreaks, leading to a surge in consumption
Japan	No major slump was observed, with few motorcycle stores and other distributors shutting completely Some consumers saw motorcycles as a safe means of transport for avoiding the “Three Cs (sales of new bikes (126 cc and over) reached 121 thousand units by the end of October, up 11% year on year)

Sales

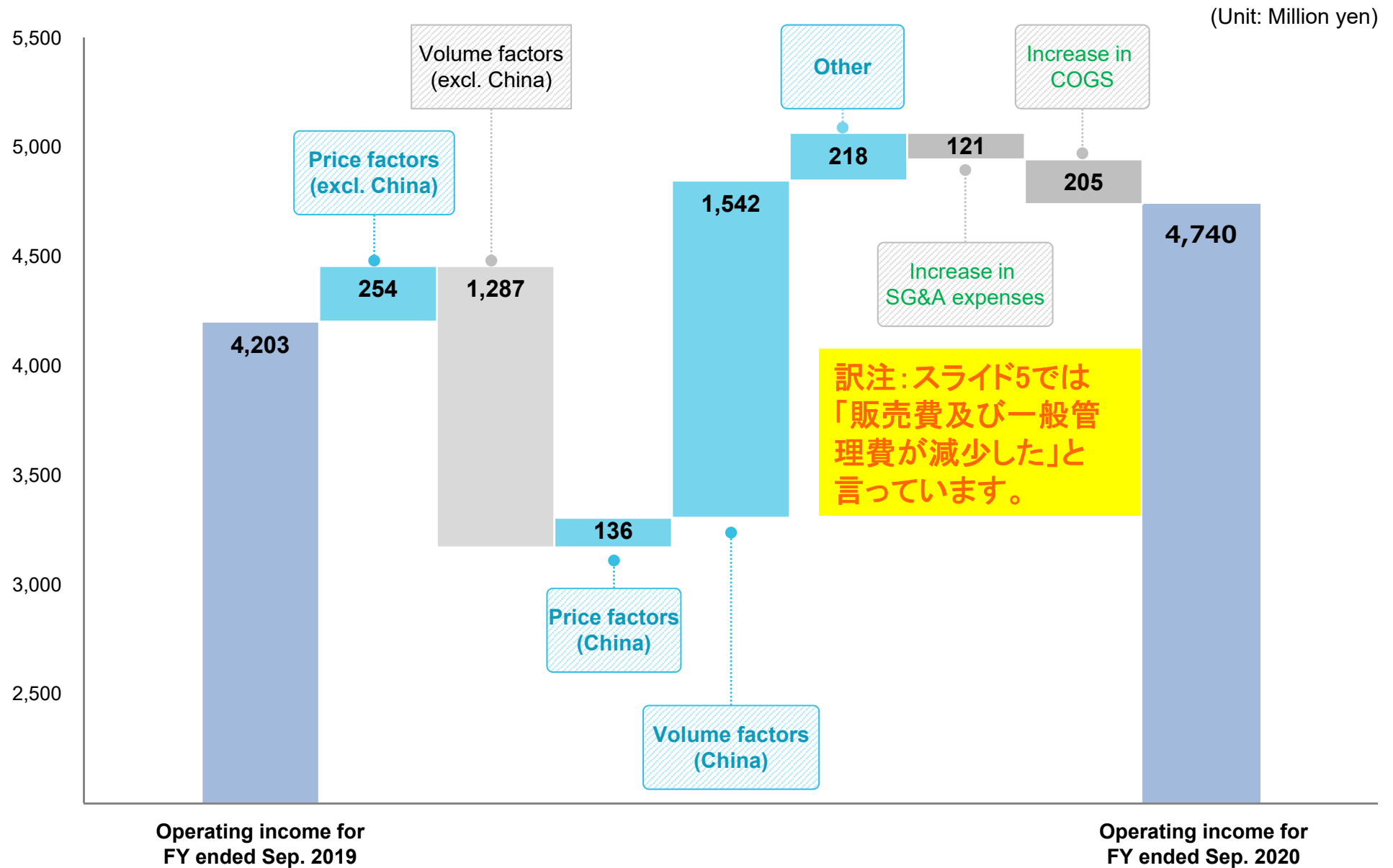
Europe	Sales were down just 1% year on year, reflecting strong orders prior to the COVID-19 pandemic (October-January), a strong rebound in demand across Europe after lockdowns were lifted, and the contribution of brisk sales of new models
North America	Sales volume fell 31% year on year, reflecting the severe impact of lockdowns for a time and inventory adjustments due to the takeover of one distributor’s inventory by another distributor as part of the consolidation of two distributors into a single distributor in the US
Asia	Sales grew 119% year on year driven by strong sales in East Asia, especially China
Japan	The impact of COVID-19 was limited and sales volume rose 1% year on year

Profit

Operating income increased 12.8% year on year, reflecting strong sales of high-priced products especially in Asia and decreased selling, general and administrative expenses due to the cancellation and downscaling of activities such as advertising and overseas business trips because of COVID-19.

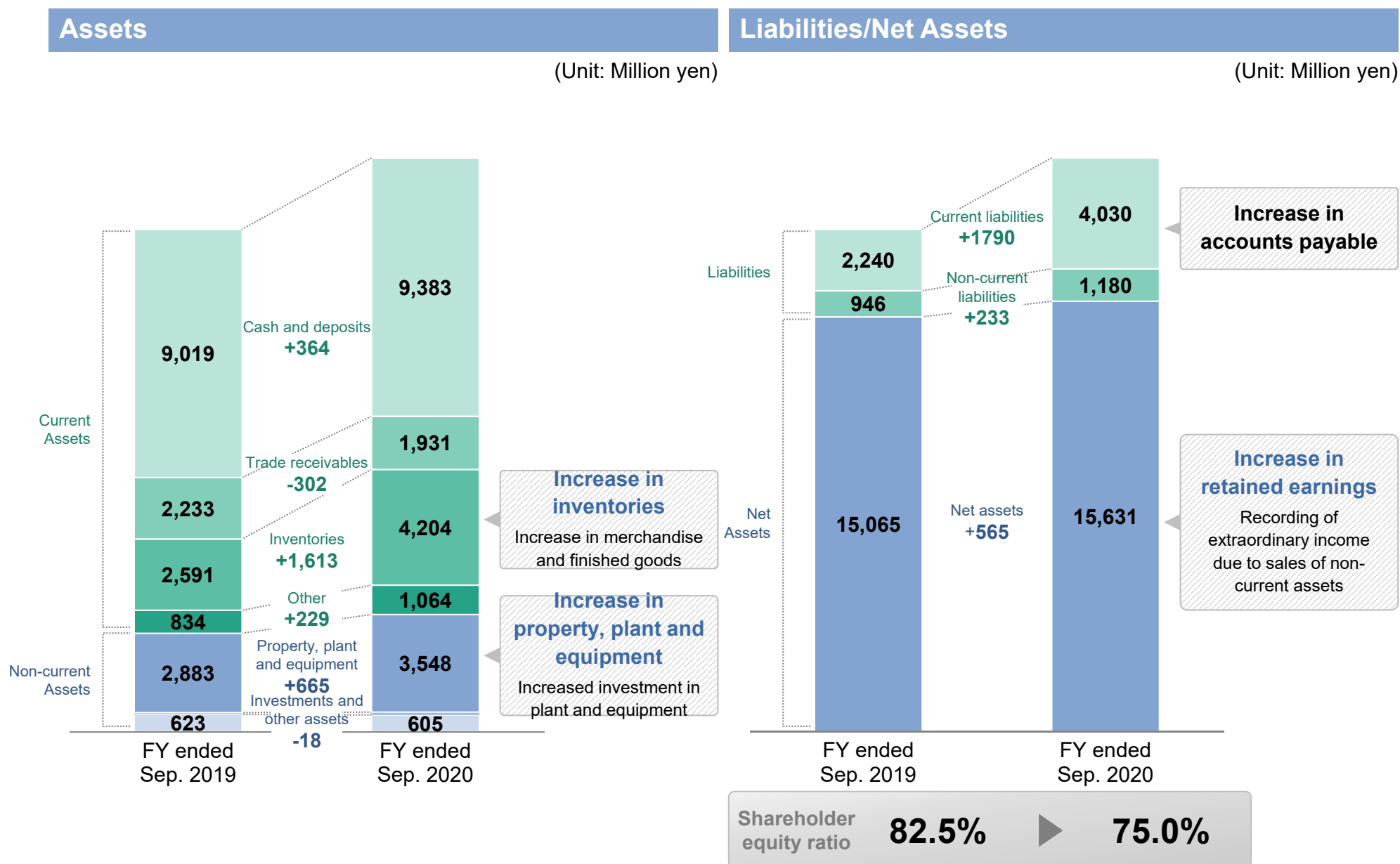
1. Operating Results for the Fiscal Year Ended September 30, 2020

