

# BALMUDA

## Financial Results Briefing Material for Three months ended March 31, 2023

Securities code : 6612

Note : This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# FY2023 1Q Results

# Termination of mobile terminal business

In Nov. 2021, launched “BALMUDA Phone,” offered a new choice in the smartphone market.

In 2022 & 2023, continuously improved BALMUDA Phone’s experience value by software updates and other initiatives.

Concurrently worked to develop a new mobile terminal, but terminated the process recently as conditions didn’t meet to our criteria.

To concentrate our management resources on to strengthen home appliance business and to develop new product categories which would further demonstrate our uniqueness, we determined to terminate the mobile terminal business.

BALMUDA Phone’s product support is to be continued.

## FY2023 1Q Summary

Sales : Sales were as expected excluding the impact that some sales initiatives planned to start in 1Q delayed in 2Q.

Gross Profit Margin :

Turned in improvement. 【Change from the previous quarter: +5.4pt】

Operating Profit :

OP was as expected excluding the impact of above-mentioned delay and of transferring costs regarding mobile terminal business from SG&A to extraordinary loss.

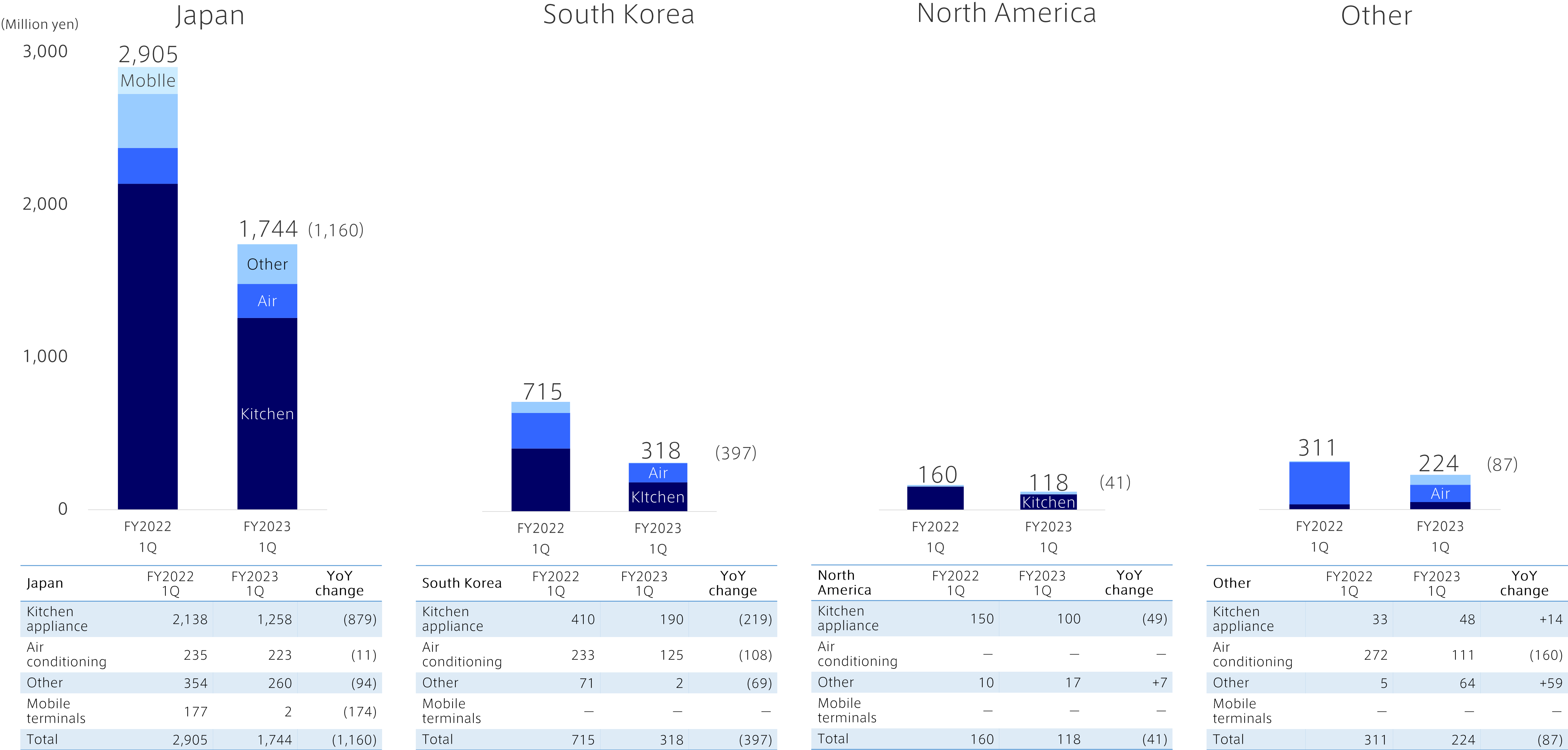
Profit (loss) attributable to owners of parent :

Recorded 536 million yen of extraordinary loss due to determination of the mobile terminal business' termination.

