

BALMUDA

Financial Results Briefing Material for Six Months ended June 30, 2024

Securities code : 6612

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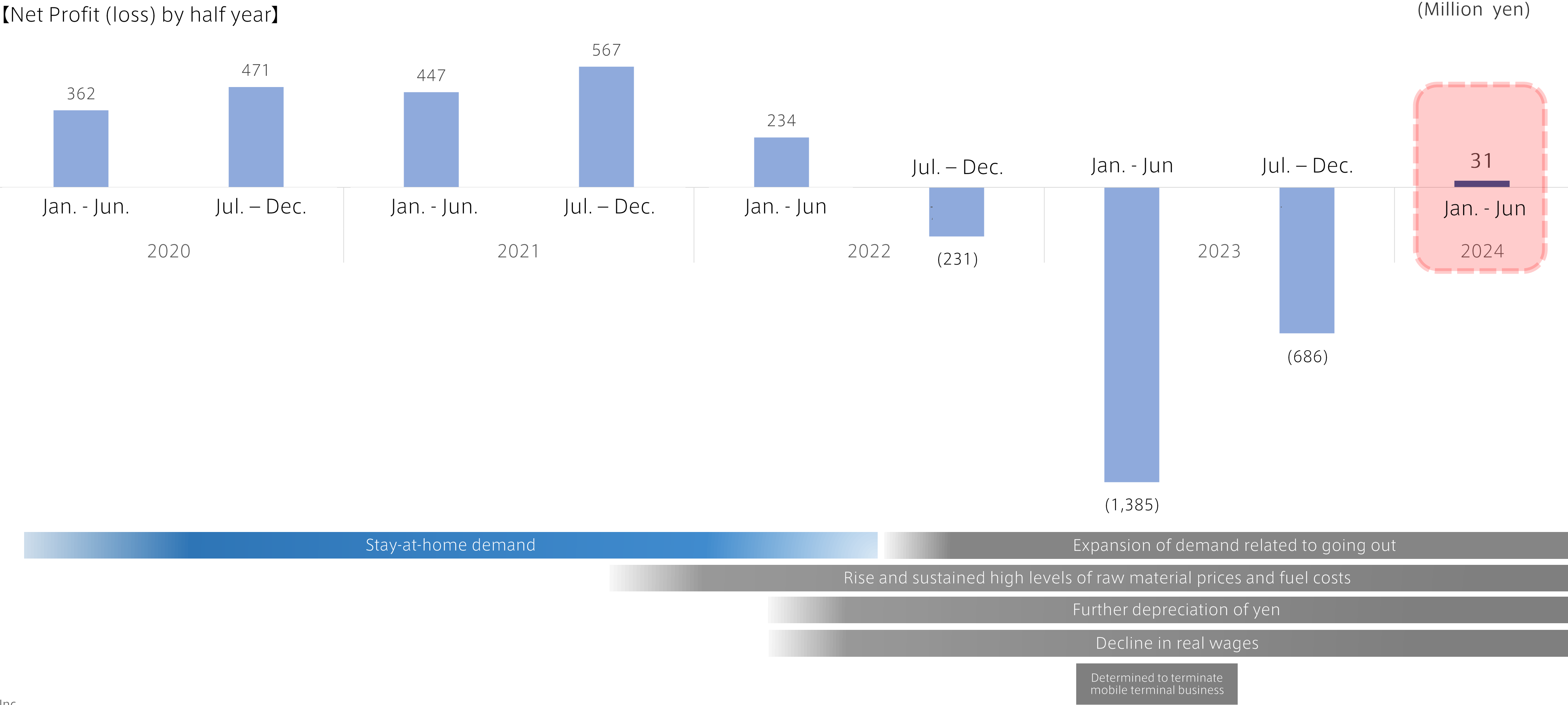
FY2023 2Q Results

Revision of FY2024 forecast

FY2023 2Q Results

FY2024 2Q Summary (Jan. – Jun.)

Due to the profitability improvement measures,
net profit of the half-year turned positive for the first time in two years.



FY2024 2Q Key Indicators (Jan. - Jun.)

Net sales : Overseas sales and kitchen appliance sales increased.

Profit : Significantly improved due to the profitability improvement measures.

	FY2023 2 Q	FY2024 2 Q		YoY amount change		YoY percentage change	
Net sales	5,745 Million yen	6,330 Million yen		+584 Million yen		+10.2 %	
Operating Profit (loss)	(695) Million yen	(91) Million yen		+604 Million yen		— %	
Ordinary profit (loss)	(597) Million yen	33 Million yen		+630 Million yen		— %	
Profit (loss) attributable to owners of parent	(1,385) Million yen	31 Million yen		+1,417 Million yen		— %	※
Gross profit margin ratio	29.9 %	30.4 %		+0.5 Pt.			
Exchange rate	135 Yen/USD	152 Yen/USD		+17 Yen/USD			
Equity-to-asset ratio	63.4 %	65.8 Million yen		+2.4 Pt.			

※Accounted extraordinary loss due to termination of mobile terminal business and deferred income taxes in FY2023_2Q

FY2024 2Q Key Indicators (Apr. - Jun.)

In 2Q (Apr. – Jun.), all profits including operating profit turned positive for the first time in two years.

	1 Q (Jan. – Mar.)	YoY change	2 Q (Apr. – Jun.)	YoY change
Net sales	2,359 Million yen	(46) Million yen	3,970 Million yen	+630 Million yen
Operating Profit (loss)	(236) Million yen	+180 Million yen	145 Million yen	+424 Million yen
Ordinary profit (loss)	(160) Million yen	+194 Million yen	193 Million yen	+436 Million yen
Profit (loss) attributable to owners of parent	(160) Million yen	+983 Million yen	192 Million yen	+434 Million yen
Gross profit margin ratio	31.3 %	+0.2 Pt.	29.9 %	+0.8 Pt.
Exchange rate	149 Yen/USD	+17 Yen/USD	156 Yen/USD	+18 Yen/USD
Equity-to-asset ratio	57.7 %	(2.6) Pt.	65.8 %	+2.4 Pt.

Positioning of 2024

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

Status of progress in management strategy

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

Management Strategy for 2023 to 2024

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

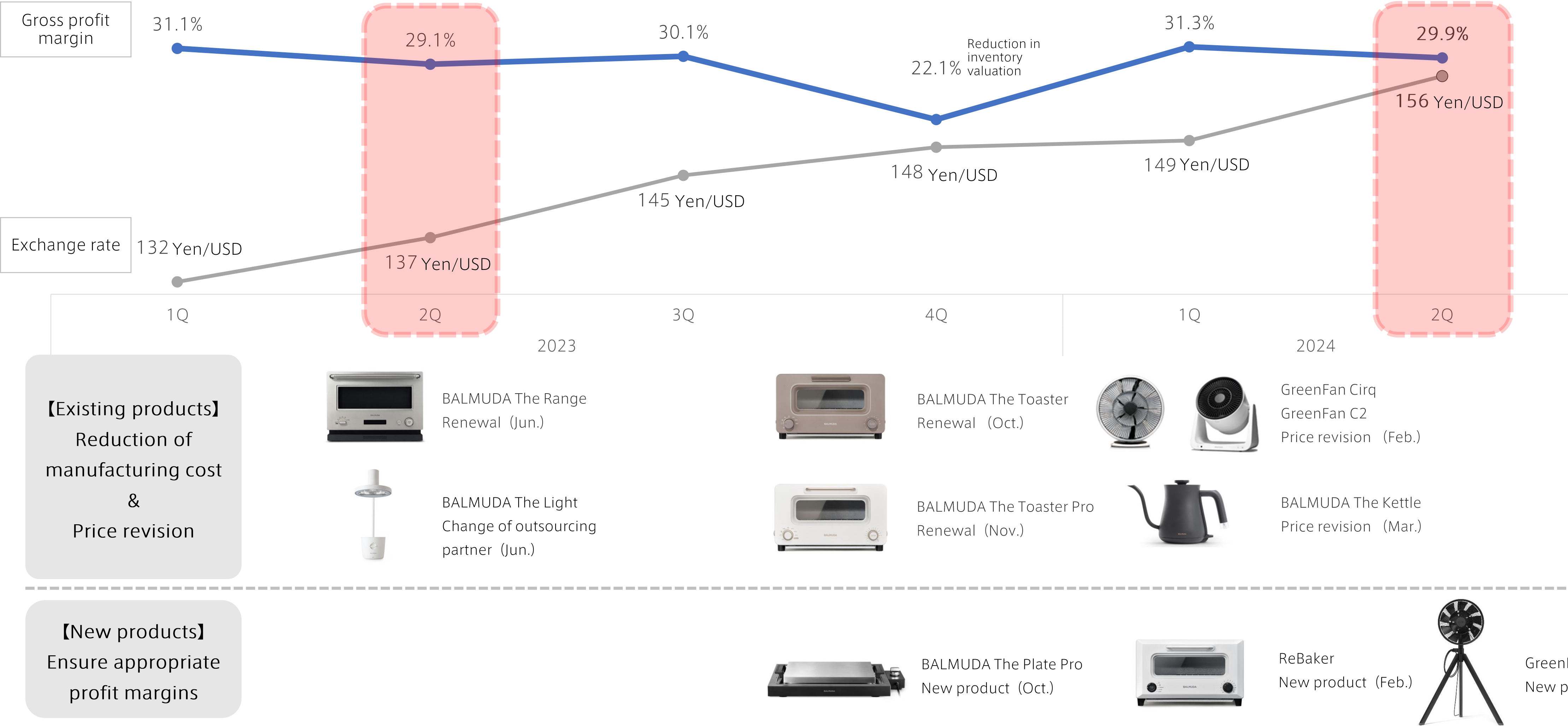


- Striving for the fastest return to profitability
- Aiming to recover quickly onto the growth trend

- Due to the profitability improvement measures, net profit for the first half-year turned positive.
- Further progress in inventory optimization corresponding to sales scale. Optimization of personnel numbers is complete.

