

## Translation

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May 11, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Yonex Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7906  
 URL: [https:// www.yonex.co.jp](https://www.yonex.co.jp)  
 Representative: President and Representative Director Alyssa Yoneyama  
 Inquiries: Executive Managing Director Shuichi Yoneyama  
 Telephone: 03-3839-7112  
 Scheduled date of annual general meeting of shareholders: June 23, 2023  
 Scheduled date to commence dividend payments: June 26, 2023  
 Scheduled date to file annual securities report: June 26, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	107,019	43.7	10,063	49.3	9,961	37.5	7,331	26.8
March 31, 2022	74,485	44.5	6,738	552.7	7,246	297.5	5,780	424.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	84.05	—	14.9	13.7	9.4
March 31, 2022	66.11	—	13.6	11.9	9.0

#### (2) Consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	79,421	53,099	66.6	607.28
March 31, 2022	66,299	45,729	68.8	522.72

#### (3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	2,989	(4,458)	(480)	16,418
March 31, 2022	7,430	(2,286)	(1,964)	17,538

**2. Cash Dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	5.00	–	5.00	10.00	875	15.1	2.1
Fiscal year ended March 31, 2023	–	6.00	–	7.00	13.00	1,137	15.5	2.3
Fiscal year ending March 31, 2024 (Forecast)	–	7.00	–	7.00	14.00		15.6	

**3. Consolidated Earnings Estimates for the Year Ending March 31, 2024  
(from April 1, 2023 to March 31, 2024)**

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	57,000	13.8	6,200	(12.9)	6,200	(20.5)	4,400	(21.4)	50.49
Full year	116,000	8.4	10,700	6.3	10,700	7.4	7,800	6.4	89.50

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and or accounting estimates, and restatements:

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	93,620,800 shares
As of March 31, 2022	93,620,800 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	6,469,556 shares
As of March 31, 2022	6,371,157 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	87,234,170 shares
Fiscal year ended March 31, 2022	87,437,886 shares

## Overview of Operating Results and Others

### (1) Overview of Operating Results for the Current Fiscal Year

Despite inflation, slowing economic trends, geopolitical risks, and other factors of concern observed during the current fiscal year, the Yonex Group posted its highest-ever sales and profits as interest in playing sports was revitalized around the world. In addition to higher sales and profits on a local currency basis at our overseas subsidiaries, the significant depreciation of the yen provided an upward boost when converting our favorable overseas sales into yen.

The Yonex Group's focus on hosting small-scale tournaments and events to create opportunities for customers to play sports stimulated demand, and global-scale tournaments held with audiences boosted excitement surrounding sports in many parts of the world. In addition, Yonex sponsored athletes' remarkable performances in major competitions in various sports continued to draw attention to our products, resulting in a strong 43.7% year-on-year increase in consolidated net sales to 107.019 billion yen. Despite the impacts of higher raw material prices and increased procurement costs due to the depreciation of the yen upon our profitability, gross profit grew significantly due to the higher sales, and operating profit rose by a significant margin of 49.3% year-on-year to 10.063 billion yen, even after taking into account higher selling, general and administrative expenses, including those for advertising due to our focus on marketing activities. Due to foreign exchange losses and other factors, ordinary profit rose 37.5% year-on-year to 9.961 billion yen, and profit attributable to owners of parent grew 26.8% year-on-year to 7.331 billion yen. Because our subsidiaries included in the scope of consolidation (sales subsidiaries in China, Taiwan, North America, Germany, and the United Kingdom, and manufacturing subsidiaries in India and Thailand) end their fiscal years in December, their financial statements as of December 31, 2022 were used.

#### Results by Segment

##### 1) Sporting Goods Segment

###### a. Japan

In Japan, sales of racquets, shoes, and apparel grew as the market was revitalized by a recovery in demand from club activities in badminton and soft tennis, and the strong reception of new products in each sport by our customers. Tennis-related sales also continued to increase, especially racquets.

Sales to overseas distributors grew significantly due to revitalized demand as a result of the full-scale resumption of sports activities, and the resumption of international badminton tournaments around the world, which led to increased excitement of badminton, as well as increased attention paid to the sport due to the successes of Yonex sponsored athletes.