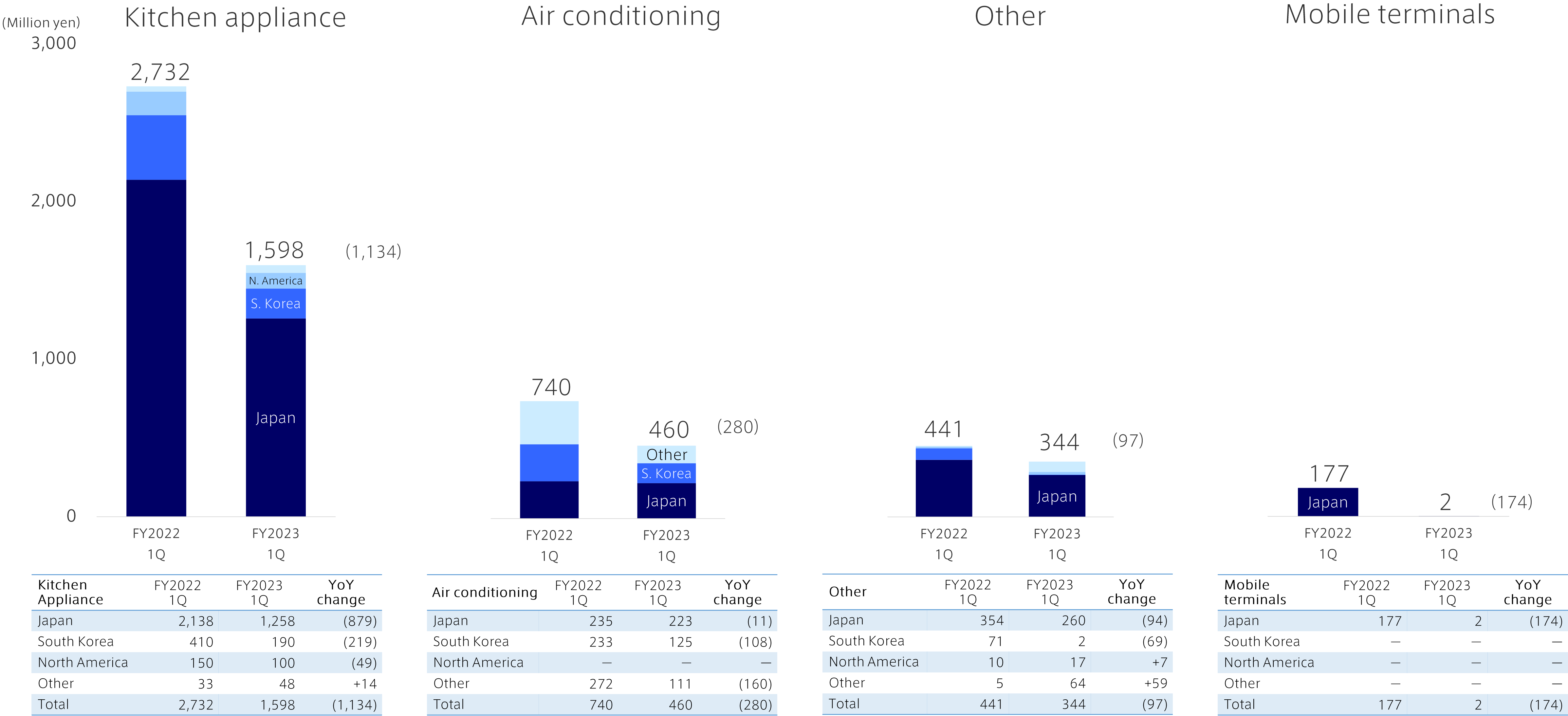
# Key Indicators

	FY2022 1Q	FY2023 1Q	YoY change	
Net sales	4,092 <small>Million yen</small>	2,405 <small>Million yen</small>	(41.2) %	
Operating Profit (loss)	172 <small>Million yen</small>	(416) <small>Million yen</small>	— %	
Profit (loss) attributable to owners of parent	96 <small>Million yen</small>	(1,144) <small>※ Million yen</small>	— %	※accounted extraordinary loss and income taxes - deferred
Cost of sales ratio	63.5 %	68.9 %	+5.3 Pt.	
SG&A expenses ratio	32.2 %	48.5 %	+16.2 Pt.	
Operating profit (loss) margin	4.2 %	(17.3) %	(21.5) Pt.	
Equity-to-asset ratio	63.7 % <small>(End of FY2022)</small>	60.2 % <small>(End of FY2023 1Q)</small>	—	

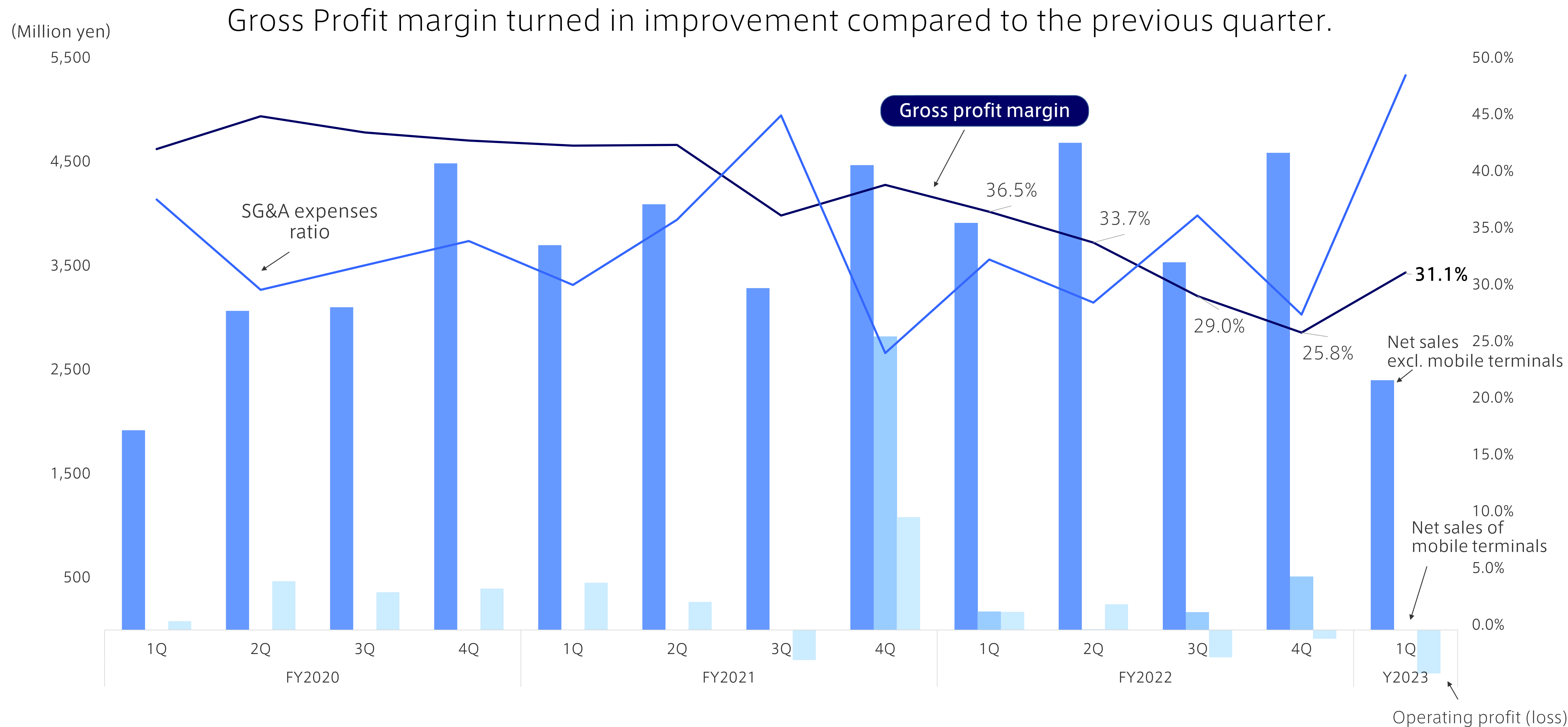
# Summary Net sales by region



# Summary Net sales by product category



# Summary Net sales, Operating profit, GP margin and SG&A expenses ratio (quarterly changes)





## Revision of FY2023 forecast

# Counter measures to the current circumstances

## Recognition of the current circumstances

Enjoyed stay-at-home demand for two years until first half of 2022.

Initially estimated decline of such demand may continue throughout 2023.

→Recent demand decline is more than estimated and the trend may continue.

