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February 10, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under Japanese GAAP)

Company name: BALMUDA Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 6612
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 Representative: Gen Terao, President and Representative Director
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 Telephone: +81-50-3733-9206
 Scheduled date of annual general meeting of shareholders: March 23, 2023
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: March 24, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	17,595	(4.3)	75	(95.1)	14	(99.0)	3	(99.7)
December 31, 2021	18,379	46.0	1,518	15.3	1,462	16.8	1,015	21.7

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥6 million [(99.4%)]
 For the fiscal year ended December 31, 2021: ¥1,015 million [21.7%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2022	0.36	0.36	0.0	0.1	0.4
December 31, 2021	122.81	119.93	18.4	14.6	8.3

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2022: ¥ - million
 For the fiscal year ended December 31, 2021: ¥ - million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	9,907	6,312	63.7	753.15
December 31, 2021	10,881	6,292	57.8	755.63

Reference: Equity
 As of December 31, 2022: ¥6,312 million
 As of December 31, 2021: ¥6,292 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	840	(621)	5	1,246
December 31, 2021	(3,238)	(964)	738	1,000

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2022	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
December 31, 2021	-	0.00	-	0.00	0.00	-	-	-
December 31, 2023 (Forecast)	--	0.00	-	0.00	0.00		-	

3. Forecast of Consolidated Earnings for the Fiscal Year ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	16,700	(5.1)	100	33.3	50	254.8	35	1,052.9	4.18

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	8,382,900 shares
As of December 31, 2021	8,327,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2022	1,367 shares
As of December 31, 2021	28 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	8,379,026 shares
Fiscal year ended December 31, 2021	8,269,000 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	17,576	(4.3)	72	(95.2)	12	(99.1)	2	(99.8)
December 31, 2021	18,368	46.4	1,509	16.2	1,457	18.0	1,013	23.4

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	0.27	0.27
December 31, 2021	122.62	119.74

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2022	9,888	6,291	63.6	750.65
December 31, 2021	10,860	6,274	57.8	753.57

Reference: Equity

As of December 31, 2022: ¥6,291 million

As of December 31, 2021: ¥6,274 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

[Reference] Net Sales by Regions/Product Category

(Millions of yen)

Net Sales by Region	Fiscal year ended	Fiscal year ended	year-on-year changes	year-on-year changes(%)
	December 31, 2021	December 31, 2022		
Japan	13,514	10,918	(2,595)	(19.2)
South Korea	3,317	4,328	1,011	30.5
North America	440	658	217	49.4
Other	1,107	1,690	583	52.6
Total	18,379	17,595	(783)	(4.3)

(Millions of yen)

Net Sales by Product Category	Fiscal year ended	Fiscal year ended	year-on-year changes	year-on-year changes(%)
	December 31, 2021	December 31, 2022		
Air conditioning	3,349	3,798	449	13.4
Kitchen appliance	9,632	10,837	1,204	12.5
Mobile terminals	2,847	868	(1,978)	(69.5)
Other	2,549	2,091	(458)	(18.0)
Total	18,379	17,595	(783)	(4.3)

Accompanying Materials

1. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	1,000	1,246
Accounts receivable - trade	5,321	2,660
Merchandise and finished goods	2,541	3,708
Raw materials and supplies	220	321
Other	340	376
Total current assets	9,424	8,313
Non-current assets		
Property, plant and equipment		
Buildings and structures	170	183
Accumulated depreciation	(18)	(29)
Buildings and structures, net	152	153
Vehicles	3	3
Accumulated depreciation	(2)	(2)
Vehicles, net	1	0
Tools, furniture and fixtures	1,793	2,044
Accumulated depreciation and impairment	(1,273)	(1,551)
Tools, furniture and fixtures, net	520	493
Construction in progress	68	113
Total property, plant and equipment	743	761
Intangible assets		
Software	372	453
Software in progress	6	13
Right to use patent	26	23
Total intangible assets	405	490
Investments and other assets		
Deferred tax assets	203	251
Other	106	90
Total investments and other assets	309	342
Total non-current assets	1,457	1,594
Total assets	10,881	9,907

