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February 14, 2025

Non-consolidated Financial Results for the Six Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: Bleach, Inc.
Listing: Tokyo Stock Exchange
Securities code: 9162
URL: http://bleach.co.jp (in Japanese)
Representative: Keisuke Odaira, President and CEO
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Scheduled date to file semi-annual securities report: February 14, 2025
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 six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	8,294	11.7	186	489.7	193	–	121	–
December 31, 2023	7,425	–	38	–	(14)	–	(14)	–

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2024	4.75	4.53
December 31, 2023	(0.57)	–

Notes: 1. Bleach, Inc. (the "Company") did not prepare semi-annual financial statements for the six months ended December 31, 2022. Therefore, the year-on-year percentage changes for the six months ended December 31, 2023 are not presented.

2. Information on diluted earnings per share for the six months ended December 31, 2023, is omitted since, although potential shares did exist, the recorded figure was a basic loss per share.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	13,170	9,343	70.9
June 30, 2024	12,900	9,233	71.6

Reference: Equity
As of December 31, 2024: ¥9,342 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	–	0.00			
Fiscal year ending June 30, 2025 (Forecast)			–	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 forecasts for the fiscal year ending June 30, 2025 have not yet been determined, as it is difficult to calculate reasonable earnings forecasts at the present time. The earnings forecasts 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 semi-annual 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 December 31, 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 December 31, 2024	–
As of June 30, 2024	–

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

Six months ended December 31, 2024	25,479,200 shares
Six months ended December 31, 2023	25,284,183 shares

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

* Proper use of earnings forecasts, and other special matters

Please refer to “1. Qualitative information on financial results for the six months ended December 31, 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 six months ended December 31, 2024

(1) Explanation of operating results

During the six months ended December 31, 2024, the Japanese economy was on a path of modest recovery amid the normalization of economic activities, despite concern over a continuing rise in the price of goods and downside risks concerning the strength of global economies.

In the online advertising market, which is the Company's business area, amid a backdrop of companies shifting to digital operations, the demand for video advertising rose and the digital promotion market expanded. As a result, advertising expenditures grew to ¥3.3 trillion (up 7.8% year on year). (Source: "FY2023 E-Commerce Market Survey," Ministry of Economy, Trade and Industry)

Under these circumstances, Bleach, Inc. (the "Company") worked to expand its new product categories and marketing methods, and to acquire new clients. 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.

During the six months ended December 31, 2024, the expansion of new products and new genres, which has been a focus of efforts since the previous fiscal year, has begun to contribute to earnings, although there were negative effects from changes in the external environment, such as the product life cycle reaching the later stage, changes in sales strategies by some customers and the rule changes in some advertising media.

As a result, operating results for the six months ended December 31, 2024 were net sales of ¥8,294,683 thousand, operating profit of ¥186,584 thousand, ordinary profit of ¥193,486 thousand, and profit of ¥121,020 thousand.

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

(2) Explanation of financial position

(i) Assets, liabilities and net assets

Assets

Total assets as of December 31, 2024 were ¥13,170,709 thousand, an increase of ¥269,815 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥174,549 thousand in cash and deposits and ¥281,680 thousand in advance payments to suppliers, and decreases of ¥311,536 thousand in income taxes refund receivable and ¥87,999 thousand in consumption taxes refund receivable.

Liabilities

Total liabilities as of December 31, 2024 were ¥3,827,402 thousand, an increase of ¥159,771 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥429,109 thousand in accounts payable - trade and ¥98,033 thousand in income taxes payable, despite a decrease of ¥360,000 thousand in long-term borrowings (including current portion).

Net assets

Total net assets as of December 31, 2024 were ¥9,343,307 thousand, an increase of ¥110,044 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥121,020 thousand in retained earnings brought forward.

(ii) Cash flows

Cash and cash equivalents ("cash") as of December 31, 2024 were ¥9,802,457 thousand, an increase of ¥173,948 thousand from the end of the previous fiscal year.

