

# **FY2024/6 Financial Results Presentation**

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Bleach, Inc. (Securities Code: 9162)

August 14, 2024



**B L E A C H**

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# 1. FY2024/6 Financial Results

# Review of FY2024/6

In FY2024/6, we steadily implemented measures to strengthen our operating base for continued growth in the medium- to long-term, through expanding our product portfolio and customer base, and accelerating recruitment and education of human resources.

## FY2024/6 financial results

Sales JPY 13,806mn

Advertising profit JPY 2,308mn

Operating profit JPY -367mn

Number of core products 13.0 products

2024 new graduate employees 22 persons

## TOPICS

### Expansion of product portfolio and customer base

- Shifted resources from existing products to new products
- Developed new genres and transformed new products into core products
- Strengthened and diversified customer base

### Improvement of marketing ability

- Expanded marketing methods by strengthening video advertising and expanding advertising media used
- Used databases and generative AI to accelerate high-speed PDCA and improve accuracy

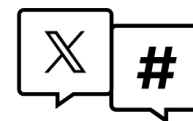
### Acceleration of recruitment and education of human resources

- Expand the number of marketers hired focusing on new graduates
- Updated marketer training program

### Strengthen the financial base

- Listed on the Tokyo Stock Exchange Growth Market on July 5, 2023
- Raised JPY 7.1 bn through public offering

## Strengthened partnerships with major advertising media companies



Authorized agency



## Financial Highlights for FY2024/6

**We are focusing on expanding new products** however it will take time for them to contribute to results and FY2024/6 sales and advertising profit decreased. Operating profit decreased due to **expanded investment in the improvement of market capabilities and human resource development.**

Sales		(JPY mn)
FY2023/6	FY2024/6	Percentage change
16,377	<b>13,806</b>	-15.7%
<u>Number of core products:</u> 11.5 ⇒ 13.0 products		

- **The external environment has worsened** due to rule changes in major advertising media and a decline in consumer confidence toward functional foods in general due to scandals involving major pharmaceutical manufacturers.
- **Sales of existing products declined** due to the product life cycle reaching the later stage and changes in sales strategies by clients and advertising sponsors for some existing products.
- Even in this environment, we are focusing on expanding the product portfolio, **increasing the number of core products, and steadily diversifying sales by client.**
- However, **it will take time for new products to contribute to earnings, and FY2024/6 sales decreased.**

Advertising profit		(JPY mn)
FY2023/6	FY2024/6	Percentage change
4,150	<b>2,308</b>	-44.4%
ROAS: 134.2% ⇒ 120.1%		

- The above-mentioned deterioration in the external environment **reduced the effectiveness of marketing initiatives for existing products.**
- **ROAS for FY2024/6 declined and advertising profit decreased** due to an increase in the ratio of new products in the process of launching and a decrease in incentives from advertising media.

Operating profit		(JPY mn)
FY2023/6	FY2024/6	Percentage change
2,173	<b>-367</b>	-

- **Outsourcing expenses and business consignment expenses increased** due to **testing of new marketing initiatives and surveys to develop new fields of businesses.**
- **Recruitment and training expenses increased** due to **the expansion of recruitment and enhancement of training for marketers.**

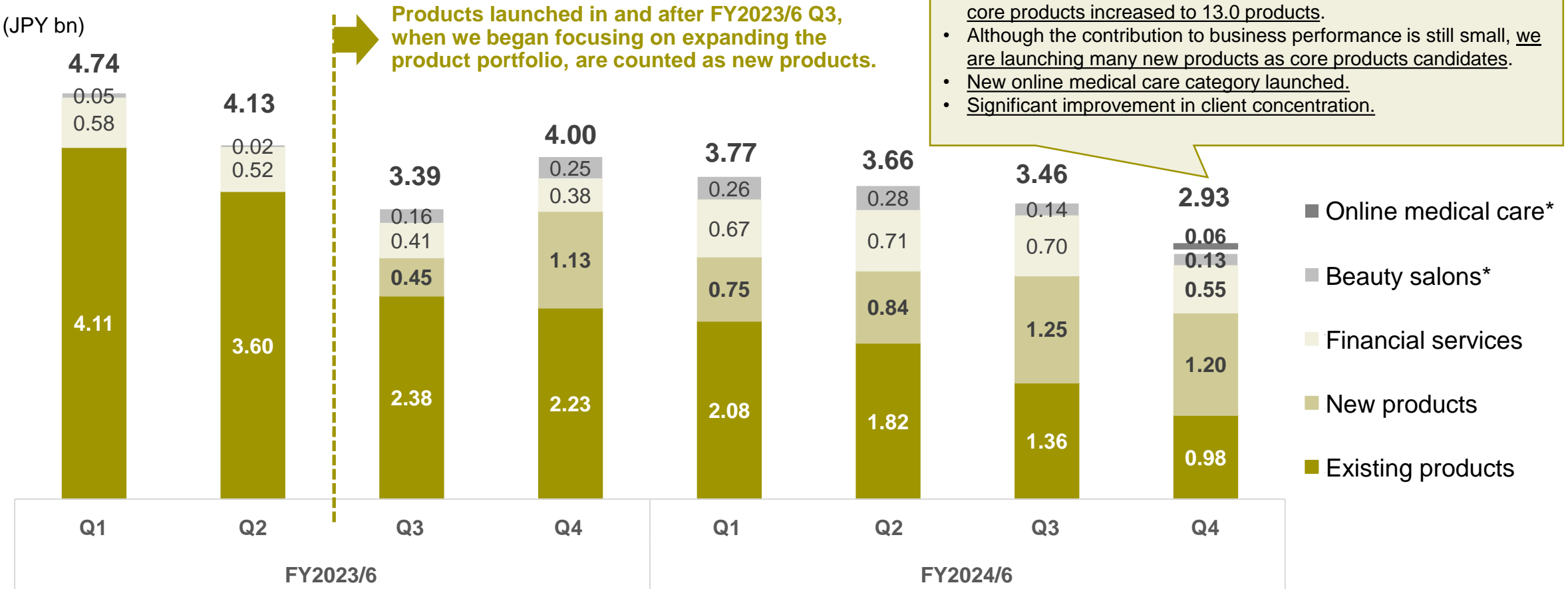
Profit/loss		(JPY mn)
FY2023/6	FY2024/6	Percentage change
1,466	<b>-554</b>	-

- As a result of taking into account the current business performance and future business performance trends, **deferred tax assets were reversed and loss of deferred income taxes of JPY 151mn were recorded** in the FY2024/6 financial results.

## Sales Trends (by existing products and new products)

In FY2024/6, the number of core products increased to 13, and sales of new products were on an increasing trend. In addition to financial services and beauty salons, we have developed a new online medical care category, and we are steadily diversifying sales by client.

(JPY bn)

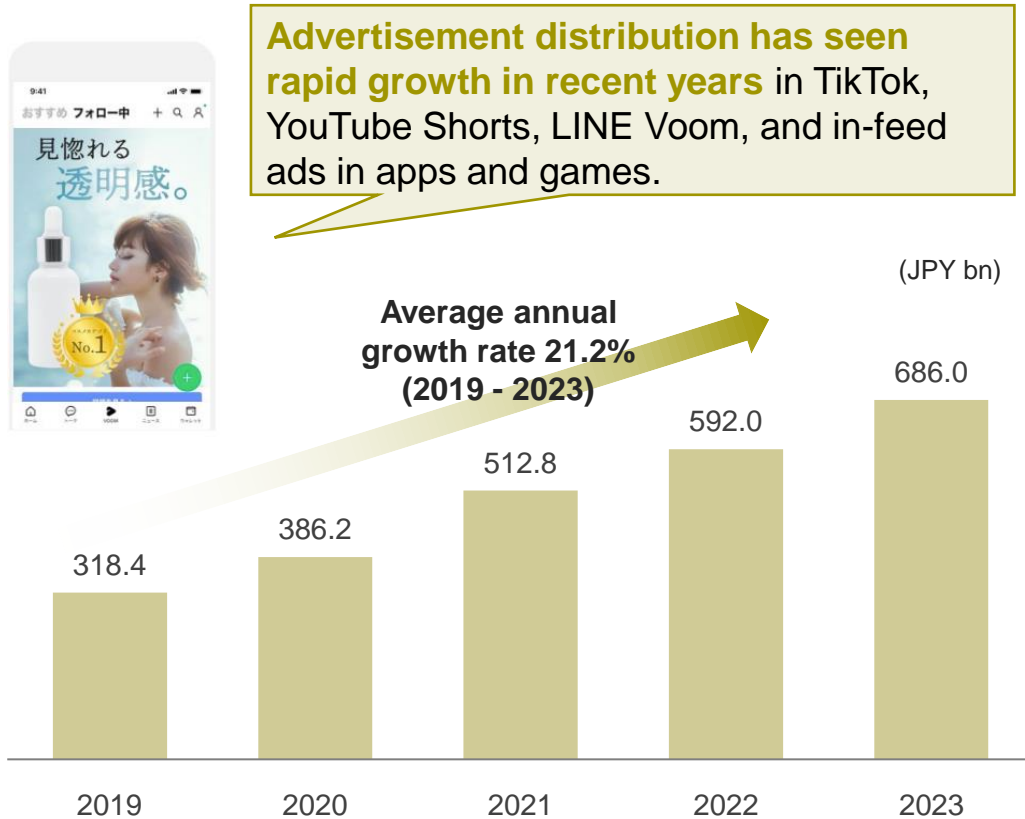


\*The financial services, beauty salons, and online medical care categories are separately calculated because they use a method of marketing support for multiple customers through comparative media.

# Results of Major Initiatives in FY2024/6 – (1) Strengthening Video Advertising

We made further use of video advertising, where the market is expanding, and this contributed to expanded sales of multiple categories of core products. Monthly sales related to video advertising increased to over JPY 100mn.

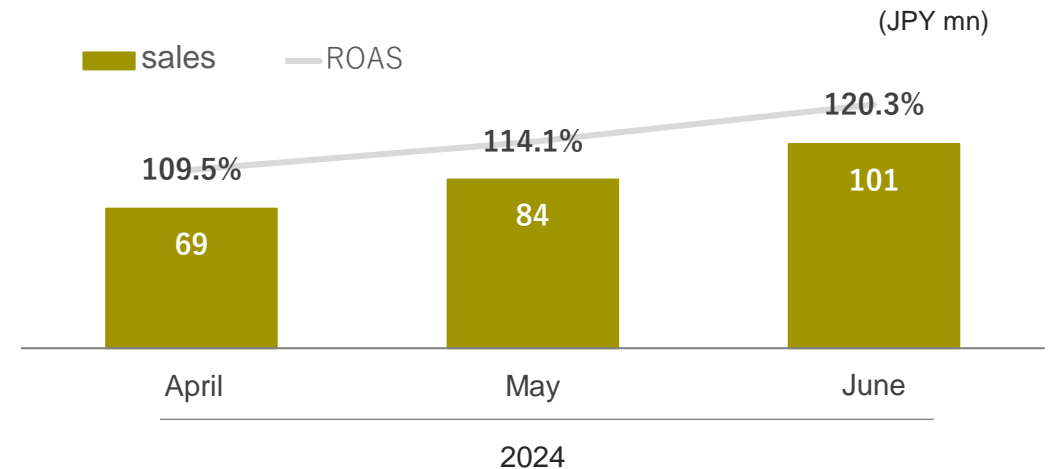
## Market size of video advertising



## Major Initiatives

- Utilized our accumulated proprietary data and know-how.
- Analyzed markets and consumers to develop highly accurate marketing strategies.
- Continually improved marketing outcome through high-speed PDCA.
- Contributed to sales expansion in many categories, mainly cosmetics and beauty salons, and ROAS has recently been on an upward trend.

