



Financial Results

1st Half of Fiscal Year Ending March 31, 2023

YONEX CO., LTD.

(Tokyo Stock Exchange Code: 7906)

November 9, 2022

1H Key Performance Highlights



□ **Net Sales Increased by 44.0% Y/Y to JPY50.0bn**

- Demand continued to recover in all regions, resulting in record-high sales for the 1H.
 - Japan Segment: Domestic sales and sales to overseas distributors increased.
 - Overseas subsidiaries: In addition to sales increases in local currency terms, forex exchange also boosted sales due to yen depreciation.
- Impact of the lockdown in China was limited.

□ **Operating Profit Increased by 69.9% Y/Y to JPY7.1bn**

- Higher gross profit from the sales increase despite higher raw material prices and costs due to yen depreciation
- SGA increased due to our focus on marketing activities.
- Record-high profits for the 1H

□ **Forecasts for FY3/23 Maintained**

- We anticipate a worsening in the business environment from 3Q onwards.
(yen depreciation, raw material price hikes, inflation, economic slowdown concerns, and other factors)
- We will invest in marketing and human resources to attain sustainable growth in the mid-to-long term.

Consolidated Income Statement



(Million yen)	FY3/22 1H	FY3/23 1H	Y/Y		FY3/23 1H Forecasts (Announced on Aug 9)
Net Sales	34,788	50,092	+15,304	+44.0%	48,000
Gross Profit	15,815	22,624	+6,809	+43.1%	—
Gross Profit Margin	45.5%	45.2%	—	-0.3%pt	—
SGA	11,625	15,508	+3,883	+33.4%	—
Operating Profit	4,189	7,116	+2,926	+69.9%	6,000
Operating Profit Margin	12.0%	14.2%	—	+2.2%pt	12.5%
Ordinary Profit	4,305	7,796	+3,490	81.1%	6,400
Net Profit	3,344	5,595	+2,251	67.3%	4,800

