

BALMUDA

Financial Results Briefing Material for FY2023 ended December 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 Results
- FY2024 Forecast

- FY2023 Results

FY2023 Key Indicators

Strict financial results. Landed roughly as per the latest performance forecasts.

	FY2022	FY2023	YoY change	Latest Forecast (announced in Nov. 2023)
Net sales	17,595 <small>Million yen</small>	13,011 <small>Million yen</small>	(26.1) %	13,300 <small>Million yen</small>
Operating Profit (loss)	75 <small>Million yen</small>	(1,375) <small>Million yen</small>	— %	(1,350) <small>Million yen</small>
Ordinary profit (loss)	14 <small>Million yen</small>	(1,237) <small>Million yen</small>	— %	(1,200) <small>Million yen</small>
Profit (loss) attributable to owners of parent	3 <small>Million yen</small>	(2,071) <small>Million yen</small> ※	— %	(2,000) <small>Million yen</small>
Gross profit margin ratio	31.1 %	26.9 %	(4.1) Pt.	27.4 %
SG&A expenses ratio	30.6 %	37.5 %	+6.8 Pt.	37.6 %
Equity-to-asset ratio	63.7 %	54.7 %	(9.0) Pt.	

※Accounted extraordinary loss due to termination of mobile terminal business and deferred income taxes in 1Q.

※Refer to P.25 for the main factors compared to the previous year.

Reposting from the financial results briefing materials for 3Q FY2023

BALMUDA

Current situation and countermeasures

The balance of income and expenses is unsettled due to the weakening yen, rebound effects from COVID-19 demand surge, and change in our growth strategy (termination of mobile terminal business).

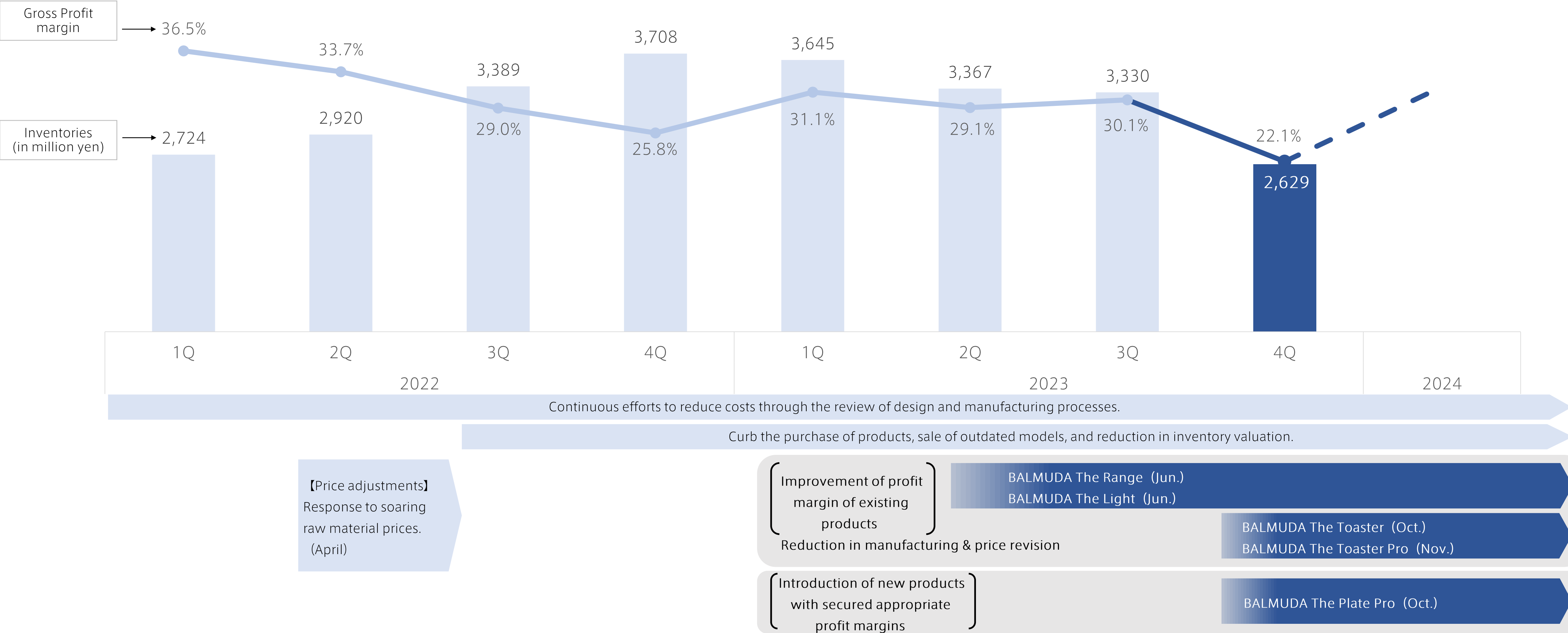


- | | |
|------------------|--|
| Countermeasure 1 | Improvement in the gross profit margin |
| Countermeasure 2 | Reduction in fixed costs |
| Countermeasure 3 | Proactive expansion of home appliance products |

Implementing these measures to restore the balance of income and expenses, aiming for the fastest return to profitability.

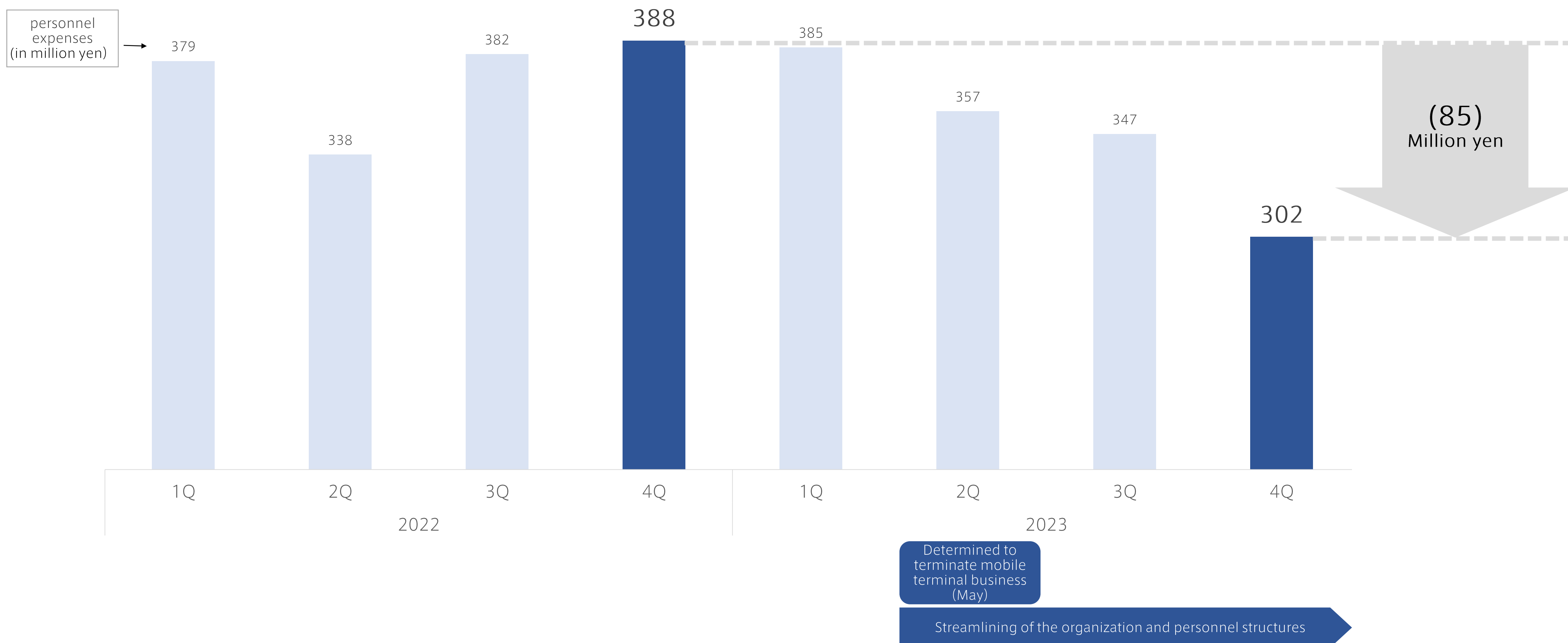
Countermeasure 1 Improvement in the gross profit margin

In the fourth quarter, while the gross profit margin declined due to inventory valuation reduction, we introduced products that improved profitability. These products are expected to contribute to profit improvement in 2024.



Countermeasure 2 Reduction in fixed costs

Due to the streamlining of the organization and personnel structures, personnel expenses in the fourth quarter of 2023 decreased by 85 million yen compared to the same period of last year.



Countermeasure 3 Proactive expansion of home appliance products

Renewed two main toaster models. The new stainless hot plate product is shipping beyond our plans.

FY2023 1 ~ 3 Q



BALMUDA The Light
Change of outsourcing
partner (Jun.)



BALMUDA The Range
Renewal (Jun.)

Japan

Overseas

- Expanded product lineup in four regions

China : BALMUDA The Brew (Feb.)
South Korea : BALMUDA The Gohan (Mar.)
North America : BALMUDA The Brew (May)
Taiwan : BALMUDA The Range (Sept)

FY2023 4 Q



BALMUDA The Toaster
Renewal (Oct.)



BALMUDA The Toaster Pro
Renewal (Nov.)



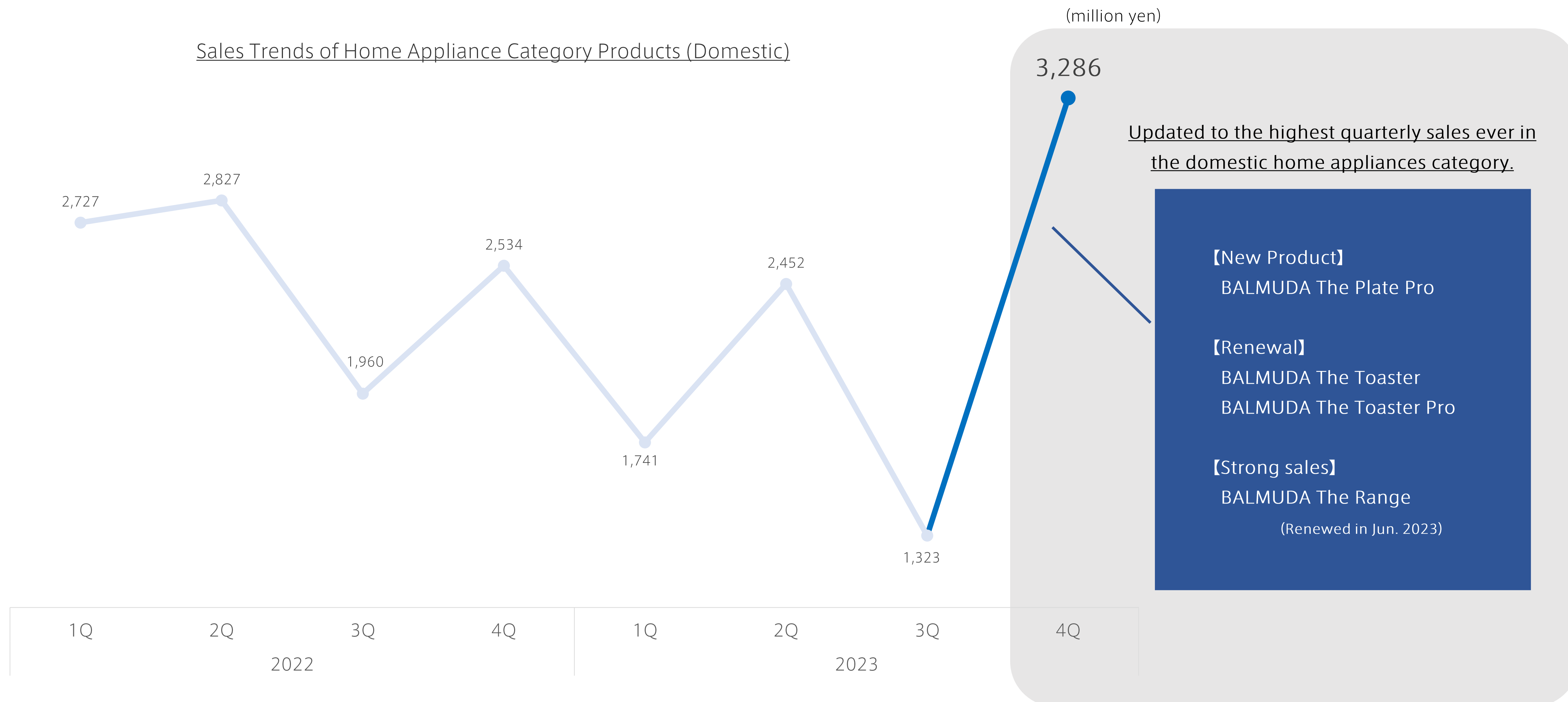
BALMUDA The Plate Pro
New Product (Oct.)

