



Financial Results

3rd Quarter of Fiscal Year Ending March 31, 2023

Yonex Co., Ltd.

(Tokyo Stock Exchange Code: 7906)

February 8, 2023

1Q-3Q Key Performance Highlights



□ **Net Sales Increased by 47.5% Y/Y to JPY79.6bn**

- Record-high sales in the cumulative 1Q-3Q due to strong demand in all regions
- Our overseas subsidiaries saw sales increases in local currency terms, and forex exchange also boosted sales due to yen depreciation.
- In China, the impact of sporadic lockdowns in Jul-Sep 3Q* was limited.

*Consolidated subsidiaries fiscal year end in Dec.

□ **Operating Profit Increased by 55.9% Y/Y to JPY9.3bn**

- Increase in gross profit due to higher sales offset the negative impacts of raw material price hikes and higher purchasing costs caused by yen depreciation.
- SGA increased as we stepped up our marketing activities.
- Achieved record-high profits in the cumulative 1Q-3Q

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

- Sales and profits are expected to exceed our previous forecasts.
- Operating Profit: The impacts of higher costs and increased investments have been reflected.
- Ordinary Income and Net Profit: Foreign exchange losses incurred towards the end of 3Q are considered.

Consolidated Income Statement



(Million yen)	FY3/22 1Q-3Q	FY3/23 1Q-3Q	Y/Y	
Net Sales	53,975	79,632	+25,657	+47.5%
Gross Profit	24,196	34,696	+10,500	+43.4%
Gross Profit Margin	44.8%	43.6%	-	-1.2%pt
SGA	18,218	25,378	+7,160	+39.3%
Operating Profit	5,978	9,317	+3,339	+55.9%
Operating Profit Margin	11.1%	11.7%	-	+0.6%pt
Ordinary Profit	6,223	9,152	+2,928	+47.1%
Net Profit	5,081	6,703	+1,622	+31.9%

Consolidated Balance Sheets



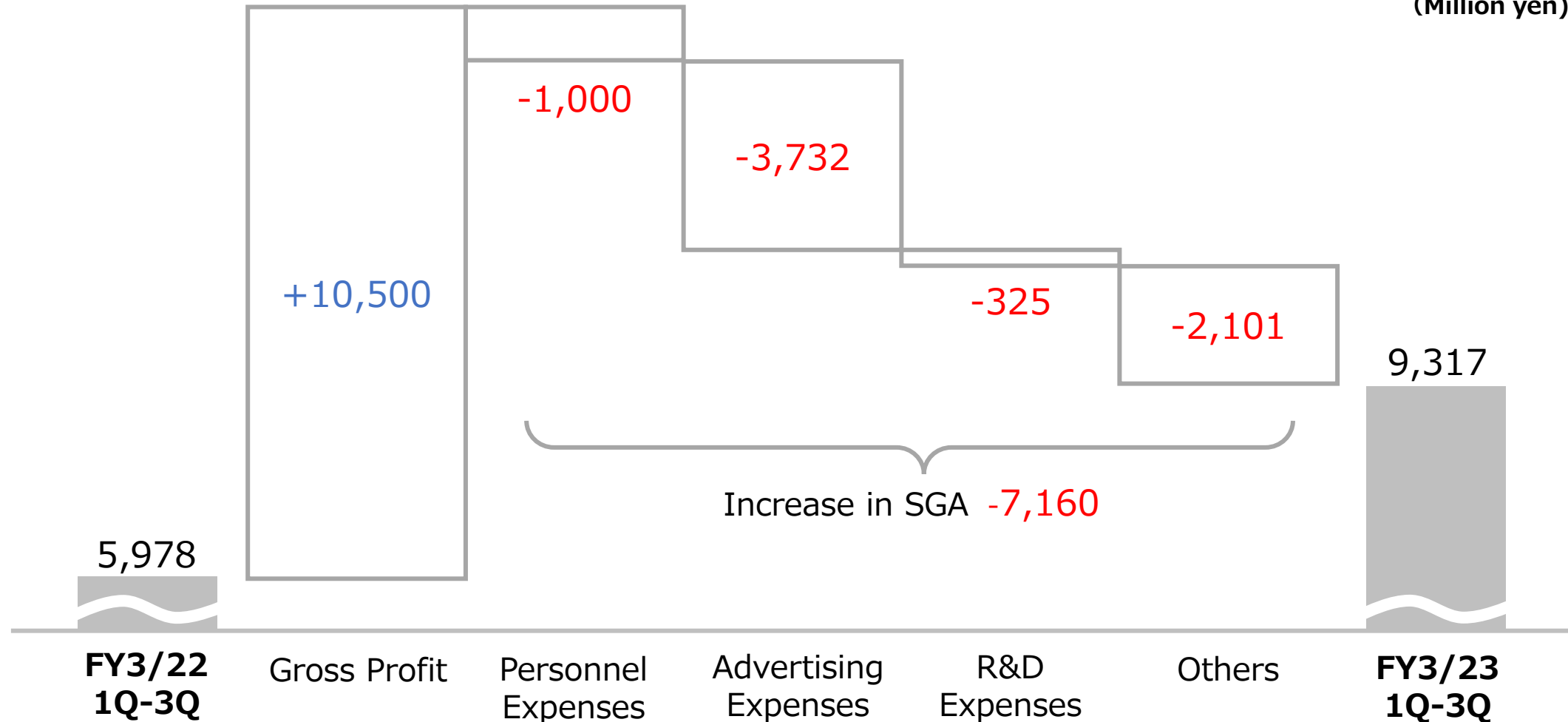
(Million yen)		End FY3/22	End FY3/23 3Q	Change
Asset	Current Assets	44,841	55,961	+11,120
	Cash and Deposits	17,922	21,131	+3,209
	Notes and Accounts Receivable-Trade	12,676	15,533	+2,856
	Inventory	11,792	16,734	+4,942
	Non-Current Assets	21,457	24,670	+3,212
	Total Assets	66,299	80,632	+14,333
Liabilities	Total Liabilities	20,569	26,867	+6,298
	Debt with Interest	2,447	4,080	+1,632
	Total Net Assets	45,729	53,764	+8,034
	Equity Ratio	68.8%	66.5%	-2.3%pt
	Total Liabilities and Net Assets	66,299	80,632	+14,333

