

# BALMUDA

## Matters Related to Business Plan and Growth Potential

(Disclosure Date: March 31, 2025)

BALMUDA Inc.

Securities Code: 6612

Note : This document has been translated from 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.

# 1 . Business Model (1) Business Overview

## ①Philosophy

Creating new value through exceptional creativity and the finest science and technology to benefit people.

# 1. Business Model (1) Business Overview

## ② Business Domain

- Our business scope includes planning, commercialization, and sales of premium home appliances.
- We handle product planning, design, engineering, and quality assurance in-house, while manufacturing is outsourced to EMS partners in Asia.
- We have established a strong proprietary brand. We handle our own advertising, sales, and customer service.



Air Conditioning Appliances

Kitchen Appliances

Other Home Appliances

# 1 . Business Model (1) Business Overview

## ③Geographic Expansion

- Japan and South Korea are our core markets. In recent years, we have expanded into the U.S. and Southeast Asia to diversify our market presence. In 2025, we plan to strategically strengthen our presence in the U.S.

### ■Kitchen Appliances

Product \ Region		Japan	South Korea	U.S.A.	China	Taiwan	Hong Kong	Thailand	Singapore	Malaysia	Europe
BALMUDA The Toaster	Steam toaster	○	○	○	○	○	○	○	○	○	
BALMUDA The Pot	Electric kettle	○	○	○	○	○	○	○	○	○	
BALMUDA The Range	Microwave oven	○	○		○	○	○	○	○	○	
BALMUDA The Brew	Coffee machine	○	○	○	○			○			
BALMUDA The Toaster Pro	Steam toaster with salamander mode	○	○			○					
BALMUDA The Plate Pro	Stainless steel hotplate	○	○			○					
MoonKettle	Temperature controlled kettle	○	○	○							
BALMUDA The Gohan	Rice cooker	○	○								
ReBaker	Toaster with rebake mode	○	○								
Table Stove	Portable gas stove	○									

※As of March 31, 2025.

# 1 . Business Model (1) Business Overview

## ③Geographic Expansion

### ■Air conditioning Appliances

Region		Japan	South Korea	U.S.A.	China	Taiwan	Hong Kong	Thailand	Singapore	Malaysia	Europe
Product											
The GreenFan	Fan	○	○		○	○	○				○
GreenFan Cirq	Circulator	○	○		○	○					○
BALMUDA The Pure	Air purifier	○	○		○	○	○				
GreenFan C2	Portable circulator	○	○			○					
Rain	Humidifier	○	○		○						
GreenFan Studio	Fan	○	○								

### ■Other Home Appliances

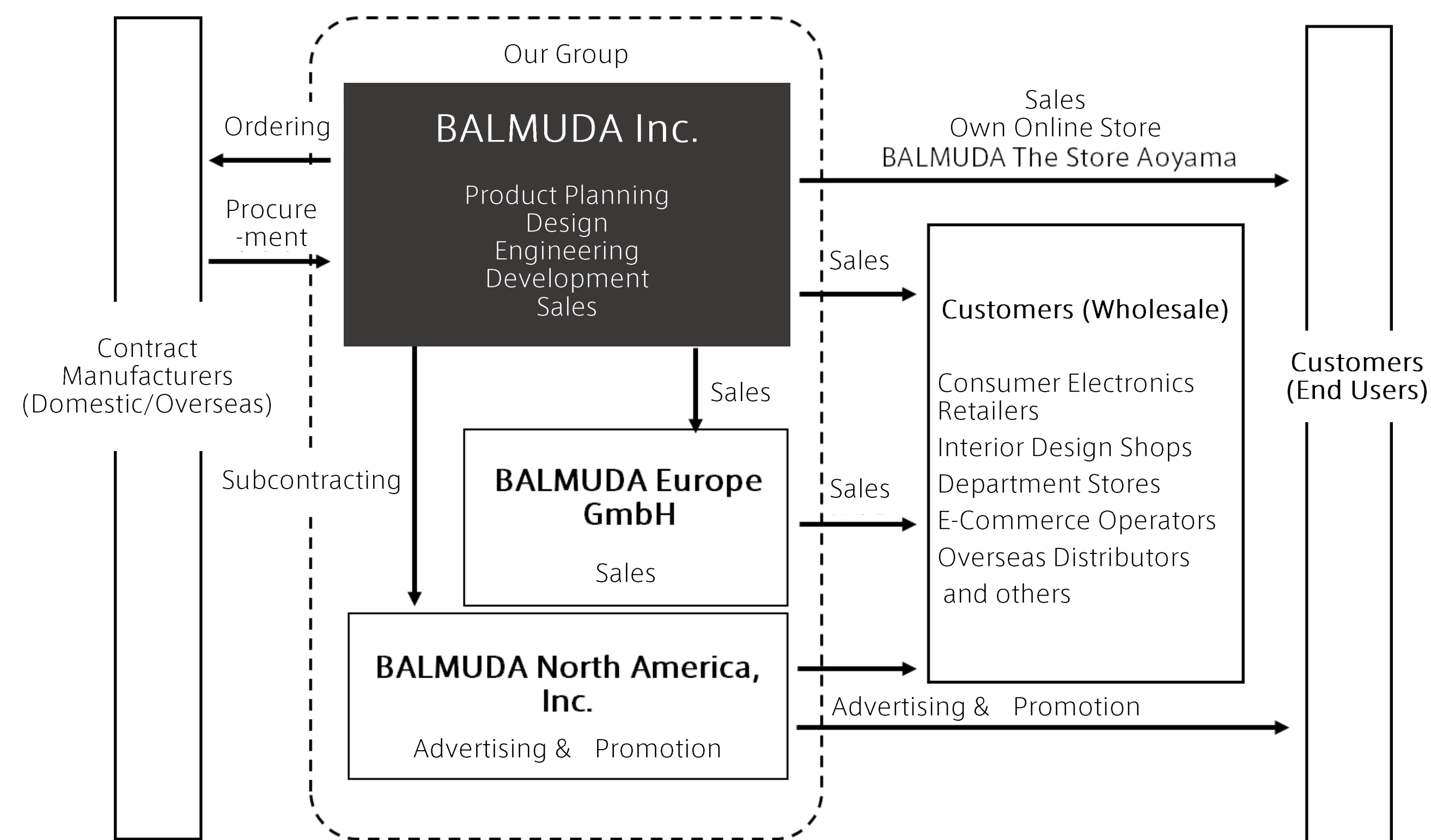
Region		Japan	South Korea	U.S.A.	China	Taiwan	Hong Kong	Thailand	Singapore	Malaysia	Europe
Product											
BALMUDA The Speaker	Wireless speaker	○	○	○	○	○	○				
BALMUDA The Light	Sunlight LED desk light	○	○		○	○					
BALMUDA The Lantern	Portable LED lantern	○	○	○							
BALMUDA The Cleaner Lite	Cleaner with hover technology	○									

※As of March 31, 2025

# 1. Business Model (1) Business Overview

## ④ Business Flow

- Only the manufacturing process is outsourced. All other processes, including planning, design, and quality inspection, are conducted in-house to faithfully reproduce our product concepts.
- Sales channels include our own online store, electronics retailers, interior design shops, and directly operated stores. We aim to build a system that allows as many consumers as possible to experience our products.
- Promotional content such as photos and videos is also produced in-house to fully express our brand concept.



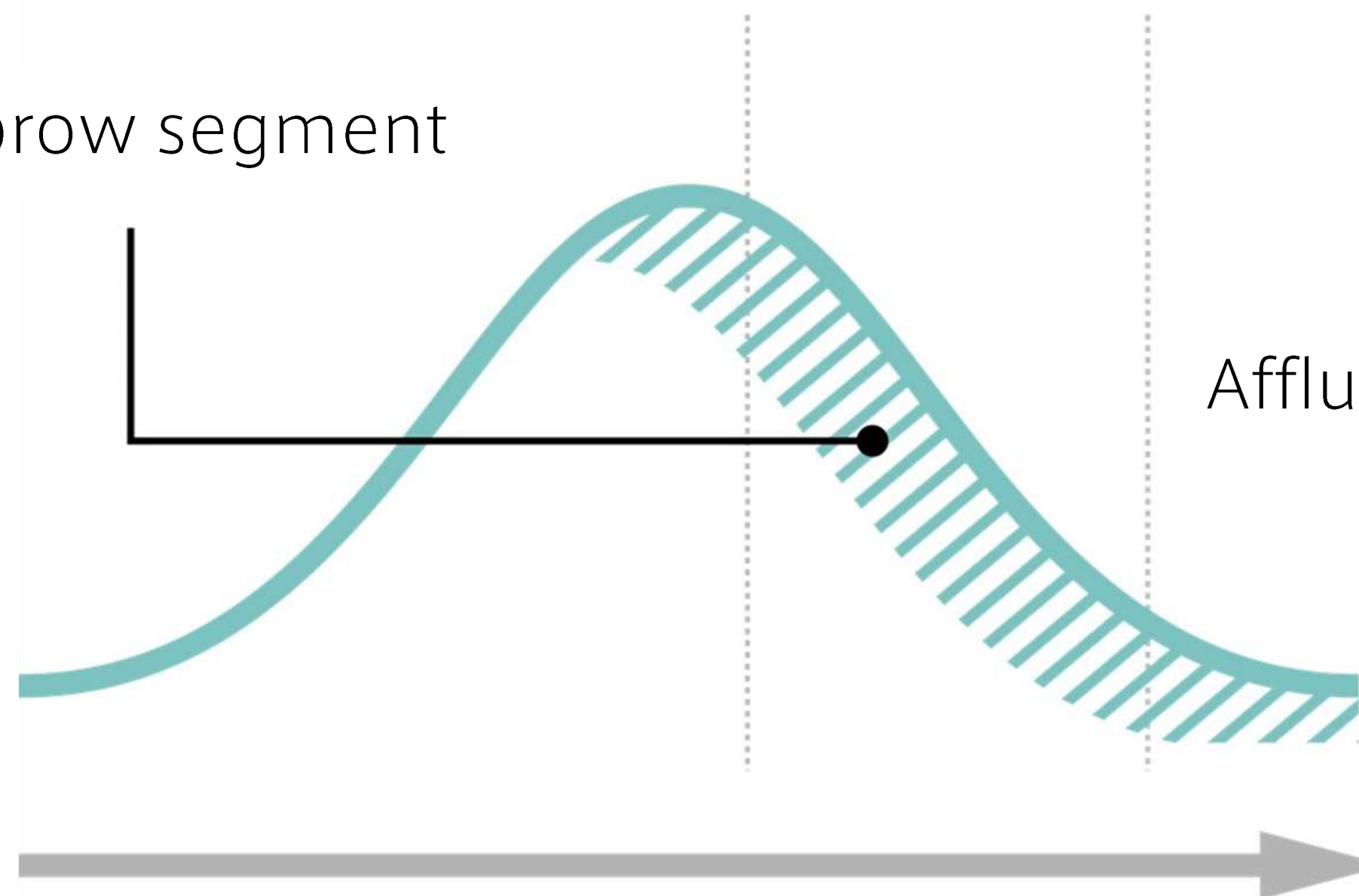


# 1 . Business Model (1) Business Overview

## ⑤Customer Segment

- We target a unique customer segment we refer to as the “highbrow segment.” This generally refers to the intellectual class, which is large in number in developed countries and spans from the middle class to the affluent. This segment is considered to be larger in total than the wealthy class alone.