## Counter measures — Accelerate the preparations to recover earnings in 2024 —

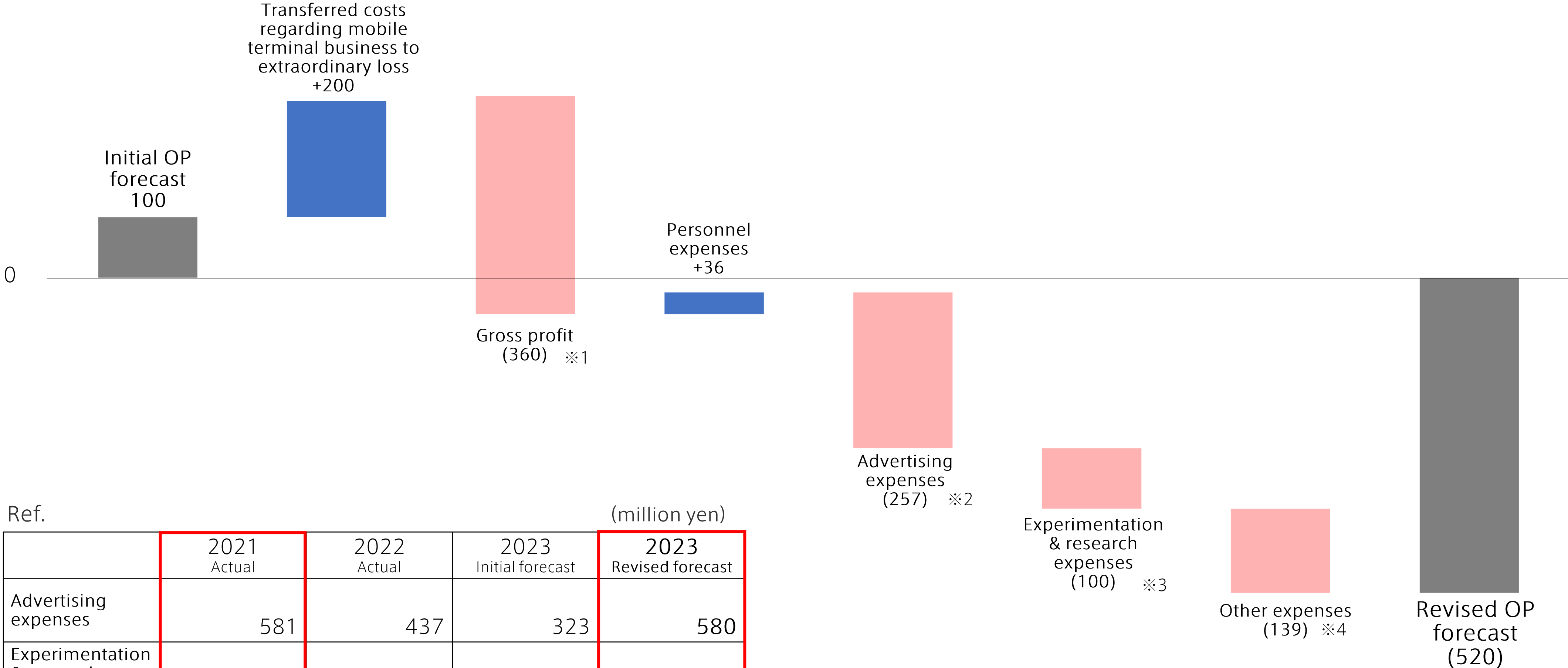
- 1) Concentrate our management resources on to strengthen home appliance business and to develop new product categories.
  - Terminate mobile terminal business
- 2) Additional investments for future growth
  - Strengthen advertising & sales promotion activities to enhance our brand image and to boost sales.
  - Strengthen experimentation & research activities for further expansion of product line.

Forecast

	FY2022 Actual	FY2023 Initial forecast	FY2023 Revised forecast	
Net sales	17,595 <small>Million yen</small>	16,700 <small>Million yen</small>	15,950 <small>Million yen</small>	
Operating Profit (loss)	75 <small>Million yen</small>	100 <small>Million yen</small>	(520) <small>Million yen</small>	See next slide for detail
Profit (loss) attributable to owners of parent	3 <small>Million yen</small>	35 <small>Million yen</small>	(1,250) <small>Million yen</small>	accounted extraordinary loss and income taxes - deferred
Cost of sales ratio	68.9 %	67.1 %	67.6 %	
SG&A expenses ratio	30.6 %	32.3 %	35.6 %	
Operating profit margin	0.4 %	0.6 %	(3.3) %	

# Difference between the initial and revised Operating Profit forecast

(Million yen)



Ref.	2021 Actual	2022 Actual	2023 Initial forecast	2023 Revised forecast
Advertising expenses	581	437	323	580
Experimentation & research expenses	300	331	300	400

※Excluding expenses related to mobile terminal business

- ※1 Decline due to delay in some sales initiatives and conservative estimation of gross profit margin considering recent raw material markets and foreign exchange rates.
- ※2 Added advertising expenses' budget to enhance home appliance business.
- ※3 Added experimentation & research expenses' budget for further expansion of product line.
- ※4 Mainly sales promotion expenses.

# Initiatives during 2023 and the first half of 2024

Rapidly implement initiatives to return to growth trend  
and to improve profitability.

- **Strengthen existing business**

Launch home appliance products (Renewal products in June and November, a new product in October), enhance business in North America, expand business region in Southeast Asia and enhance advertising and sales promotion activities.

- **Improve profitability**

Lowering costs of sales by design improvement, simplification of production process and optimization of procurement. Efficient use of expenses.

※A certain product plans to lower price in May 2023 due to realizing lowering its costs.

- **Tireless challenge for growth**

Develop new product categories which would further demonstrate our unique strength, ability in idea, design and engineering.

# APPENDIX

Forecast Net sales by region

	FY2022	FY2023 Initial forecast	FY2023 Revised forecast
Net sales	17,595 Million yen	16,700 Million yen	15,950 Million yen
Japan	10,918 Million yen	12,336 Million yen	11,748 Million yen
South Korea	4,328 Million yen	2,400 Million yen	2,446 Million yen
North America	658 Million yen	985 Million yen	817 Million yen
Other	1,690 Million yen	977 Million yen	937 Million yen

Forecast Net sales by product category

	FY2022	FY2023 Initial forecast	FY2023 Revised forecast
Net sales	17,595 Million yen	16,700 Million yen	15,950 Million yen
Air conditioning	3,798 Million yen	3,034 Million yen	2,890 Million yen
Kitchen appliance	10,837 Million yen	11,693 Million yen	11,170 Million yen
Mobile terminals	868 Million yen	4 Million yen	2 Million yen
Other	2,091 Million yen	1,968 Million yen	1,886 Million yen



Forecast Major SG&A expenses

	FY2022	FY2023 Initial forecast	FY2023 Revised forecast
Personnel expenses	1,489 <small>Million yen</small>	1,527 <small>Million yen</small>	1,491 <small>Million yen</small>
Advertising expenses	486 <small>Million yen</small>	323 <small>Million yen</small>	580 <small>Million yen</small>
Experimentation and research expenses	331 <small>Million yen</small>	※ 384 <small>Million yen</small>	400 <small>Million yen</small>

※Including 84 million yen related to mobile terminal business.

# Initiatives to communicate the experience value of BALMUDA products

Mainly promoted kitchen appliance. Opened our official account at “note” to share our thoughts on the products at the timing of our 20<sup>th</sup> anniversary.



“BETTER MORNING with BALMUDA”

Introduced interviews to the shops which use our kitchen products and comments on SNS. Also held a campaign on Instagram.

バルミューダ20th公式note ✓



“BALMUDA 20<sup>th</sup> official note”

Opened our official account on the media platform “note” at the timing of our 20<sup>th</sup> anniversary.

<https://note.balmuda.com/>



## Strengthen overseas's business : Launched new products

Launched "BALMUDA The Brew" in China and the new model of "BALMUDA The Gohan" in South Korea.



