



Fiscal Year Ending March 31, 2024 H1

# Financial Results

**Yonex Co., Ltd.**

**Tokyo Stock Exchange Code: 7906**

November 9, 2023

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## — Highlights

### Net Sales

**57.7** billion yen

YoY  
**+15.2%**

### Operating Profit

**5.6** billion yen

YoY  
**-21.1%**

### Net Profit

Attributable to owners of parent

**4.3** billion yen

YoY  
**-21.4%**

### Net Sales

- Demand for sports remained strong in all regions of the world. The resumption of international competitions, our sales promotion activities, and the success of our contracted athletes stimulated the market.
- China continued to grow revenues mainly in badminton, although the growth rate has slowed compared to the previous year.
- Consolidated net sales reached a record high in the cumulative H1 period, due partly to the positive effect of yen depreciation on overseas sales.

### Operating Profit

- Although gross profit increased due to higher sales, operating profit decreased due to a rise in SGA.
- Advertising increased in foreign currency terms due to international tournament sponsorships and tournament-related promotions. Yen depreciation also contributed to the increase in expenses.

## — Consolidated Income Statement

(Million yen)

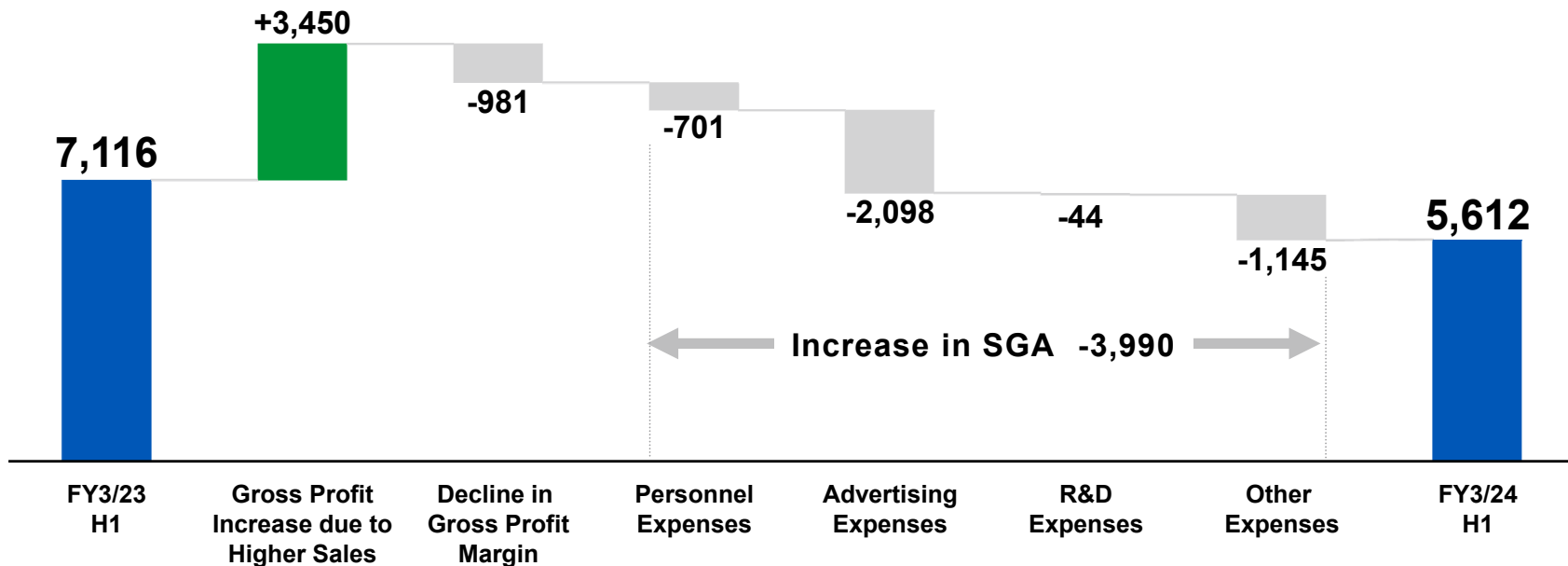
	FY3/23 H1 Results	FY3/24 H1		YoY	FY3/24 Forecasts*	
		Results	Margins		H1	Full Year
Net Sales	50,092	57,725	—	+15.2% (+7,633)	57,000	116,000
Gross Profit	22,624	25,110	43.5%	+11.0% (+2,485)	—	—
SGA	15,508	19,498	33.8%	+25.7% (+3,990)	—	—
Operating Profit	7,116	5,612	9.7%	-21.1% (-1,504)	6,200	10,700
Ordinary Profit	7,796	6,220	10.8%	-20.2% (-1,575)	6,200	10,700
Net Profit (Attributable to owners of parent)	5,595	4,396	7.6%	-21.4% (-1,198)	4,400	7,800
EPS	64.11	50.43	—	-13.68 yen	50.49 yen	89.50 yen

\*Announced on May 11, 2023

## — Factors behind Operating Profit Changes

Despite higher gross profit, operating profit declined due to the increases in SGA, which included advertising expenses arising from international tournament sponsorships, tournament-related promotions, and personnel expenses to strengthen our business foundation, in addition to the impact of yen depreciation on foreign currency-based expenses.