Profits declined due to a deterioration in gross profit margin caused by higher raw material prices and increased purchase costs of imported products due to the weaker yen, as well as higher selling, general and administrative expenses including advertising and personnel expenses.

Consequently, net sales rose 27.3% year-on-year to 47.750 billion yen and operating profit fell 1.1% year-on-year to 1.478 billion yen.

###### b. Asia

Sales of our Chinese sales subsidiary grew as a result of an expansion in the fan base of badminton, tennis, and snowboarding, which was achieved through the success of our efforts to hold hands-on events and various competitions held over larger geographic regions compared to the previous fiscal year. Also, the continued increase in demand for sports and the excitement surrounding badminton from the previous fiscal year were also factors contributing to this strong performance. Although there was some impact from the spread of COVID-19 in the April to May (Q2) and December (Q4) periods, the impact in both cases was limited and cumulative sales increased significantly due in part to the impact of the weaker yen, which boosted yen-equivalent sales.

The Taiwanese subsidiary also reported an increase in sales, thanks to the revitalization of the badminton market due to the holding of national and regional tournaments, and as the excitement generated by the successes of local athletes in the first international tournament held in three years.

Profits increased significantly due to the higher gross profit made possible by the higher sales despite increases in selling, general and administrative expenses, including advertising expenses as investments for marketing by our Group's China sales subsidiary.

Note that as of the beginning of the current fiscal year, the results of YONEX TECNIFIBRE CO., LTD. (Thailand), our tennis ball manufacturing subsidiary, which became a subsidiary through the acquisition of its shares in December 2021, are included in the Asia segment.

Consequently, net sales rose 60.4% year-on-year to 49.662 billion yen and operating profit rose 77.2% year-on-year to 8.821 billion yen.

###### c. North America

Sales of badminton racquets, shoes, shuttlecocks, and other products increased significantly at our North American sales subsidiaries as badminton facilities and club activities resumed in earnest. With regards to tennis equipment, supply chain disruptions seen throughout the industry have been resolved, resulting in an increase in inventories throughout the market.

And although our Company's sales growth rate was subdued compared to the previous year, sales remained strong due primarily to favorable reception of our racquets for their strong performance functionality by customers and attention garnered by the successes of our sponsored athletes. Another factor behind the sales increase was the foreign exchange conversion effect resulting from the depreciation of the yen.

The increase in gross profit due to the stronger sales exceeded the increase in selling, general and administrative expenses, including advertising and personnel expenses, and resulted in an increase in profits.

Consequently, net sales rose 64.6% year-on-year to 5.257 billion yen and operating profit rose 54.3% year-on-year to 423 million yen.

#### **d. Europe**

At our sales subsidiaries in Germany and the United Kingdom, the badminton market was revitalized by the full-scale resumption of sports facilities and international tournaments, as well as the success of our marketing measures, which resulted in increased sales of racquets, shoes, shuttlecocks, and other products. In the tennis category, sales of racquets and other products increased due to strong demand, which subsequently resulted in strong sales.

The significant increase in gross profit due to the stronger sales exceeded the increase in selling, general and administrative expenses stemming from the increase in advertising and personnel expenses, including costs related to international events, and resulted in increases in profits.

Consequently, net sales rose 63.3% year-on-year to 3.815 billion yen and operating profit rose 128.8% year-on-year to 171 million yen.

As a result of these developments, total net sales for all geographical regions in our sporting goods segment rose 43.9% year-on-year to 106.485 billion yen and operating profit grew 59.7% year-on-year to 10.894 billion yen.

#### **2) Sports Facilities Segment**

At Yonex Country Club, our core golf course facility within the sports facilities business segment, the number of visitors increased and both sales and profits rose as a result of efforts to attract customers and create a buzz through various tournaments and events, including the hosting of the "Richard Mille Yonex Ladies Golf Tournament" in June for the first time in three years with a gallery, and a project to capitalize on the buzz surrounding the second consecutive JLPGA Tour win by one of our sponsored professional golf athletes.

Consequently, net sales increased 13.7% year-on-year to 533 million yen and operating profit increased 53.1% year-on-year to 58 million yen.

(Note) In the aforementioned analysis by business segment, net sales refer to "external customer sales" while operating profit or loss refers to the amount before "adjustments."

