



Financial Results

1st Quarter of Fiscal Year Ending March 31, 2023

YONEX CO., LTD.

(Tokyo Stock Exchange Code: 7906)

August 9, 2022

1Q Key Performance Highlights



□ **Net Sales Increased by 46.5% Y/Y to JPY 23.6bn**

- Sales of badminton and other products in China remain strong, and sales increased in all segments on the back of full-scale recoveries in demand across various geographical regions.
- Demand was stimulated as we focused on providing opportunities to play sports and as international competitions were resumed with spectators.
- We achieved record-high sales for the first quarter.

□ **Operating Profit Increased by 160.4% Y/Y to JPY 3.4bn**

- Higher costs due to raw material price hikes and yen depreciation impacted gross profit.
- Gross profit rose on the back of higher sales and reached a record-high profit for the first quarter.

□ **Forecasts for FY3/23 Revised Upwards**

- As the impact of the lockdown was less than expected in China, sales and profits are expected to exceed our previous forecasts.
- Changed to our foreign exchange rate assumptions have been reflected in this revision.
- We have also considered various potential risks such as raw material price hikes, as well as increase in SGA as factors behind this revision.

Consolidated Income Statement



■ Achieved Record-High Sales and Profits

- Higher gross profit arising from the rise in sales contributed strongly to operating profit growth.
- SGA rose due in part to increases in advertising expenses to enhance marketing.

(Million yen)	FY3/22 1Q	FY3/23 1Q	Y/Y	
Net Sales	16,178	23,694	+7,515	+46.5%
Gross Profit	7,122	10,870	+3,747	+52.6%
Gross Profit Margin	44.0%	45.9%	-	+1.9%pt
SGA	5,808	7,447	+1,639	+28.2%
Operating Profit	1,314	3,422	+2,107	+160.4%
Operating Profit Margin	8.1%	14.4%	-	+6.3%pt
Ordinary Profit	1,357	3,859	+2,502	+184.3%
Net Profit (Profit attributable to owners of parent)	947	3,025	+2,078	+219.3%

Consolidated Balance Sheets



(Million yen)		End FY3/22	End FY3/23 1Q	Y/Y
Asset	Current Assets	44,841	48,354	+3,513
	Cash and Deposits	17,922	18,579	+656
	Notes and Accounts Receivable-Trade	12,676	14,829	+2,152
	Inventory	11,792	12,268	+475
	Non-Current Assets	21,457	22,409	+951
	Total assets	66,299	70,763	+4,464
Liabilities	Total Liabilities	20,569	21,341	+772
	Debt with Interest	2,447	2,627	+179
	Total Net Assets	45,729	49,421	+3,692
	Equity Ratio	68.8%	69.6%	+0.8%pt
	Total Liabilities and Net Assets	66,299	70,763	+4,464