## Trends in sales related to video advertising and ROAS



Source: Dentsu Inc. "Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media"

## Results of Major Initiatives in FY2024/6 – (2) Enhancement of client consulting capabilities

We strengthened client consulting in upstream areas, including product planning, and several have become core products. We improved product selection and marketing capabilities through enhanced consulting, and mass produced core products with reproducibility.

Product category	Health foods	Functional foods	Beauty salons
<b>Background of the support</b>	<ul style="list-style-type: none"> <li>Manufacturer A, with whom we have had direct transactions for some time, consulted us regarding the planning of a new product.</li> <li>They planned a strategy based on many of the sales routes for the new product going through us.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturer B had been selling cosmetics using its own ingredient through e-commerce, but failed due to heavy losses.</li> <li>They planned a new functional food product using the same ingredient, but were unsure of an appropriate marketing method, so consulted with our company.</li> </ul>	<ul style="list-style-type: none"> <li>Company C, a beauty salon operator that had direct transactions with us, was struggling to acquire new users.</li> </ul>
<b>Details of our support</b>	<ul style="list-style-type: none"> <li><b>At the product planning stage, analyzed consumer needs and the competitive environment and gave advice on product design and methods to appeal to consumers.</b></li> <li>Based on the above strategy, shot videos and still images, and produced content.</li> <li>Built a consistent marketing strategy from ad distribution to the purchasing page.</li> </ul>	<ul style="list-style-type: none"> <li><b>Provided comprehensive consulting services, including product planning, concept, and pricing, to Manufacturer B, who has little e-commerce experience.</b></li> <li>Proposed celebrity collaborations.</li> <li>Planned and shot all images, videos, and other materials used in advertising, and made creative products that serve as the center of appeal.</li> </ul>	<ul style="list-style-type: none"> <li>Per hearings, discovered <b>issues with the store benefits and the reservation route, etc., unrelated to advertising, so consulted with Company C.</b></li> <li>Changed store benefits to increase new users and store visit rates.</li> <li>Modified the user reservation route and reservation page.</li> <li>Proposed introducing a call center to prevent delayed or missed reservation confirmation calls.</li> <li>Expanded sales channels by outsourcing advertisement distribution from us to other advertising agencies.</li> </ul>
<b>Sales performance</b>	<ul style="list-style-type: none"> <li>Support from product launch.</li> <li><b>Our monthly sales in the first month was JPY 24mn, and it became a core product.</b></li> </ul>	<ul style="list-style-type: none"> <li><b>In the second month of support, our monthly sales were JPY 13mn and it became a core product.</b></li> </ul>	<ul style="list-style-type: none"> <li>As a result of the above measures, <b>our monthly sales increased to JPY 98mn</b> only for Company C in the beauty salons category.</li> </ul>

# Major Initiatives in FY2024/6 - (3) Marketing Capabilities Improvement Project

Promoted various internal projects to enhance our marketing capabilities. Strengthened each function until we created a hit, and mass produced core products with reproducibility.

## Scope of each project

Internal Project Example	Overview	Scope of each project				
		Product planning	Products Selection	Strategy Building	Execute Measures	Operation Improvement
<b>A: Strengthen client consulting capabilities</b>	<ul style="list-style-type: none"> <li>Utilized own data to calculate what consumers want and provide consulting services from product planning.</li> </ul>	←→			←→	
<b>B: Improvement of products selection capability</b>	<ul style="list-style-type: none"> <li>Analyzed and verbalized/digitized trends in hit products, and update products selection criteria.</li> </ul>	←→				
<b>C: Database expansion</b>	<ul style="list-style-type: none"> <li>Improved advertising investment efficiency by analyzing ad-related data with greater detail and frequency.</li> </ul>				←→	
<b>D: Enhancement of knowledge sharing</b>	<ul style="list-style-type: none"> <li>Abstracted successes and failures to improve hit reproducibility.</li> <li>Improved training programs to raise the skill level of human resources.</li> </ul>	←→				
<b>E: Expansion of marketing methods</b>	<ul style="list-style-type: none"> <li>Expanded use of video advertising and listing ads.</li> <li>Increased room for expansion of new product categories.</li> </ul>				←→	
<b>F: Utilization of generative AI</b>	<ul style="list-style-type: none"> <li>Utilized generative AI for images and text to improve work efficiency.</li> <li>Further accelerated the PDCA cycle for marketing measures.</li> </ul>				←→	
<b>G: Expansion of utilized advertising media</b>	<ul style="list-style-type: none"> <li>Strengthening horizontal development in winning patterns to expand advertising investment and improve efficiency.</li> </ul>				←→	

## Financial Highlights (Full-Year Comparisons)

Key items	FY2022/6	FY2023/6	FY2024/6	Change from previous term
<b><u>P/L</u></b>				
Sales	¥14,606mn	¥16,377mn	¥13,806mn	-15.7%
<b>Advertising profit</b>	<b>¥2,517mn</b>	<b>¥4,150mn</b>	<b>¥2,308mn</b>	<b>-44.4%</b>
Operating profit	¥1,027mn	¥2,173mn	¥-367mn	-116.9%
<i>Operating margin</i>	7.0%	13.3%	-2.7%	
Profit	¥621mn	¥1,466mn	¥-554mn	-135.6%
<i>Profit margin</i>	4.3%	9.0%	-4.0%	
<b><u>KPI</u></b>				
No. of core products <sup>*1</sup>	14.0 products	11.5 products	13.0 products	13.0%
<b>No. of Rank A products included in above<sup>*1</sup></b>	<b>3.5 products</b>	<b>6.5 products</b>	<b>3.5 products</b>	<b>-46.2%</b>
Avg. monthly sales from Rank A products	¥252mn	¥347mn	¥176mn	-49.3%
<b>ROAS</b>	<b>120.8%</b>	<b>134.1%</b>	<b>120.1%</b>	<b>-</b>
No. of marketers <sup>*1</sup>	46 persons	71 persons	78 persons	9.8%
Sales per marketer	¥317mn	¥230mn	¥177mn	-27.4%

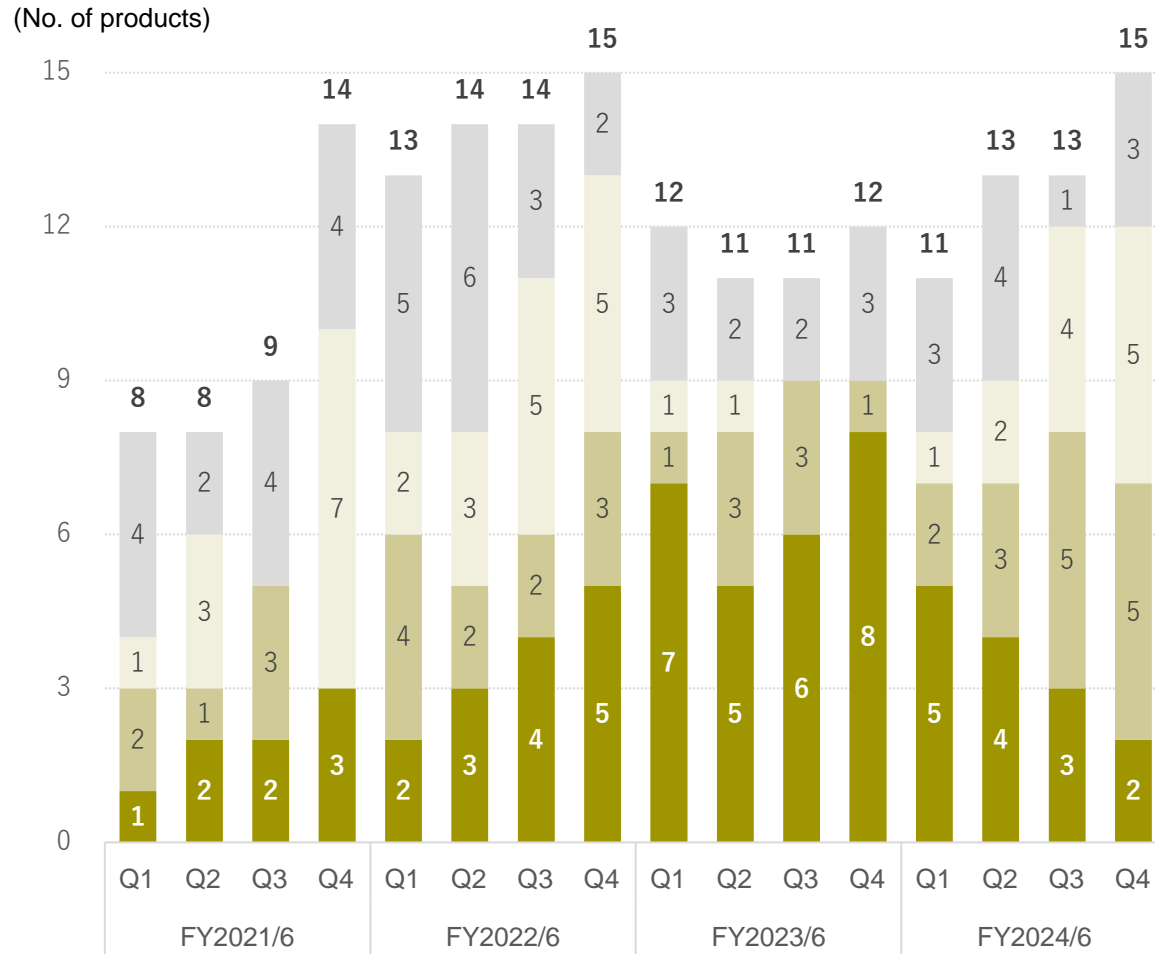
\*1: Average for the period

## Financial Highlights (Quarterly Comparisons)

Key items	FY2024/6				Change from Q3
	Q1	Q2	Q3	Q4	
<b><u>P/L</u></b>					
Sales	¥3,763mn	¥3,659mn	¥3,456mn	¥2,925mn	-15.4%
<b>Advertising profit</b>	<b>¥697mn</b>	<b>¥589mn</b>	<b>¥600mn</b>	<b>¥422mn</b>	<b>-29.7%</b>
Operating profit	¥159mn	¥-120mn	¥-65mn	¥-341mn	-
<i>Operating margin</i>	4.2%	-3.3%	-1.9%	-11.7%	
<b><u>KPI</u></b>					
No. of core products(*)	11 products	13 products	13 products	15 products	13.3%
<b>No. of Rank A products included in above</b>	<b>5 products</b>	<b>4 products</b>	<b>3 products</b>	<b>2 products</b>	<b>-33.3%</b>
Avg. monthly sales from Rank A products	¥201mn	¥192mn	¥170mn	¥144mn	-18.1%
<b>ROAS</b>	<b>122.7%</b>	<b>119.2%</b>	<b>121.0%</b>	<b>117.8%</b>	<b>-</b>
No. of marketers*1	82 persons	76 persons	69 persons	86 persons	24.6%
Sales per marketer	¥46mn	¥48mn	¥50mn	¥34mn	-32.2%