Consolidated Balance Sheets

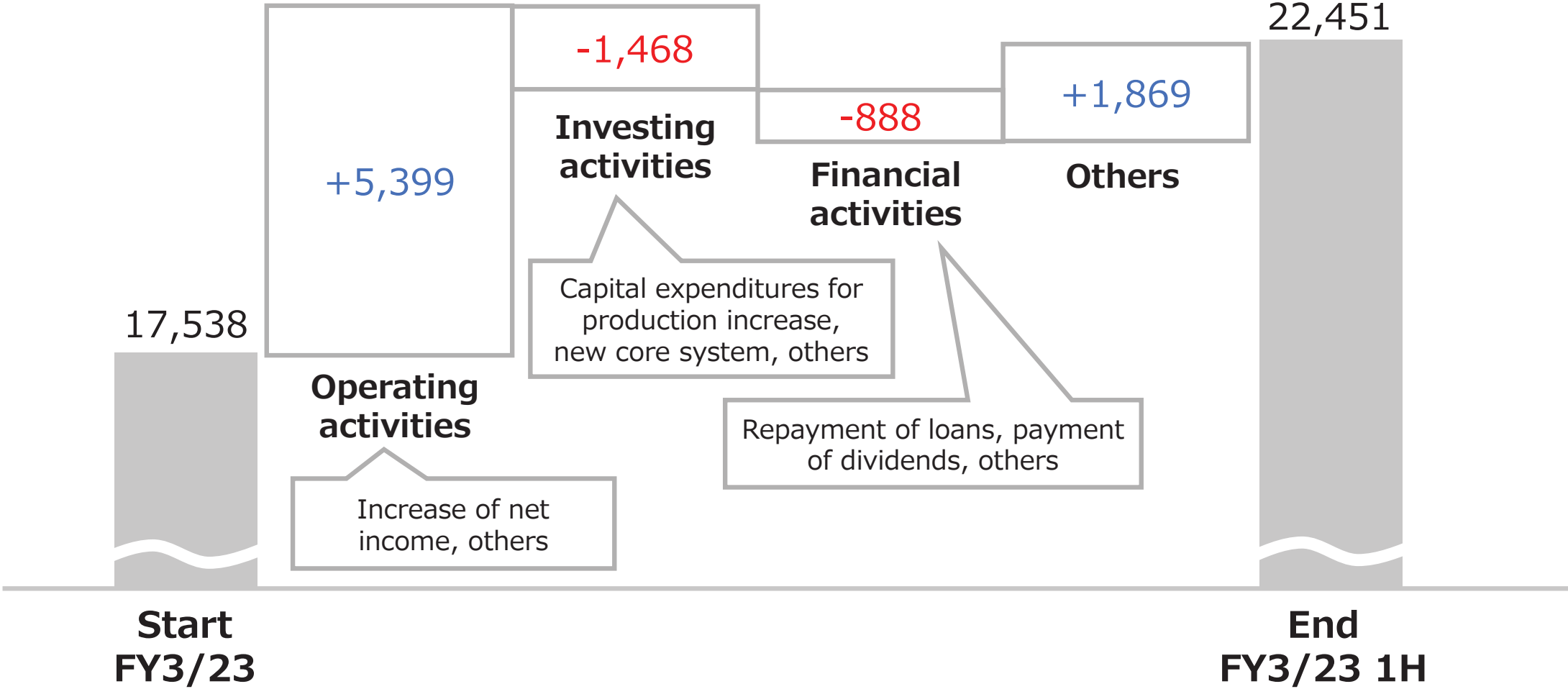


	(Million yen)	End FY3/22	End FY3/22 1H	Change
Asset	Current Assets	44,841	55,477	+10,636
	Cash and Deposits	17,922	22,967	+5,044
	Notes and Accounts Receivable-Trade	12,676	15,965	+3,289
	Inventory	11,792	13,907	+2,115
	Non-Current Assets	21,457	23,767	+2,309
	Total assets	66,299	79,245	+12,946
Liabilities	Total Liabilities	20,569	26,013	+5,444
	Debt with Interest	2,447	2,465	+18
	Total Net Assets	45,729	53,231	+7,501
	Equity Ratio	68.8%	67.0%	-1.8%pt
	Total Liabilities and Net Assets	66,299	79,245	+12,946

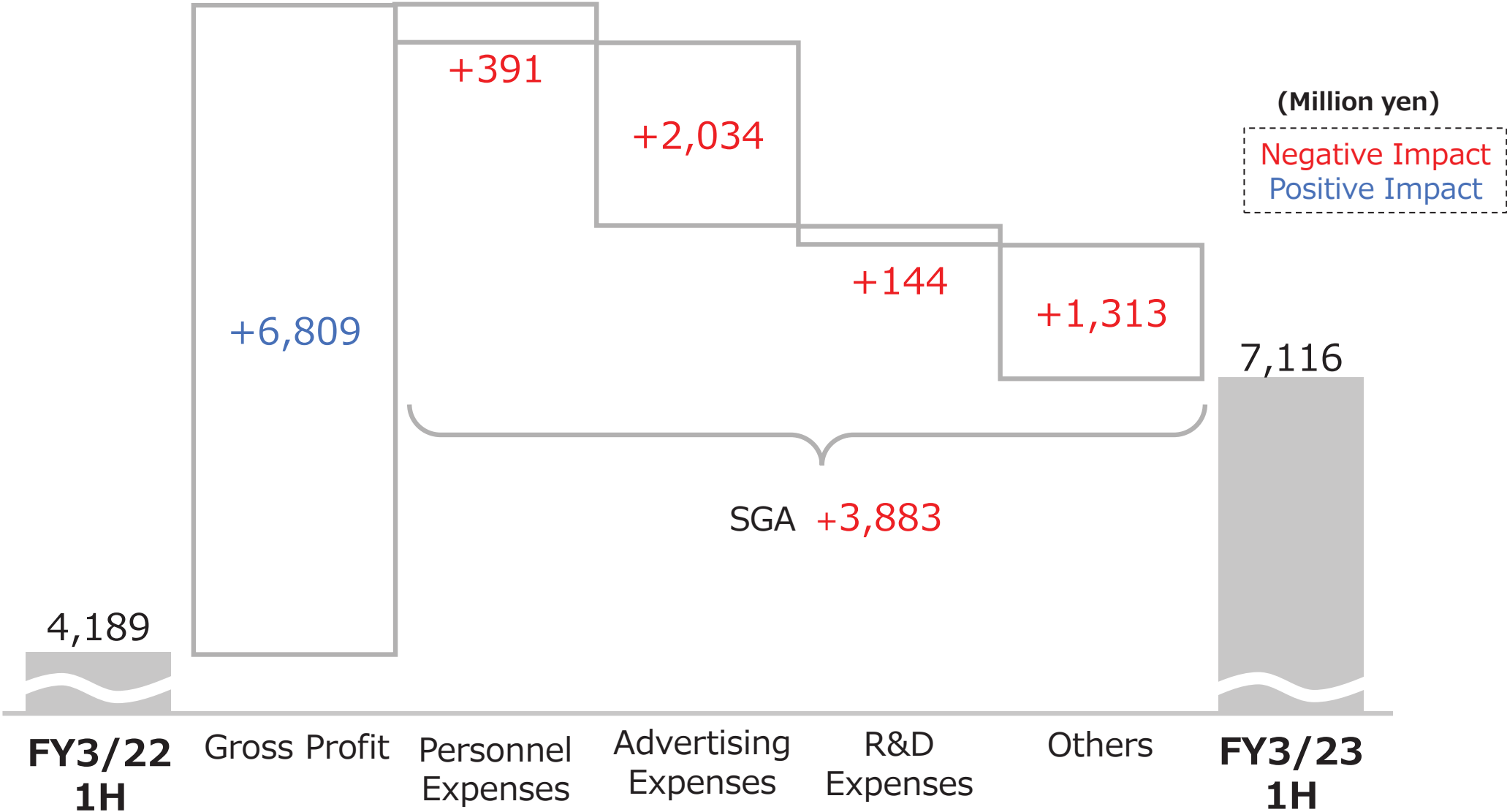
Consolidated Cash Flow



(Million yen)



