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August 8, 2025

Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
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 Scheduled date to file semi-annual securities report: August 8, 2025
 Scheduled date to commence dividend payments: -
 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 six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	5,187	(18.1)	(384)	-	(395)	-	(397)	-
June 30, 2024	6,330	10.2	(91)	-	33	-	31	-

Note: Comprehensive income For the six months ended June 30, 2025: ¥(403) million [-%]
 For the six months ended June 30, 2024: ¥45 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	(46.80)	-
June 30, 2024	3.77	3.77

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	5,545	4,001	72.2
December 31, 2024	6,182	4,349	70.4

Reference: Equity
 As of June 30, 2025: ¥ 4,001 million
 As of December 31, 2024: ¥ 4,349 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2025	-	0.00			
Fiscal year ending December 31, 2025 (Forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Consolidated Earnings for the Fiscal Year ending December 31, 2025 (From January 1, 2025 to December 31, 2025)

(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	12,500	0.3	20	59.0	10	(89.5)	10	(85.1)	1.18

Note: Revisions to the forecast of Consolidated Earnings most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common shares)

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

As of June 30, 2025	8,526,200 shares
As of December 31, 2024	8,466,400 shares

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

As of June 30, 2025	3,277 shares
As of December 31, 2024	3,277 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	8,483,277 shares
Six months ended June 30, 2024	8,459,314 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 BALMUDA Inc. and its consolidated subsidiaries (hereinafter referred to as “the Group”) and on certain assumptions deemed to be reasonable. These statements do not purport that the Group pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

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1. Qualitative Information on Interim Financial Results

(1) Explanation of Operating Results

During the six-month period ended June 30, 2025, BALMUDA Inc. (hereinafter referred to as “the Company”) recorded consolidated net sales of ¥5,187 million (a decrease of 18.1% year-on-year), an operating loss of ¥384 million (compared to a loss of ¥91 million in the same period of the previous year), an ordinary loss of ¥395 million (compared to an ordinary profit of ¥33 million), and a net loss attributable to owners of the parent of ¥397 million (compared to a net profit of ¥31 million). As the first step in the Company’s medium- to long-term growth strategy of evolving into a global brand, strategic investments were made in the United States. These investments resulted in a planned and temporary increase in expenses; however, the operating loss for the interim period was slightly reduced compared to the initial projections.

Domestic net sales fell short of both the prior-year level and initial forecasts. This was primarily due to the waning initial impact of products launched in the fourth quarter of 2023 - BALMUDA The Plate Pro (stainless steel hot plate) - and in the first quarter of the previous year, including ReBaker (toaster with rebake mode) and GreenFan Studio (fan). In addition, consumer sentiment weakened amid rising prices, further contributing to the decline. Overseas net sales declined year-on-year, mainly due to a reduced contribution from new product launches compared to the same period of the previous year. However, sales exceeded initial forecasts, supported by strong performance of BALMUDA The Range (microwave oven) in Taiwan.

The gross profit margin improved by 1.0 percentage point year-on-year to 31.4%, reflecting the positive impact of ongoing initiatives to reduce manufacturing costs for both new and existing products, as well as efforts to secure appropriate profit margins through strategic pricing.

Selling, general and administrative (hereinafter referred to as “SG&A”) expenses remained at the same level as the previous year. Although advertising and R&D expenses increased year-on-year due to strategic investments in the United States - undertaken as the first step in the Company’s medium- to long-term growth strategy of evolving into a global brand - overall SG&A expenses were effectively controlled through efficient cost management.

As a result of these efforts, the Company recorded an operating loss of ¥384 million for the six-month period. While net sales fell short of internal projections, the Company appropriately controlled SG&A expenses, resulting in a slightly reduced loss compared to the internal projections, as noted above.

The Company recorded an ordinary loss of ¥395 million and a net loss attributable to owners of the parent of ¥397 million. In addition to the operating loss, these losses were further impacted by foreign exchange losses, as the yen appreciated toward the end of the period.