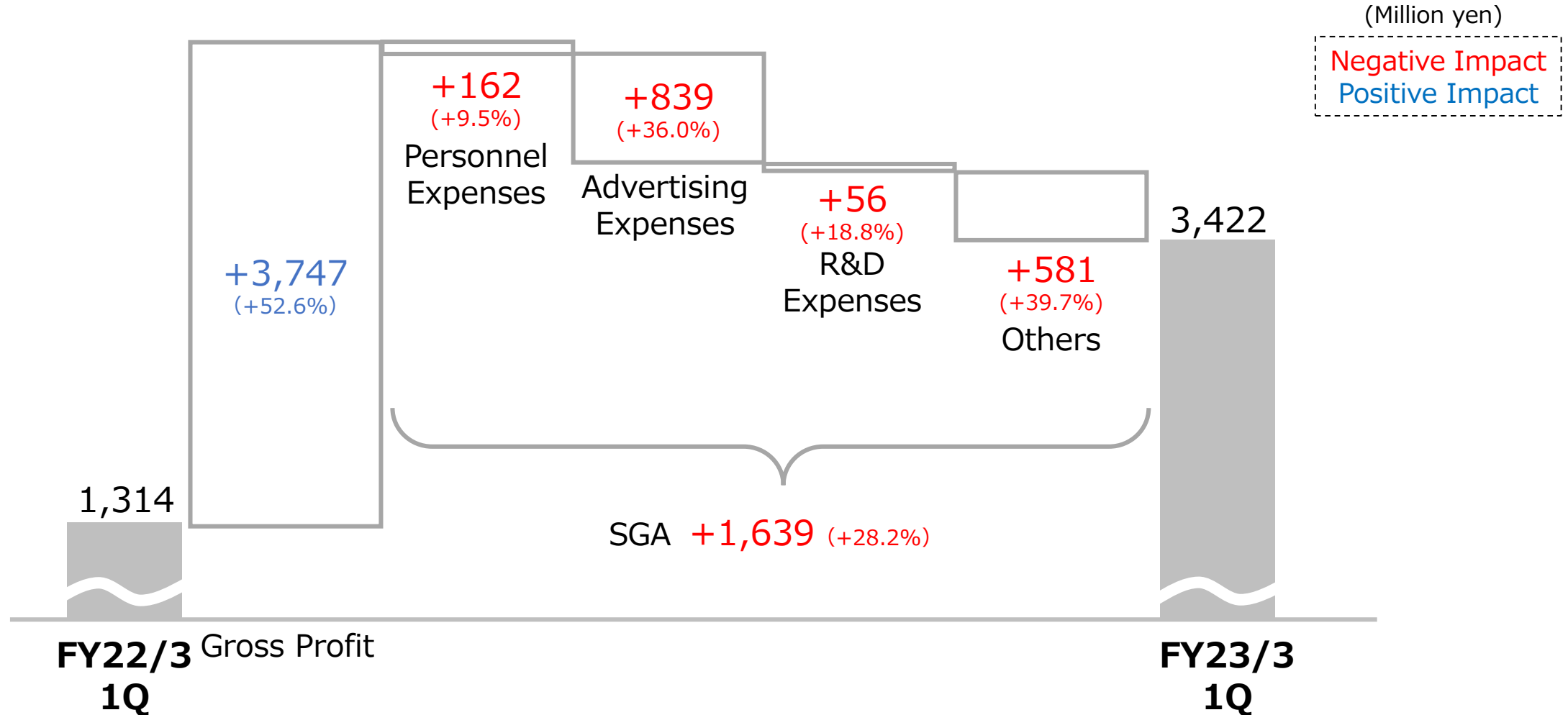
**Notes and accounts
receivable-trade**

Rose as sales
increased.

Operating Profit Changes



Significant Impact of Increase in Gross Profit



Reported Segment Information



		(Million yen)	FY3/22 1Q	FY3/23 1Q	Y/Y
Sporting Goods Division	Japan	Net sales	9,522	11,294	+18.6%
		Operating profit	704	952	+35.1%
	Asia	Net sales	5,524	10,056	+82.0%
		Operating profit	730	2,248	+207.9%
	North America	Net sales	642	1,292	+101.2%
		Operating profit	92	230	+148.3%
	Europe	Net sales	344	857	+148.9%
		Operating profit	-26	21	—
Sports Facilities Division	Net sales	144	192	+33.1%	
	Operating profit	34	66	+89.2%	

*From FY3/23 1Q, Asia segment includes the results of Thai tennis ball manufacturer, YONEX TECNIFIBRE CO., LTD.

Japan Segment:	Domestic sales, and exports and intermediary sales to areas without subsidiaries → South East Asia, India, Korea, Denmark and others
Asia Segment:	China and Taiwan subsidiaries, India and Thailand subsidiaries (Manufacturing)
North America Segment:	US and Canada subsidiaries
Europe Segment:	UK and Germany subsidiaries

Net Sales Change and Forex Impact (Reported Segments)



(Million yen)