Operating Profit Changes



Reported Segment Information



(Million yen)		FY3/22 1H	FY3/23 1H	Y/Y	
Sporting Goods Division	Japan	Net sales	18,836	24,291	+29.0%
		Operating profit	1,764	2,672	+51.5%
	Asia	Net sales	13,344	21,215	+59.0%
		Operating profit	2,338	4,472	+91.3%
	North America	Net sales	1,451	2,568	+76.9%
		Operating profit	172	375	+117.4%
	Europe	Net sales	864	1,671	+93.3%
		Operating profit	-23	-37	—
Sports Facilities Division		Net sales	290	346	+19.2%
		Operating profit	67	87	+29.6%

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

Japan Segment:	Domestic sales, and exports and intermediary sales to areas without subsidiaries → Southeast 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)

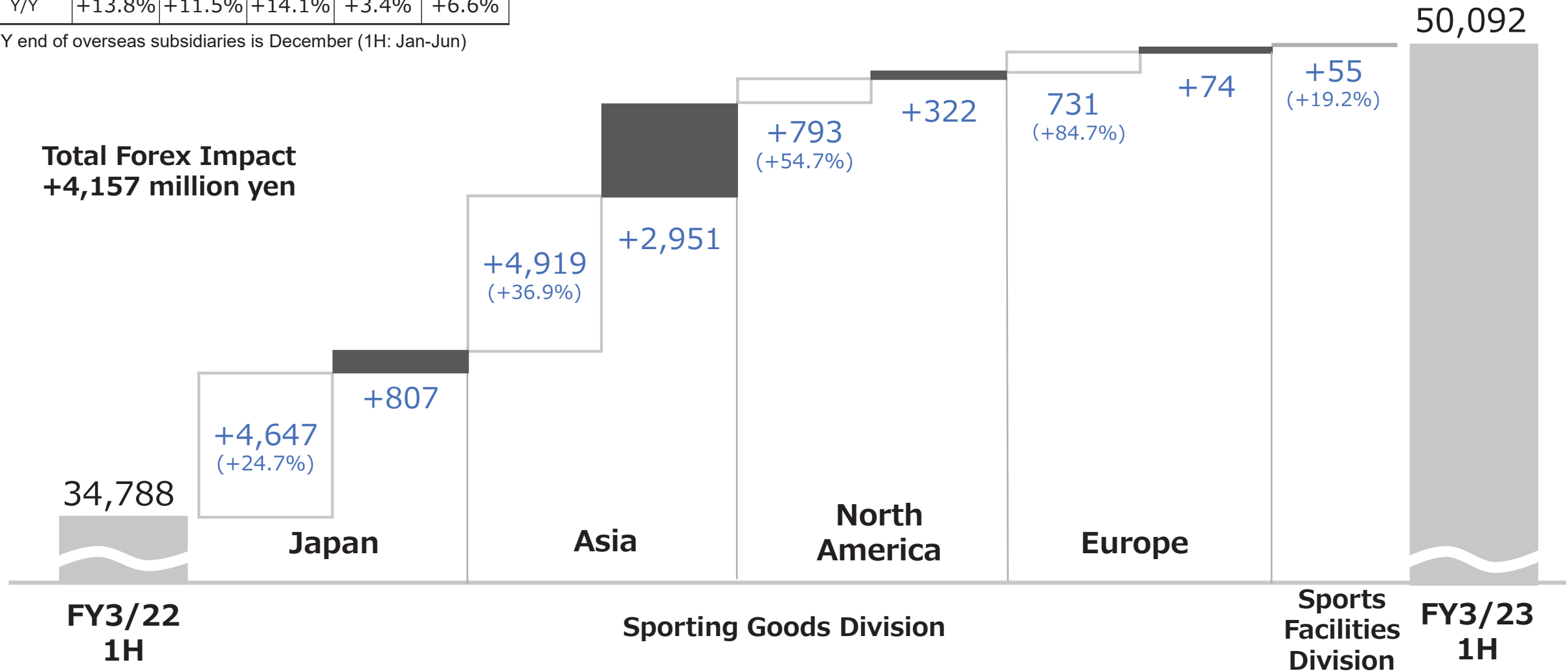


Forex Rate	RMB	TWD	USD	EUR	GBP
FY3/22 1H	16.64	3.83	107.69	129.82	149.60
FY3/23 1H	18.93	4.27	122.88	134.25	159.44
Y/Y	+13.8%	+11.5%	+14.1%	+3.4%	+6.6%