Highbrow segment



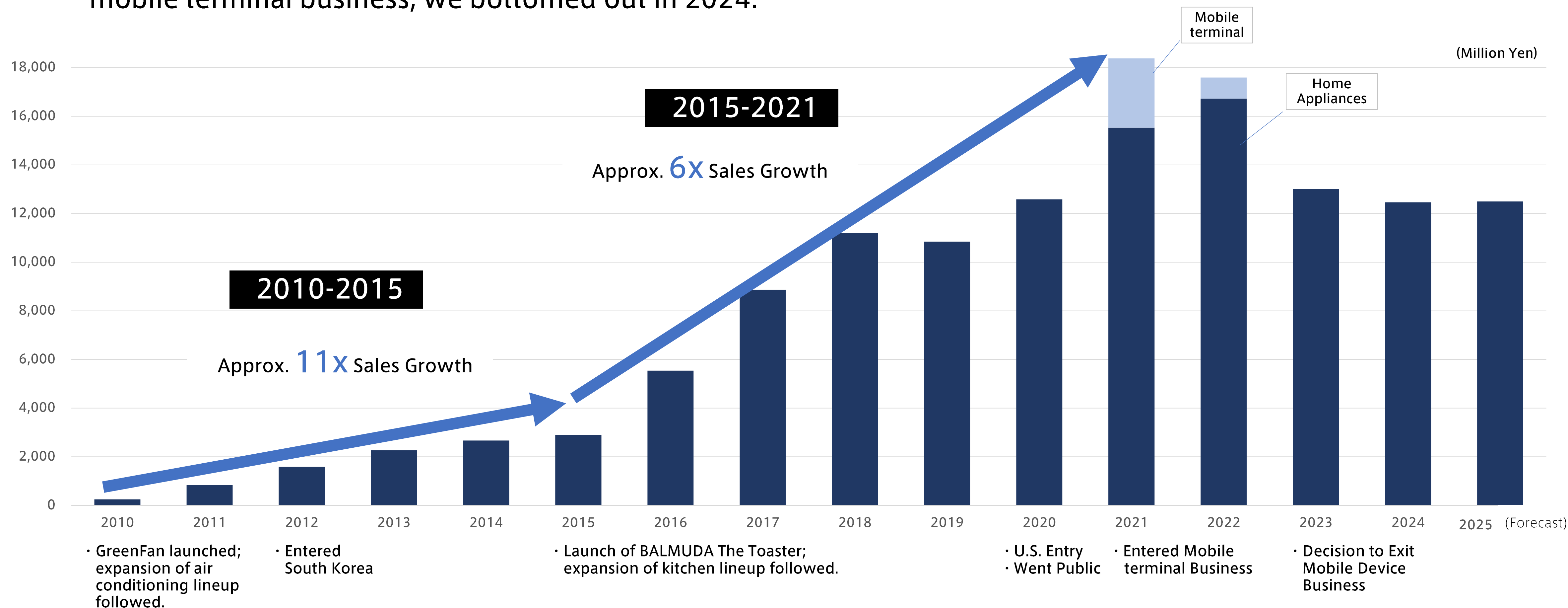
Affluent Segment

High Income

# 1. Business Model (1) Business Overview

## ⑥ Sales Trend

- The launch of the DC motor fan (2010) and the steam toaster (2015) marked the beginning of accelerated growth.
- Although sales declined in 2022–2023 due to the recoil from stay-at-home demand and the decision to exit the mobile terminal business, we bottomed out in 2024.

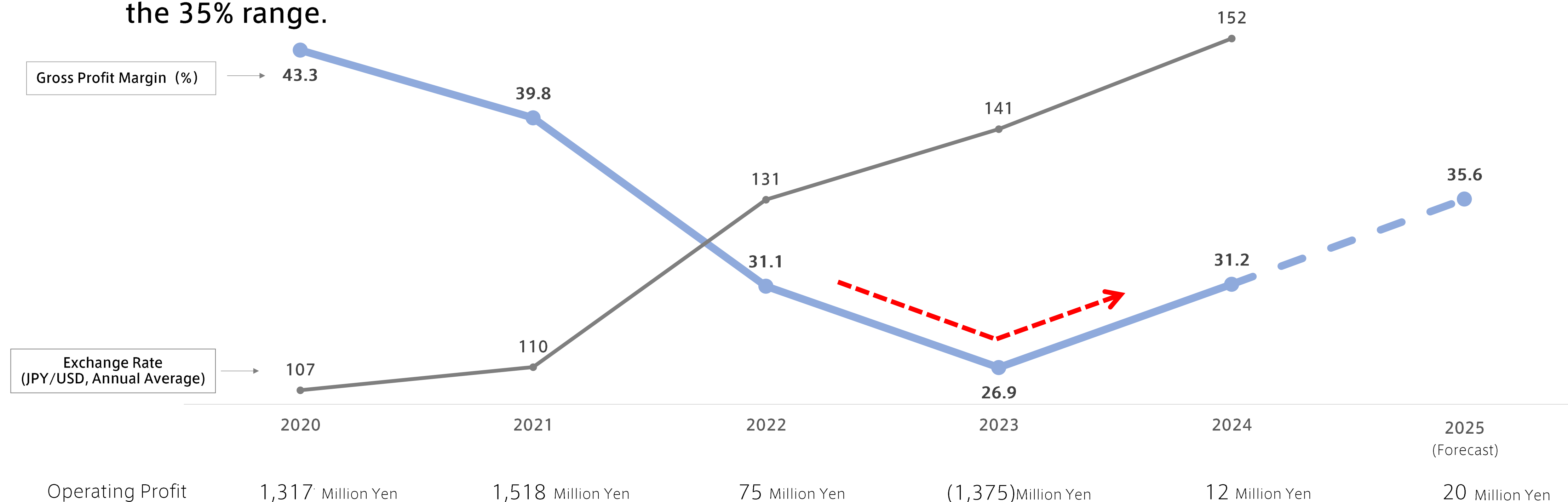




# 1. Business Model (2) Profit Structure

## ① Gross Profit Margin

- Due to rising raw material costs and a historically weak yen, procurement costs surged from 2022 onward.
- Despite continued yen depreciation, cost-cutting measures and price revisions led to improved gross profit margins in 2024.
- In 2025, the full effect of past margin improvement initiatives is expected to bring the gross profit margin into the 35% range.



Continuous cost reduction through redesign of engineering and manufacturing processes

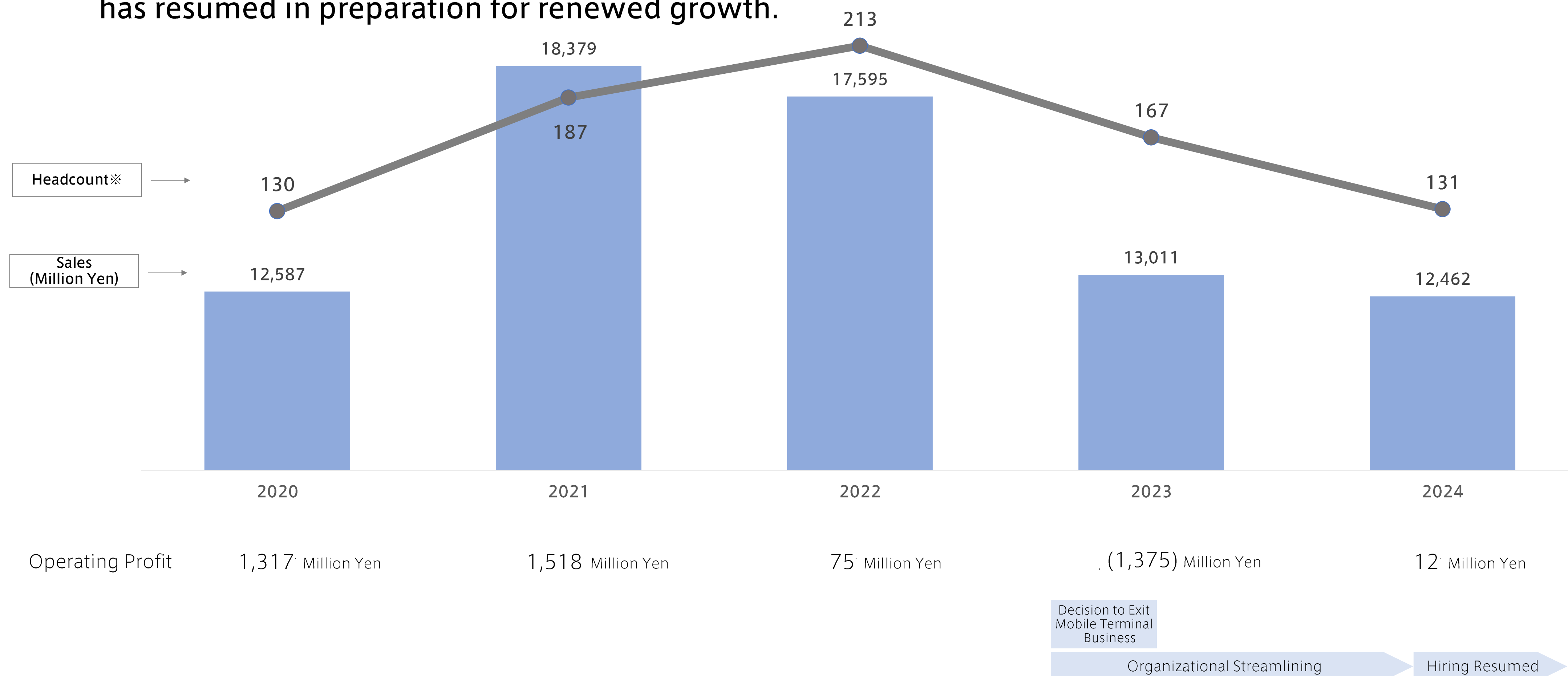
Price revisions in 2024, renewal of existing products