**(2) Future Outlook**

As the value of sports to participants' health continues to gain recognition, we believe that the number of people enjoying sports will continue to increase around the world. At the same time, we expect our business environment to remain uncertain as a result of factors including inflation, concerns over economic slowdown, and geopolitical risks. Yonex will build a foundation that will facilitate growth in the medium to long-term, and we maintain assumptions for more moderate growth to be seen going forward relative to the level of performance in the fiscal year ended March 31, 2023. Also, our profit figures take into account aggressive investments in marketing and human resources based upon a medium to long-term perspective, as well as increases in depreciation associated with higher capital investments in our facilities. Forecasts of consolidated earnings for the fiscal year ending March 31, 2024 are as follows.

	Earnings forecasts for fiscal year ending March 31, 2024	Year-on-year change
Net sales	116,000 million yen	8.4% increase
Operating profit	10,700 million yen	6.3% increase
Ordinary profit	10,700 million yen	7.4% increase
Profit attributable to owners of parent	7,800 million yen	6.4% increase

### **(3) Overview of Financial Position for Current Fiscal Year**

#### **1) Assets, Liabilities, and Net Assets**

Consolidated total assets increased by 13.122 billion yen from the previous fiscal year-end to 79.421 billion yen at the end of the current fiscal year. The main factors influencing this increase included increases in merchandise and finished goods, accounts receivable-trade, and construction in progress.

Liabilities rose by 5.752 billion yen from the previous fiscal year-end to 26.321 billion yen at the end of the current fiscal year. The main factors contributing to this rise included increases in notes and accounts payable-trade, and long-term borrowings, as well as an increase in lease liabilities due to application of ASU No. 2016-02 "Leases" by sales subsidiaries in North America that adopt US GAAP.

Net assets grew by 7.370 billion yen from the previous fiscal year-end to 53.099 billion yen at the end of the current fiscal year. This growth was due mainly to increases in retained earnings and foreign currency translation adjustment.

#### **2) Cash Flows**

Cash and cash equivalents (hereinafter called "cash") stood at 16.418 billion yen at the fiscal year-end, a decrease of 1.120 billion yen from the previous fiscal year-end.

The status of our cash flows and the underlying activities for the current fiscal year are outlined as follows.

##### **Operating Cash Flow**

Operating activities generated a net cash inflow of 2.989 billion yen, down 59.8% from the previous term. This mainly consisted of profit before income taxes of 10.323 billion yen and an increase in trade payables of 2.541 billion yen, and reflects an increase in inventories of 6.644 billion yen.

##### **Investing Cash Flow**

Investing activities generated a net cash outflow of 4.458 billion yen, up 95.0% from the previous term. The main factors influencing this net outflow were purchases of property, plant and equipment of 3.472 billion yen and intangible assets of 857 million yen.

##### **Financing Cash Flow**

Financing activities generated a net cash outflow of 480 million yen, down 75.6% from the previous term. The main factors influencing financing cash inflow included proceeds from long-term borrowings of 1.700 billion yen, dividends paid of 960 million yen, purchase of treasury shares of 834 million yen, and repayments of long-term borrowings of 578 million yen.

**Consolidated Financial Statements**  
**Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	17,922	16,912
Notes receivable - trade	3,580	4,410
Accounts receivable - trade	9,096	10,619
Merchandise and finished goods	8,336	14,871
Work in process	1,798	1,941
Raw materials and supplies	1,657	2,019
Other	2,478	2,757
Allowance for doubtful accounts	(29)	(66)
<b>Total current assets</b>	<b>44,841</b>	<b>53,465</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	14,945	15,248
Accumulated depreciation	(9,562)	(9,883)
Buildings and structures, net	5,383	5,365
Machinery, equipment and vehicles	7,401	8,060
Accumulated depreciation	(5,621)	(6,042)
Machinery, equipment and vehicles, net	1,780	2,017
Tools, furniture and fixtures	3,482	3,915
Accumulated depreciation	(3,033)	(3,375)
Tools, furniture and fixtures, net	449	539
Golf courses	189	189
Trees	7	7
Land	8,882	8,916
Leased assets	62	74
Accumulated depreciation	(41)	(37)
Leased assets, net	21	37
Right of use asset	1,075	2,285
Accumulated depreciation	(664)	(388)
Right of use asset, net	411	1,897
Construction in progress	165	2,044
<b>Total property, plant and equipment</b>	<b>17,290</b>	<b>21,014</b>
<b>Intangible assets</b>		
Software	259	1,893
Software in progress	977	40
Goodwill	102	43
Other	15	15
<b>Total intangible assets</b>	<b>1,355</b>	<b>1,994</b>
<b>Investments and other assets</b>		
Investment securities	208	217
Long-term time deposits	400	400
Deferred tax assets	1,736	1,724
Other	467	605
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>2,811</b>	<b>2,946</b>
<b>Total non-current assets</b>	<b>21,457</b>	<b>25,955</b>
<b>Total assets</b>	<b>66,299</b>	<b>79,421</b>