Operating Profit Changes



Increase in gross profit offset the negative impact of the rise in SGA.

(Million yen)



Reported Segment Information



(Million yen)		FY3/22 1Q-3Q	FY3/23 1Q-3Q	Y/Y	
Sporting Goods Division	Japan	Net Sales	27,307	35,640	+30.5%
		Operating Profit	1,495	2,069	+38.4%
	Asia	Net Sales	22,177	36,940	+66.6%
		Operating Profit	4,116	7,355	+78.7%
	North America	Net Sales	2,444	3,874	+58.5%
		Operating Profit	355	485	+36.5%
	Europe	Net Sales	1,638	2,710	+65.4%
		Operating Profit	66	23	-64.4%
Sports Facilities Division	Net Sales	407	466	+14.3%	
	Operating Profit	73	67	-7.4%	

*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

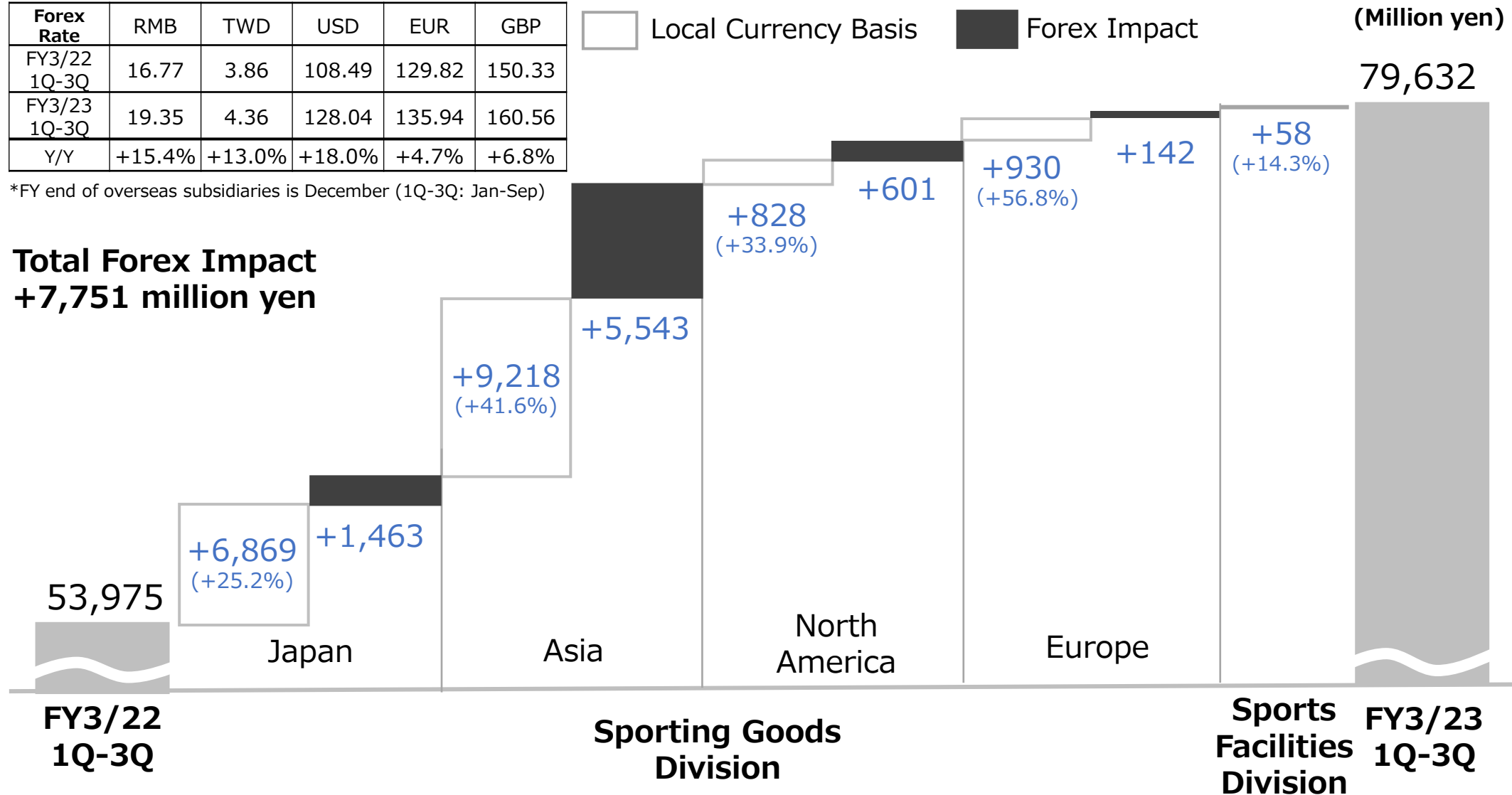
Net Sales Change and Forex Impact (Reported Segments)



Forex Rate	RMB	TWD	USD	EUR	GBP
FY3/22 1Q-3Q	16.77	3.86	108.49	129.82	150.33
FY3/23 1Q-3Q	19.35	4.36	128.04	135.94	160.56
Y/Y	+15.4%	+13.0%	+18.0%	+4.7%	+6.8%

*FY end of overseas subsidiaries is December (1Q-3Q: Jan-Sep)

