



Fiscal Year Ending March 31, 2024 1Q

Financial Results

Yonex Co., Ltd.

Tokyo Stock Exchange Code: 7906

August 9, 2023

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Net Sales

27.9 billion yen

YoY

+18.1%

Operating Profit

2.7 billion yen

YoY

-18.9%

Net Profit

Attributable to owners of parent

2.4 billion yen

YoY

-19.9%

Net Sales

- Reached record-high consolidated sales as sales in all regional segments increased due to the continued strong demand to play sports around the world.
- Overseas sales increased significantly as demand was boosted by international tournaments and our company's effective promotional activities, as well as the effect of yen depreciation.

Operating Profit

- Although gross profit increased due to higher sales, operating profit decreased due to rises in SGA.
- Advertising expenses for sponsorships and athlete contracts increased in foreign currency due to the resumption of the tournaments, tournament-related promotions, and the successful performance of contracted athletes. Yen depreciation also impacted the increase in expenses.

— Consolidated Income Statement

(Million yen)

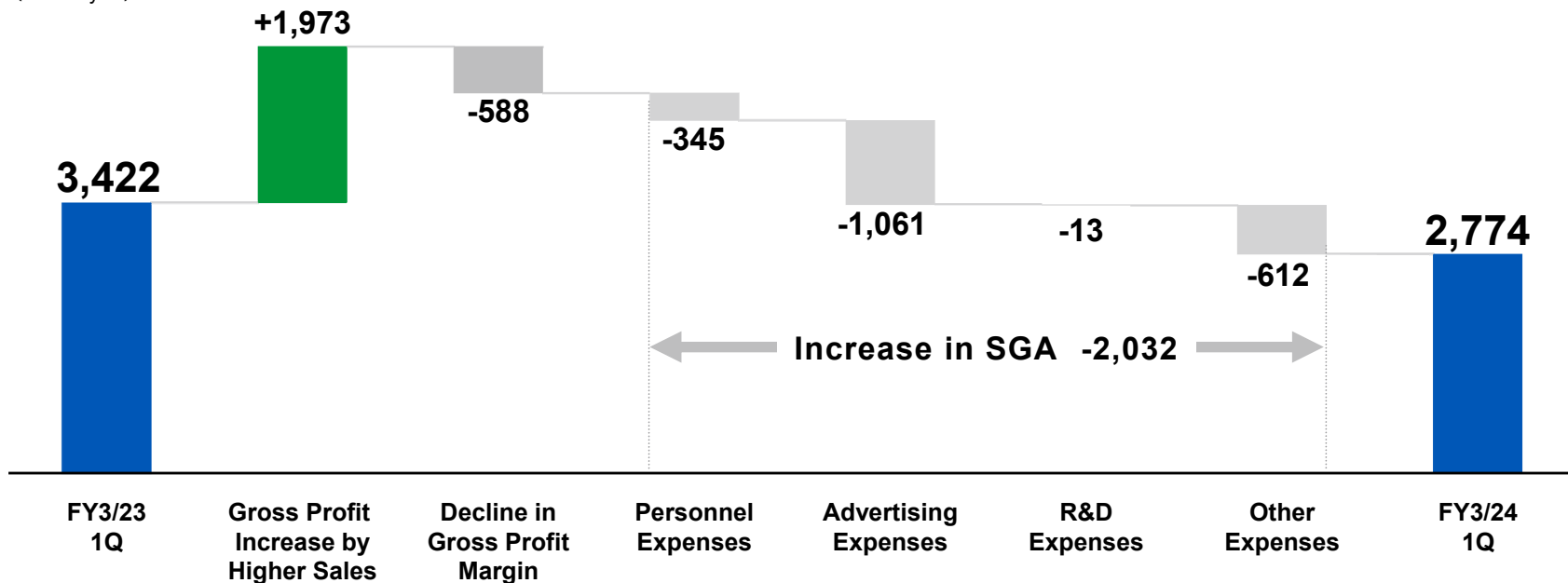
	FY3/23 1Q Results	FY3/24 1Q		YoY	FY3/24 Forecasts*	
		Results	Margins		1H	Full Year
Net Sales	23,694	27,992	—	+18.1% (+4,298)	57,000	116,000
Gross Profit	10,870	12,255	43.8%	+12.7% (+1,384)	—	—
SGA	7,447	9,480	33.9%	+27.3% (+2,032)	—	—
Operating Profit	3,422	2,774	9.9%	-18.9% (-648)	6,200	10,700
Ordinary Profit	3,859	3,245	11.6%	-15.9% (-614)	6,200	10,700
Net Profit (Attributable to owners of parent)	3,025	2,424	8.7%	19.9% (-601)	4,400	7,800
EPS	34.68 yen	27.82 yen	—	-6.86 yen	50.49 yen	89.50 yen