"BALMUDA The Brew"  
Launched in China in February and will be in North America in May 2023.  
Already sold in Japan and South Korea.



New model of "BALMUDA The Gohan" (rice cooker)  
Launched in South Korea in March 2023.  
Initially launched in Japan in December 2022.



# Strengthen overseas's business : Sales activities in North America

Gained positive reviews at the U.S. media. Also developed new sales channels for future growth.

REC ROOM  
SHOPPING BY VICE

## An Honest Review of the Balmuda Toaster (Yes, It Deserves a Nobel Prize)



COMPOSITE BY VICE STAFF

A positive review at the Web media "VICE" about BALMUDA The Toaster.

RollingStone RS RECOMMENDS

## Rolling Stone Audio Awards 2023

Best Home Speaker: BALMUDA The Speaker

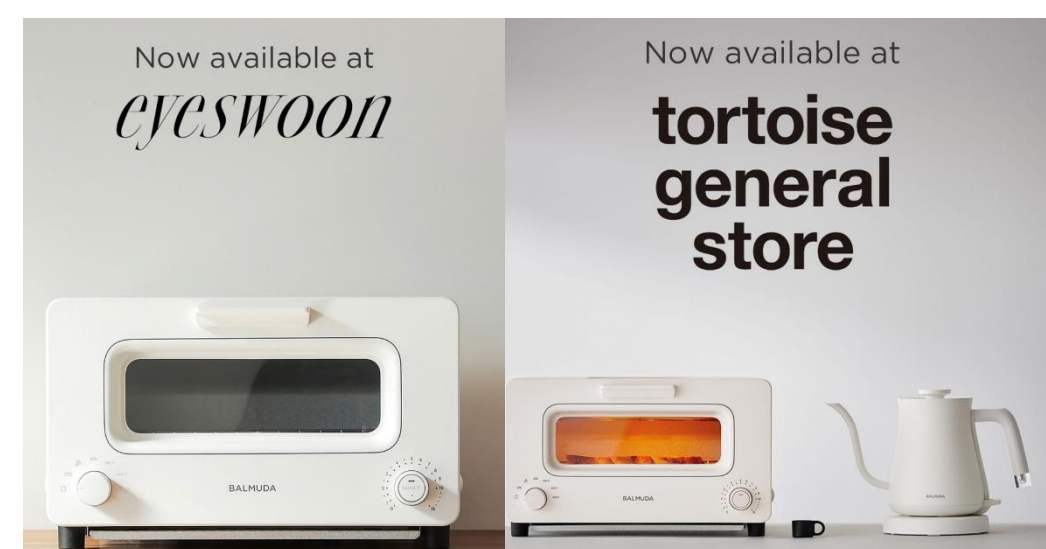


PHOTO: BALMUDA

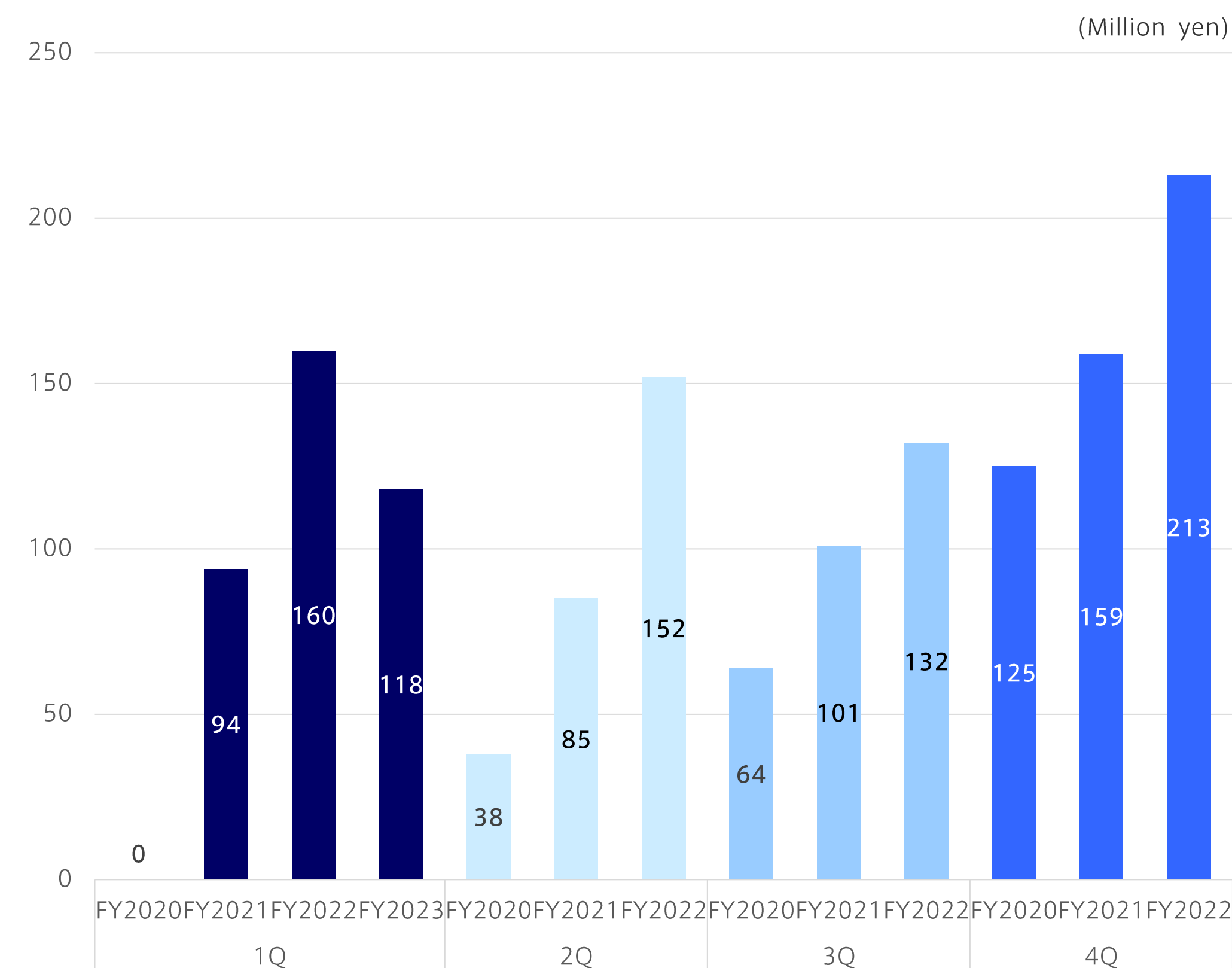
BALMUDA the Speaker won the "Best Home Speaker" at Rolling Stone Audio Awards



Emmymade, who has 2.91 million followers, positively introduced "BALMUDA The Toaster."