**Total Forex Impact
+7,751 million yen**

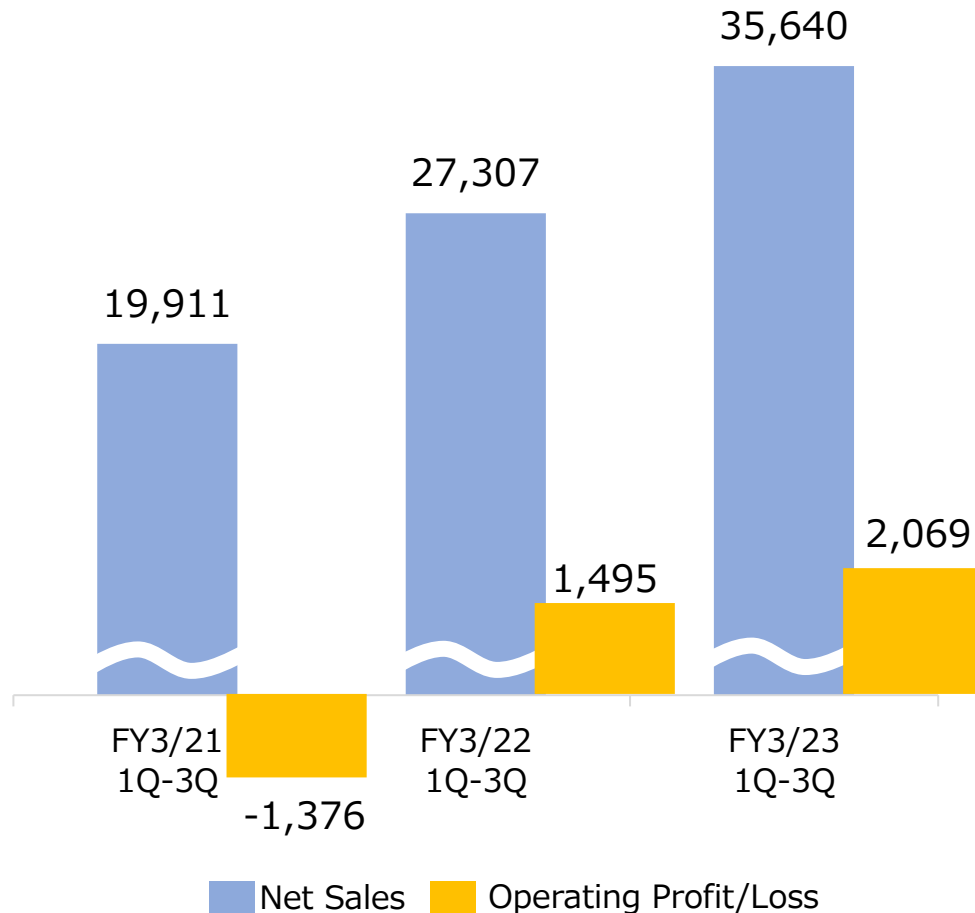


Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



Japan

(Million yen)



Net Sales (+30.5% Y/Y)

- Domestic Sales
 - Demand from club activities of badminton and soft tennis recovered.
 - Sales of tennis racquets continued to trend strongly.
- Sales to overseas distributors
 - Demand increased as sports activities fully resumed.
 - Remarkable results of top athletes revitalized the market.

Operating Profit (+38.4% Y/Y)

- Gross profit margin was lower due to raw material price hikes and higher costs of imports caused by yen depreciation.
- Growth in gross profit due to higher sales contributed strongly to the rise in operating profit.