(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,790	7,128
Accounts payable - other	2,910	3,382
Current portion of long-term borrowings	535	705
Lease liabilities	212	575
Income taxes payable	966	917
Accrued consumption taxes	40	0
Provision for bonuses	998	1,200
Provision for bonuses for directors (and other officers)	63	43
Provision for point card certificates	3	4
Other	3,129	3,384
Total current liabilities	13,649	17,342
Non-current liabilities		
Long-term borrowings	1,421	2,373
Lease liabilities	278	1,485
Retirement benefit liability	2,811	2,702
Provision for retirement benefits for directors (and other officers)	261	209
Provision for share awards	111	139
Long-term guarantee deposits	1,970	2,002
Other	64	67
Total non-current liabilities	6,919	8,979
Total liabilities	20,569	26,321
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,706	4,706
Capital surplus	7,708	8,202
Retained earnings	34,216	40,586
Treasury shares	(1,544)	(2,190)
Total shareholders' equity	45,086	51,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	26
Foreign currency translation adjustment	629	1,686
Remeasurements of defined benefit plans	(126)	(92)
Total accumulated other comprehensive income	521	1,619
Non-controlling interests	122	174
Total net assets	45,729	53,099
Total liabilities and net assets	66,299	79,421

**Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	74,485	107,019
Cost of sales	41,089	61,113
Gross profit	33,395	45,905
Selling, general and administrative expenses		
Advertising expenses	11,624	16,508
Provision of allowance for doubtful accounts	(6)	33
Salaries and allowances	4,769	5,623
Provision for bonuses	558	738
Provision for bonuses for directors (and other officers)	63	43
Retirement benefit expenses	264	250
Provision for retirement benefits for directors (and other officers)	23	22
Depreciation	792	848
Research and development expenses	1,324	1,593
Provision for point card certificates	(248)	1
Amortization of goodwill	58	58
Other	7,431	10,118
Total selling, general and administrative expenses	26,656	35,842
Operating profit	6,738	10,063
Non-operating income		
Interest income	50	101
Rental income	14	11
Foreign exchange gains	341	-
Subsidy income	61	4
Gain on sale of non-current assets	3	38
Other	69	121
Total non-operating income	541	277
Non-operating expenses		
Interest expenses	27	56
Commission expenses	2	1
Foreign exchange losses	-	315
Other	3	5
Total non-operating expenses	33	378
Ordinary profit	7,246	9,961
Extraordinary income		
Gain on sale of investment securities	1	-
Gain on bargain purchase	400	-
National subsidies	172	361
Total extraordinary income	575	361
Profit before income taxes	7,821	10,323
Income taxes - current	2,046	2,917
Income taxes - deferred	(5)	35
Total income taxes	2,041	2,953
Profit	5,780	7,370
Profit attributable to non-controlling interests	-	38
Profit attributable to owners of parent	5,780	7,331

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,780	7,370
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	7
Foreign currency translation adjustment	1,511	1,071
Remeasurements of defined benefit plans, net of tax	35	34
Total other comprehensive income	1,534	1,112
Comprehensive income	7,315	8,482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,315	8,430
Comprehensive income attributable to non-controlling interests	–	52

