

BALMUDA

Financial Results Briefing Material
For FY2022 ended December 31, 2022

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.

Summary

Sales decreased in Japan and increase in overseas.

Slowdown of stay-at home demand and household's defensive action against inflation. Coffee machine and microwave oven both launched at the end of FY2021 in South Korea contributed to increase overseas' sales.

Cost of sales significantly rose due to record-breaking weaker yen and stronger U.S. dollar.

Cost of sales ratio to net sales rose 8.8pt. compared to previous fiscal year.

Despite of efficient use of expenses, operating profit margin resulted in 0.4% (7.8pt. decrease compared to previous fiscal year)

SG&A expenses ratio decreased 0.9pt. compared to previous fiscal year.

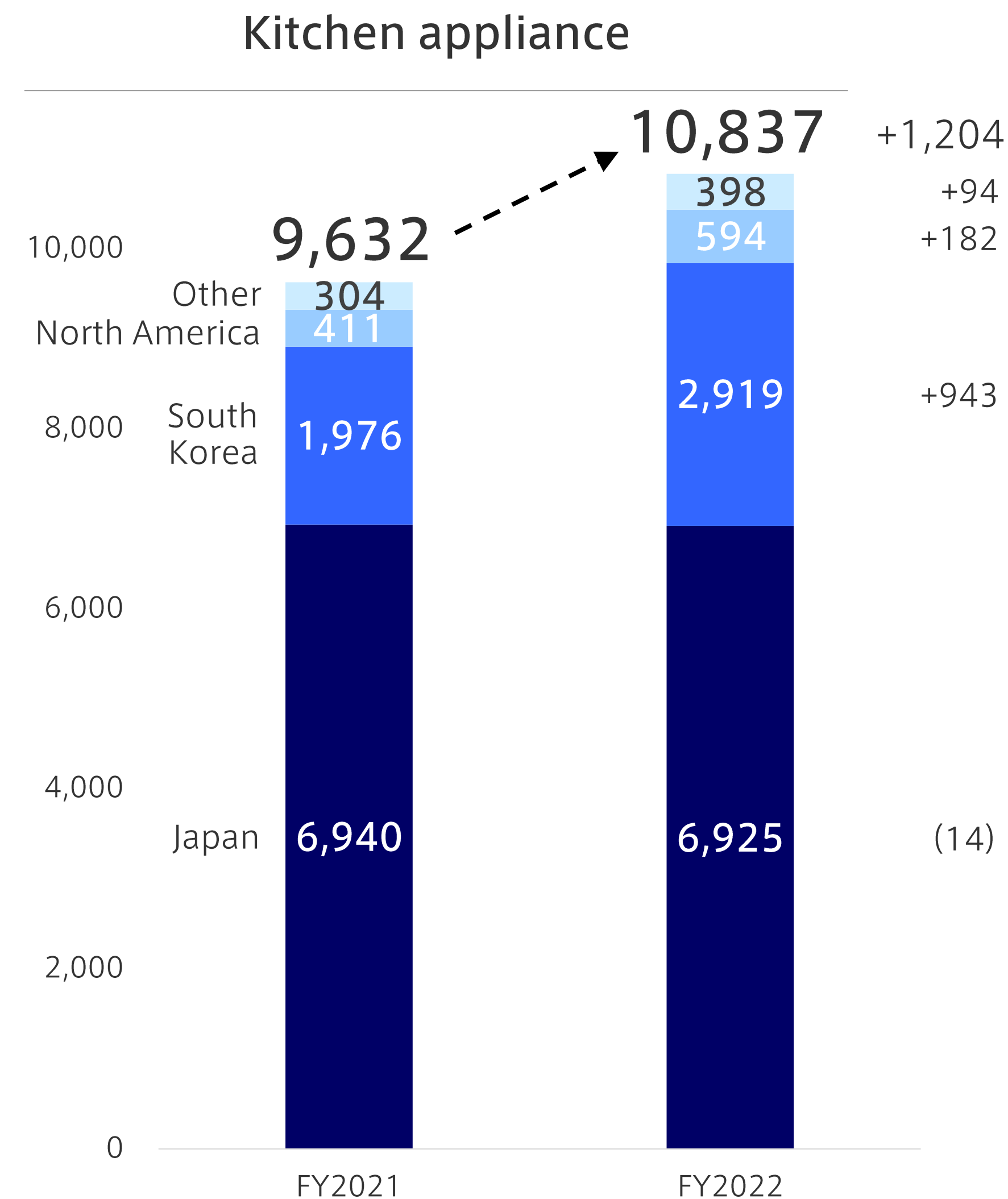
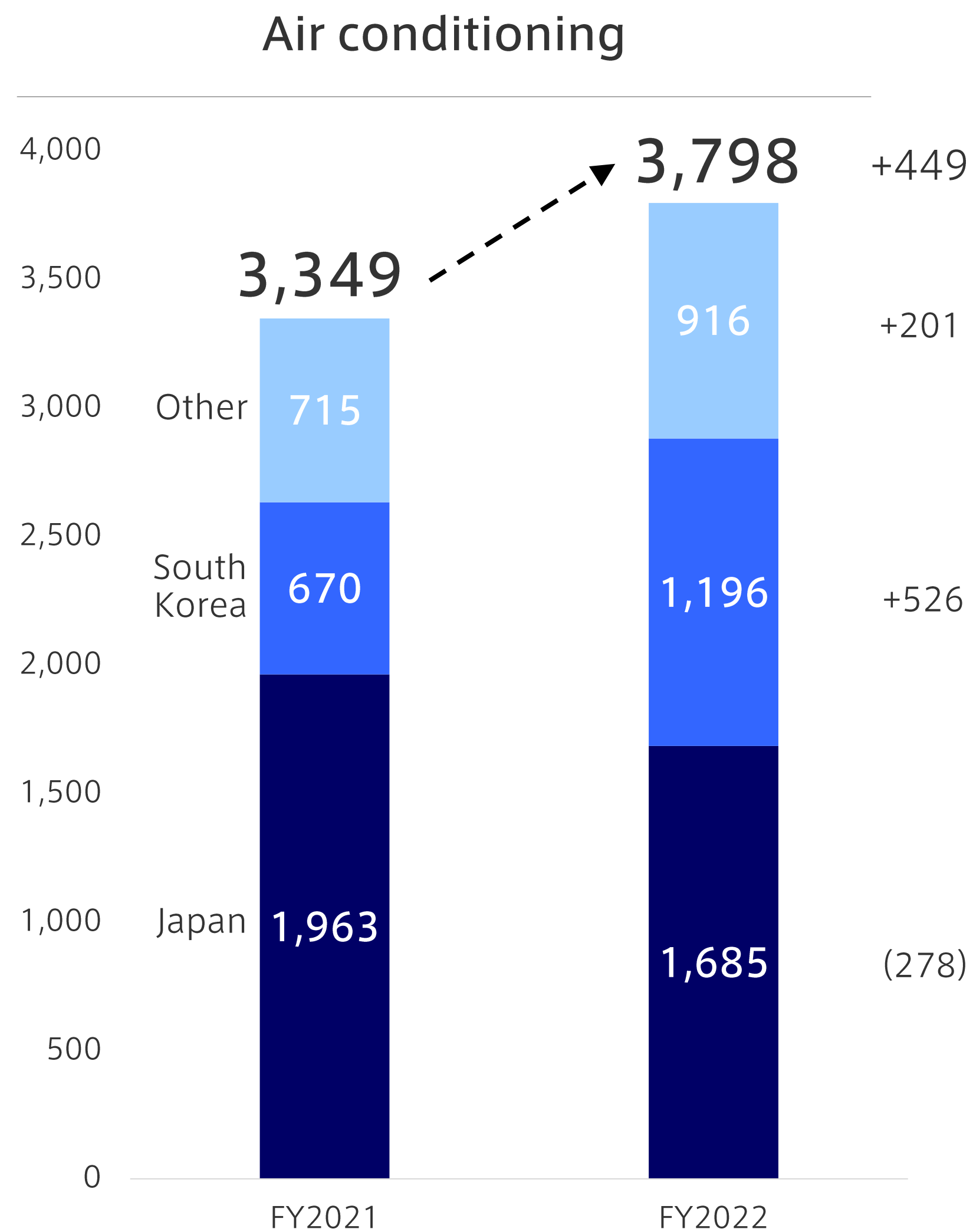
Key Indicators