The total number of units shipped has
exceeded 20,000.*

- Commencing brand expansion in Thailand, Singapore and Malaysia (Nov.)
BALMUDA The Toaster, BALMUDA The Pot
- Announced the launch of the Pro Series in South Korea (Dec.)
BALMUDA The Toaster Pro, BALMUDA The Plate Pro

Countermeasure 3 Proactive expansion of home appliance products

Domestic sales grew due to the introduction of new and renewed products.



FY2023 4Q Key Indicators

The sales of home appliances in the fourth quarter have recovered to a level exceeding the previous year.

	FY2022 4Q	FY2023 4Q	YoY change	
Net sales	5,101 Million yen	5,055 Million yen	(0.9) %	Sales of home appliances in the fourth quarter of the previous year (excluding sales of mobile terminals) : 4,588 million yen
Gross Profit Margin	1,314 Million yen	1,117 Million yen	(15.0) %	Inventory valuation reduction : 177 million yen ※Impact on the gross profit margin. (3.5)pt.
Gross profit margin ratio	25.8 %	22.1 %	(3.7) Pt.	
SG&A expenses	1,397 Million yen	1,349 Million yen	(3.5) %	
SG&A expenses ratio	27.4 %	26.7 %	(0.7) Pt.	
Operating Profit (loss)	(82) Million yen	(231) Million yen	— %	

- FY2024 Forecast

FY2024 Forecast

Secure profits at the same level of sales as in 2023.

	FY2023	FY2024 (Forecast)	YoY change
Net sales	13,011 <small>Million yen</small>	13,200 <small>Million yen</small>	+1.4 %
Operating Profit (loss)	(1,375) <small>Million yen</small>	150 <small>Million yen</small>	— %
Ordinary profit (loss)	(1,237) <small>Million yen</small>	150 <small>Million yen</small>	— %
Profit (loss) attributable to owners of parent	(2,071) <small>Million yen</small>	100 <small>Million yen</small>	— %
Gross profit margin ratio	26.9 %	31.8 %	+4.9 Pt.
SG&A expenses ratio	37.5 %	30.7 %	(6.8) Pt.

Positioning in 2024

- Return to profitability
- Establishment of a sustainable business foundation even in challenging environments.

Positioning in 2024

(Reposting from the financial results briefing materials for 3Q FY2023)

BALMUDA

Management Strategy for 2023 to 2024

- Countermeasure 1 Improvement in the gross profit margin
- Countermeasure 2 Reduction in fixed costs
- Countermeasure 3 Proactive expansion of home appliance products

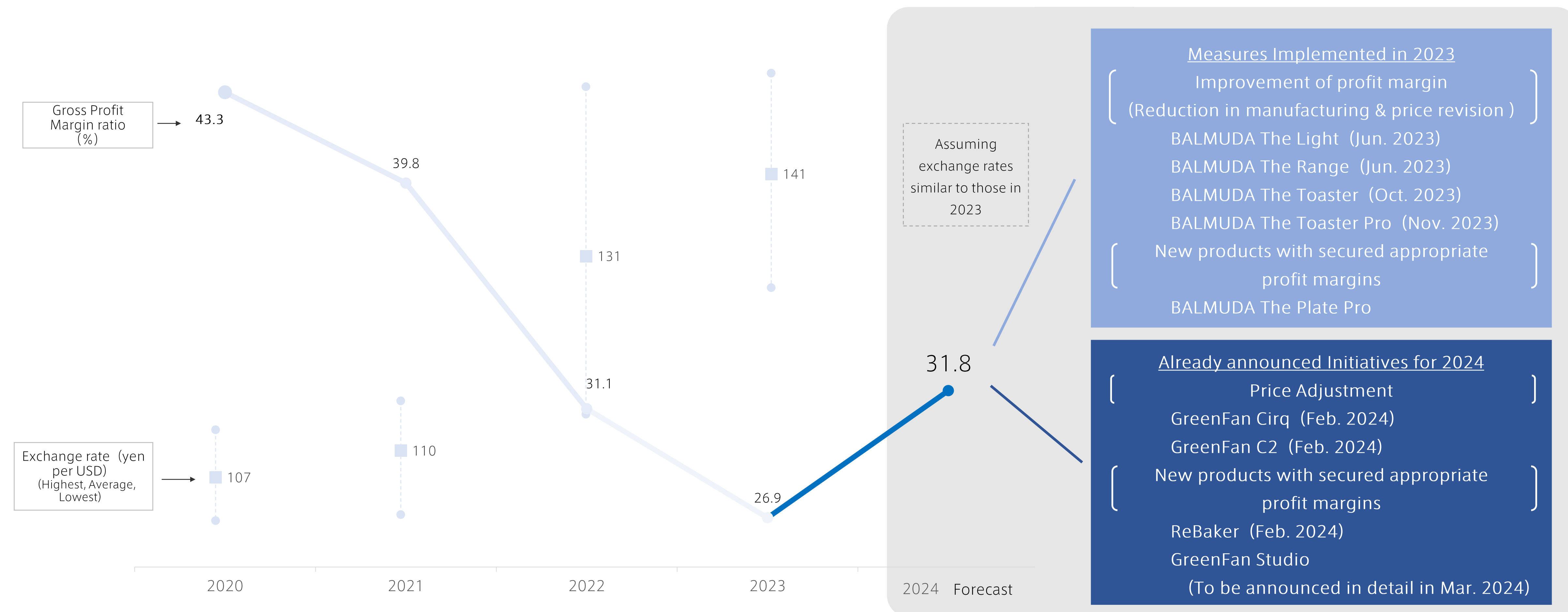


- Striving for the fastest return to profitability
- Aiming to recover quickly onto the growth trend

Most measures have been implemented in 2023.
In 2024, their effects will be realized throughout the year.

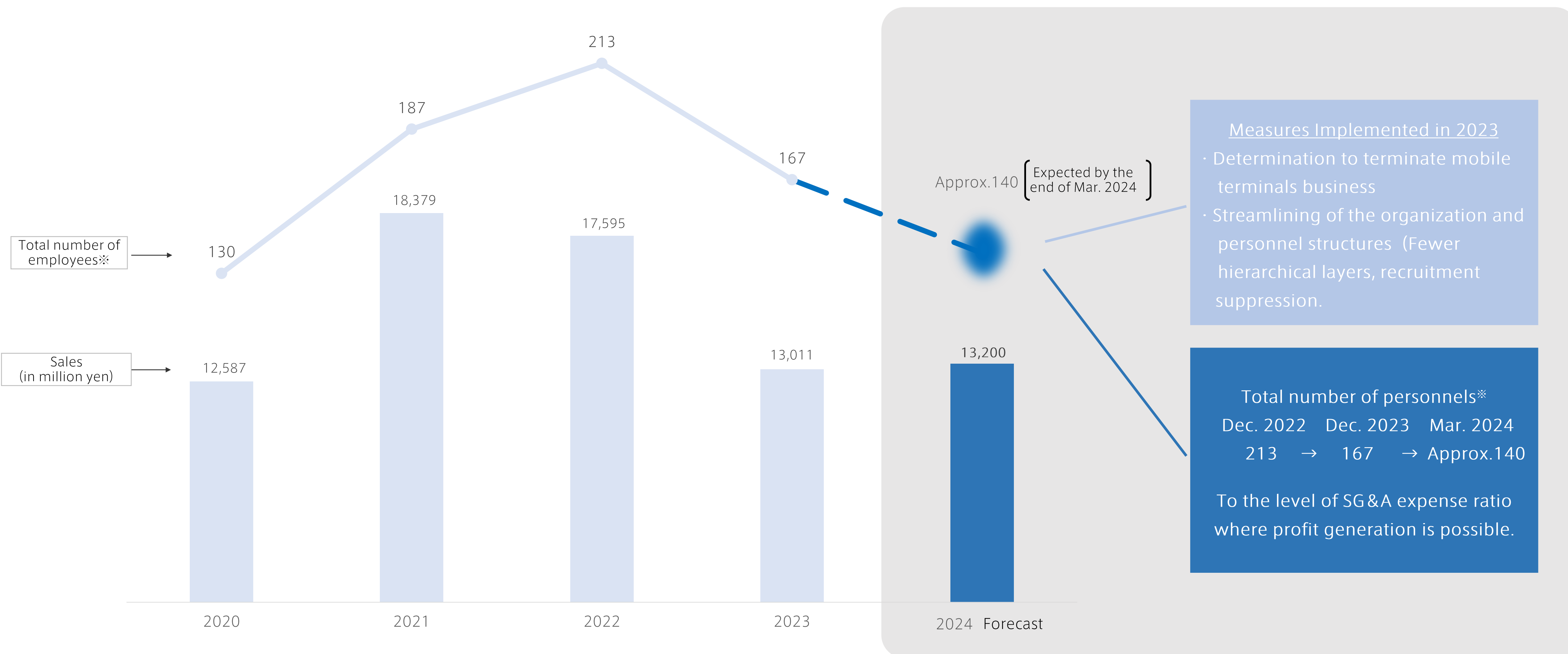
Improvement in the gross profit margin

Most measures have been implemented to improve the profit margin of our main products last year. We are also ensuring an appropriate profit margin for new products at the current exchange rate level.



Reduction in fixed costs

The organization and personnel structure has been reconstructed to align with the scale of sales. By the end of March 2024, the total number of personnel is expected to be approximately two-thirds compared to the end of 2022.



Proactive expansion of home appliance products

The new product, BALMUDA The Plate Pro, has achieved shipping records that exceed our plans.
We will accelerate the expansion of our product lineup.

FY2023

Renewal · Change of
outsourcing partner



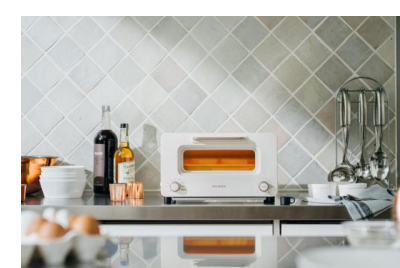
BALMUDA The Light
Change of outsourcing
partner (Jun.)



BALMUDA The Range
Renewal (Jun.)

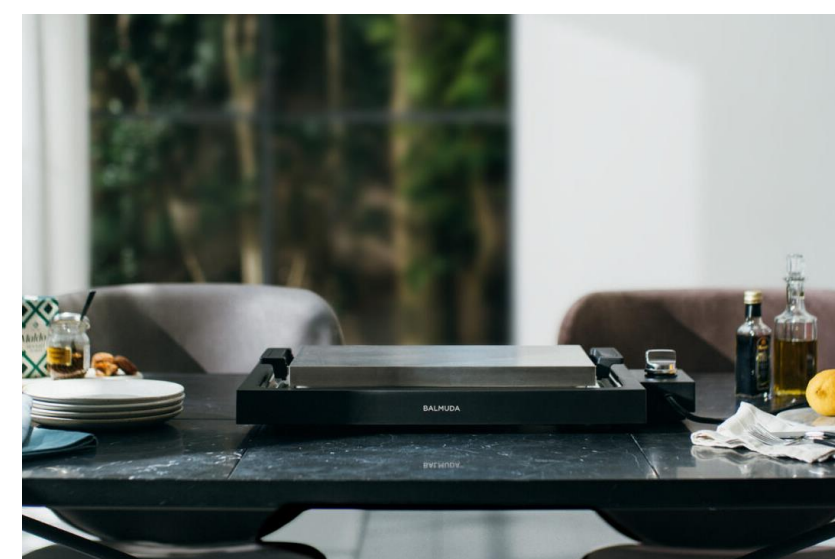


BALMUDA The Toaster
Renewal (Oct.)