Active launch of new products with improved margins

# 1. Business Model (2) Profit Structure

## ② Balance Between Sales and Workforce

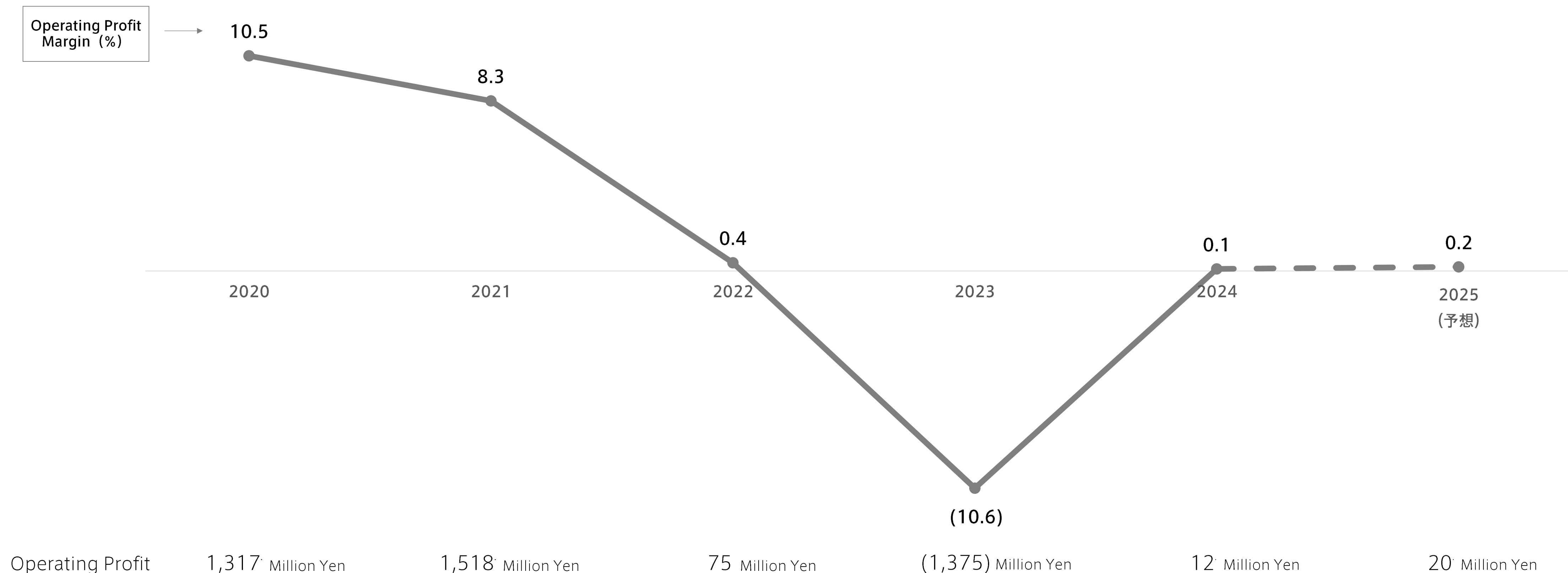
- In response to declining sales due to the end of stay-at-home demand and the termination of the mobile terminal business, fixed costs were reduced, resulting in a return to profitability in 2024.
- Organizational and staffing adjustments aligned with the scale of sales were completed within 2024. Recruitment has resumed in preparation for renewed growth.



# 1. Business Model (2) Profit Structure

## ③ Operating Profit Margin

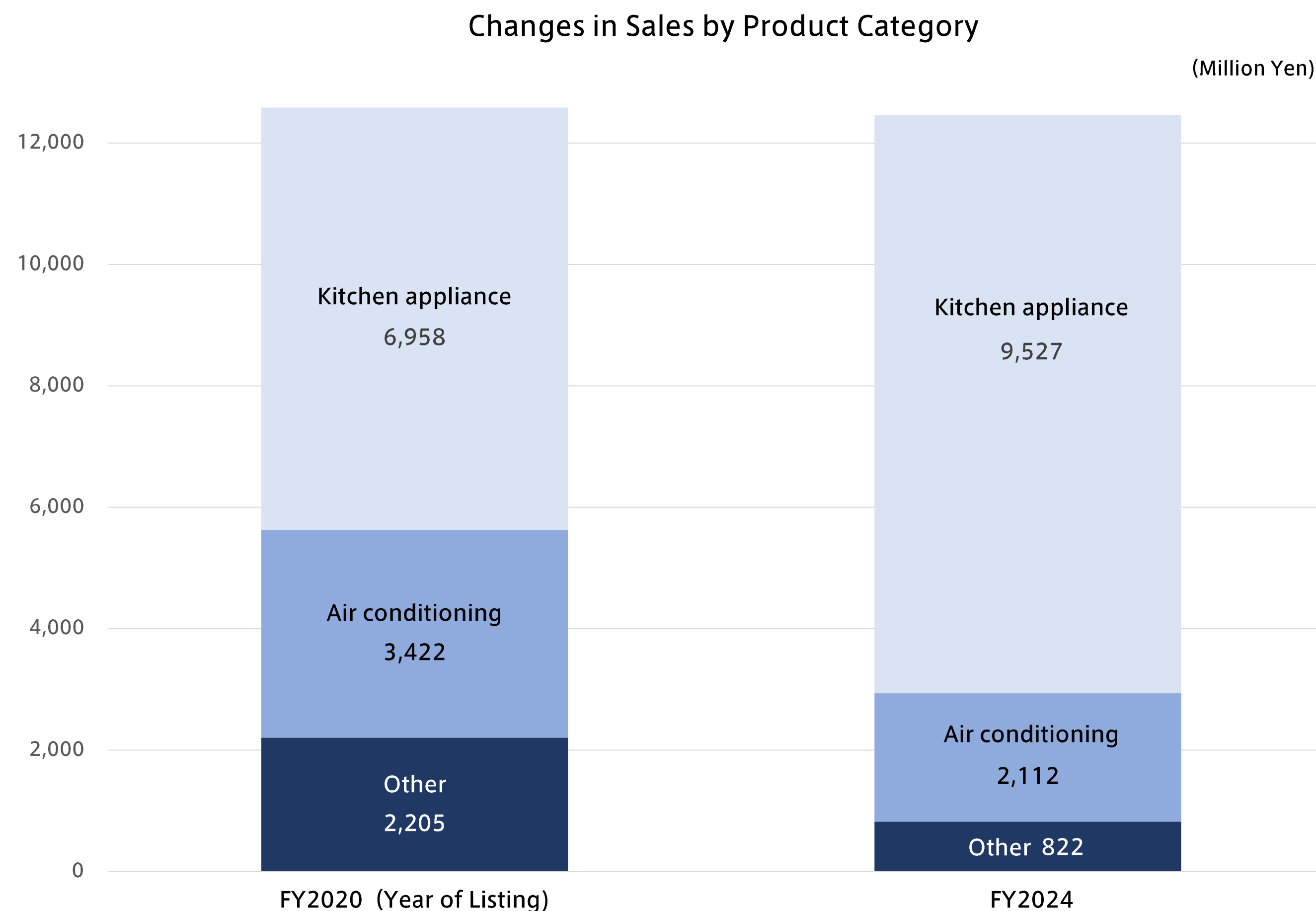
- The balance between revenue and expenses was disrupted by the historically weak yen, the end of stay-at-home demand, and a reassessment of growth strategies. However, through focused strategies—improving gross profit margin, reducing fixed costs, and actively expanding home appliance categories—the company returned to profitability within one year.
- A structure capable of generating profits even under challenging external conditions has been established.



# 1. Business Model (2) Profit Structure

## ④ Sales by Product Category

- Sales of kitchen-related products grew significantly due to the active launch of new products.



### New Products Launched from 2021 to 2024※

Kitchen appliance    BALMUDA The Brew  
BALMUDA The Toaster Pro  
BALMUDA The Plate Pro  
ReBaker  
MoonKettle  
Table Stove