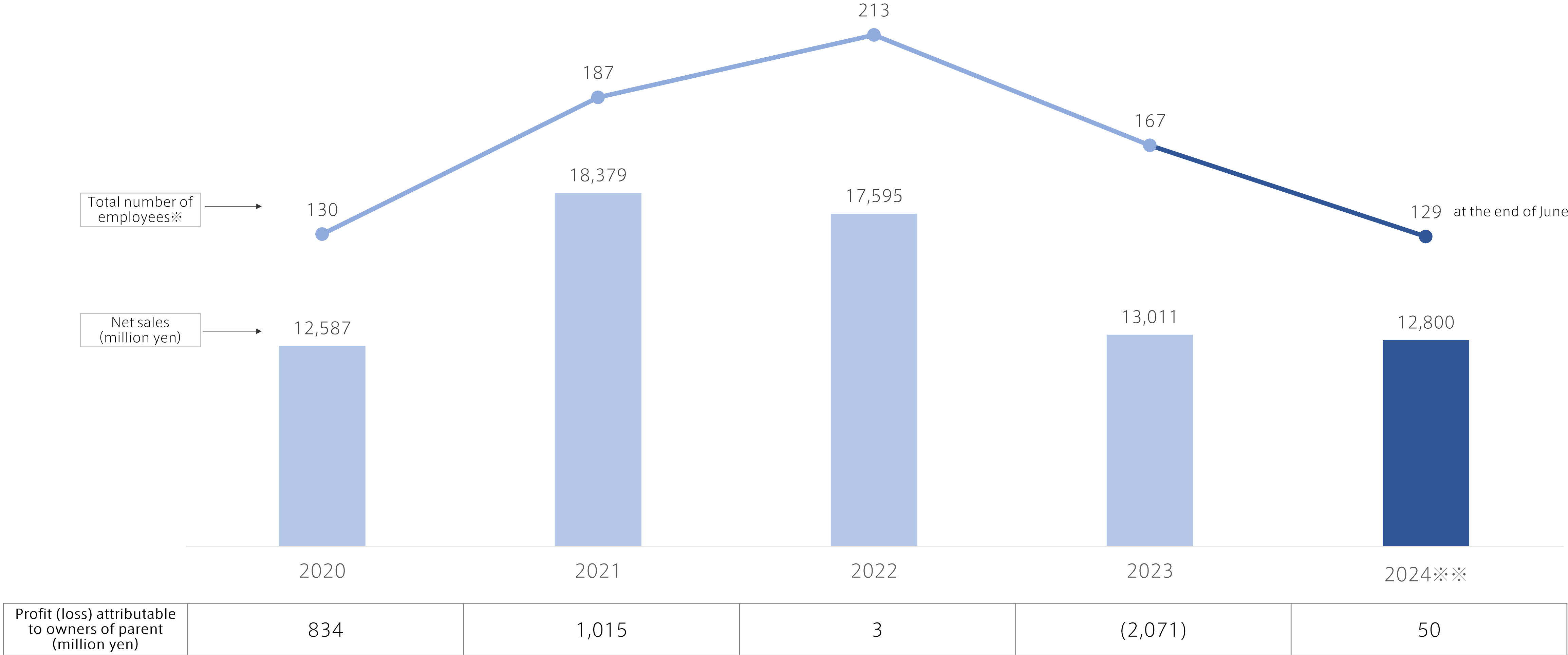
Status of gross profit margin

Despite further yen depreciation, the gross profit margin improved year-on-year due to improved margins on existing products and launching new products.



Status of streamlining of the organization and personnel structures

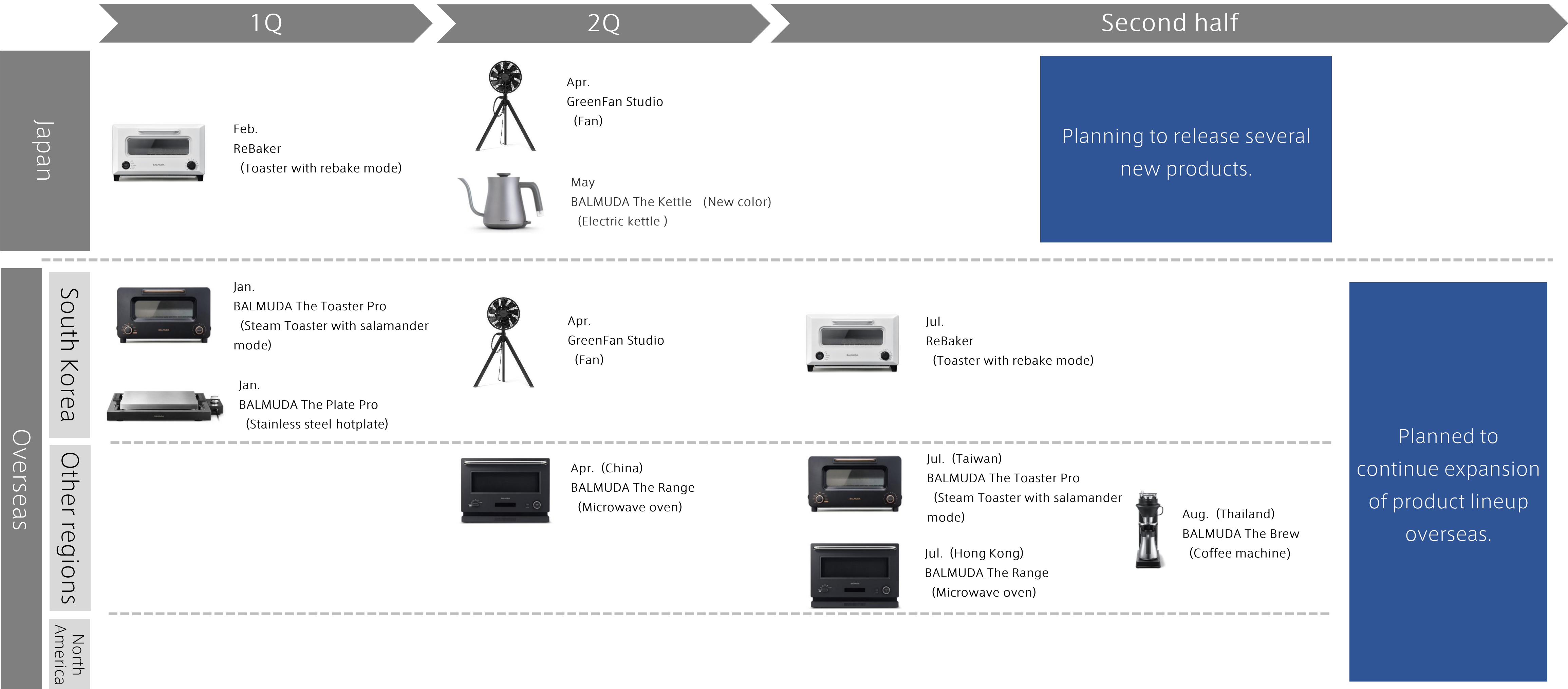
Optimization of the organizational and personnel structure corresponding to the sales scale is complete.



※ Total number of employees including temporary staff and part-time workers
※※ Net sales and Profit attributable to owners of parent are forecasts revised on Aug. 8, 2024.

Status of expanding product lineup

Expanding product lineup, focusing on kitchen appliance, both domestically and internationally.



Status of Balance sheet

Optimization of inventory levels has progressed, leading to an improvement in equity-to-asset ratio.

【Balance sheet】

(Million yen)

	Dec. 2020	Dec. 2021	Dec. 2022	Dec. 2023	Jun. 2024	
Cash and deposits	4,452	1,000	1,246	1,167	1,358	
Accounts receivable - trade	2,278	5,321	2,660	2,423	1,601	
Merchandise and finished goods	1,271	2,541	3,708	2,629	2,092	Optimization of inventory levels has progressed.
Other current assets	299	560	698	672	714	
Non-current assets	811	1,457	1,594	909	799	
Total assets	9,113	10,881	9,907	7,803	6,566	
Accounts payable - trade	1,476	1,763	1,121	1,123	831	
Other current liabilities	1,730	1,401	1,058	971	737	
Borrowings –total of short & long term	1,147	1,424	1,415	1,442	680	
Total liabilities	4,353	4,589	3,595	3,537	2,248	
Total net assets	4,760	6,292	6,312	4,265	4,317	
Total liabilities and net assets	9,113	10,881	9,907	7,803	6,566	
Equity-to-asset ratio (%)	52.2	57.8	63.7	54.7	65.8	The efficiency of asset utilization has improved, leading to an improvement in the equity-to-asset ratio.
Net Cash (Cash and deposits minus Borrowings)	3,305	(423)	(169)	(275)	678	The improvement in cash flow has resulted in positive net cash.