	FY2021	FY2022	YoY change	Forecast※
Net sales	18,379 Million yen	17,595 Million yen	(4.3) %	18,410 Million yen
Operating profit	1,518 Million yen	75 Million yen	(95.1) %	100 Million yen
Cost of sales ratio	60.2 %	68.9 %	+8.8 Pt.	68.9 %
SG&A expenses ratio	31.6 %	30.6 %	(0.9) Pt.	30.6 %
Operating profit margin	8.3 %	0.4 %	(7.8) Pt.	0.5 %

※Announced on November 8, 2022

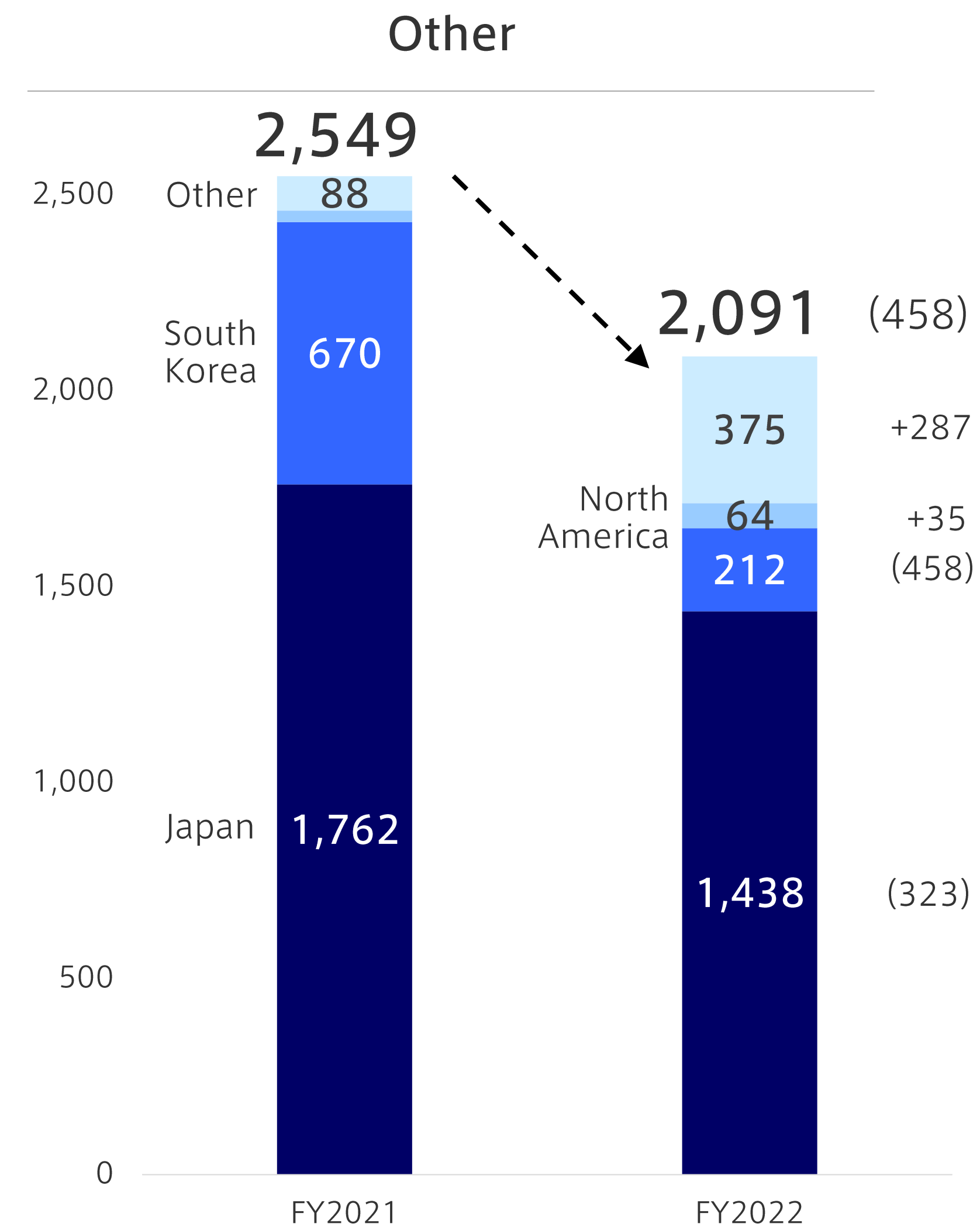
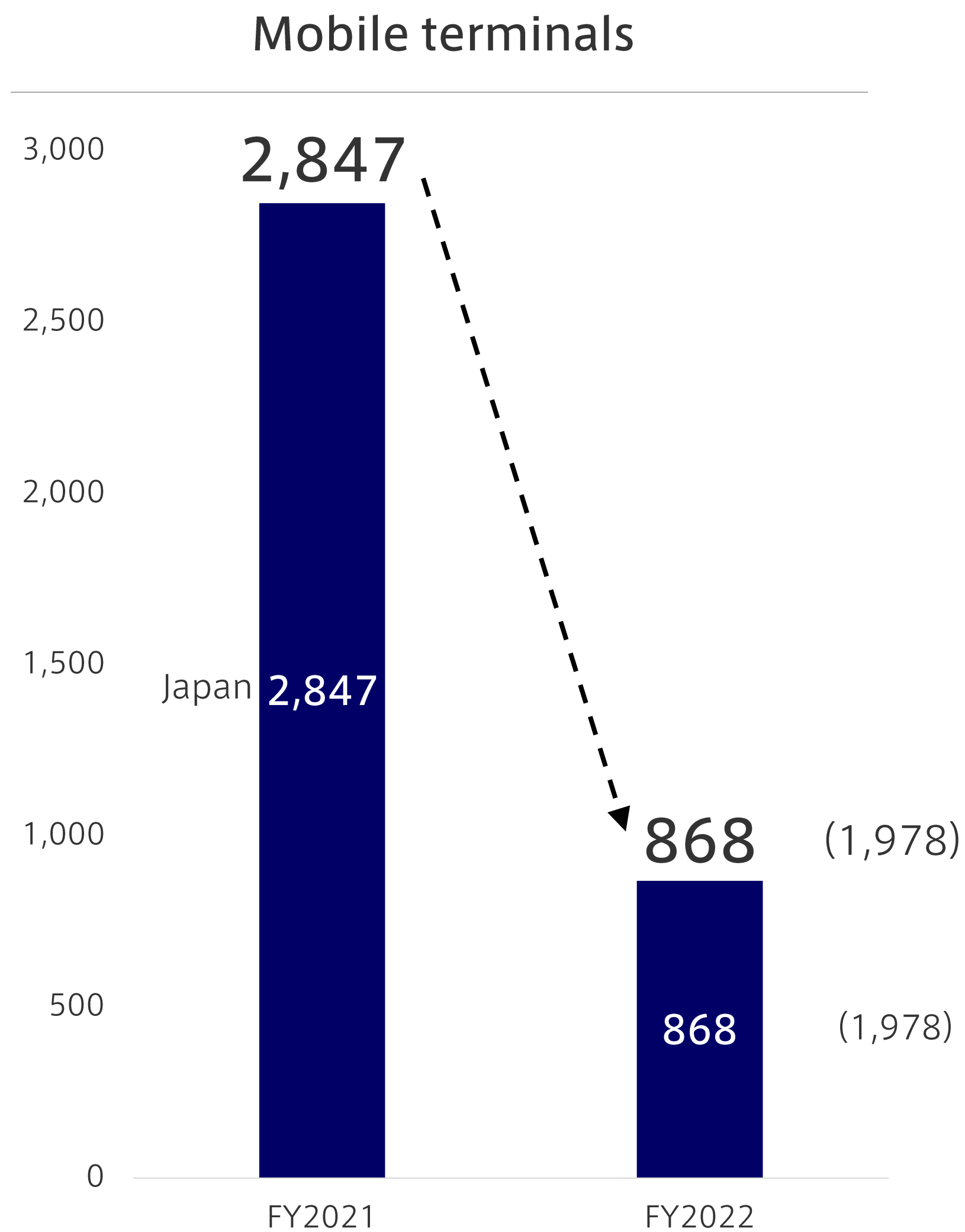
Summary Net sales by product category①