BALMUDA The Toaster Pro
Renewal (Nov.)

New Product



BALMUDA The Plate Pro
New Product (Oct.)

FY2024

New Products



ReBaker (Toaster)
Planned to launch on Feb. 20, 2024.



GreenFan Studio (DC Motor Fan)
To be announce in detail on Mar. 19, 2024.

Planning to release several new products in the
latter half of 2024.

- Commencing brand expansion in Thailand, Singapore and Malaysia (Nov.)
BALMUDA The Toaster, BALMUDA The Pot

- Expanded product lineup in four regions

China : BALMUDA The Brew (Feb.)
South Korea : BALMUDA The Gohan (Mar.)
North America : BALMUDA The Brew (May)
Taiwan : BALMUDA The Range (Sep.)

- Planned to Expand product lineup in seven regions.

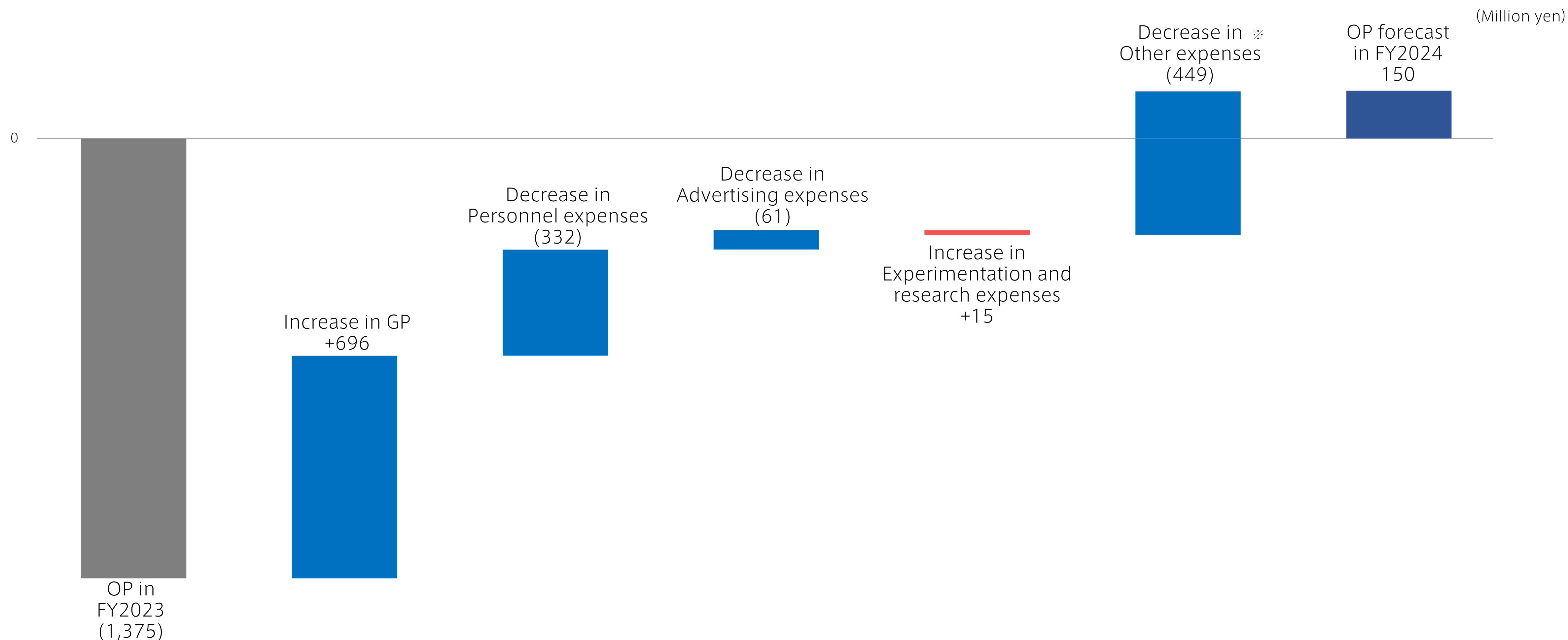
South Korea : BALMUDA The Toaster Pro (Jan.)
BALMUDA The Plate Pro (Jan.)

Japan

Overseas

Forecast of Operating Profit, Breakdown of Difference from Previous Year

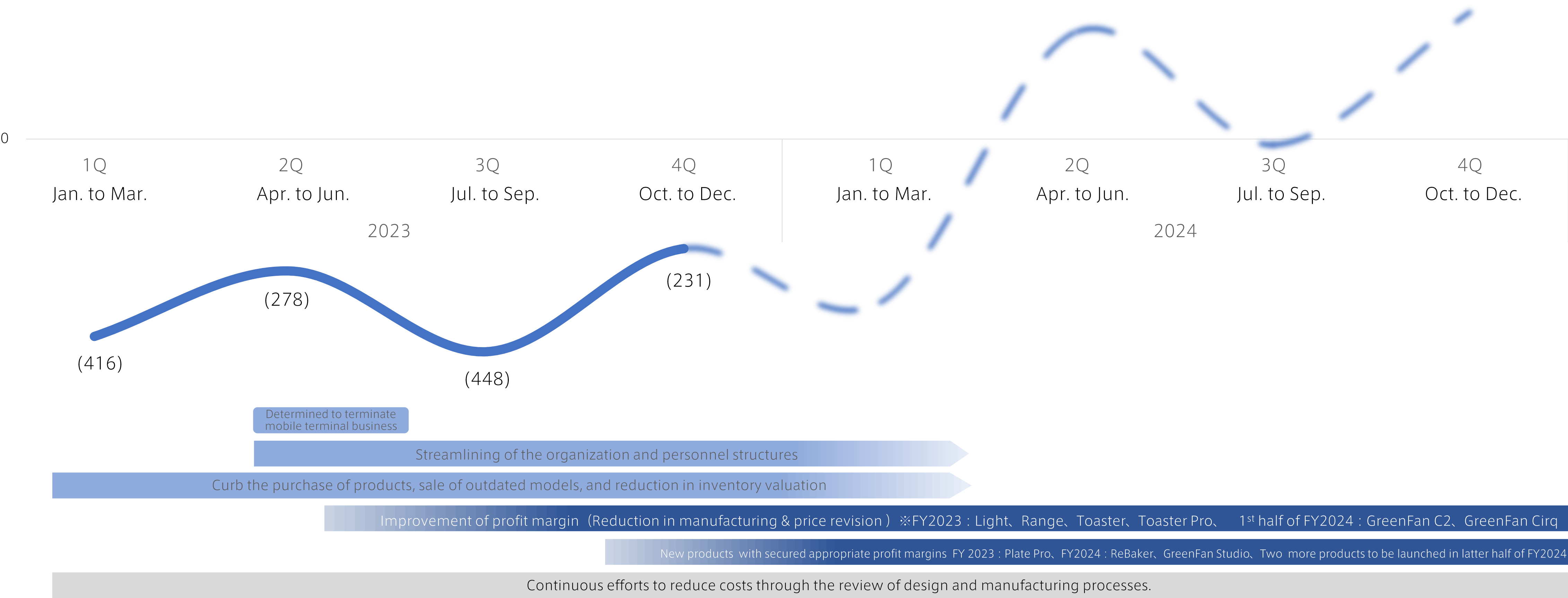
Aim to achieve a positive turnaround by realizing the effects of implemented measures.



Forecast of Operating Profit, Quarterly Outlook

Profit and loss improvements in every quarter.
We anticipate a return to profitability in 2Q and 4Q, which have a high sales composition ratio.

【Quarterly Operating Profit (outlook in 2024) 】 (Million yen)

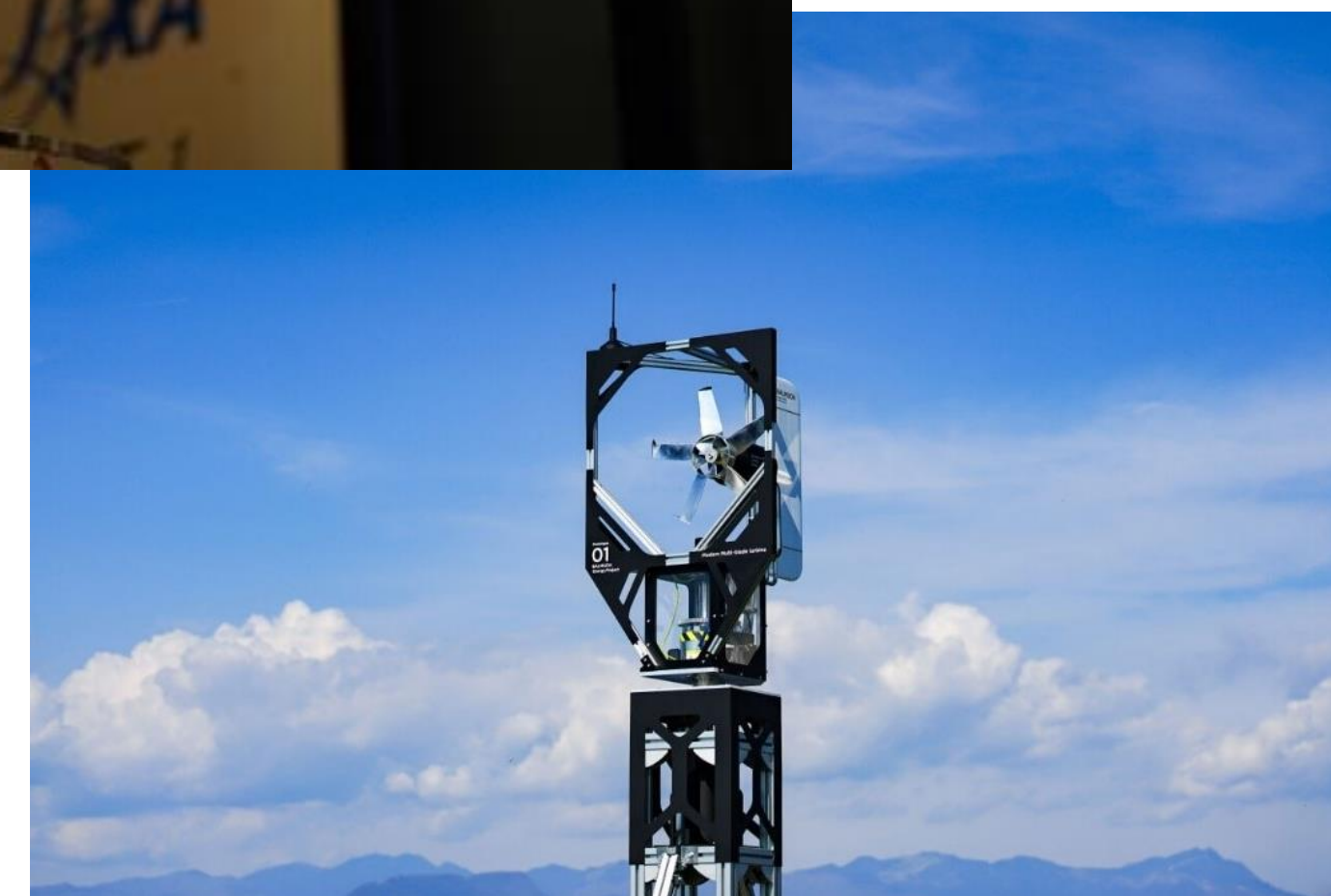


Pursuit of growth potential

Presenting a paper on the experimental results of a small-scale wind power generator conducted at the JAXA wind tunnel facility

【Progress in the Development of Small-scale Wind Power Generator】

- Aug. 7, 2023 Announcement on the Development of Small-scale Wind Power Generator.
- Sep. 12, 2023 Conducting wind tunnel experiments at the JAXA (Japan Aerospace Exploration Agency)'s facility.
- Oct. 30, 2023 Started field trial in Gunma Prefecture
- Dec. 1, 2023 Presented a paper on the results of wind tunnel experiments at the JAXA's facility, at the 45th Wind Energy Utilization Symposium.*
(New release :in Japanese)
<https://www.balmuda.com/jp/news/2334?energy>