(Million yen)



## — Consolidated Balance Sheets

Inventories decreased mainly in China, where inventories increased at the end of FY3/23 due to the impact of the COVID-19 outbreak and decreased as sales recovered from February onward.

### ● Assets

	End FY3/23	End FY3/24 H1	Change
<b>Current Assets</b>	<b>53,465</b>	<b>57,699</b>	<b>+4,233</b>
Cash and deposits	16,912	20,426	+3,514
Notes and accounts receivable-trade	15,030	17,908	+2,877
Inventory	18,832	16,545	-2,286
<b>Non-current Assets</b>	<b>25,955</b>	<b>27,488</b>	<b>+1,532</b>
Property, plant and equipment	21,014	22,689	+1,674
Intangible assets	1,994	2,092	+97
Investments and other assets	2,946	2,706	-240
<b>Total Assets</b>	<b>79,421</b>	<b>85,187</b>	<b>+5,766</b>

### ● Liabilities

	End FY3/23	End FY3/24 H1	Change
<b>Current Liabilities</b>	<b>17,342</b>	<b>18,016</b>	<b>+674</b>
Notes and accounts payable- trade	7,128	6,075	-1,052
Current portion of long-term borrowings	705	850	+144
<b>Non-current Liabilities</b>	<b>8,979</b>	<b>8,780</b>	<b>-198</b>
Long-term borrowings	2,373	2,020	-352
<b>Net Assets</b>	<b>53,099</b>	<b>58,390</b>	<b>+5,290</b>
Retained earnings	40,586	44,370	+3,783
<b>Total Liabilities and Net Assets</b>	<b>79,421</b>	<b>85,187</b>	<b>+5,766</b>

(Million yen)

## — Consolidated Cash Flows

Increase investments based on our medium to long-term vision while securing a stable cash flow and a robust financial foundation.

	(Million yen)		
	FY3/23 H1	FY3/24 H1	Change
Operating activities	5,399	5,299	-99
Investing activities	-1,468	-1,801	-333
Free cash flow	3,931	3,497	-433
Financial activities	-888	-846	41
Net effect of exchange rate changes	1,869	828	-1,040
Net increase (decrease) in cash and cash equivalents	4,912	3,479	-1,432
Cash and cash equivalents	22,451	19,898	-2,553

- Decrease in net income (-)
- Depreciation increased due to the start of operation of our ERP system (+).
- Decrease in inventories due to inventory reduction efforts (+)

- Investments for our new R&D Facility “Yonex Performance Innovation Center”
- Investments in a new factory in India
- Global deployment of ERP system

## — 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 H1 Results		Sales Composition	Related Entities	
		Net Sales	Operating Profit		Sales	Manufacture
Sporting Goods Division	Japan	26,078	1,003	45.2%	<ul style="list-style-type: none"> <li>• YONEX JAPAN (Domestic sales)</li> <li>• Sales to overseas distributors*</li> </ul>	<ul style="list-style-type: none"> <li>• Niigata Factory</li> <li>• Tokyo Factory</li> <li>• YONEX Precision Machinery Co., Ltd.</li> </ul>
	Asia	26,005	3,730	45.0%	<ul style="list-style-type: none"> <li>• YONEX SPORTS (CHINA) CO., LTD.</li> <li>• YONEX TAIWAN CO., LTD.</li> </ul>	<ul style="list-style-type: none"> <li>• YONEX TAIWAN CO., LTD.</li> <li>• YONEX INDIA PRIVATE LIMITED</li> <li>• YONEX TECNIFIBRE CO., LTD. (Thailand)</li> </ul>
	North America	3,059	291	5.3%	<ul style="list-style-type: none"> <li>• YONEX CORPORATION (US and Canada)</li> </ul>	
	Europe	2,247	266	3.9%	<ul style="list-style-type: none"> <li>• YONEX GmbH (Germany)</li> <li>• YONEX U.K. LIMITED (UK)</li> </ul>	
Sports Facilities Division		334	58	0.6%	<ul style="list-style-type: none"> <li>• Operation of golf courses, golf driving ranges and tennis club</li> </ul>	