*FY end of overseas subsidiaries is December (1H: Jan-Jun)

Local Currency Basis Forex Impact

(Million yen)



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



Japan (Million yen)

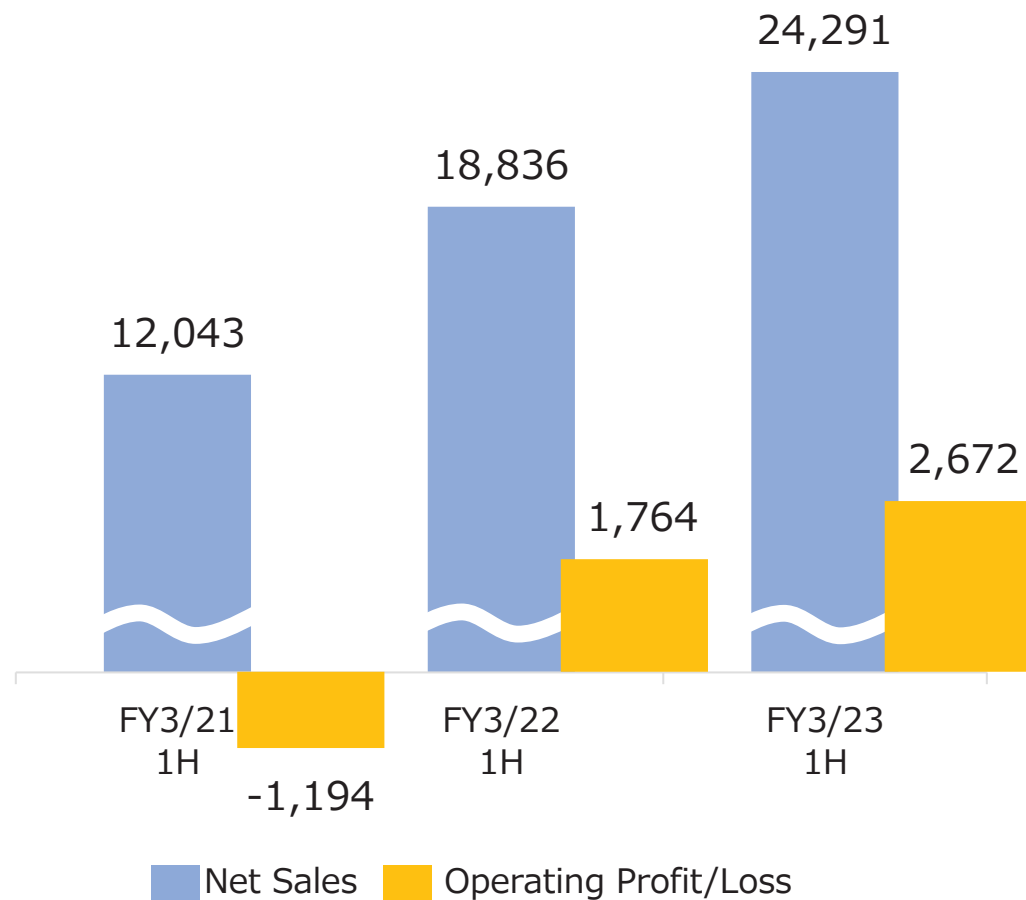
Net Sales (+29.0% Y/Y)

- Domestic Sales
 - Demand from badminton and soft tennis club activities recovered.
 - ▷ In FY3/22 1H, COVID-19 led to restrictions of club activities and delays in overseas production.
- Sales to overseas distributors increased
 - Sales increased significantly as sports activities resumed.
 - Top athletes' favorable performances in international competitions invigorated the market.

Operating Profit (+51.5% Y/Y)

- Gross profit margin declined due to higher raw material prices and increased costs of imports resulting from yen depreciation.
- Higher sales led to a strong increase in gross profit.

*Reference Apr-Sep Forex Rate Average (USD) FY3/22 ¥ 109.79 → FY3/23 ¥ 133.96



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



Asia (Million yen)

Forex Rate	FY3/21 1H	FY3/22 1H	FY3/23 1H
RMB	15.38	16.64	18.93
TWD	3.60	3.83	4.27