(4) Variance Analysis of Operating Income



1. Operating Results for the Fiscal Year Ended September 30, 2020

(5) Consolidated Balance Sheets

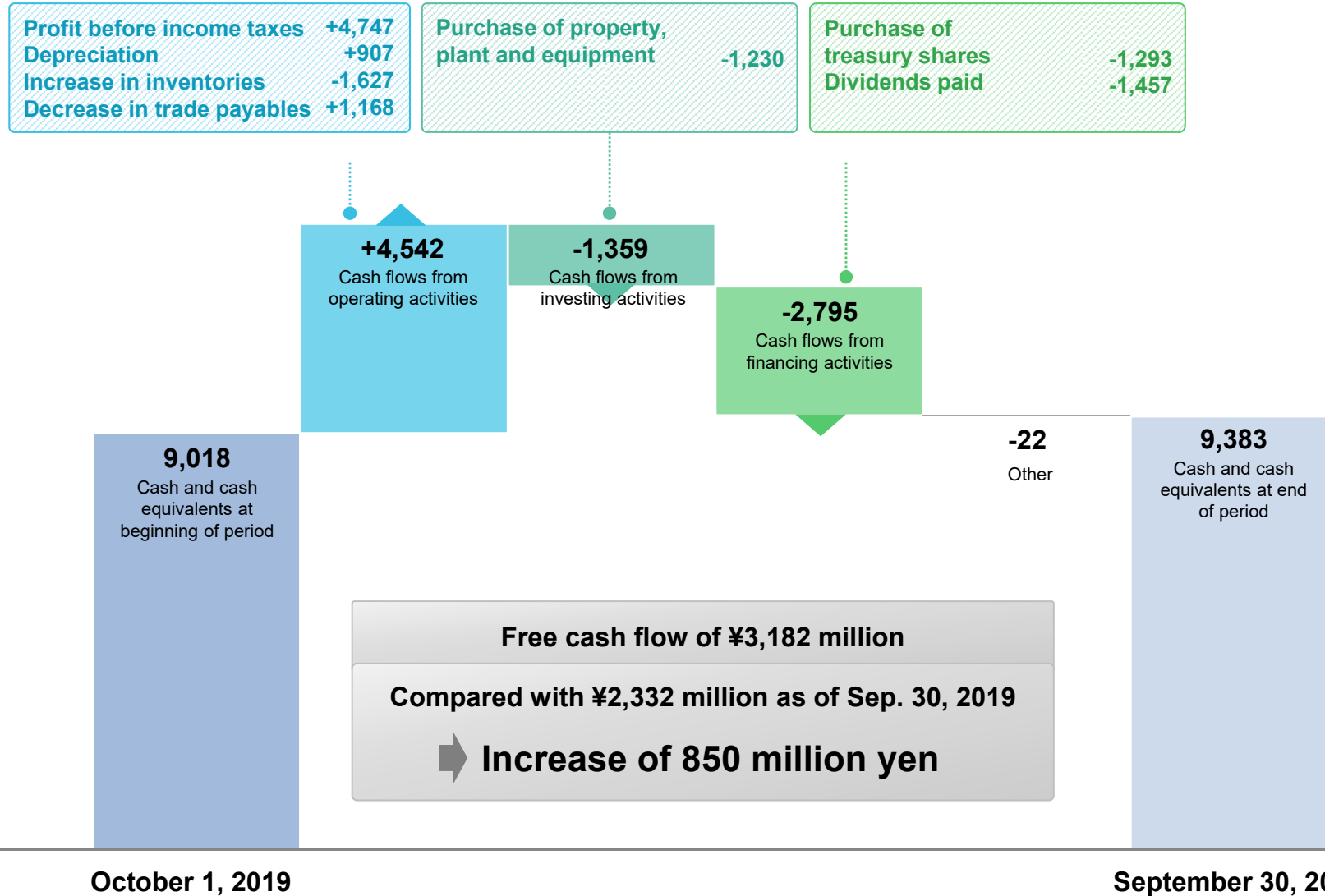


1. Operating Results for the Fiscal Year Ended September 30, 2020

(6) Consolidated Statements of Cashflow



(Unit: Million yen)



2. SHOEI's Strengths

(1) "SHOEI"-World-Renowned for Premium Helmets



- 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

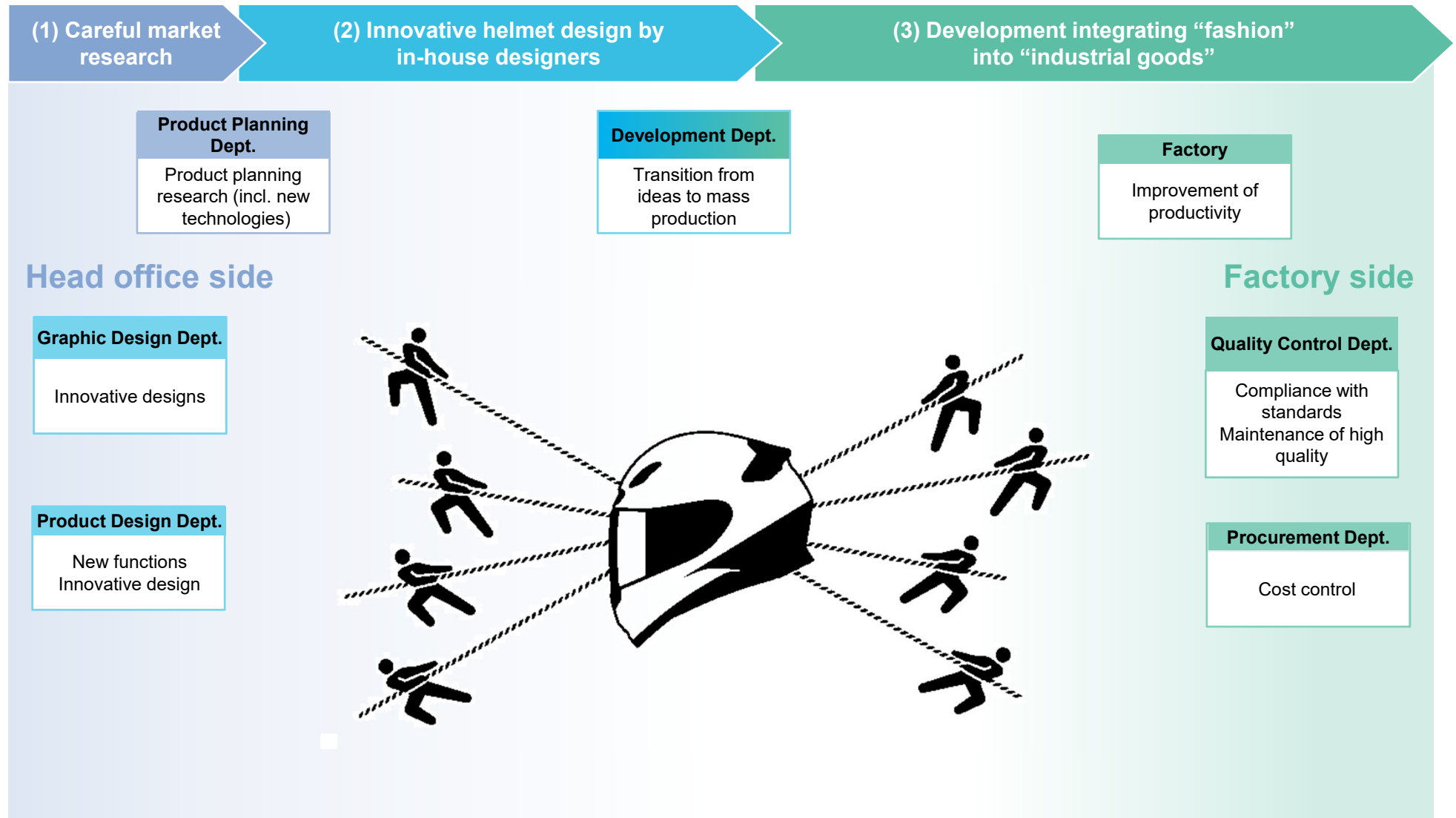


2. SHOEI's Strengths

(2) Adherence to “Made in Japan” Principle - balancing development of high value added products and rationalization of production



- Has own integrated production system at two factories in Japan and has a flexible production capacity enabling any of its production models to be produced at either factory at any time
- Strengthening competitive advantage through tight information management which keeps advanced technologies and knowhow hidden from the outside world



2. SHOEI's Strengths

(3) Advanced Initiatives in a Wide Range of Fields



- Developing ground-breaking new products, new markets and new services to improve customer satisfaction, whilst attaching utmost importance to safety, comfort and excitement