Revision of FY2024 forecast

Revision of FY2024 forecast

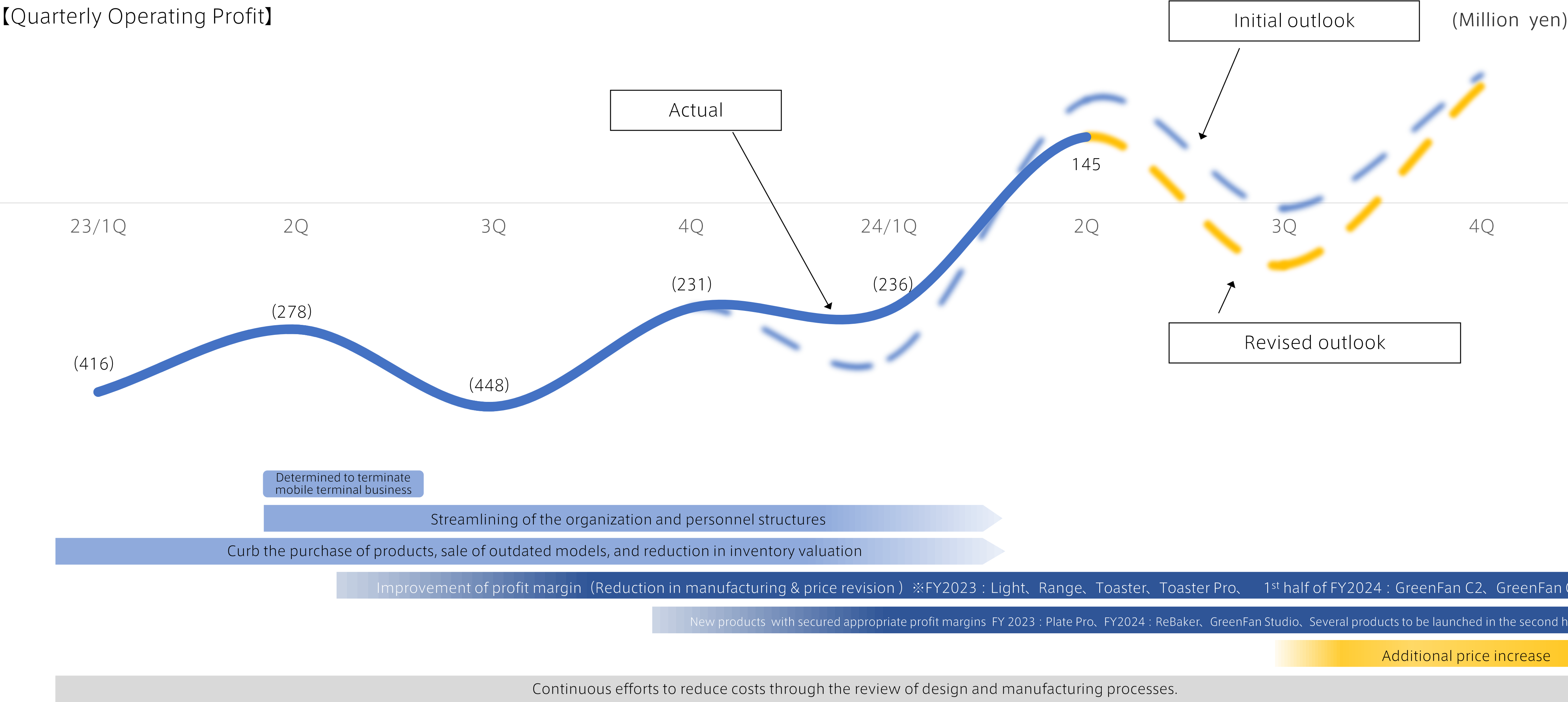
Reflecting the yen depreciation exceeding the year-beginning level and additional measures in the forecast.

	FY2023 (Actual)	FY2024 (Initial forecast)	FY2024 (revised forecast)	Main factors of revision
Net sales	13,011 Million yen	13,200 Million yen	12,800 Million yen	Considering the negative impact of additional price revisions on sales volume.
Operating Profit (loss)	(1,375) Million yen	150 Million yen	30 Million yen	Decrease in gross profit due to the reduction in sales forecast.
Ordinary profit (loss)	(1,237) Million yen	150 Million yen	75 Million yen	Considering the impact of foreign exchange gains due to the execution of foreign exchange reservations.
Profit (loss) attributable to owners of parent	(2,071) Million yen	100 Million yen	50 Million yen	
Gross profit margin ratio	26.9 %	31.8 %	31.8 %	Absorbing the increase in procurement costs due to yen depreciation through additional price revisions.
Equity-to-asset ratio	37.5 %	30.7 %	31.6 %	Decrease in net sales.

※Japan : Increased the price of 3 types of toaster, microwave oven, stainless steel hotplate, coffee machine and wireless speaker. (From Aug. 2024. Approx. 3 ~15% price increase, 9 % increase in average.)
Overseas : Planning to revise shipping prices sequentially in the future.
※The impact of exchange rate conversion on overseas performance due to yen depreciation is minimal (as both sales and expenses increase).

FY2024 Forecast of Operating Profit, Quarterly Outlook

3Q (Jul. – Sep.), which has a low sales composition ratio, is expected to be in the red.
Full-year profit is anticipated.



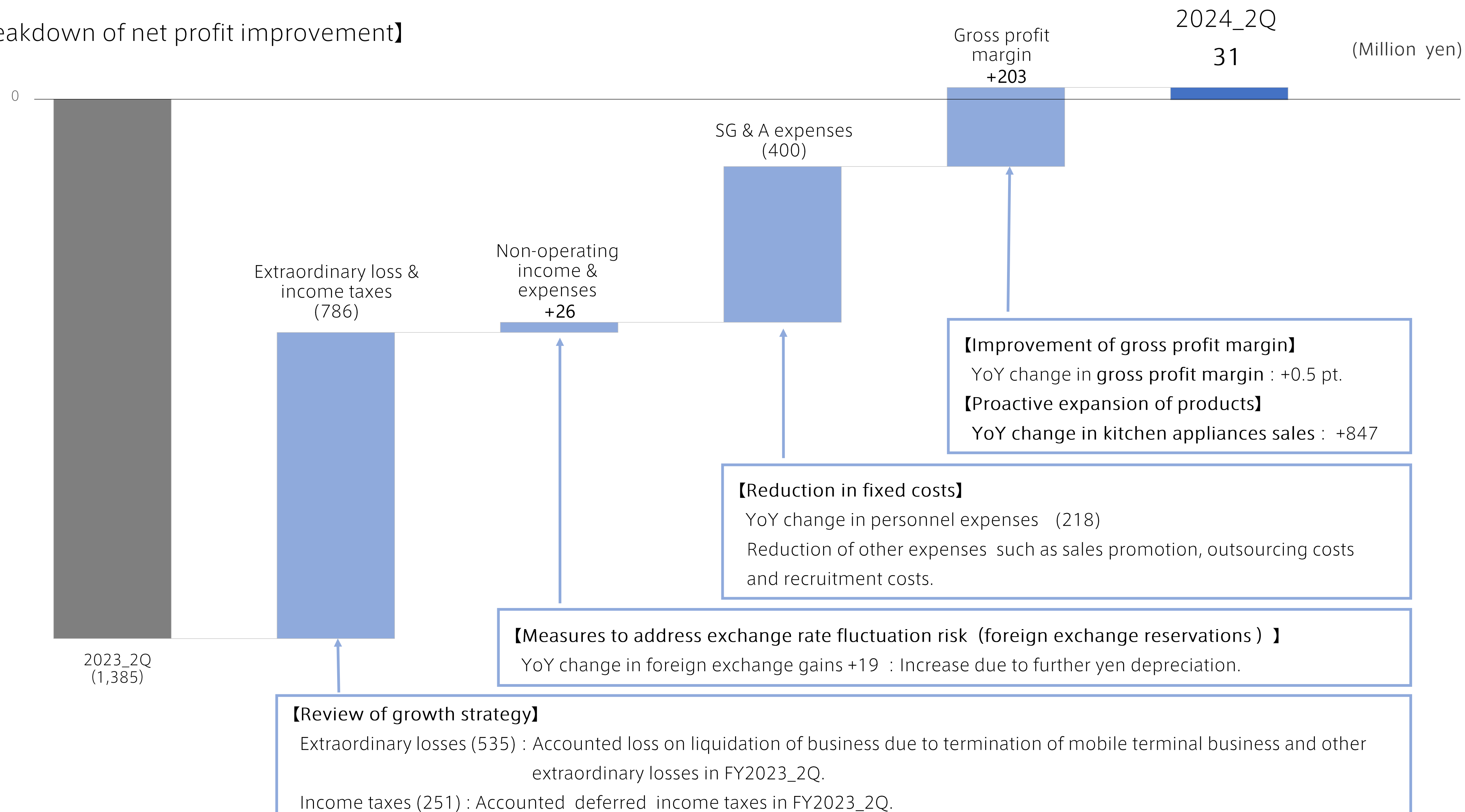
Recovery onto the growth trend

- Active introduction of new products
- Accelerating product rollout in the U.S. and strengthening brand recognition.
- Continuing research and development towards the commercialization of small-scale wind power generators.

APPENDIX

Breakdown of profit improvement, 2024 2Q (Jan. – Jun.)

【Breakdown of net profit improvement】



Status of net sales, FY2024 2Q (Jan. – Jun.)