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,763	1,121
Short-term borrowings	800	800
Current portion of long-term borrowings	475	330
Income taxes payable	238	—
Provision for bonuses	91	89
Provision for product warranties	383	368
Other	687	600
Total current liabilities	4,440	3,310
Non-current liabilities		
Long-term borrowings	148	284
Total non-current liabilities	148	284
Total liabilities	4,589	3,595
Net assets		
Shareholders' equity		
Share capital	1,407	1,414
Capital surplus	1,404	1,411
Retained earnings	3,477	3,480
Treasury shares	(0)	(0)
Total shareholders' equity	6,289	6,307
Accumulated other comprehensive income		
Foreign currency translation adjustment	2	5
Total accumulated other comprehensive income	2	5
Total net assets	6,292	6,312
Total liabilities and net assets	10,881	9,907

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	18,379	17,595
Cost of sales	11,059	12,128
Gross profit (loss)	7,320	5,467
Selling, general and administrative expenses	5,802	5,392
Operating profit (loss)	1,518	75
Non-operating income		
Interest income	0	0
Dividend income	0	0
Miscellaneous income	2	3
Total non-operating income	2	3
Non-operating expenses		
Interest expenses	15	16
Foreign exchange losses	29	38
Miscellaneous losses	12	10
Total non-operating expenses	58	64
Ordinary profit (loss)	1,462	14
Extraordinary losses		
Loss on retirement of non-current assets	1	—
Total extraordinary losses	1	—
Profit (loss) before income taxes	1,461	14
Income taxes - current	446	59
Income taxes - deferred	(0)	(48)
Total income taxes	445	11
Profit (loss)	1,015	3
Profit (loss) attributable to owners of parent	1,015	3

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit (loss)	1,015	3
Other comprehensive income		
Foreign currency translation adjustment	0	2
Total other comprehensive income	0	2
Comprehensive income	1,015	6
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,015	6

(3) Consolidated Statement of Changes in Equity

fiscal year ended December 31, 2021 (from January 1, 2021, to December 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,149	1,146	2,462	—	4,758	1	1	4,760
Changes during period								
Issuance of new shares	258	258			516			516
Profit (loss) attributable to owners of parent			1,015		1,015			1,015
Purchase of treasury shares				(0)	(0)			(0)
Net changes in items other than shareholders' equity						0	0	0
Total changes during period	258	258	1,015	(0)	1,531	0	0	1,532
Balance at end of period	1,407	1,404	3,477	(0)	6,289	2	2	6,292

fiscal year ended December 31, 2022 (from January 1, 2022, to December 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,407	1,404	3,477	(0)	6,289	2	2	6,292
Changes during period								
Issuance of new shares	7	7			14			14
Profit (loss) attributable to owners of parent			3		3			3
Purchase of treasury shares				(0)	(0)			(0)
Net changes in items other than shareholders' equity						2	2	2
Total changes during period	7	7	3	(0)	17	2	2	20
Balance at end of period	1,414	1,411	3,480	(0)	6,307	5	5	6,312

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	1,461	14
Depreciation	334	544
Share-based payment expenses	10	13
Share issuance costs	2	—
Going public expenses	(6)	—
Increase (decrease) in provision for product warranties	52	(15)
Increase (decrease) in provision for bonuses	1	(2)
Interest and dividend income	(0)	(0)
Interest expenses	15	16
Foreign exchange losses (gains)Interest expenses	(11)	(20)
Loss on retirement of non-current assets	1	—
Decrease (increase) in trade receivables	(3,043)	2,660
Decrease (increase) in inventories	(1,290)	(1,265)
Increase (decrease) in trade payables	290	(642)
Decrease (increase) in other assets	(199)	124
Increase (decrease) in other liabilities	(215)	(125)
Subtotal	(2,596)	1,301
Interest and dividends received	0	0
Interest paid	(16)	(15)
Income taxes paid	(626)	(298)
Income taxes refund	—	(146)
Net cash provided by (used in) operating activities	(3,238)	840
Cash flows from investing activities		
Purchase of property, plant and equipment	(570)	(357)
Proceeds from sale of property, plant and equipment	—	0
Purchase of intangible assets	(311)	(252)
Payments of other investments	(82)	(12)
Net cash provided by (used in) investing activities	(964)	(621)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500	—
Proceeds from long-term borrowings	200	650
Repayments of long-term borrowings	(423)	(658)
Proceeds from issuance of shares	461	14
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	738	5
Effect of exchange rate change on cash and cash equivalents	12	20
Net increase (decrease) in cash and cash equivalents	(3,452)	245
Cash and cash equivalents at beginning of period	4,452	1,000
Cash and cash equivalents at end of period	1,000	1,246