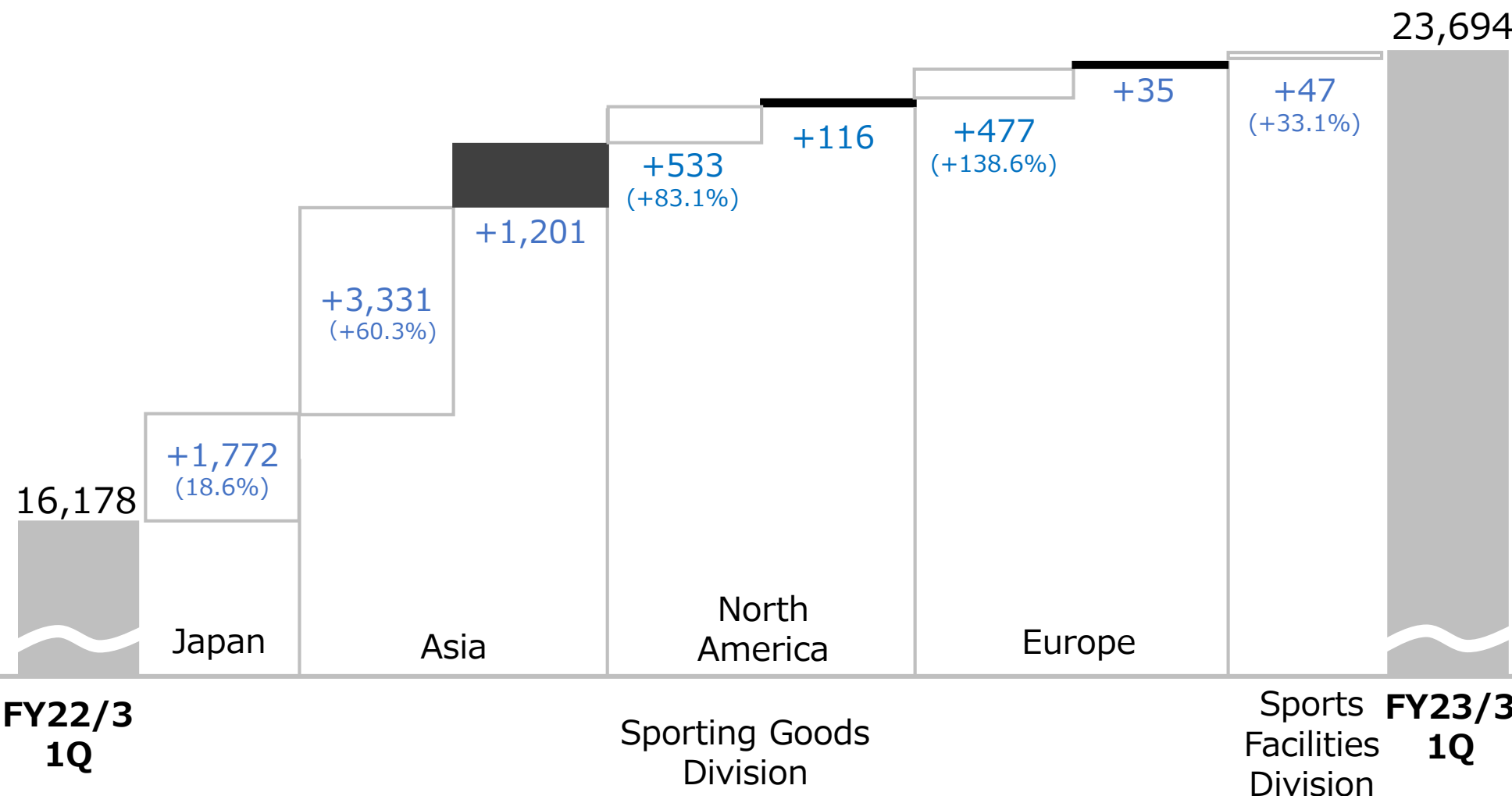
Local Currency Basis



Forex Impact

Forex Rate*	RMB	TWD	USD	EUR	GBP
FY3/22 1Q	16.34	3.75	105.89	127.68	146.01
FY3/23 1Q	18.29	4.14	116.19	130.39	155.93

*FY end of overseas subsidiaries is December (1Q:Jan-Mar)



- Positive effect of forex translation
- Significant increase on local currency basis in all segments