※Held by JAPAN WIND ENERGY ASSOCIATION

APPENDIX

Forecast Net sales by region

	FY2023	FY2024	YoY change
Net sales	13,011 <small>Million yen</small>	13,200 <small>Million yen</small>	+1.4 %
Japan	8,806 <small>Million yen</small>	8,647 <small>Million yen</small>	(1.8) %
South Korea	2,329 <small>Million yen</small>	2,259 <small>Million yen</small>	(3.0) %
North America	631 <small>Million yen</small>	674 <small>Million yen</small>	+6.7 %
Other	1,244 <small>Million yen</small>	1,619 <small>Million yen</small>	+30.2 %

Forecast Net sales by product category

	FY2023	FY2024	YoY change
Net sales	13,011 <small>Million yen</small>	13,200 <small>Million yen</small>	+1.4 %
Air conditioning	2,442 <small>Million yen</small>	2,287 <small>Million yen</small>	(6.4) %
Kitchen appliance	9,278 <small>Million yen</small>	10,153 <small>Million yen</small>	+9.4 %
Mobile terminals	2 <small>Million yen</small>	— <small>Million yen</small>	— %
Other	1,288 <small>Million yen</small>	759 <small>Million yen</small>	(41.0) %

Forecast Major SG&A expenses

	FY2023	FY2024	YoY change
Personnel expenses	1,392 Million yen	1,060 Million yen	(23.9) %
Advertising expenses	431 Million yen	370 Million yen	(14.2) %
Experimentation and research expenses	324 Million yen	340 Million yen	+4.6 %

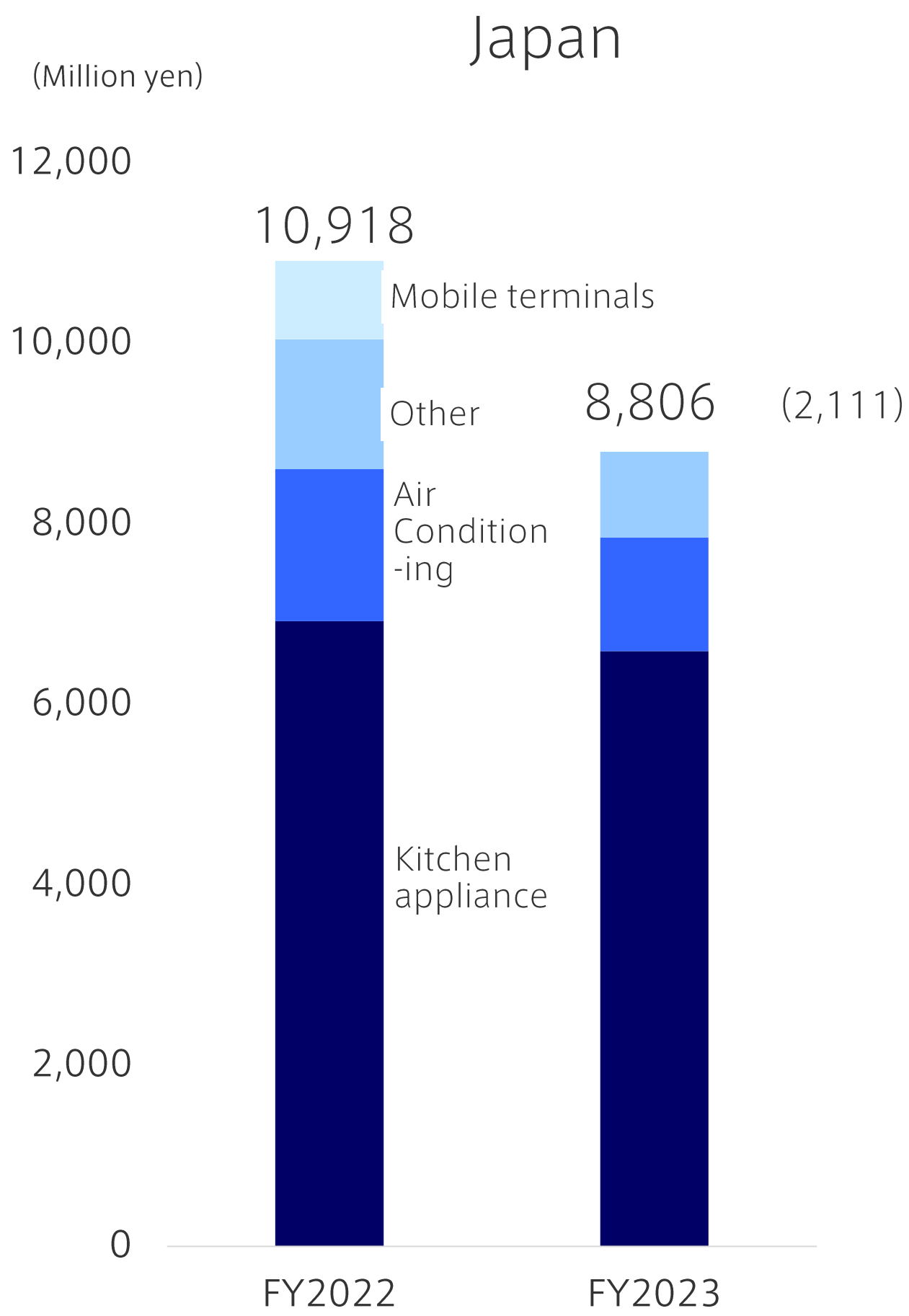
FY2023 4Q Key Indicators

	FY2022 4Q	FY2023 4Q	YoY change	Main factors
Net sales	5,101 <small>Million yen</small>	5,055 <small>Million yen</small>	(0.9) %	<ul style="list-style-type: none"> · The total number of units shipped has exceeded 15,000 at the end of Dec. 2023. · Renewed two main toaster models. · Shipped two Pro Series products for South Korea. · Commencing brand expansion in Thailand, Singapore and Malaysia.
Gross Profit Margin	1,314 <small>Million yen</small>	1,117 <small>Million yen</small>	(15.0) %	<ul style="list-style-type: none"> · Inventory valuation reduction : 177 million yen ※Impact on the gross profit margin. (3.5)pt.
Gross profit margin ratio	25.8 %	22.1 %	(3.7) Pt.	
SG&A expenses	1,397 <small>Million yen</small>	1,349 <small>Million yen</small>	(3.5) %	<ul style="list-style-type: none"> · Reduced personnel expenses by 85 million yen · Proactively advertised new product. Advertising expenses increased by 40 million yen.
SG&A expenses ratio	27.4 %	26.7 %	(0.7) Pt.	
Operating Profit (loss)	(82) <small>Million yen</small>	(231) <small>Million yen</small>	— %	<ul style="list-style-type: none"> · Inventory valuation reduction : 177 million yen

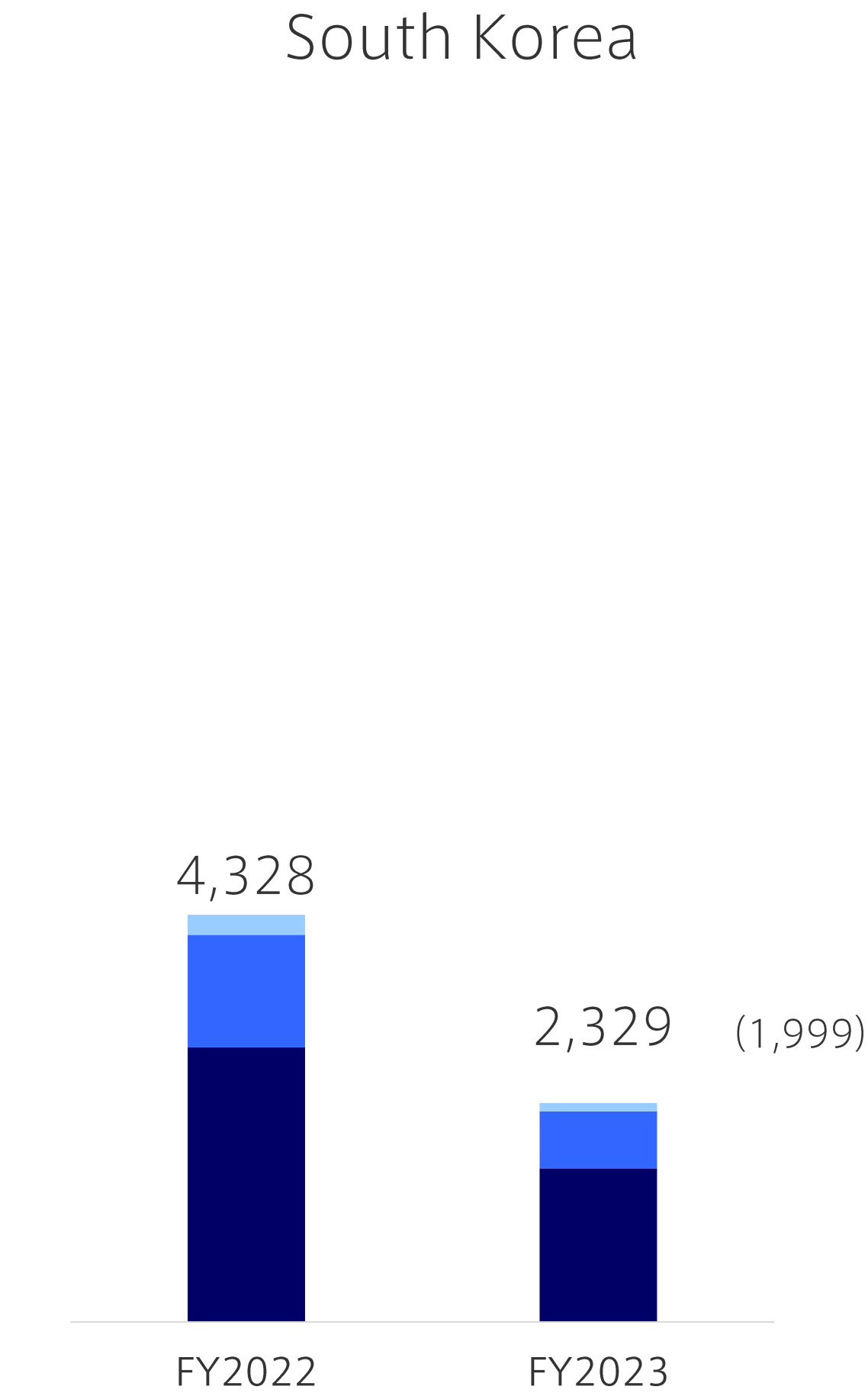
FY2023 Key Indicators

	FY2022	FY2023	対前年	Main factors	Latest Forecast (announced in Nov. 2023)
Net sales	17,595 Million yen	13,011 Million yen	(26.1) %	<ul style="list-style-type: none"> Changes in spending patterns due to increased opportunities for going out. Increased awareness of self-defense in daily life due to rising prices. 	13,300 Million yen
Operating Profit (loss)	75 Million yen	(1,375) Million yen	— %	<ul style="list-style-type: none"> Decrease in sales. Rise in purchase costs due to further depreciation of the yen. Sale of outdated models, and reduction in inventory valuation. 	(1,350) Million yen
Ordinary profit (loss)	14 Million yen	(1,237) Million yen	— %	<ul style="list-style-type: none"> 126 million yen of Foreign exchange gains by currency exchange reservation. 	(1,200) Million yen
Profit (loss) attributable to owners of parent	3 Million yen	(2,071) Million yen	— %	<ul style="list-style-type: none"> Accounted extraordinary loss due to termination of mobile terminal business and deferred income taxes in 1Q. 	(2,000) Million yen
Gross profit margin ratio	31.1 %	26.9 %	(4.1) Pt.	<ul style="list-style-type: none"> Further depreciation of the yen. Sale of outdated models, and reduction in inventory valuation. 	27.4 %
SG&A expenses ratio	30.6 %	37.5 %	+6.8 Pt.	<ul style="list-style-type: none"> Decrease in sales. 	37.6 %
Equity-to-asset ratio	63.7 %	54.7 %	(9.0) Pt.	<ul style="list-style-type: none"> By reducing inventories, the ratio resulted in the mid-50s. 	