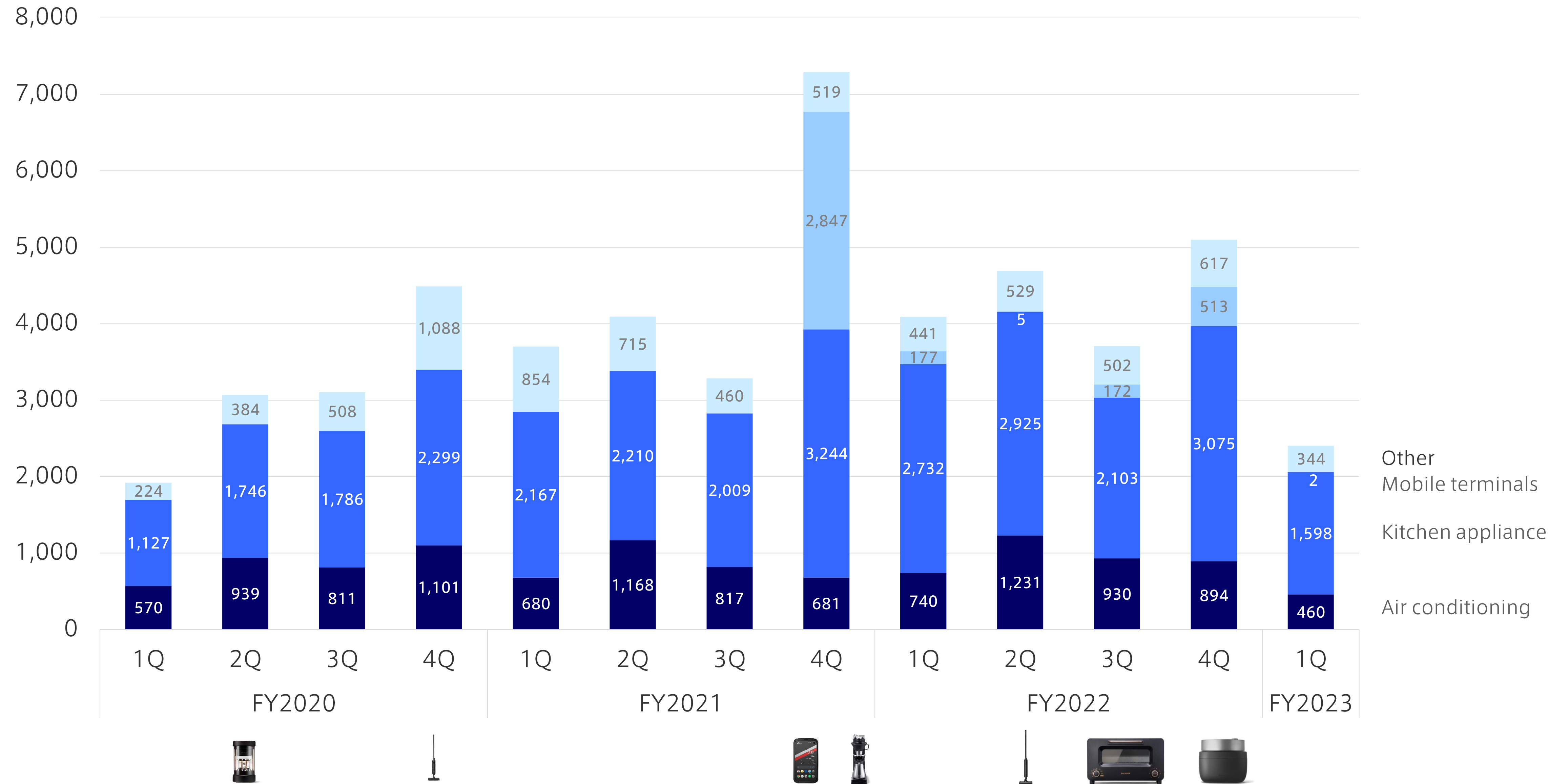
Started to be sold our products at an EC site "EyeSwoon", operated by an influencer who has a million followers and at "Tortoise General Store" which sells carefully selected items with craftsmanship.



Quarterly sales in North America

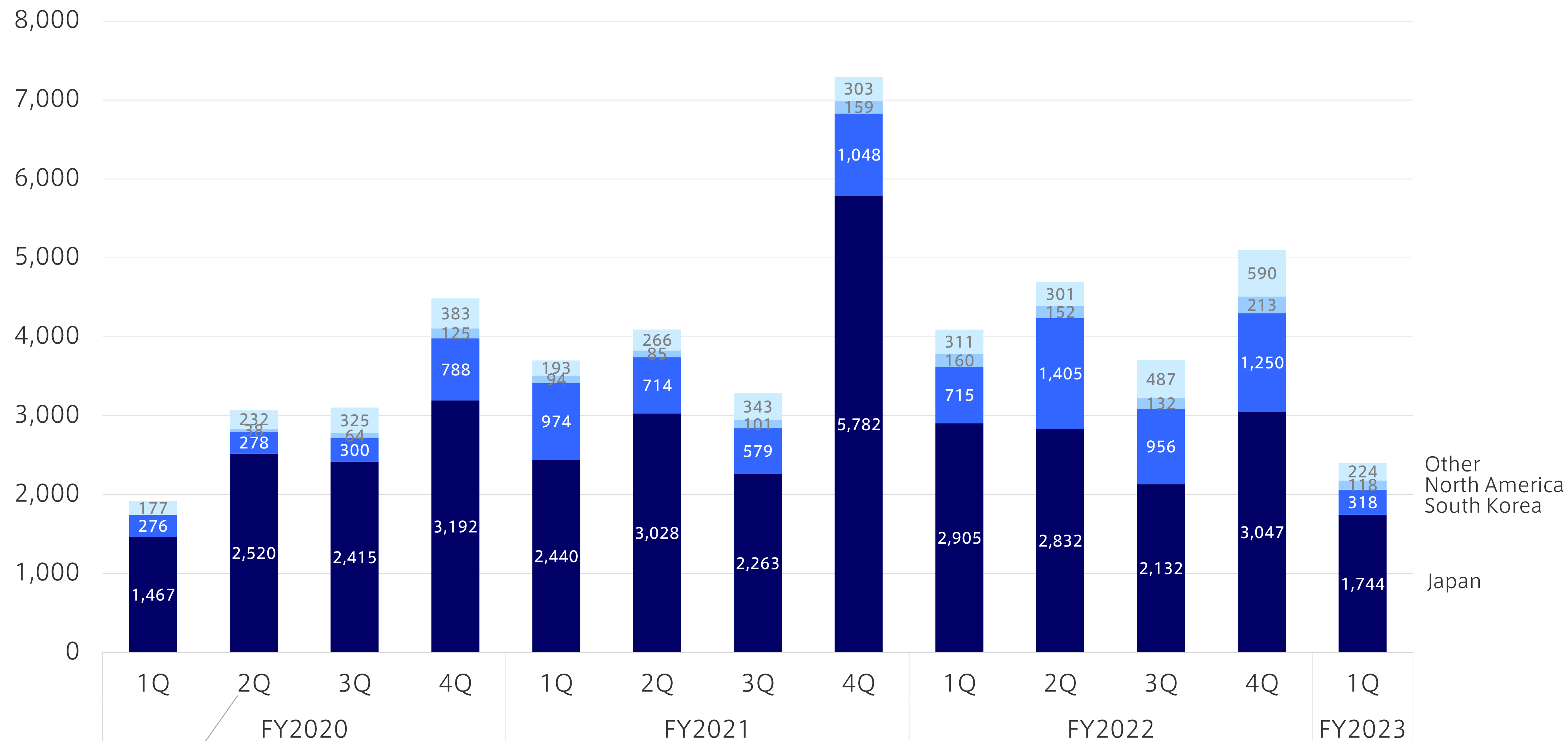
# Quarterly net sales by product category