*Announced on May 11, 2023

— Factors behind Operating Profit Changes

Despite higher gross profit, operating profit decreased due to the inability of the rise in gross profits to offset the increases in SGA, including advertising expenses arising from expenses for tournament sponsorships, tournament-related promotions, athlete contracts, and bonuses to athletes, as well as to the impact of yen depreciation on those expenses.

(Million yen)



— Consolidated Balance Sheets

Inventories decreased slightly due to a decrease in finished goods and merchandise and despite an increase in raw materials. Accounts receivables increased due to a seasonal increase in sales during the peak demand season.

● Asset

	End FY3/23	End FY3/24 1Q	Change
Current Assets	53,465	54,983	+1,517
Cash and deposits	16,912	15,436	-1,475
Notes and accounts receivable-trade	15,030	17,859	+2,828
Inventory	18,832	18,639	-193
Non-current Assets	25,955	26,797	+841
Property, plant and equipment	21,014	21,675	+661
Intangible assets	1,994	2,028	+33
Investments and other assets	2,946	3,093	+146
Total Assets	79,421	81,780	+2,359

● Liabilities

	End FY3/23	End FY3/24 1Q	Change
Current Liabilities	17,342	17,592	+250
Notes and accounts payable- trade	7,128	6,121	-1,007
Current portion of long-term borrowings	705	705	—
Non-current Liabilities	8,979	9,010	+31
Long-term borrowings	2,373	2,196	-176
Net Assets	53,099	55,177	+2,077
Retained earnings	40,586	42,397	+1,810
Total Liabilities and Net Assets	79,421	81,780	+2,359

(Million yen)

— Segment Information

Our business consists of the sporting goods division, which is divided into the four regional segments of Japan, Asia, North America, and Europe, and the sports facilities division.

(Million yen)

Segment		FY3/24 1Q Results		Sales Composition	Related Entities	
		Net Sales	Operating Profit		Sales	Manufacture
Sporting Goods Division	Japan	12,974	439	46.3%	<ul style="list-style-type: none"> • YONEX JAPAN (Domestic sales) • Sales to overseas distributors* 	<ul style="list-style-type: none"> • Niigata Factory • Tokyo Factory • YONEX Precision Machinery Co., Ltd.
	Asia	11,908	1,721	42.5%	<ul style="list-style-type: none"> • YONEX SPORTS (CHINA) CO., LTD. • YONEX TAIWAN CO., LTD. 	<ul style="list-style-type: none"> • YONEX TAIWAN CO., LTD. • YONEX INDIA PRIVATE LIMITED • YONEX TECNIFIBRE CO., LTD. (Thailand)
	North America	1,731	215	6.2%	<ul style="list-style-type: none"> • YONEX CORPORATION (US and Canada) 	
	Europe	1,191	135	4.3%	<ul style="list-style-type: none"> • YONEX GmbH (Germany) • YONEX U.K. LIMITED (UK) 	
Sports Facilities Division		185	49	0.7%	<ul style="list-style-type: none"> • Operation of golf courses, golf driving ranges and tennis club 	

* Main regions where our sales are through distributors: Southeast Asia, India, Korea, France, Australia

— Net Sales Changes and Forex Impact (Reported Segments)

The yen depreciated against all major currencies related to our business. The increase in sales in local currency terms and weakening of yen contributed to the increase in consolidated sales.