(Unit: Million yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025	year-on-year changes	year-on-year changes(%)
Net sales	6,330	5,187	(1,142)	(18.1)
Operating profit (loss)	(91)	(384)	(293)	-
Ordinary profit (loss)	33	(395)	(429)	-
Net profit (loss) attributable to owners of the parent	31	(397)	(429)	-

Progress on Growth Strategy

To achieve further growth, the Company is shifting its business model toward a global customer base, and has positioned “Evolution into a Global Brand” as its medium- to long-term management strategy. Under this strategy, the Company is committed to realizing sustainable growth.

As a first step, during the current consolidated fiscal year, the Company formulated a plan to expand its business operations in the United States. In the six-month period under review, the Company launched MoonKettle (temperature controlled electric kettle), developed specifically for overseas markets, in March, followed by BALMUDA The Teppanyaki (stainless steel hot plate, marketed in Japan as BALMUDA The Plate Pro) in April, thereby expanding its product lineup in the U.S. market.

As part of efforts to enhance brand awareness, the Company also conducted outdoor advertising campaigns in New York City. In addition, the Company opened “BALMUDA 50 Norman Brooklyn” in Brooklyn, New York, in April. This location serves not only as a retail space showcasing and selling the full range of products available in the U.S., but also features select products sold in Japan. It functions as a new hub for communicating the background of the Company’s product development and the story behind its brand.

(Millions of yen)				
Net Sales by Region	Six months ended June 30, 2024	Six months ended June 30, 2025	year-on-year changes	year-on-year changes(%)
Japan	3,995	3,523	(472)	(11.8)
South Korea	1,346	955	(390)	(29.0)
North America	264	258	(6)	(2.5)
Other	723	450	(273)	(37.8)
Total	6,330	5,187	(1,142)	(18.1)

(Millions of yen)				
Net Sales by Product Category	Six months ended June 30, 2024	Six months ended June 30, 2025	year-on-year changes	year-on-year changes(%)
Air conditioning	1,345	1,014	(330)	(24.6)
Kitchen appliance	4,583	3,869	(713)	(15.6)
Other	402	303	(98)	(24.6)
Total	6,330	5,187	(1,142)	(18.1)

As the company operates a single business segment focused on home appliances, segment-specific disclosures are omitted.

(2) Explanation of Financial Position

(Assets)

Total assets as of the end of the current interim period amounted to ¥5,545 million, a decrease of ¥636 million compared to the end of the previous year.

Current assets totaled ¥4,844 million (a decrease of ¥688 million compared to the end of the previous year), primarily due to a ¥930 million decrease in accounts receivable, partially offset by a ¥127 million increase in merchandise and finished goods. Non-current assets amounted to ¥701 million (an increase of ¥52 million compared to the end of the previous year), mainly reflecting an increase in investments and other assets, including expenses related to restricted stock compensation.

Note that, beginning with the current interim period, “goods in transit,” which had previously been included under “merchandise and finished goods” within current assets, is now presented separately to enhance disclosure clarity.

(Liabilities)

Total liabilities as of the end of the current interim period amounted to ¥1,544 million, a decrease of ¥288 million compared to the end of the previous year.

Current liabilities totaled ¥1,419 million (a decrease of ¥388 million compared to the end of the previous year), primarily due to decreases in accounts payable (¥182 million), current portion of long-term borrowings (¥78 million), and provision for product warranties (¥41 million).

Non-current liabilities amounted to ¥124 million (an increase of ¥99 million compared to the end of the previous year), mainly reflecting an increase in long-term borrowings.

(Net Assets)

Total net assets as of the end of the current interim period amounted to ¥4,001 million, a decrease of ¥348 million compared to the end of the previous year. This was primarily due to a ¥397 million decrease in retained earnings, partially offset by a ¥27 million increase in both share capital and capital surplus respectively, resulting from the issuance of new shares as restricted stock compensation.