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



## — Net Sales Changes and Forex Impact (Reported Segments)

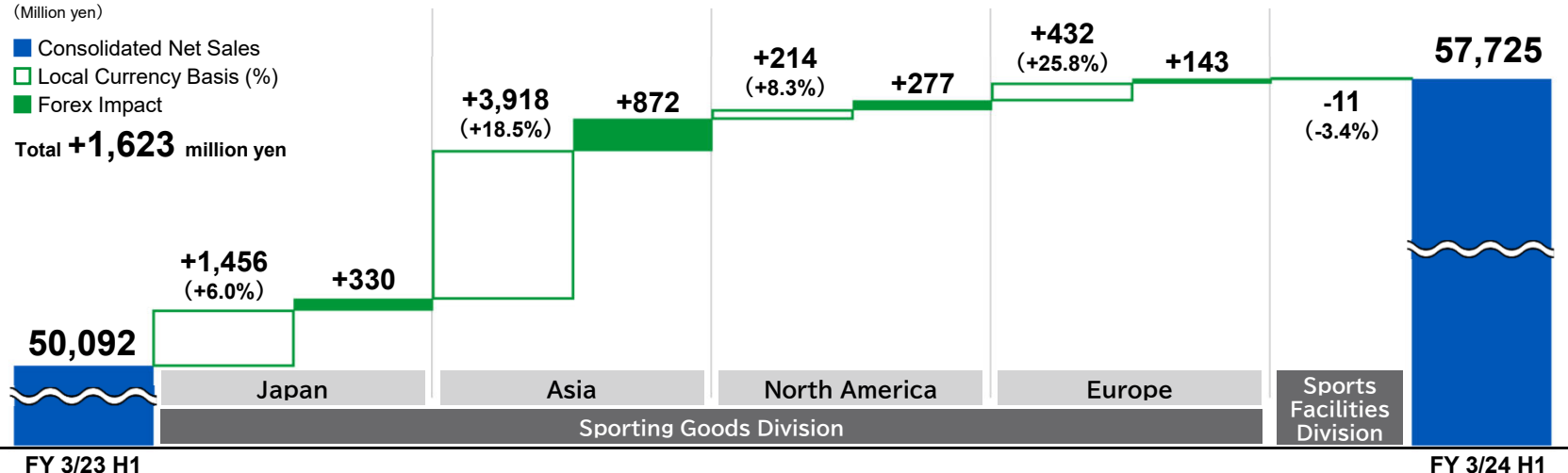
The yen depreciated against all major currencies in regions where we operate. The increase in sales in local currency terms and the weakening of the yen contributed to the increase in consolidated sales.

● <b>Forex Rate</b>	1RMB	1TWD	1USD	1EUR	1GBP
<b>FY3/23 H1</b> (Jan-Jun)	18.93 yen	4.27 yen	122.88 yen	134.25 yen	159.44 yen
<b>FY3/24 H1</b> (Jan-Jun)	<b>19.44 yen</b>	<b>4.40 yen</b>	<b>134.84 yen</b>	<b>145.77 yen</b>	<b>166.39 yen</b>
<b>YoY</b>	<b>+2.7%</b>	<b>+3.0%</b>	<b>+9.7%</b>	<b>+8.6%</b>	<b>+4.4%</b>

(Million yen)

- Consolidated Net Sales
- Local Currency Basis (%)
- Forex Impact

Total **+1,623** million yen



## — Japan Segment

### Net Sales

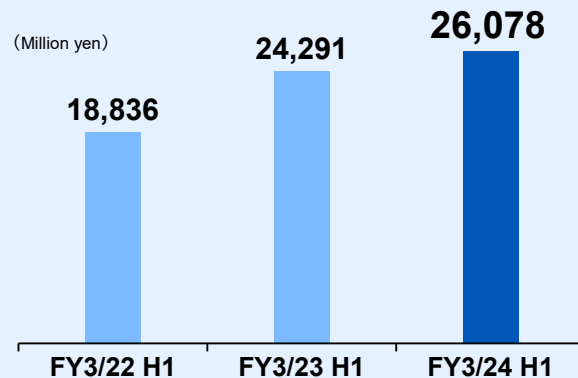
**26,078** million yen YoY  
+7.4%

### Domestic Sales

Badminton sales remained steady due to strong sales of our new model racquets launched in Q1 and increased demand in the tournament season. Tennis sales decreased due to the abating of the strong growth seen in the last few years. Consequently, overall sales remained flat.