Net sales by region, FY2023



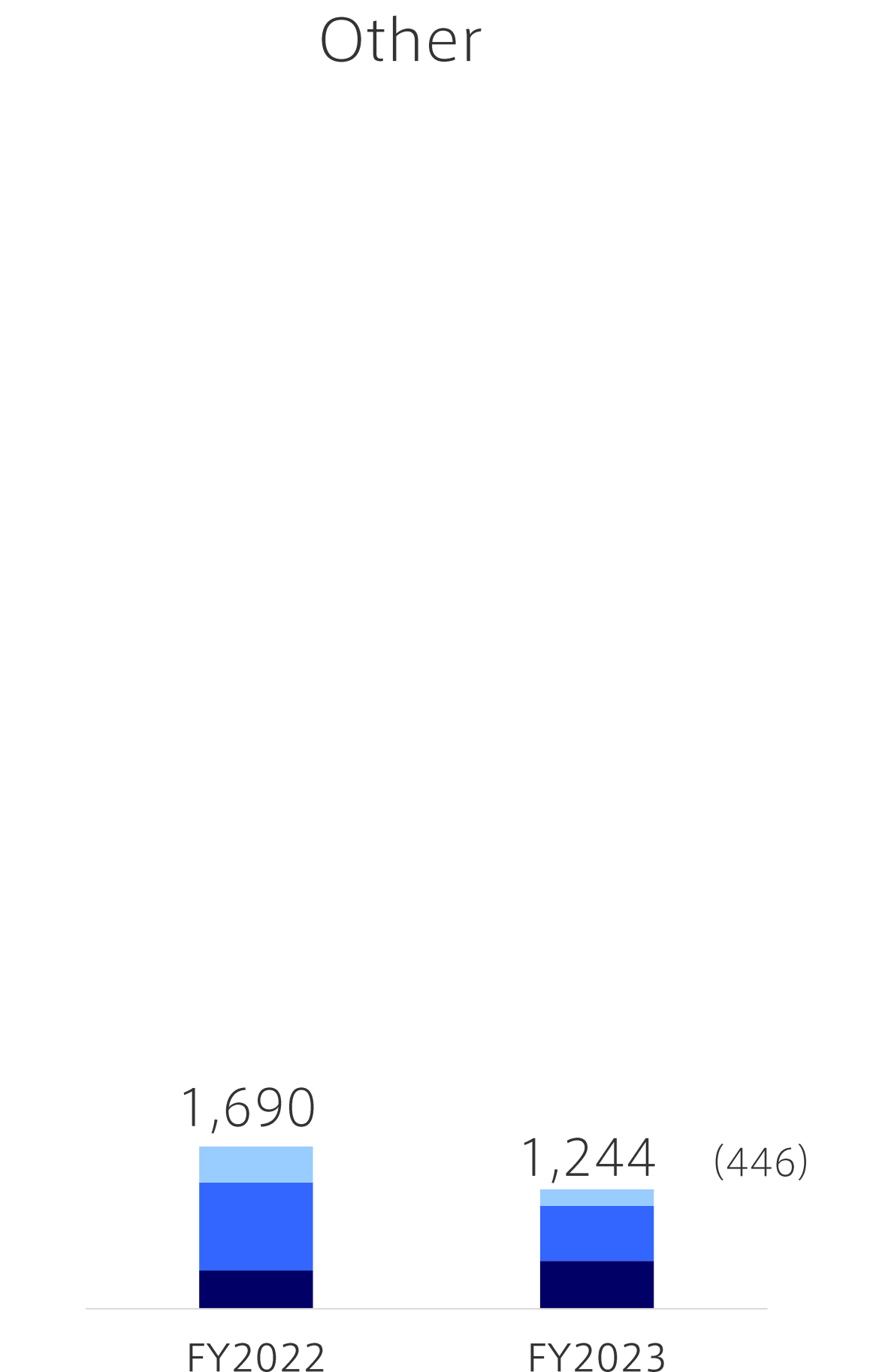
Japan	FY2022	FY2023	YoY change
Kitchen appliance	6,925	6,594	(330)
Air conditioning	1,685	1,258	(426)
Other	1,438	950	(488)
Mobile terminals	868	2	(866)
Total	10,918	8,806	(2,111)



South Korea	FY2022	FY2023	YoY change
Kitchen appliance	2,919	1,628	(1,291)
Air conditioning	1,196	610	(585)
Other	212	89	(122)
Mobile terminals	—	—	—
Total	4,328	2,329	(1,999)

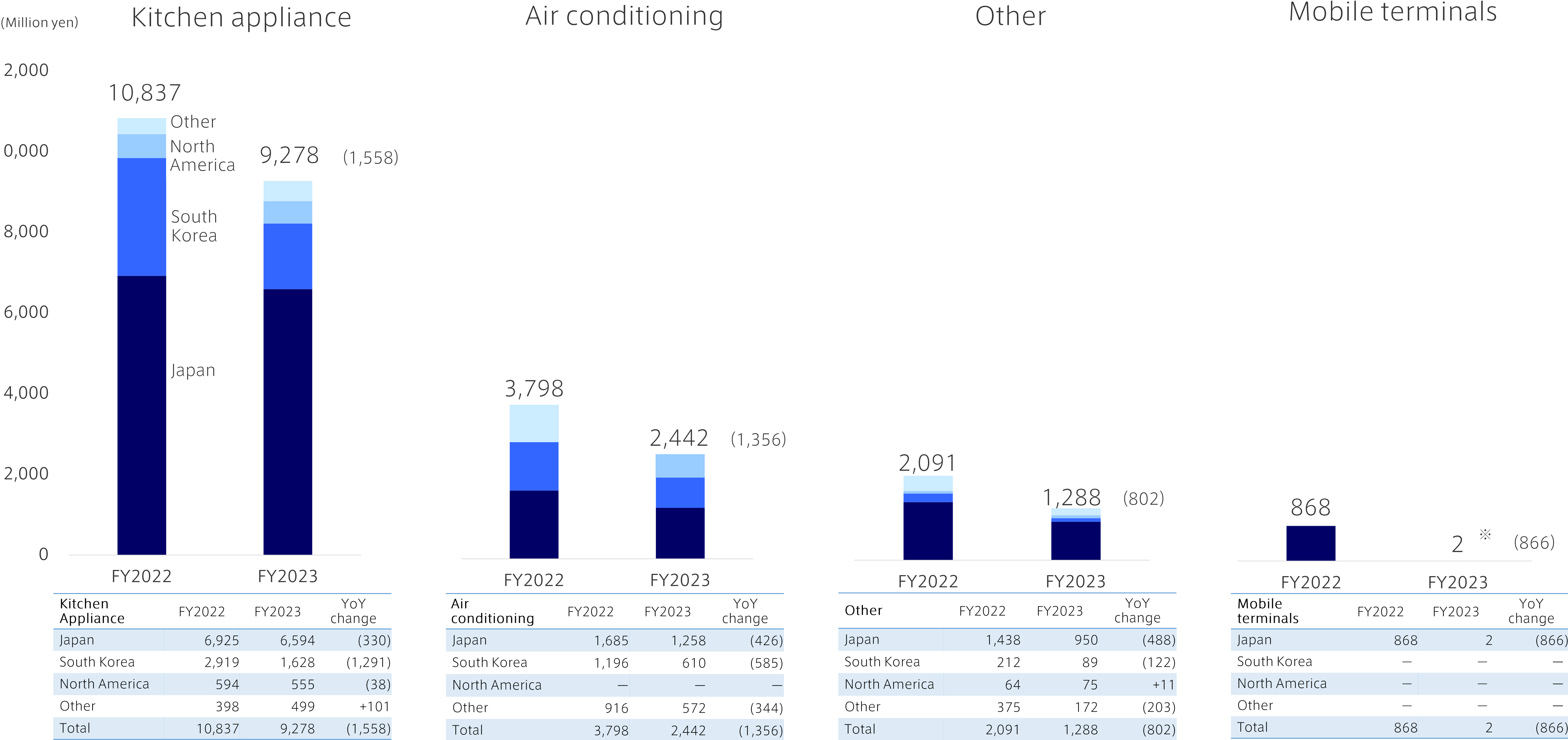


North America	FY2022	FY2023	YoY change
Kitchen appliance	594	555	(38)
Air conditioning	—	—	—
Other	64	75	+11
Mobile terminals	—	—	—
Total	658	631	(27)



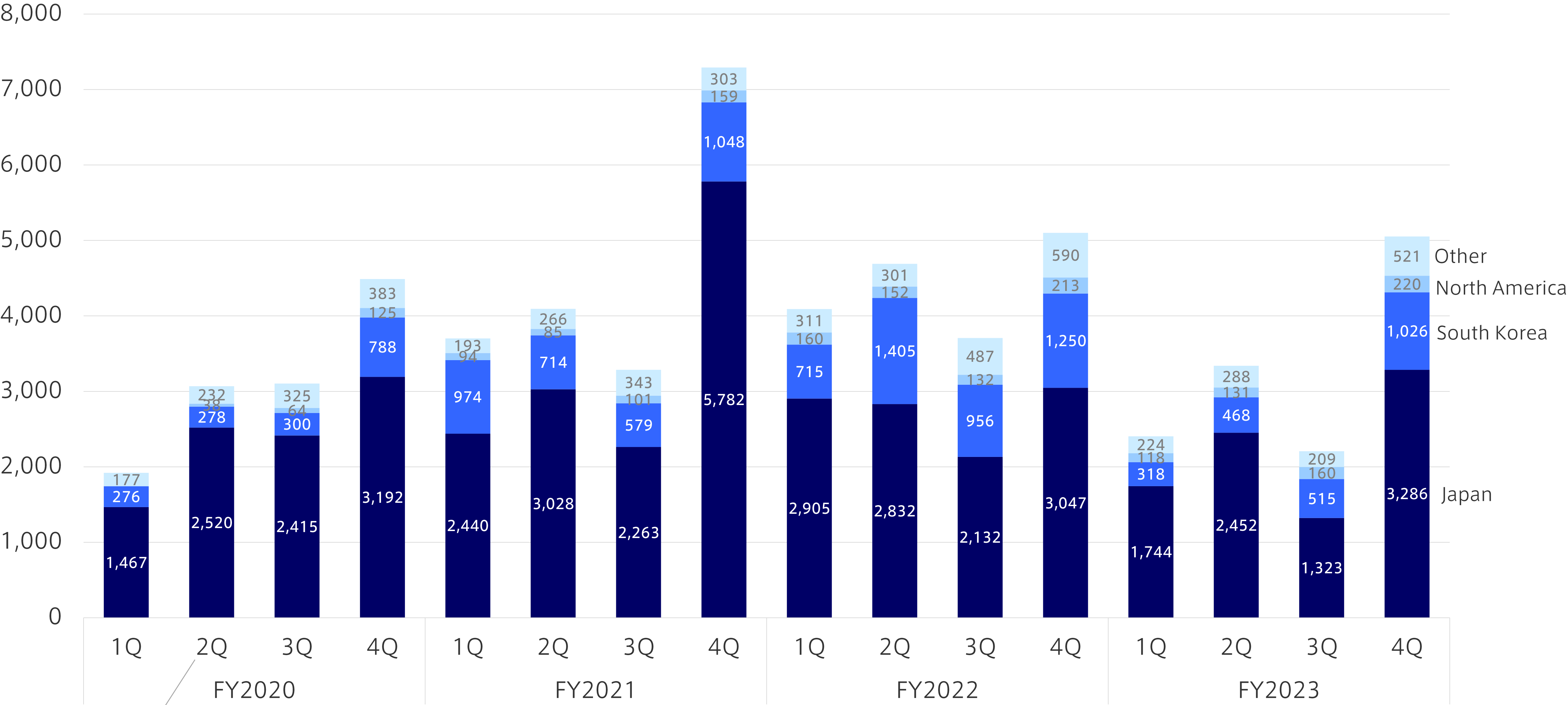
Other	FY2022	FY2023	YoY change
Kitchen appliance	398	499	+101
Air conditioning	916	572	(344)
Other	375	172	(203)
Mobile terminals	—	0	0
Total	1,690	1,244	(446)