Development of advanced helmet functions through emphasis on user preferences for greater convenience and comfort



Flip-up modular helmets have become mainstream in Europe



One-touch integrated sun visor comes as standard with helmet



Identification and sponsorship of promising racers to enhance brand value



Marc Márquez- crowned MotoGP World Champion for the fourth consecutive year

R&D framework for keeping pace with world's most advanced electronic technology



Helmet with intercom for communicating with team members, making phone calls, and listening to music



Planning to launch world's first helmet with navigation system in 2021



Made to order service which helps improve customer satisfaction, add value, expand repeat sales and increase store footfall

“SHOEI Personal Fitting System” for greater emphasis on customer satisfaction and after-sale service

Early inroads in Asian emerging markets



Expansion of promotions in China and Asia in response to bike boom in Asia and China



Compliance with new CCC marking regulations in China ahead of competitors

II. Forecasts for the Fiscal Year Ending September 30, 2021



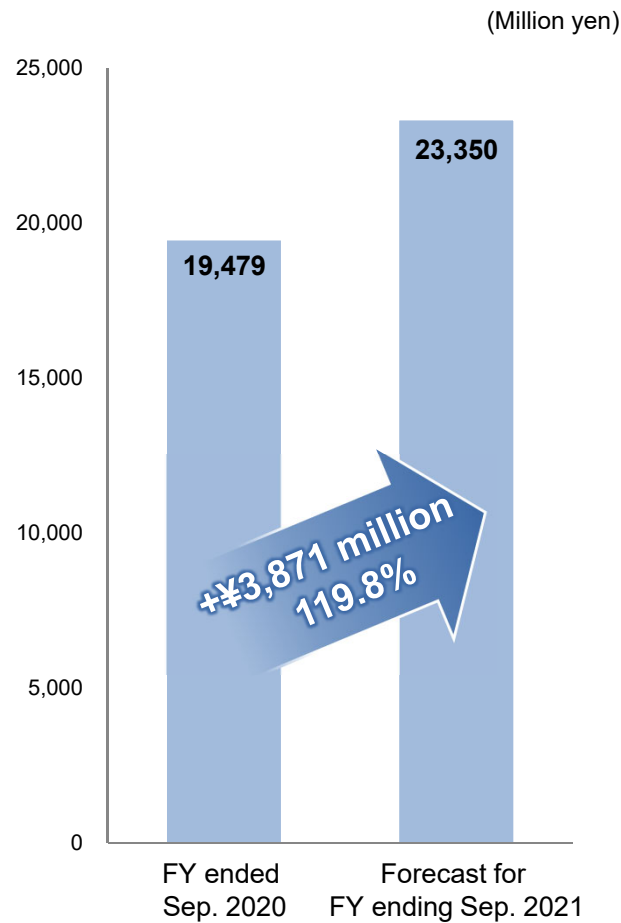
1. Forecasts for the Fiscal Year Ending September 30, 2021