### Overseas Distributors

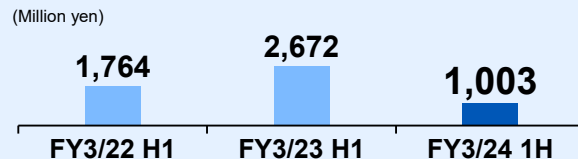
Increased significantly on the back of particularly strong sales in Asia, where the badminton market continues to be active, and contributed to the overall sales increase in the Japan segment.



### Operating Profit

**1,003** million yen YoY  
-62.4%

Higher sales offset a decline in gross profit margin in Japan due to delays in passing on higher costs caused by yen depreciation to domestic sales pricing and allowed gross profit to increase. However, operating profit declined due to the increase in SGA arising from higher personnel and advertising expenses, which increased globally due in part to the yen depreciation.

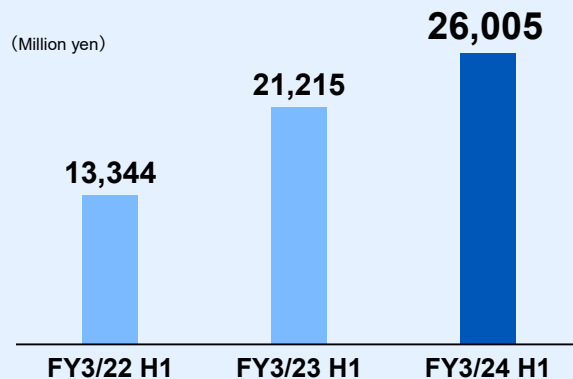


## — Asia Segment

### Net Sales

**26,005** million yen YoY  
+22.6%

(Million yen)



### China

Despite another outbreak of COVID-19, which began in Dec 2022 and continued until the beginning of Q1, demand for badminton recovered as we restarted tournaments soon after the outbreak subsided. Sales increased partly due to the yen depreciation, although the growth rate in the current H1 was slower than the previous year.

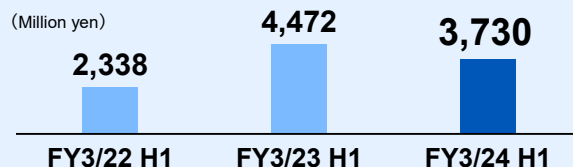
### Taiwan

More opportunities to play badminton among junior players and health-conscious consumers helped badminton sales to remain solid. Also, the remarkable success of Taiwanese athletes in international tournaments also boosted demand.

### Operating Profit

**3,730** million yen YoY  
-16.6%

(Million yen)



Gross profit margin declined due to changes in sales mix. Operating profit decreased due to higher advertising expenses from marketing investments and support for international tournaments, and higher personnel expenses to strengthen the business foundation of our China subsidiary.

### ● Forex Rate

	Jan-Jun, 2022	Jan-Jun, 2023	YoY
1RMB	18.93 yen	→ 19.44 yen	0.51 yen weaker

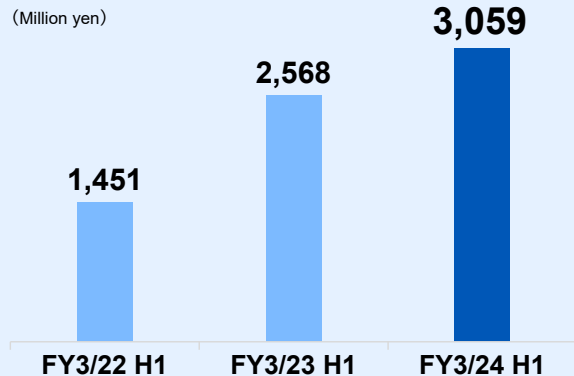
	Jan-Jun, 2022	Jan-Jun, 2023	YoY
1TWD	4.27 yen	→ 4.40 yen	0.13 yen weaker

## — North America Segment

### Net Sales

**3,059** million yen YoY  
**+19.1%**

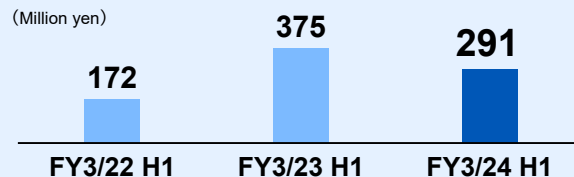
Badminton sales increased due to strong sales in Q1. Tennis sales declined due to an inventory increase in the overall market since the H2 of FY3/23, mainly in the U.S., and to the abating of the strong growth recorded in the last few years. Overall sales increased due to firm demand for badminton products, as well as the impact of the yen's depreciation.