Net sales by product category, FY2023



Quarterly net sales by region

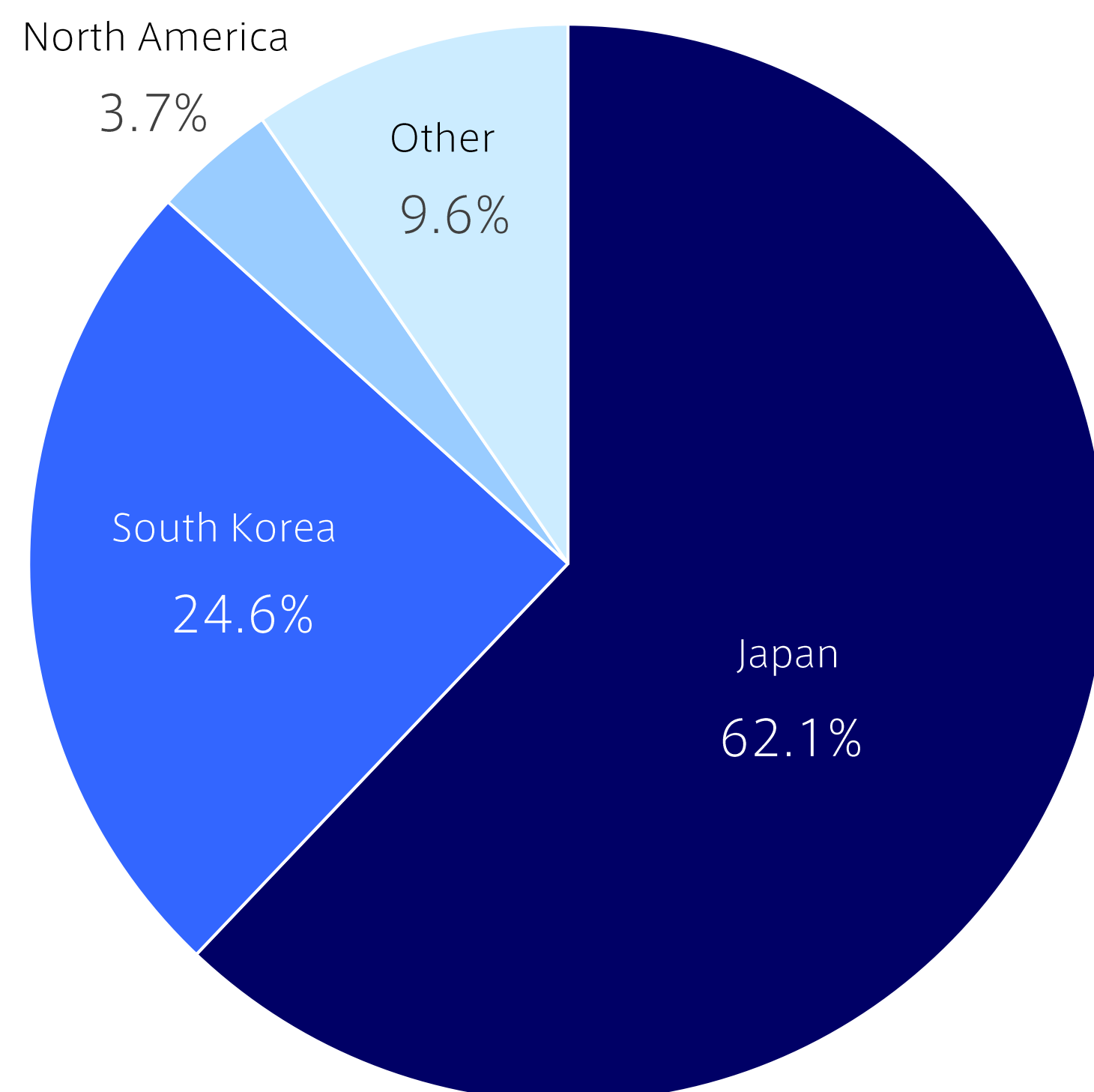
(Million yen)