(Million yen)



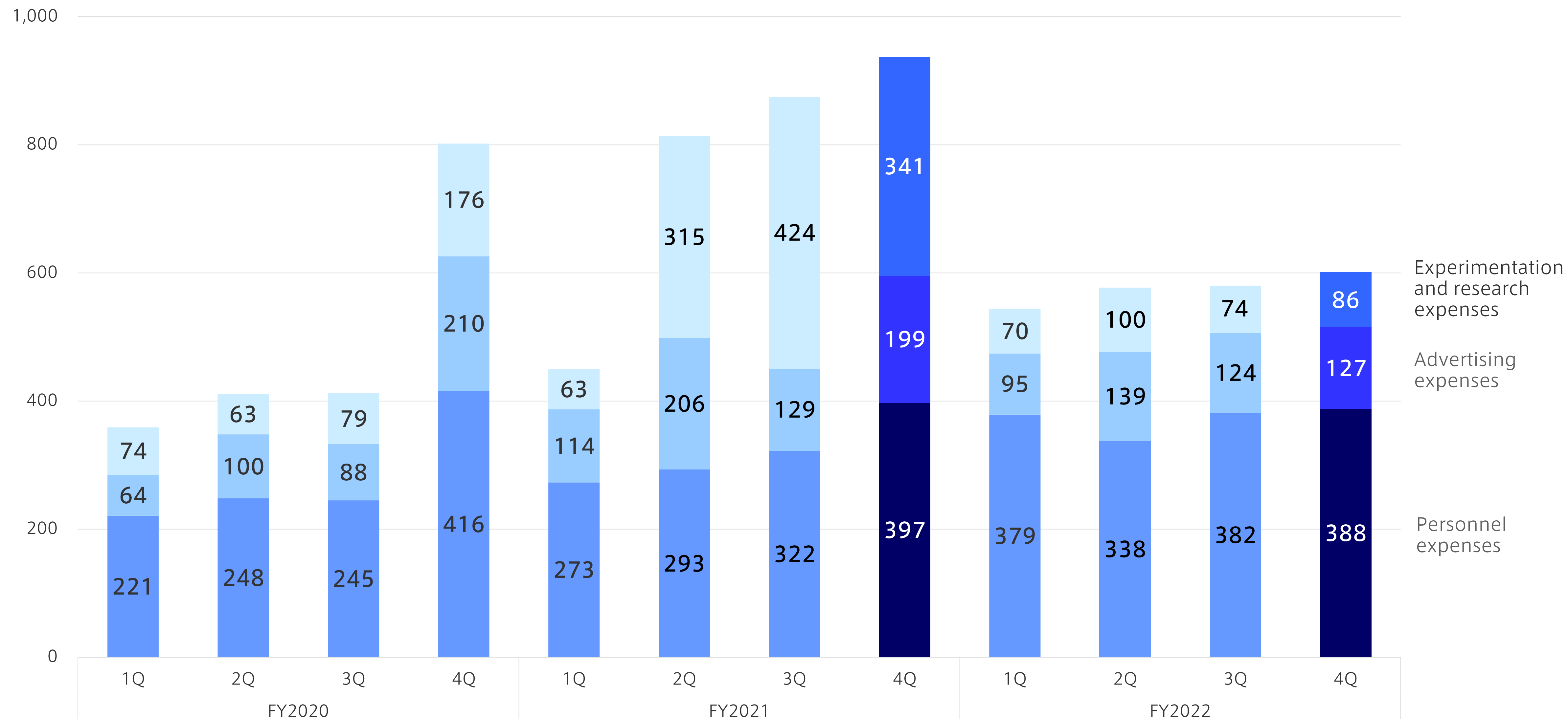
Summary Net sales by product category②

(Million yen)



Summary Major SG&A expenses (quarterly changes)

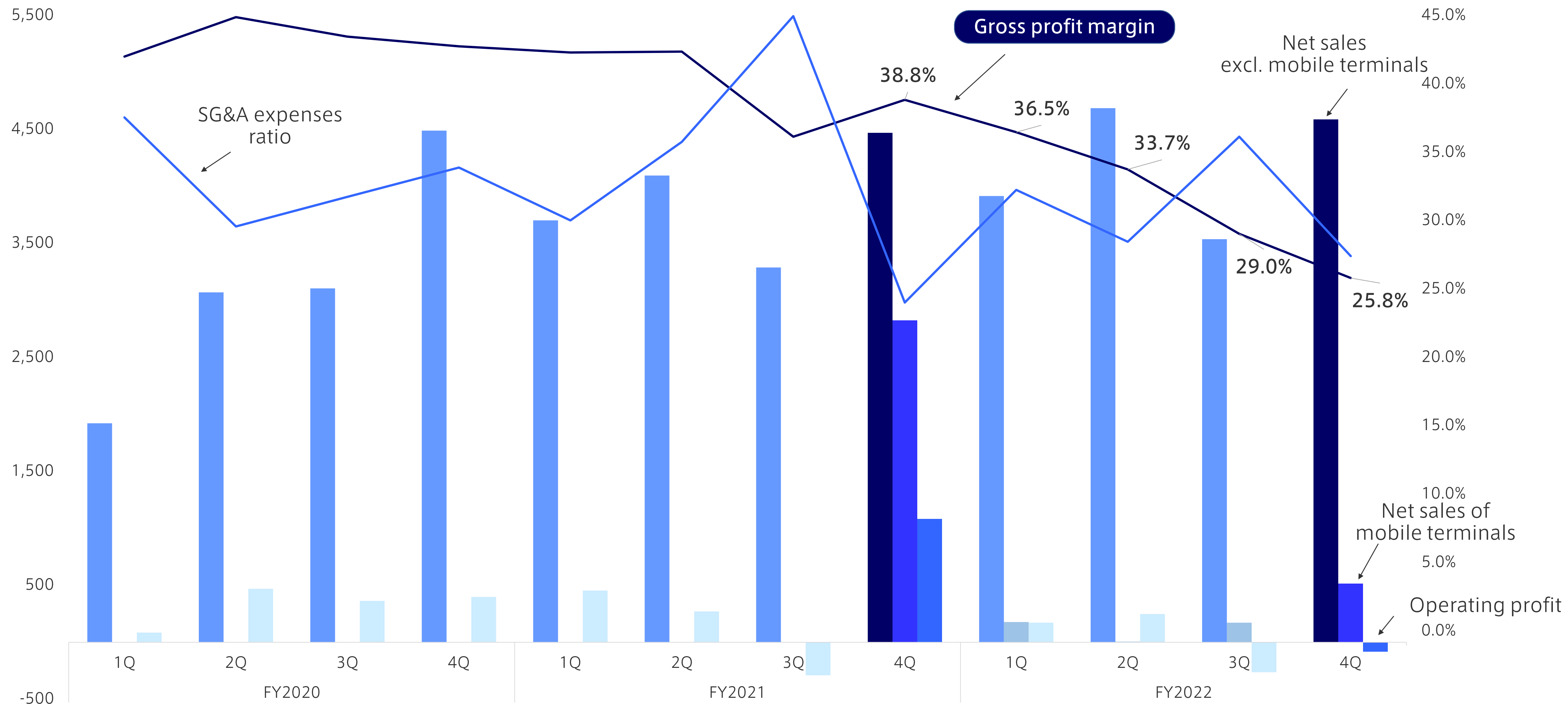
(Million yen)



※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.