### Operating Profit

**291** million yen YoY  
**-22.3%**

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

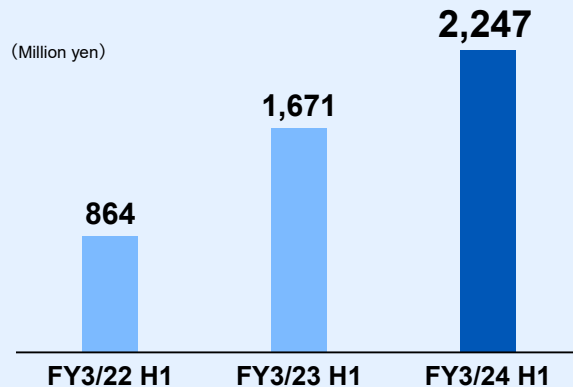
	Jan-Jun, 2022	Jan-Jun, 2023	YoY
1USD	<b>122.88</b> yen	→ <b>134.84</b> yen	<b>11.96</b> yen weaker

## — Europe Segment

### Net Sales

**2,247** million yen YoY **+34.4%**

(Million yen)



### Germany

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

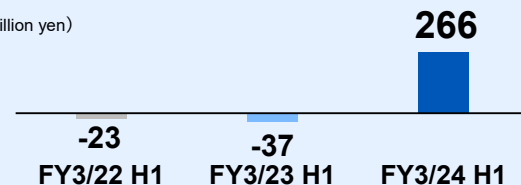
### UK

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 held in March.

### Operating Profit

**266** million yen YoY **—**

(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 caused by investments in advertising and human resources.