● Forex Rate	1RMB	1TWD	1USD	1EUR	1GBP
FY3/23 1Q (Jan-Mar)	18.29 yen	4.14 yen	116.19 yen	130.39 yen	155.93 yen
FY3/24 1Q (Jan-Mar)	19.34 yen	4.34 yen	132.33 yen	142.09 yen	160.88 yen
YoY	+5.7%	+4.8%	+13.9%	+9.0%	+3.2%

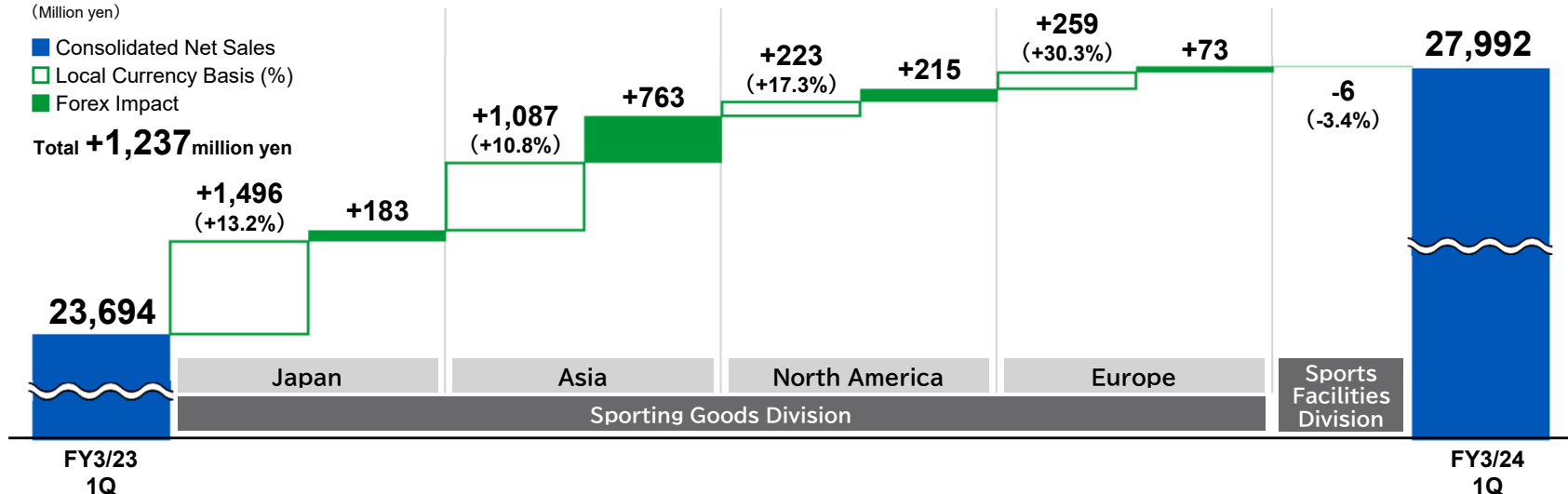
(Million yen)

■ Consolidated Net Sales

□ Local Currency Basis (%)