Air conditioning    GreenFan Studio

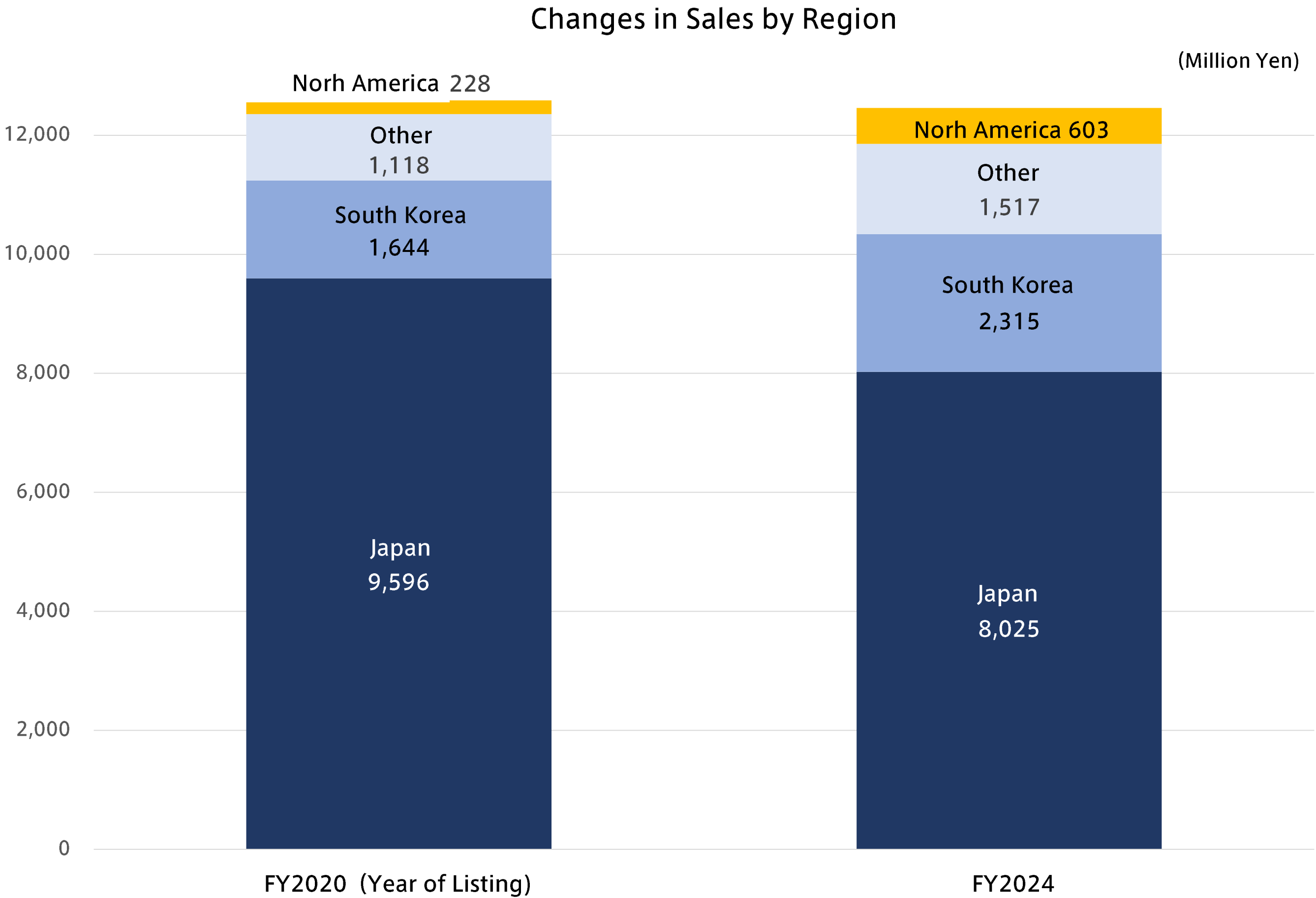
Other    BALMUDA The Cleaner Lite

※The mobile terminal was launched in 2021 and was decided, in 2023, to discontinue.

1 . Business Model (2) Profit Structure

⑤Sales by Region

- Overseas sales increased due to the launch of new products and expansion into new regions. In 2025, we aims to double sales in the U.S., a key strategic market, compared to the previous year.



Product Rollout in the U.S. Market	
FY2020	BALMUDA The Toaster BALMUDA The Pot
FY2021	BALMUDA The Lantern
FY2022	BALMUDA The Speaker
FY2023	BALMUDA The Brew
FY2024	—
FY2025	MoonKettle BALMUDA The Plate Pro (Scheduled) BALMUDA The Toaster Pro (Scheduled)

## 2. Market Environment (1) Market Size



Home  
Appliances

Domestic market size: approximately ¥700 billion<sup>\*1</sup>

Global transaction volume: approximately ¥45 trillion<sup>\*2</sup>

<sup>\*1</sup> Commodity-Level Industrial Statistics (METI), SPEEDA Report on Household and Kitchen Appliances – Japan Market Trends  
<sup>\*2</sup> Euromonitor



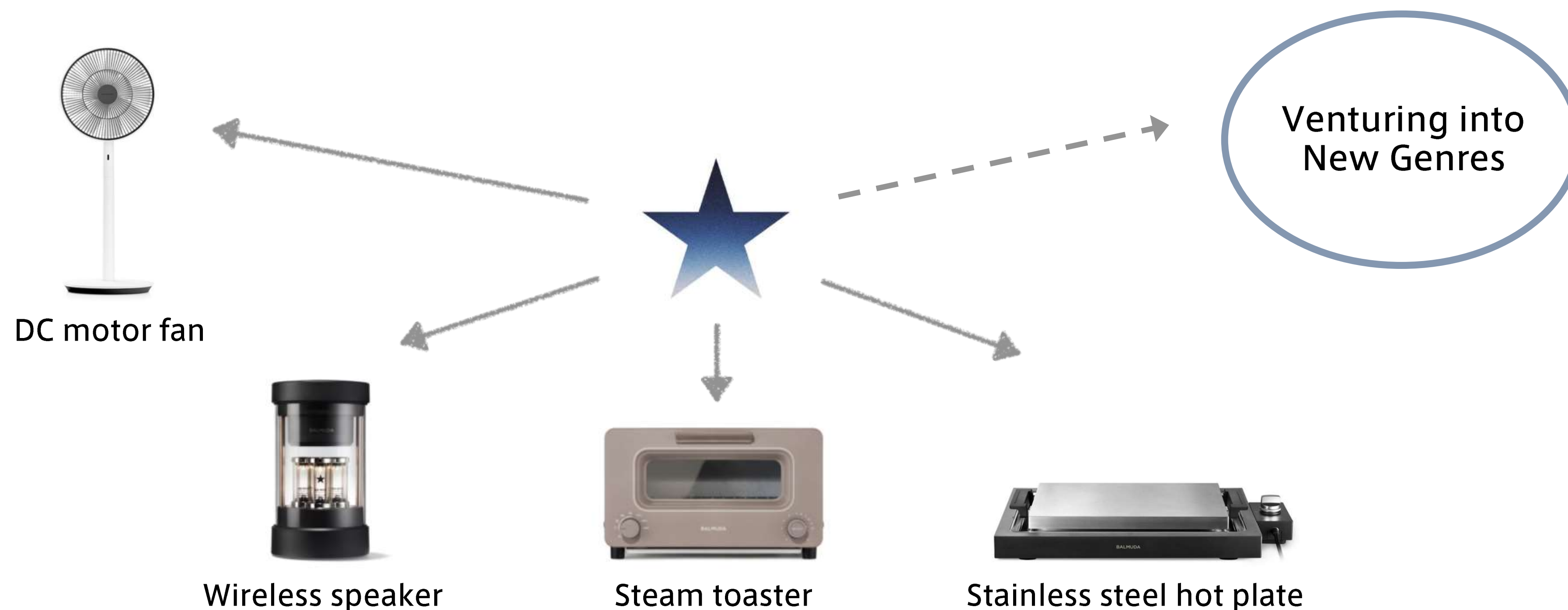
- ## Market Positioning by Brand Image



### 3. Sources of Competitiveness: Management Resources and Competitive Advantages

#### ① Free and Creative Ideas

- Product development driven by free-thinking and unconstrained by conventional ideas.
- Linking groundbreaking ideas to social value, beyond being simply unconventional. Several products, despite being unprecedented, gained strong consumer support and eventually created new subcategories in the market.
- In addition to new home appliances, we are constantly exploring new genres.