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

(Million yen)



Business environment in FY2023

Slowdown of stay-at-home demand.

Household's defensive action against inflation.

Purchasing costs remain high due to weaker yen and stronger U.S. dollar.

Difficult business environment continues in FY2023.

We forecast decrease in sales and a slight increase in profit

Forecast

	FY2022	FY2023 (Forecast)	YoY change	Initiatives
Net sales	17,595 Million yen	16,700 Million yen	(5.1) %	<p>【Japan】 Launch 1 or 2 new products later in FY2023.</p> <p>【Overseas】 Enter in Southeast Asia markets later in FY2023 Dispatch an expatriate in the U.S. later in FY2023</p>
Operating profit	75 Million yen	100 Million yen	+33.3 %	
Cost of sales ratio	68.9 %	67.1 %	(1.9) Pt.	Renew existing products into lower-cost models
SG&A expenses ratio	30.6 %	32.3 %	+1.7 Pt.	Control expenses e.g., recruiting expenses , advertising expenses and office rent.
Operating profit margin	0.4 %	0.6 %	+0.2 Pt.	

Forecast Net sales by product category

	FY2022	FY2023 (Forecast)	YoY change
Net sales	17,595 Million yen	16,700 Million yen	(5.1) %
Air conditioning	3,798 Million yen	3,034 Million yen	(20.1) %
Kitchen appliance	10,837 Million yen	11,693 Million yen	+7.9 %
Mobile terminals	868 Million yen	4 Million yen	(99.5) %
Other	2,091 Million yen	1,968 Million yen	(5.9) %

Forecast Net sales by region

	FY2022	FY2023 (Forecast)	YoY change
Net sales	17,595 Million yen	16,700 Million yen	(5.1) %
Japan	10,918 Million yen	12,336 Million yen	+13.0 %
South Korea	4,328 Million yen	2,400 Million yen	(44.5) %
North America	658 Million yen	985 Million yen	+49.6 %
Other	1,690 Million yen	977 Million yen	(42.2) %

Forecast Major SG&A expenses

	FY2022	FY2023 (Forecast)	YoY changes
Personnel expenses	1,489 Million yen	1,527 Million yen	+2.5 %
Advertising expenses	486 Million yen	323 Million yen	(33.6) %
Experimentation and research expenses	331 Million yen	384 Million yen	+15.7 %

Major initiatives in FY2023

Optimize cost of sales and SG&A expenses

Improve profitability by lowering cost of sales and expenses.

Enhance sales in the overseas markets

Enhance sales marketing by establishing a U.S. based subsidiary and dispatching an expatriate. Enter in Southeast Asia markets.

Create new value

Integrate our strength - idea, design and engineering. -

Launch new products in existing product category.

Explore possibility of entering into new product category.

APPENDIX

Launched new products

BALMUDA The Gohan, launched in December 2022



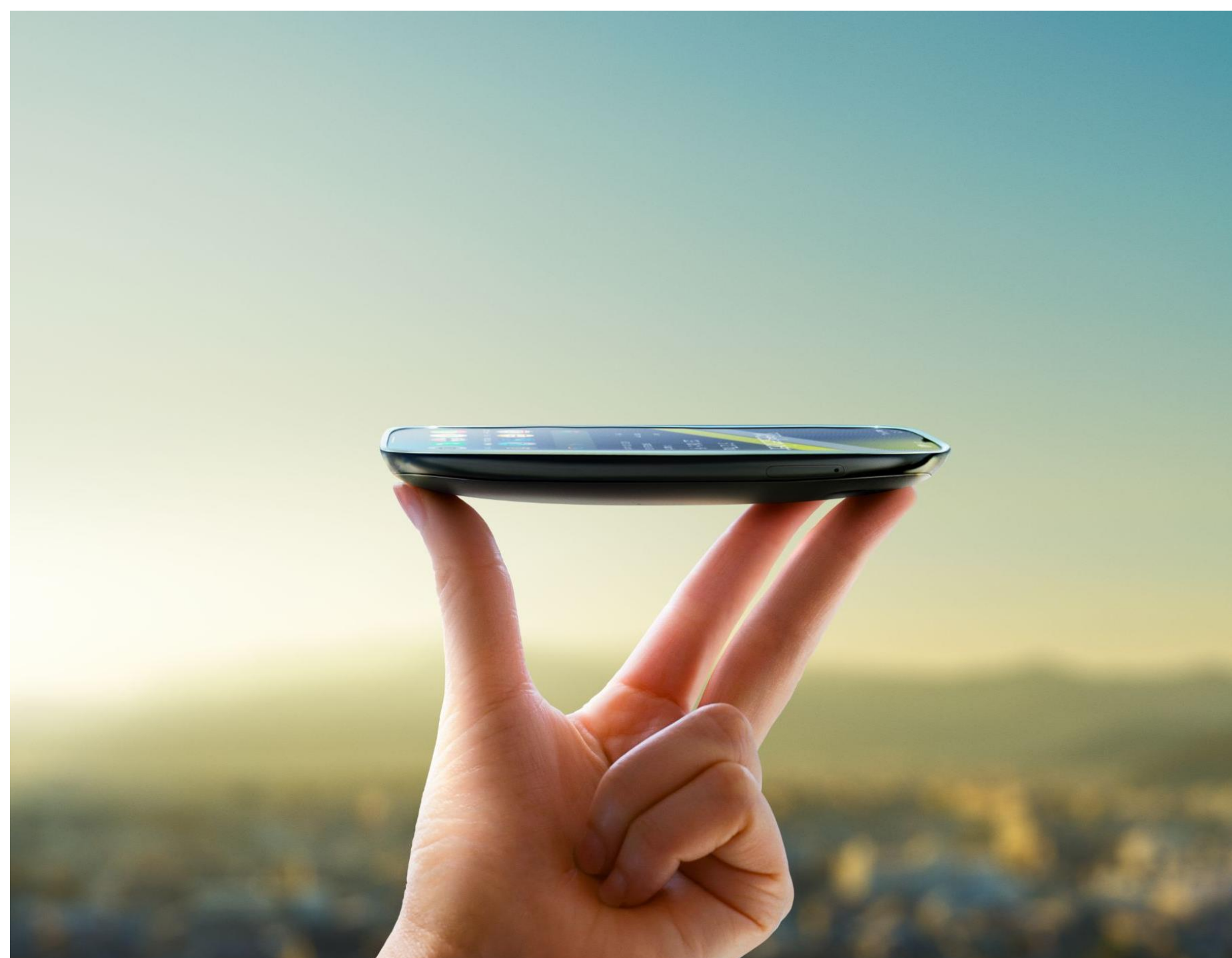
BALMUDA The Gohan : Rice cooker

New Products launched in 2022

May	BALMUDA The Cleaner Lite
September	BALMUDA The Toaster Pro BALMUDA The Speaker (new color : White)
December	BALMUDA The Gohan

Experience value of BALMUDA Phone

Implemented initiatives to improve and appeal BALMUDA Phone's experience value.



Appealing BALMUDA Phone's experience value at the shops

Enhanced various initiatives at the shops

Launched special website "Another Story"

Introduced episodes behind production and users' voices.

Continuous software updates

Released "Software ver. 2" in May, including dedicated fonts "AXIS BALMUDA."


Released software update in September including Android™ 12 update.

Added new functions to dedicated apps "BALMUDA Scheduler" and "Calculator" in November.

Initiatives in North America

Launched BALMUDA The Speaker in October. Awarded by influential media. Establish a U.S. based subsidiary in January 2023.