■ Forex Impact

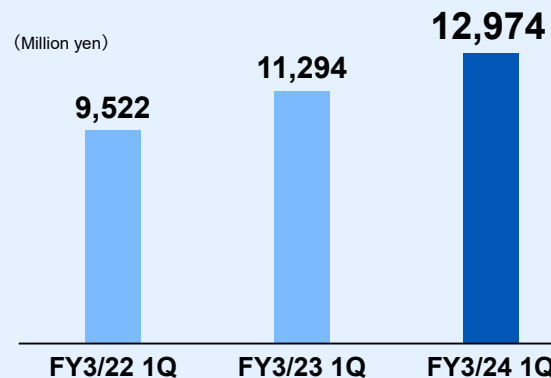
Total **+1,237** million yen



— Japan Segment

Net Sales

12,974 million yen YoY **+14.9%**



Domestic Sales

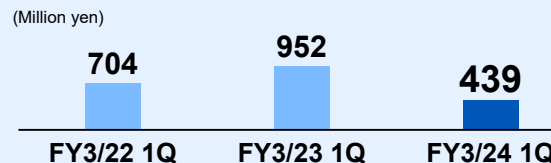
Badminton sales increased due to further revitalization of the market, especially for club activities, and strong sales of our new model of racquets. Tennis sales decreased as the abating of the strong growth seen in the last few years.

Overseas Distributors

A large increase in revenues was recorded. Reopening of sports facilities, restart of tournaments, and athletes' successes at tournaments contributed to a revitalization of demand for sports worldwide.

Operating Profit

439 million yen YoY **-53.9%**



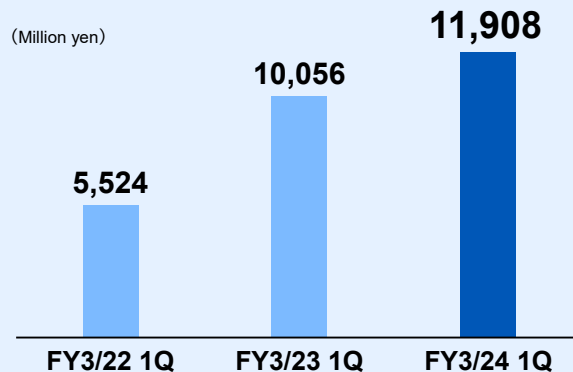
Despite the rise in gross profit, operating profit decreased due to the increase in SGA. Advertising expenses increased in sponsorship of international tournaments and athletes, as well as the impact of the yen's depreciation.

— Asia Segment

Net Sales

11,908 million yen YoY **+18.4%**

(Million yen)



China

Despite the impact of the most recent bout of COVID-19 pandemic, which began in Dec 2022 and continued until the beginning of the current 1Q, sales increased as demand for badminton recovered on the back of resumptions of events and tournaments soon thereafter.

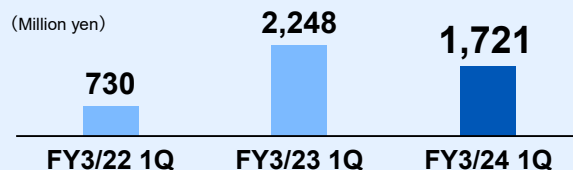
Taiwan

More opportunities to play badminton among junior players and health-conscious consumers. Sales increased due to strong demand for badminton equipment.

Operating Profit

1,721 million yen YoY **-23.4%**

(Million yen)



Gross profit margin declined due to the sales mix. Operating profit decreased due to higher personnel expenses resulting from efforts to strengthen our business foundation, and higher advertising expenses arising from marketing investments by our China subsidiary.

● Forex Rate

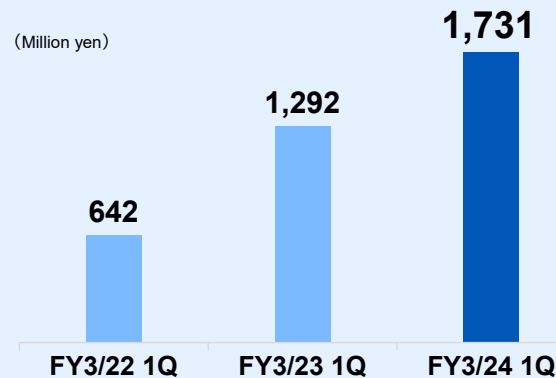
	Jan-Mar, 2022	Jan-Mar, 2023	YoY		Jan-Mar, 2022	Jan-Mar, 2023	YoY
1RMD	18.29yen	19.34yen	1.05yen weaker	1TWD	4.14yen	4.34yen	0.20yen weaker