\*1: As of the end of the quarter

# Changes in Core Products by Rank (Quarterly)



## Full-year results for FY2024/6

- From Q3 of FY2023/6, we focused on developing new products and new categories to eliminate client concentration and expand the product portfolio.
- Focused on building a foundation for future growth, and steadily increased the number of Rank B products or below that can become Rank A products in the future.
  - Developed the online medical care category in addition to financial services and beauty salons.
  - Launched new products in which we provided upstream consulting services such as product planning.
  - Enhanced utilization of video advertising.

## Results for FY2024/6 Q4

- The number of Rank A products decreased due to the decreased sales of existing products and delayed launch of new products (Q3: 3 products → Q2: 2 products)
- However, the number of core products increased compared to Q3 (Q3: 13 products → Q4: 15 products)

Rank A: products earning JPY 100mn or more\*

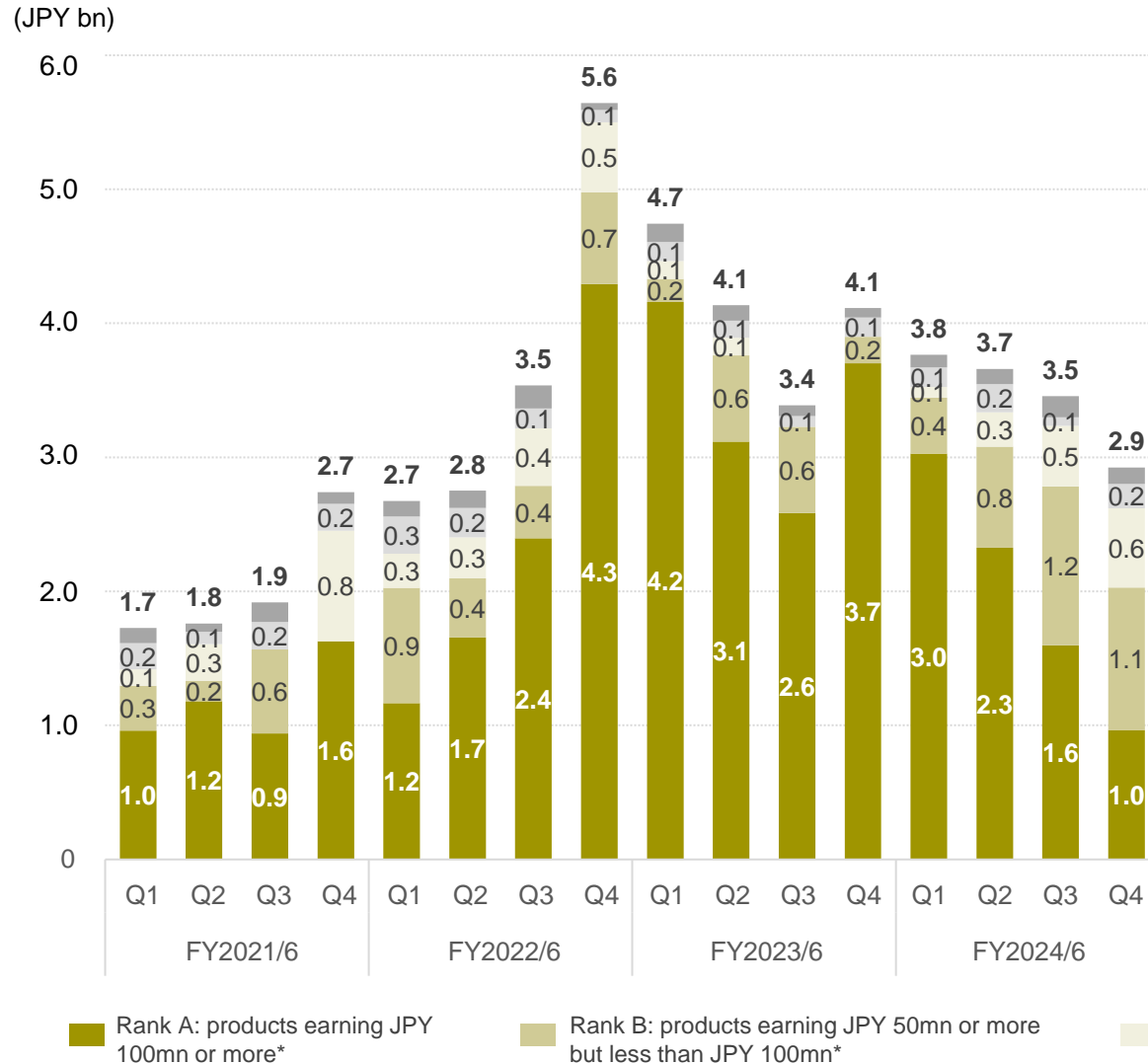
Rank B: products earning JPY 50mn or more but less than JPY 100mn\*

Rank C: products earning JPY 25mn or more but less than JPY 50mn\*

Rank D: products earning JPY 10mn or more but less than JPY 25mn\*

\*Ranks are based on the amount of average monthly revenue share. The reference period for average monthly sales (average monthly revenue share) is quarterly.

# Changes in Sales by Product Rank (Quarterly)



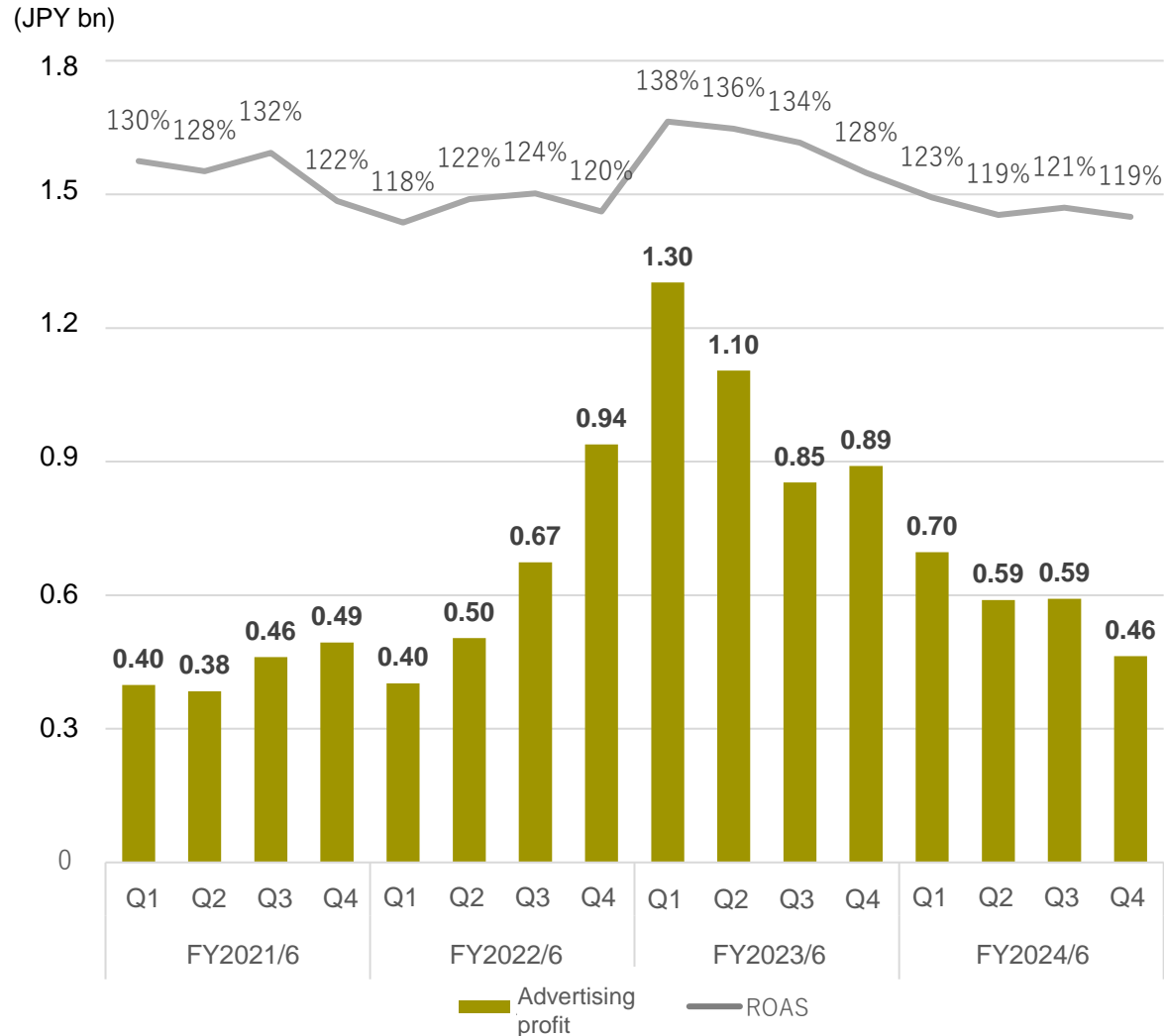
## Full-year results for FY2024/6

- In existing products, sales decreased due to a deterioration in the efficiency of acquiring new users from the impact of product lifecycle reaching the later stage and changes in sales strategies by some clients.
- We focused on new products to expand the product portfolio; however, it took longer than expected to contribute to performance.
- As a result, while the number of core products ranked B or lower increased, the number of Rank A products decreased and company-wide sales decreased.

## Results for FY2024/6 Q4

- Sales of Rank A functional foods products decreased compared to Q3, partly due to a decline in consumer confidence in functional and health foods in general due to voluntary recalls by major pharmaceutical manufacturers.
- From Q3 to Q4, new functional food products were promoted from unranked to Rank B and a beauty salon was promoted from unranked to Rank C, but sales of Rank B and Rank C products remained almost unchanged compared to Q3.