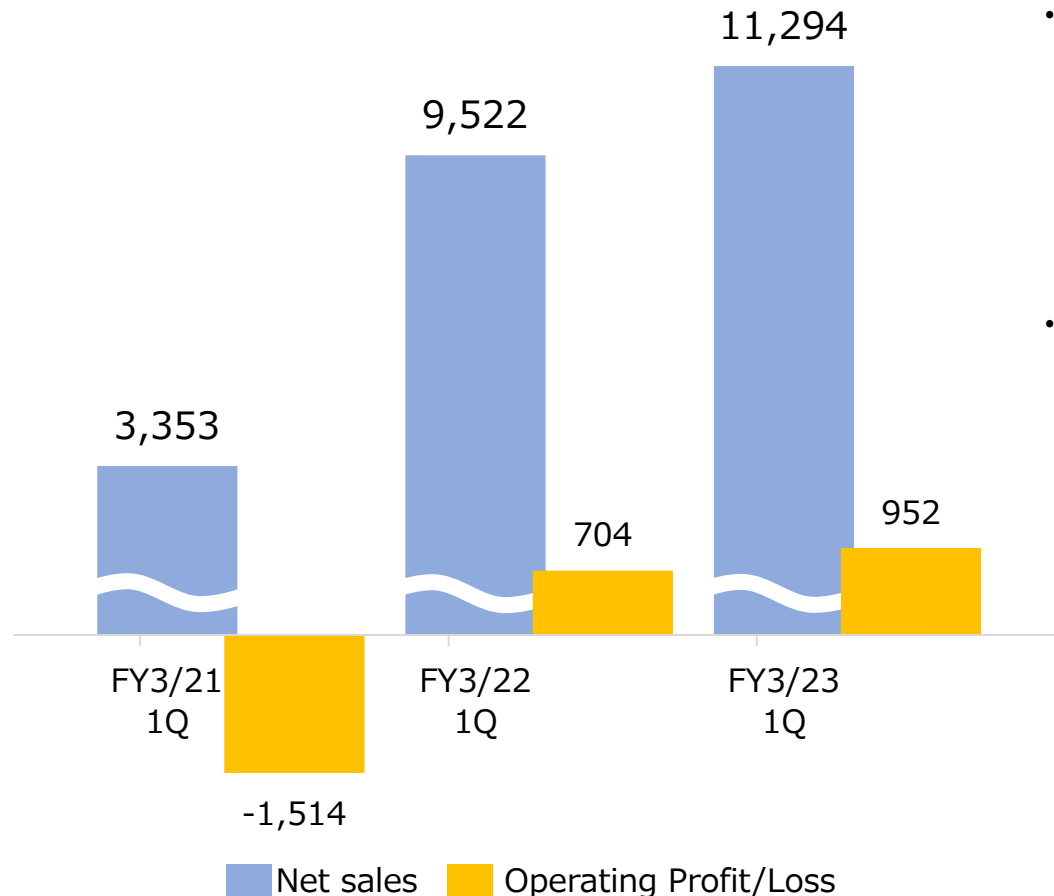
*Total Forex Impact: +1,353 million yen

Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



Japan

(Million yen)



Net Sales (+18.6% Y/Y)

- Domestic Sales
 - Recovery in demand for badminton and soft tennis due to resumption of club activities.
 - ▷ Sales of racquets and shoes increased.
 - Sales of tennis racquets grew due to strong sales of new products.
- Exports and Intermediary Sales
 - Strong increase as sports activities fully resumed in many regions
 - Our efforts to leverage SNS and host competitions stimulated demand.

Operating Profit (+35.1% Y/Y)

- Gross profit margin declined slightly due to raw material price hikes and higher costs of imports caused by the weaker yen.
- Higher sales contributed to strong increase in gross profit.

*Reference Apr-Jun Forex (USD) FY3/22 ¥ 109.48 → FY3/23 ¥ 129.56

Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)

