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November 14, 2024

Non-consolidated Financial Results for the Three Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Bleach, Inc.
Listing: Tokyo Stock Exchange
Securities code: 9162
URL: http://bleach.co.jp (in Japanese)
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	3,911	3.8	(70)	–	(59)	–	(60)	–
September 30, 2023	3,766	–	158	–	112	–	78	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	(2.38)	–
September 30, 2023	3.12	2.94

Notes: 1. Bleach, Inc. (the "Company") did not prepare quarterly financial statements for the three months ended September 30, 2022. Therefore, the year-on-year percentage changes for the three months ended September 30, 2023 are not presented.

2. The amount of diluted earnings per share for the three months ended September 30, 2024 is not provided because a loss was recorded.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	13,297	9,168	68.9
June 30, 2024	12,900	9,233	71.6

Reference: Equity
As of September 30, 2024: ¥9,167 million
As of June 30, 2024: ¥9,232 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 June 30, 2024	–	0.00	–	0.00	0.00
Fiscal year ending June 30, 2025	–				
Fiscal year ending June 30, 2025 (Forecast)		0.00	–	0.00	0.00

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

3. Non-consolidated earnings forecasts for the fiscal year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

The non-consolidated earnings forecast for the fiscal year ending June 30, 2025 has not yet been determined, as it is difficult to calculate a reasonable earnings forecast at the present time. The earnings forecast will be promptly disclosed when it becomes possible to do so.

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of September 30, 2024	25,479,200 shares
As of June 30, 2024	25,479,200 shares

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

As of September 30, 2024	–
As of June 30, 2024	–

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

Three months ended September 30, 2024	25,479,200 shares
Three months ended September 30, 2023	25,110,500 shares

* Review of the Japanese-language originals of the attached quarterly financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Results may differ materially from the forecasts due to various factors. Please refer to “1. Qualitative information on financial results for the three months ended September 30, 2024” on page 2 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Attached Material

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1. Qualitative information on financial results for the three months ended September 30, 2024

(1) Explanation of operating results

During the three months ended September 30, 2024, the Japanese economy continued to gradually recovery amid improving conditions with respect to the employment situation, income environment and demand from inbound tourism while there are concerns mainly over rising prices and the risk of a downturn in overseas economies.

Under these circumstances, Bleach, Inc. (the "Company") worked to expand its new product categories and marketing methods, and to acquire new clients in response to the continued expansion of the online BtoC market and the online advertising market, as well as the growing demand for its unique business model. In addition, in order to implement these measures, the Company strengthened its recruitment and training of human resources, mainly marketers, and expanded the scale of its business.

However, ROAS(*1) for existing products has deteriorated as the product life cycle reaches the later stage as well as the changes in sales strategies by some customers and the rule changes in some advertising media. In addition, for medium- to long-term growth, the Company is focusing on expanding new products and new genres aiming to transform the product portfolio, and although the number of core products(*2) has increased to 19 products (from 11 products in the same period of the previous fiscal year) and the Company's initiative is making steady progress, it is still taking longer than expected for the effects of those marketing measures to emerge and contribute to earnings.

As a result, operating results for the three months ended September 30, 2024 were net sales of ¥3,911,061 thousand, operating loss of ¥70,927 thousand, ordinary loss of ¥59,794 thousand, and loss of ¥60,708 thousand.

Segment information is not presented because the Company operates a single segment of "sharing-type integrated marketing business."

(*1) ROAS (Return On Advertising Spend) is the ratio of the revenue share amount (the Company's net sales) that is obtained relative to the investment amount for advertising expenses, and is an indicator representing the Company's profitability that is calculated by dividing the revenue share amount by the advertising investment amount.

(*2) Core products are defined as products (products and services of client companies that the Company supports) with an average monthly revenue share amount (the Company's net sales) of at least ¥10 million.

(2) Explanation of financial position

Assets

Total assets as of September 30, 2024 were ¥13,297,681 thousand, an increase of ¥396,787 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥321,491 thousand in accounts receivable - trade and ¥123,193 thousand in advance payments to suppliers.

Liabilities

Total liabilities as of September 30, 2024 were ¥4,129,636 thousand, an increase of ¥462,005 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥180,000 thousand in long-term borrowings (including current portion), despite an increase of ¥632,567 thousand in accounts payable - trade.

Net assets

Total net assets as of September 30, 2024 were ¥9,168,044 thousand, a decrease of ¥65,218 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥60,708 thousand in retained earnings.