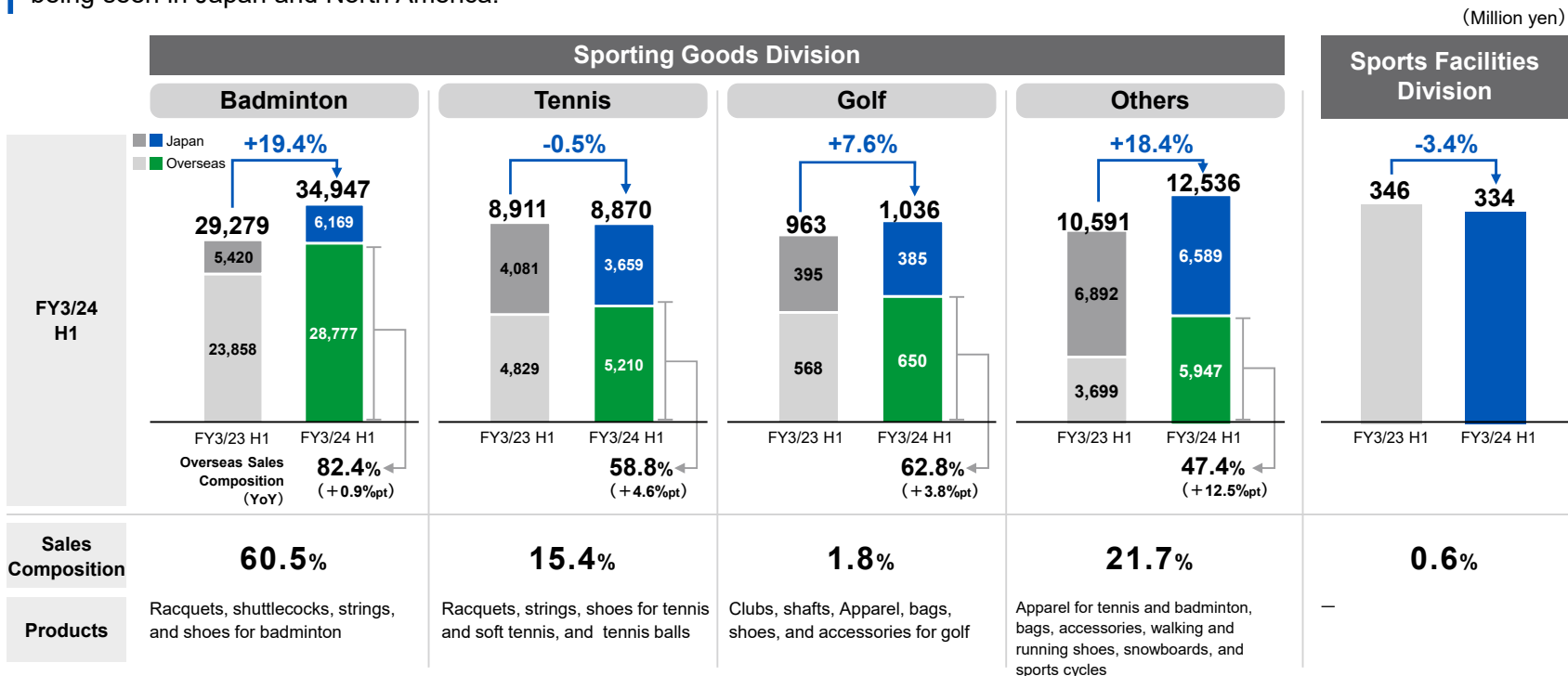
### ● Forex Rate

	Jan-Jun, 2022	Jan-Jun, 2023	YoY
1EUR	134.25 yen	145.77 yen	11.52 yen weaker

	Jan-Jun, 2022	Jan-Jun, 2023	YoY
1GBP	159.44 yen	166.39 yen	6.95 yen weaker

## — Consolidated Net Sales by Sports Categories

The badminton market was strong, with sales growth in both Japan and overseas. Tennis continued to see increases in China and Europe, but demand appears to be slowing subsequent to the strong demand during the COVID-19 pandemic period with declines being seen in Japan and North America.



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

## — Earnings Forecasts for FY3/24

We have made no changes to our forecasts announced in May. And although operating profit was lower than forecast in the H1, we expect to achieve our full-year forecasts. In the H2, we expect an upward boost from our revised exchange rate outlook, and we will continue our active investments in marketing, personnel, IT, and other areas while closely monitoring our overall SGA expenses.

### ● 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.
- Full-year exchange rate forecasts have been revised.

### ● Forex Rate

	FY3/23 Results	FY3/24 Forecasts
1RMB	19.47	19.7
1TWD	4.4	4.5
1USD	131.42	140
1EUR	138.03	150
1GBP	161.91	170

(Yen)

	FY3/23 Results		FY3/24		VS FY3/23 Results	
	H1	Full Year	H1 (Results)	Full Year (Forecasts)	H1 (Results)	Full Year (Forecasts)
Net Sales	50,092	107,019	57,725	116,000	+15.2% (+7,633)	+8.4% (+8,980)
Operating Profit	7,116	10,063	5,612	10,700	-21.1% (-1,504)	+6.3% (+636)
Ordinary Profit	7,796	9,961	6,220	10,700	-20.2% (-1,575)	+7.4% (+738)
Net Profit (Attributable to owners of parent)	5,595	7,331	4,396	7,800	-21.4% (-1,198)	+6.4% (+468)

## — Dividend

We increased the ordinary dividend to 7 yen per share, which is unchanged from our initial forecast. Our basic dividend policy is to maintain stable and appropriate levels of dividends.

		FY3/20	FY3/21	FY3/22	FY3/23	FY3/24 (Interim dividend/ Year-end forecast)
<b>Total Dividend (Yen)</b>		<b>5.0</b>	<b>4.5</b>	<b>10.0</b>	<b>13.0</b>	<b>14.0</b>
<b>Interim Dividend</b>	Ordinary	2.5	2.0	3.0	5.0	7.0
	Extra	—	—	1.0	1.0	—
	Commemorative	—	—	1.0	—	—
<b>Year-End Dividend</b>	Ordinary	2.5	2.5	3.0	5.0	7.0
	Extra	—	—	2.0	2.0	—