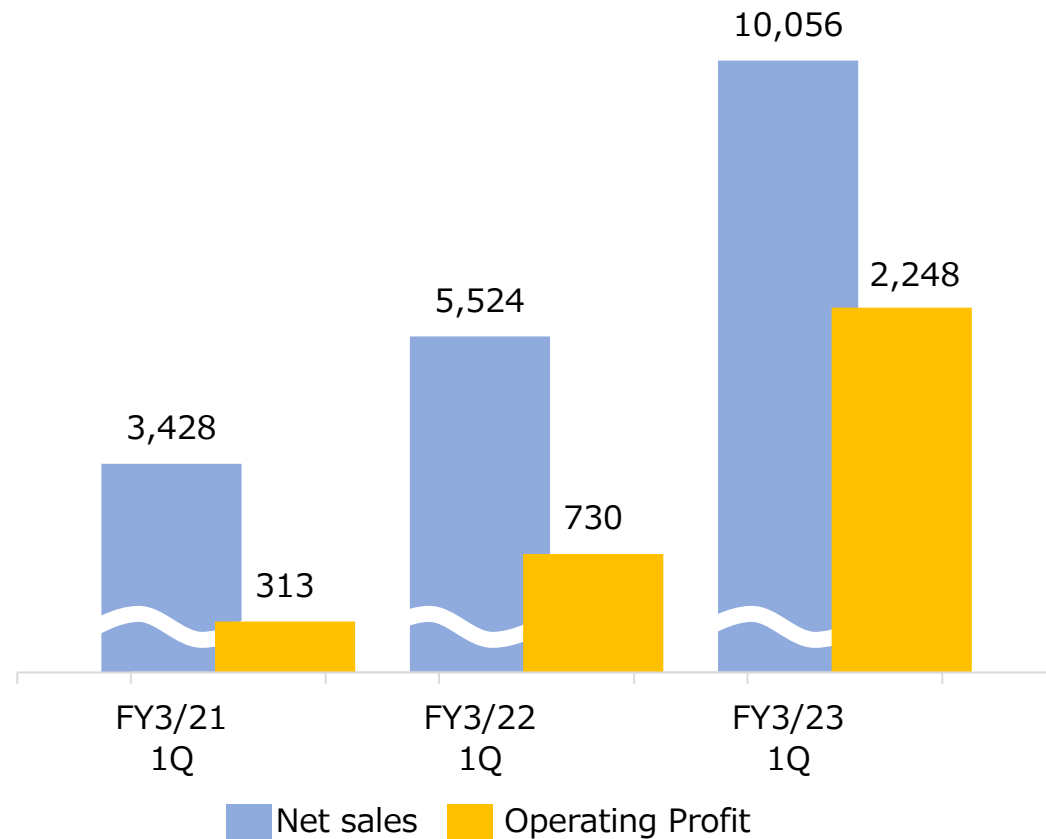


Asia

(Million yen)

Forex Rate	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q
RMB	15.59	16.34	18.29
TWD	3.61	3.75	4.14

*Jan-Mar



Net Sales (+82.0% Y/Y)

- China
 - Continued strong interest in badminton due to the favorable performance of the Chinese national team and our efforts to revitalize the market
- Taiwan
 - Demand recovered as restrictions on sports tournaments eased.
 - Small-scale tournaments and product trial events hosted throughout the country boosted badminton market.

Operating Profit (+207.9% Y/Y)

- SGA increased due in part to higher advertising expenses as part of our fortified marketing strategy in China.
- Gross profit increased significantly due to strong sales growth.

*From FY3/23 1Q, Asia segment includes the results of Thai tennis ball manufacturer, YONEX TECNIFIBRE CO., LTD.

Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)

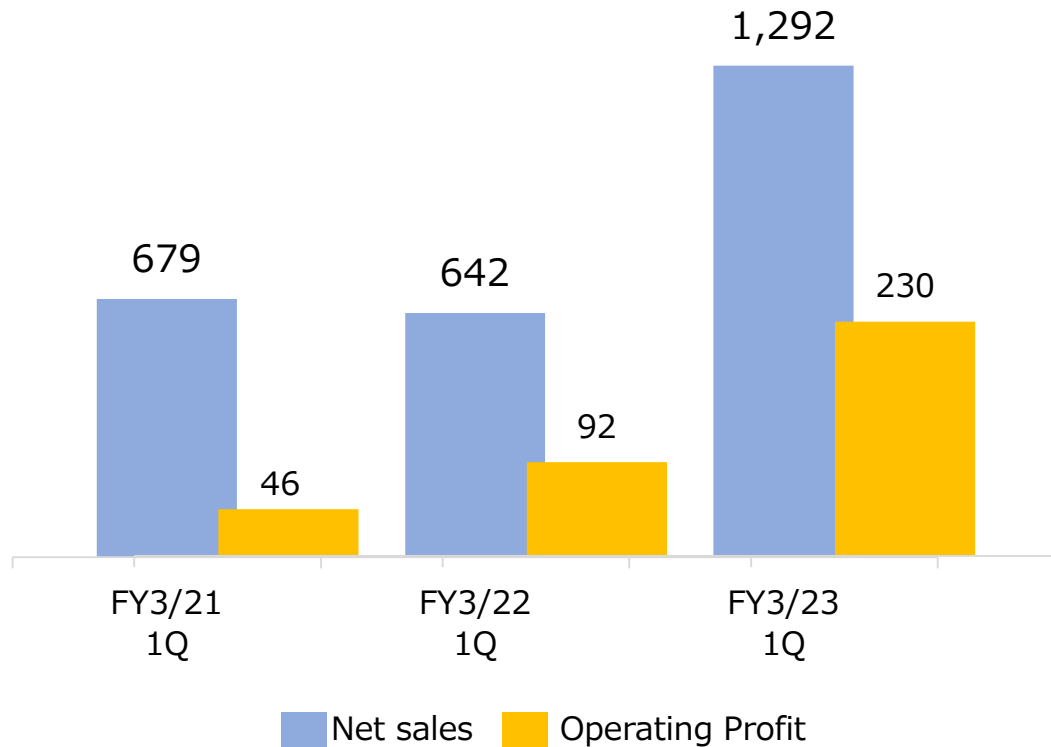


North America

(Million yen)