Overseas sales and kitchen appliance sales increased.

【Net sales by region (Jan. – Jun.) 】 (Million yen)

Region	Net sales	YoY change	Main factors of changes
Japan	3,995	(201)	· Kitchen appliance sales increased due to proactive expansion of new products and renewed products since the latter half of 2023. · Air conditioning and other sales such as cleaner decreased.
South Korea	1,346	+559	· Shipping new products. · Increase sales due to the rebound effect of restrained shipments in the previous period.
North America	264	+15	· Kitchen appliance sales increased.
Other	723	+211	· Shipping to Southeast Asia launched in 2023 4Q. · Expansion of product lineup.
Total	6,330	+584	

Net sales by region, FY2024 2Q (Jan. – Jun.)

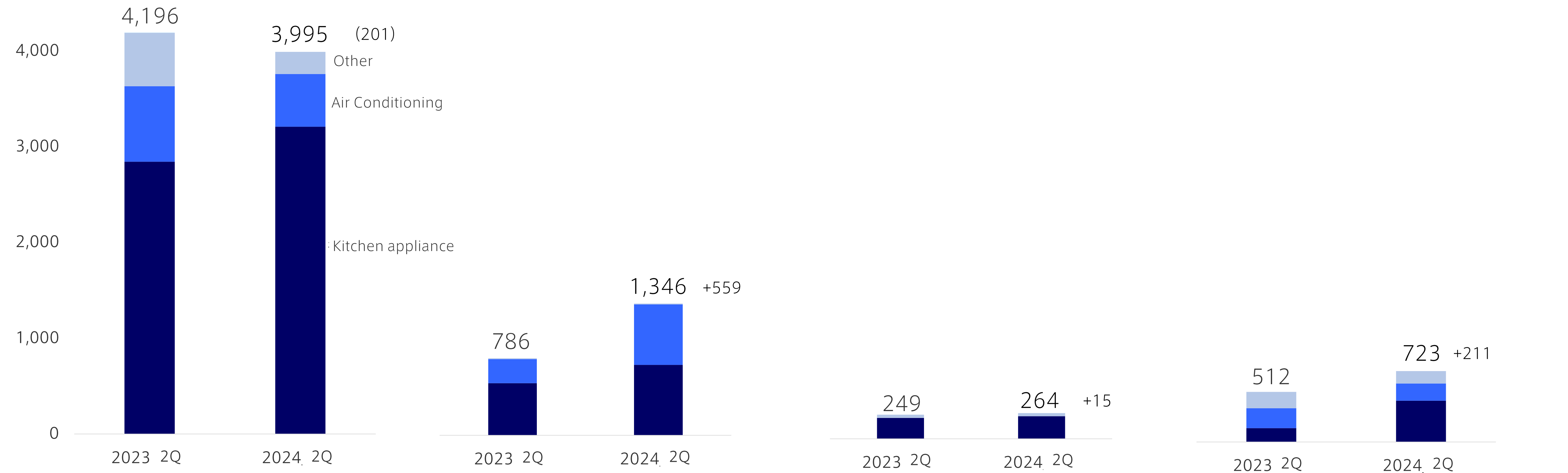
Japan

South Korea

North America

Other

(Million yen)



Japan	2023_2Q	2024_2Q	YoY change
Kitchen appliance	2,846	3,211	+364
Air conditioning	789	551	(238)
Other	557	232	(324)
Mobile terminals	2	—	(2)
Total	4,196	3,995	(201)

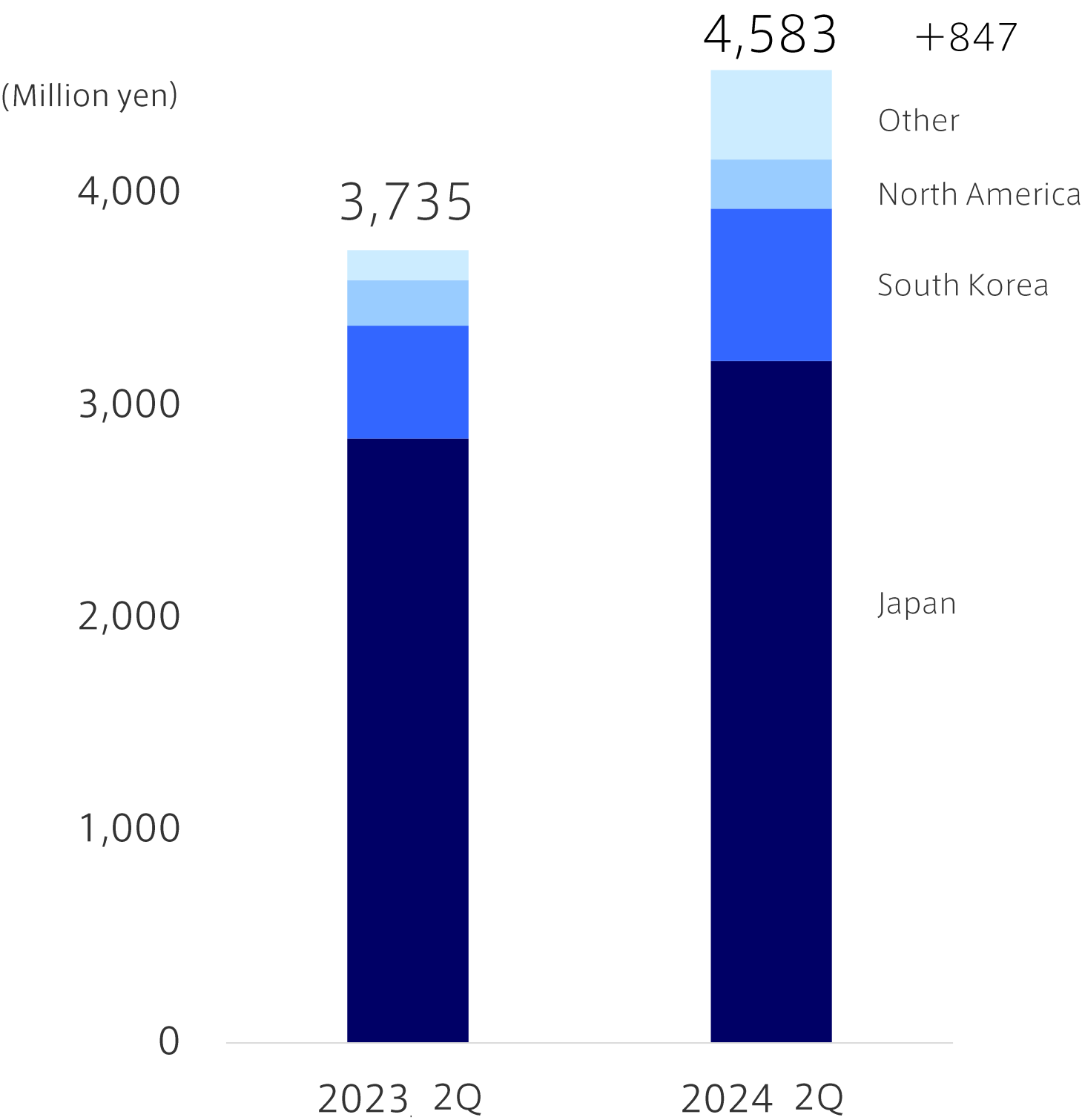
South Korea	2023_2Q	2024_2Q	YoY change
Kitchen appliance	532	718	+186
Air conditioning	246	618	+372
Other	8	8	+0
Mobile terminals	—	—	—
Total	786	1,346	+559

North America	2023_2Q	2024_2Q	YoY change
Kitchen appliance	215	232	+16
Air conditioning	—	—	—
Other	33	32	(1)
Mobile terminals	—	—	—
Total	249	264	+15

Other	2023_2Q	2024_2Q	YoY change
Kitchen appliance	141	421	+279
Air conditioning	203	175	(28)
Other	167	127	(39)
Mobile terminals	—	—	—
Total	512	723	+211

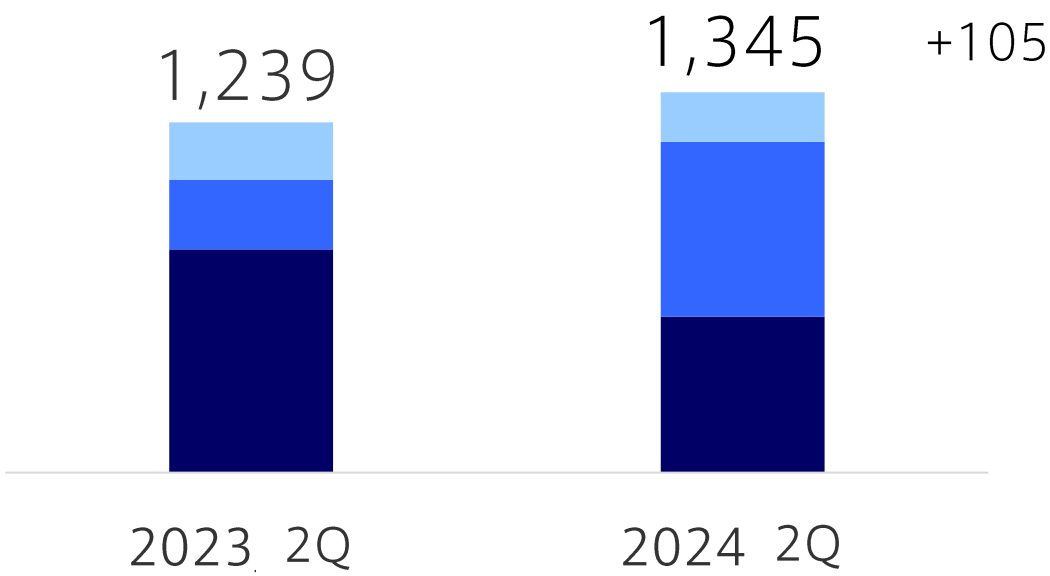
Net sales by product category, FY2024 2Q (Jan. – Jun.)