*Reference Apr-Dec Forex Rate Average (USD)
FY3/22 ¥ 111.09 → FY3/23 ¥ 136.50

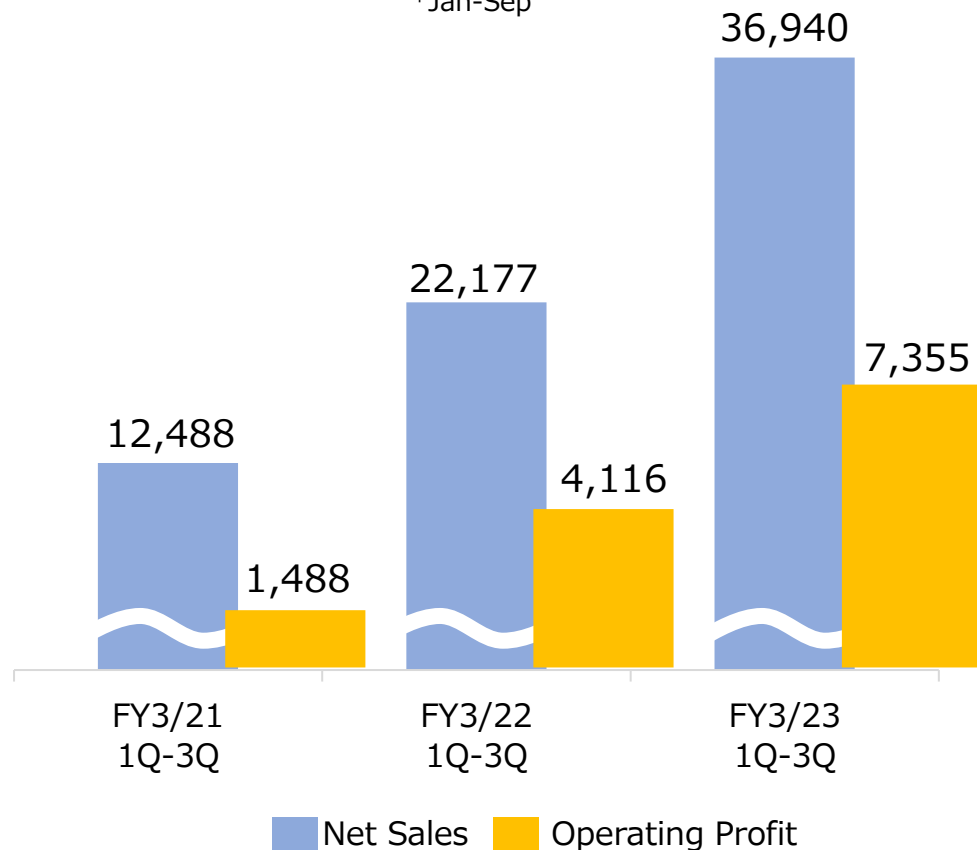
Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



Asia (Million yen)

Forex Rate	FY3/21 1Q-3Q	FY3/22 1Q-3Q	FY3/23 1Q-3Q
RMB	15.37	16.77	19.35
TWD	3.60	3.86	4.36

*Jan-Sep



Net Sales (+66.6% Y/Y)

- China
 - The impact of the sporadic lockdowns in Jul-Sep 3Q was limited as people were playing sports as usual outside of the lockdown areas.
 - Player base is expanding supported by our trial events and growth in demand from students.
 - Sales growth in 1Q and yen depreciation also contributed to strong sales growth.
- Taiwan
 - Badminton sales are gaining momentum as domestic tournaments are back on track and local athletes performed well in the international competition held in Taiwan.

Operating Profit (+78.7% Y/Y)

- SGA increased due to higher advertising expenses for marketing investments in China.
- The higher gross profit due to sales growth contributed significantly to operating profit growth.

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

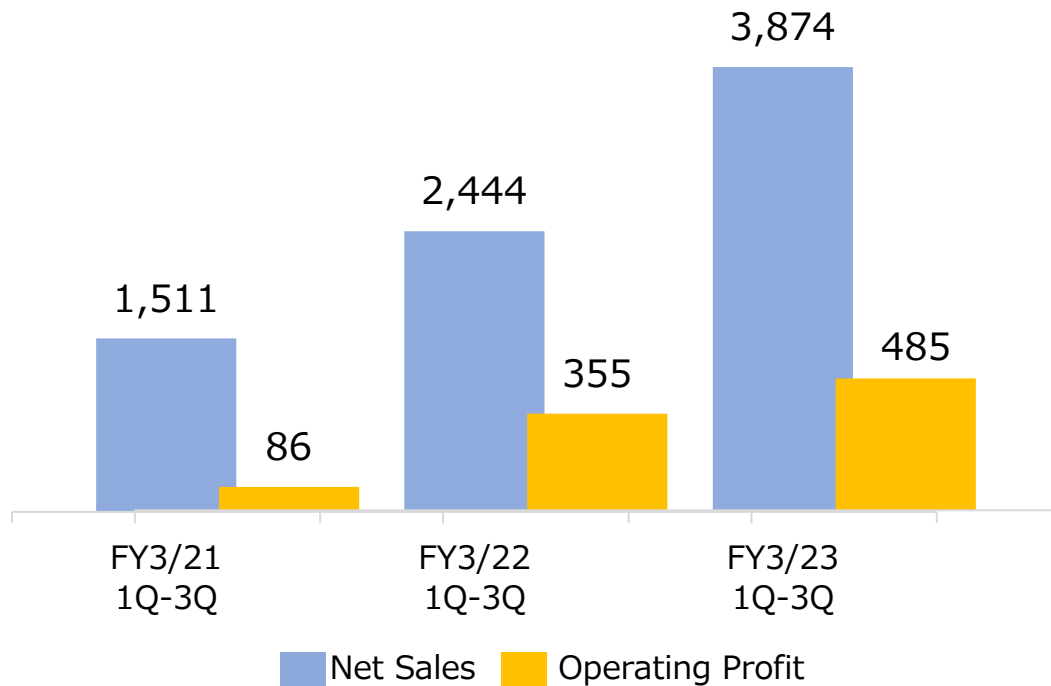
Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



