

April 26, 2024
SHOEI CO., LTD.

Consolidated Financial Results

for the Second Quarter of the Fiscal Year Ending September 30, 2024

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, Prime Market
Headquarters	Tokyo, Japan
(URL https://www.shoei.com/)	
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Hiroshi Yamaguchi, Director and General Manager of Business & Financial Management Headquarters

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1) Operating Performance

	<u>Millions of Yen</u>		
	<u>Oct.22-Mar.23</u>	<u>Oct.23-Mar.24</u>	<u>% Changes</u>
Net Sales	15,216	16,454	8.1
Operating Income	4,923	5,275	7.1
Ordinary Income	4,893	5,345	9.2
Profit attributable to owners of parent	3,456	3,738	8.1
	<u>Yen</u>		
<i>Per Share Amounts</i>			
Net Income	64.41	70.60	
Net Income, Diluted	—	—	

Notes:

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

<u>Millions of Yen</u>	
<u>Oct.22-Mar.23</u>	<u>Oct.23-Mar.24</u>
—	—

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

<u>Shares</u>	
<u>Oct.22-Mar.23</u>	<u>Oct.23-Mar.24</u>
53,670,916	52,946,578

3. On April 1st, 2023, 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, 2024: 1,188,211

5. Change of Accounting Method: Not Applicable.

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	
	<u>Sept.30,23</u>	<u>Mar.31,24</u>
Total Assets	32,805	31,547
Net Assets	27,145	25,353
	Percentage	
Shareholders' equity ratio	82.7%	80.3%
	Yen	
Net Assets per Share	506.60	482.40

Notes:

1.Number of Shares Outstanding on September 30, 2023 and Mar 31, 2024

(Consolidated):

	Shares	
	<u>Sep.30,23</u>	<u>Mar.31,24</u>
	53,713,716	53,713,716

3) Cash Flow

	Millions of Yen	
	<u>Oct.22-Mar.23</u>	<u>Oct.23-Mar.24</u>
Net Cash Flow from Operating Activities	2,858	2,989
Net Cash Flow from Investment Activities	(860)	(2,281)
Net Cash Flow from Financial Activities	(3,036)	(5,584)
Cash and Cash Equivalents at the End of	12,727	9,599

4) Scope of Consolidation

Number of Consolidated Subsidiaries	7
Number of Non-Consolidated Subsidiaries	0
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	1
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, 2024

	<u>Millions of Yen</u> <u>Oct.23-Sep.24</u>
Net Sales	35,120
Operating Income	9,630
Ordinary Income	9,630
Net Income	6,770
	<u>Yen</u>
Net Income Per Share	126.42

【Qualitative Information on Performance on Consolidated Basis】

During the first half of the fiscal year under review (from October 1, 2023 to March 31, 2024), the global economy continued to face uncertainty, while also experiencing a lack of momentum overall. This reflected a decline in the willingness of consumers to spend due to the ongoing conflicts in Ukraine and Gaza, as well as the increasingly noticeable decline in consumption in China triggered by the sluggish real estate market.

In the market for high-end motorcycle helmets, demand returned to the previous level in Europe, reflecting the end of the outdoor boom that had been heightened by the COVID 19 pandemic. However, they remained overstocked at the distribution level because improvements in production systems and international logistics resulted in a strong supply of products. Even so, the situation is expected to gradually normalize as soon as excess inventory is eliminated, with the effects of the mainstay models (NEOTECH 3 and GT Air 3) featured as new models due to model changes also having a positive effect. On the other hand, with demand showing a more serious decline in China, there were still no signs of recovery yet despite the launch of products that meet the new standards.

In the first half of the fiscal year under review, the total number of units sold in Japan and overseas decreased 6.9% year on year. The decline in the number of units sold in Europe was more moderate, or 3.8% year on year. In North America, the number of units sold climbed 25.3% year on year with the offering of models popular in the market, coupled with the country's comparatively firm economy. The number of units sold in Asia fell 30.8% year on year, reflecting a year-on-year decrease of 46.1% recorded in China for the reason given above, although the Asian market excluding China remained solid. In Japan, the number of units sold increased 1.0% year on year thanks to relatively firm demand continuing even after the COVID-19 pandemic.

With respect to financial results for the first half of the fiscal year under review, net sales grew 8.1%, or 1,238,558 thousand yen year on year, to 16,454,788 thousand yen as a result of a significant rise in unit

prices due to the effect of new model launches, price increases and the effect of weaker yen in the previous fiscal year, despite a 6.9% decline in the number of units sold year on year. Operating income came to 5,275,069 thousand yen, a year-on-year increase of 7.1%, or 351,271 thousand yen, reflecting higher unit prices and an increase in gross profit attributable to a year-on-year decrease in the amount of eliminated unrealized gains, despite an increase in manufacturing costs in comparison with a decrease in the production volume. Ordinary income rose 451,993 thousand yen, or 9.2%, year on year, to 5,345,892 thousand yen. Profit before income tax totaled 5,341,996 thousand yen, a year-on-year increase of 447,962 thousand yen, or 9.2%. Profit attributable to owners of parent was 3,738,243 thousand yen, an increase of 281,326 thousand yen, or 8.1%, year on year.