## — History and Recent Situation of Our Chinese Business

### Factors Influencing the Sales Trend of Yonex China

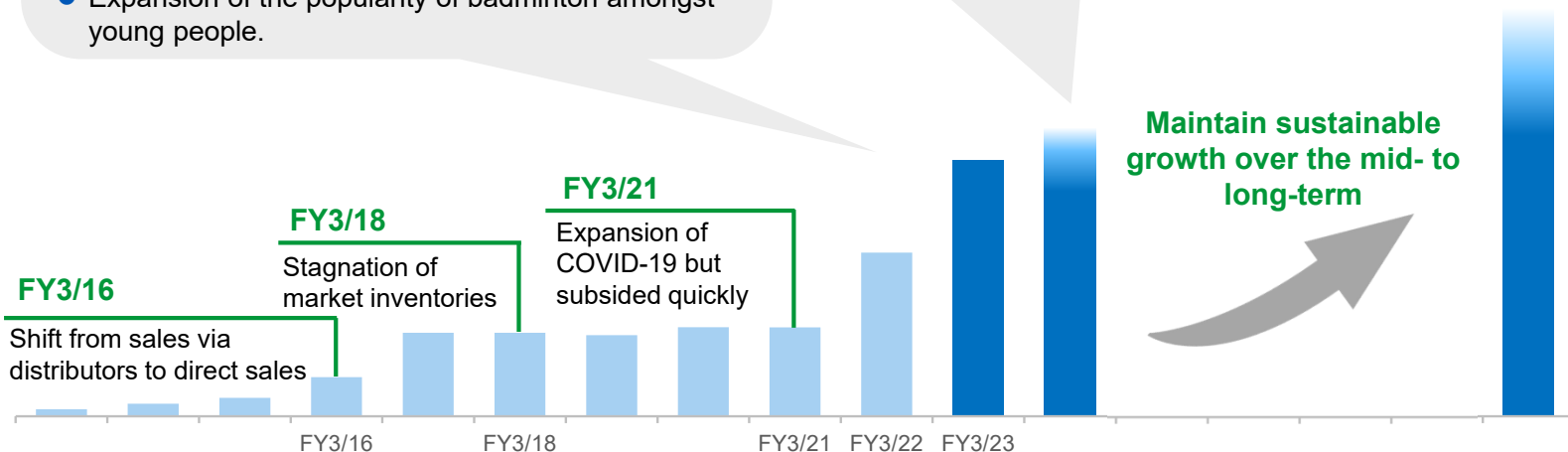
#### From FY3/22

##### Player base of badminton expanded due to:

- Remarkable successes of Chinese athletes in international competitions.
- Restrictions on other leisure activities and a sports boom due to increased health consciousness during the COVID-19 pandemic.
- Expansion of the popularity of badminton amongst young people.

#### From FY3/24

- Growth rate expected to be more moderate than the last two years, when rapid growth was seen.
- We expect people to continue to enjoy sports.
- No major impact at this point in time, but Chinese economic trends are a concern.



## — Toward Further Growth of Our China Business

New approaches to customer communication, sales channels, product development, and other strategies

### Opening of “Yonex Shanghai Showroom” in August

Acting as a place where customers can experience the ‘Craftsmanship and Innovation’ of Yonex, this showroom will hold exclusive events and help to increase communication with our customers.

### Strengthen sales channels in cooperation with retailers

- Online: Increase the number of online retail stores by expanding to new EC platforms.
- Offline: Strengthening our brand communication by supporting retailers’ store designs and by opening concept shops\*.

\*Retail stores that sell Yonex products only

### Strengthening locally developed products

Increase personnel in product development and product management to strengthen product development that meets the needs of Chinese customers and enhance quality control systems for those products.



▲ **3,600** people visited the showroom on the opening day



▲ Stan Wawrinka, a Team Yonex tennis player visited the showroom



▲ Concept Shop



▲ Yonex China developed products

## — Ben Shelton (USA) Wins His First ATP Title in Tokyo

Young stars of Team Yonex made breakthrough performances in Tokyo. We held an exclusive event to boost the tournament held in Japan

### Kinoshita Group Japan Open Tennis Championships

**Winner** Ben Shelton (USA)



▲ 21-year-old upcoming star Ben Shelton just started participating in tournaments outside the US this year. However, after reaching the quarter-finals of the Australian Open and the semi-finals of the US Open, he won his inaugural ATP tour title in Japan. His world ranking also jumped to 15th\* from 96th at the beginning of the year.

**Top 4** Shintaro Mochizuki (Japan)



▲ Shintaro Mochizuki is 20 years old. He joined this tournament ranked 215th, and defeated the previous year's champion, ranked 10th. He became the second Japanese player in history to make it to the top 4 in this tournament.

\*ATP Rankings as of October 23

### Yonex Tennis Festival Held for the First Time in 17 Years



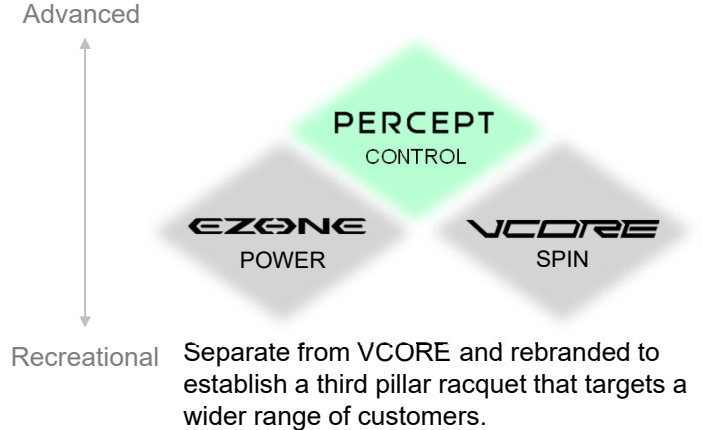
2023.9.24  
**YONEX**  
Tennis Festival 2023

▲ From left to right: Kimiko Date, Shingo Kunieda, Tokito Oda, Martina Navratilova

- We held an event in which tennis fans, junior players, and team Yonex athletes all participated together.
- The highlight of the event, an exhibition match between Martina Navratilova & Tokito Oda and Kimiko Date & Shingo Kunieda, excited the audience of 5,500 people.