# Changes in advertising profit\*1 and ROAS\*2 (Quarterly)



## Full-year results for FY2024/6

- In existing products, ROAS declined due to a decline in marketing efficiency caused by the deterioration of the external environment.
- In addition, company-wide ROAS declined due to an increase in the sales ratio of new product projects in the process of launching and a decrease in incentives from advertising media.
- Sales and advertising profit decreased as the amount of advertising investment could not be increased to maintain ROAS.

## Results for FY2024/6 Q4

- ROAS declined for some functional foods, partly due to a decline in consumer confidence in functional foods and health foods in general due to voluntary recalls by major pharmaceutical manufacturers.
- In addition, several new products that are in the process of being launched have lowered the ROAS, leading to a decline in overall advertising profit.

\* 1: An indicator of the Company's direct revenue, calculated using the following formula. Revenue share amount (sales) - ad spends (advertising expenses (COGS))

\* 2: Return On Advertising Spend (ROI on advertising investment amount)

# Trends in the Profit and Loss Statement

(JPY mn)	Item	FY2023/6	FY2024/6	Change	Percentage change
	<b>Sales</b>	<b>16,377</b>	<b>13,806</b>	<b>-2,570</b>	<b>-15.7%</b>
<b>COGS</b>	Advertising expenses	12,226	11,498	-728	-5.9%
	Personnel expenses	413	465	52	12.6%
	Outsourcing and other expenses	337	445	108	32.3%
	<b>Gross profit</b>	<b>3,400</b>	<b>1,396</b>	<b>-2,004</b>	<b>-58.9%</b>
<b>SG&amp;A</b>	Personnel expenses	519	583	64	12.3%
	Recruitment and training expenses	295	473	178	60.3%
	Outsourcing expenses	123	296	173	140.7%
	Other	289	411	122	42.2%
	<b>Operating profit</b>	<b>2,173</b>	<b>-367</b>	<b>-2,540</b>	<b>-</b>
	Non-operating income	55	7	-48	-87.2%
	Non-operating expenses	80	68	-12	-15.0%
	<b>Ordinary profit</b>	<b>2,147</b>	<b>-429</b>	<b>-2,576</b>	<b>-</b>
	Extraordinary income	0	2	2	-
	Extraordinary losses	39	0	-39	-99.9%
	<b>Profit before income taxes</b>	<b>2,108</b>	<b>-427</b>	<b>-2,535</b>	<b>-</b>
	Corporate tax, residence tax and enterprise tax	700	3	-697	-99.5%
	Deferred income taxes	-57	123	180	-
	<b>Profit</b>	<b>1,465</b>	<b>-554</b>	<b>-2,019</b>	<b>-</b>

## COGS

- The number of marketers increased due to the enhancement of the marketing support system, and personnel expenses increased.
- Increased outsourcing expenses due to implementation and verification of new marketing initiatives.

## SG&A

- Personnel expenses and recruitment and training expenses increased due to an increase in new hires and investment in human resource development.
- Outsourcing expenses increased due to an increase in research expenses for new business development, M&A, partnerships, etc.
- Others: Increase in business tax and advertising expenses.

## Non-operating expenses

- Recorded listing related expenses of JPY 68mn in FY2024/6.

## Extraordinary losses

- A valuation loss on investment securities was recorded in FY2023/6.

## Deferred income taxes

- For FY2024/6, deferred tax assets were reversed and a loss of deferred income taxes of JPY 151mn were recorded.

## Trends in the Balance Sheet

(JPY mn)	Item	FY2023/6	FY2024/6	Change	Percentage change
Assets	Cash and deposits	5,902	9,642	3,740	63.4%
	Accounts receivable-trade and advance payments-trade	2,235	2,368	133	6.0%
	Other current assets	72	489	417	579.1%
	Fixed assets	119	194	75	63.0%
	Investments and other assets	245	204	-39	-15.9%
	<b>Total</b>	<b>8,573</b>	<b>12,900</b>	<b>4,327</b>	<b>50.5%</b>
Liabilities	Accounts payable-trade	667	558	-109	-16.3%
	Short-term borrowings	720	720	0	0.0%
	Other current liabilities	1,415	577	-838	-59.2%
	Long-term borrowings	2,520	1,800	-720	-28.6%
	<b>Total</b>	<b>5,322</b>	<b>3,667</b>	<b>-1,655</b>	<b>-31.1%</b>
Net assets	Shareholders' equity, etc.	125	6,676	6,551	5,241.0%
	Retained earnings	3,087	2,532	-555	-18.0%
	Valuation and translation adjustments	40	24	-16	-39.0%
	<b>Total</b>	<b>3,251</b>	<b>9,233</b>	<b>5,982</b>	<b>184.0%</b>
<b>Total net assets and liabilities</b>		<b>8,573</b>	<b>12,900</b>	<b>4,328</b>	<b>50.5%</b>

### Cash and deposits

- Increase due to public offering in July 2023 (+JPY 6.55bn), decrease due to cash flow from operating activities (-JPY 1.86bn), decrease due to repayment of borrowings (-JPY 720mn), etc.
- Net cash (cash and deposits - interest-bearing liabilities) was JPY 7.12bn.

### Other current assets

- Increased mainly due to accrual of income taxes refunded and consumption taxes refunded (+JPY 350mn) and increase in advance payments for advertising media advertising expenses (+JPY 150mn).

### Other current liabilities

- Decreased mainly due to payment of income taxes payable and consumption taxes payable recorded at the end of FY2023/6 (-JPY 700mn).

### Long-term borrowings

- Decreased due to transfer from long-term borrowings to current portion of long-term borrowings (-JPY 720mn).

### Net assets

- Shareholders' equity, etc. increased due to public offering in July 2023 (+JPY 6.55bn).
- Retained earnings decreased due to net loss (-JPY 550mn).
- Equity ratio was 71.6%.

## **2. FY2025/6 Growth Strategy**

## Disclosure of Earnings Forecast for FY2025/6

Earnings forecast for FY2025/6 has not yet been determined as it is difficult to calculate a reasonable forecast at this point. Going forward, we will promptly disclose an earnings forecast as soon as it becomes possible to do so.

The reasons are as follows.

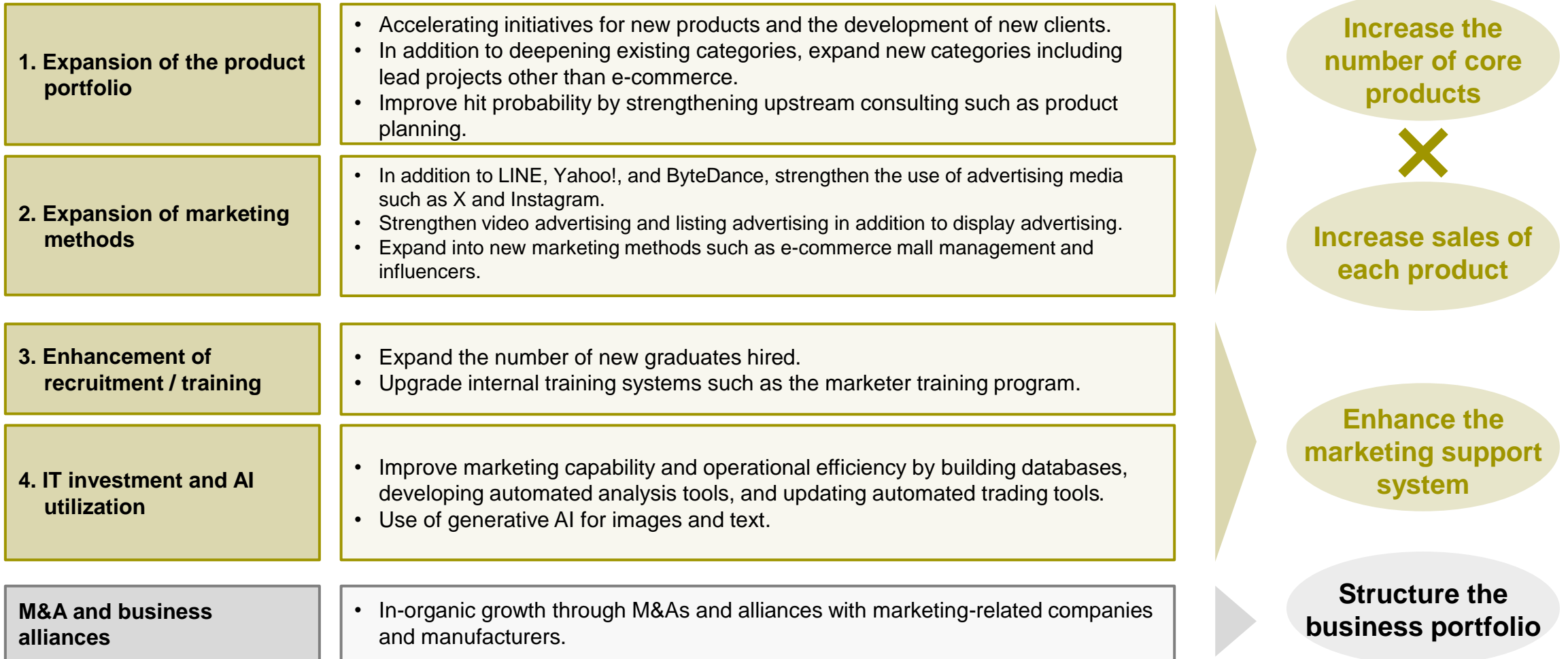
The external environment surrounding us has become more severe and uncertain due to the revision of advertising-related laws and regulations, changes in rule in some advertising media, fluctuations in unit price for online advertising, and the impact of the decline in consumer confidence in health foods and functional foods in general due to a scandal at a major pharmaceutical manufacturer.

At the same time, we are focusing on expanding new products to achieve growth in medium- to long-term and transforming the product portfolio. Going forward, our business performance is expected to expand as many of its new products become core products\*. However, it has been difficult to reasonably predict when and to what extent new products will contribute to our business performance, as it has taken longer than expected to launch the new products.

Also, we plan to disclose the growth potential presentation in September 2024.

\*Core products refers to products (clients' products and services) in which average monthly revenue share (our sales) is JPY 10mn or more, which are our profit pillars.