(Million yen)



## Quarterly net sales by region

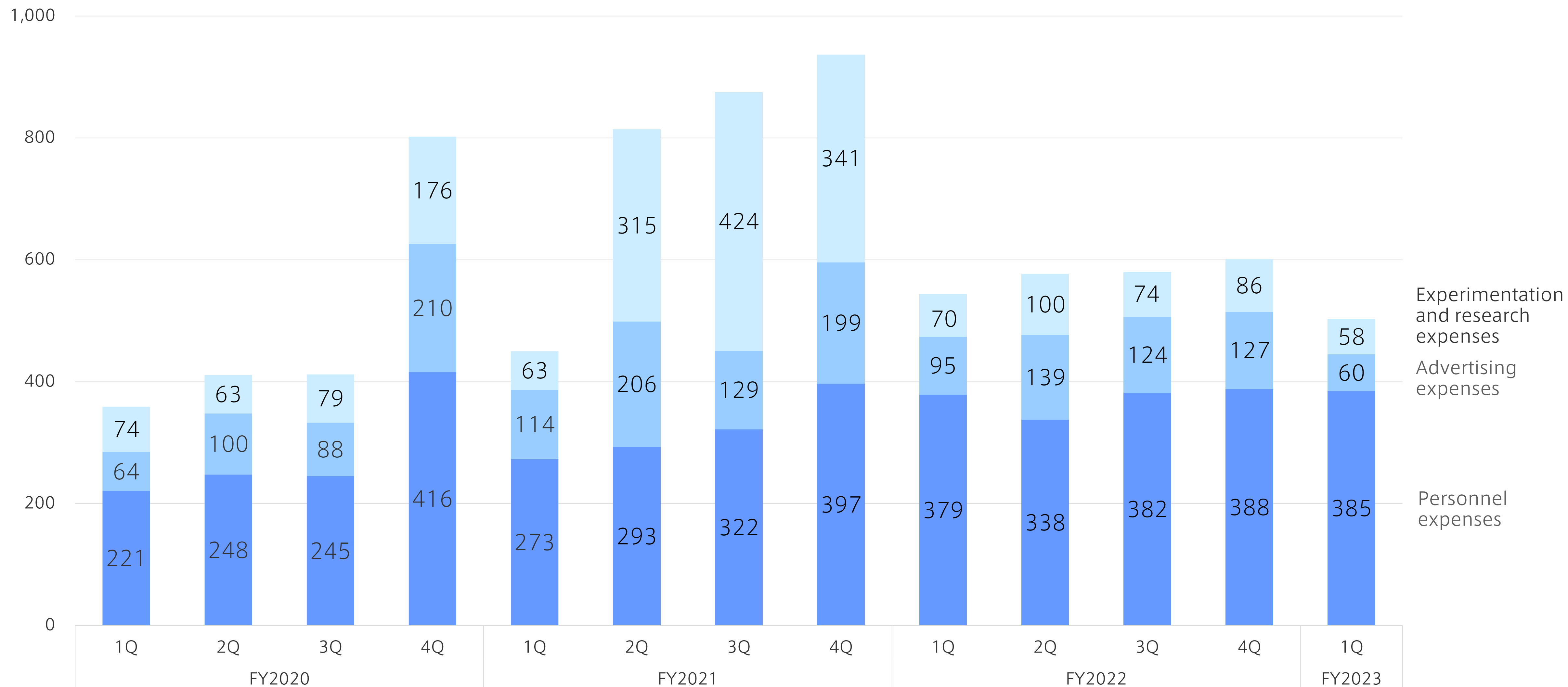
(Million yen)



Launched in North America

# Summary Major SG&A expenses - quarterly changes

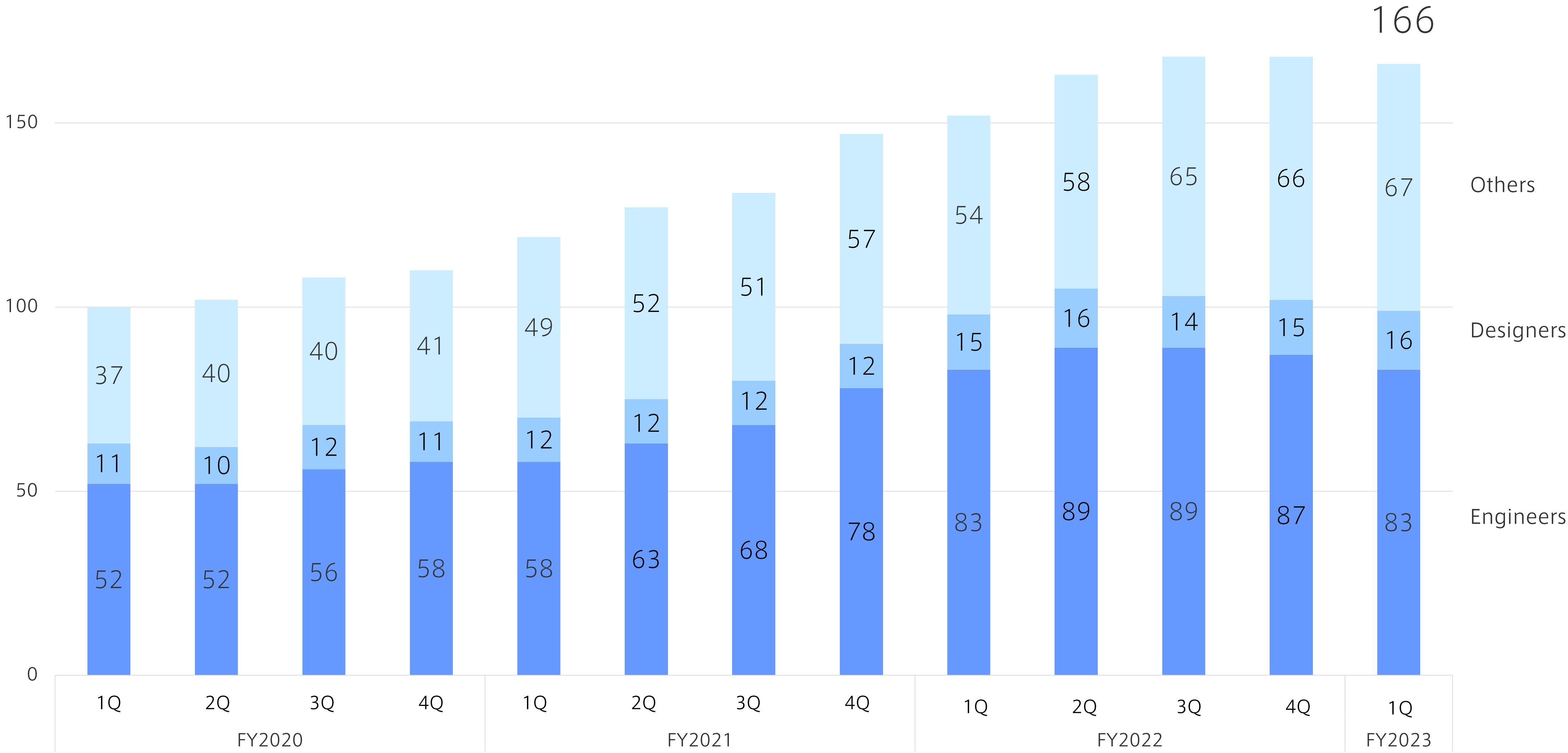
(Million yen)



※In FY2021, appx. 840 million yen of experimentation and research expenses were for mobile terminals.  
Appx. 280 million yen out of such 840 million yen were accounted in 4Q/FY2021.