Sales by Market

Japan : 3,524,923 thousand yen (+388,715 thousand yen (12.4%) year on year)

Europe : 7,106,077 thousand yen (+962,783 thousand yen (15.7%) year on year)

North America : 2,444,047 thousand yen (+694,598 thousand yen (39.7%) year on year)

Asia : 2,829,729 thousand yen (-881,752 thousand yen (-23.8%) year on year)

Others : 550,010 thousand yen (+74,213 thousand yen (15.6%) year on year)

Exchange rates applied to the period are as below:

For exchanging sales : 149.06 yen/US\$ (137.81 yen/US\$ year on year)

159.55 yen/Euro (143.48 yen/Euro year on year)

For exchanging result of overseas subsidiaries as of December 29, 2023:

157.12 yen/Euro (141.47 yen/Euro year on year)

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

The total number of units sold was lower than the plan in the first half of the fiscal year under review partly because shipments to China fell short of the budget. Still, net sales were almost in line with the plan and profits at all levels exceeded the plan, reflecting higher unit prices due to the effects of various factors including the weak yen. Looking ahead, if exchange rates remain at the current level, the Company expects to benefit from the weak yen. However, it has decided not change the full-year consolidated financial results forecasts announced on November 15, 2023 at this point because it is likely to continue to face uncertain situations, partly due to the possibility of a further decline in shipments to China and other markets. Going forward, if it considers results forecasts should be revised because of the Group's situation, the Company will make disclosures promptly.

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	15,216,229	16,454,788
Cost of sales	7,948,374	8,624,248
Gross profit	7,267,855	7,830,539
Selling, general and administrative expenses	2,344,057	2,555,470
Operating profit	4,923,797	5,275,069
Non-operating income		
Interest income	5,021	3,094
Foreign exchange gains	-	72,251
Subsidy income	7,640	9,661
Patent Settlement	11,364	-
Other	14,820	9,702
Total non-operating income	38,846	94,710
Non-operating expenses		
Interest expenses	3,521	16,832
Foreign exchange losses	62,672	-
Commission expenses	-	5,999
Other	2,550	1,053
Total non-operating expenses	68,744	23,886
Ordinary profit	4,893,899	5,345,892
Extraordinary income		
Gain on sale of non-current assets	134	-
Total extraordinary income	134	-
Extraordinary losses		
Loss on retirement of non-current assets	-	3,895
Total extraordinary losses	-	3,895
Profit before income taxes	4,894,034	5,341,996
Income taxes - current	1,636,550	1,429,273
Income taxes - refund	650	-
Income taxes - deferred	-200,082	174,480
Total income taxes	1,437,118	1,603,753
Profit	3,456,916	3,738,243
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,456,916	3,738,243

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	3,456,916	3,738,243
Other comprehensive income		
Foreign currency translation adjustment	-73,375	-15,814
Remeasurements of defined benefit plans, net of tax	15,090	11,424
Total other comprehensive income	-58,285	-4,389
Comprehensive income	3,398,630	3,733,853
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,398,287	3,734,255
Quarterly comprehensive income for non-controlling interests	343	-401

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	14,767,282	9,599,850
Notes receivable - trade	92,392	23,402
Accounts receivable - trade	2,545,443	3,023,039
Merchandise and finished goods	3,278,479	5,347,458
Work in process	1,557,250	2,307,685
Raw materials and supplies	1,385,679	1,337,887
Other	1,937,070	1,097,609
Allowance for doubtful accounts	-5,394	-4,116
Total current assets	25,558,203	22,732,817
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,642,333	4,680,251
Accumulated depreciation	-2,447,042	-2,523,645
Buildings and structures, net	2,195,290	2,156,605
Machinery, equipment and vehicles	5,082,595	5,138,006
Accumulated depreciation	-3,383,417	-3,600,542
Machinery, equipment and vehicles, net	1,699,178	1,537,464
Tools, furniture and fixtures	5,956,817	6,142,021
Accumulated depreciation	-5,204,798	-5,525,017
Tools, furniture and fixtures, net	752,018	617,003
Land	257,294	257,294
Leased assets	83,121	83,121
Accumulated depreciation	-54,028	-62,341
Leased assets, net	29,092	20,780
Construction in progress	181,930	2,282,419
Right-of-use assets	615,363	763,057
Accumulated depreciation	-164,247	-178,084
Right-of-use-assets, net	451,116	584,972
Total property, plant and equipment	5,565,922	7,456,540
Intangible assets	159,761	178,332
Investments and other assets		
Deferred tax assets	1,106,455	925,931
Other	415,135	254,356
Total investments and other assets	1,521,591	1,180,287
Total non-current assets	7,247,274	8,815,160
Total assets	32,805,478	31,547,978

