

A Study on the Financial Performance Evaluation of Listed Small Appliance Companies: A Case Study of Joyoung Co., Ltd.

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Abstract: As consumer spending upgrades and competition in the small appliance industry intensifies, the evaluation of corporate financial performance has become a key tool for measuring a company's core competitiveness and sustainable development capabilities. This paper takes Joyoung Co., Ltd. as its research subject and, based on the DuPont analysis framework, selects the company's core financial indicators from 2022 to 2025 to conduct a systematic analysis of its financial performance across three dimensions: profitability, operational efficiency, and solvency. The study indicates that the decline in Joyoung Co., Ltd.'s net profit margin and total asset turnover has led to a continuous drop in return on equity over the four-year period, revealing issues such as narrowing profit margins and reduced asset operational efficiency. Finally, this paper analyzes the weaknesses in Joyoung Co., Ltd.'s financial performance and proposes countermeasures, aiming to provide insights for the operational and financial evaluation of both the company and its industry peers.

Keywords: Joyoung Co., Ltd.; DuPont Analysis; Financial Performance; Small Appliance Industry

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1. Introduction

With the rise of consumption upgrades and the wave of smart technology, the competitive landscape of the small appliance market has shifted from expansion through market growth to competition within the existing market. In this context, a company's financial health and profitability have become critical to maintaining its market position and future prospects. As a core component of corporate management, financial performance evaluation enables the in-depth analysis of financial data to reveal both strengths and weaknesses in business operations, thereby providing data-driven support for strategic adjustments and management optimization^[1]. The DuPont analysis method centers on return on equity (ROE) and breaks it down into three key indicators, revealing the intrinsic connections within a company's overall financial capabilities^[2]. This paper uses the financial data of Joyoung Co., Ltd. as a case study, applying the DuPont analysis framework to thoroughly deconstruct its financial performance, identify operational weaknesses, and propose improvement strategies. The findings not only serve Joyoung Co., Ltd. but also provide practical guidance for other companies in the small home appliance industry to enhance their performance.

2. Overview of Joyoung Co., Ltd.

Established in 2002 and successfully listed on the Shenzhen Stock Exchange in 2008, Joyoung Co., Ltd. is a well-known domestic manufacturer of small household appliances. Its primary business scope focuses on the research, development,

and manufacturing of products such as soy milk makers, high-speed blenders, rice cookers, and induction cookers. With its strategic positioning as a provider of “healthy kitchen small appliances,” Joyoung Co., Ltd. once held a leading position in the industry with its soy milk makers, maintaining a top-tier market share for an extended period. In recent years, facing upgraded consumer demand, the rise of online channels, and competition from rivals such as Midea and Supor, Joyoung has continuously expanded its product portfolio. Beyond its core kitchen small appliance business, the company has simultaneously expanded into sectors such as water purification equipment and home appliances, seeking to consolidate its market position through product diversification and a transition toward smart technology. However, intensifying industry competition, fluctuations in raw material prices, and shifting consumer demand have significantly impacted the company’s operational and financial performance^[3].

3. Financial Performance Analysis of Joyoung Co., Ltd. Based on the DuPont Analysis Method

The core formula of the DuPont analysis is: Return on Equity (ROE) = Net Profit Margin × Total Asset Turnover × Equity Multiplier. The table below summarizes Joyoung Co., Ltd.’s key financial indicators for the study period from 2022 to 2025.

Table 1: Core Indicators for Joyoung Co., Ltd.’s DuPont Analysis, 2022–2025

Year	Return on Equity (ROE) (%)	Net Profit Margin (%)	Total Asset Turnover (times)	Equity Multiplier
2022	14.26	5.14	1.31	2.13
2023	11.61	April 6	1/31	Feb. 18
2024	March 4	Jan. 20	Jan. 16	Feb. 17
2025	3.29	1.43	1.07	2.16

3.1 Return on Equity (ROE) Analysis

Return on Equity (ROE) is a key indicator measuring a company’s profitability relative to its equity capital, providing a clear picture of the company’s ability to create value for shareholders. The data shows that Joyoung Co., Ltd.’s ROE has been on a downward trend, falling from 14.26% in 2022 to 3.04% in 2024. Although it rebounded slightly to 3.29% in 2025, it remains at a low level overall. This indicates that the company’s ability to reward shareholders has significantly weakened, and its profitability is under immense pressure. According to the DuPont analysis framework, fluctuations in ROE result from the combined effects of net profit margin, total asset turnover, and the equity multiplier. The following sections will analyze these three components in detail.