— North America Segment

Net Sales

1,731 million yen YoY
+34.0%

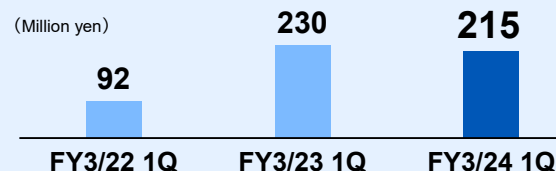
The badminton market continues to be strong. Although players are continuing to return to the courts, tennis sales fell due to an increase in inventory in the market overall since the second half of FY3/23. Total sales increased due to strong sales of badminton equipment and the effect of yen depreciation.



Operating Profit

215 million yen YoY
-6.7%

An increase in SGA expenses due to investments in advertising and human resources exceeded the increase in gross profit derived from the higher sales and caused operating profit to decline.



● Forex Rate

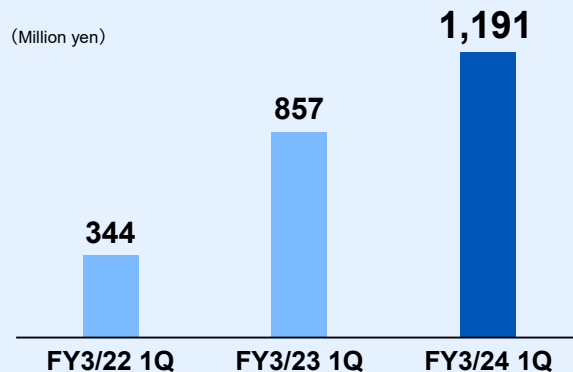
	Jan-Mar, 2022	Jan-Mar, 2023	YoY
1USD	116.19yen	132.33yen	16.14yen weaker

— Europe Segment

Net Sales

1,191 million yen YoY **+38.9%**

(Million yen)



Germany

Badminton sales increased as the holding of international tournaments revitalized the market. Tennis sales increased due to the strong market, in addition to the attention garnered by tennis magazine awards given to our racquets for their strong performance evaluation.

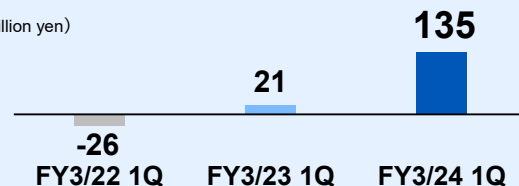
UK

Sales increased mainly in badminton equipment, on the back of a highly active badminton market, as reflected by the record attendance at the All England Championships tournament.

Operating Profit

135 million yen YoY **+535.0%**

(Million yen)