(3) Explanation of earnings forecasts and other forward-looking information

The external business environment surrounding the Company continues to become increasingly difficult and uncertain due to the impact of revisions in advertising-related laws and regulations, changes in rules for some advertising media, fluctuations in Internet advertising unit prices, and other factors. In addition, the Company is focusing on expanding new products and aiming to transform its product portfolio to achieve medium- to long-term growth.

The Company expects that earnings will grow in the future as many new products become core products. However, it is taking longer than expected to launch new products, and it is difficult to reasonably forecast the timing and degree to which these new products will contribute to the Company's earnings.

For these reasons, the Company has not yet determined the non-consolidated earnings forecast for the fiscal year ending June 30, 2025, as it is difficult to calculate a reasonable earnings forecast at the present time. The earnings forecast will be promptly disclosed when it becomes possible to do so.

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of June 30, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	9,642,611	9,431,785
Accounts receivable - trade	1,438,040	1,759,531
Advance payments to suppliers	930,790	1,053,984
Prepaid expenses	89,361	87,754
Accounts receivable - other	793	7,389
Income taxes refund receivable	311,536	348,653
Consumption taxes refund receivable	87,999	113,026
Total current assets	12,501,132	12,802,124
Non-current assets		
Property, plant and equipment	102,607	210,727
Intangible assets	92,328	91,974
Investments and other assets	204,825	192,855
Total non-current assets	399,761	495,556
Total assets	12,900,894	13,297,681
Liabilities		
Current liabilities		
Accounts payable - trade	558,808	1,191,375
Current portion of long-term borrowings	720,000	720,000
Accounts payable - other	374,334	347,100
Accrued expenses	131,433	148,524
Income taxes payable	3,535	11,873
Accrued consumption taxes	–	36,601
Deposits received	14,750	19,630
Provision for bonuses	53,544	25,033
Total current liabilities	1,856,406	2,500,140
Non-current liabilities		
Long-term borrowings	1,800,000	1,620,000
Deferred tax liabilities	11,225	9,495
Total non-current liabilities	1,811,225	1,629,495
Total liabilities	3,667,631	4,129,636
Net assets		
Shareholders' equity		
Share capital	3,375,642	3,375,642
Capital surplus	3,300,642	3,300,642
Retained earnings	2,532,007	2,471,299
Total shareholders' equity	9,208,293	9,147,584
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	24,402	19,893
Total valuation and translation adjustments	24,402	19,893
Share acquisition rights	566	566
Total net assets	9,233,262	9,168,044
Total liabilities and net assets	12,900,894	13,297,681

(2) Quarterly statement of income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Net sales	3,766,353	3,911,061
Cost of sales	3,264,230	3,500,415
Gross profit	502,122	410,646
Selling, general and administrative expenses	343,304	481,573
Operating profit (loss)	158,817	(70,927)
Non-operating income		
Interest income	36	771
Surrender value of insurance policies	–	16,479
Miscellaneous income	2,873	284
Total non-operating income	2,909	17,535
Non-operating expenses		
Interest expenses	6,767	6,045
Listing expenses	42,038	–
Miscellaneous losses	–	82
Other	275	275
Total non-operating expenses	49,081	6,402
Ordinary profit (loss)	112,646	(59,794)
Extraordinary income		
Gain on reversal of share acquisition rights	2,297	–
Gain on sale of investment securities	–	36
Total extraordinary income	2,297	36
Profit (loss) before income taxes	114,943	(59,758)
Income taxes - current	950	950
Income taxes - deferred	35,557	–
Total income taxes	36,507	950
Profit (loss)	78,436	(60,708)

(3) Notes to quarterly financial statements

Notes on premise of going concern

Not applicable.

Notes to quarterly statement of cash flows

The Company has not prepared a quarterly statement of cash flows for the three months ended September 30, 2024. The amounts of depreciation (including amortization of intangible assets) for the three months ended September 30, 2023 and 2024 are as follows.

(Thousands of yen)

	Three months ended September 30, 2023	Three months ended September 30, 2024
Depreciation	7,224	10,088

Notes on segment information, etc.

Segment information

I. For the three months ended September 30, 2023

Segment information is omitted because the Company operates a single segment of sharing-type integrated marketing business.

II. For the three months ended September 30, 2024

Segment information is omitted because the Company operates a single segment of sharing-type integrated marketing business.