Awarded by influential media




Best Bluetooth Speaker
Balmuda The Speaker

How? It's what I always find myself asking the design team at Balmuda. First, its steam oven changed my life. Then Balmuda's lantern made me feel safe and warm. Now, Balmuda created a truly unique and elegant bluetooth speaker. (Which is no easy feat in a remarkably oversaturated market.) The speaker looks like a futuristic spaceship power cell, yet has retro-elegant flair. Small glass tubes fit inside large glass tubes, complete with a light show—all with some of the crispest, clearest sound quality I've heard.

\$399 AT AMAZON

The 2022 Power Pick Awards

Our editors talk about the products that powered their days all year long.



Balmuda The Speaker

\$399 at Amazon

"Not only is this speaker gorgeous, with its unique pillars of twinkling lights that synchronize with the music of your choice, but it also boasts an impressive level of sound for its compact size. One night, when I first started using this piece, I turned the volume all the way up on my favorite song and was pleasantly surprised to find that the quality never became tinny or staticky, and that it continued to fill every corner of my apartment with balanced, even sound, no matter the volume level or genre. It's my new favorite speaker, and its appearance definitely makes it a conversation starter during dinner parties." -Gabrielle Ulubay, E-Commerce Writer

Awarded as "Best Bluetooth Speaker" by [The 2022 Esquire Gadget Awards](#)

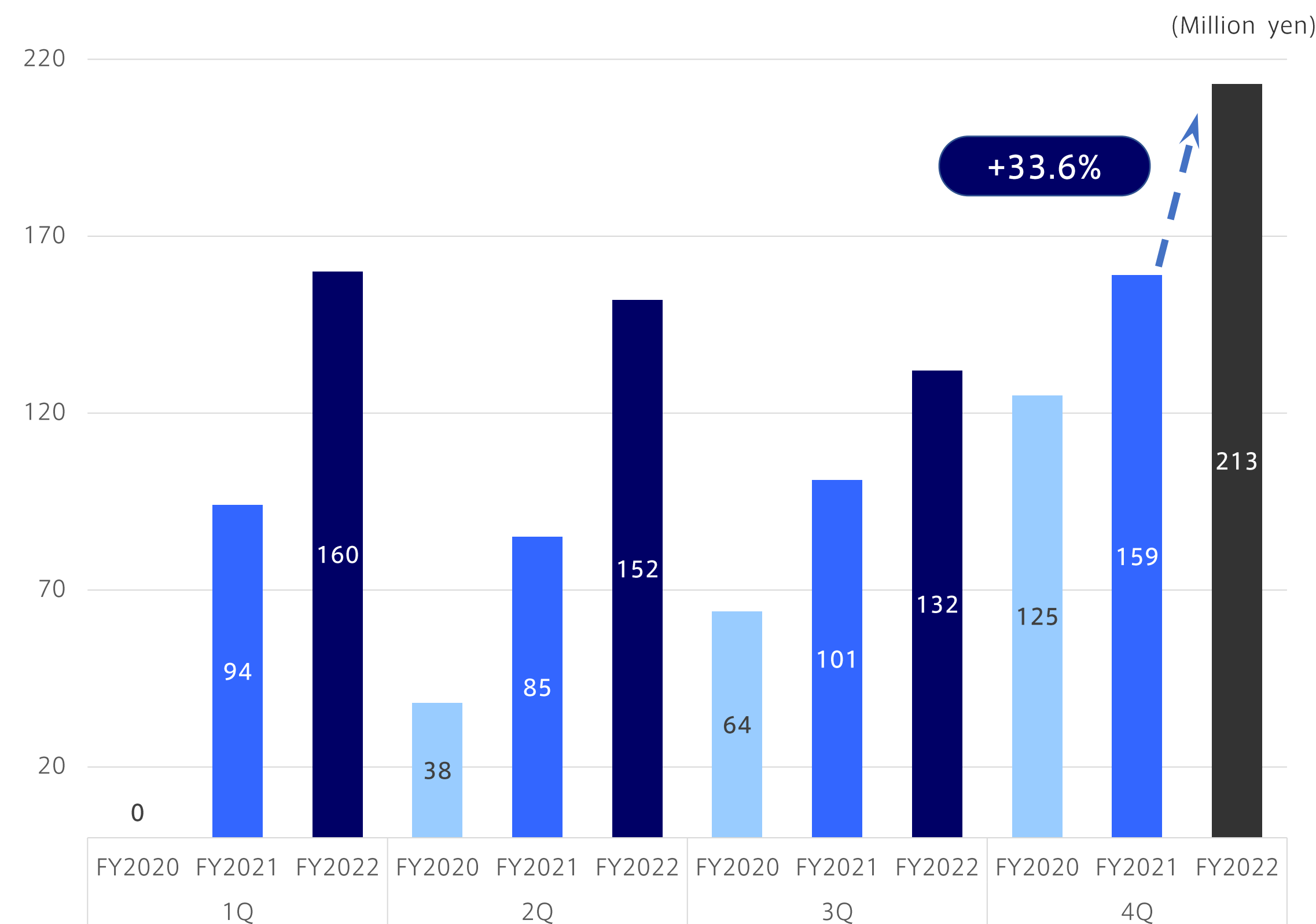
Won [Power Pick Awards](#) by marie claire.



Well-known TV program [Daytime Chicago](#) Introduced BALMUDA The Toaster.



Holiday sales campaign in November. Promotion activities at major sales channels in December.



Quarterly sales in North America

Initiatives to communicate the experience value of BALMUDA products

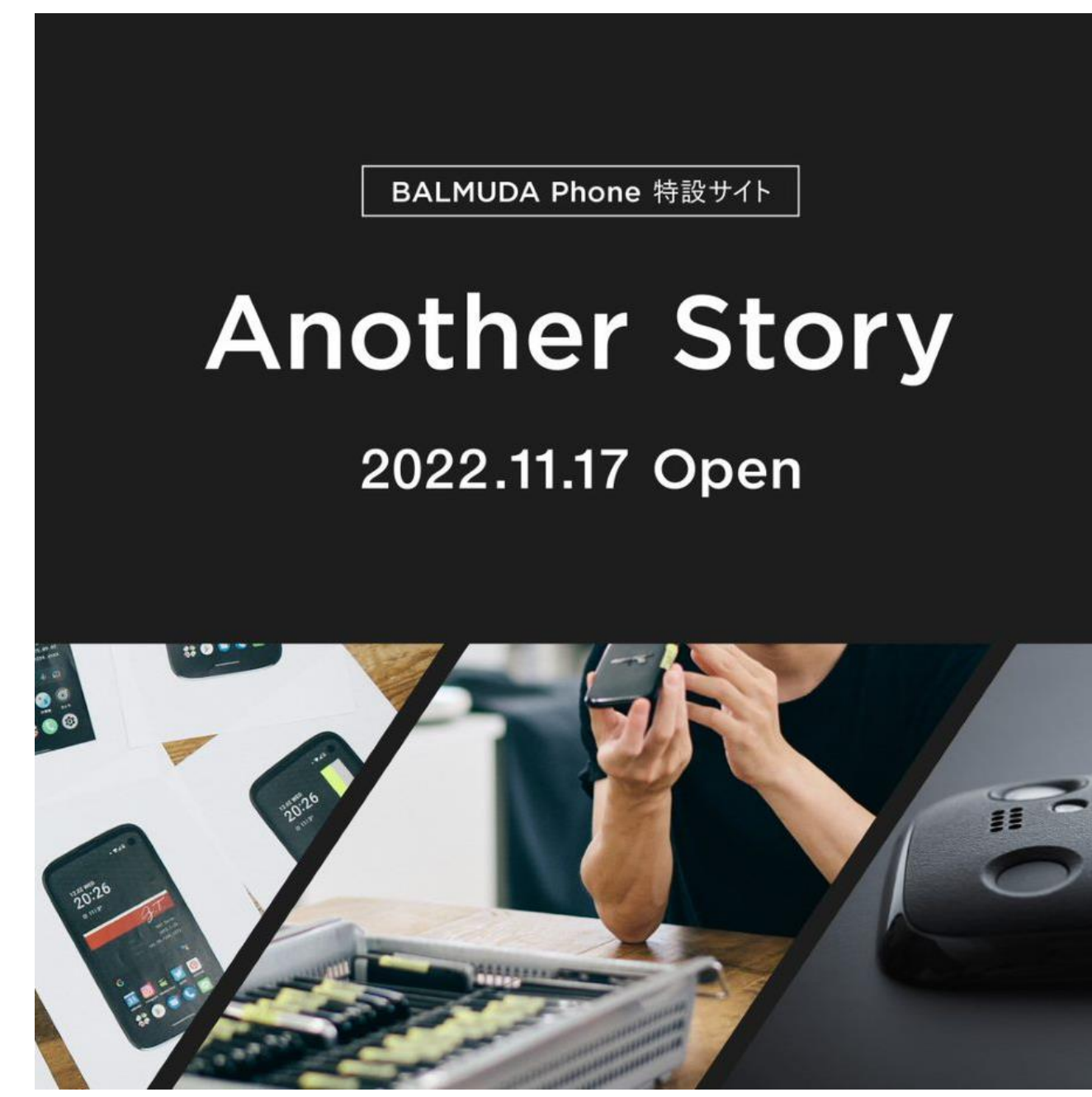
Opened a new shop in Kobe. Held special events to try our products at our shops.
 Launched special website for BALMUDA Phone.
 Promoted activities to make customers a better understanding of BALMUDA products