(1) Sales and Profit Forecasts

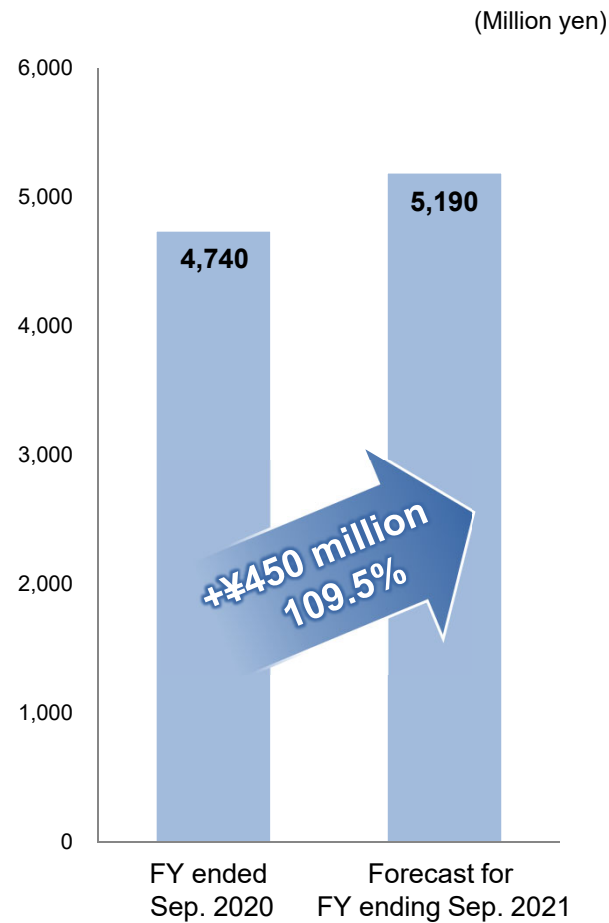


Net Sales/Operating Income/Profit Attributable to Owners of Parent

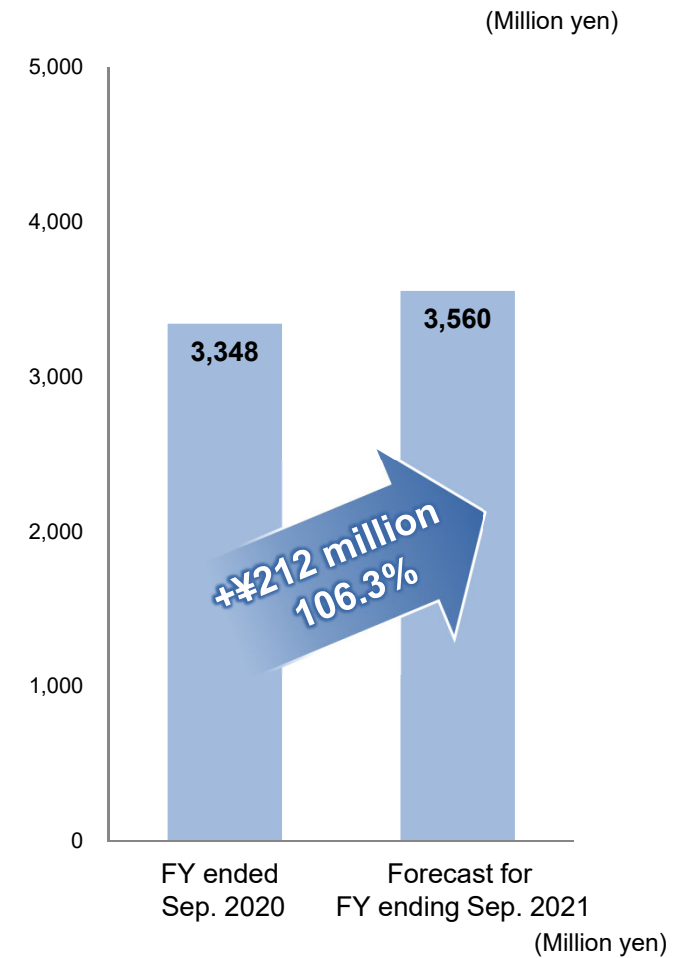
Net Sales



Operating Income



Profit Attributable to Owners of Parent



Foreign exchange rate sensitivity

US\$: 22.9
EUR: 68.7

US\$: 12.8
EUR: 44.0

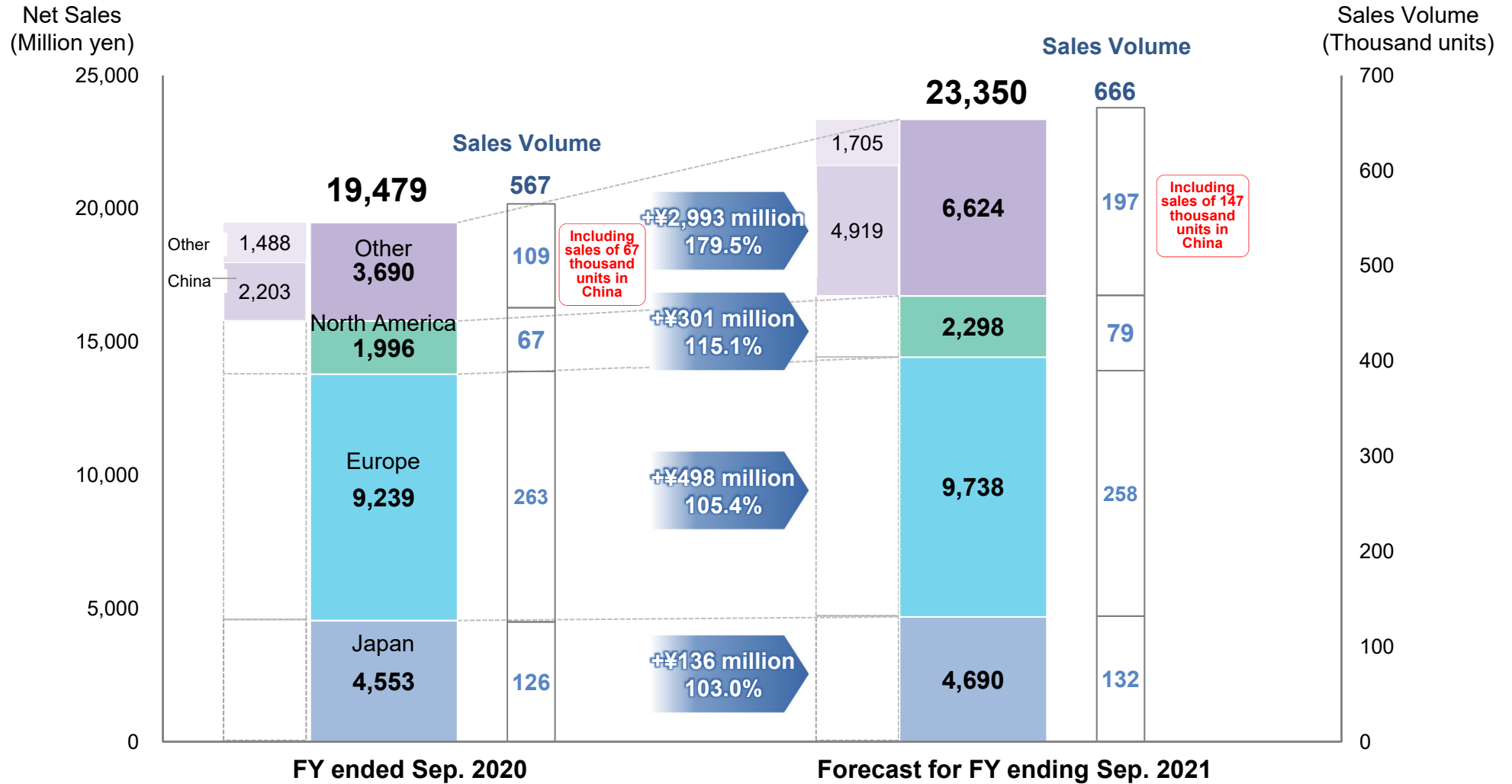
US\$: 8.9
EUR: 30.2

1. Forecasts for the Fiscal Year Ending September 30, 2021

(2) Consolidated Net Sales and Sales Volume Forecasts by Region



Consolidated Net Sales and Sales Volume Forecasts by Region



Foreign exchange rates at the term end of subsidiaries (the end of June)

US\$=¥107.74
EUR=¥121.08

US\$=¥100.00 (-¥7.74)
EUR=¥120.00 (-¥1.08)

(3) Key Factors Affecting Forecasts for the Fiscal Year Ending September 30, 2021



The world economy is on path to recovery from the slump caused by COVID-19. However, the situation remains unpredictable due to the high risk of resurgence of COVID-19 especially in Europe and the U.S.

Condition of Premium Motorcycle Helmets Market

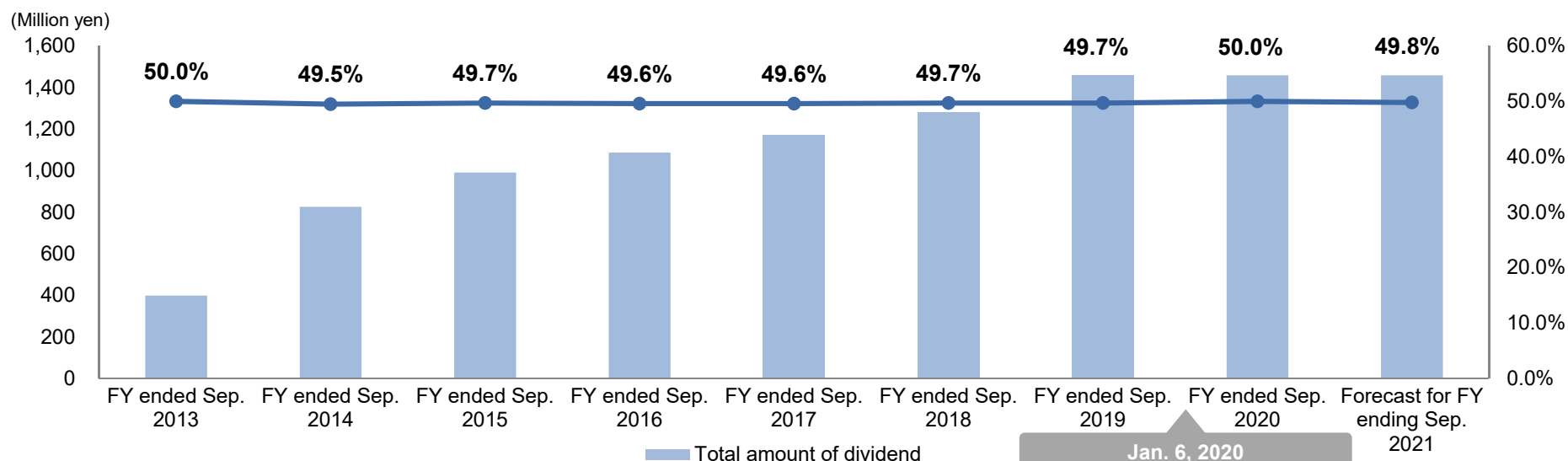
Europe	Given that, even if economic activity is restricted through virus containment measures such as further lockdowns, the motorcycle helmets market will not be as hard hit as other sectors such as the food service and travel sectors, sales are expected to hold steady, remaining mostly unchanged from the fiscal year under review
North America	Sales growth is anticipated following the drastic management changes and inventory adjustments at major distributors which took place in the fiscal year under review
Asia	Sales are expected to increase sharply from the fiscal year under review on the back of continued demand growth, especially in China
Japan	Solid sales comparable with the fiscal year under review are expected, reflecting gradual growth in demand for motorcycles in the short term in response to the COVID-19 pandemic, a continued shift towards premium models, which is one of the advantages of the rise in the average age of motorcycle riders, and a continued tendency to own more than one helmet

2. Shareholder Returns



Trend of Dividend Payout Ratio

- Our basic policy is to “distribute profits based on our consolidated business results.” We intend to increase shareholders’ equity to strengthen our financial position and operating foundations and we seek to achieve a dividend payout ratio of 50%. We plan to pay a dividend of 66 yen per share for the fiscal year ending September 30, 2021.
- In the fiscal year ended September 30, 2020, we acquired 350,000 shares of treasury stock on January 6, 2020 (and cancelled 350,871 shares in March 2020).



Jan. 6, 2020
Acquired 350,000 shares of treasury stock

Mar. 31, 2020
Conducted 2-for-1 stock split

Per-share dividend (Yen)	2013	2014	2015	2016	2017	2018	2019	2020	Forecast for FY ending Sep. 2021
	29.0	60.0	72.0	79.0	85.0	93.0	106.0	62.0	66.0