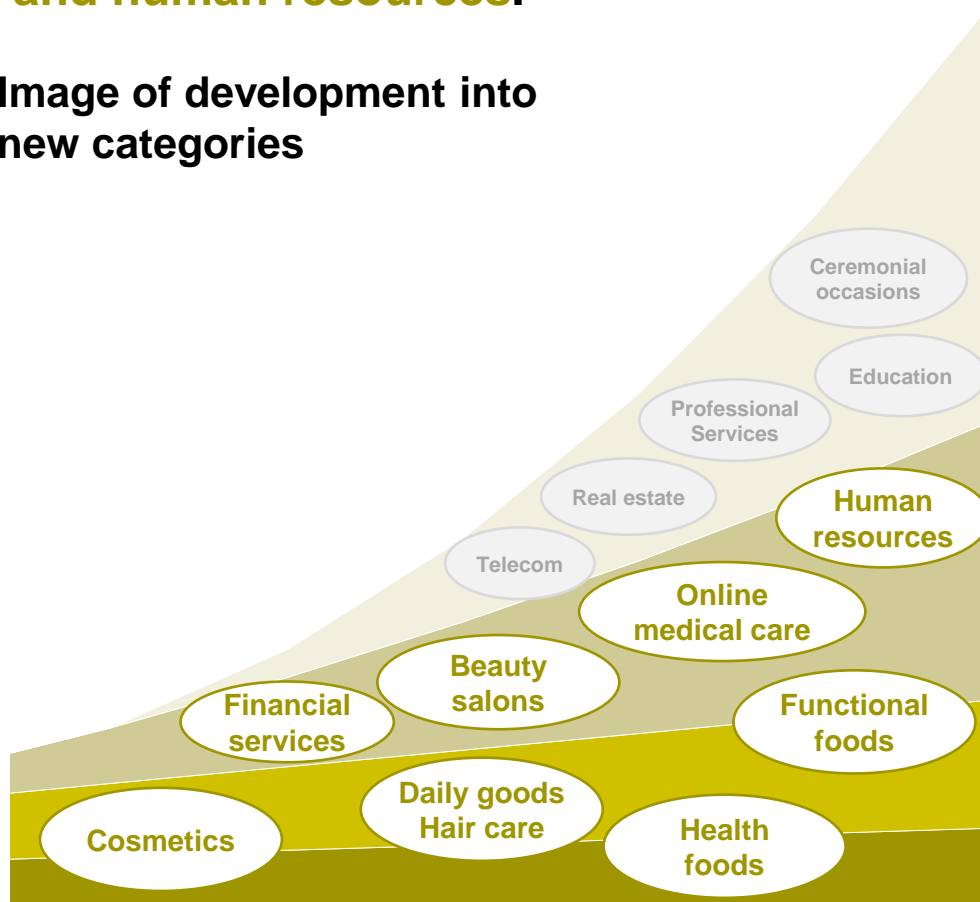
**We aim for continuous and stable growth by mass producing high-rank core products through expanding the product portfolio. We will accelerate investment in human resources and IT to support this.**



## FY2025/6 Growth Strategy - 1. Expansion of the Product Portfolio (1/2)

In addition to **digging deep into existing categories**, which has a rich track record such as cosmetics, daily goods, functional foods, financial services and beauty salons, **we are accelerating the development of new genres other than e-commerce**, such as online medical care and human resources.

### Image of development into new categories



#### Non-e-commerce

- Expand the number of non-e-commerce web visitors and applications.
- Further expand financial services (credit cards, card loans) and beauty salons, where we already have a track record.
- In addition, **we have newly developed online medical care and human resource categories, which have considerable room for market expansion.**
- In addition, we will expand our marketing capabilities and network **to a wide range of industries where digital marketing has not been fully utilized**, such as real estate, professional practices, communications, education, and ceremonial occasions.

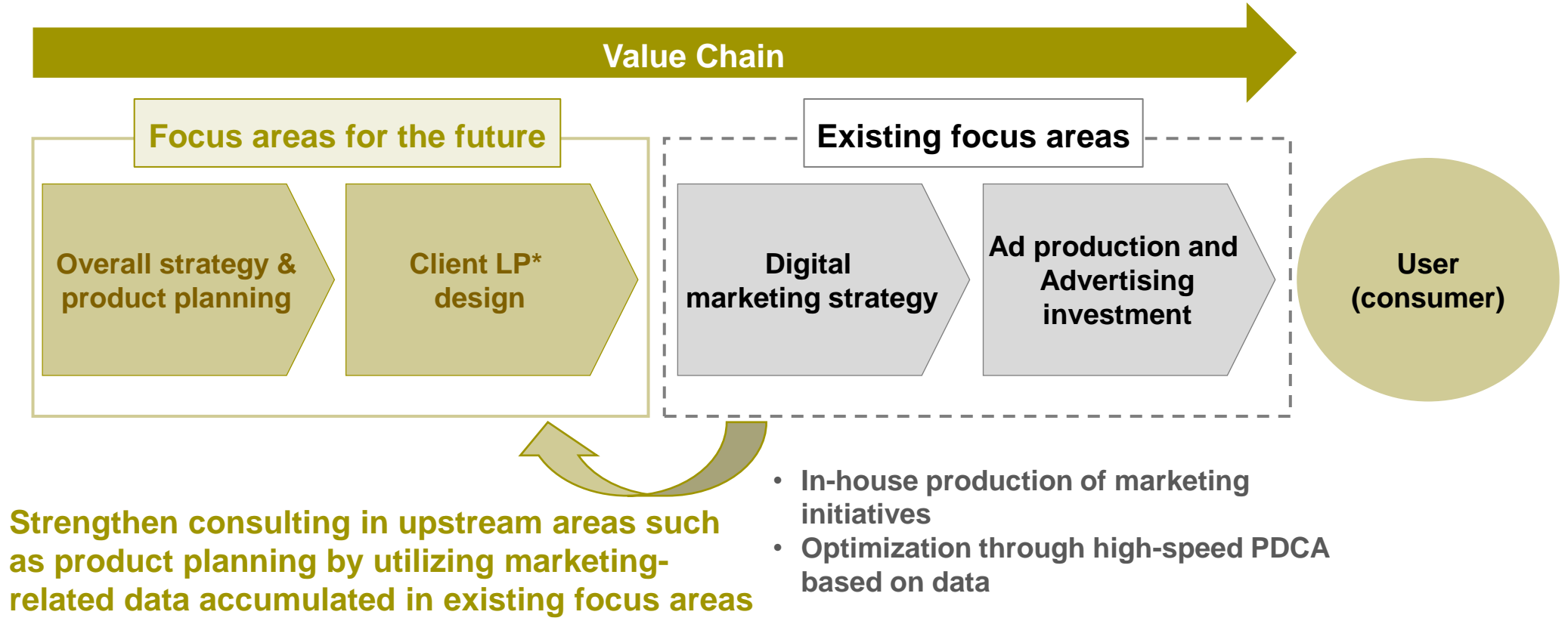
#### E-commerce related

- **Use our proprietary database and products selection mechanism to identify products with high potential and cultivate new clients.**
- **Focus on sub-categories with high growth potential but low competition.**
- **Apply successful patterns from other products to create core products with reproducibility.**

## FY2025/6 Growth Strategy - 1. Expansion of the Product Portfolio (2/2)

Further improve sales capabilities by leveraging marketing-related data to strengthen upstream value-chain consulting capabilities, including product planning.

Image of consulting ability expansion

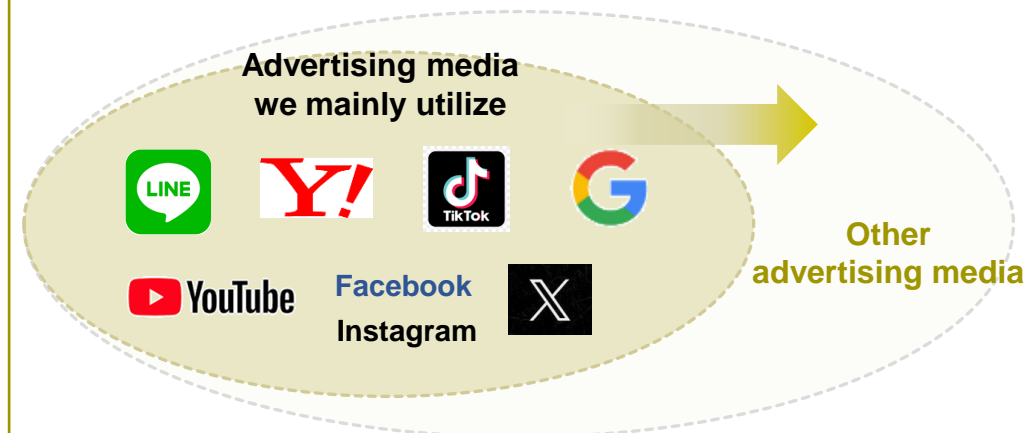


\*Landing page for users to purchase and apply

## FY2025/6 Growth Strategy - 2. Expansion of Marketing Methods

Reach a wide range of consumers by using more advertising media. Further improve marketing ability by expanding marketing methods, including video advertising.

### Expansion of the advertising media used



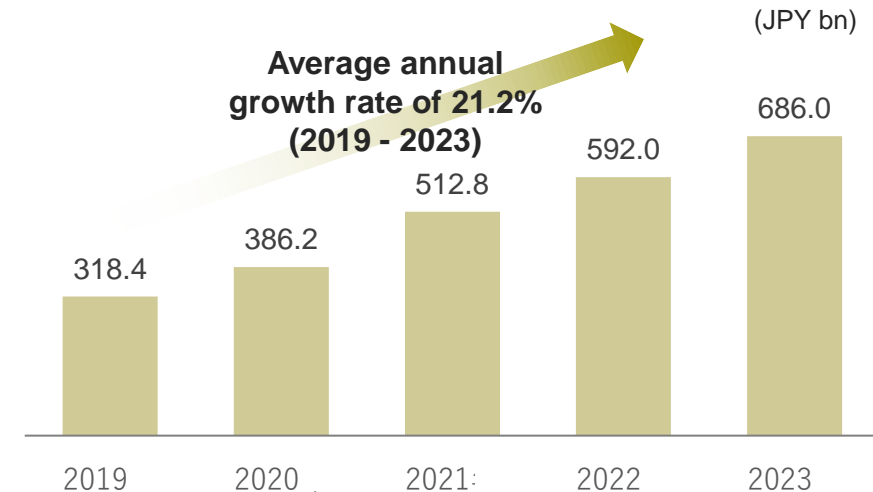
- ✓ Create creative ads in a format that matches the way ads are delivered in the new advertising media
- ✓ Establishment of new ways to utilize advertising media

➔ In addition to **expanding the scale of hits of existing products**, reach a wider range of users and **expand sales in a wider range of products**.