In addition, during the current interim period, the Company carried out a capital reduction, transferring ¥80 million from capital stock to other capital surplus.

(3) Explanation of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of the end of the current interim period amounted to ¥1,300 million, a decrease of ¥45 million compared to the end of the previous year. The status of each cash flow and the factors contributing to these changes during the period are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥183 million. The primary source of cash was a ¥930 million decrease in trade receivables. Major uses of cash included a ¥267 million increase in inventories, a ¥181 million decrease in trade payables, and a ¥113 million decrease in other liabilities.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥221 million. This was mainly due to payments of ¥149 million for the purchase of property, plant and equipment, ¥12 million for the purchase of intangible assets, and ¥59 million for other investments.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥21 million. The primary source of cash was proceeds of ¥200 million from long-term borrowings, while the main use of cash was repayments of long-term borrowings totaling ¥178 million.

(4) Explanation of Forecasts and Forward-Looking Information

The Company has not revised its consolidated earnings forecasts for the fiscal year ending December 31, 2025, from the figures announced concurrently with the financial results for the fiscal year ended December 31, 2024.

2. Consolidated Interim Financial Statements and Key Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	1,345	1,300
Accounts receivable - trade	2,367	1,437
Merchandise and finished goods	1,092	1,219
Raw materials and supplies	355	427
Goods in transit	18	85
Other	352	373
Total current assets	5,532	4,844
Non-current assets		
Property, plant and equipment	464	464
Intangible assets	147	122
Investments and other assets	38	114
Total non-current assets	649	701
Total assets	6,182	5,545

	(Millions of yen)	
	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	717	535
Short-term borrowings	100	100
Current portion of long-term borrowings	303	225
Income taxes payable	3	-
Provision for bonuses	50	53
Provision for product warranties	186	144
Provision for loss on business liquidation	6	6
Other	439	354
Total current liabilities	1,807	1,419
Non-current liabilities		
Long-term borrowings	25	124
Total non-current liabilities	25	124
Total liabilities	1,832	1,544
Net assets		
Shareholders' equity		
Share capital	90	37
Capital surplus	2,759	2,867
Retained earnings	1,476	1,079
Treasury shares	(0)	(0)
Total shareholders' equity	4,325	3,984
Accumulated other comprehensive income		
Foreign currency translation adjustment	24	17
Total accumulated other comprehensive income	24	17
Total net assets	4,349	4,001
Total liabilities and net assets	6,182	5,545

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

Consolidated Statement of Income (Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	6,330	5,187
Cost of sales	4,406	3,557
Gross profit	1,923	1,630
Selling, general and administrative expenses	2,014	2,014
Operating profit (loss)	(91)	(384)
Non-operating income		
Interest income	0	0
Dividend income	0	0
Foreign exchange gains	128	—
Miscellaneous income	1	10
Total non-operating income	130	11
Non-operating expenses		
Interest expenses	6	5
Foreign exchange losses	—	13
Miscellaneous losses	0	4
Total non-operating expenses	6	23
Ordinary profit (loss)	33	(395)
Profit (loss) before income taxes	33	(395)
Income taxes - current	1	1
Total income taxes	1	1
Profit (loss)	31	(397)
Profit (loss) attributable to owners of parent	31	(397)

Consolidated Statement of Comprehensive Income (Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit (loss)	31	(397)
Other comprehensive income		
Foreign currency translation adjustment	13	(6)
Total other comprehensive income	13	(6)
Comprehensive income	45	(403)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	45	(403)