**Consolidated Statements of Changes in Equity**

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,706	7,682	29,510	(1,235)	40,664
Cumulative effects of changes in accounting policies			(418)		(418)
Restated balance	4,706	7,682	29,092	(1,235)	40,246
Changes during period					
Dividends of surplus			(657)		(657)
Profit attributable to owners of parent			5,780		5,780
Purchase of treasury shares				(318)	(318)
Disposal of treasury shares		26		9	35
Net changes in items other than shareholders' equity					
Total changes during period	—	26	5,123	(309)	4,839
Balance at end of period	4,706	7,708	34,216	(1,544)	45,086

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	30	(882)	(162)	(1,013)	—	39,651
Cumulative effects of changes in accounting policies						(418)
Restated balance	30	(882)	(162)	(1,013)	—	39,232
Changes during period						
Dividends of surplus						(657)
Profit attributable to owners of parent						5,780
Purchase of treasury shares						(318)
Disposal of treasury shares						35
Net changes in items other than shareholders' equity	(11)	1,511	35	1,534	122	1,656
Total changes during period	(11)	1,511	35	1,534	122	6,496
Balance at end of period	18	629	(126)	521	122	45,729

YONEX CO., LTD.

Fiscal year ended March 31,2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,706	7,708	34,216	(1,544)	45,086
Changes during period					
Dividends of surplus			(961)		(961)
Profit attributable to owners of parent			7,331		7,331
Purchase of treasury shares				(834)	(834)
Disposal of treasury shares		494		189	683
Net changes in items other than shareholders' equity					
Total changes during period	–	494	6,370	(645)	6,219
Balance at end of period	4,706	8,202	40,586	(2,190)	51,305

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	18	629	(126)	521	122	45,729
Changes during period						
Dividends of surplus						(961)
Profit attributable to owners of parent						7,331
Purchase of treasury shares						(834)
Disposal of treasury shares						683
Net changes in items other than shareholders' equity	7	1,057	34	1,098	52	1,150
Total changes during period	7	1,057	34	1,098	52	7,370
Balance at end of period	26	1,686	(92)	1,619	174	53,099

## Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,821	10,323
Depreciation	1,603	1,976
State subsidy	(172)	(361)
Amortization of goodwill	58	58
Gain on bargain purchase	(400)	–
Increase (decrease) in allowance for doubtful accounts	(9)	34
Increase (decrease) in provision for bonuses	197	193
Increase (decrease) in provision for bonuses for directors (and other officers)	63	(20)
Increase (decrease) in retirement benefit liability	(133)	(70)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	(51)
Increase (decrease) in provision for point card certificates	(248)	1
Amortization of long-term prepaid expenses	74	84
Interest and dividend income	(55)	(107)
Subsidy income	(61)	(4)
Interest expenses	27	57
Foreign exchange losses (gains)	(402)	(309)
Loss (gain) on sale of non-current assets	(3)	(35)
Loss on retirement of non-current assets	1	48
Loss (gain) on sale of investment securities	(1)	–
Other non-operating expenses (income)	(70)	(128)
Decrease (increase) in trade receivables	(771)	(2,152)
Decrease (increase) in inventories	(1,652)	(6,644)
Increase (decrease) in trade payables	1,213	2,541
Increase (decrease) in accrued consumption taxes	179	(456)
Decrease (increase) in return assets	(130)	62
Increase (decrease) in refund liabilities	394	97
Increase (decrease) in contract liabilities	6	(6)
Decrease (increase) in other assets	(174)	(167)
Increase (decrease) in other liabilities	1,214	475
Subtotal	8,567	5,437
Interest and dividends received	46	106
Interest paid	(27)	(56)
Other proceeds	77	130
Other payments	(7)	(3)
Subsidies received	43	33
Subsidies received	172	361
Income taxes paid	(1,442)	(3,018)
Net cash provided by (used in) operating activities	7,430	2,989
Cash flows from investing activities		
Payments into time deposits	(448)	(829)
Proceeds from withdrawal of time deposits	190	785
Purchase of property, plant and equipment	(882)	(3,472)
Proceeds from sale of property, plant and equipment	8	44
Purchase of intangible assets	(815)	(857)
Purchase of investment securities	(94)	–
Proceeds from sale of investment securities	2	–
Purchase of shares of subsidiaries	(250)	–
Loan advances	(2)	(10)
Proceeds from collection of loans receivable	8	13
Other, net	(0)	(131)
Net cash provided by (used in) investing activities	(2,286)	(4,458)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(86)	–
Proceeds from long-term borrowings	350	1,700
Repayments of long-term borrowings	(893)	(578)
Repayment of lease liability	(344)	(356)
Purchase of treasury shares	(318)	(834)
Proceeds from sale of treasury shares	–	567
Dividends paid	(656)	(960)
Other, net	(15)	(16)
Net cash provided by (used in) financing activities	(1,964)	(480)
Effect of exchange rate change on cash and cash equivalents	1,194	827
Net increase (decrease) in cash and cash equivalents	4,374	(1,120)
Cash and cash equivalents at beginning of period	13,164	17,538
Cash and cash equivalents at end of period	17,538	16,418

