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February 9, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

Company name: BALMUDA Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 6612
 URL: <https://corp.balmuda.com/>
 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 22, 2024
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: March 25, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2023	13,011	(26.1)	(1,375)	—	(1,237)	—	(2,071)	—
December 31, 2022	17,595	(4.3)	75	(95.1)	14	(99.0)	3	(99.7)

Note: Comprehensive income For the fiscal year ended December 31, 2023: (¥2,063) million [—%]
 For the fiscal year ended December 31, 2022: ¥6 million [(99.4%)]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	(245.68)	—	(39.2)	(14.0)	(10.6)
December 31, 2022	0.36	0.36	0.0	0.1	0.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023:¥ — million
 For the fiscal year ended December 31, 2022:¥ — million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	7,803	4,265	54.7	505.37
December 31, 2022	9,907	6,312	63.7	753.15

Reference: Equity
 As of December 31, 2023: ¥4,265 million
 As of December 31, 2022: ¥6,312 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, 2023	246	(371)	44	1,167
December 31, 2022	840	(621)	5	1,246

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, 2023	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	0.00	-	0.00	0.00	-	-	-
December 31, 2022	-	0.00	-	0.00	0.00	-	-	-
December 31, 2024 (Forecast)	--	0.00	-	0.00	0.00		-	

3. Forecast of Consolidated Earnings for the Fiscal Year ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

(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	13,200	1.4	150	—	150	—	100	—	11.85

* 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: None

(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, 2023	8,443,900 shares
As of December 31, 2022	8,382,900 shares

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

As of December 31, 2023	3,167 shares
As of December 31, 2022	1,367 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	8,432,677 shares
Fiscal year ended December 31, 2022	8,379,026 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	12,996	(26.1)	(1,384)	—	(1,233)	—	(2,067)	—
December 31, 2022	17,576	(4.3)	72	(95.2)	12	(99.1)	2	(99.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	(245.12)	—
December 31, 2022	0.27	0.27

(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, 2023	7,803	4,241	54.4	502.46
December 31, 2022	9,888	6,291	63.6	750.65

Reference: Equity

As of December 31, 2023: ¥4,241 million

As of December 31, 2022: ¥6,291 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, 2022	December 31, 2023		
Japan	10,918	8,806	(2,111)	(19.3)
South Korea	4,328	2,329	(1,999)	(46.2)
North America	658	631	(27)	(4.1)
Other	1,690	1,244	(446)	(26.4)
Total	17,595	13,011	(4,584)	(26.1)

(Millions of yen)

Net Sales by Product Category	Fiscal year ended	Fiscal year ended	year-on-year changes	year-on-year changes(%)
	December 31, 2022	December 31, 2023		
Air conditioning	3,798	2,442	(1,356)	(35.7)
Kitchen appliance	10,837	9,278	(1,558)	(14.4)
Mobile terminals	868	2	(866)	(99.7)
Other	2,091	1,288	(802)	(38.4)
Total	17,595	13,011	(4,584)	(26.1)

Accompanying Materials

1. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	1,246	1,167
Accounts receivable - trade	2,660	2,423
Merchandise and finished goods	3,708	2,629
Raw materials and supplies	321	312
Other	376	359
Total current assets	8,313	6,893
Non-current assets		
Property, plant and equipment		
Buildings and structures	183	186
Accumulated depreciation	(29)	(41)
Buildings and structures, net	153	144
Vehicles	3	10
Accumulated depreciation	(2)	(3)
Vehicles, net	0	6
Tools, furniture and fixtures	2,044	2,250
Accumulated depreciation and impairment	(1,551)	(1,791)
Tools, furniture and fixtures, net	493	458
Construction in progress	113	22
Total property, plant and equipment	761	632
Intangible assets		
Software	453	203
Software in progress	13	—
Right to use patent	23	—
Total intangible assets	490	203
Investments and other assets		
Deferred tax assets	251	30
Other	90	43
Total investments and other assets	342	73
Total non-current assets	1,594	909
Total assets	9,907	7,803