*Jan-Jun

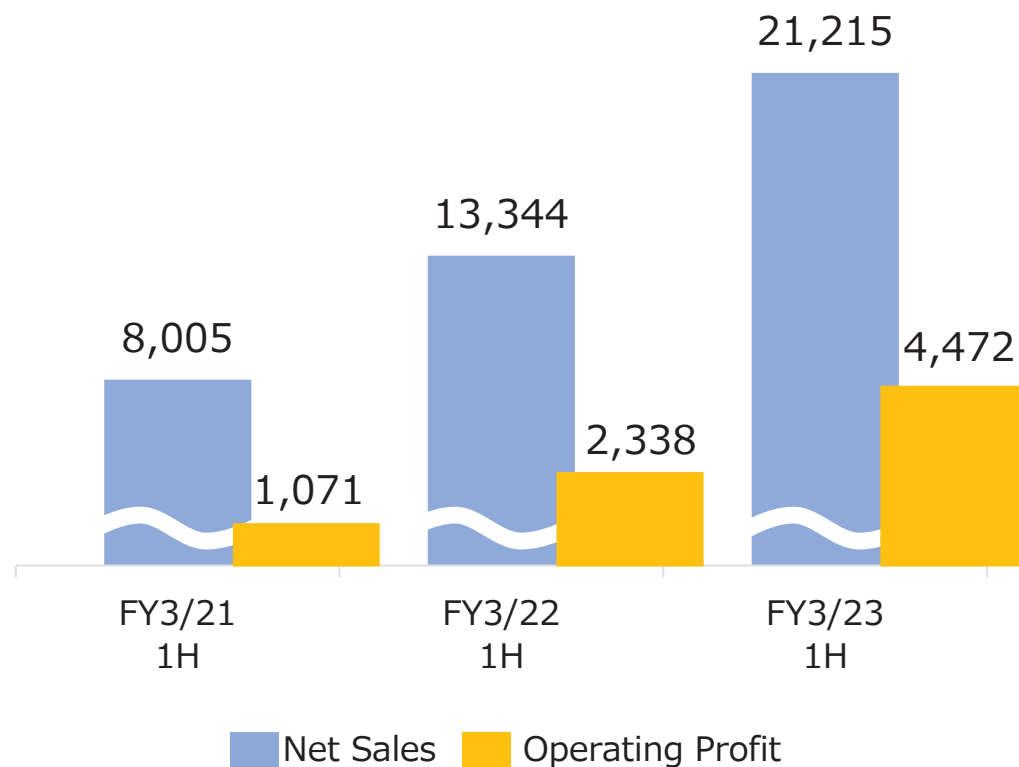
Net Sales (+59.0% Y/Y)

- China
 - Sales increase in 1Q had a significant impact.
 - Despite the Shanghai lockdown, its overall impact was limited as shipments increased on the back of replenishment of retail store inventories and preparations for the “618 Shopping Festival.”
 - Foreign exchange boosted sales due to the weakening yen.
- Taiwan
 - Demand recovered as restrictions on sports tournaments eased.
 - Small-scale tournaments and product trial events throughout the country invigorated the badminton market.

Operating Profit (+91.3% Y/Y)

- SGA increased due to higher advertising expenses for marketing investments in China.
- Gross profit increased significantly due to sales growth.

*From FY3/23 1Q, Asia segment includes the results of Thailand 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 1H	FY3/22 1H	FY3/23 1H
USD	108.27	107.69	122.88