# Number of employees

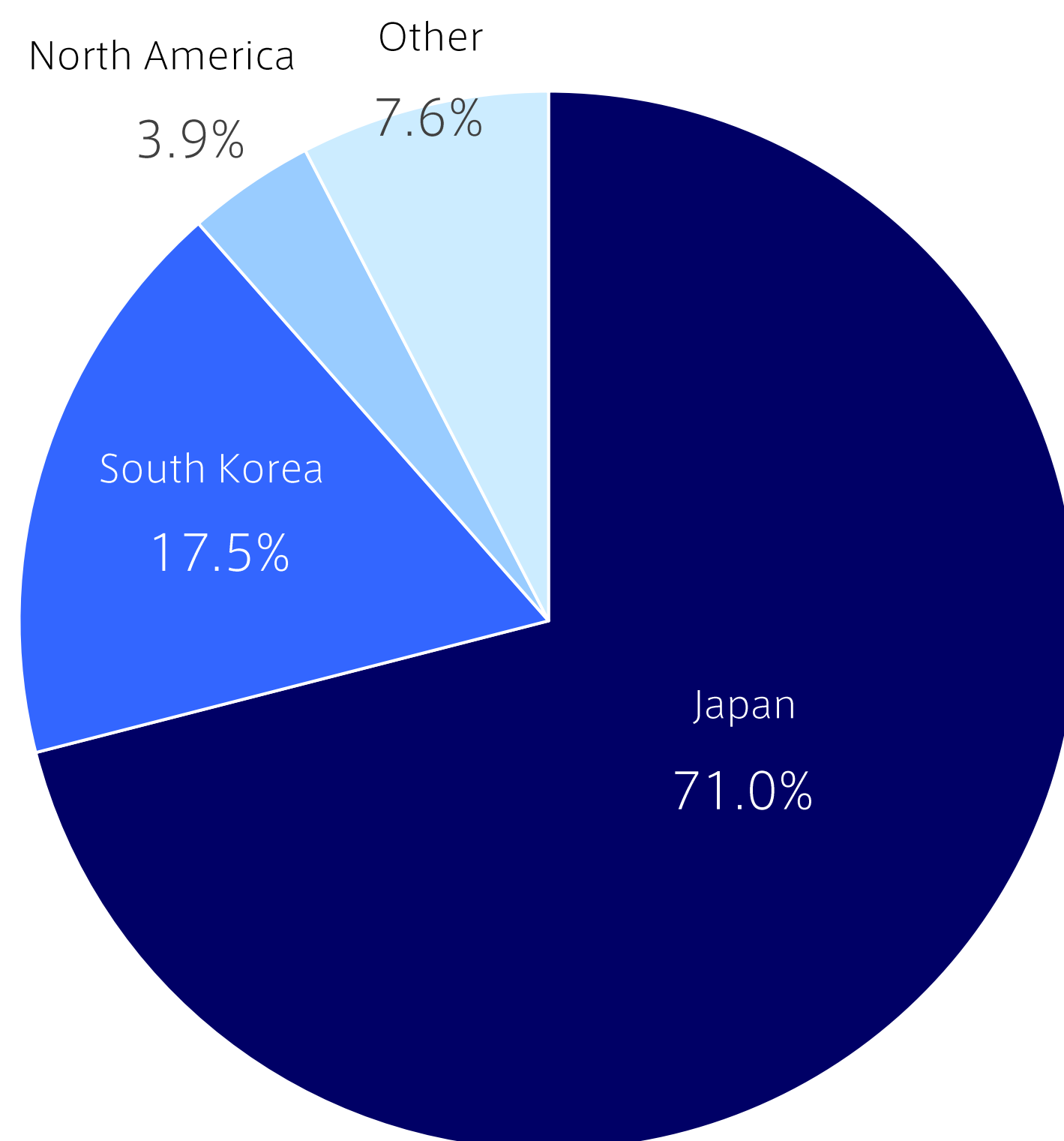
(Number of employees at the end of each quarter)