The respective cash flow positions and the factors thereof are as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥652,405 thousand. This was primarily due to an increase in trade receivables of ¥119,823 thousand and income taxes refund of ¥351,046 thousand, despite profit before income taxes of ¥194,424 thousand and an increase in accounts payable - trade of ¥429,109 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥118,457 thousand. This was primarily due to purchase of property, plant and equipment and intangible assets of ¥125,492 thousand.

Cash flows from financing activities

Net cash used in financing activities totaled ¥360,000 thousand. This was primarily due to repayments of long-term borrowings of ¥360,000 thousand.

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

The external business environment surrounding the Company remains 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 business expansion.

The profits in the six months ended December 31, 2024 have received a contribution from some new products steadily becoming core products(*1). However, it is still 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 forecasts for the fiscal year ending June 30, 2025, as it is difficult to calculate reasonable earnings forecasts at the present time.

The earnings forecasts will be promptly disclosed when it becomes possible to do so.

(*1) 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. Semi-annual financial statements and significant notes thereto

(1) Semi-annual balance sheet

(Thousands of yen)

		As of June 30, 2024		As of December 31, 2024
Assets				
Current assets				
Cash and deposits	*	9,642,611	*	9,817,160
Accounts receivable - trade		1,438,040		1,557,863
Advance payments to suppliers		930,790		1,212,471
Prepaid expenses		89,361		98,340
Accounts receivable - other		793		3,151
Income taxes refund receivable		311,536		–
Consumption taxes refund receivable		87,999		–
Other		–		5,022
Total current assets		12,501,132		12,694,010
Non-current assets				
Property, plant and equipment				
Buildings		105,514		168,604
Vehicles		5,636		5,636
Tools, furniture and fixtures		78,822		121,960
Accumulated depreciation		(87,365)		(96,052)
Total property, plant and equipment		102,607		200,148
Intangible assets				
Software		5,670		4,961
Software in progress		86,658		90,975
Total intangible assets		92,328		95,937
Investments and other assets				
Investment securities		66,267		44,874
Investments in capital		20		20
Leasehold deposits		137,657		132,259
Long-term prepaid expenses		880		3,458
Total investments and other assets		204,825		180,612
Total non-current assets		399,761		476,698
Total assets		12,900,894		13,170,709

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	558,808	987,918
Advances received	–	3,000
Current portion of long-term borrowings	720,000	720,000
Accounts payable - other	374,334	305,896
Accrued expenses	131,433	153,290
Income taxes payable	3,535	101,568
Accrued consumption taxes	–	43,393
Deposits received	14,750	11,890
Provision for bonuses	53,544	53,533
Total current liabilities	1,856,406	2,380,491
Non-current liabilities		
Long-term borrowings	1,800,000	1,440,000
Deferred tax liabilities	11,225	6,910
Total non-current liabilities	1,811,225	1,446,910
Total liabilities	3,667,631	3,827,402
Net assets		
Shareholders' equity		
Share capital	3,375,642	3,375,642
Capital surplus		
Legal capital surplus	3,288,142	3,288,142
Other capital surplus	12,500	12,500
Total capital surplus	3,300,642	3,300,642
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,532,007	2,653,027
Total retained earnings	2,532,007	2,653,027
Total shareholders' equity	9,208,293	9,329,313
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	24,402	13,427
Total valuation and translation adjustments	24,402	13,427
Share acquisition rights	566	566
Total net assets	9,233,262	9,343,307
Total liabilities and net assets	12,900,894	13,170,709

(2) Semi-annual statement of income

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Net sales	7,425,755	8,294,683
Cost of sales	6,549,137	7,174,242
Gross profit	876,617	1,120,440
Selling, general and administrative expenses	* 837,915	* 933,856
Operating profit	38,702	186,584
Non-operating income		
Interest income	37	896
Surrender value of insurance policies	–	16,479
Miscellaneous income	2,914	3,218
Total non-operating income	2,951	20,594
Non-operating expenses		
Interest expenses	13,328	13,130
Listing expenses	42,038	–
Miscellaneous losses	–	10
Other	550	549
Total non-operating expenses	55,916	13,691
Ordinary profit (loss)	(14,263)	193,486
Extraordinary income		
Gain on sale of non-current assets	–	900
Gain on sale of investment securities	–	36
Gain on reversal of share acquisition rights	2,297	–
Total extraordinary income	2,297	937
Extraordinary losses		
Loss on valuation of investment securities	63	–
Total extraordinary losses	63	–
Profit (loss) before income taxes	(12,030)	194,424
Income taxes - current	1,900	73,404
Income taxes - deferred	467	–
Total income taxes	2,367	73,404
Profit (loss)	(14,397)	121,020