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	485,929	1,830,736
Lease liabilities	100,734	89,710
Accounts payable - other	471,020	391,205
Income taxes payable	2,071,269	1,391,029
Provision for bonuses	355,700	369,300
Other	1,221,005	1,063,603
Total current liabilities	4,705,659	5,135,585
Non-current liabilities		
Lease liabilities	358,422	510,045
Retirement benefit liability	507,203	460,333
Asset retirement obligations	41,605	41,642
Other	47,345	47,345
Total non-current liabilities	954,576	1,059,367
Total liabilities	5,660,235	6,194,952
Net assets		
Shareholders' equity		
Share capital	1,421,929	1,421,929
Capital surplus	418,773	418,773
Retained earnings	25,162,393	25,433,637
Treasury shares	-382,888	-2,339,926
Total shareholders' equity	26,620,208	24,934,414
Accumulated other comprehensive income		
Foreign currency translation adjustment	582,826	465,380
Remeasurements of defined benefit plans	-72,695	-61,271
Total accumulated other comprehensive income	510,130	404,108
Non-controlling interests	14,903	14,502
Total net assets	27,145,242	25,353,025
Total liabilities and net assets	32,805,478	31,547,978

Consolidated Statements of Cash Flow

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,894,034	5,341,996
Depreciation	530,917	755,088
Loss on retirement of property, plant and equipment	-	3,895
Increase (decrease) in allowance for doubtful accounts	-59	-1,261
Increase (decrease) in provision for bonuses	35,600	13,600
Increase (decrease) in retirement benefit liability	-33,551	-30,334
Interest and dividend income	-5,021	-3,094
Subsidy income	-7,640	-9,661
Interest expenses	3,521	16,832
Foreign exchange losses (gains)	86,392	-30,730
Loss (gain) on sale of non-current assets	-134	-
Decrease (increase) in trade receivables	875,330	-442,910
Decrease (increase) in inventories	-1,841,472	-2,779,514
Increase (decrease) in trade payables	96,615	1,348,092
Decrease (increase) in other current assets	204,936	857,367
Increase (decrease) in other current liabilities	-377,610	-245,646
Increase (decrease) in other non-current liabilities	3,969	-
Other, net	8,514	2,703
Subtotal	4,474,343	4,796,421
Interest and dividends received	5,021	272,338
Subsidies received	7,640	9,661
Interest paid	-3,521	-16,832
Income taxes paid	-1,624,926	-2,072,017
Net cash provided by (used in) operating activities	2,858,557	2,989,571
Cash flows from investing activities		
Purchase of property, plant and equipment	-827,527	-2,234,421
Proceeds from sale of property, plant and equipment	135	-
Purchase of intangible assets	-22,068	-35,083
Other, net	-11,515	-11,683
Net cash provided by (used in) investing activities	-860,976	-2,281,187
Cash flows from financing activities		
Purchase of treasury shares	-333	-2,000,005
Dividends paid	-3,002,749	-3,537,027
Repayments of lease liabilities	-33,626	-46,997
Net cash provided by (used in) financing activities	-3,036,710	-5,584,031
Effect of exchange rate change on cash and cash equivalents	-120,801	28,849
Net increase (decrease) in cash and cash equivalents	-1,159,931	-4,846,798
Cash and cash equivalents at beginning of period	13,887,217	14,767,282
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-320,633
Cash and cash equivalents at end of period	12,727,286	9,599,850

IV. Supplementary information

(1) Production

	Consolidated Financial Results (Oct.2023-Mar.2024)	
	Production(Thousands of Yen)	Changes from the Same Period of the Previous year(%)
Manufacture and sale of helmets		
Helmets for Motorcycles	13,107,660	86.5
Helmets for Government Use	45,581	131.9
Other	1,415,591	83.7
Total	14,568,833	86.3

Note: Amount of production is calculated from the number of production multiplied by unit sales price.

(2) Order

	Consolidated Financial Results (Oct.2023-Mar.2024)			
	Order (Thousands of Yen)	Changes from the Same Period of the Previous year(%)	Order Balance as of End of Period (Thousands of Yen)	Changes from the Same Period of the Previous year(%)
Manufacture and sale of helmets				
Helmets for Motorcycles	11,690,802	116.4	5,018,767	38.4
Helmets for Government Use	68,502	248.0	1,865	758.1
Other	1,358,335	112.1	253,183	27.2
Total	13,117,641	116.2	5,273,815	37.7

(3) Sales

	Consolidated Financial Results (Oct.2023-Mar.2024)	
	Sales(Thousands of Yen)	Changes from the Same Period of the Previous year(%)
Manufacture and sale of helmets		
Helmets for Motorcycles	14,724,626	108.5
Helmets for Government Use	75,302	102.5
Other	1,654,859	105.1
Total	16,454,788	108.1

Note: Sales by Main Customers and Shares against Total Sales of the Period.

	Consolidated Financial Results			
	(Oct.2022-Mar.2023)		(Oct.2023-Mar.2024)	
	Sales (Thousands of Yen)	S h a r e(%)	Sales (Thousands of Yen)	S h a r e(%)
OKADA CORPORATION	2,053,764	13.5	2,457,839	14.9
HELMET HOUSE INC.	1,470,985	9.7	2,275,404	13.8