### 3. Sources of Competitiveness: Management Resources and Competitive Advantages

#### ② Strong Communication Capabilities

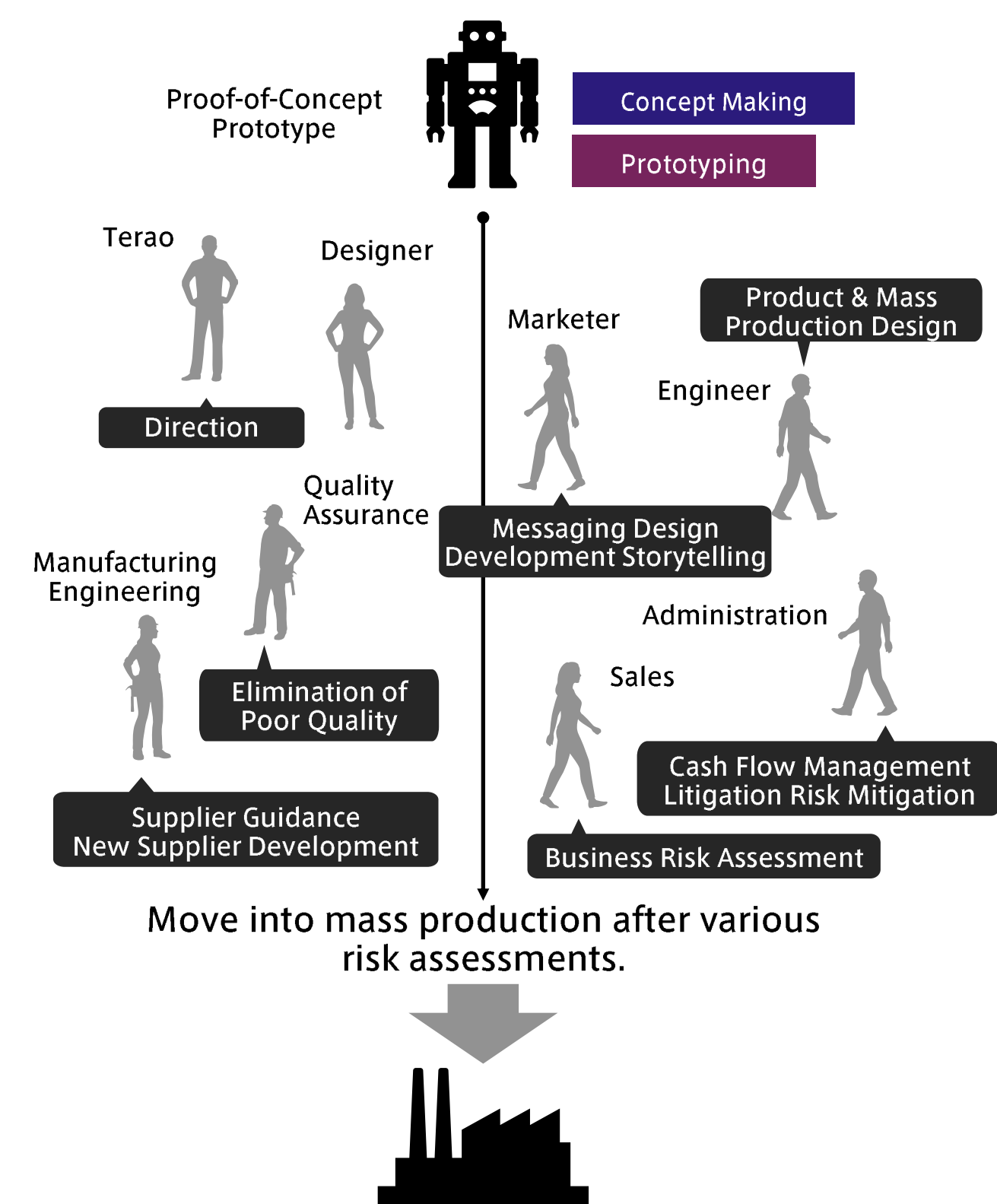
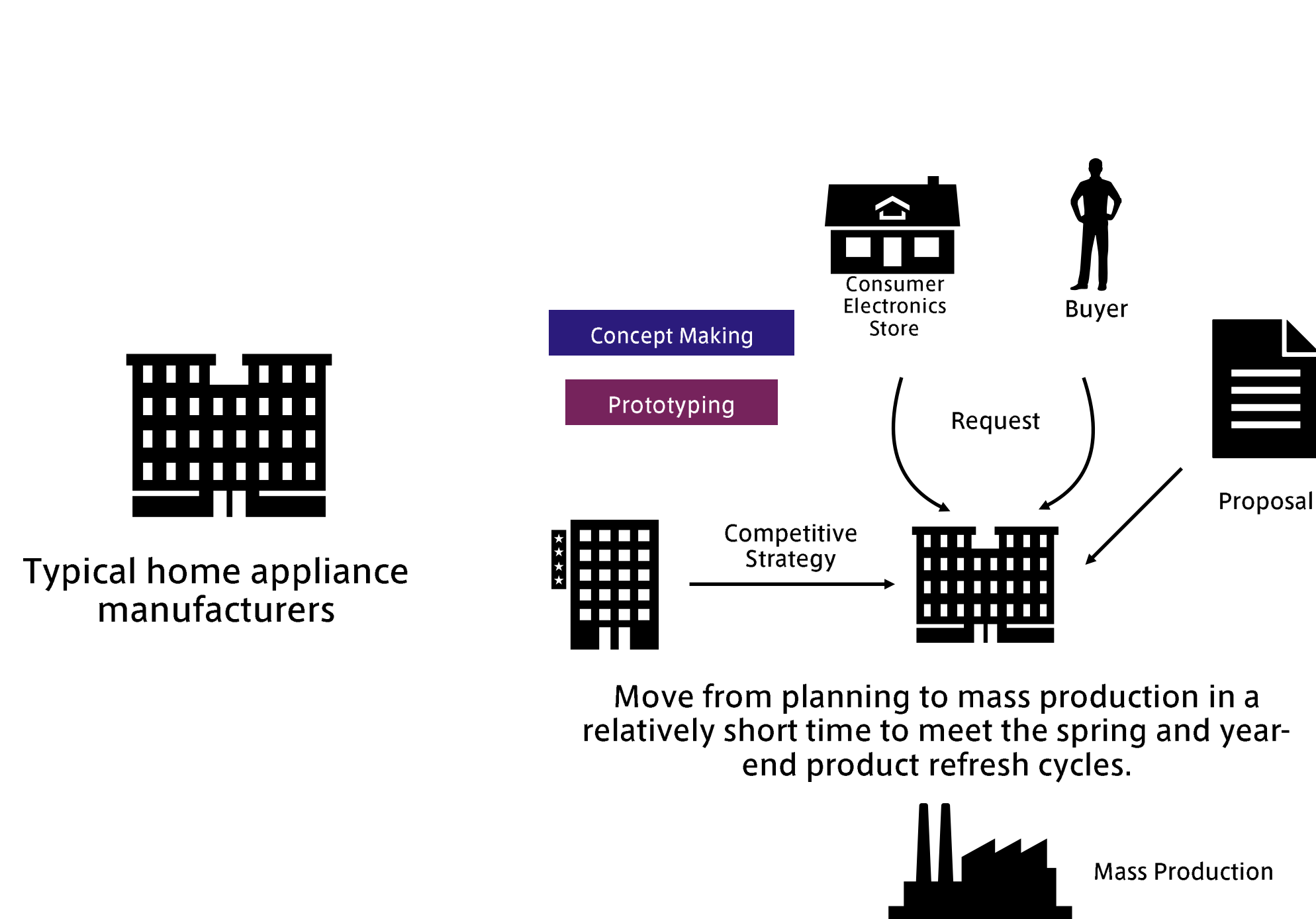
- Advertising and expression methods that drive purchasing behavior are developed in-house.
- While some communication initiatives are outsourced, planning is primarily done internally.
- We have established a unique expression method that connects not just the product itself, but also the lifestyle it represents, demonstrating strong communication capabilities.



### 3. Sources of Competitiveness: Management Resources and Competitive Advantages

#### ③ Organization and Workflow

- Development begins not with paperwork, but with a prototype—anchored in the value of real user experience.
- Through various risk assessments, we transform unprecedented ideas into safe and market-accepted products.

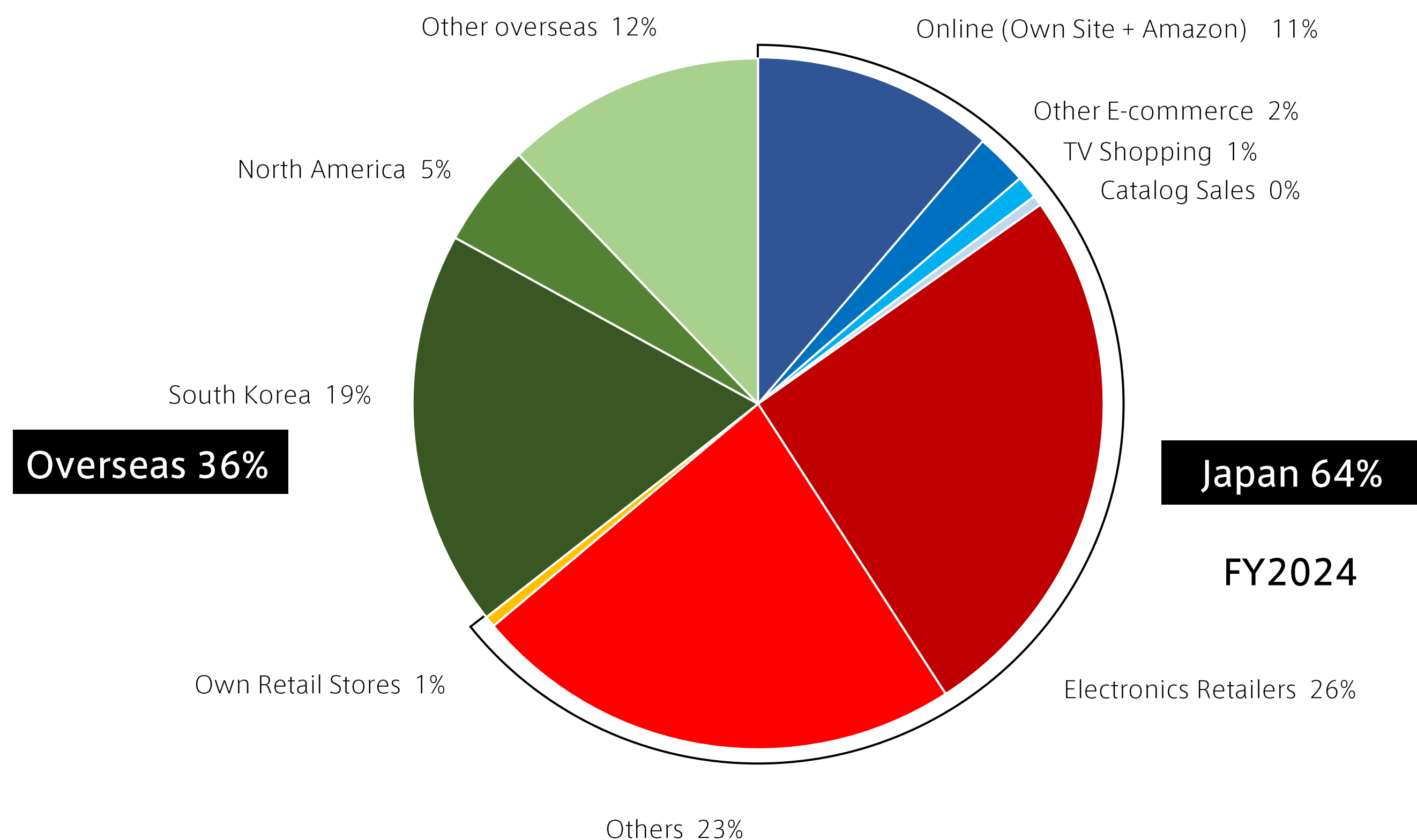




### 3. Sources of Competitiveness: Management Resources and Competitive Advantages

#### ④ Well-Balanced Sales Channels

- Approximately 50% of sales come from domestic retailers (electronics stores, interior design shops, etc.), and about 15% from online sales.
- Our directly operated store in Minami-Aoyama, Tokyo, serves as a touchpoint for consumers to experience our products and contributes to building our brand image. It was renovated in 2024.
- Overseas sales account for approximately 36% of total sales. We aim to increase this to 50% by 2027.