North America (Million yen)

Forex Rate	FY3/21 1Q-3Q	FY3/22 1Q-3Q	FY3/23 1Q-3Q
USD	107.58	108.49	128.04

*Jan-Sep



Net Sales (+58.5% Y/Y)

- Sales of badminton equipment continued to grow strongly due to the reopening of sports facilities and restart of sports club activities.
- A slowdown was seen in demand for tennis products, but sales increased year on year.
- Yen depreciation helped to boost sales.

Operating Profit (+36.5% Y/Y)

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

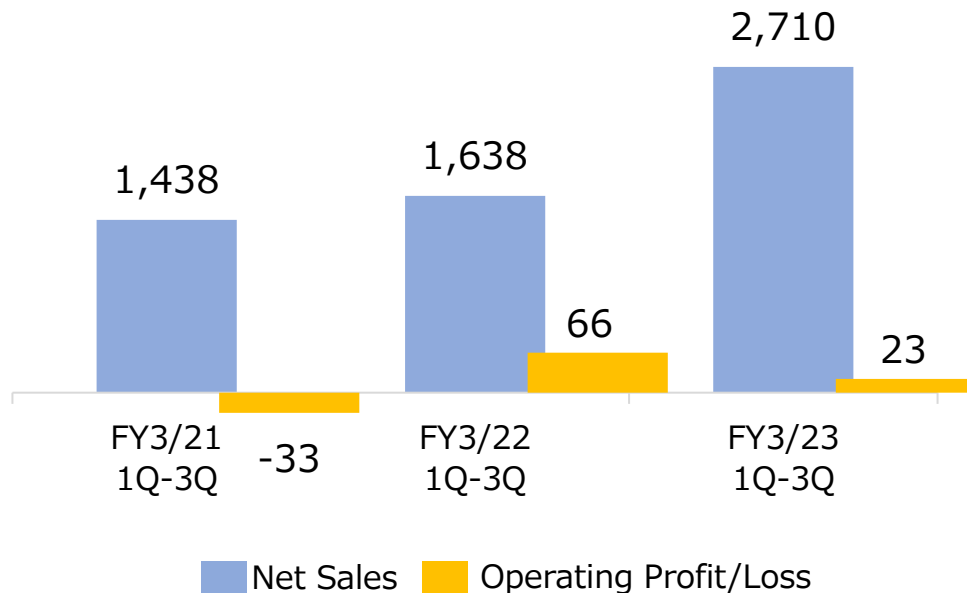
Net Sales and Operating Profit of Sporting Goods Division (Reported Segments)



Europe (Million yen)

Forex Rate	FY3/21 1Q-3Q	FY3/22 1Q-3Q	FY3/23 1Q-3Q
EUR	120.89	129.82	135.94
GBP	136.78	150.33	160.56

*Jan-Sep



Net Sales (+65.4% Y/Y)

- Reopening of badminton facilities and restart of international tournaments revitalized the badminton market.
- Firm demand for tennis led to strong sales of racquets and other tennis equipment.