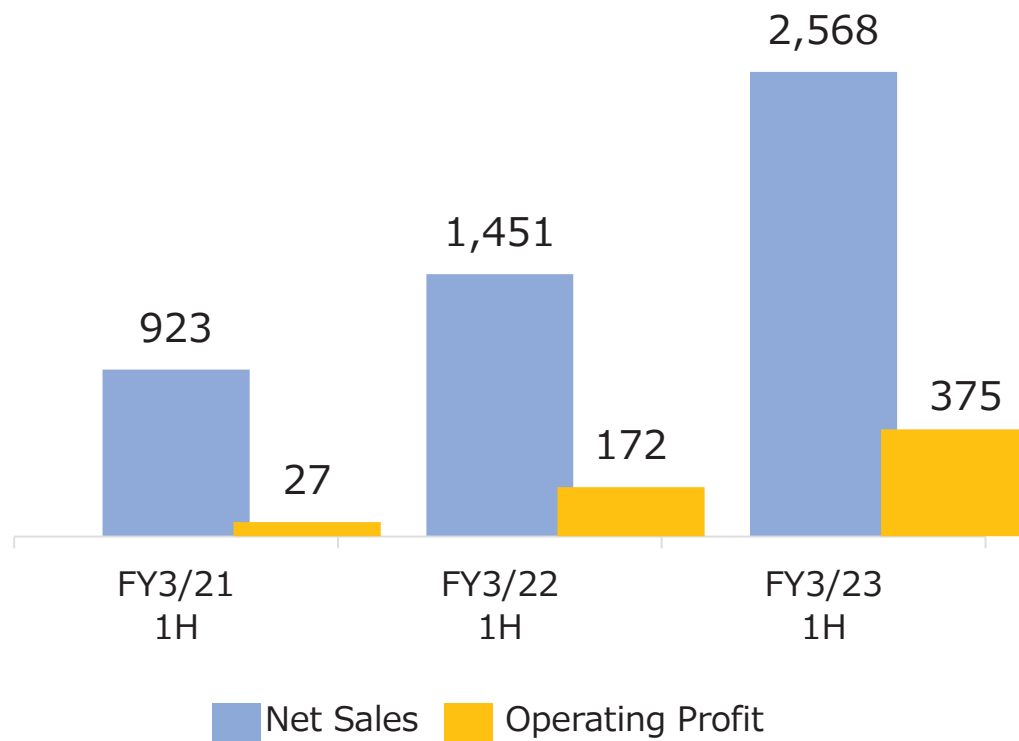
*Jan-Jun

Net Sales (+76.9% Y/Y)

- For tennis, demand remains solid and the sales of new racquets were strong.
- Sales of badminton equipment also increased due to the reopening of sports facilities and clubs.
- Foreign exchange boosted sales due to the weakening yen.

Operating Profit (+117.4% Y/Y)

- Increases in advertising and personnel expenses to fortify our sales structure led to a rise in SGA.
- The increase in gross profit due to higher sales exceeded the increase in SGA.



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

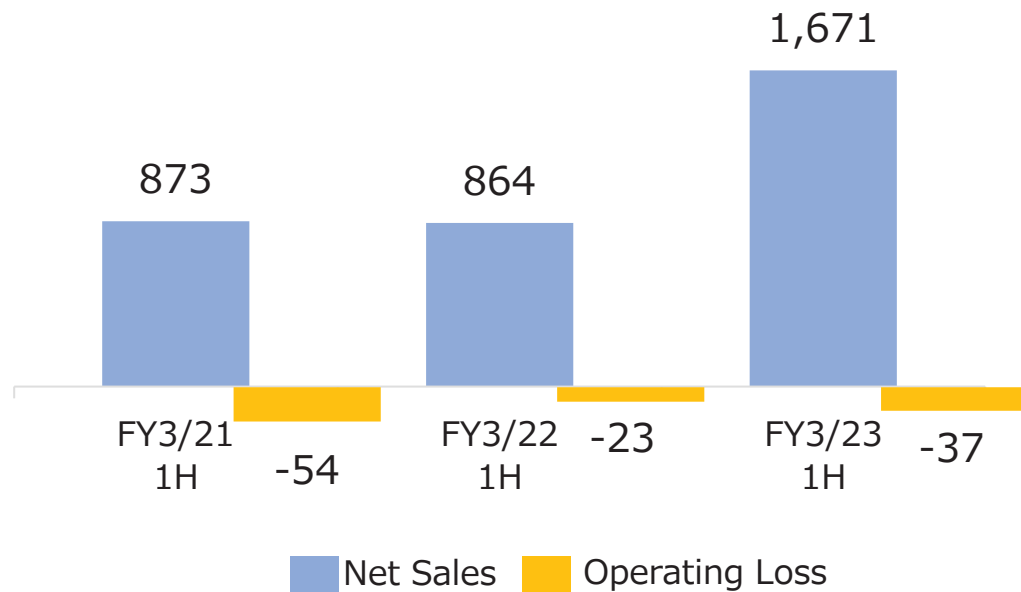


Europe

(Million yen)

Forex Rate	FY3/21 1H	FY3/22 1H	FY3/23 1H
EUR	119.28	129.82	134.25
GBP	136.55	149.60	159.44

*Jan-Jun



Net Sales (+93.3% Y/Y)

- Sales of tennis equipment increased due mainly to racquets.
- Sales of badminton equipment also increased due to the reopening of sports facilities and the resumption of international tournaments.

Operating Loss

- Gross profit margin declined due to changes in sales mix.
- Advertising expenses increased due to the sponsorship of international tournaments.

Consolidated Net Sales by Sports Categories



FY3/23 1H

(Million yen)		Japan	Y/Y		Overseas	Y/Y		Total	Y/Y		Sales Composition
Sporting Goods Division	Badminton Overseas sales composition: Y/Y	5,420	+1,105	+25.6%	23,858 81.5%: +3.8%pt	+8,871	+59.2%	29,279	+9,976	+51.7%	58.5%
	Tennis Overseas sales composition: Y/Y	4,081	+659	+19.3%	4,829 54.2%: +14.0%pt	+2,526	+109.7%	8,911	+3,185	+55.6%	17.8%
	Golf Overseas sales composition: Y/Y	395	+3	+1.0%	568 59.0%: +8.9%pt	+176	+45.1%	963	+180	+23.1%	1.9%
	Others Apparel and accessories Overseas sales composition: Y/Y	6,892	+894	+14.9%	3,699 34.9%: +4.0%pt	+1,011	+37.6%	10,591	+1,906	+21.9%	21.1%
Sports Facilities Division		346	+55	+19.2%	—	—	—	346	+55	19.2%	0.7%
Total Overseas Sales Composition: Y/Y		17,135	+2,718	+18.9%	32,956 65.8%: +7.2%pt	+12,585	+61.8%	50,092	+15,304	+44.0%	