Forex Rate	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q
USD	108.92	105.89	116.19

*Jan-Mar



Net Sales (+101.2% Y/Y)

- Sales of tennis products continue to increase.
 - Strong sales of new racquets contributed to the increase.
- Sales of badminton products, which had been affected by COVID-19, increased.
 - Deregulation allowed facilities to reopen and club activities to restart.

Operating Profit (+148.3% Y/Y)

Increased significantly as the rise in gross profit on the back of higher sales exceeded the increase in SGA.

Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



Europe

(Million yen)

Forex Rate	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q
EUR	120.10	127.68	130.39
GBP	139.59	146.01	155.93

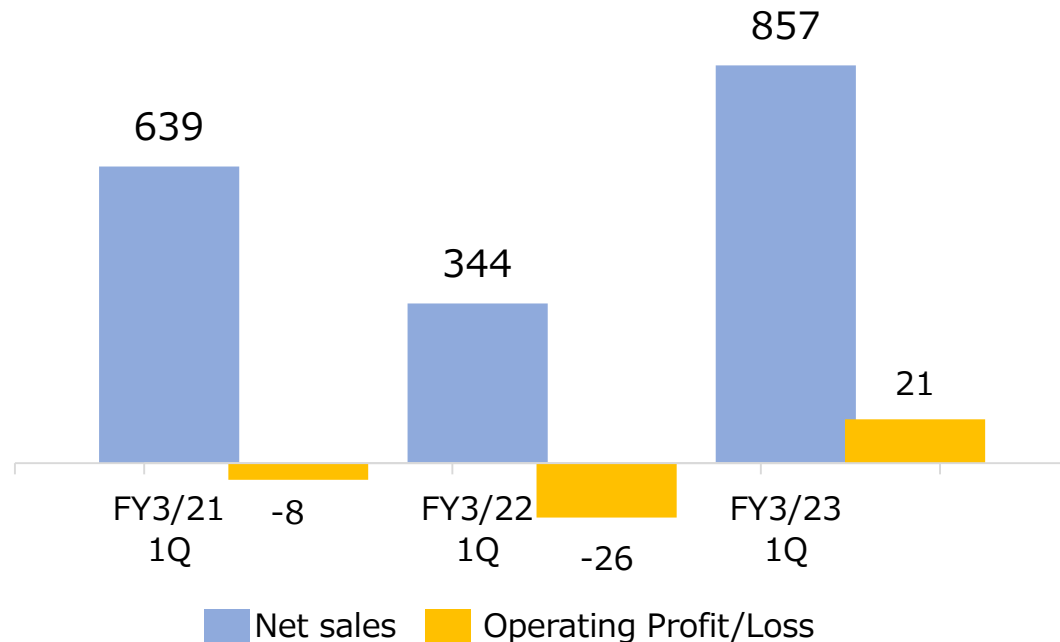
*Jan-Mar

Net Sales (+148.9% Y/Y)

- Germany
 - Sales of racquets and other tennis products increased.
 - Sales of badminton products increased with the reopening of sports facilities and resumption of international competitions.
- UK
 - Badminton market recovered firmly with the relaxation of regulations.

Operating Loss

- Advertising expenses increased due to the resumption of international competitions.
- Recovered to a profit due to increased gross profit on the back of higher sales.



Consolidated Net Sales by Sports Categories



		FY3/23 1Q									
(Million yen)		Japan	Y/Y		Overseas	Y/Y		Total	Y/Y		Sales Composition
Sporting Goods Division	Badminton Overseas sales composition: Y/Y	2,722	+278	+11.4%	10,804 79.9%: +7.5%pt	+4,392	+68.5%	13,526	+4,671	+52.8%	57.1%
	Tennis Overseas sales composition: Y/Y	2,138	+119	+5.9%	2,339 52.2%: +19.6%pt	+1,362	+139.5%	4,478	+1,481	+49.5%	18.9%
	Golf Overseas sales composition: Y/Y	219	-9	-4.3%	253 53.5%: +21.6%pt	+145	+135.5%	472	+135	+40.3%	2.0%
	Others Apparel and accessories Overseas sales composition: Y/Y	3,114	+592	+23.5%	1,909 38.0%: +3.6%pt	+586	+44.4%	5,024	+1,179	+30.7%	21.2%
Sports Facilities Division		192	+47	+33.1%	—	—	—	192	+47	+33.1%	0.8%
Total Overseas Sales Composition : Y/Y		8,388	+1,028	+14.0%	15,306 64.6%: +10.1%pt	+6,487	+73.6%	23,694	+7,515	+46.5%	