Newly opened "BALMUDA Daimaru Kobe"
in October 2022.



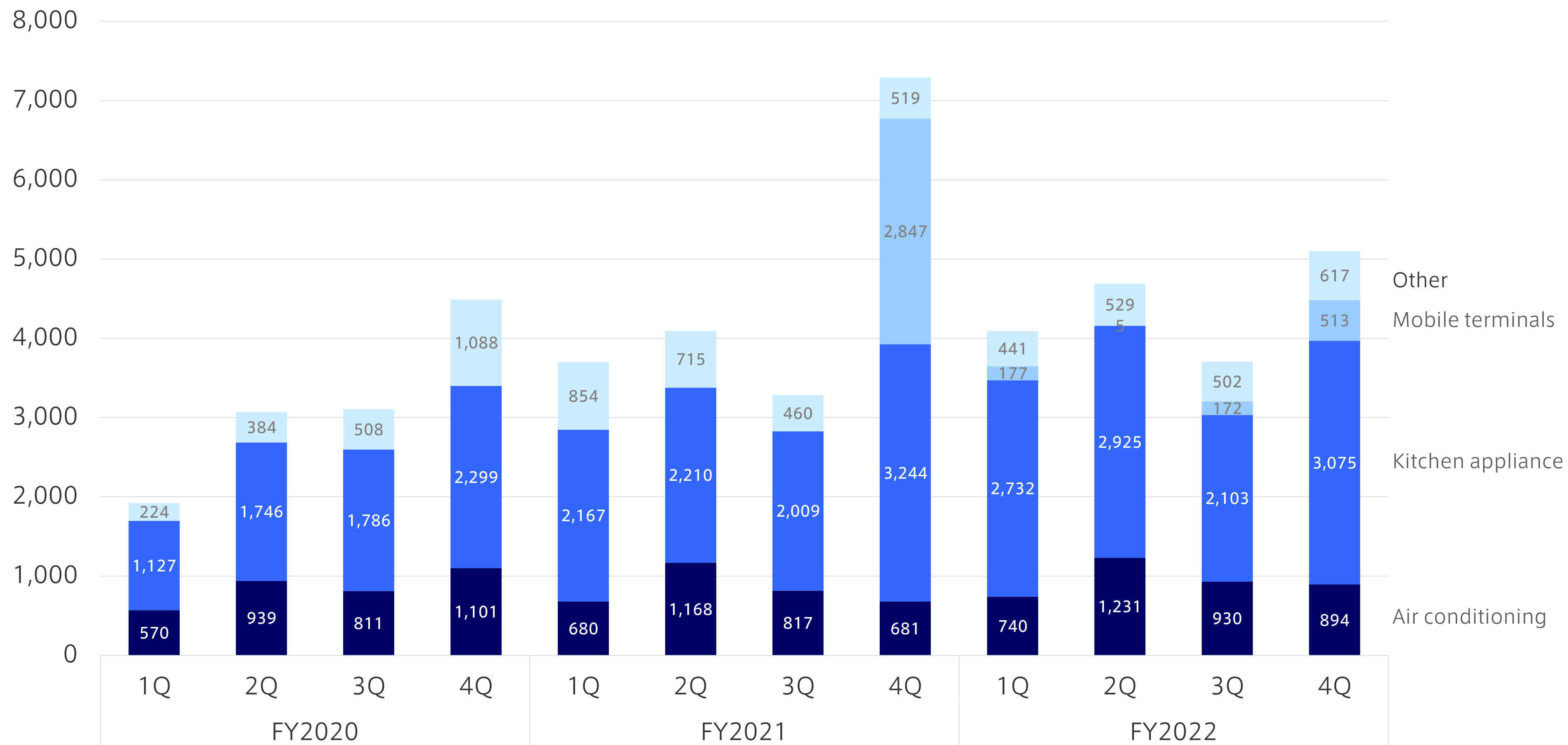
Special event for BALMUDA The Gohan -rice cooker-
at our flagship "BALMUDA The Store Aoyama" in
November 2022.



Launched special website of BALMUDA Phone
in November 2022.
<https://anotherstory.tech.balmuda.com/>