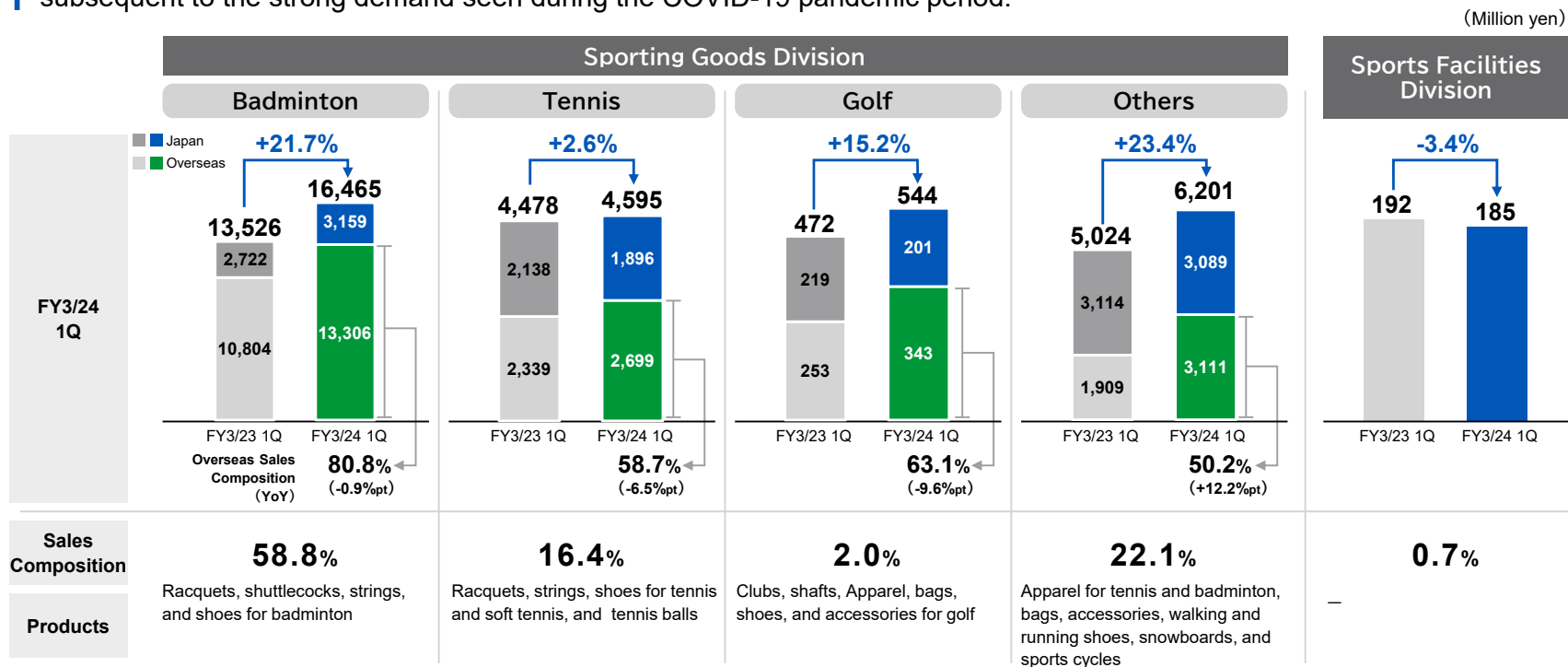
Gross profit increased due to higher sales, significant improvement in gross profit margin resulting from an improved sales mix, and more efficient logistics. Consequently, the increase in gross profit exceeded the rise in SGA arising from investments in advertising and human resources.

● Forex Rate

	Jan-Mar, 2022	Jan-Mar, 2023	YoY		Jan-Mar, 2022	Jan-Mar, 2023	YoY
1EUR	130.39yen	142.09yen	11.70yen weaker	1GBP	155.93yen	160.88yen	4.95yen weaker

— Consolidated Net Sales by Sports Categories

Badminton sales increased due in part to our successful marketing activities in China, and to the revitalized markets in the US and Europe. Tennis continued to see increases in overseas sales, but demand growth appears to be slowing subsequent to the strong demand seen during the COVID-19 pandemic period.



* Sales to overseas distributors are included in "Overseas".

— Earnings Forecasts for FY3/24

We have made no changes to our forecasts announced in May. We will endeavor to maintain growth based on the level of the previous year, while at the same time making investments to fortify our business foundation to realize mid- to long-term growth.

● Assumptions

- We expect the number of people around the world who enjoy and participate in sports to grow as awareness of the value of sports in maintaining peoples' health increases.
- The business environment is expected to remain uncertain due to fears over inflation, economic slowdown, and geopolitical risks.
- Investments in marketing and human resources, and depreciation accompanying higher capital investments are expected to increase

● Forex Rate

(Yen)

	FY3/23 Results	FY3/24 Forecasts
1RMB	19.47	19.0
1TWD	4.4	4.3
1USD	131.42	135
1EUR	138.03	140
1GBP	161.91	160