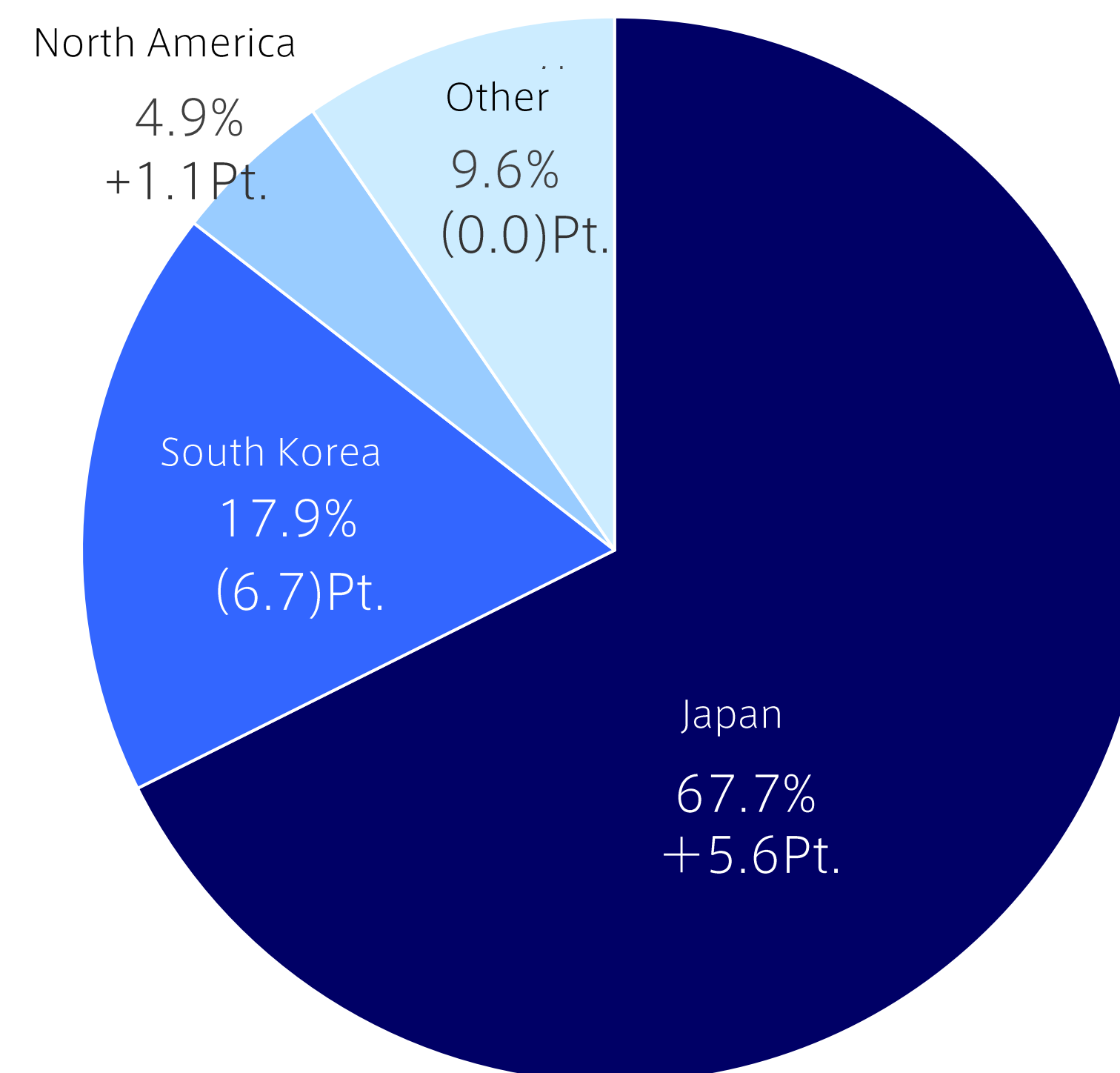
Launched business in North America

Composition percentage of net sales by region

FY2022

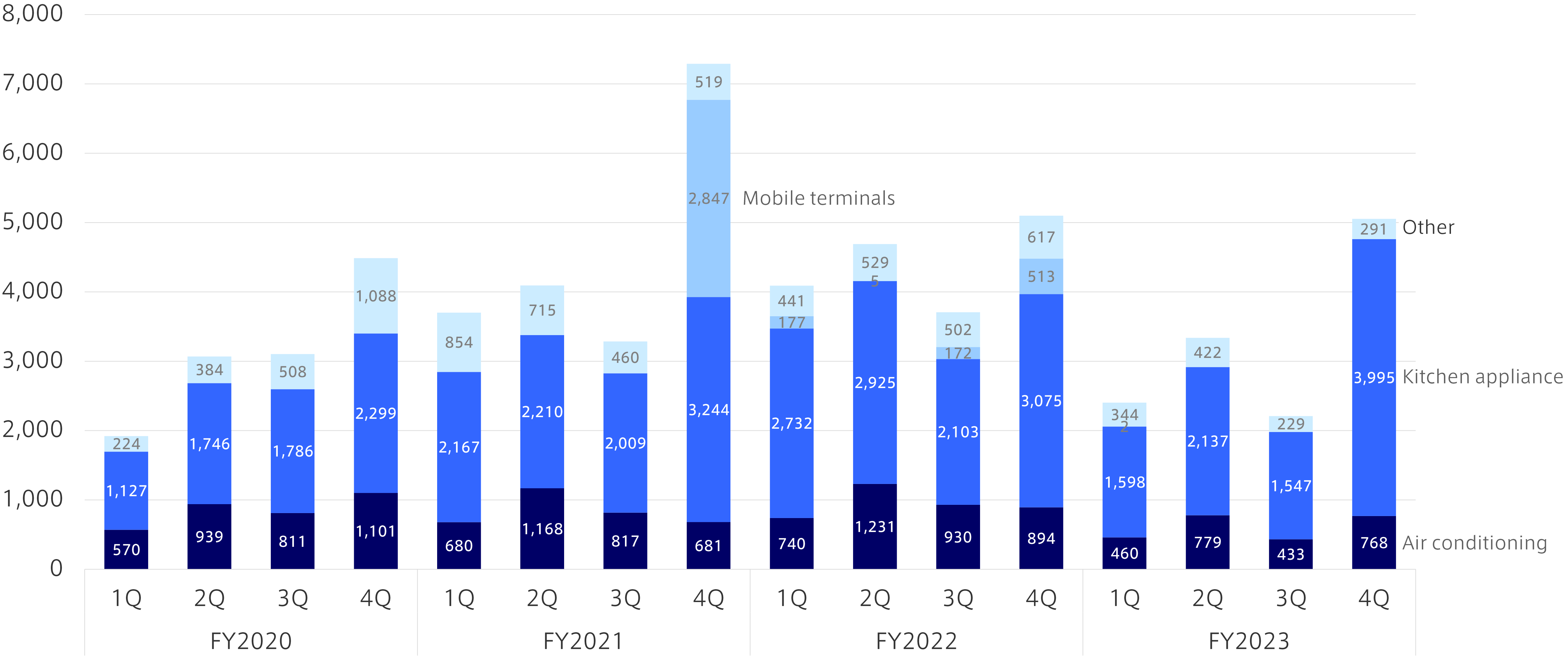


FY2023



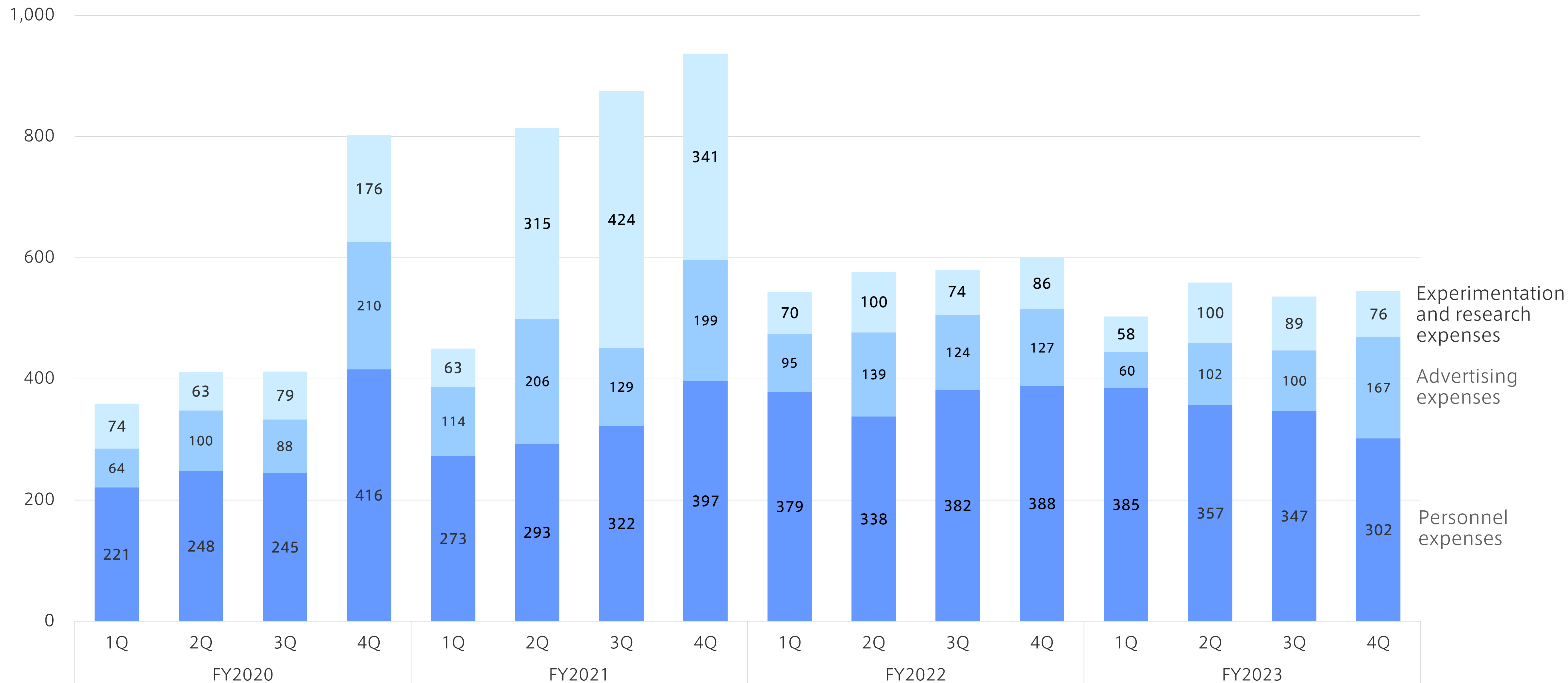
Quarterly net sales by product category

(Million yen)



Summary Major SG&A expenses

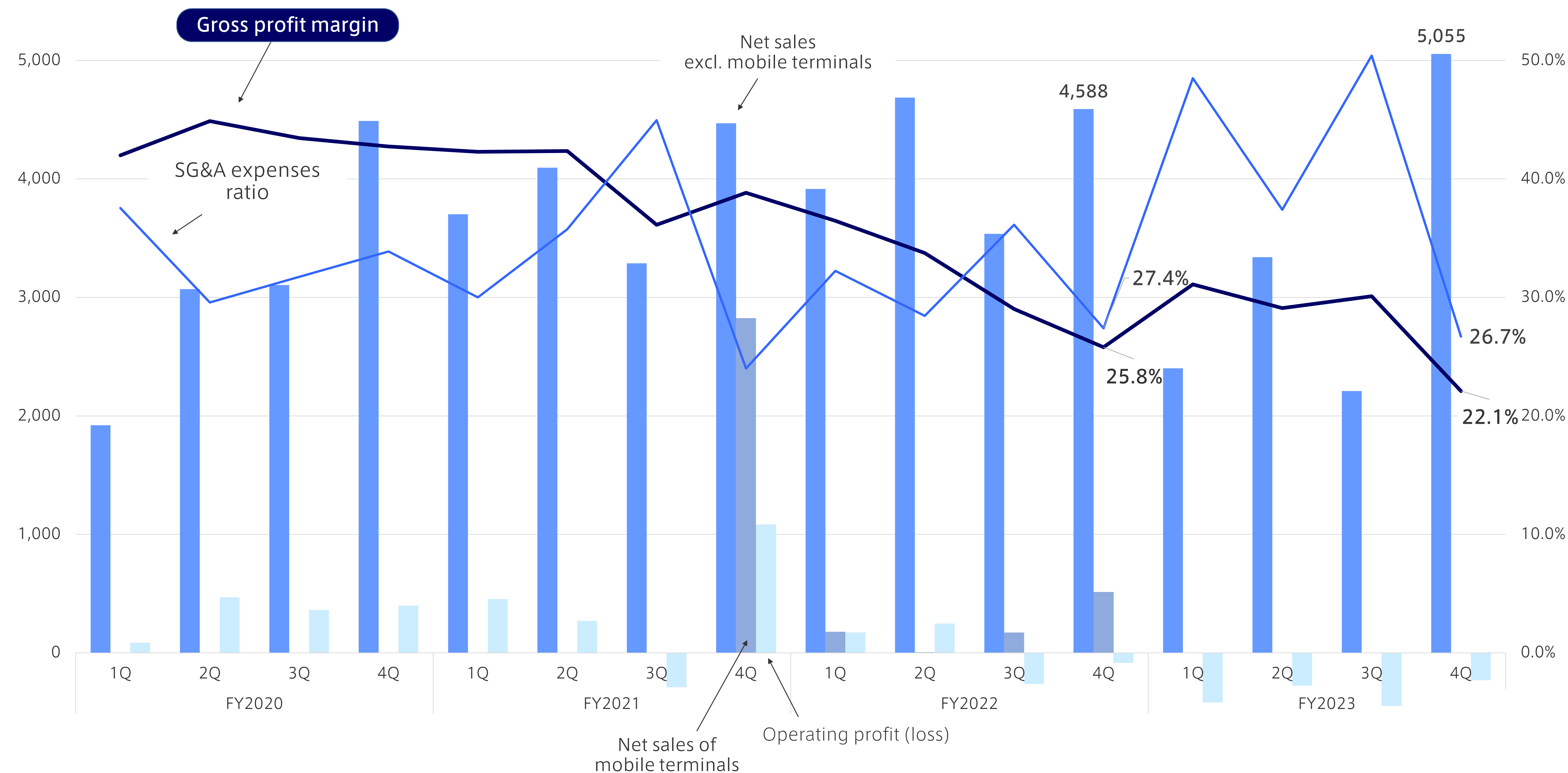
(Million yen)



※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.

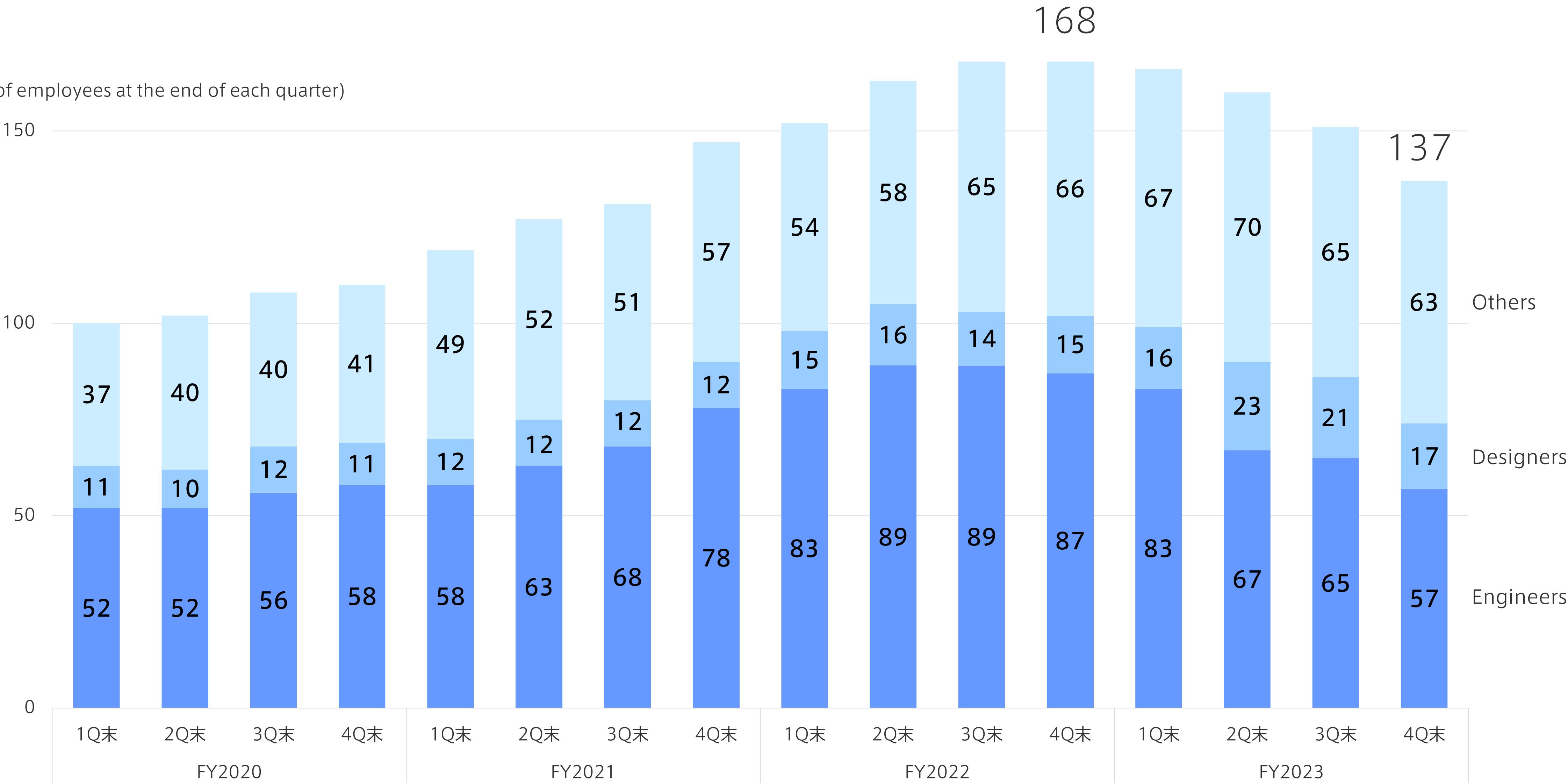
Summary Net sales, Operating profit, GP margin and SG&A expenses ratio (quarterly changes)

(Million yen)