#### **(4) Notes on Consolidated Financial Statements** **(Notes regarding Going Concern Assumptions)**

Not applicable

#### **(Notes on Significant Fluctuations in Shareholders' Equity)**

The Company acquired 200,000 shares as treasury shares based on a resolution passed at the Board of Directors meeting held on November 14, 2022. In addition, the Company made an additional contribution to the Japanese Employee Stock Ownership Plan (J-ESOP) based on a resolution passed at the Board of Directors meeting held on February 21, 2023.

With regard to the disposal of treasury shares as an additional contribution to the Japanese Employee Stock Ownership Plan (J-ESOP), capital surplus increased due to the recording of a gain on disposal of treasury shares of 451 million yen, and treasury shares increased by 451 million yen.

As a result, treasury shares increased by 645 million yen in the current fiscal year with capital surplus of 8.202 billion yen and treasury shares at 2.190 billion yen at the end of the current fiscal year.

#### **(Changes in Accounting Policies)**

##### **(Application of ASU No. 2016-02 "Leases" under US GAAP)**

Sales subsidiaries in North America that adopt US GAAP have applied ASU No. 2016-02 "Leases" from the beginning of the current fiscal year. Accordingly, the lessee recognizes assets and liabilities for all leases, in principle. In applying ASU No. 2016-02, our Group adopted a method of recognizing cumulative effects of the application on the date of initial application, which is allowed as a transitional measure.

In line with the application of the standard, right of use assets (net), lease liabilities and long-term lease liabilities in the consolidated balance sheets as of March 31, 2023 increased by 1.053 billion yen, 138 million yen and 973 million yen, respectively.

This application of the standard had no impact on the profit or loss for the current fiscal year.

#### **(Changes in Presentation)**

##### **(Consolidated Balance Sheets)**

"Lease liabilities," which were included in "Other" under "Current liabilities," and "Lease liabilities," which were included in "Other" under "Non-current liabilities" in the previous fiscal year have been presented individually from the current fiscal year since their materiality in terms of value has increased. Consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, 3.341 billion yen previously presented in "Other" under "Current liabilities" has been reclassified as "Lease liabilities" of 212 million yen and "Other" of 3.129 billion yen, and 343 million yen previously presented in "Other" under "Non-current liabilities" has been reclassified as "Lease liabilities" of 278 million yen and "Other" of 64 million yen in our consolidated balance sheets for the previous fiscal year.

##### **(Consolidated Statements of Income)**

"Gain on sales of non-current assets," which was included in "Other" under "Non-operating income" in the previous fiscal year, has been presented individually from the current fiscal year since its materiality in terms of value has increased. Consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, 73 million yen previously presented in "Other" under "Non-operating income" has been reclassified as "Gain on sales of non-current assets" of 3 million yen and "Other" of 69 million yen in the consolidated statements of income for the previous fiscal year.

"Sales discounts," which were presented individually under "Non-operating expenses" in the previous fiscal year, have been included in "Other" in the current fiscal year since their materiality in terms of value has decreased. Consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, 0 million yen previously presented in "Sales discounts" under "Non-operating expenses" has been reclassified as "Other" in the consolidated statements of income for the previous fiscal year.



## **(Segment Information)**

### **a. Segment Information**

#### 1. Overview of Reportable Segments

The Yonex Group's reported segments are those business segments of our Group for which separate financial information is available, and which the Board of Directors examines regularly to determine the allocation of management resources and to assess business results.

The Yonex Group is comprised of the sporting goods segment, in which sporting goods are manufactured and sold, and the sports facilities segment, in which mainly golf course facilities are operated.