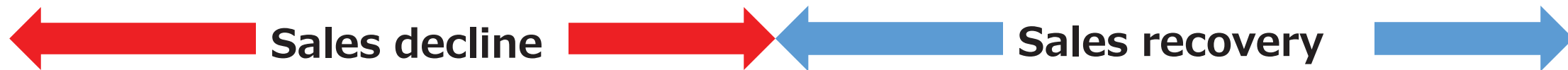
Badminton: Racquets, shuttlecocks, strings and shoes for badminton
 Tennis: Racquets, strings, shoes and balls for both tennis and soft tennis
 Golf: Clubs, shafts, apparel, bags, shoes and other accessories for golf
 Others: Tennis and badminton apparel, bags, accessories, walking and running shoes,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

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

Impact of Shanghai Lockdown



		During lockdown (March 28 - May 31, 2022)		After relax of lockdown
		April	May	June
Sales	Shanghai	Sports facilities and retail stores: closed		Shipments increased on the back of: • Replenishment of retail store inventory • Preparations for the "618 Shopping Festival"
	Other areas	Sports facilities and retail stores: operated as usual		
Logistics		Our logistics center* suspended operation. *Located in Shanghai suburbs ➔ Stagnation of shipping to all regions of China Significant Impact	Shipping recovered	



Due to the Covid restrictions, tournaments and events continue to be canceled in some regions even after June.

➔ We will continue to monitor retail store inventories for any possible slowdown in demand.

Badminton: Demand Recovery in All Regions



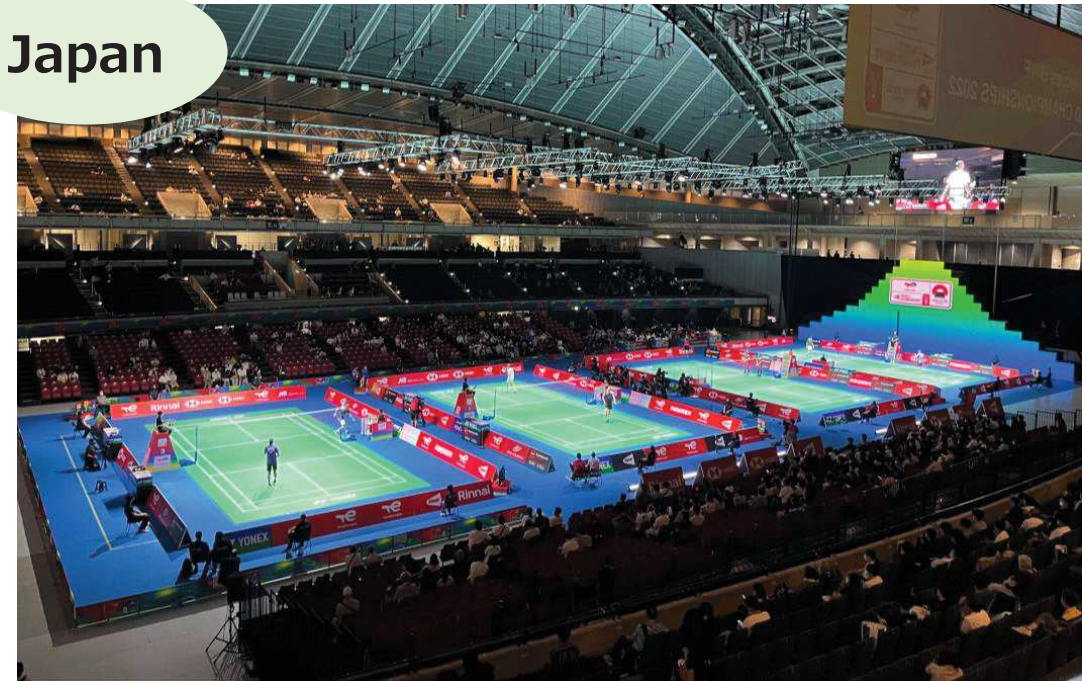
Asia (Except China)	<ul style="list-style-type: none">•Recovered from the previous year, when restrictions continued due to the spread of infection.•Market revitalized by athletes' successes in international competitions.
Japan	Club activities and tournaments are being conducted almost as usual.
North America & Europe	Demand has recovered since 2H of FY3/22 due to the easing of restrictions.