Kitchen appliance



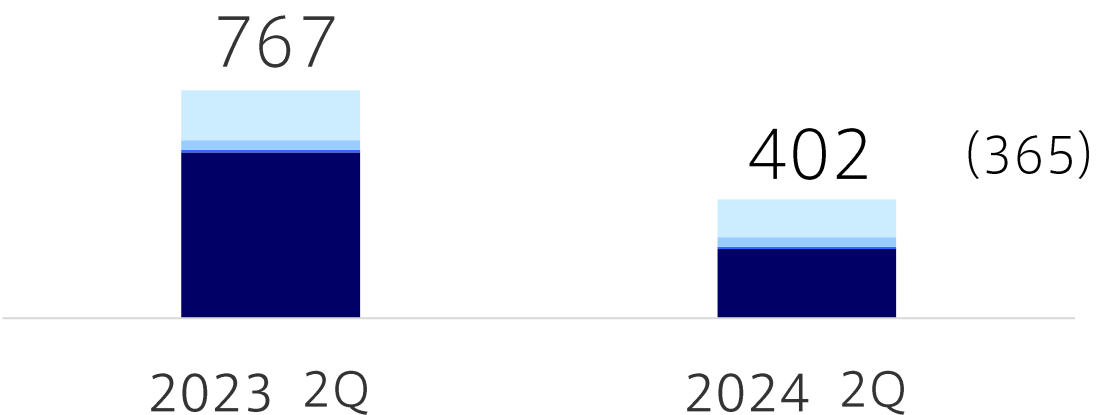
Kitchen Appliance	2023_2Q	2024_2Q	YoY Change
Japan	2,846	3,211	+364
South Korea	532	718	+186
North America	215	232	+16
Other	141	421	+279
Total	3,735	4,583	+847

Air conditioning



Air conditioning	2023_2Q	2024_2Q	YoY Change
Japan	789	551	(238)
South Korea	246	618	+372
North America	—	—	—
Other	203	175	(28)
Total	1,239	1,345	+105

Other

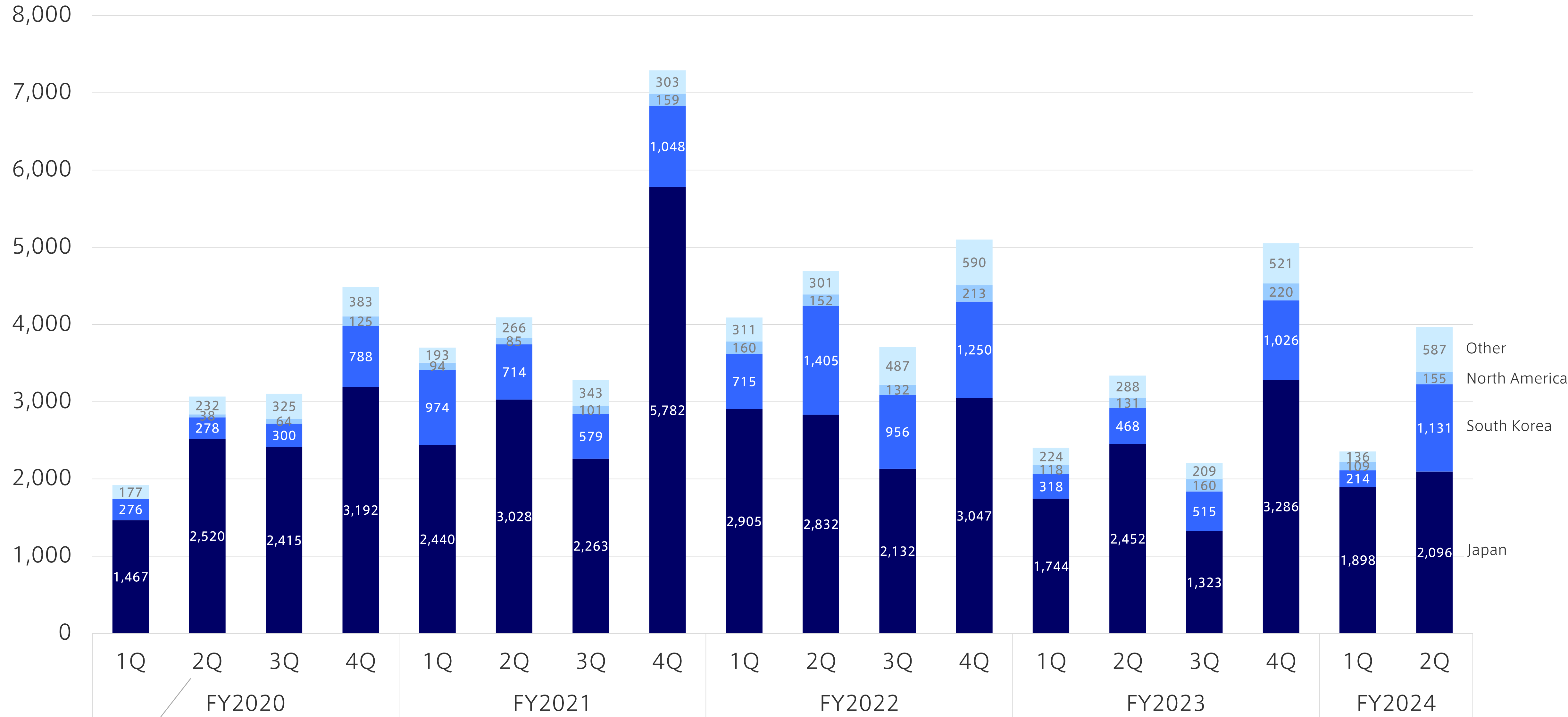


Other	2023_2Q	2024_2Q	YoY Change
Japan	557	232	(324)
South Korea	8	8	+0
North America	33	32	(1)
Other	167	127	(39)
Total	767	402	(365)

※Net sales of mobile terminal business in FY2023_1Q were 2 million yen.

Quarterly net sales by region

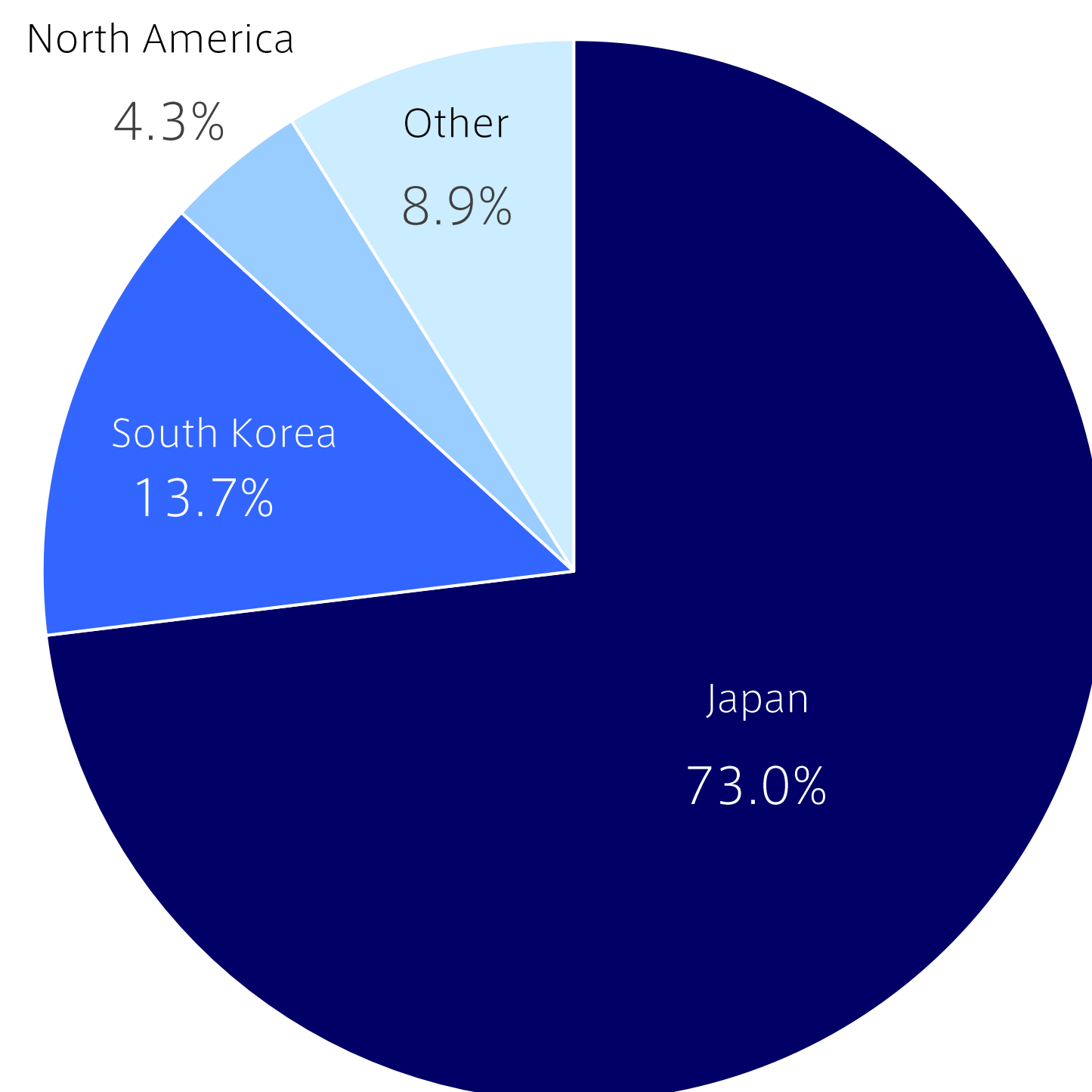
(Million yen)