Shareholder Benefits

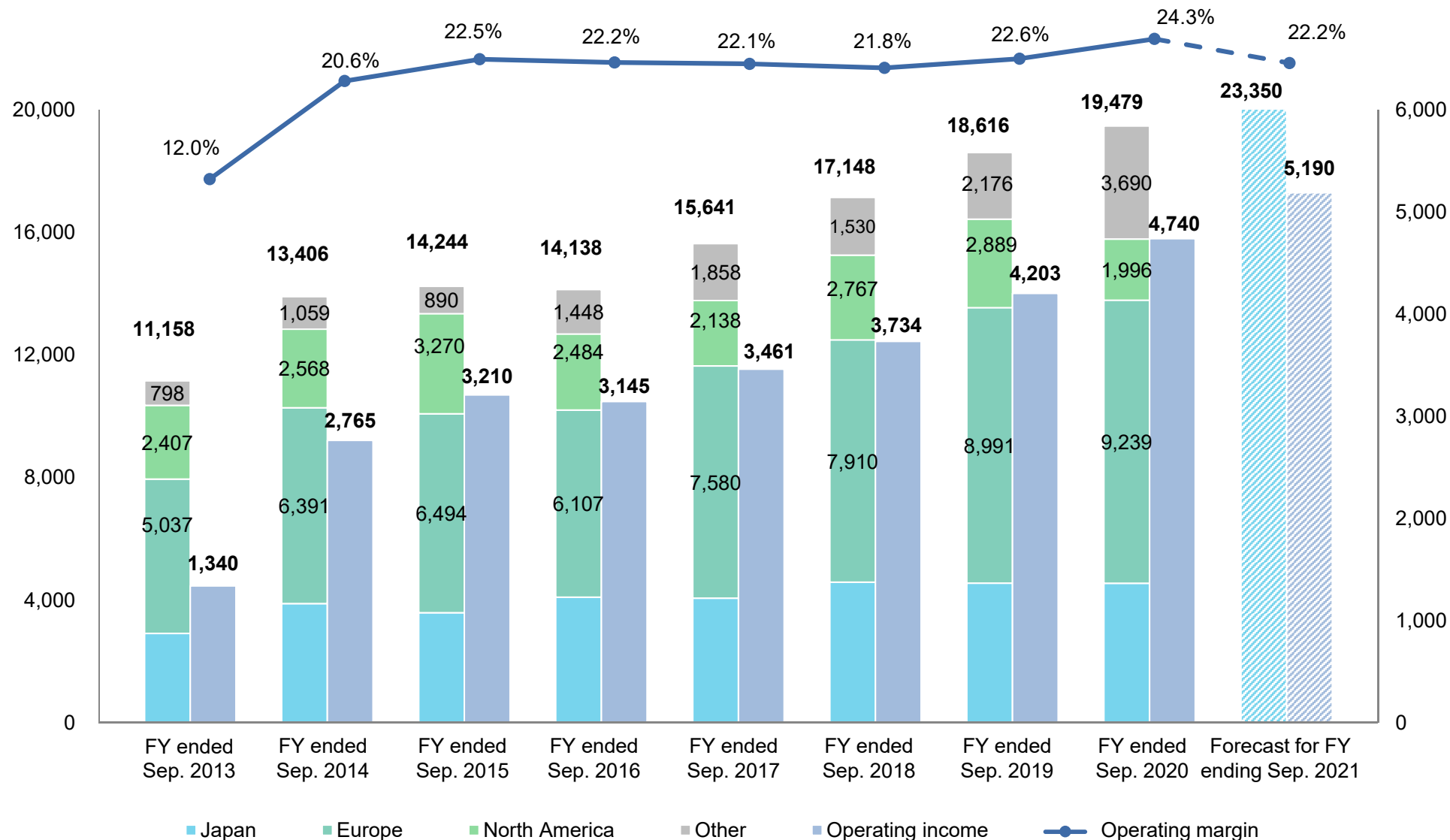
- We resolved to introduce a shareholders’ benefit program at a meeting of the Board of Directors held on August 20, 2020
- SHOEI novelty goods or a 15% discount coupon for use in directly operated stores

3. Trends of Consolidated Business Results



Net sales
(Million yen)

Operating income
(Million yen)



III. Growth Strategies



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 customer feedback

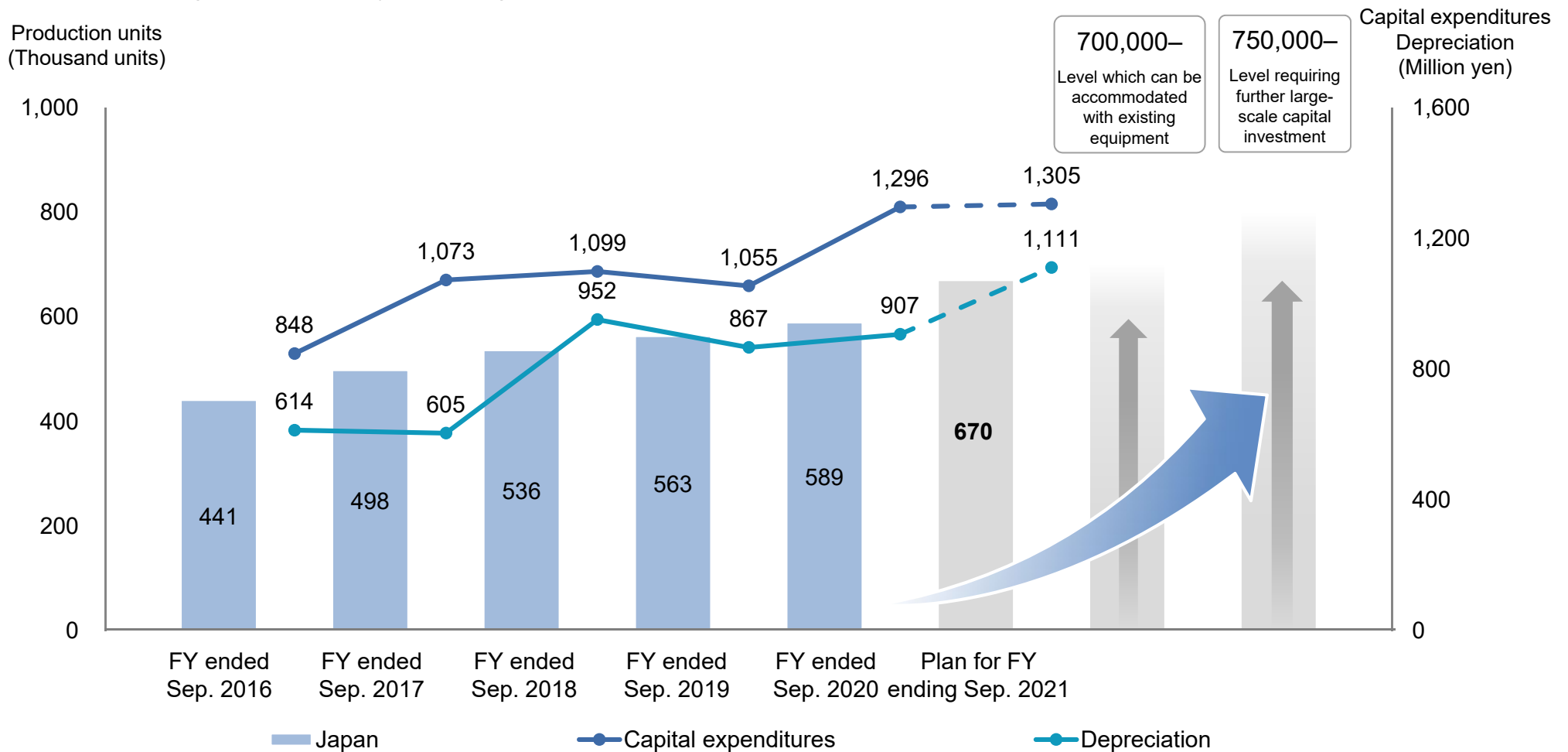
Management Strategies

- 1 Enhance production framework
- 2 Develop high value added products/Tap into diversifying needs
- 3 Strengthen competitiveness of manufacturing sites through improvement activities
- 4 Sell products via e-commerce and showroom channels
- 5 Promote PFS (personal fitting service)
- 6 Increase advertising
- 7 Strengthen sales in priority emerging markets
- 8 Offer shareholder benefits
- 9 Consider new businesses

1. Enhance Production Framework



- Continuously expand production capacity through continued capital expenditure and increased hiring to keep pace with global growth in sales volume
- Production target for the fiscal year ending Sep. 30, 2021: 670,000 units



2. Develop High Value Added Products/Tap into Diversifying Needs



- Market classic and convenient models with added functions to meet customer needs in response to diversifying rider preferences
- Enhance R&D framework to accelerate the integration of electronic technology and develop cutting-edge products, and thereby strengthen brand power

<Glamster> New classic full-face model

- Neoclassic full-face helmet which integrates SHOEI's technology into classic design to achieve both classic style and functionality



Design



"Advanced Classic Style"

Shield



Newly developed CPB-1V shield combining excellent design and clear field of vision

PINLOCK® EVO lens



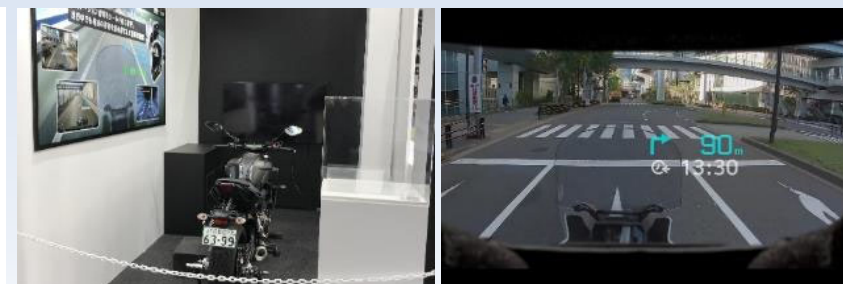
Prevents fogging of the shield, to maintain a clear field of vision

<Smart helmet> Development of helmet with navigation

- Planning to launch a full-face helmet with built-in head-up display for navigation, jointly developed with NS West, in 2021



Smart helmet



Exhibited at Tokyo Motorcycle Show 2019 (Mar. 2019)

<RF-1400 / Z-8 / NXR2>

Sporty, lightweight, compact
advanced helmet



North America (RF-1400)

Launch: Early Dec. 2020

RRP: US\$499.99-US\$599.99

Europe (NXR2)