India



India's men's team won first place at the Thomas Cup, an inter-country competition, for the first time. (May)

Japan



World Badminton Championships were held in Japan for the first time. (August)

Full-Year Forecast for the FY3/23



Forecasts Maintained

- We anticipate a worsening in the business environment from 3Q onwards.
 - Rising raw material prices caused by the yen depreciation and concerns about global inflation, economic slowdown, and other factors.
 - ➔ We will focus on maintaining proper production and purchasing, and appropriate inventories, along with pricing and product offerings that will ensure profits.
- We will invest for sustainable growth in the mid-to-long term.
 - For marketing and human resources to develop our business foundations globally

Forex Rate	FY3/22 Results	FY3/23 Forecast
RMB	17.02	20
TWD	3.92	4.5
USD	109.79	135
EUR	129.88	140
GBP	151.07	165

(Million Yen)	FY3/23 1H Results	FY3/23 Forecasts	FY3/22 Results	Y/Y
Net sales	50,092	97,000	74,485	+30.2%
Operating income	7,116	9,200	6,738	+36.5%
Operating profit ratio	14.2%	9.5%	9.0%	+0.5%pt
Ordinary income	7,796	9,600	7,246	+32.5%
To parent company shareholders Net income attributable to	5,595	7,000	5,780	+21.1%

Interim Dividend and Year-End Dividend Forecast for FY3/23



- Policy: A stable and appropriate level of dividends will be maintained.
- Interim dividend: The extra dividend of 1 yen is added to the ordinary dividend of 5 yen per share based on the profit level achieved during 1H.
- Year-end dividend (Forecasts) : 5 yen per share is planned in line with our previous forecast.

	FY3/22 Results	FY3/23 Previous Forecasts	FY3/23 Interim Dividend/ Year-End Forecast
1H End	5 yen	5 yen	6 yen
Ordinary Dividend	3 yen	5 yen	5 yen
Extra Dividend	1 yen	—	1 yen
Commemorative Dividend	1 yen	—	—
FY End	5 yen	5 yen	5 yen
Ordinary Dividend	3 yen	5 yen	5 yen
Extra Dividend	2 yen	—	—
Total	10 yen	10 yen	11 yen

Sustainability Efforts (Environment)



Reduction of CO2 Emissions

<Scope 1 and 2>

We established reduction targets and efforts to be promoted on a companywide basis.

Target by 2030
(Compared to 2016)

50%
Reduction

<Scope 3>

We introduced a cloud service for GHG emission calculation and visualization.

Reviewing Packaging Materials

<Changing Materials>

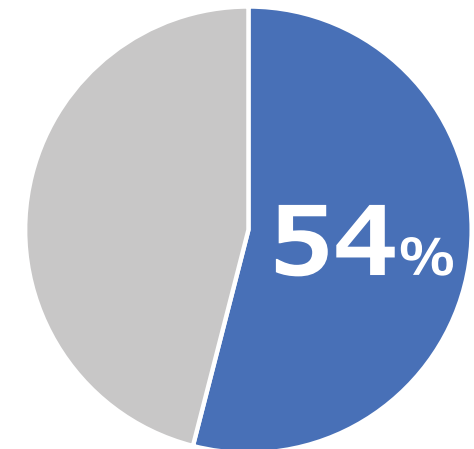
- Use of biomass or paper materials instead of plastics (Reduce the environmental burden)
- Use lightweight materials (Reduce CO2 emissions during transportation)

<Reduction of Packaging>

We are testing the impact of product quality and transportation with a goal of simplifying packaging.

Development of Sustainable Wear

The Ratio of Sustainable Wear*



*Percentage of apparel models using naturally derived or recycled fiber materials in 2023. (excluding royalty products)

We are expanding the use of sustainable materials

Reference Information

Net Sales (Reported Segments)



(Million yen)	FY3/19 1H	FY3/20 1H	FY3/21 1H	FY3/22 1H	FY3/23 1H
Japan	19,697	20,550	12,043	18,836	24,291
Asia	8,247	8,659	8,005	13,344	21,215
North America	1,081	1,091	923	1,451	2,568
Europe	1,225	1,179	873	864	1,671
Sports Facilities	333	339	247	290	346
Total	30,584	31,820	22,093	34,788	50,092

Japan Segment:	Domestic sales, and exports and intermediary sales to areas without subsidiaries → Southeast 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

Regional Sales by Destination



(Million yen)	FY3/19 1H	FY3/20 1H	FY3/21 1H	FY3/22 1H	FY3/23 1H
Japan	15,452	15,934	9,648	14,417	17,135
Overseas	15,132	15,886	12,444	20,370	32,956
Asia	11,705	12,647	9,778	16,860	25,343
North America	1,081	1,091	923	1,451	2,568
Europe	2,055	1,887	1,567	1,326	4,098
Others	289	258	174	732	946
Total	30,584	31,820	22,093	34,788	50,092
Overseas Sales Composition	49.5%	49.9%	56.3%	58.6%	65.8%

Japan: Domestic sales includes the sports facilities division
 Asia: China, Taiwan, Southeast 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.