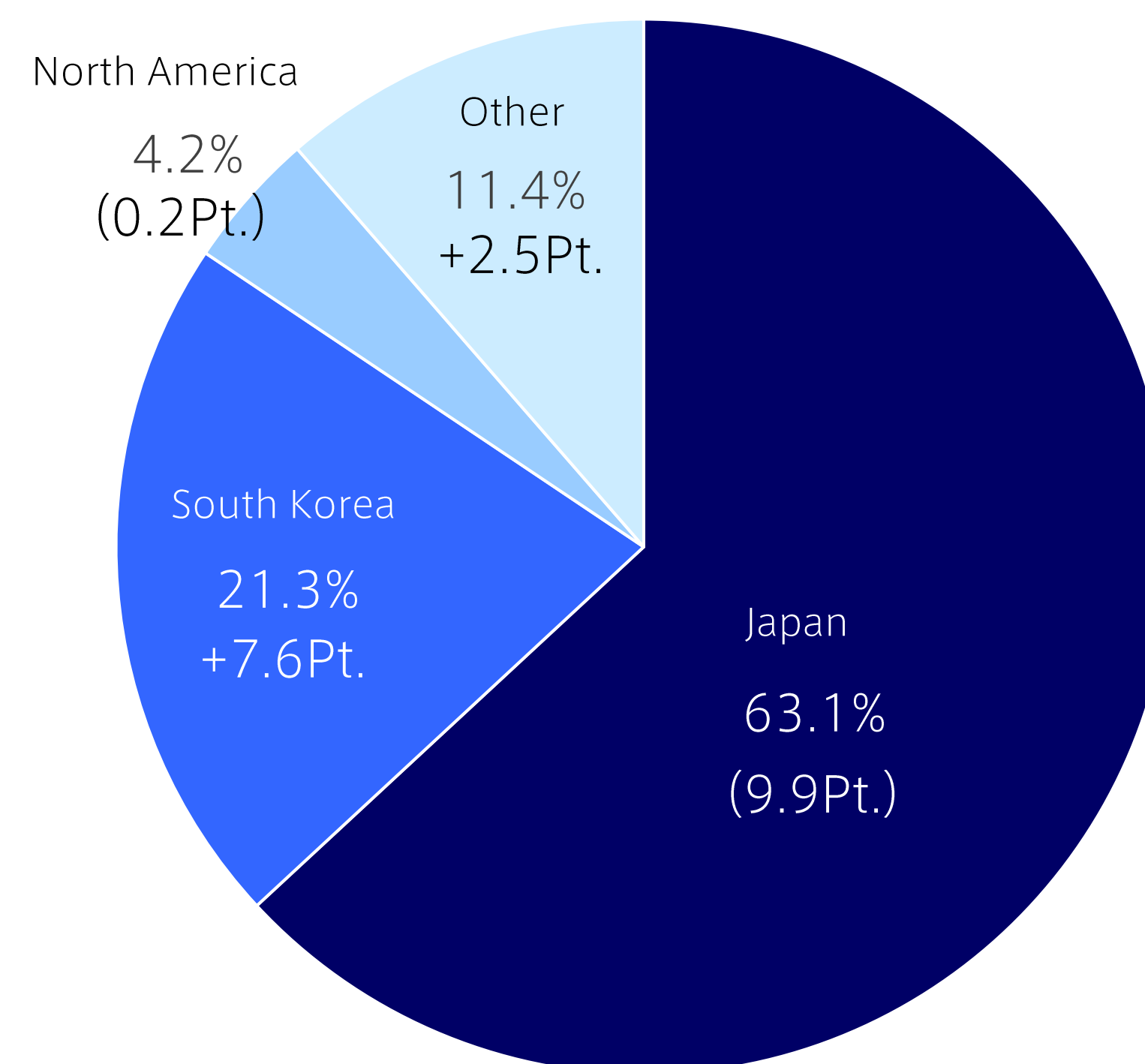
Launched business in North America

Composition percentage of net sales by region

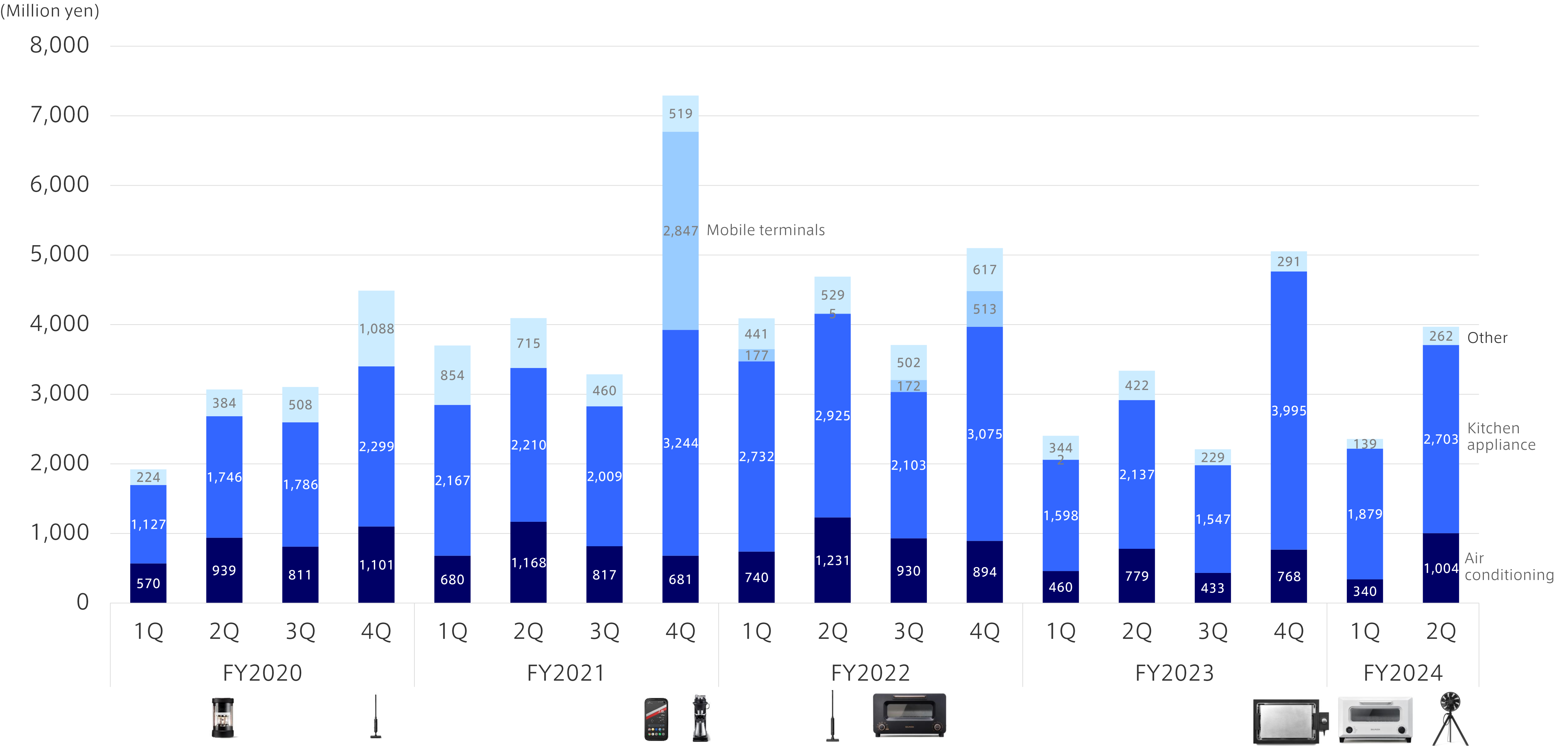
2023 2Q (Jan. – Jun.)



2024 2Q (Jan. – Jun.)