## — Yonex's New Tennis Racquet Series "PERCEPT"

As part of the rebranding of one of our main tennis racquet series, "VCORE PRO," this new racquet "PERCEPT" is designed to allow users to "perceive" the tennis ball with the racquet acting as an extension of the palm of their hand, control, and create unique play styles for each player.



### ● Launch Event Held at Frances Tiafoe's Home Court

The "PERCEPT" racquet launch event was held at the Junior Tennis Champions Center (JTCC) in College Park, Maryland, the court where Frances Tiafoe (USA, World No. 14\*) played as a child and who currently uses "PERCEPT". The event was also streamed live. \*ATP Rankings as of October 23



▶ Frances Tiafoe (middle) and Alyssa Yoneyama (right), President of Yonex, talk about the new racquet.

[Event video link on YouTube](#)

## — Initiatives of Our Global Growth Strategy (GGS)

Launched various projects in the focus areas of our GGS

### ● Marketing

Restructuring our organization and reviewing strategies and policies that allow for better collaboration between the marketing, product development, manufacturing, and sales departments.

### ● DTC

Defined the elements needed to build a Yonex DTC Ecosystem, such as investments and organizational structure.

### ● IT

Introducing ERP system to our overseas subsidiaries.

### ● To Evolve Our Corporate Culture

#### • Internal Communications:

An internal blog was launched, and round table talks entitled “Coffee with Alyssa” held regularly.

#### • Workstyles:

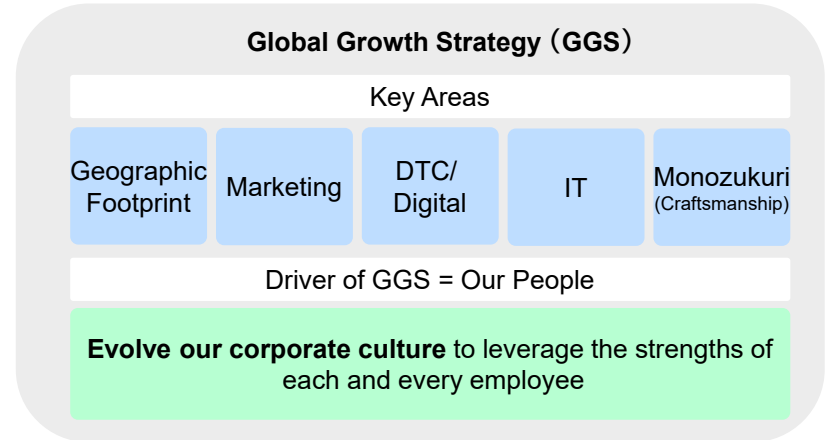
Enhanced our remote working system and considering a side job program.

#### • Company Awards:

From 2023, the “President’s Award” will be changed to the “YONEX AWARDS” with the award categories and the selection methods to be renewed.

#### • Salary structure and evaluation systems:

Currently working on revisions to our existing systems.



▲ Coffee with Alyssa



# 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 H1

	2023												2024		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan Segment (Domestic sales and sales to overseas distributors)				Q1			Q2			Q3			Q4		
Overseas Subsidiaries	Q1			Q2			Q3			Q4					

## — Net Sales by Reported Segments

(Million yen)

	FY3/20 H1	FY3/21 H1	FY3/22 H1	FY3/23 H1	FY3/24 H1
<b>Japan</b> (Domestic sales and sales to overseas distributors)	20,550	12,043	18,836	24,291	26,078
<b>Asia</b> (Subsidiaries)	8,659	8,005	13,344	21,215	26,005
<b>North America</b> (Subsidiaries)	1,091	923	1,451	2,568	3,059
<b>Europe</b> (Subsidiaries)	1,179	873	864	1,671	2,247
<b>Sports Facilities</b>	339	247	290	346	334
<b>Consolidated Sales</b>	<b>31,820</b>	<b>22,093</b>	<b>34,788</b>	<b>50,092</b>	<b>57,725</b>

### 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 H1	FY3/21 H1	FY3/22 H1	FY3/23 H1	FY3/24 H1
<b>Japan</b>	15,934	9,648	14,417	17,135	17,138
<b>Overseas</b>	15,886	12,444	20,370	32,956	40,586
Asia	12,647	9,778	16,860	25,343	32,150
North America	1,091	923	1,451	2,568	3,059
Europe	1,887	1,567	1,326	4,098	4,498
Others	258	174	732	946	878
<b>Total</b>	<b>31,820</b>	<b>22,093</b>	<b>34,788</b>	<b>50,092</b>	<b>57,725</b>
<b>Overseas Sales Composition</b>	49.9%	56.3%	58.6%	65.8%	70.3%

### 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.