	FY3/23 Results		FY3/24 Forecasts		VS FY3/23 Results	
	1H	Full Year	1H	Full Year	1H	Full Year
Net Sales	50,092	107,019	57,000	116,000	+13.8% (+6,907)	+8.4% (+8,980)
Operating Profit	7,116	10,063	6,200	10,700	-12.9% (-916)	+6.3% (+636)
Ordinary Profit	7,796	9,961	6,200	10,700	-20.5% (-1,596)	+7.4% (+738)
Net Profit (Attributable to owners of parent)	5,595	7,331	4,400	7,800	-21.4% (-1,195)	+6.4% (+468)

— Topics: Corporate Governance

We are strengthening our corporate governance as we recognize it to be an important factor in realizing our global strategy of further enhancing our corporate value.

Increase in the number of external directors

The number of external directors was increased from 2 to 3 to fortify the objectivity of our decision-making process and promote diversity of the Board of Directors by leveraging their broad insight and experience regarding management.

Changes in the number and ratio of outside directors

*The number of directors increased to 8 from 7.

Diversity of the board

	FY3/23	FY3/24
External Directors	2 (28.6%)	3 (37.5%)
Number of Non-Japanese	1	2
Number of Women	2	2

Director compensation system revisions

Elimination of the retirement allowance system for directors

Revision of remuneration amount for directors

This system was eliminated to establish a more effective compensation system that acts as an incentive to achieve sustainable growth.

Remuneration was revised to ensure fair treatment and transparency based on job responsibilities and performance. Furthermore, this change is also designed to ensure that compensation is globally competitive to be able to attract highly skilled and qualified human resources.

Revised Amount

Basic Remuneration

Maximum of **250** million yen

Performance-linked bonuses

Maximum of **150** million yen

— Topics: Opening of First Yonex Overseas Showroom in Shanghai

In August 2023, we opened our first overseas showroom, “Yonex Shanghai Showroom, aiming to share Yonex’s commitment to ‘Craftsmanship and Innovation’.

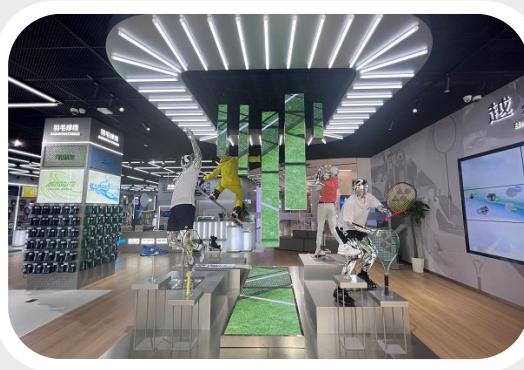
Exterior

Located in Huaihai Road, one of the major shopping areas.

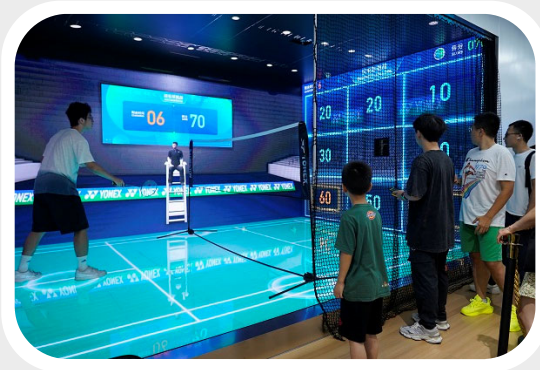


Entrance

Exhibits of badminton, tennis, golf, and snowboard products. Digital space combines virtual imagery with actual physical play.



Immersive Experience Courts



● Background

With the Chinese sports market seeing a major boost in recent years, it will act as a Yonex tentpole that will spread the brand. We also aim that it will be an exchange hub that allows us to connect with customers and understand their needs, providing valuable feedback for product development and marketing.

● About the showroom

The store offers a broad product lineup in badminton, tennis, golf, and snowboarding, as well as customized services such as racquet stringing and shoe and apparel customizations. Immersive experience courts allow visitors to try our products while experiencing badminton and tennis in a new light.