(3) Semi-annual statement of cash flows

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(12,030)	194,424
Depreciation and amortization	17,367	26,566
Loss (gain) on sale of property, plant and equipment	–	(900)
Interest and dividend income	(37)	(896)
Interest expenses	13,328	13,130
Loss (gain) on valuation of investment securities	63	–
Gain on reversal of share acquisition rights	(2,297)	–
Loss (gain) on sale of investment securities	–	(36)
Listing expenses	42,038	–
Commission for syndicated loans	550	549
Loss (gain) on cancellation of insurance policies	–	(16,479)
Decrease (increase) in trade receivables	185,427	(119,823)
Increase (decrease) in advances received	61,590	3,000
Decrease (increase) in advance payments to suppliers	(38,952)	(281,680)
Increase (decrease) in accounts payable - trade	48,540	429,109
Increase (decrease) in accounts payable - other	(174,313)	(68,437)
Increase (decrease) in accrued expenses	24,324	22,165
Increase (decrease) in accrued consumption taxes	(189,329)	43,393
Increase (decrease) in provision for bonuses	(40,000)	(11)
Other, net	(60,249)	56,884
Subtotal	(123,977)	300,958
Interest and dividends received	37	895
Interest paid	(11,212)	(13,438)
Surrender value of insurance policies	–	16,479
Income taxes paid	(514,167)	(3,535)
Income taxes refund	–	351,046
Net cash provided by (used in) operating activities	(649,320)	652,405
Cash flows from investing activities		
Payments into time deposits	(500)	(600)
Proceeds from sale of investment securities	–	6,140
Purchase of property, plant and equipment	(6,584)	(121,175)
Purchase of intangible assets	(7,088)	(4,317)
Payments of leasehold deposits	(3,487)	–
Proceeds from refund of leasehold deposits	–	105
Proceeds from sale of non-current assets	–	1,390
Other, net	(10)	–
Net cash provided by (used in) investing activities	(17,669)	(118,457)
Cash flows from financing activities		
Repayments of long-term borrowings	(360,000)	(360,000)
Proceeds from issuance of shares	6,551,276	–
Net cash provided by (used in) financing activities	6,191,276	(360,000)
Net increase (decrease) in cash and cash equivalents	5,524,286	173,948
Cash and cash equivalents at beginning of period	5,889,359	9,628,509
Cash and cash equivalents at end of period	* 11,413,646	* 9,802,457

(4) Notes to semi-annual financial statements

Notes on premise of going concern

Not applicable.

Notes on substantial change in the amount of shareholders' equity

Not applicable.

Notes to semi-annual statement of income

* Main items and amounts of selling, general and administrative expenses are as follows.

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Personnel expenses	280,510	315,317
Recruitment and training expenses	199,070	216,636
Outsourcing expenses	166,021	126,879
Depreciation	14,480	20,858
System usage fees	24,017	31,483
Rent expenses on land and buildings	48,747	91,934
Professional service fees	30,689	32,912

Notes to semi-annual statement of cash flows

* The reconciliation of cash and cash equivalents at end of period and the amount recorded in the semi-annual balance sheet is as follows.

(Thousands of yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024
Cash and deposits	11,427,147	9,817,160
Time deposits with maturity over 3 months	(13,501)	(14,703)
Cash and cash equivalents	11,413,646	9,802,457

Notes on segment information, etc.

Segment information

I. For the six months ended December 31, 2023

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

II. For the six months ended December 31, 2024

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