### Expansion of marketing methods

- **Expand marketing methods to video advertising, listing ads, e-commerce malls, influencers, etc.**, in addition to display ads, where the Company has strengths
- Utilizing the marketing ability we have cultivated, such as high-speed PDCA based on proprietary data

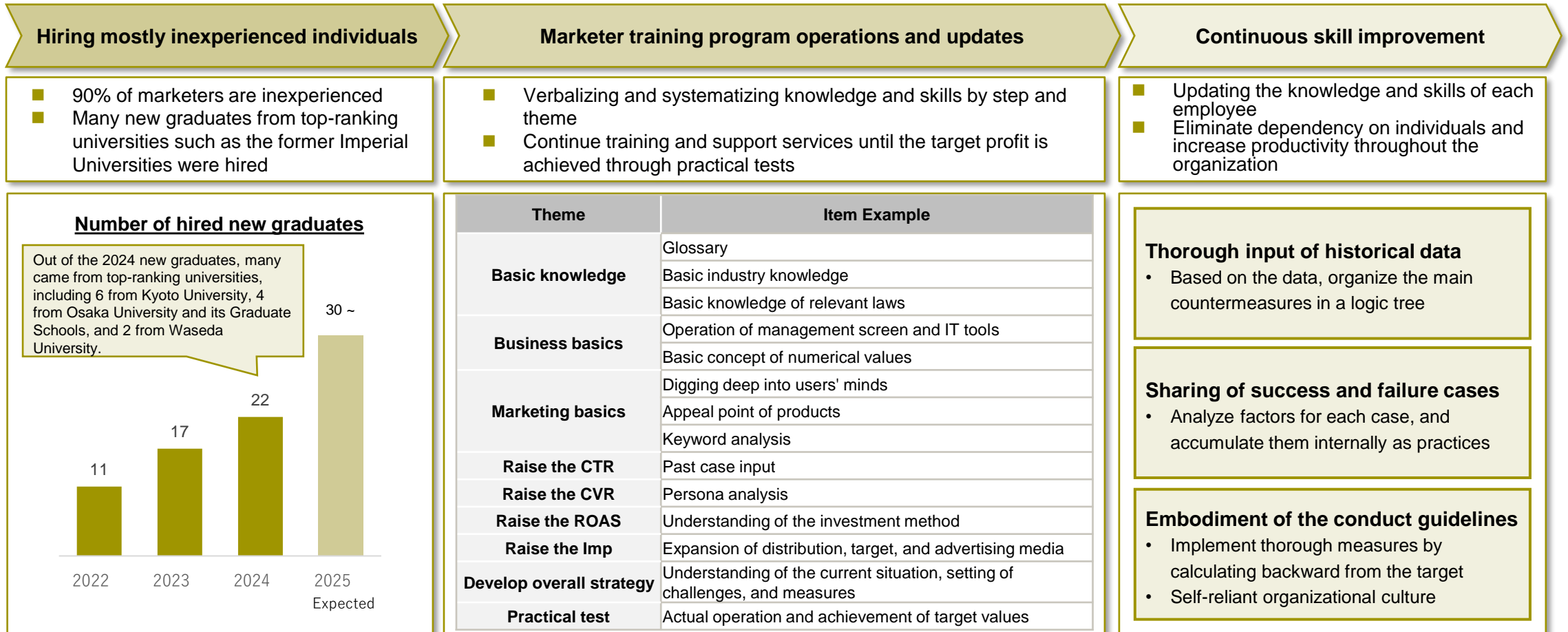
#### (Reference) Trends in video advertising market size



Source: Dentsu Inc. "Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media"

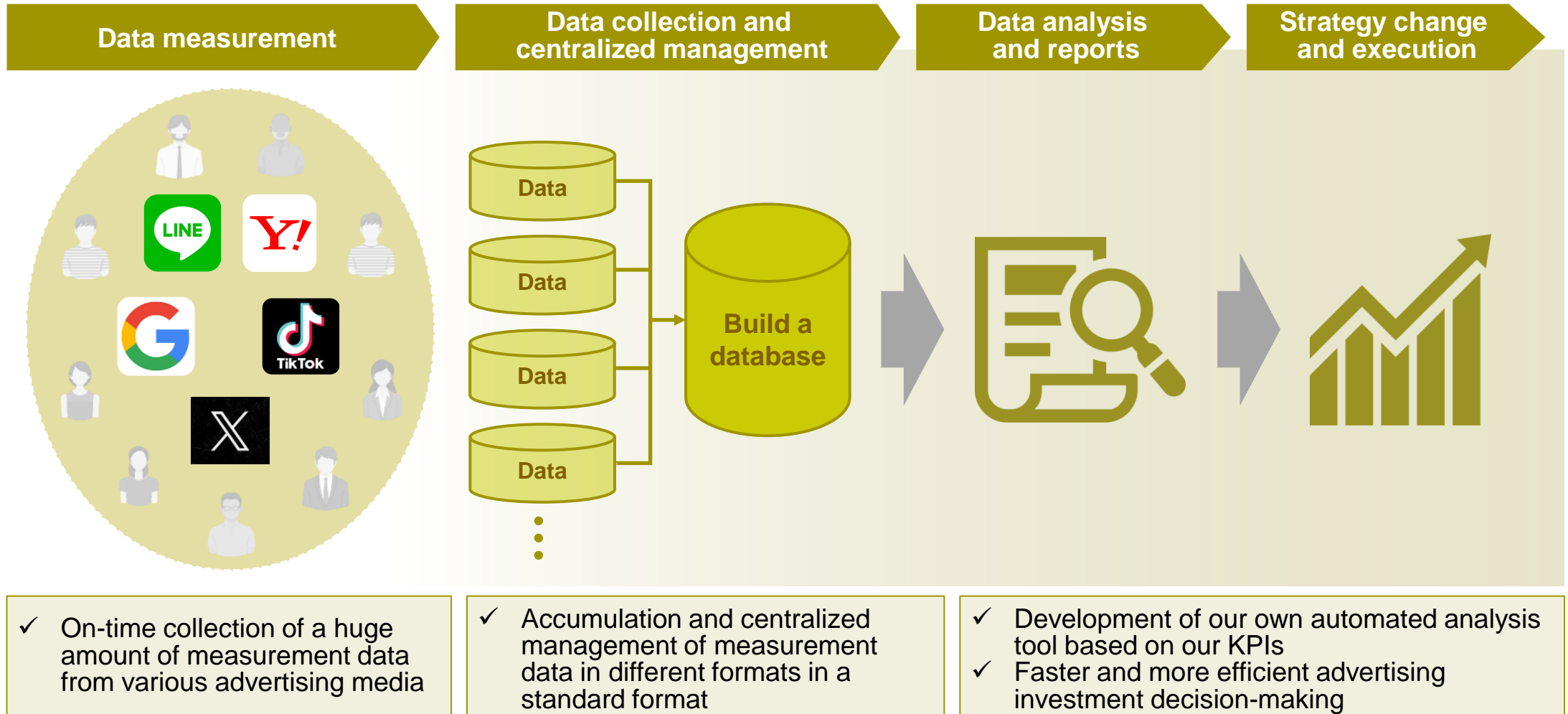
## FY2025/6 Growth Strategy - 3. Enhancement of recruitment / training

**Strong recruiting ability to hire talented people.** While focusing on recruitment of inexperienced individuals, we aim to maintain and improve our production efficiency by **expanding our organization with reproducibility through our own training programs to quickly increase our workforce.**



## FY2025/6 Growth Strategy - 4. IT Investment and AI Utilization

We collect and centrally manage marketing-related data measured in various advertising media and automatically analyze it using our proprietary system to speed up and streamline advertising investment decision-making.



## Growth Strategy and Image of Future Growth

**Aim for continuous and stable growth by strengthening our operating base through various measures and increasing high-ranked core products. Also promote discontinuous growth through M&A and other means.**

### **M&A and business alliances**

- In-organic growth through M&A and alliances

### **IT investment and AI utilization**

- Development of data analysis tools, etc.
- Utilization of generative AI

### **Expansion of marketing methods**

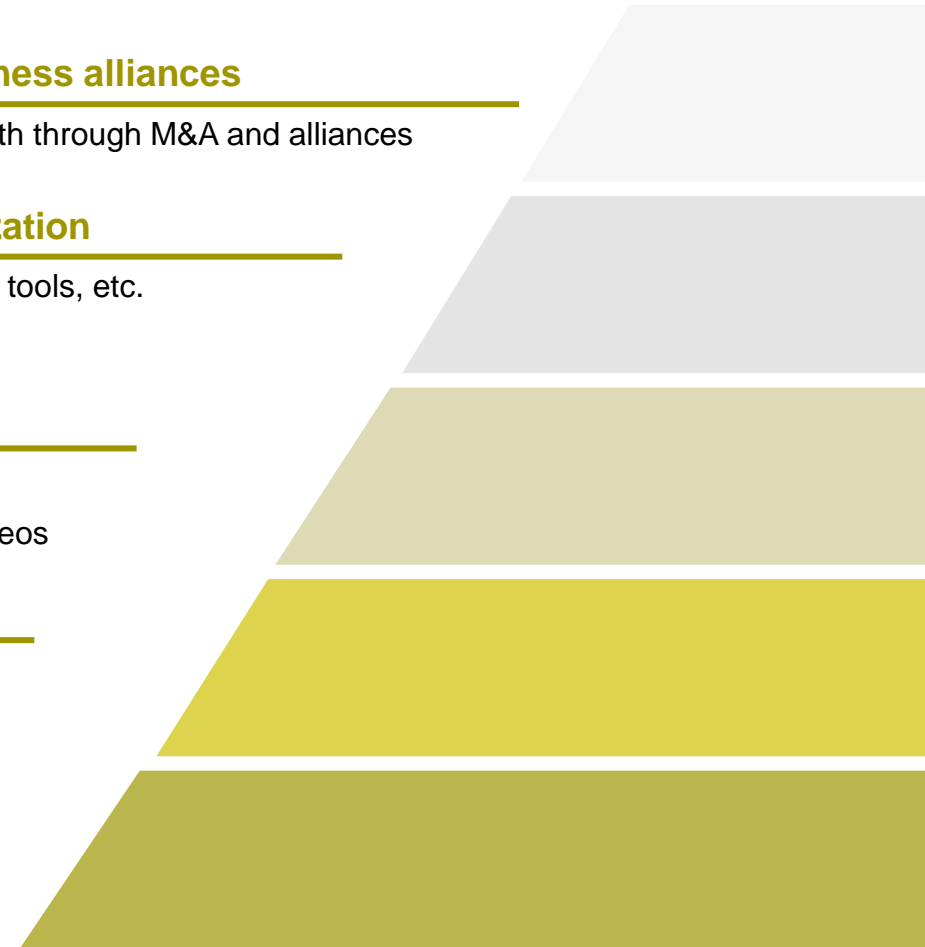
- Expansion of advertising media used
- Expansion of marketing methods such as videos

### **Expansion of the product portfolio**

- Development of new products, new clients and new genres
- Strengthening upstream consulting

### **Enhancement of recruitment / training**

- Strengthening recruitment of new graduates and inexperienced individuals
- Marketer training program updates