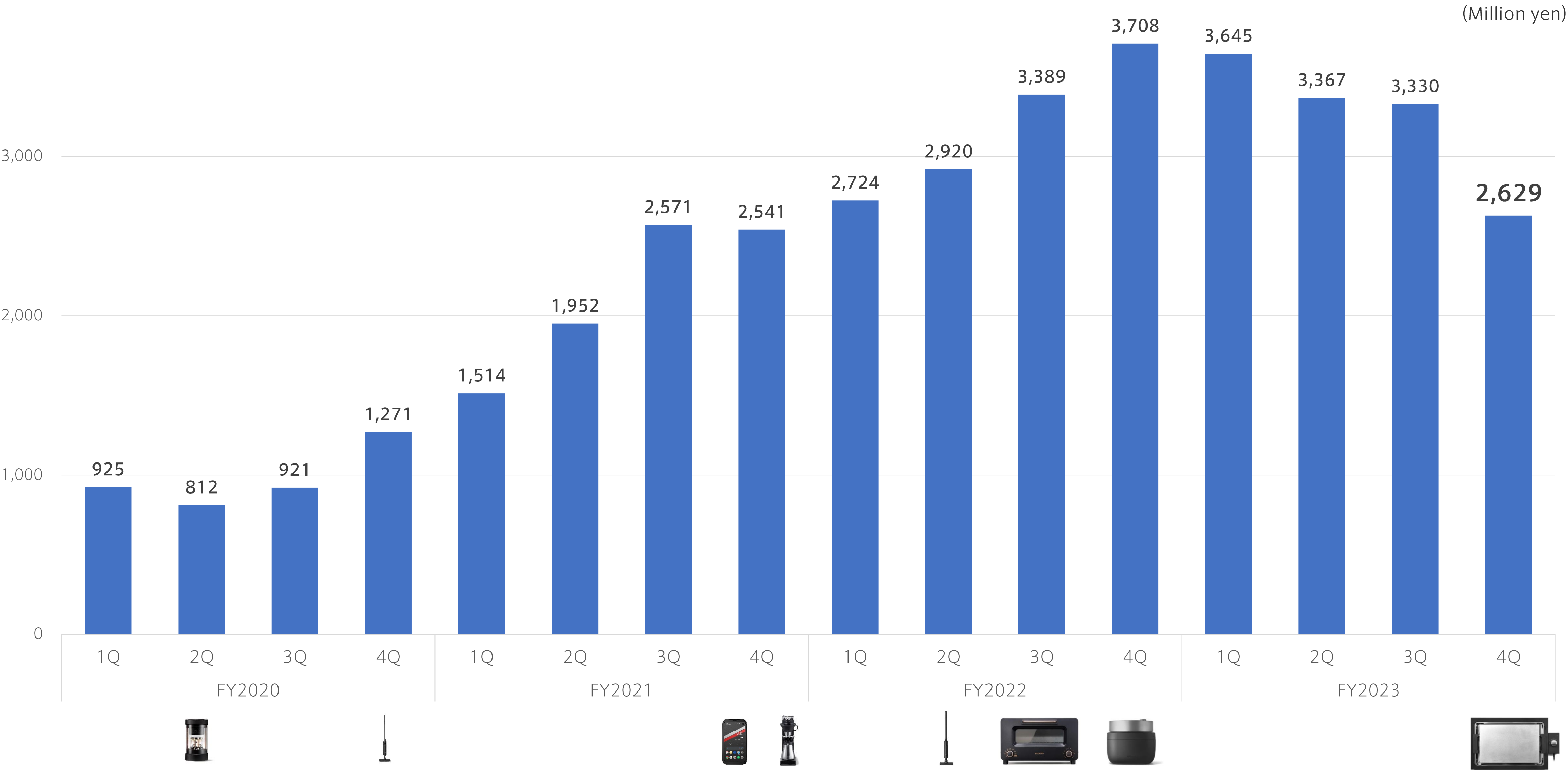


Number of employees

(Number of employees at the end of each quarter)



Trend of inventory levels



Consolidated statement of income by quarters

(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	2Q	3Q	4Q
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	3,339	2,210	5,055
Gross Profit	806 42.0%	1,377 44.9%	1,349 43.4%	1,918 42.7%	1,565 42.3%	1,734 42.4%	1,187 36.1%	2,832 38.8%	1,492 36.5%	1,583 33.7%	1,076 29.0%	1,314 25.8%	749 31.1%	970 29.1%	665 30.1%	1,117 22.1%
SG&A expenses	721 37.5%	907 29.6%	985 31.7%	1,520 33.9%	1,111 30.0%	1,464 35.8%	1,478 45.0%	1,748 24.0%	1,319 32.2%	1,334 28.4%	1,340 36.1%	1,397 27.4%	1,166 48.5%	1,249 37.4%	1,113 50.4%	1,349 26.7%
Personnel expenses	221	248	245	416	273	293	322	397	379	338	382	388	385	357	347	302
Advertising expenses	64	100	88	210	114	206	129	199	95	139	124	127	60	102	100	167
Experimentation and research expenses	74	63	79	176	63	315	424	341	70	100	74	86	58	100	89	76
Operating profit	85 4.5%	469 15.3%	363 11.7%	398 8.9%	454 12.3%	270 6.6%	(290) (8.8%)	1,083 14.9%	172 4.2%	248 5.3%	(263) (7.1%)	(82) (1.6%)	(416) (17.3%)	(278) (8.3%)	(448) (20.3%)	(231) (4.6%)
Ordinary profit	75	455	360	360	462	245	(300)	1,054	144	224	(294)	(60)	(354)	(243)	(431)	(208)
Profit attributable to owners of parent	55	307	240	230	301	146	(179)	747	96	137	(190)	(40)	(1,144)	(241)	(435)	(251)

Net sales by region/product category by quarters

(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	2Q	3Q	4Q
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	3,339	2,210	5,055
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%	2,452 73.4%	1,323 59.9%	3,286 65.0%
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%	660 27.5%	887 26.6%	886 40.1%	1,769 35.0%
South Korea	276 4.4%	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%	468 14.0%	515 23.3%	1,026 20.3%
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%	131 3.9%	160 7.3%	220 4.4%
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%	288 8.6%	209 9.5%	521 10.3%
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%	779 23.3%	433 19.6%	768 15.2%
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%	2,137 64.0%	1,547 70.0%	3,995 79.0%
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%	422 12.7%	229 10.4%	291 5.8%

Consolidated Balance Sheet

(Million yen)

	At the end of FY2022	At the end of FY2023	Notes
Current assets			
Cash and deposits	1,246	1,167	
Accounts receivable - trade	2,660	2,423	
Merchandise and finished goods	3,708	2,629	Inventory reduction
Other	698	672	
Non-current assets			
Property, plant and equipment	761	632	
Intangible assets	490	203	Impairment losses of software in 1Q
Other	342	73	Reversal of deferred tax assets in 1Q
Total assets	9,907	7,803	
Current liabilities			
Accounts payable - trade	1,121	1,123	
Short-term borrowings	800	600	
Current portion of long-term borrowings	330	514	
Provision for product warranties	368	292	
Other	690	679	
Non-current liabilities			
Long-term borrowings	284	328	
Total liabilities	3,595	3,537	
Total net assets	6,312	4,265	
Total liabilities and net assets	9,907	7,803	

Initiatives to communicate the experience value of BALMUDA products

Opened a café for a limited time where you can experience BALMUDA The Plate Pro.
Featured in and received high praise from numerous media outlets.



A limited-time café has opened at the flagship store BALMUDA The Store Aoyama, where you can experience the deliciousness of BALMUDA The Toaster Pro and BALMUDA The Plate Pro.

家電批評
BEST BUY of the year 2023 高級ホットプレート部門

MonoMax
家電グランプリ2023 ホットプレート部門 大賞

BAILA
QOLも気分もアがる！ライフスタイルAWARD

STORY
ライブキッチンが楽しくなるホットプレートで賞

LEON
モテる家電大賞2023 ホーム部門 編集部賞

(Name of Media outlets and awards. No particular order)

Gained high praise as a trending item.

Initiatives to communicate the experience value of BALMUDA products

Promotional campaigns were proactively launched for two renewal models of toasters.



Aired a TV commercial at the focused areas, Hokkaido, Sendai and Fukuoka.



To celebrate the renewal of the BALMUDA The Toaster, a limited-time shop has been opened, where visitors can enjoy toasted bread and reheated (rebaked) pastries.



A new recipe book has been released. This book is themed around the fictional restaurant called "RESTAURANT B," envisioned by BALMUDA.

Strengthen overseas's business : Sales activities in North America

BALMUDA The Brew received the Award "Best Drip Coffee Machine" from a prominent media outlet. Intensified in-store promotional activities and expanded product experience opportunities.

Received an Award from a prominent media outlet

BEST DRIP COFFEE MACHINE



balmuda BALMUDA The Brew

In the Home Tech category of the Esquire magazine's gadget awards, BALMUDA The Brew was awarded as "Best Coffee Machine."

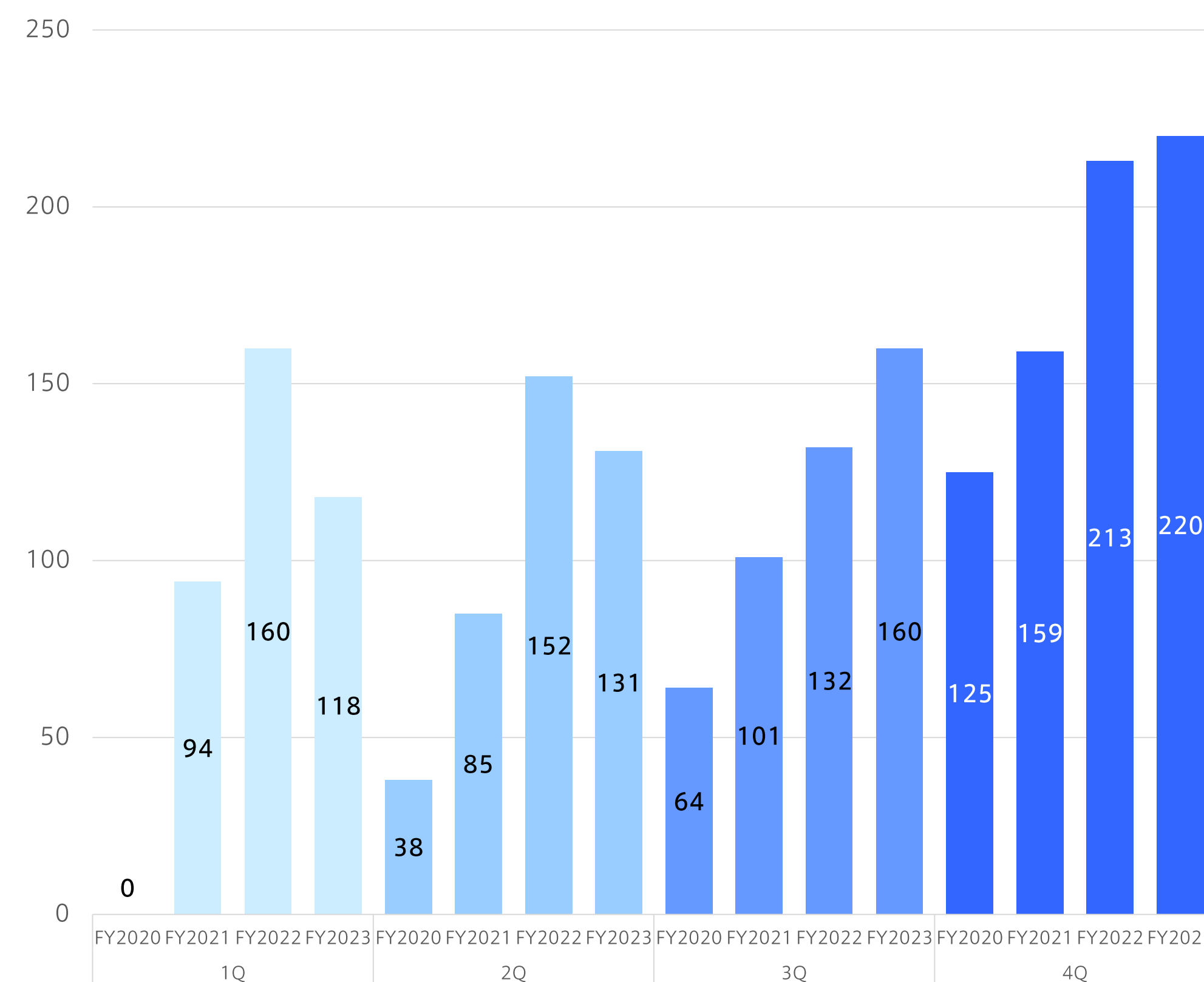
Enhanced sales promotion in North America



On site : Enhanced product experience by conducting in-store demonstrations and tastings of BALMUDA The Toaster at key outlets of the high-quality interior shop 'Crate & Barrel' with nationwide presence in the US.

Online : Collaborated with famous chefs and influencers to showcase the festive spirit using BALMUDA.

(Million yen)



Quarterly sales in North America

Products (at the end of FY2023)



BALMUDA The Toaster



BALMUDA The Pot



BALMUDA The Brew



BALMUDA The Gohan



BALMUDA The Range



BALMUDA The Lantern



BALMUDA The Toaster Pro



BALMUDA The Plate Pro



BALMUDA The Light



BALMUDA The Speaker



The GreenFan



GreenFan C2



BALMUDA The Cleaner
BALMUDA The Cleaner Lite



BALMUDA The Pure



Rain



GreenFan Cirq



BALMUDA Phone

Disclaimers

- This document contains forecasts, future plans, management objectives, and other information related to the Company. These forward-looking statements are based on current assumptions regarding future events and trends, and there is no guarantee that these assumptions are necessarily accurate. Actual results may differ significantly from those described in this document due to a wide range of factors.
- Unless otherwise stated, the financial data in this document are presented in accordance with accounting principles generally accepted in Japan.
- 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.

BALMUDA