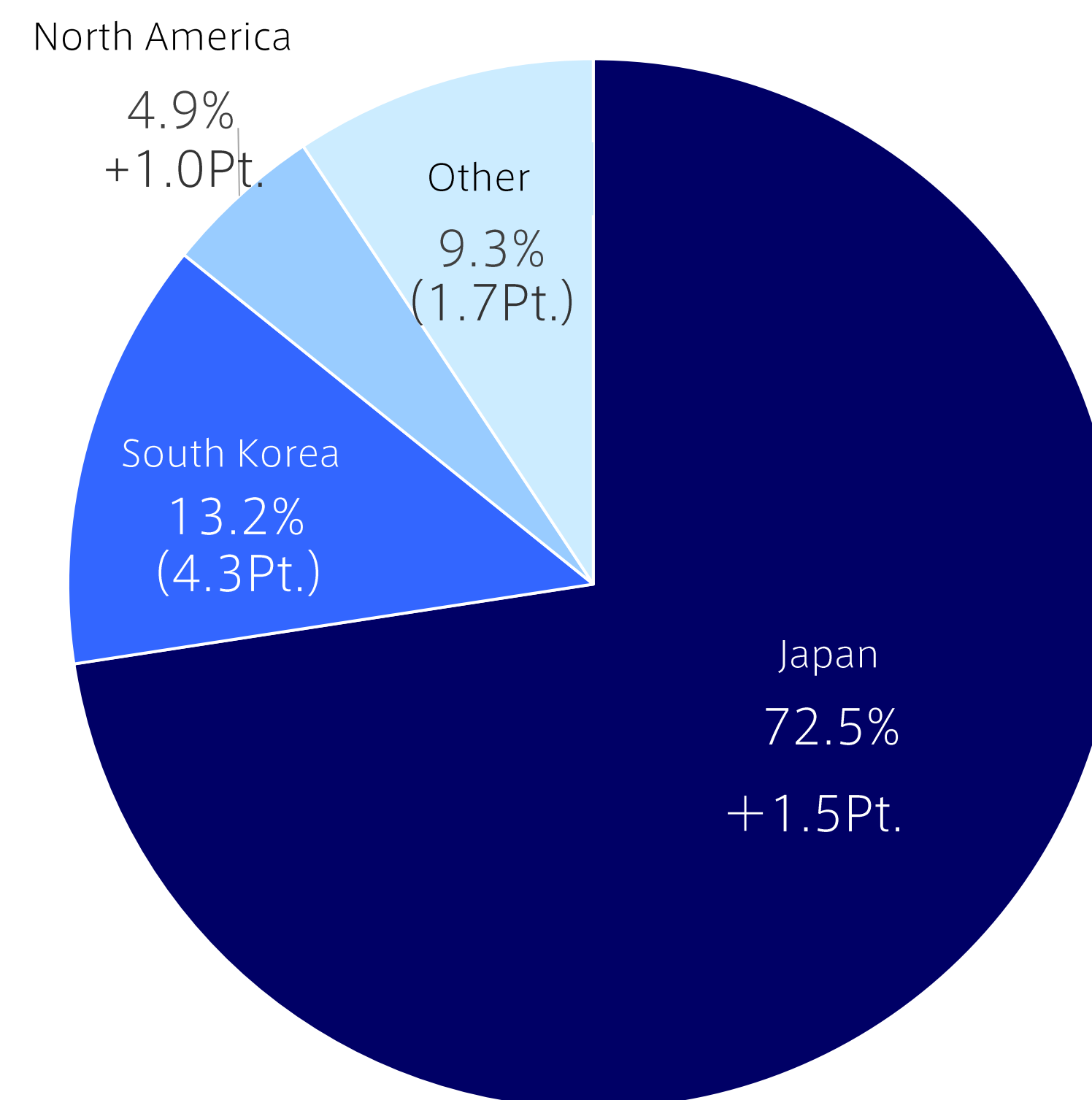


# Composition percentage of net sales by region

FY2022 1Q



FY2023 1Q



# Consolidated statement of income - quarterly changes

(Million yen. Percentages indicate composition in net sales.)

	FY2020				FY2021				FY2022				FY2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net sales	1,921	3,070	3,105	4,489	3,702	4,095	3,288	7,293	4,092	4,691	3,708	5,101	2,405
Gross Profit	806	1,377	1,349	1,918	1,565	1,734	1,187	2,832	1,492	1,583	1,076	1,314	749
	42.0%	44.9%	43.4%	42.7%	42.3%	42.4%	36.1%	38.8%	36.5%	33.7%	29.0%	25.8%	31.1%
SG&A expenses	721	907	985	1,520	1,111	1,464	1,478	1,748	1,319	1,334	1,340	1,397	1,166
	37.5%	29.6%	31.7%	33.9%	30.0%	35.8%	45.0%	24.0%	32.2%	28.4%	36.1%	27.4%	48.5%
Personnel expenses	221	248	245	416	273	293	322	397	379	338	382	388	385
Advertising expenses	64	100	88	210	114	206	129	199	95	139	124	127	60
Experimentation and research expenses	74	63	79	176	63	315	424	341	70	100	74	86	58
Operating profit	85	469	363	398	454	270	(290)	1,083	172	248	(263)	(82)	(416)
	4.5%	15.3%	11.7%	8.9%	12.3%	6.6%	(8.8%)	14.9%	4.2%	5.3%	(7.1%)	(1.6%)	(17.3%)
Ordinary profit	75	455	360	360	462	245	(300)	1,054	144	224	(294)	(60)	(354)
Profit attributable to owners of parent	55	307	240	230	301	146	(179)	747	96	137	(190)	(40)	(1,144)

# Net sales by region/product category - quarterly changes

(Million yen. Percentages indicate composition in net sales.)

	FY2020				FY2021				FY2022				FY2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net sales	1,921	3,070	3,105	4,489	3,702	4,095	3,288	7,293	4,092	4,691	3,708	5,101	2,405
Net sales by region													
Japan	1,467 76.4%	2,520 82.1%	2,415 77.8%	3,192 71.1%	2,439 65.9%	3,028 74.0%	2,263 68.8%	5,782 79.3%	2,905 71.0%	2,832 60.4%	2,132 57.5%	3,047 59.7%	1,744 72.5%
Overseas	454 23.6%	549 17.9%	689 22.2%	1,297 28.9%	1,262 34.1%	1,066 26.0%	1,024 31.2%	1,511 20.7%	1,187 29.0%	1,859 39.6%	1,576 42.5%	2,053 40.3%	661 27.5%
South Korea	276 14.4%	278 9.1%	300 9.7%	788 17.6%	974 26.3%	714 17.5%	579 17.6%	1,048 14.4%	715 17.5%	1,405 30.0%	956 25.8%	1,250 24.5%	318 13.2%
North America	- -	38 1.3%	64 2.1%	125 2.8%	94 2.5%	85 2.1%	101 3.1%	159 2.2%	160 3.9%	152 3.3%	132 3.6%	213 4.2%	118 4.9%
Other	177 9.2%	232 7.6%	325 10.5%	383 8.5%	194 5.2%	266 6.5%	343 10.5%	303 4.2%	311 7.6%	301 6.4%	487 13.2%	590 11.6%	224 9.3%
Net sales by product category													
Air conditioning	570 29.7%	939 30.6%	811 26.1%	1,101 24.5%	680 18.4%	1,168 28.5%	817 24.9%	681 9.3%	740 18.1%	1,231 26.3%	930 25.1%	894 17.5%	460 19.1%
Kitchen appliance	1,127 58.7%	1,746 56.9%	1,786 57.5%	2,299 51.2%	2,167 58.5%	2,210 54.0%	2,009 61.1%	3,244 44.5%	2,732 66.8%	2,925 62.3%	2,103 56.7%	3,075 60.3%	1,598 66.4%
Mobile terminals	- -	- -	- -	- -	- -	- -	- -	2,847 39.0%	177 4.3%	5 0.1%	172 4.6%	513 10.1%	2 0.1%
Other	224 11.7%	384 12.5%	508 16.4%	1,088 24.3%	854 23.1%	715 17.5%	460 14.0%	519 7.1%	441 10.8%	529 11.3%	502 13.5%	617 12.1%	344 14.3%

# Consolidated Balance Sheet

(Million yen)

	At the end of FY2022	At the end of FY2023 1Q
Current assets		
Cash and deposits	1,246	1,297
Accounts receivable - trade	2,660	1,843
Merchandise and finished goods	3,708	3,645
Other	698	844
Non-current assets		
Property, plant and equipment	761	645
Intangible assets	490	246
Other	342	85
Total assets	9,907	8,607
Current liabilities		
Accounts payable - trade	1,121	714
Short-term borrowings	800	400
Current portion of long-term borrowings	330	581
Provision for product warranties	368	325
Other	690	696
Non-current liabilities		
Long-term borrowings	284	705
Total liabilities	3,595	3,423
Total net assets	6,312	5,183
Total liabilities and net assets	9,907	8,607

# Products

BALMUDA



BALMUDA The Toaster



BALMUDA The Toaster Pro



BALMUDA The Pot



BALMUDA The Brew



BALMUDA The Gohan



BALMUDA The Range



BALMUDA The Lantern



BALMUDA The Light



The GreenFan



GreenFan Cirq



GreenFan C2



Rain



BALMUDA The Pure



BALMUDA The Cleaner  
BALMUDA The Cleaner Lite



BALMUDA The Speaker



BALMUDA Phone



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