# 3. Company Overview / Business Model

### Corporate philosophy

# Illuminate the World

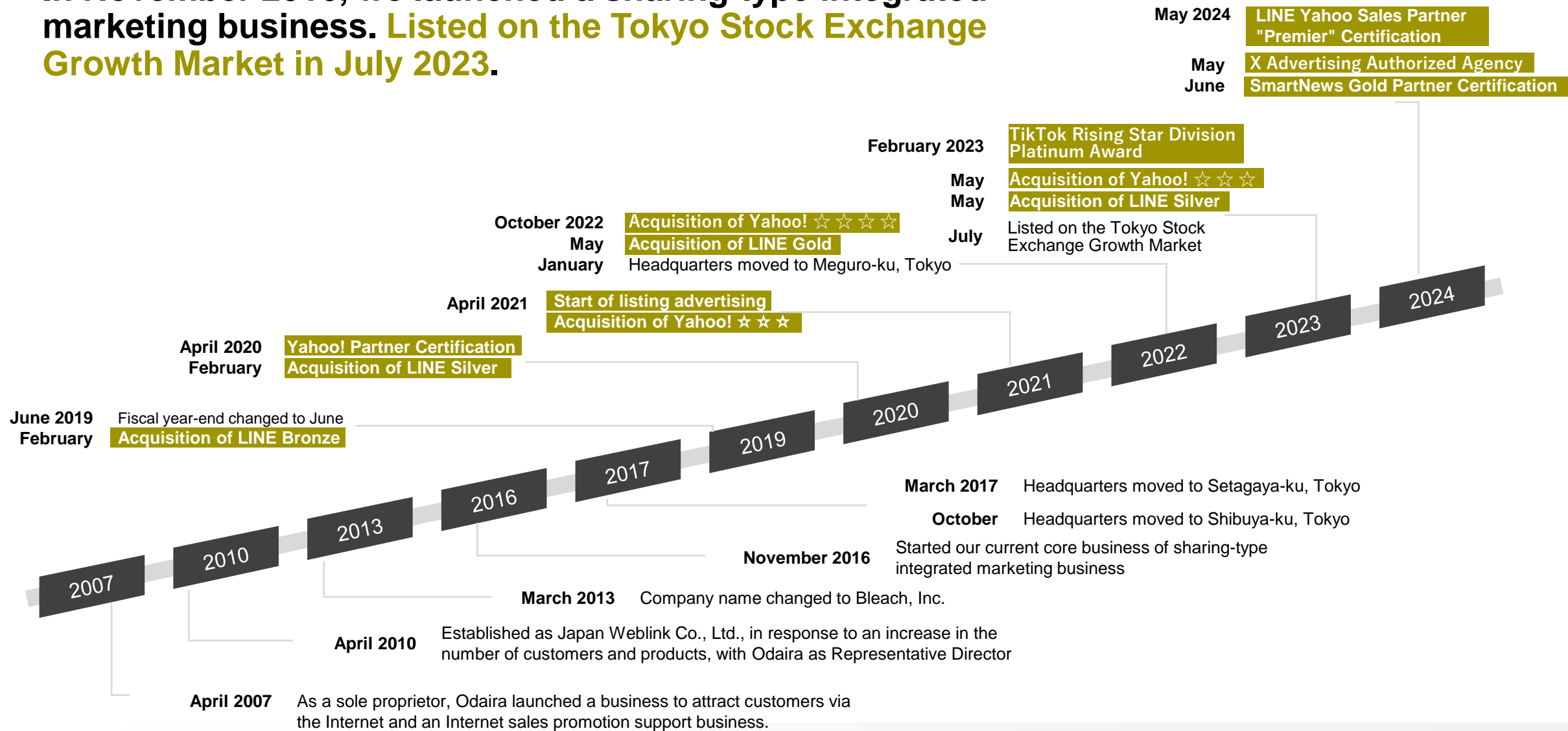
We aim to shine a light on products and services that have not yet been illuminated.

We will illuminate the world and society by driving the economy with brilliant talent.

<b>Company name</b>		Bleach, Inc.
<b>Representative</b>		Keisuke Odaira, CEO
<b>Location</b>		21F Nakameguro GT Tower, 2-1-1 Kamimeguro, Meguro-ku, Tokyo 153-0051 Japan
<b>Establishment</b>		April 28, 2010
<b>Capital stock</b>		JPY 3,376mn (as of the end of June 2024)
<b>Business description</b>		Sharing-type integrated marketing business
<b>Number of employees</b>		93 (as of the end of June 2024, excluding temporary employees)

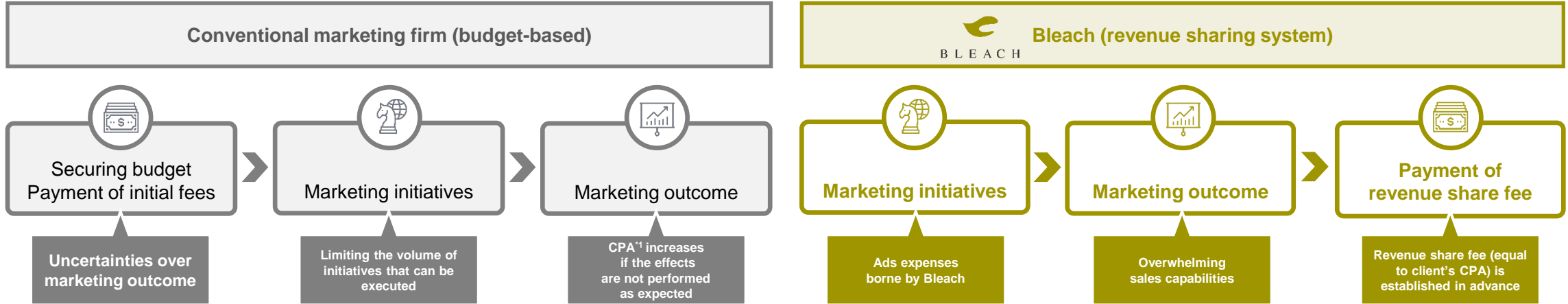
# History

In November 2016, we launched a sharing-type integrated marketing business. **Listed on the Tokyo Stock Exchange Growth Market in July 2023.**



# Our Business Model

With conventional marketing firms (**budget-based**), it is necessary to **secure the budget in advance and pay the initial fees**. We employ a **revenue sharing system fee model**, so there is **no need for initial fees**, and the payment is **only for the portion that was effective**. We can support a wide range of companies, such as **small and medium-sized enterprises**, that have not received sufficient marketing support to date.



## Feature comparison

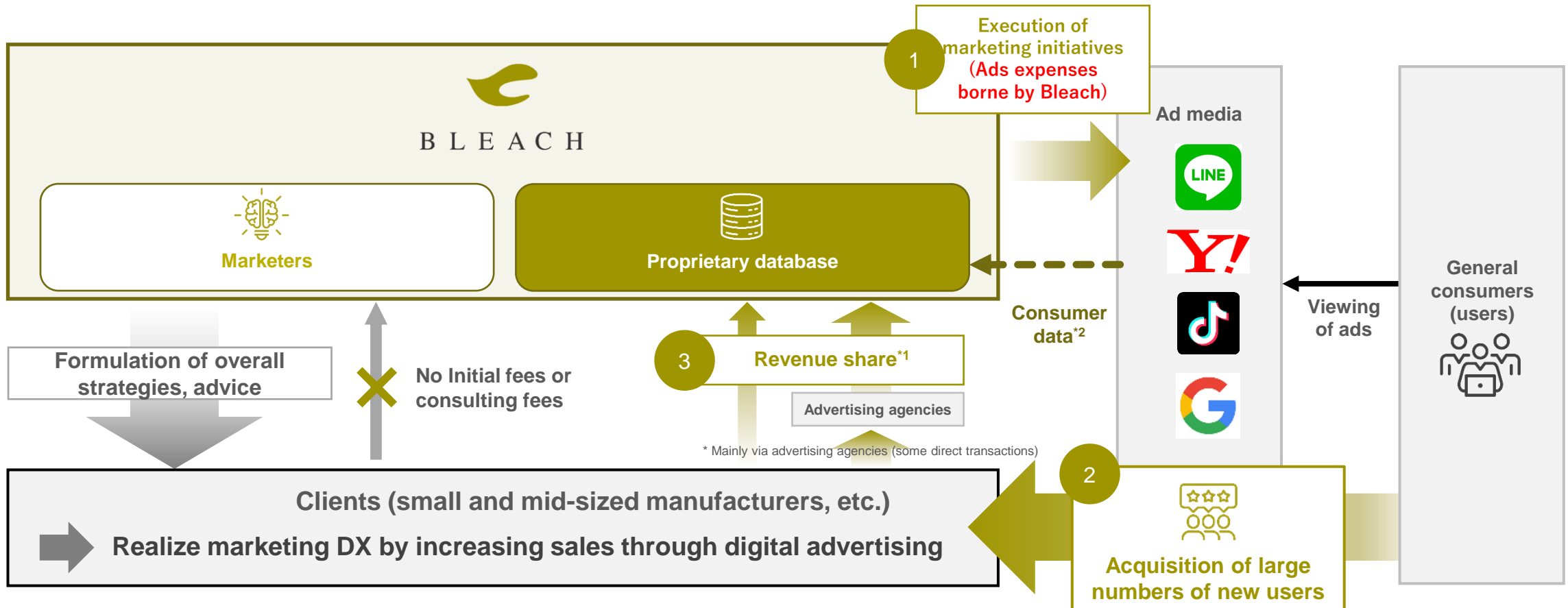
Clients are required to <b> earmark marketing budgets</b>	<b>Fee model</b>	Clients do not have to pay initial fees or consulting fees
<b> Clients bear the risk of loss making</b> if the effect is not worth the cost and the <b> CPA*1 increases</b>	<b>Measuring sales</b>	<b> CPA*1 is established in advance and it makes forecasting of profit/loss easier</b>
Predetermined marketing budget acts as a cap on the services that the vendor provides, <b> limiting the volume of marketing initiatives that can be executed</b>	<b>Limit of initiatives</b>	<b> Initiatives that have been proven to be effective can be repeated as many times as appropriate,</b> leading to high sales capabilities
<b> The more "budget" clients secure, the more fee the marketing firms receive</b>	<b>Incentives</b>	<b> The more "sales" clients make, the more revenue share we receive</b>
Mainly large <b> companies that can secure large budgets</b> from the beginning	<b>Target companies</b>	<b> Able to serve a wide variety of clients,</b> including small and medium sized enterprises <b> with limited marketing budgets</b>

\*1 CPA (Cost per Acquisition): cost per new user acquisition

# Our Service Flow and Fee Model

Our business is based on a **unique business model** in which we execute marketing initiatives **at our expense, acquire new users** for clients, and receive revenue share\*<sup>1</sup>.

Building a **win-win relationship**: the more sales we increase in clients, the more sales we increase.