Launch: Around Oct. 2021

RRP: TBD

Japan (Z-8)

Launch: Around Spring 2021

RRP: TBD

For Reference:

Old model <RF-1200 / Z-7 / NXR>

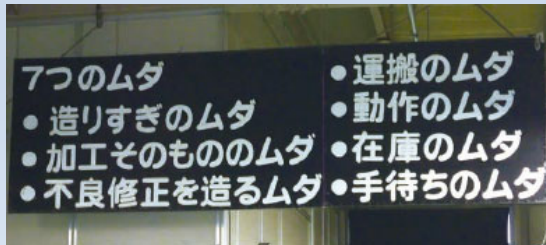
Total sales volume from Sep. 2013 to Oct. 2020: 867 thousand units

3. Strengthen Competitiveness of Manufacturing Sites through Improvement Activities

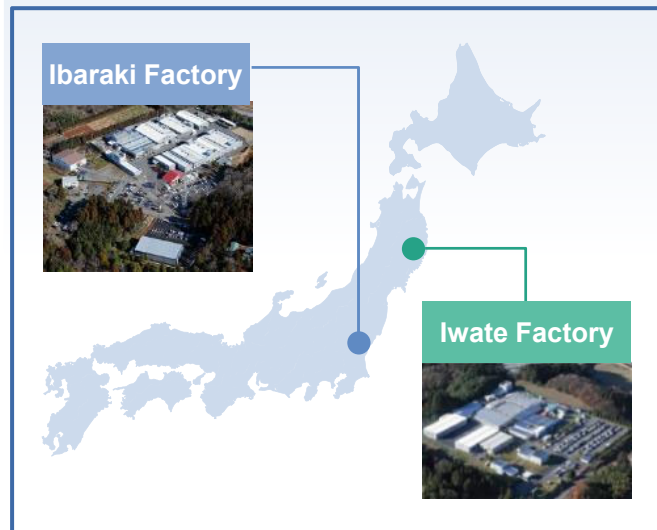


- Continuously strengthen competitiveness of both factories in Japan through improvement activities using just-in-time system

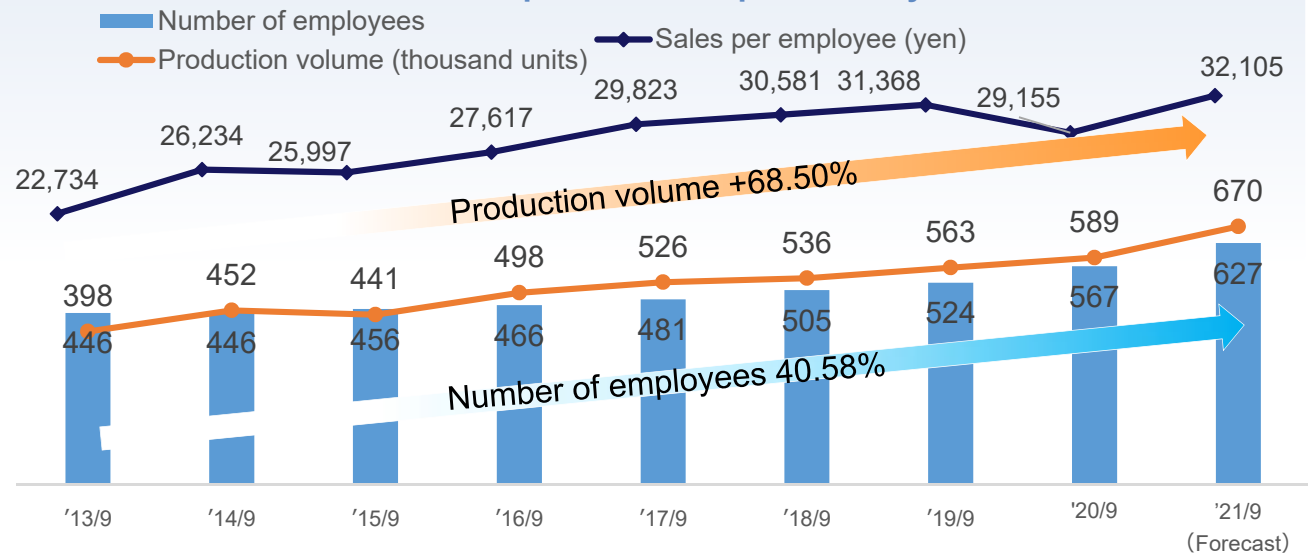
Pursuit of efficiency through “just-in-time” system



- Production improvement system used for more than 20 years
 - Improvement of quality
 - Elimination of waste
 - Strict cost control
 - Rationalization of production process, with the right people in the right place



Trend of improvement in productivity



4. Sell Products via e-commerce and Showroom Channels



- Improve e-commerce sites especially for repair parts, giving careful consideration to the needs of users in countries around the world
- Opened direct sales showroom SHOEI Gallery Tokyo in March 2020 for new market development

EC market development

Strengthened follow-up services for customers with no distributors nearby through EC-site



Direct sales showroom SHOEI Gallery Tokyo



Opened in March 2020

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

2F



Exhibition of helmets used by riders sponsored by SHOEI and photographs of them

1F



5. Promote PFS (personal fitting service)



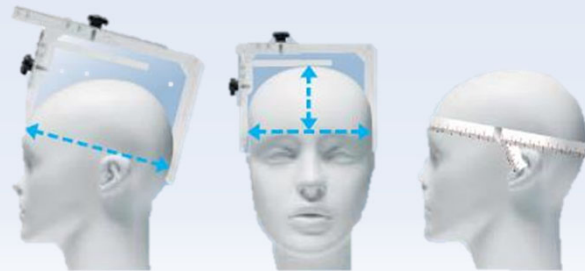
- Provide PFS at SHOEI Gallery Tokyo and other SHOEI stores in Japan and other parts of the world and offer a premium service for creating a custom-shaped helmet interior which fits the user perfectly

“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



PFS at an event venue in Japan



PFS at overseas store

6. Increase Advertising



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

Promotion through sponsor activities



**X-Fourteen
MARQUEZ5**

2016-2019	Season	No.1
2015	Season	No.3
2013-2014	Season	No.1

Sales volume of replica model
in FY ended Sep. 30, 2020

51.9 thousand units

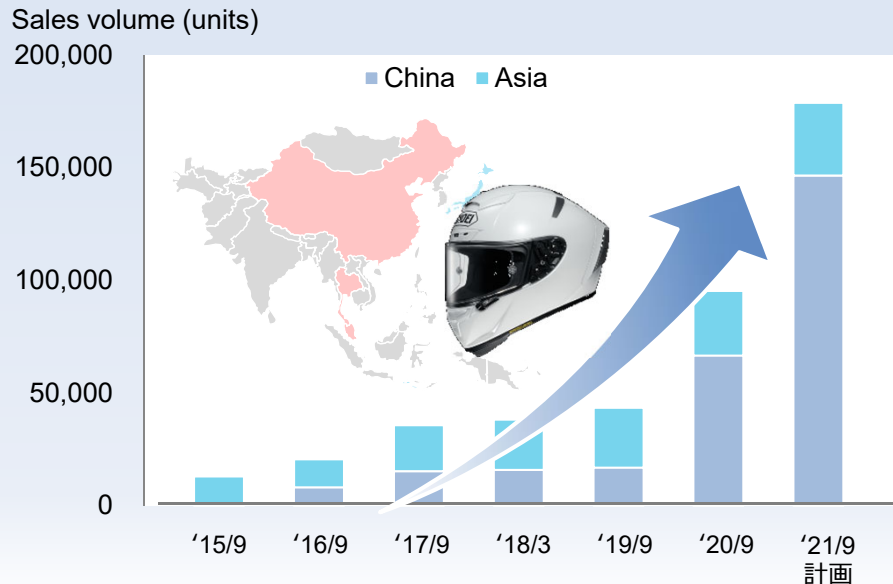
7. Strengthen Sales in Priority Emerging Markets



- 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



Compliance with China's CCC regulations

- Acquired CCC certification* to resume transactions



Before introduction of CCC (JIS)

-FY ended Sep. 30, 2018

X14 NEOTEC II TR-3
 Z7 J-Cruise J-O
 RYD J-FORCE IV HORNET ADV
 GT-Air FREEDOM VFR-WR

12 models

After introduction of CCC

- FY ended Sep. 30, 2020



Z7 GT-Air II J-Cruise II X14

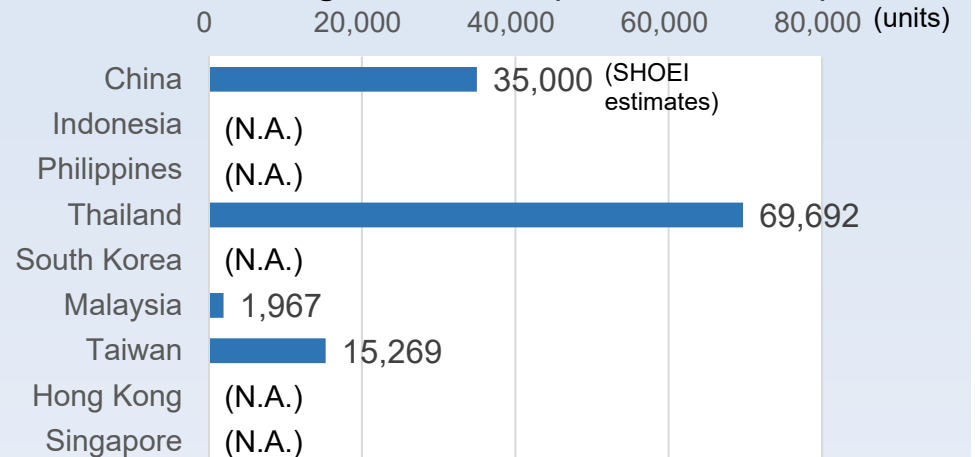
4 CCC-compliant models

* (China Compulsory Certificate system)

Certificate system under which the Chinese Government assesses whether products meet Chinese technical specifications and can be imported into China. The system was applied to bike helmets from November 2017.