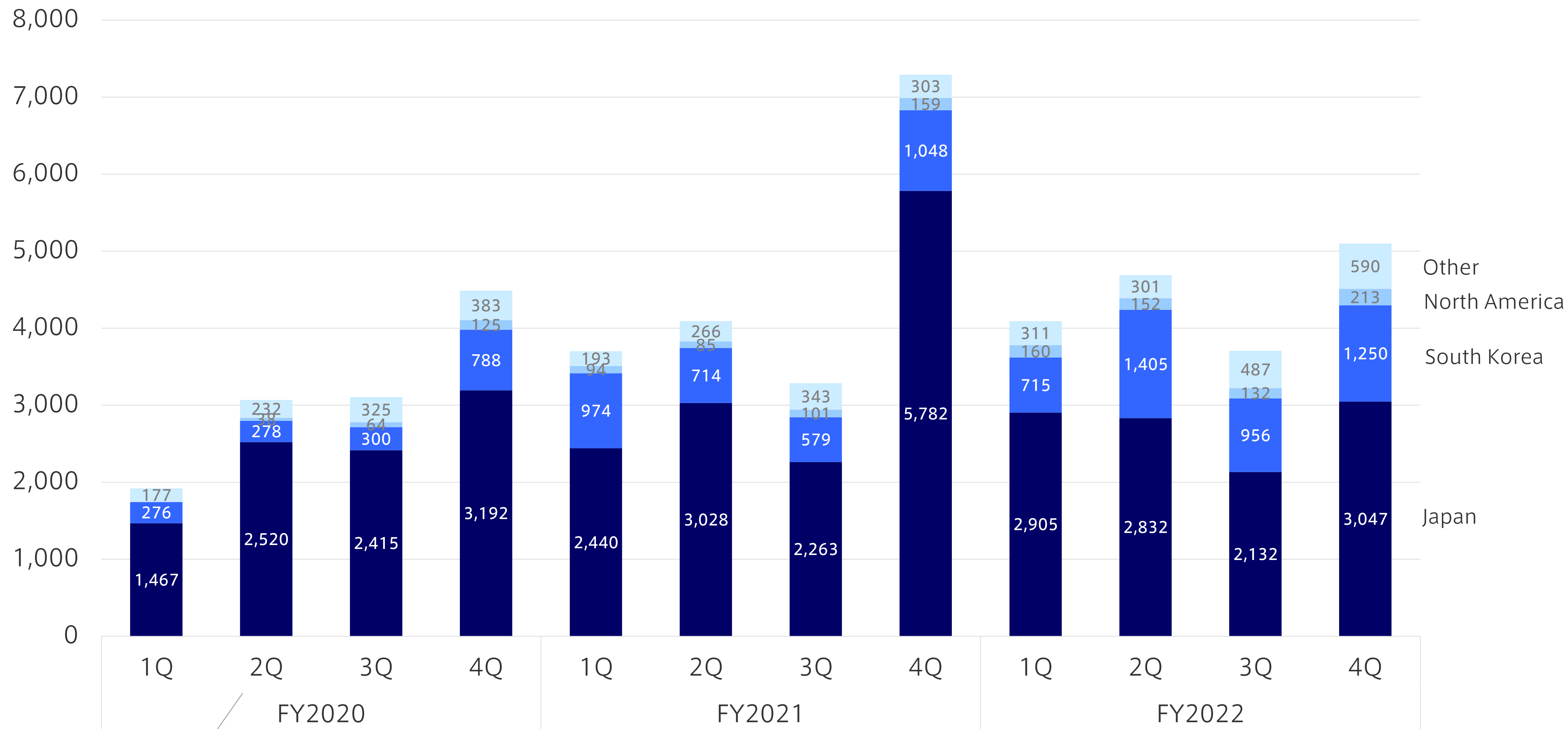
Quarterly net sales by product category

(Million yen)



Quarterly net sales by region

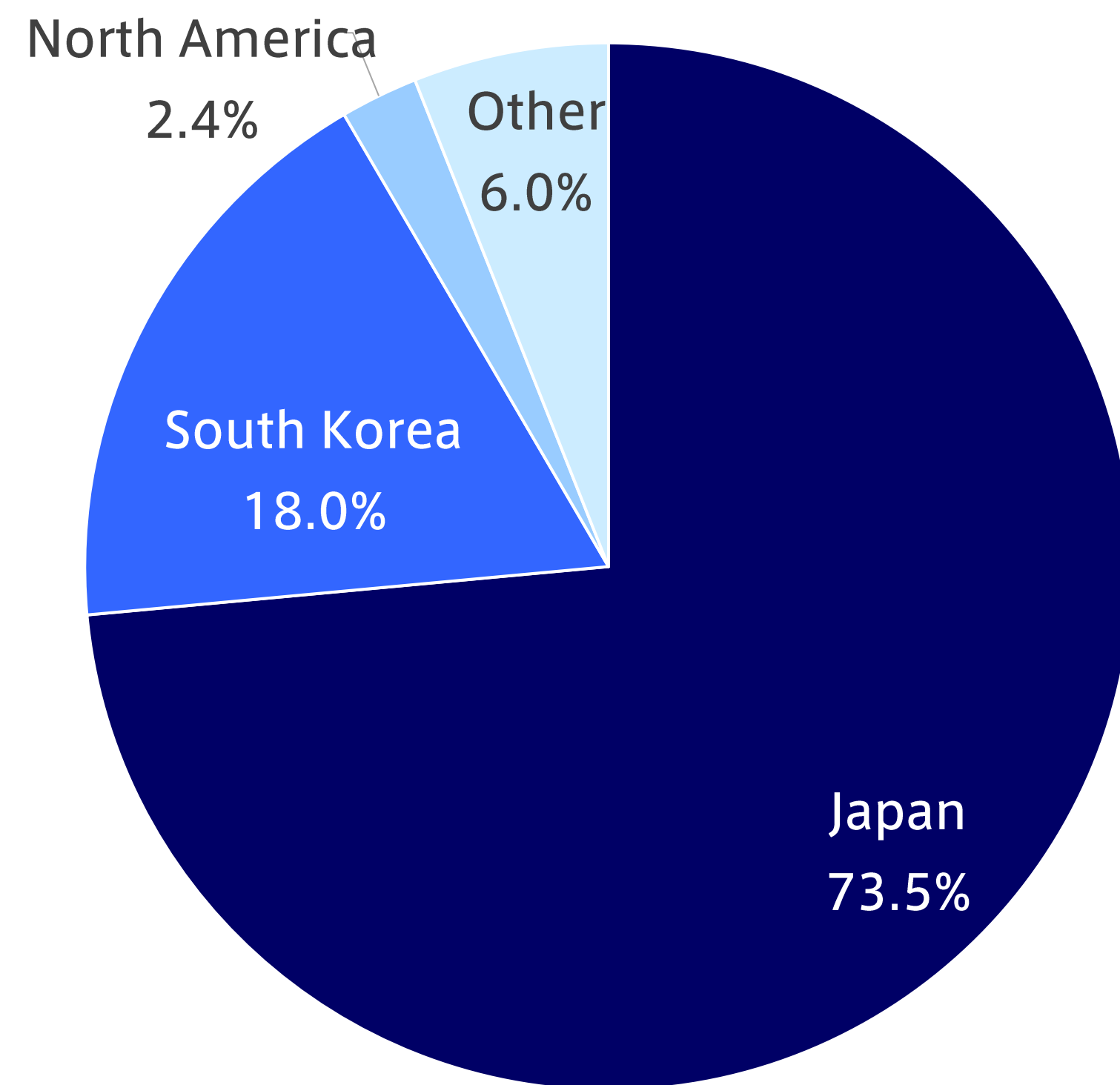
(Million yen)