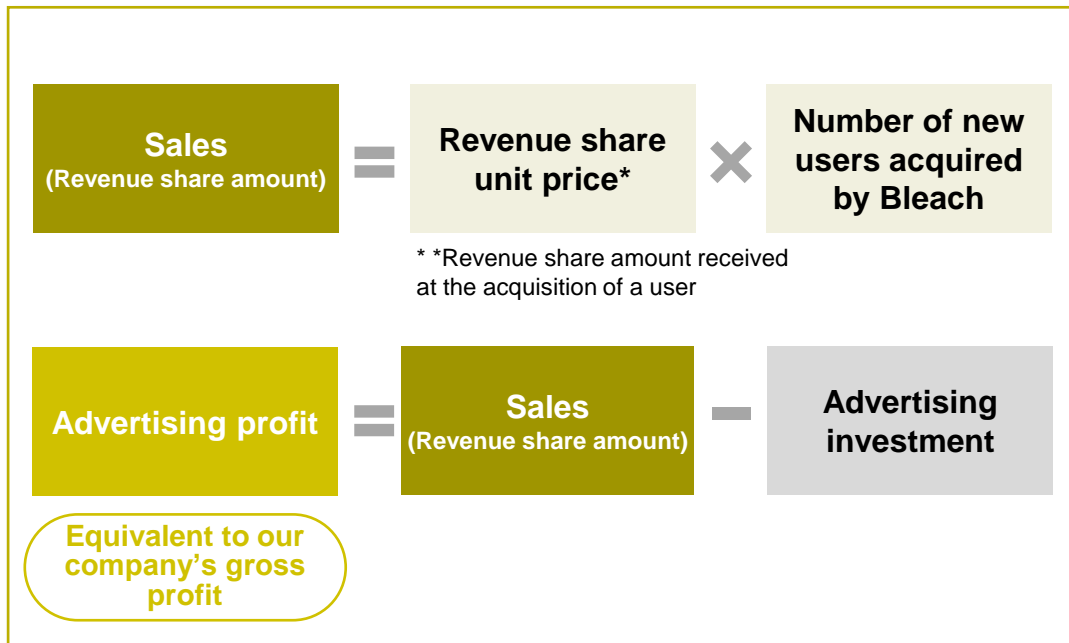
\*1 The revenue share unit price is determined in advance with reference to the LTV (lifetime transaction value) of products. After acquiring new users, the revenue share fee calculated by number of new users x unit price is received.

\*2 Products information in various digital advertisements, purchase information, etc. excluding personal information.

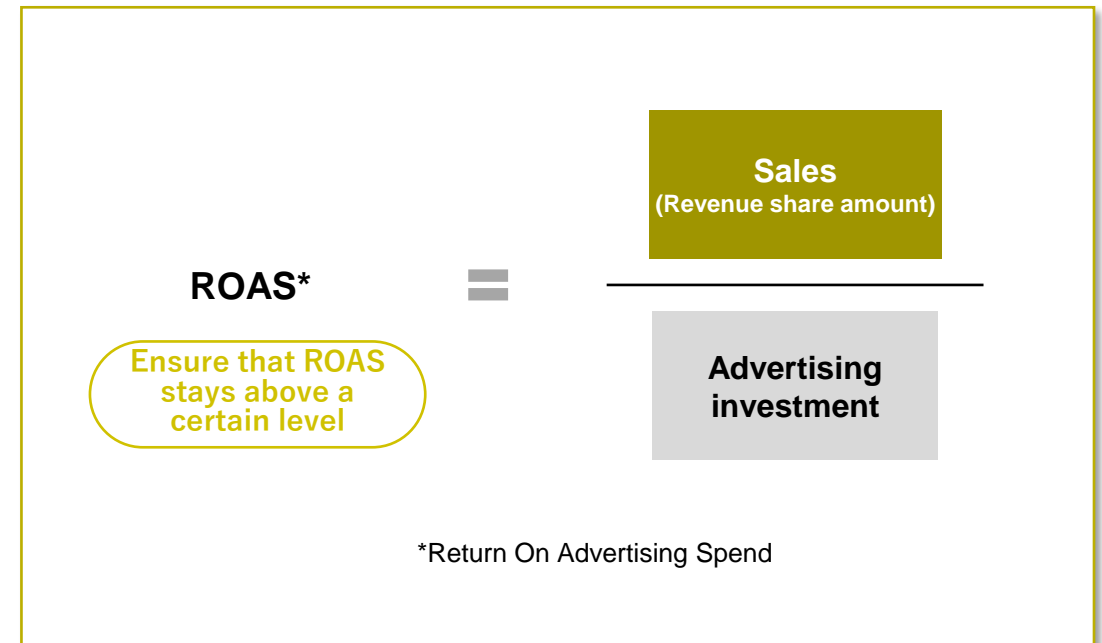
## Our Revenue Model

Our revenue sharing amount (equal to our sales) are calculated by multiplying **the revenue share unit price agreed upon with the client beforehand** and **the number of new users acquired by us**. In addition, we track **ROAS** as a profitability metric, **investing in advertising and recouping investment through revenue sharing**

Our revenue model



Main profitability metrics: ROAS



# 4. Frequently Asked Questions

## Frequently Asked Questions (1/6)

No.	Questions	Answer
1	What are the strengths of your services and what added value do you provide to clients?	<p>Our strength is our ability to win many new users while fixing user acquisition cost (CPA). Clients can fix the CPA in advance, as we use a revenue sharing system fee model.</p> <p>Furthermore, we bear the risk for ad investment, enabling clients to win many new users at no risk. We believe that this provision of client-oriented service wins us strong support from clients.</p>
2	You defined the revenue share amount (=your sales) as revenue share unit price x number of new users, but how is the revenue share unit price determined? Also, how is the number of new users measured?	<p>We often first have clients consider an acceptable revenue share unit price based on their revenue plan and propose it to us.</p> <p>We then use past data, etc. to examine whether that amount would be sufficient to secure ROAS and advertising profit and finalize the amount through discussions with the client.</p> <p>As for the number of new users, our system is able to measure the number of individual users who purchase products via our ads.</p>

## Frequently Asked Questions (2/6)

No.	Questions	Answer
3	What type of contract do you conclude with clients when providing marketing support? Do you provide any sort of commitment for support period or number of new users?	We usually conclude basic transaction agreements (automatic renewal) with clients and individual contracts for each product we will support. We generally do not set a minimum support period or number of new users. However, we sometimes reach an agreement with clients to increase the revenue share unit price once a certain threshold of new users has been reached.
4	There are other types of firms providing performance-based or KPI guaranteed marketing support, so what makes your company different?	<p>We use only the revenue sharing model; we charge no initial fees or consulting fees. Another feature of our company is our in-house marketing support functions (formulation of marketing strategies, ad production, ad operation) which enable us to singlehandedly support clients in growing sales and winning new users.</p> <p>Because of this, our role and function are different to those of affiliate service providers (ASP) which provide services referring advertising sponsors to affiliates.</p>
5	How do your supported products break down by category?	It depends on the time, but lately support related to online sales of cosmetics, daily goods, and functional foods accounts for around 70% to 80% of our sales. Each of those categories individually accounts for 20% to 30%. In addition, the categories of beauty salons and financial services each account for around 10% to 20%.
6	How many clients do you currently have? Also, what kinds of clients are most prevalent?	As of the end of June 2024, we have ongoing contracts with approximately 150 companies. Clients are varied, including manufacturers of cosmetics, daily goods, foods, and more, as well as advertising agencies, and they range in size from leading companies to small and medium-sized enterprises.

## Frequently Asked Questions (3/6)

No.	Questions	Answer
7	How do you develop new clients?	In general, we receive inquiries about support for products and services from existing clients as well as clients referred to us from advertising agencies and choose products and services to support from among them.
8	Please explain why sales concentrated on a single client, and what your future outlook is.	<p>We supported many products via R Corporation, an advertising agency. This agency has many clients, including major manufacturers of foods, cosmetics, and daily goods.</p> <p>Our business model has a large upside based on its revenue sharing system structure, and we helped turn some products referred from R Corporation into hot sellers, resulting in a growing percentage of our earnings coming via R Corporation.</p> <p>As the concentration of sales from a single client could become an issue in listing examination, we drastically reshuffled our portfolio in Q3 of FY2023/6, increasing support of other clients' products to significantly reduce the concentration of sales.</p> <p>We will strengthen our business relationship with R Corporation going forward, but also focus on supporting the products of other clients.</p>

## Frequently Asked Questions (4/6)

No.	Questions	Answer
9	Are there any seasonal elements to your business?	January to March of each year sees increased advertisement publication from marketing support companies, so the unit price for online advertising tends to increase. Because of this, our performance tends to weaken in Q3.
10	Was there any impact from at-home demand during COVID-19 and the decline in e-commerce demand afterwards?	We felt little to no such macro environmental impact. We believe that internal initiatives such as marketing strategies to properly convey the attractiveness of client products and services and operation of an efficient ad investment system contribute to performance more than macro environmental factors.
11	Do you anticipate any impact particular to the advertising sector, such as clients' ad budgets shrinking during times of economic recession?	<p>Due to our revenue sharing system structure, there is no need for clients to set budgets in advance. In addition, our clients can determine the cost per acquisition (CPA) in advance. In other words, it is easy for clients to foresee whether they can achieve a profit if the CPA is known in advance.</p> <p>Actually, it is in times of recession when it is easiest to review the cost-effectiveness of advertising, which we believe will lead more clients to use our services.</p>

## Frequently Asked Questions (5/6)

No.	Questions	Answer
12	If a client reduces its advertising budget, what will the impact on your performance be?	<p>Due to our revenue sharing system structure, there is no need for clients to set advertising budgets. Regardless of the budget, if we win new users for the client, it will increase their sales, which will in turn increase the amount we receive as revenue-sharing.</p> <p>So, we believe that times when clients must increase the effectiveness of marketing with limited budgets actually increase the need for our services.</p>
13	Please explain your system for advertising review.	In addition to checks by specialized department internally, advertisements to be distributed by our company are also reviewed by external legal counsel and other experts to ensure their compliance with relevant laws and regulations before launch.
14	What are your KPIs and growth drivers?	The number of core products and average sales per product. Core products are the drivers of our revenue and are specifically defined as products generating at least JPY 10mn in monthly revenue share amount. By focusing on increasing the number of these core products and building a product portfolio while growing the number of sales per product, we will achieve continuous growth. We also emphasize ROAS and advertising profit as indicators of profitability.

## Frequently Asked Questions (6/6)

No.	Questions	Answer
15	How do you plan on increasing these KPIs in the future?	<p>We will first bolster our recruitment and training programs to enhance our value chain. While we receive many requests for support from clients, we are only able to respond to some of them. By increasing the number of our marketers and other internal resources, we wish to support more clients and products.</p> <p>We will also introduce IT systems and AI tools to improve the productivity of marketers and further heighten our marketing ability.</p>

## Cautionary Note Regarding Forward-Looking Statements

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