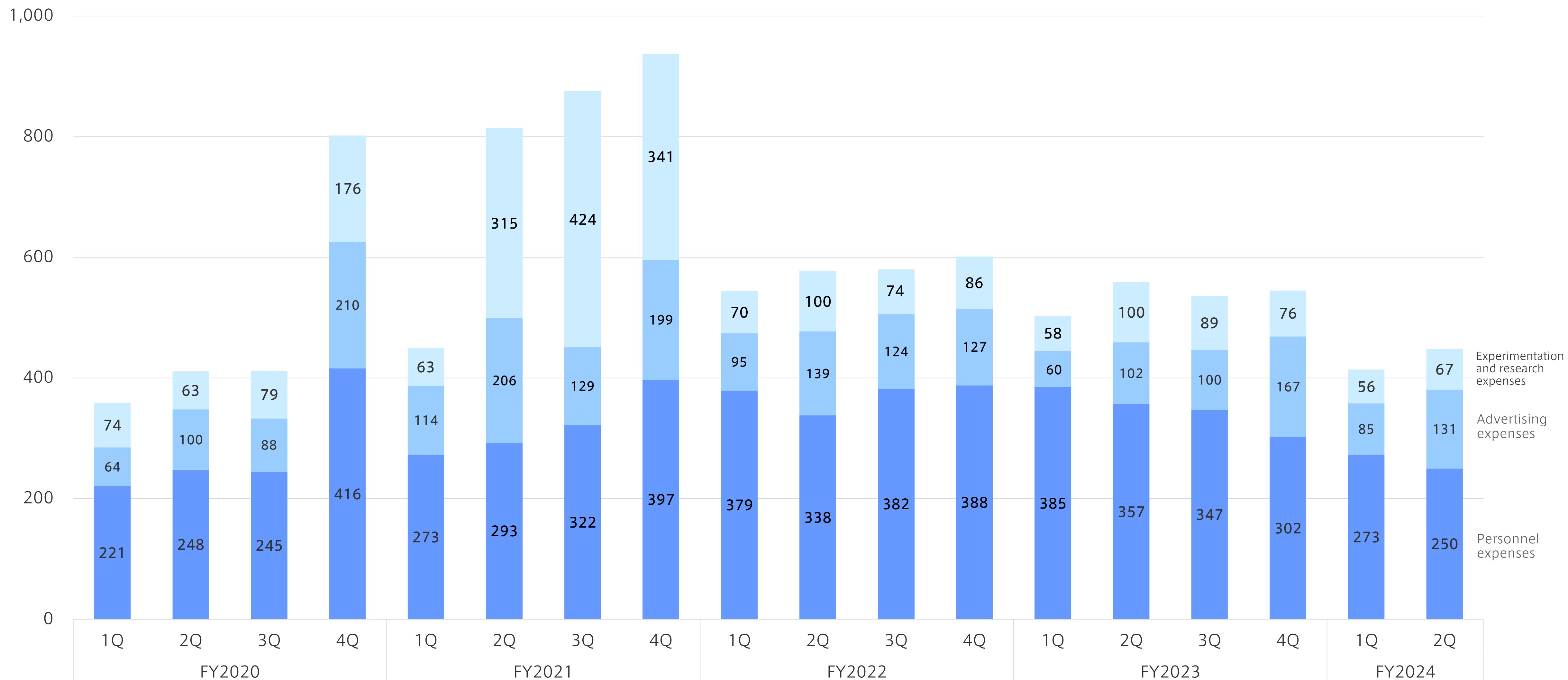


Quarterly net sales by product category



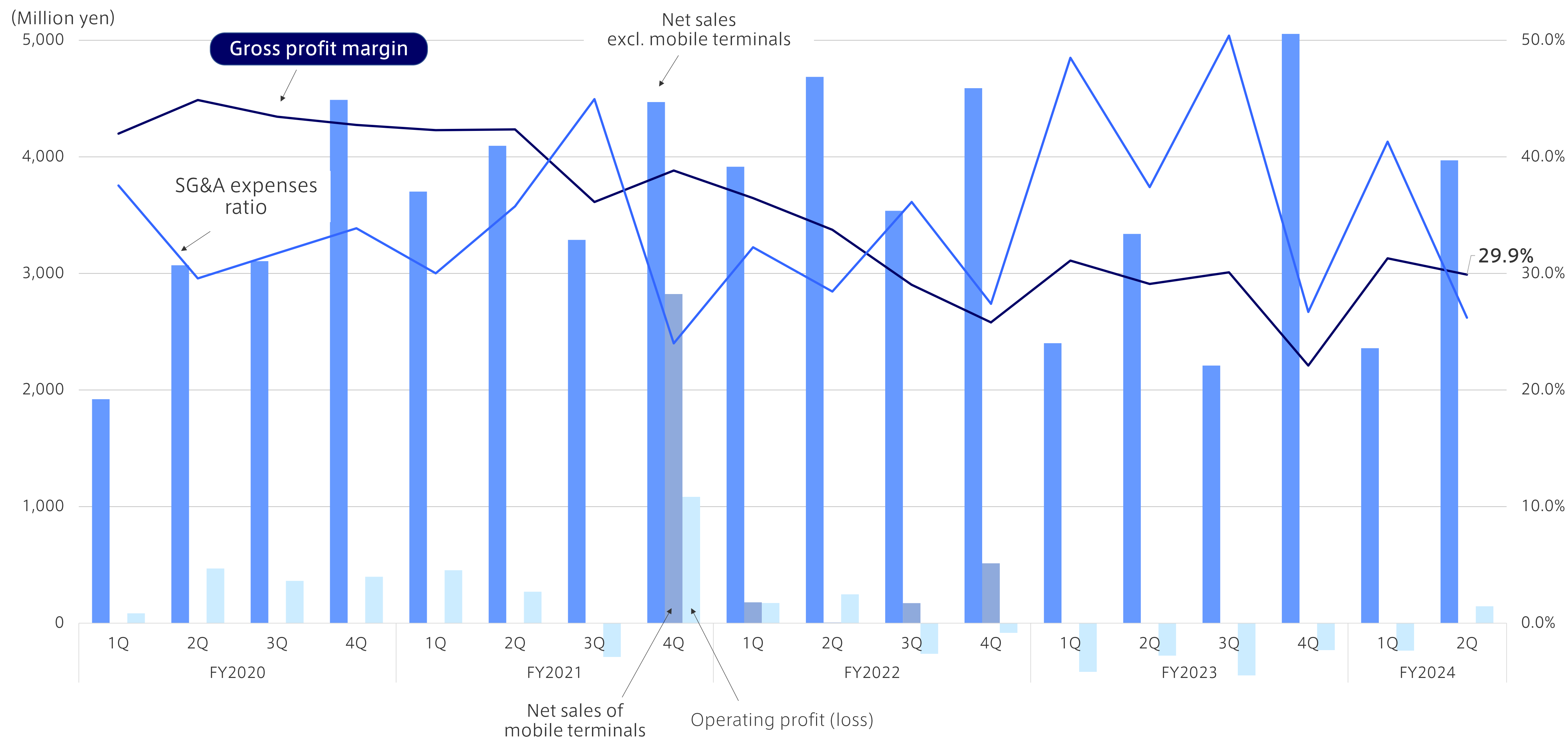
Major SG&A expenses

(Million yen)

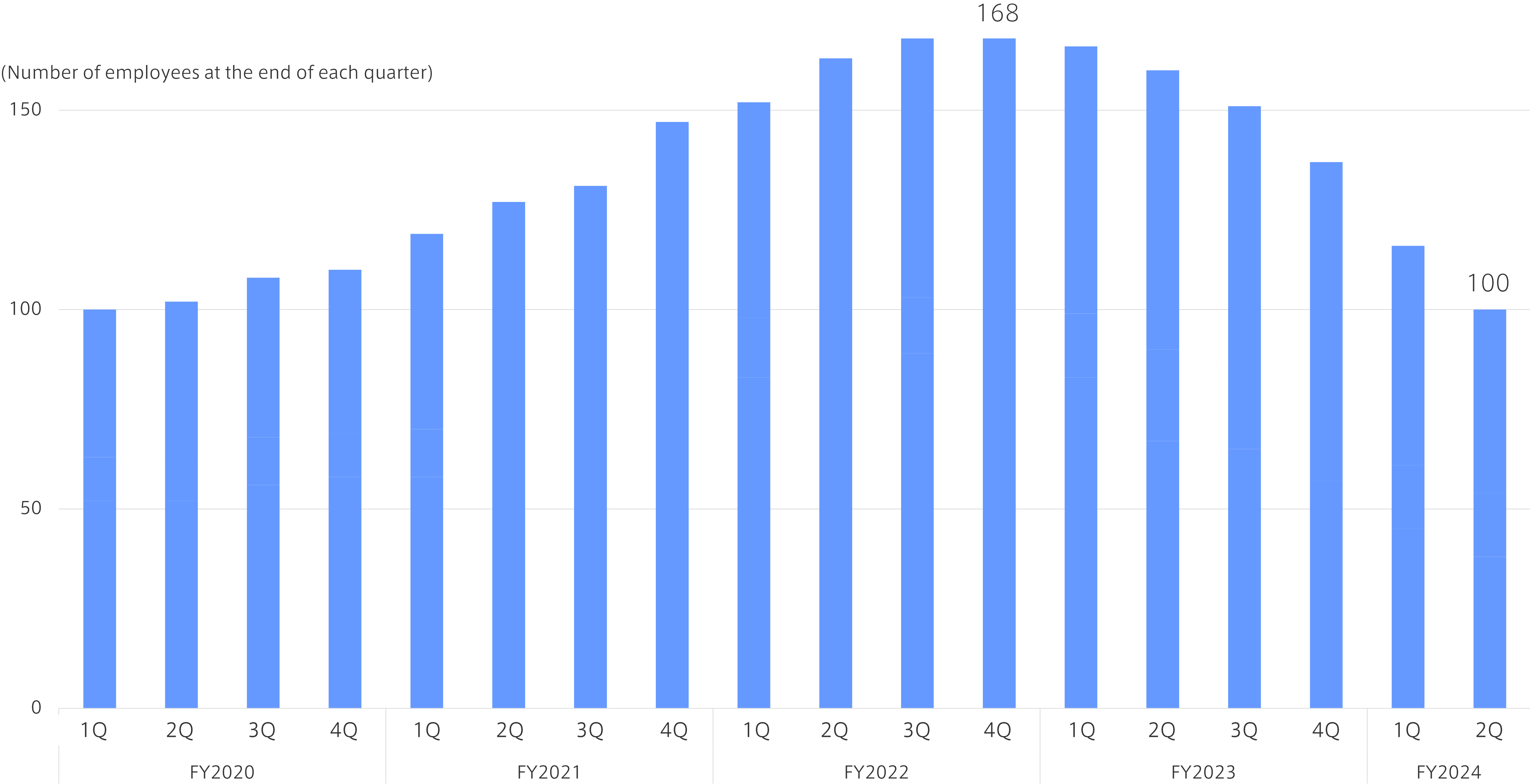


※In FY2021, appx. 840 million yen of experimentation and research expenses were for mobile terminals.
Appx. 280 million yen out of such 840 million yen were accounted in 4Q/FY2021.