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	33	(395)
Depreciation	197	194
Share-based payment expenses	—	3
Increase (decrease) in provision for product warranties	(27)	(41)
Increase (decrease) in provision for loss on business liquidation	(2)	(0)
Increase (decrease) in provision for bonuses	(7)	3
Interest and dividend income	(0)	(0)
Interest expenses	6	5
Foreign exchange losses (gains)	(171)	47
Decrease (increase) in trade receivables	822	930
Decrease (increase) in inventories	546	(267)
Increase (decrease) in trade payables	(293)	(181)
Decrease (increase) in other assets	67	10
Increase (decrease) in other liabilities	(177)	(113)
Subtotal	993	193
Interest and dividends received	0	0
Interest paid	(6)	(5)
Income taxes paid	(1)	(6)
Income taxes refund	28	0
Net cash provided by (used in) operating activities	1,014	183
Cash flows from investing activities		
Purchase of property, plant and equipment	(105)	(149)
Purchase of intangible assets	(5)	(12)
Payments of other investments	(1)	(59)
Proceeds from other investments	0	—
Net cash provided by (used in) investing activities	(111)	(221)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500)	—
Proceeds from long-term borrowings	—	200
Repayments of long-term borrowings	(262)	(178)
Proceeds from issuance of shares	5	—
Purchase of treasury shares	(0)	—
Net cash provided by (used in) financing activities	(757)	21
Effect of exchange rate change on cash and cash equivalents	44	(29)
Net increase (decrease) in cash and cash equivalents	190	(45)
Cash and cash equivalents at beginning of period	1,167	1,345
Cash and cash equivalents at end of period	1,358	1,300

(4) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no applicable matters to report.

(Notes on Significant Changes in Shareholders' Equity)

As resolved at the Board of Directors meeting held on February 13, 2025, the Company issued new shares as restricted stock compensation on May 1, 2025, resulting in an increase of ¥27 million in both share capital and capital surplus.

Furthermore, pursuant to Article 447, Paragraph 1 of the Companies Act, and as approved at the Annual General Meeting of Shareholders held on March 27, 2025, the Company reduced its share capital by ¥80 million on May 15, 2025, transferring the amount to other capital surplus. As a result, as of the end of the current interim period, share capital stood at ¥37 million and capital surplus at ¥2,867 million.

(Changes in Accounting Policies)

(Application of Accounting Standards for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes)

The Company has applied the "Accounting Standard for Corporate Income Taxes, Inhabitant Taxes, and Enterprise Taxes" (Accounting Standards Board of Japan [ASBJ] Statement No. 27, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") from the beginning of the current interim consolidated accounting period.

Regarding the revision to the classification of income taxes (taxation on other comprehensive income), the Company has adopted the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatment set forth in the proviso to Paragraph 65-2(2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policy has no impact on the interim consolidated financial statements.

In addition, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current interim consolidated accounting period with respect to the revision related to the treatment in consolidated financial statements of gains and losses arising from the sale of shares of subsidiaries among consolidated entities, when such gains and losses are deferred for tax purposes. This change in accounting policy has been applied retrospectively, and the interim consolidated financial statements and consolidated financial statements for the previous interim period and the previous fiscal year reflect the retrospective application. There is no impact on the interim consolidated financial statements for the previous interim period or the consolidated financial statements for the previous fiscal year resulting from this change in accounting policy.

(Segment Information)

The Group operates a single business segment focused on home appliances. As the segment information is not material, it has been omitted.

(Revenue Recognition)

Disaggregated Information of Revenue Arising from Contracts with Customers

Although the Group operates a single business segment—the home appliance business—and segment information has been omitted due to lack of materiality, disaggregated information on revenue arising from contracts with customers is presented below.

1. Breakdown by Region

	(Millions of yen)	
	Six months ended June 30, 2024	Six months ended June 30, 2025
Japan	3,995	3,523
South Korea	1,346	955
North America	264	258
Other	723	450
Revenue from contracts with customers	6,330	5,187
Other revenue	—	—
Net sales to external customers	6,330	5,187

2. Breakdown by Product Category

	(Millions of yen)	
	Six months ended June 30, 2024	Six months ended June 30, 2025
Air conditioning	1,345	1,014
Kitchen appliance	4,583	3,869
Other	402	303
Revenue from contracts with customers	6,330	5,187
Other revenue	—	—
Net sales to external customers	6,330	5,187