3.2 Analysis of Net Profit Margin

The net profit margin reflects a company’s efficiency in converting operating revenue into after-tax profit and serves as a core metric for assessing profitability. Joyoung’s net profit margin declined from 5.14% in 2022 to 1.20% in 2024—a drop of over 76%. Although it rebounded slightly to 1.43% in 2025, it remains far below the levels seen in 2022–2023. This change reflects the company’s shrinking profit margins. The reasons for this are twofold: on the one hand, intense competition in the small appliance industry and price wars in online channels have led to a decline in product gross margins; on the other hand, fluctuations in raw material prices, increased channel promotion expenses, and higher R&D investments have driven up the company’s costs and expenses, further eroding profit margins^[4].

3.3 Analysis of Total Asset Turnover

The total asset turnover ratio is used to evaluate a company’s operational efficiency of assets and reflects its ability to generate revenue through asset utilization. Joyoung Co., Ltd.’s total asset turnover ratio has shown a downward trend since 2022, remaining at 1.31 times from 2022 to 2023, dropping to 1.16 times in 2024, and further declining to 1.07 times in 2025. This trend indicates that the company’s asset turnover has slowed, and the overall efficiency of asset utilization has weakened. Considering the industry context, the market for small household appliances is nearing saturation, and industry growth has slowed. The company’s revenue growth has been lackluster, and issues such as inventory buildup and slow collection of accounts receivable also contribute to a lower asset turnover rate^[5].

3.4 Equity Multiplier Analysis

The equity multiplier reflects a company's level of financial leverage and provides insight into its debt-repayment capacity and capital structure. Joyoung Co., Ltd.'s equity multiplier remained stable between 2.13 and 2.18 from 2022 to 2025, with minimal fluctuation. This indicates that the company's capital structure is relatively stable, its financial leverage has not changed significantly, and its level of debt-financed operations has remained steady. This implies that the equity multiplier has a limited impact on return on equity (ROE) and is not the primary factor driving the decline in ROE; overall, the company's financial risks are manageable.

In summary, the fundamental cause of Joyoung Co., Ltd.'s continuously declining return on equity (ROE) lies in the simultaneous decline in both net profit margin and total asset turnover, while the equity multiplier has remained largely stable and has failed to provide a substantial buffer against the downward trend in ROE. The simultaneous weakening of the company's profitability and operational efficiency is the core issue facing its current financial performance.

4. Issues with Joyoung Co., Ltd.'s Financial Performance

4.1 Significant Decline in Profitability and Continued Narrowing of Profit Margins

Joyoung Co., Ltd.'s net profit margin fell from 5.14% in 2022 to 1.43% in 2025, a significant decline that reflects a sharp deterioration in the company's profitability. On the one hand, the small appliance industry faces severe homogenized competition, and price wars in online channels are intensifying. To maintain market share, the company has been forced to lower product prices, leading to a decline in gross profit margins. On the other hand, rising raw material prices, increased channel promotion expenses, and continued growth in R&D investments have driven up the company's operating costs and period expenses, further compressing profit margins. Additionally, the company's product mix remains dominated by mid-to-low-end products, with a low proportion of high-value-added products, making it difficult to improve profitability through product premium pricing.

4.2 Declining Asset Operating Efficiency and Slowing Asset Turnover

Joyoung's total asset turnover ratio declined from 1.31 times in 2022 to 1.07 times in 2025, indicating a sustained decline in asset operational efficiency. Specifically: First, inventory turnover efficiency has decreased. Due to shifts in market demand and accelerated product iteration, some older models have accumulated as excess inventory, increasing the capital tied up in inventory; Second, the efficiency of accounts receivable collection has decreased. Extended payment terms in online channels and the transmission of financial pressure from distributors have led to longer accounts receivable collection cycles and higher costs associated with tied-up capital. The decline in asset turnover has weakened the efficiency of capital utilization and further exacerbated cash flow pressures.

4.3 Monotonous Product Portfolio; Market Competitiveness Needs Improvement

Although Joyoung has attempted to expand its product lines in recent years, its core revenue remains reliant on traditional small kitchen appliances. Emerging categories such as water purification equipment and home appliances have yet to provide effective support in terms of market share and profitability. The traditional kitchen small appliance market is nearing saturation with limited growth potential. Meanwhile, the company has made slow progress in developing smart and high-end products. Amid the broader trend of consumption upgrading, the supply capabilities of existing products in terms of quality and smart features can no longer meet consumers' rising expectations. Compared to competitors such as Midea and Supor, Joyoung's progress in product diversification and high-end positioning lags behind, resulting in weakened market competitiveness.