## 4. Business Plan (1) Growth Strategy

### Mid- to Long-Term Growth Strategy

# Evolution into a Global Brand

Shift to a business model based on a global customer base for further growth

Overseas expansion of domestic products ⇒ Product development with a focus on overseas expansion

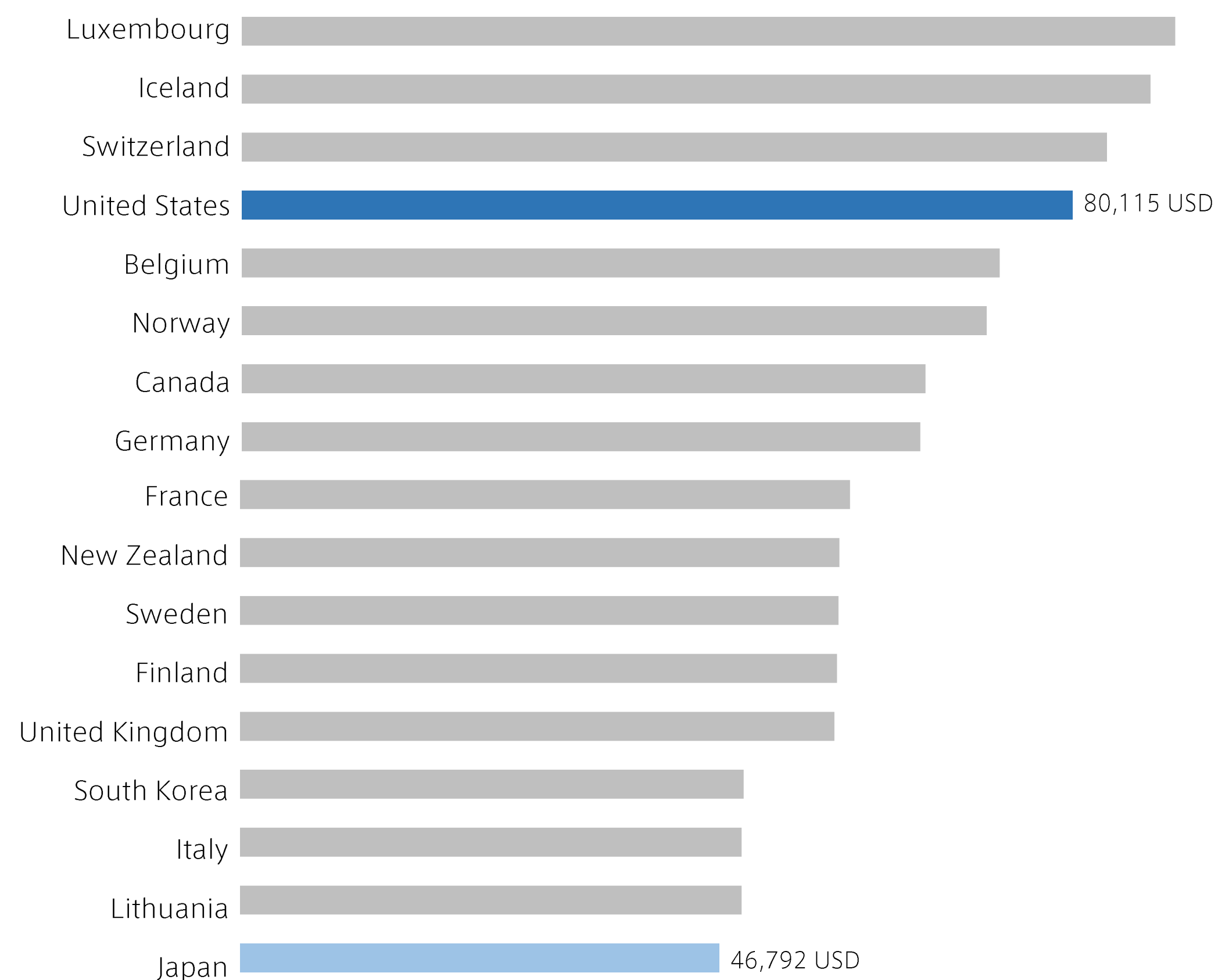
Establish a unified global brand image



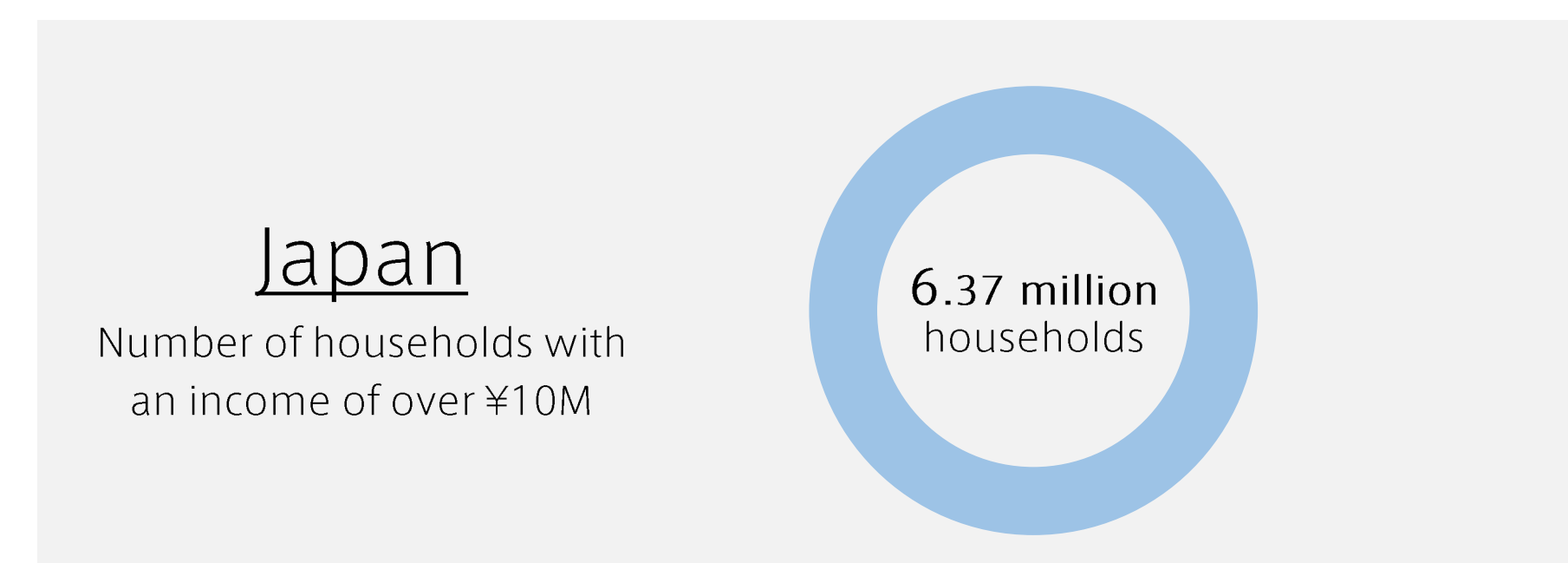
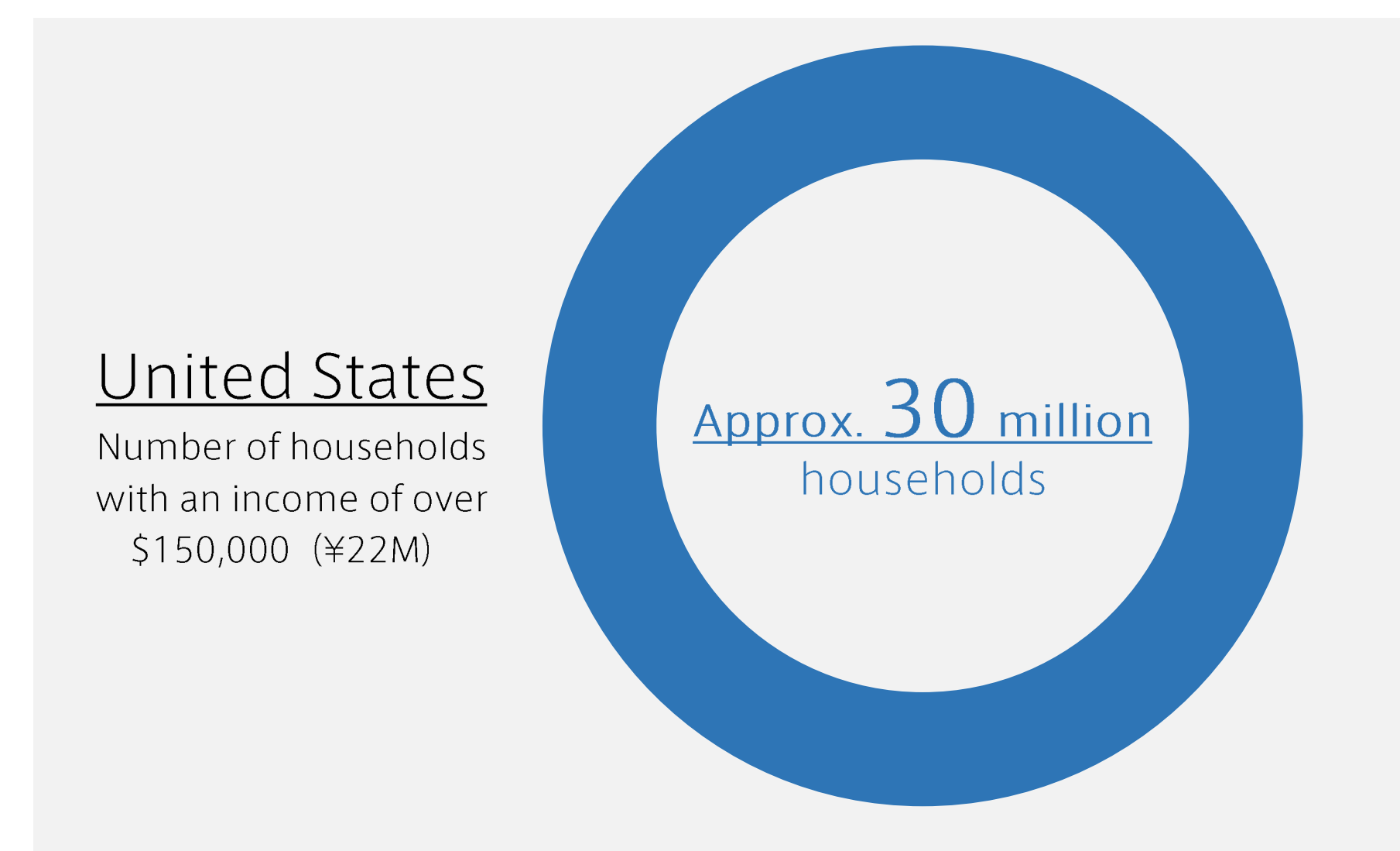
## 4. Business Plan (1) Growth Strategy