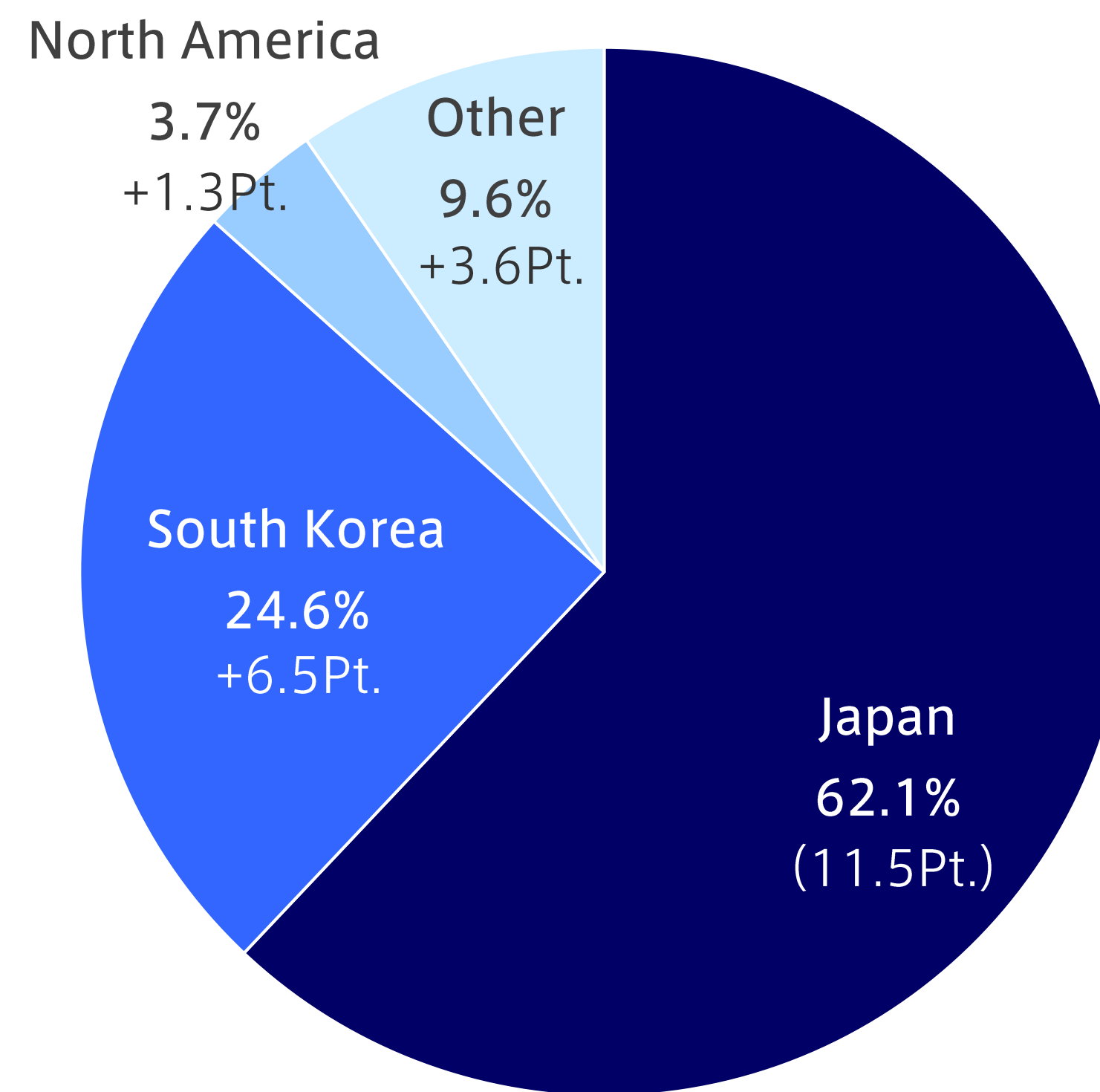
Launched in North America

Composition percentage of net sales by region

FY2021

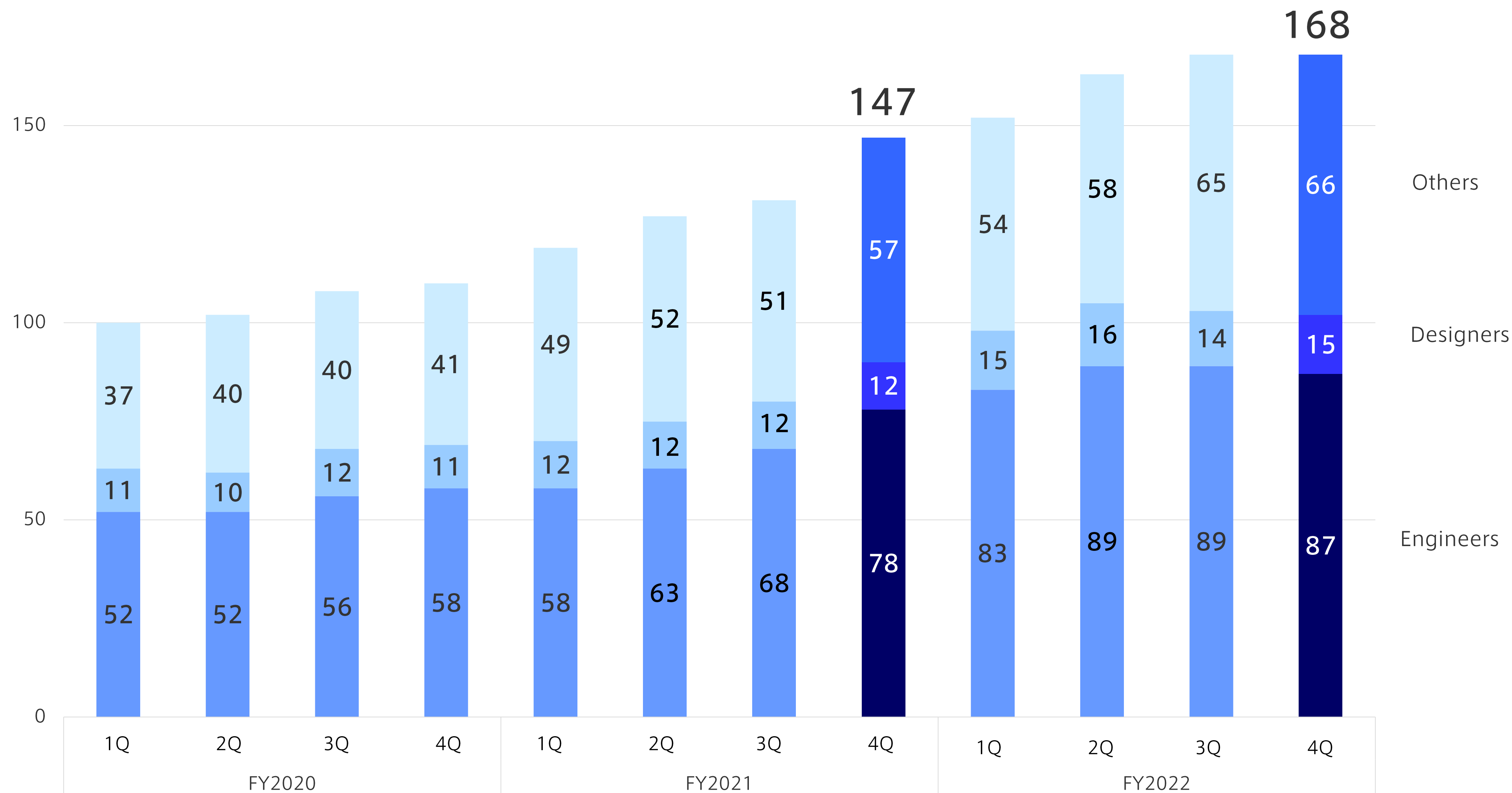


FY2022



Number of employees

(Number of employees at the end of each quarter)



FY2022 Forecast and actual figures - net sales and major SG&A expenses -

(billion yen)

	Initial forecast released on February 10, 2022.	Revised forecast released on November 8, 2022.	Results released on February 10, 2023.
Net sales	18.41	18.41	17.59
【by region】			
Japan	12.77	11.70	10.91
South Korea	3.57	4.34	4.32
North America	0.75	0.72	0.65
Other	1.31	1.63	1.69
【by product category】			
Air conditioning	3.86	3.96	3.79
Kitchen appliance	10.57	11.23	10.83
Mobile terminals	1.08	0.86	0.86
other	2.88	2.35	2.09

	Initial forecast released on February 10, 2022.	Revised forecast released on November 8, 2022.	Results released on February 10, 2023.
Personnel expenses	1.56	1.42	1.48
Advertising expenses	0.65	0.53	0.48
Experimentation and research expenses	0.69	0.33	0.33

Consolidated statement of income (quarterly changes)

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

	FY2020				FY2021				FY2022			
	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
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%
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%
Personnel expenses	221	248	245	416	273	293	322	397	379	338	382	388
Advertising expenses	64	100	88	210	114	206	129	199	95	139	124	127
Experimentation and research expenses	74	63	79	176	63	315	424	341	70	100	74	86
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%)
Ordinary profit	75	455	360	360	462	245	(300)	1,054	144	224	(294)	(60)
Profit attributable to owners of parent	55	307	240	230	301	146	(179)	747	96	137	(190)	(40)

Net sales by region/product category (quarterly changes)

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

	FY2020				FY2021				FY2022			
	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
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%
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%
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%
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%
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%
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%
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%
Mobile terminals	- -	- -	- -	- -	- -	- -	- -	2,847 39.0%	177 4.3%	5 0.1%	172 4.6%	513 10.1%
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%

Consolidated Balance Sheet

(Million yen)

	At the end of FY2021	At the end of FY2022	Note
Current assets			
Cash and deposits	1,000	1,246	
Accounts receivable - trade	5,321	2,660	Collection of mobile terminals' receivables
Merchandise and finished goods	2,541	3,708	
Other	560	698	
Non-current assets			
Property, plant and equipment	743	761	
Intangible assets	405	490	
Other	309	342	
Total assets	10,881	9,907	
Current liabilities			
Accounts payable - trade	1,763	1,121	
Short-term borrowings	800	800	
Current portion of long-term borrowings	475	330	
Provision for product warranties	383	368	
Other	1,018	690	
Non-current liabilities			
Long-term borrowings	148	284	
Total liabilities	4,589	3,595	
Total net assets	6,292	6,312	
Total liabilities and net assets	10,881	9,907	

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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- Unless otherwise stated, the financial data in this document are presented in accordance with accounting principles generally accepted in Japan.
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