4.4 Inadequate Cost and Expense Control; Profit Quality Needs Improvement

The continuous decline in net profit margin also exposes Joyoung's shortcomings in cost and expense control. On the one hand, management of raw material procurement costs lacks precision, failing to effectively hedge against price volatility risks through centralized purchasing or long-term agreements. On the other hand, channel promotion and marketing expenses have grown too rapidly; the sustained rise in online traffic acquisition costs has driven up the sales expense ratio. Furthermore, the growth in expense outlays has not kept pace with revenue growth, resulting in a decline in the return on investment. Weaknesses in cost and expense control directly erode the company's profit quality, thereby undermining the foundation of its

sustainable profitability.

5. Recommendations for Optimizing Joyoung Co., Ltd.'s Financial Performance

5.1 Optimize Product Mix to Enhance Profitability

To address the issues of a narrow product portfolio and shrinking profit margins, Joyoung Co., Ltd. should accelerate the optimization and upgrading of its product structure. First, increase R&D investment in high-end and smart products, launch high-value-added mid-to-high-end products, improve product gross margins, and break free from the negative impact of price wars; second, accelerate the development and promotion of emerging product categories, focus on the demand for healthy and scenario-based small appliances, expand into sectors such as home appliances and personal care appliances, and cultivate new profit growth points; third, strengthen product innovation and differentiated design, create blockbuster products with core competitiveness, and enhance brand premium capabilities.

5.2 Strengthen Cost and Expense Control to Improve Profit Quality

Joyoung Co., Ltd. should establish a refined cost and expense control system to improve profit quality. On the cost side, the company should reduce raw material procurement costs and hedge against price volatility risks by optimizing supply chain management, signing long-term cooperation agreements with raw material suppliers, and implementing centralized procurement. On the expense side, the company should optimize the investment structure of marketing and channel expenses, improve the operational efficiency of online channels, reduce customer acquisition costs, implement lean expense budget control, cut redundant and unnecessary costs, and enhance the cost-effectiveness of expense investments.

5.3 Enhance Asset Operational Efficiency and Optimize Asset Management

Joyoung must address its declining asset turnover by optimizing the management of inventory and accounts receivable. Regarding inventory management, the company should establish a flexible production model based on sales-driven production, strengthen market demand forecasting, optimize inventory structure, reduce the accumulation of slow-moving products, and improve inventory turnover efficiency. Regarding accounts receivable management, the company should improve the dealer credit rating system, optimize accounts receivable policies, strengthen collection efforts, shorten the collection cycle, reduce capital tied-up costs, and enhance overall asset operational efficiency.

5.4 Strengthen R&D and Innovation to Enhance Core Competitiveness

In the face of intensifying industry competition and the trend toward consumption upgrades, Joyoung Co., Ltd. should continue to increase R&D investment and strengthen its technological innovation capabilities. Focus on core technology R&D to establish technological barriers in areas such as heating technology, smart control, and healthy cooking, thereby enhancing the core competitiveness of products; simultaneously, strengthen industry-academia-research collaboration to accelerate the application and commercialization of new technologies and processes, drive product iteration and upgrades, and align with consumer expectations for smart, healthy, and personalized products, using technological innovation to drive improvements in profitability.

5.5 Optimize Capital Structure and Make Prudent Use of Financial Leverage

Joyoung's current equity multiplier remains relatively stable, and its financial leverage is within a reasonable range. Looking ahead, the company should moderately refine its capital structure and scientifically leverage financial leverage in alignment with its strategic direction and external market changes. While ensuring financial security, the company can optimize the scale and maturity structure of its debt to reduce financing costs and improve capital allocation efficiency, while maintaining a sound debt-repayment capacity, thereby laying a solid financial foundation for the company's long-term growth.

6. Conclusion

This paper selects Joyoung Co., Ltd. as a case study and employs the DuPont analysis framework to systematically evaluate the company's financial performance from 2022 to 2025. The analysis reveals that its return on equity (ROE) has shown a continuous downward trend over the four-year period, primarily due to declines in both net profit margin and total asset turnover. This reflects weakened profitability, reduced asset utilization efficiency, a relatively narrow product portfolio, and shortcomings in cost and expense control. In response to these issues, this paper proposes the following recommendations:

optimizing the product mix, strengthening cost and expense control, improving asset utilization efficiency, enhancing R&D and innovation, and optimizing the capital structure. Moving forward, Joyoung Co., Ltd. should focus on enhancing its core competitiveness by improving financial performance through product upgrades, management optimization, and technological innovation to achieve sustainable development. Additionally, this study provides a reference for the financial performance evaluation and optimization of other companies in the small household appliance industry, helping industry players better address market challenges and enhance their overall competitiveness.

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Conflict of Interests

The authors declare that there is no conflict of interest regarding the publication of this paper.

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