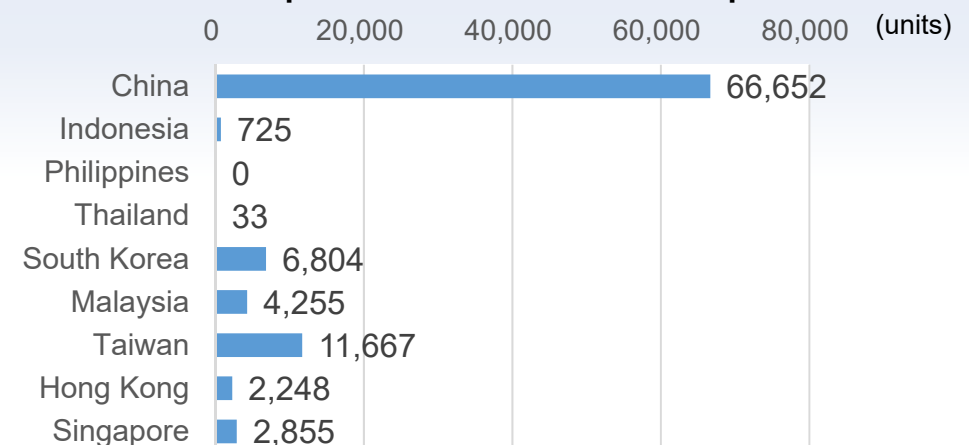
Overview of Asia market

Sales volume of large motorbikes (more than 250cc) in 2019



(Source) SHOEI estimates based on statistical data of each country

SHOEI shipments from Oct. 2019 to Sep. 2020



8. Offer Shareholder Benefits



- We resolved to introduce a shareholders' benefit program at a meeting of the Board of Directors held on August 20, 2020.
- SHOEI novelty goods or a 15% discount coupon for use in directly operated stores

SHOEI novelty goods



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	19,479 million yen (Consolidated/Fiscal year ended September 30, 2020)
Ordinary Income	4,746 million yen (Consolidated/Fiscal year ended September 30, 2020)
Profit Attributable to Owners of Parent	3,348 million yen (Consolidated/Fiscal year ended September 30, 2020)
Paid-up Capital	1,394 million yen (Consolidated/as of September 30, 2020)
Number of Employees	600* (Consolidated/as of September 30, 2020) <small>* Including 121 contract and part-time workers</small>
Securities Code	7839 Tokyo Stock Exchange, 1st Section