The sporting goods segment manufactures and sells mainly badminton, tennis and golf equipment. In addition to the Yonex Group's production facilities within Japan, our Group conducts production at local subsidiaries in Asia (Taiwan, India and Thailand). Yonex conducts sales in Japan, as well as exports to and intermediary trade with overseas sales agents. Outside Japan, local subsidiaries handle sales in their respective regions: North America (United States of America and Canada), Europe (United Kingdom and Germany), and Asia (Taiwan and China). Our local subsidiaries in India and Thailand are manufacturing subsidiaries, with sales conducted by local sales agents.

The local subsidiaries, which are independent operating units, formulate comprehensive strategies for their respective regions and are responsible for conducting business activities within those regions.

The sports facilities segment operates a golf course, golf driving ranges and tennis courts. These operations are conducted only within Japan.

Accordingly, the Yonex Group has five reportable segments with the sporting goods segment divided into four geographic segments based on sales structure including Japan, Asia, North America and Europe, and the sports facilities segment reported as a single segment.

#### 2. Measurement Method for the Amounts of Net Sales, Profit or Loss, Assets, and Other Items by Reported Segments

The accounting method used for reported business segments complies with accounting policies that have been adopted in preparing the consolidated financial statements.

The profits of the reported segments are numerical values based on operating profit. Intersegment sales and transfers are based on prevailing market prices.

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3. Information Regarding the Amounts of Net Sales, Profit or Loss, Assets, and Other Items by Reported Segment

(Million yen)

	Reportable Segments						Total	Adjustment (Note 2)	Amounts in the consolidated financial statements (Note 3)
	Sporting goods division					Sports facilities division			
	Japan	Asia (Note 1)	North America	Europe	Total				
<b>Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)</b>									
Net sales									
External customer sales	37,515	30,968	3,194	2,336	74,016	469	74,485	–	74,485
Intersegment sales and transfers	15,249	4,932	–	24	20,206	25	20,232	(20,232)	–
Total	52,764	35,901	3,194	2,361	94,222	494	94,717	(20,232)	74,485
Segment profit	1,494	4,977	274	74	6,821	38	6,859	(120)	6,738
Segment assets	49,855	18,883	2,312	2,308	73,359	1,941	75,301	(9,002)	66,299
Other									
Depreciation	1,038	522	8	19	1,589	29	1,618	(14)	1,603
Amortization of goodwill	58	–	–	–	58	–	58	–	58
Remaining goodwill	102	–	–	–	102	–	102	–	102
Extraordinary income	1	573	–	–	575	–	575	–	575
(Gain on negative goodwill)	–	400	–	–	400	–	400	–	400
Increase in property, plant and equipment and intangible assets	1,621	591	13	6	2,231	26	2,258	(32)	2,226

(Note)

1. Within net sales of Asia in the sporting goods segment, net sales of China were 29.309 billion yen.

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(Million yen)

	Reportable Segments						Total	Adjustment (Note 2)	Amounts in the consolidated financial statements (Note 3)
	Sporting goods division					Sports facilities division			
	Japan	Asia (Note 1)	North America	Europe	Total				
<b>Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)</b>									
Net sales									
External customer sales	47,750	49,662	5,257	3,815	106,485	533	107,019	–	107,019
Intersegment sales and transfers	26,375	9,076	–	2	35,454	22	35,476	(35,476)	–
Total	74,125	58,738	5,257	3,818	141,940	556	142,496	(35,476)	107,019
Segment profit	1,478	8,821	423	171	10,894	58	10,953	(889)	10,063
Segment assets	57,807	24,539	4,777	3,173	90,297	2,034	92,331	(12,909)	79,421
Other									
Depreciation	1,260	678	17	15	1,971	28	1,999	(23)	1,976
Amortization of goodwill	58	–	–	–	58	–	58	–	58
Remaining goodwill	43	–	–	–	43	–	43	–	43
Extraordinary income	–	361	–	–	361	–	361	–	361
Increase in property, plant and equipment and intangible assets	3,002	2,421	1,396	7	6,828	46	6,874	(35)	6,839

(Notes)

1. Within net sales of Asia in the sporting goods segment, net sales of China were 44.686 billion yen.
2. The details of adjustments are as follows.