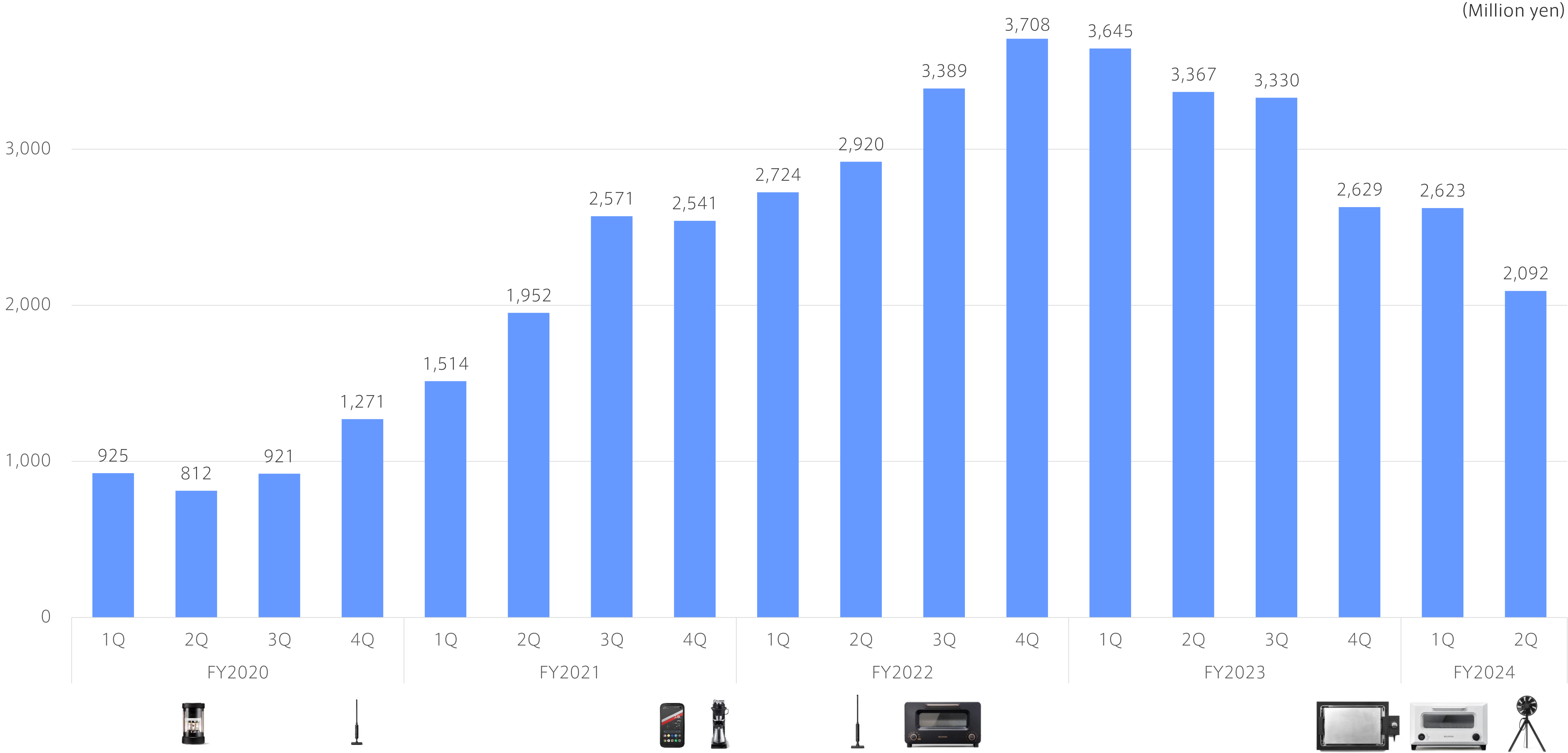
Net sales, Operating profit, GP margin and SG&A expenses ratio (quarterly changes)



Number of employees



Trend of inventory levels



Consolidated statement of income by quarters

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

	FY2020				FY2021				FY2022				FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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	2,359	3,970
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	970	665	1,117	738	1,185
	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%	29.1%	30.1%	22.1%	31.3%	29.9%
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	1,249	1,113	1,349	974	1,040
	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%	37.4%	50.4%	26.7%	41.3%	26.2%
Personnel expenses	221	248	245	416	273	293	322	397	379	338	382	388	385	357	347	302	273	250
Advertising expenses	64	100	88	210	114	206	129	199	95	139	124	127	60	102	100	167	85	131
Experimentation and research expenses	74	63	79	176	63	315	424	341	70	100	74	86	58	100	89	76	56	67
Operating profit	85	469	363	398	454	270	(290)	1,083	172	248	(263)	(82)	(416)	(278)	(448)	(231)	(236)	145
	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%)	(8.3%)	(20.3%)	(4.6%)	(10.1%)	3.7%
Ordinary profit	75	455	360	360	462	245	(300)	1,054	144	224	(294)	(60)	(354)	(243)	(431)	(208)	(160)	193
Profit attributable to owners of parent	55	307	240	230	301	146	(179)	747	96	137	(190)	(40)	(1,144)	(241)	(435)	(251)	(160)	192

Net sales by region/product category by quarters

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

	FY2020				FY2021				FY2022				FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	3,121	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	2,359	3,970
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%	1,898 80.5%	2,096 52.8%
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%	460 19.5%	1,874 47.2%
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%	468 14.0%	515 23.3%	1,026 20.3%	214 9.1%	1,131 28.5%
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%	109 4.6%	155 3.9%
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%	288 8.6%	209 9.5%	521 10.3%	136 5.8%	587 14.8%
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%	340 14.4%	1,004 25.3%
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%	1,879 79.7%	2,703 68.1%
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%	139 5.9%	262 6.6%

Consolidated Balance Sheet

(Million yen)

	At the end of FY2023	At the end of FY2024 2Q	Notes
Current assets			
Cash and deposits	1,167	1,358	
Accounts receivable - trade	2,423	1,601	
Merchandise and finished goods	2,629	2,092	
Other	672	714	
Non-current assets			
Property, plant and equipment	632	554	
Intangible assets	203	177	
Other	73	68	
Total assets	7,803	6,566	
Current liabilities			
Accounts payable - trade	1,123	831	
Short-term borrowings	600	100	
Current portion of long-term borrowings	514	421	
Provision for product warranties	292	265	
Other	679	472	
Non-current liabilities			
Long-term borrowings	328	158	
Total liabilities	3,537	2,248	
Total net assets	4,265	4,317	
Total liabilities and net assets	7,803	6,566	

Forecast Net sales by region

	FY2023	FY2024 Initial Forecast	FY2024 Revised forecast
Net sales	13,011 Million yen	13,200 Million yen	12,800 Million yen
Japan	8,806 Million yen	8,647 Million yen	8,200 Million yen
South Korea	2,329 Million yen	2,259 Million yen	2,261 Million yen
North America	631 Million yen	674 Million yen	656 Million yen
Other	1,244 Million yen	1,619 Million yen	1,683 Million yen

Forecast Net sales by product category

	FY2023	FY2024 Initial Forecast	FY2024 Revised Forecast
Net sales	13,011 Million yen	13,200 Million yen	12,800 Million yen
Air conditioning	2,442 Million yen	2,287 Million yen	2,156 Million yen
Kitchen appliance	9,278 Million yen	10,153 Million yen	9,833 Million yen
Mobile terminals	2 Million yen	— Million yen	— Million yen
Other	1,288 Million yen	759 Million yen	810 Million yen

Forecast Major SG&A expenses

	FY2023	FY2024 Initial forecast	FY2024 Revised Forecast
Personnel expenses	1,392 Million yen	1,060 Million yen	1,020 Million yen
Advertising expenses	431 Million yen	370 Million yen	415 Million yen
Experimentation and research expenses	324 Million yen	340 Million yen	325 Million yen

Products



BALMUDA The Toaster



ReBaker



BALMUDA The Pot



BALMUDA The Brew



BALMUDA The Gohan



BALMUDA The Range



BALMUDA The Toaster Pro



BALMUDA The Plate Pro



BALMUDA The Light



BALMUDA The Speaker



BALMUDA The Lantern



GreenFan C2



BALMUDA The Cleaner Lite



BALMUDA The Pure



Rain



GreenFan Cirq



The GreenFan



GreenFan Studio

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