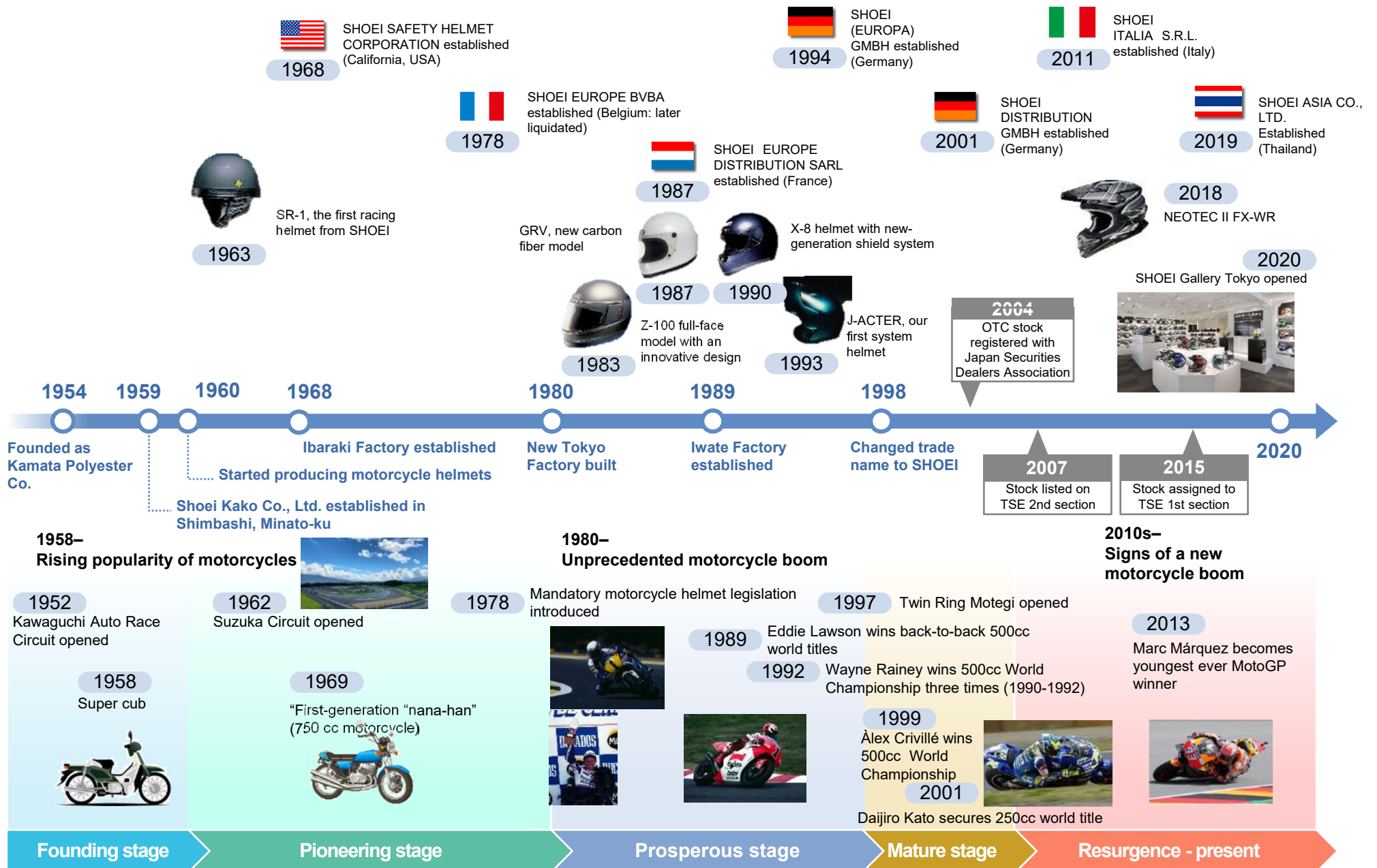
2. Business Description



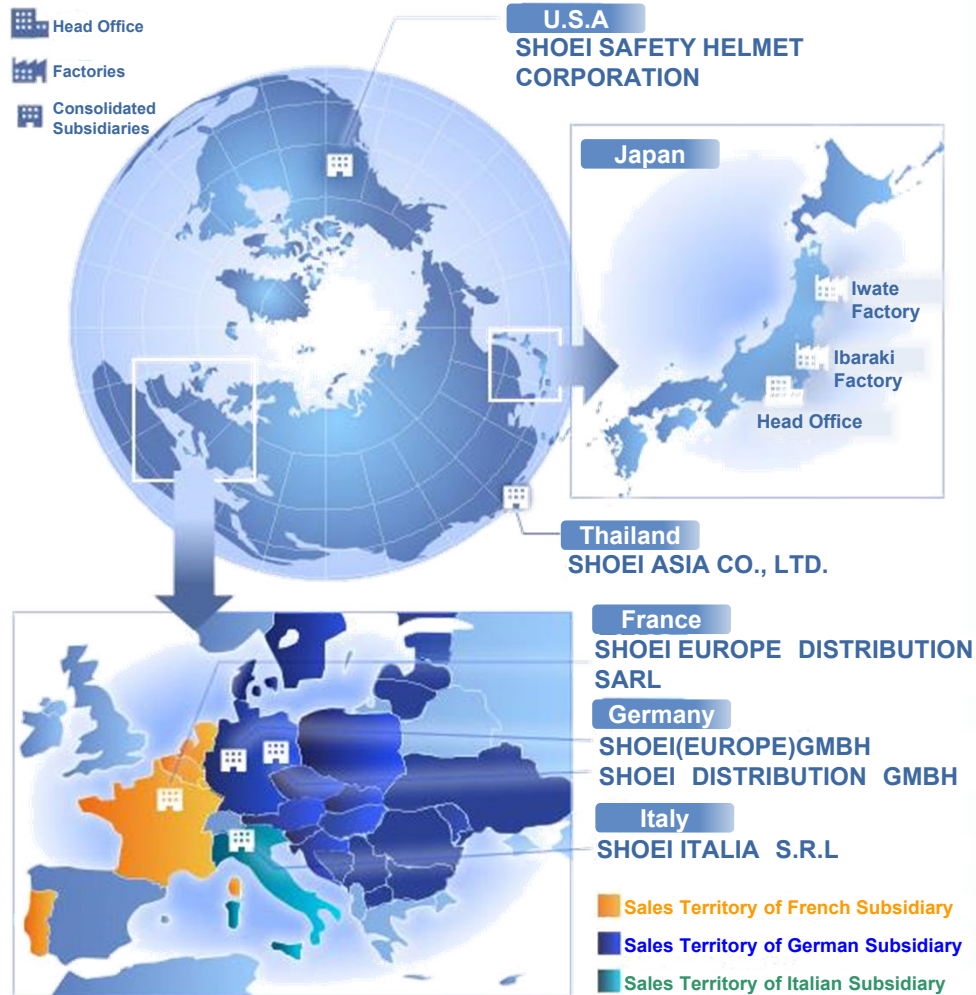
- We manufacture mainly motorcycle helmets as well as some other helmets for aircraft and armored vehicles.
- Our sales network encompasses more than 60 countries extending from Japan to Europe, North and South America, Oceania and Asia. We command the largest share of the premium helmet market in most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



3. History



4. Global Network



Iwate Factory



Head Office



Ibaraki Factory

5. SHOEI's World-leading Strengths



Product strength



Safety



Beauty of form



Finish and
added value

Manufacturing competitiveness



Just in
Time system



Craftmanship



Advanced
production
system

Global sales competitiveness



Global distribution network



In-depth research of specific
needs of users in each country



Painstaking and comprehensive
after-sales service

Flexible adaptability at every stage from design and production to sales and after-sales service

Philosophy

Combining safety, comfort and passion

Impact protection

Safety



PREMIUM HELMET



COMFORT



PASSION

Comfort

Maximum degree of comfort in any situation

Passion

Passion for motorcycling



SHOEI SAFTY CONCEPT

SHOEI believes in two key types of protection

Passive Safety

— Performance and safety requirements which protect the rider —

Compliance with stringent JIS requirements as well as the national safety requirements of other countries worldwide



Shock absorption test



Penetration resistance test



Chinstrap test

Active Safety

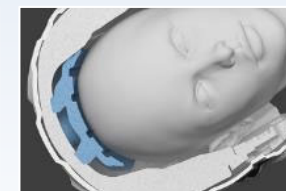
— Performance to prevent an accident —



Improved safety through weight reduction



SHOEI's unique shell structure AIM/AIM+

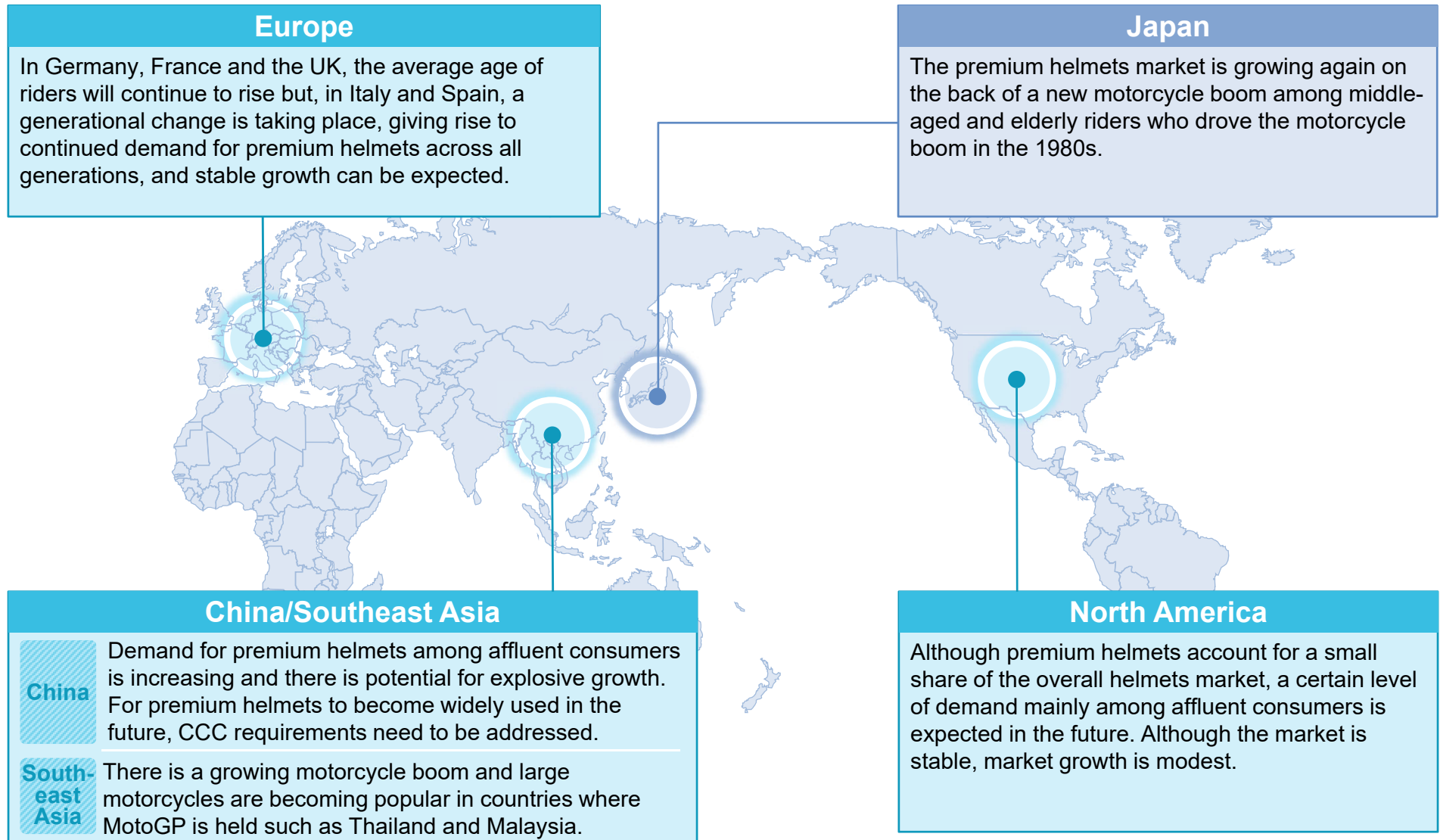


Advanced shock absorbing liner

7. Industry Environment



- In developed markets where the average age of motorcyclists is rising, sales remain brisk, bolstered by strong consumption among high-earning, middle-aged riders but are expected to flatten in the medium and long term. In emerging markets, however, the growing popularity of MotoGP has given rise to a motorcycle boom and demand among young consumers is increasing.



8. ESG Management



Social Issues

Worsening climate change

Falling birth rate and aging population

Infrastructure for a safe, secure and comfortable life

Lifestyle diversity

Multiple labor issues

Environment



Prevention of global warming

- Promotion of use of renewable energy and use of LED lighting in factories to reduce CO₂ emissions



Disaster prevention and improvement of water quality

- Use of rainwater permeation system at some factory sites

Immense creativity and quality to be proud of



Governance

Corporate governance and compliance

Corporate activities conducted in a fair and sincere manner



- Board of Directors
 - Five Directors in total, two of whom are Outside Directors
- Auditors and Board of Auditors
 - Three Auditors in total, two of whom are Outside Auditors

Society - Contributing to social issues through business activities

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

Improvement of working environment

- Installation of air-conditioning systems on factory floors

Harmony with local communities

- Donation of a total of 100 million yen to Inashiki City in Ibaraki Prefecture and Ichinoseki City in Iwate Prefecture to help combat COVID-19
- Regular hosting of visits by children from neighboring elementary schools