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,121	1,123
Short-term borrowings	800	600
Current portion of long-term borrowings	330	514
Accounts payable-other	416	458
Provision for bonuses	89	61
Provision for product warranties	368	292
Provision for loss on business liquidation	—	16
Other	184	142
Total current liabilities	3,310	3,209
Non-current liabilities		
Long-term borrowings	284	328
Total non-current liabilities	284	328
Total liabilities	3,595	3,537
Net assets		
Shareholders' equity		
Share capital	1,414	1,423
Capital surplus	1,411	1,420
Retained earnings	3,480	1,409
Treasury shares	(0)	(0)
Total shareholders' equity	6,307	4,252
Accumulated other comprehensive income		
Foreign currency translation adjustment	5	13
Total accumulated other comprehensive income	5	13
Total net assets	6,312	4,265
Total liabilities and net assets	9,907	7,803

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

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	17,595	13,011
Cost of sales	12,128	9,508
Gross profit	5,467	3,503
Selling, general and administrative expenses	5,392	4,878
Operating profit (loss)	75	(1,375)
Non-operating income		
Interest income	0	1
Dividend income	0	0
Foreign exchange gains	—	126
Surrender value of insurance policies	—	31
Miscellaneous income	3	5
Total non-operating income	3	164
Non-operating expenses		
Interest expenses	16	16
Foreign exchange losses	38	—
Amortization of business commencement expenses	—	8
Miscellaneous losses	10	2
Total non-operating expenses	64	27
Ordinary profit (loss)	14	(1,237)
Extraordinary income		
Gain on sale of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	—	6
Impairment losses	—	59
Loss on liquidation of business	—	543
Total extraordinary losses	—	609
Profit (loss) before income taxes	14	(1,846)
Income taxes - current	59	3
Income taxes - deferred	(48)	221
Total income taxes	11	225
Profit (loss)	3	(2,071)
Profit (loss) attributable to owners of parent	3	(2,071)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss)	3	(2,071)
Other comprehensive income		
Foreign currency translation adjustment	2	8
Total other comprehensive income	2	8
Comprehensive income	6	(2,063)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	6	(2,063)

(3) Consolidated Statement of Changes in Equity

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

fiscal year ended December 31, 2023 (from January 1, 2023, to December 31, 2023)

(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	1,414	1,411	3,480	(0)	6,307	5	5	6,312
Changes during period								
Issuance of new shares	8	8			16			16
Profit (loss) attributable to owners of parent			(2,071)		(2,071)			(2,071)
Purchase of treasury shares				—	—			—
Net changes in items other than shareholders' equity						8	8	8
Total changes during period	8	8	(2,071)	—	(2,055)	8	8	(2,046)
Balance at end of period	1,423	1,420	1,409	(0)	4,252	13	13	4,265

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	14	(1,846)
Depreciation	544	489
Impairment losses	—	59
Loss on liquidation of business	—	543
Share-based payment expenses	13	12
Amortization of business commencement expenses	—	8
Increase (decrease) in provision for product warranties	(15)	(75)
Increase (decrease) in provision for loss on business liquidation	—	16
Increase (decrease) in provision for bonuses	(2)	(28)
Interest and dividend income	(0)	(1)
Interest expenses	16	16
Foreign exchange losses (gains)Interest expenses	(20)	2
Surrender value of insurance policies	—	(31)
Gain on sale of non-current assets	—	(0)
Loss on retirement of non-current assets	—	6
Decrease (increase) in trade receivables	2,660	237
Decrease (increase) in inventories	(1,265)	1,053
Increase (decrease) in trade payables	(642)	(0)
Decrease (increase) in other assets	124	(228)
Increase (decrease) in other liabilities	(125)	(70)
Subtotal	1,301	163
Interest and dividends received	0	1
Interest paid	(15)	(16)
Income taxes paid	(298)	(3)
Income taxes refund	(146)	102
Net cash provided by (used in) operating activities	840	246
Cash flows from investing activities		
Purchase of property, plant and equipment	(357)	(398)
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	(252)	(40)
Proceeds from cancellation of insurance funds	—	65
Payments of other investments	(12)	(6)
Proceeds of other investments	—	6
Net cash provided by (used in) investing activities	(621)	(371)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(200)
Proceeds from long-term borrowings	650	800
Repayments of long-term borrowings	(658)	(572)
Proceeds from issuance of shares	14	16
Purchase of treasury shares	(0)	—
Net cash provided by (used in) financing activities	5	44
Effect of exchange rate change on cash and cash equivalents	20	2
Net increase (decrease) in cash and cash equivalents	245	(78)
Cash and cash equivalents at beginning of period	1,000	1,246
Cash and cash equivalents at end of period	1,246	1,167