Badminton: Racquets, shuttlecocks, strings and shoes for badminton
Tennis: Racquets, strings, shoes and balls for both tennis and soft tennis
Golf: Clubs, shafts, apparel, bags, shoes and other accessories for golf
Others: Tennis and badminton apparel, bags, accessories, walking and running shoes, snowboards, athletic apparel and sports cycles

*"Overseas" include exports and intermediary sales from Japan to areas without subsidiaries.

Consolidated Earnings Forecasts for FY3/23 (Upward Revision)



- Sales and profits of 1H are now expected to exceed our previous forecasts, due to a better-than-expected recovery in China after relaxation of lockdowns.
- Our revised forecasts also reflect changes in foreign exchange rate assumptions.
- We also consider potential risk factors, such as raw material price hikes.
- SGA expenses are expected to rise due to increases in marketing and human resources investments as part of our mid-to-long-term growth strategy.

Forex Rate	FY3/22 Results	FY3/23 Previous Forecast	FY3/23 Revised Forecast
RMB	17.02	19	20
TWD	3.92	4.0	4.5
USD	109.79	125	135
EUR	129.88	135	140
GBP	151.07	160	165

(Million Yen)	FY3/22 Results		FY3/23 Previous Forecasts (Announced on May 11 th)		FY3/23 Revised Forecasts (Announced on Aug 9 th)		VS Previous Forecasts	
	1H	Full Year	1H	Full Year	1H	Full Year	1H	Full Year
Net Sales	34,788	74,485	40,000	86,000	48,000	97,000	+20.0%	+12.8%
Operating Profit	4,189	6,738	3,800	7,700	6,000	9,200	+57.9%	+19.5%
OP Margin	12.0%	9.0%	9.5%	9.0%	12.5%	9.5%	+3.0%pt	+0.5%pt
Ordinary Profit	4,305	7,246	4,100	8,000	6,400	9,600	+56.1%	+20.0%
Net Profit	3,344	5,780	3,100	5,900	4,800	7,000	+54.8%	+18.6%

Reference Information

Net Sales (Reported Segments)



(Million yen)	FY3/19 1Q	FY3/20 1Q	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q
Japan	9,246	9,518	3,353	9,522	11,294
Asia	3,823	3,769	3,428	5,524	10,056
North America	553	590	679	642	1,292
Europe	649	630	639	344	857
Sports Facilities	185	182	98	144	192
Total	14,457	14,690	8,199	16,178	23,694

Japan Segment:	Domestic sales, and exports and intermediary sales to areas without subsidiaries → South East Asia, India, Korea, Denmark and others
Asia Segment:	China and Taiwan subsidiaries, India and Thailand subsidiaries (Manufacturing)
North America Segment:	US and Canada subsidiaries
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Regional Sales by Destination



(Million yen)	FY3/19 1Q	FY3/20 1Q	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q
Japan	7,303	7,363	2,352	7,360	8,388
Overseas	7,154	7,327	5,846	8,818	15,306
Asia	5,402	5,651	4,073	7,334	11,620
North America	553	590	679	642	1,292
Europe	1,060	993	1,024	514	1,988
Others	138	92	69	327	405
Total	14,457	14,690	8,199	16,178	23,694
Overseas Sales Composition	49.5%	49.9%	71.3%	54.5%	64.5%

Japan:	Domestic sales includes the sports facilities division
Asia:	China, Taiwan, South-East Asia, Korea, India, others.
North America:	USA and Canada
Europe:	Germany, UK, France, others



Statements made in these materials with respect to plans, strategies and future performances are forward-looking statements based on information and assumptions available to Yonex when these materials were prepared. Investors are cautioned that various unforeseen factors could cause actual results to differ materially from those discussed in these forward-looking statements.

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