For more information ▶ <https://www.release.tdnet.info/inbs/ek/140120230808537566.pdf>

— Topics: Remarkable Results of Team Yonex Athletes

Team Yonex athletes have performed remarkably well in badminton, tennis, and golf.

- **Badminton** Team Yonex athletes' wins at the BWF Tour

January **Malaysia Open** Team Yonex won **5 all titles**

March **All England Open** Team Yonex won **5 all titles**

June **Indonesia Open** Team Yonex won **5 all titles**

- **Tennis** 30% of top 10 men and women players use Yonex racquets

Women's Singles

3rd Jessica Pegula (U.S.)

4th Elena Rybakina (Kazakhstan)

6th Caroline Garcia (France)

10th Marketa Vondrousova (Czech Republic)

Men's Singles

5th Casper Ruud (Norway)

10th Frances Tiafoe (U.S.)

*As of August 7, 2023

- **Golf** The Iwai sisters are performing well on the tour, set to compete together in U.S. Open and AIG Women's Open

Chisato Iwai 2 wins on the JLPGA Regular Tour 2023 season, total of 4 wins

Akie Iwai First win on the JLPGA regular tour

Tennis Wimbledon2023



▲ Tokito Oda (Japan)



▲ Marketa Vondrousova (Czech Republic)

- Marketa Vondrousova came from unseeded position to win the women's singles for the first time at a Grand Slam, giving the Team Yonex its second consecutive victory at Wimbledon.
- In wheelchair tennis, Tokito Oda won his second consecutive Grand Slam title. Diede De Groot won her 11th consecutive Grand Slam title with a single-doubles victory.



Appendix

— Reference: Fiscal Year End for Domestic and Overseas Businesses

Japan segment including domestic sales and sales to overseas distributors closes their fiscal year in March, while our overseas subsidiaries close their fiscal year in December.

● Period Covered in FY3/24

	2023												2024		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan Segment (Domestic sales and overseas distributors)				1Q			2Q			3Q			4Q		
Overseas Subsidiaries	1Q			2Q			3Q			4Q					

— Net Sales by Reported Segments

(Million yen)

	FY3/20 1Q	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q	FY3/24 1Q
Japan (Domestic sales and sales to overseas distributors)	9,518	3,353	9,522	11,294	12,974
Asia (Subsidiaries)	3,769	3,428	5,524	10,056	11,908
North America (Subsidiaries)	590	679	642	1,292	1,731
Europe (Subsidiaries)	630	639	344	857	1,191
Sports Facilities	182	98	144	192	185
Consolidated Sales	14,690	8,199	16,178	23,694	27,992

Japan

Domestic sales and sales to overseas distributors
(Southeast Asia, India, Korea, France, and Australia, others)

North America

US and Canada subsidiaries

Asia

China, Taiwan, India, and Thailand subsidiaries

Europe

UK and Germany subsidiaries

— Net Sales by Geographic Region

(Million yen)

	FY3/20 1Q	FY3/21 1Q	FY3/22 1Q	FY3/23 1Q	FY3/24 1Q
Japan	7,363	2,352	7,360	8,388	8,532
Overseas	7,327	5,846	8,818	15,306	19,460
Asia	5,651	4,073	7,334	11,620	14,982
North America	590	679	642	1,292	1,731
Europe	993	1,024	514	1,988	2,318
Others	92	69	327	405	426
Total	14,690	8,199	16,178	23,694	27,992
Overseas Sales Composition	49.9%	71.3%	54.5%	64.5%	69.5%

Japan

Domestic sales includes sports facilities division

North America

US and Canada

Asia

China, Taiwan, South-East Asia, Korea, India, others

Europe

Germany, UK, France, others

* Sales to overseas distributors are included in overseas sales.

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. We would like to remind investors that various unforeseen factors could cause our actual results to differ materially from those discussed in these forward-looking statements.