### Evolution into a Global Brand : The growth potential of overseas markets

Average annual wages



※Created at the company based on the following materials.  
OECD: Average annual wages

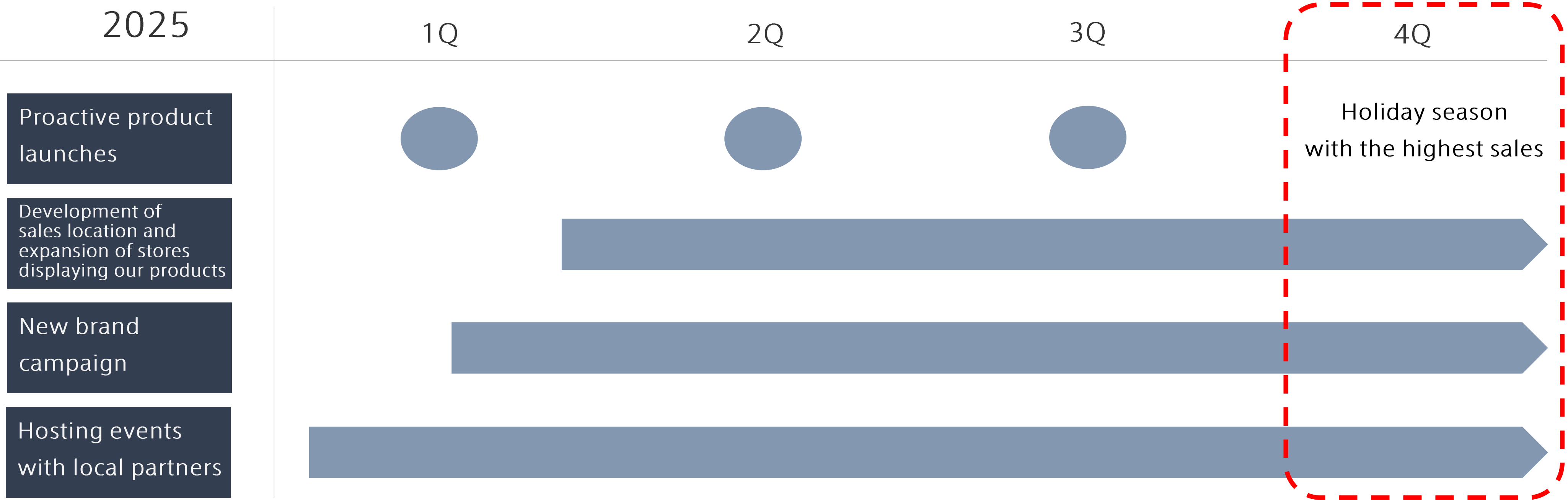


※Created at the company based on the following materials.  
Ministry of Health, Labour and Welfare: Overview of the 2023 National Survey on Living Conditions  
Department of Commerce, U.S. Census Bureau: Income in the United States: 2023 Current Population Reports

# 4. Business Plan (1) Growth Strategy

Evolution into a Global Brand : Full-scale business expansion in the U.S. as the first step

- New brand campaign launched alongside products rollout and a store opening.



(Events in 2024)



New York



New York



Los Angeles



San Francisco



## 4. Business Plan (1) Growth Strategy

### Evolution into a Global Brand : U.S. business expansion plan for 2025

- Introducing MoonKettle, developed for global markets, with a U.S.-led brand campaign launch.

1Q



**MoonKettle**

2Q



**BALMUDA The Plate Pro**

3Q



**BALMUDA The Toaster Pro**

Hosting events with  
local partners

Launch of the brand campaign

Opening a shop

## 4. Business Plan (1) Growth Strategy

Evolution into a Global Brand : Carrying out strategic investments to support regrowth.

- By optimizing inventory levels, financial health has improved. A strategic investment of approximately 300 million yen is planned for the U.S. market in 2025.

(Million Yen)

	End of 2022	End of 2023	End of 2024
Cash and deposits	1,246	1,167	1,345
Merchandise and finished goods	3,708	2,629	1,110
Total assets	9,907	7,803	6,182
Borrowings –total of short & long term	1,415	1,442	428
Total liabilities	3,595	3,537	1,832
Total net assets	6,312	4,265	4,349

Reduction of 2.6 billion yen  
compared to the end of 2022

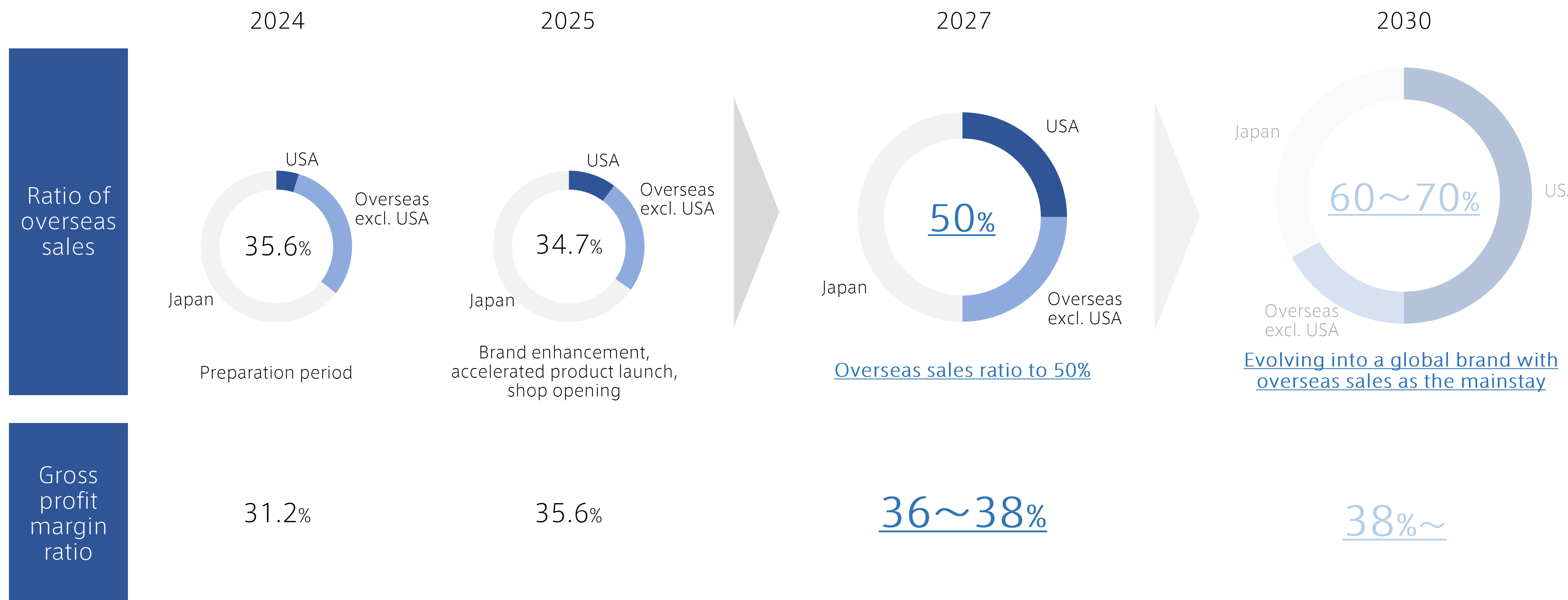
Inventory turnover period	3.7months	3.3months	<u>1.5months</u>
Net Cash (Cash and deposits minus Borrowings)	(169)	(275)	<u>+917</u>

Secured investment capacity  
for regrowth

## 4. Business Plan (2) Management Indicators

### Evolution into a Global Brand : Toward sustainable growth

- Targeting annual revenue growth of 20% and an operating profit margin of over 10% in the medium to long term by focusing on “expanding overseas sales ratio” and “improving gross profit margin.”





## 4. Business Plan (3) Progress Status

### ■ Results of 2024 Policies and Strategies

Item		Result
Policy	Return to profitability for the full year	Achieved profitability: <u>Net profit attributable to owners of the parent was ¥670 million (YoY +¥2.138 billion)</u>
	Establish a business foundation capable of sustainable growth even under harsh conditions	Achieved profitability. Optimized inventory levels secured investment capacity for future growth. (Net cash: +¥917 million)
Strategies	Improvement of gross profit margin	Improved gross profit margin despite yen depreciation, driven by: -Ongoing cost reductions -Product renewals and new launches -Price adjustment <u>Gross profit margin: 31.2% (+4.3pt YoY)</u>
	Reduction of fixed costs	Completed restructuring of organization and workforce to match sales scale. <u>SG&amp;A expenses down ¥1.004 billion YoY (20.6%).</u>
	Active expansion of home appliance product categories	Achieved both domestic and international product expansion: -Launched four new products domestically -Aggressively expanded product lineup overseas

### ■ 2025 Policies and Strategies

	Item
Policy	Evolution into a Global Brand
Strategies	<p>Full-scale business expansion in the U.S.</p> <ul style="list-style-type: none"> <li>• Aggressive product launches</li> <li>• Development of sales locations</li> <li>• Launch of new brand campaigns</li> <li>• Events with local partners</li> </ul>



4 . Business Plan (3) Progress Status

■Sales-Related Data

(Million Yen)

	2023		2024		2025	
Net sales by region	Actual	YoY	Actual	YoY	Forecast	YoY
Japan	8,806	(19.3%)	8,025	(8.9%)	8,159	+1.7%
South Korea	2,329	(46.2%)	2,315	(0.6%)	1,983	(14.4%)
North America	631	(4.1%)	603	(4.5%)	1,280	+112.3%
Other	1,244	(26.4%)	1,517	+22.0%	1,076	(29.0%)
Ratio of overseas sales	32.3%	(5.6pt.)	35.6%	+3.3pt.	34.7%	(0.9pt.)
Net sales by product category	Actual	YoY	Actual	YoY	Forecast	YoY
Kitchen appliance	9,278	(14.4%)	9,527	+2.7%	9,785	+2.7%
Air conditioning	2,442	(35.7%)	2,112	(13.5%)	1,681	(20.4%)
Other	1,288	(38.4%)	822	(36.2%)	1,033	+25.7%
Mobile terminals	2	(99.7%)	—	(100.0%)	—	—
Total	13,011	(26.1%)	12,462	(4.2%)	12,500	+0.3%