Segment profit (Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Intersegment transaction eliminations	70	95
Adjustment of inventories	(173)	(973)
Adjustment of non-current assets	(17)	(11)
Total	(120)	(889)

Segment assets (Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Intersegment transaction eliminations	(11,156)	(13,021)
Overall company assets *	3,186	2,124
Adjustment of inventories	(991)	(1,965)
Adjustment of non-current assets	(40)	(47)
Total	(9,002)	(12,909)

\* Overall company assets are comprised of deferred tax assets, deferred tax liabilities and time deposits that are not attributable to reportable segments.

3. Segment profit was adjusted with operating profit in the consolidated statements.

**b. Related Information**

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

**1. Information by Product and Service**

This information has been omitted as it is identical to information disclosed in our segment information.

**2. Information by Geographical Area**

## (1) Net sales

(Million yen)

Japan	Asia	North America	Europe	Other	Total
28,252	38,095	3,194	3,484	1,458	74,485

(Notes)

1. Net sales are classified by country or region based on customer location.
2. Within amounts classified as net sales to Asia, net sales to China were 29.309 billion yen.

## (2) Property, Plant and Equipment

(Million yen)

Japan	Asia	North America	Europe	Total
14,980	1,901	28	380	17,290

(Note)

Property, plant and equipment are classified by country or region based its location.

**3. Information by Major Customer**

This information has been omitted as there are no major external customers that account for 10% or more of the net sales recorded on our consolidated statement of income.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

**1. Information by Product and Service**

This information has been omitted as it is identical to information disclosed in the segment information.

**2. Information by Geographical Area**

## (1) Net sales

(Million yen)

Japan	Asia	North America	Europe	Other	Total
32,146	59,122	5,263	8,662	1,824	107,019

(Notes)

1. Net sales are classified by country or region based on customer location.
2. Within amounts classified as net sales to Asia, net sales to China were 44.686 billion yen.

## (2) Property, Plant and Equipment

(Million yen)

Japan	Asia	North America	Europe	Total
15,764	3,684	1,176	389	21,014

*(Note)**Property, plant and equipment are classified by country or region based its location.***3. Information by Major Customer**

This information has been omitted as there are no major external customers that account for 10% or more of the net sales recorded on our consolidated statement of income.

**[Information concerning gains on negative goodwill by reporting segment]**

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

In Asia, a gain on negative goodwill occurred due to the acquisition of shares of BRIDGESTONE TECNIFIBRE CO., LTD. (Name changed to YONEX TECNIFIBRE CO., LTD. on December 22, 2021) to include it as a consolidated subsidiary. The gain on negative goodwill due to this event was 400 million yen in the current fiscal year. Gain on negative goodwill is accounted for as extraordinary income and is therefore not included in segment profit. A provisional accounting was implemented since allocation of the acquisition cost had not been completed for this amount by the end of the third quarter of the fiscal year, but was finalized by the end of the current fiscal year. With the finalization of the provisional accounting, the amount of gain on negative goodwill increased by 57 million yen.

Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

Not applicable

**(Per Share Information)**

(Yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net assets per share	522.72	607.28
Basic earnings per share	66.11	84.05
Fully diluted earnings per share	–	–

(Note) The basic facts underlying calculation of basic earnings per share are as follows.

(Million yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent	5,780	7,331
Amount not attributable to common shareholders	–	–
Amount of profit attributable to owners of parent per common share	5,780	7,331
Average number of shares outstanding during fiscal year (thousands of shares)	87,437	87,234

(Notes)

1. Fully diluted earnings per share are not presented because no latent shares exist.
2. Yonex shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares subtracted in the calculation of the average number of shares outstanding during fiscal year; underlying the calculation of basic earnings per share. They are also included in the treasury shares subtracted from the number of issued shares at end of fiscal year; underlying the calculation of net assets per share.  
Yonex's average number of shares outstanding during the fiscal year held by this trust account were 96 thousand shares in the previous fiscal year and 95 thousand shares in the current fiscal year; and the number of shares at the end of the fiscal year were 96 thousand shares in the previous fiscal year and 478 thousand shares in the current fiscal year.

**(Important Matters Occurring Subsequent to Report Period)**

Not applicable