Operating Profit (-64.4% Y/Y)

- 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 1Q-3Q

(Million yen)		Japan	Y/Y		Overseas	Y/Y		Total	Y/Y		Sales Composition
Sporting Goods Division	Badminton	8,162	+1,827	+28.9%	39,758	+15,403	+63.2%	47,921	+17,231	+56.1%	60.2%
					83.0%: +3.6%pt						
	Tennis	5,199	+708	+15.8%	7,451	+3,736	+100.6%	12,651	+4,445	+54.2%	15.9%
					58.9%: +13.6%pt						
	Golf	542	+35	+7.0%	940	+306	+48.4%	1,482	+342	+30.0%	1.8%
					63.4%: +7.8%pt						
	Others	9,675	+967	+11.1%	7,436	+2,611	+54.1%	17,111	+3,579	+26.5%	21.5%
					43.5%: +7.8%pt						
	Sports Facilities Division	466	+58	+14.3%	—	—	—	466	+58	+14.3%	0.6%
	Total	24,045	+3,598	+17.6%	55,587	+22,058	+65.8%	79,632	+25,657	+47.5%	100.0%
					69.8%: +7.7%pt						

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.

India: New Factory for Badminton Racquets



Amidst Growing Badminton Popularity, Yonex Opens New India Factory for Carbon Graphite Badminton Racquets

Growing popularity of badminton in India

- The existing factory has continued to increase production since its start in 2017.
- Remarkable results of top Indian players are bringing immense attention to badminton.



▲ India men's team became the world's No.1. (Thomas Cup in May 2022)

Manufacturing of full carbon graphite racquets

Current Factory: Steel and aluminum racquets

New Factory: Full carbon graphite racquets for performance-seeking players

Increasing manufacturing volume

We plan to triple the current manufacturing volume in 3 years.



▲ View of the new factory

Factory Name	Yonex India Private Limited 2nd Factory
Location	Bengaluru, Karnataka
Site Area	21,322m ²
Floor Area	8,346m ²
Factory Operation	April 2023 (Scheduled)

Full-Year Forecasts for FY3/23



Forecasts Revised Upwards

- Sales and profits are expected to exceed the previous forecast due to a recovery in demand, particularly overseas.
- The impact of raw material price hikes, higher costs caused by yen depreciation, and increased investment in marketing and human resources are reflected in the revised operating profit.
- Foreign exchange losses incurred towards the end of 3Q are considered in the revised ordinary income and net profit.

Forex Rate	FY3/22 Results	FY3/23 Previous Forecasts	FY3/23 Forecasts
RMB	17.02	20.0	19.5
TWD	3.92	4.5	4.4
USD	109.79	135	130
EUR	129.88	140	140
GBP	151.07	165	160

(Million Yen)	FY3/23 Previous Forecasts (Announced on Aug 9)	FY3/23 Forecasts	VS Previous Forecasts	FY3/22 Results	Y/Y
Net Sales	97,000	106,000	+9.3%	74,485	+42.3%
Operating Income	9,200	10,000	+8.7%	6,738	+48.4%
Operating Profit Ratio	9.5%	9.4%	-0.1%pt	9.0%	+0.4%pt
Ordinary Income	9,600	9,800	+2.1%	7,246	+35.2%
Net Profit	7,000	7,200	+2.9%	5,780	+24.6%

Reference Information

Net Sales (Reported Segments)



(Million yen)	FY3/19 1Q-3Q	FY3/20 1Q-3Q	FY3/21 1Q-3Q	FY3/22 1Q-3Q	FY3/23 1Q-3Q
Japan	28,318	29,018	19,911	27,307	35,640
Asia	12,476	13,652	12,488	22,177	36,940
North America	1,680	1,731	1,511	2,444	3,874
Europe	1,835	1,737	1,438	1,638	2,710
Sports Facilities	442	449	365	407	466
Total	44,753	46,589	35,715	53,975	79,632

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 1Q-3Q	FY3/20 1Q-3Q	FY3/21 1Q-3Q	FY3/22 1Q-3Q	FY3/23 1Q-3Q
Japan	21,807	21,957	15,732	20,447	24,045
Overseas	22,946	24,632	19,982	33,528	55,587
Asia	17,823	19,462	15,654	27,529	43,839
North America	1,680	1,731	1,511	2,444	3,874
Europe	3,060	2,954	2,447	2,455	6,366
Others	381	482	370	1,099	1,506
Total	44,753	46,589	35,715	53,975	79,632
Overseas Sales Composition	51.3%	52.9%	56.0%	62.1%	69.8%

Japan:

Asia:

North America:

Europe:

Domestic sales includes the sports facilities division
China, Taiwan, Southeast Asia, Korea, India, others.

USA and Canada

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.