4 . Business Plan (3) Progress Status

■Profit-Related Data

(Million Yen)

	2023		2024		2025	
	Actual	% of Sales	Actual	% of Sales	Forecast	% of Sales
Net Sales	13,011	100%	12,462	100%	12,500	100%
Gross Profit	3,503	26.9%	3,885	31.2%	4,450	35.6%
SG&A Expenses	4,878	37.5%	3,873	31.1%	4,430	35.4%
Personnel Expenses	1,392	10.7%	1,007	8.1%	1,100	8.8%
Advertising Expenses	431	3.3%	419	3.4%	590	4.7%
Experimentation and Research Expenses	324	2.5%	270	2.2%	330	2.6%
Operating Profit (Loss)	(1,375)	(10.6%)	12	0.1%	20	0.2%
Ordinary Profit (Loss)	(1,237)	(9.5%)	94	0.8%	10	0.1%
Profit (Loss) Attributable to Owner of Parent	(2,071)	(15.9%)	67	0.5%	10	0.1%

4 . Business Plan (3) Progress Status

■Product Rollout Status

	2023	2024	2025
Japan	BALMUDA The Plate Pro	ReBaker GreenFan Studio MoonKettle Table Stove	Planned
South Korea	BALMUDA The Gohan	BALMUDA The Toaster Pro BALMUDA The Plate Pro GreenFan Studio ReBaker	MoonKettle and more planned
North America	BALMUDA The Brew	—	MoonKettle BALMUDA The Plate Pro (Plan) BALMUDA The Toaster Pro (Plan)
Other	BALMUDA The Brew (China) BALMUDA The Range (Taiwan) BALMUDA The Toaster (Thailand, Singapore, Malaysia) BALMUDA The Pot (Thailand, Singapore, Malaysia)	BALMUDA The Range (China, Hong Kong) BALMUDA The Toaster Pro (Taiwan) BALMUDA The Plate Pro (Taiwan) BALMUDA The Brew (Thailand)	BALMUDA The Range (Thailand, Singapore, Malaysia) and more planned

※As of March 31, 2025.

## 5. Risk Information Recognized Risks and Countermeasures

### • New Product Development

Our group aims to develop products with unique functions and sophisticated designs. However, risks include:

- Failure to achieve expected functionality
- Emergence of competing products leading to project abandonment
- Delays in development causing postponed product launches
- Development costs exceeding projections
- New products not being accepted by the market

These risks may affect our group's financial condition and business performance.

→We hire experienced engineers and are building an organizational structure that allows for risk assessment not only in development but also in market introduction from the early planning stages. As of the date of this document, we recognize no critical risks requiring immediate action.

### • Procurement of Raw Materials

The Group procures all of its products from contract manufacturers, and the procurement of raw materials is, in principle, the responsibility of those manufacturers. We have maintained stable procurement by placing orders with sufficient lead time. However, sudden changes in supply and demand may lead to unexpected surges in raw material prices or difficulties in procurement, which could result in production delays or increased product costs. Even with countermeasures such as utilizing alternative materials through design modifications or supplying components procured by the Company to contract manufacturers, these efforts may not be sufficient. In such cases, there is a risk that the Group's financial position and operating results could be adversely affected.

→As of the date of this document, we are not aware of any production suspensions that would materially impact our financial position or operating results. We continue to work closely with our manufacturing partners to further reduce costs and enhance procurement capabilities in order to minimize any potential impact on our financial condition and performance.

## 5 . Risk Information    Recognized Risks and Countermeasures

- Dependence on Manufacturing Partners and Other Suppliers

We do not own manufacturing facilities and procure all products from domestic and international manufacturing partners. While we strengthen relationships with these partners, we also seek alternative sources to hedge risks. If relationships deteriorate or alternatives are delayed, our financial condition and performance may be affected. Additionally, disruptions in the supply chain due to political or social unrest, new regulations, natural disasters, or conflicts may also impact our operations.

→As of the date of this document, our relationships with all partners remain strong, and we recognize no risks that could impact our financial condition or performance. We will continue to strengthen these relationships and diversify manufacturing regions and partners to mitigate such risks.

- Dependence on Overseas Distributors

Overseas sales accounted for 35.6% of total sales in FY2024, with 18.0% from a distributor in South Korea. We maintain strong relationships through regular communication. However, changes in distributor strategies or discontinuation of product handling could impact our financial condition and performance. Political or social unrest, new regulations, natural disasters, or conflicts in each country may also disrupt local sales.

→As of the date of this document, we maintain strong relationships with all overseas distributors and recognize no such risks. We will continue to foster good relationships with overseas distributors.



## 5 . Risk Information    Recognized Risks and Countermeasures

### • Foreign Exchange Fluctuations

The Group engages in both importing and exporting products, and transactions are generally settled in foreign currencies. Most of our products are sourced from overseas contract manufacturers, primarily in China and Taiwan. Since 64.4% of our sales in the fiscal year ending December 2024 were domestic, a stronger yen generally works in our favor by lowering procurement costs, while a weaker yen tends to have a negative impact. We are actively implementing measures to hedge against foreign exchange risks. However, if there are sudden and significant currency fluctuations, our financial position and business performance could be affected.

→ In the fiscal year ending December 2024, the yen continued to weaken sharply against the dollar, following the previous year's trend. Despite this, we improved our gross profit margin from 26.9% to 31.2%, thanks to efforts such as reducing manufacturing costs, renewing existing products, adjusting prices, and actively launching new products with higher margins. Going forward, we will continue working to minimize the impact of exchange rate fluctuations by increasing overseas sales (thereby lowering the domestic sales ratio), improving margins on both existing and new products, and utilizing forward exchange contracts.

※For other risks not mentioned in this document, please refer to the "Business Risks" section of the Securities Report.

※The previously disclosed "Significant Events Regarding the Assumption of a Going Concern" has been omitted, as the relevant concerns have been resolved.



# Company History

Year	Events	New Products
2003	Established “BALMUDA Design” as limited company	X-Base※ (Cooling base for laptop)
2004		Highwire※ (LED desk light)
2008		Airline※
2010		GreenFan (Currently “The GreenFan”)
2011	Transformed into “BALMUDA Inc.”	GreenFan Cirq
2012	Entering South Korea market	JetClean※ (Air purifier)
2013	Established a subsidiary “BALMUDA Europe GmbH” in Germany Entering Europe market	AirEngine※ (Air purifier) SmartHeater※ (Heater) Rain
2014	Entering China market	
2015		BALMUDA The Toaster
2016		BALMUDA The Pot
2017	Opened BALMUDA Matsuya Ginza Entering Taiwan market	BALMUDA The Gohan BALMUDA The Range

※Discontinued products

# Company History

Year	Events	New Products
2018	Entering Hong Kong market	BALMUDA The Light
2019		BALMUDA The Pure GreenFan C2 BALMUDA The Lantern
2020	Entering North America market Listed on Mothers market of Tokyo Stock Exchange Opened BALMUDA Hankyu Department Store Umeda Main Store	BALMUDA The Speaker BALMUDA The Cleaner※
2021	Started mobile terminal business Opened a flagship store, BALMUDA The Store Aoyama	BALMUDA The Brew BALMUDA Phone※
2022	Transformed into Company with an Audit and Supervisory Committee Moved from Mothers market to Growth market of Tokyo Stock Exchange Opened BALMUDA JR Nagoya Takashimaya Opened BALMUDA Daimaru Kobe	BALMUDA The Cleaner Lite BALMUDA The Toaster Pro
2023	Established a subsidiary "BALMUDA North America, Inc." Determined to terminate mobile terminal business Began field test of small-size wind power generator Entering Southeast Asia market (Thailand, Singapore, Malaysia)	BALMUDA The Plate Pro
2024		ReBaker GreenFan Studio MoonKettle Table Stove

Company Overview (As of March 31, 2025)

Company name	BALMUDA Inc.		
Headquarter	5-1-21 Kyonanchō, Musashino, Tokyo, 180-0023, JAPAN		
Board of Directors	President and Representative Director	Gen Terao	Outside Director * Kiyoaki Nakajima
	Director	Masafumi Sato	Outside Director * Mitsuhiro Mori
	Outside Director	Reiko Katayama	Outside Director * Masashige Nagai
Established	March 2003		
Share capital	90 Million yen		
Fiscal year-end	End of December		
Business	Planning, design, engineering, R&D and sales of mainly home appliances (Manufacturing is outsourced)		
Business area	Japan, South Korea, United States of America, China, Hong Kong, Taiwan, Thailand, Singapore, Malaysia, Europe		
Number of Employees	100 (As of December 2024.Excluding temporary staffs and part-time workers.)		
Net Sales	12,462 million yen (FY2024)		
Website	Brand website	<a href="https://www.balmuda.com/jp/">https://www.balmuda.com/jp/</a>	IR website <a href="https://corp.balmuda.com">https://corp.balmuda.com</a>
Accounting Auditor	Grant Thornton Taiyo LLC		

※Audit and Supervisory Committee Member

## Handling of This Document

This document contains forward-looking statements, future plans, and management goals related to our company. These forward-looking statements are based on assumptions regarding future events and trends as of the current date, and there is no guarantee that these assumptions are accurate. Actual results may differ significantly from those described in this document due to various factors. Unless otherwise stated, the financial data presented herein is based on accounting principles generally accepted in Japan. Information regarding companies other than our own is based on publicly available sources.



## Disclaimer

This document contains forward-looking statements, future plans, and management goals related to our company. These statements are based on current assumptions regarding future events and trends, and there is no guarantee that these assumptions are accurate. Actual results may differ significantly from those described due to various factors. Unless otherwise stated, the financial data presented herein is based on accounting principles generally accepted in Japan. We are not obligated to revise any forward-looking statements unless required by disclosure regulations. Information regarding companies other than our own is based on publicly available sources. This document does not constitute, nor is it intended to constitute, a solicitation to acquire, sell, or offer to purchase any securities, nor does it form the basis of any contract or obligation.

## Next Scheduled Disclosure

The next disclosure is scheduled for March 2026 (within three months after the end of the fiscal year).

Contact Information: BALMUDA Inc.

Investor Relations Office

[ir@balmuda.com](mailto:ir@balmuda.com)