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February 14, 2024

Non-consolidated Financial Results for the Six Months Ended December 31, 2023 (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 file quarterly securities report: February 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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, 2023 (from July 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
December 31, 2023	7,425	–	38	–	(14)	–	(14)	–
December 31, 2022	–	–	–	–	–	–	–	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
December 31, 2023	(0.57)	–
December 31, 2022	–	–

- Notes: 1. Bleach, Inc. (the “Company”) did not prepare quarterly financial statements for the six months ended December 31, 2022. Therefore, the figures and the year-on-year percentage changes for the six months ended December 31, 2022 and 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
	Millions of yen	Millions of yen	%
As of			
December 31, 2023	14,025	9,782	69.7
June 30, 2023	8,573	3,251	37.9

Reference: Equity

As of December 31, 2023: ¥9,781 million
 As of June 30, 2023: ¥3,248 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending June 30, 2024	–	0.00			
Fiscal year ending June 30, 2024 (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, 2024 (from July 1, 2023 to June 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending June 30, 2024	15,795 to 17,655	(23.0) to (13.9)	(198) to 248	– to (88.8)	(264) to 182	– to (91.5)	(267) to 116	– to (91.4)	(10.47) to 4.55

Note: Revisions to the earnings forecasts most recently announced: Yes

*** 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 December 31, 2023	25,479,200 shares
As of June 30, 2023	20,050,000 shares

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

As of December 31, 2023	–
As of June 30, 2023	–

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

Six months ended December 31, 2023	25,284,183 shares
Six months ended December 31, 2022	–

Note: The Company did not prepare quarterly financial statements for the six months ended December 31, 2022. Therefore, the average number of shares outstanding for the six months ended December 31, 2022 is not presented.

* Quarterly financial results reports are exempt from quarterly 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, 2023” on page 2 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Qualitative information on financial results for the six months ended December 31, 2023

(1) Explanation of operating results

During the six months ended December 31, 2023, the Japanese economy remained uncertain due to the prolonged instability in Ukraine, soaring raw material prices, and the yen's depreciation, however, a macroeconomic recovery is expected due to the resumption of economic activities following the end of COVID-19 and the effects of various policies such as measures to counter high prices.

Under these circumstances, Bleach, Inc. (the "Company") worked to expand its 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.

As a result, operating results for the six months ended December 31, 2023 were net sales of ¥7,425,755 thousand, operating profit of ¥38,702 thousand, ordinary loss of ¥14,263 thousand, and loss of ¥14,397 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, 2023 were ¥14,025,495 thousand, an increase of ¥5,452,267 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥5,524,786 thousand in cash and deposits and ¥84,086 thousand in prepaid expenses, and a decrease of ¥185,427 thousand in accounts receivable - trade.

Liabilities

Total liabilities as of December 31, 2023 were ¥4,243,349 thousand, a decrease of ¥1,078,439 thousand from the end of the previous fiscal year. This was primarily due to decreases of ¥492,909 thousand in income taxes payable and ¥360,000 thousand in long-term borrowings (including current portion), despite increases of ¥48,540 thousand in accounts payable - trade, ¥61,590 thousand in advances received and ¥26,439 thousand in accrued expenses.

Net assets

Total net assets as of December 31, 2023 were ¥9,782,145 thousand, an increase of ¥6,530,706 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥3,275,642 thousand in share capital and ¥3,275,642 thousand in capital surplus.

(ii) Cash flows

Cash and cash equivalents ("cash") as of December 31, 2023 were ¥11,413,646 thousand, an increase of ¥5,524,286 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 used in operating activities was ¥649,320 thousand. This was primarily due to loss before income taxes of ¥12,030 thousand, and adjusting for an increase in trade payables of ¥48,540 thousand and a decrease in trade receivables of ¥185,427 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥17,669 thousand. This was primarily due to purchase of non-current assets of ¥13,672 thousand.

Cash flows from financing activities

Net cash provided by financing activities totaled ¥6,191,276 thousand. This was primarily due to proceeds from issuance of shares of ¥6,551,276 thousand.

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

The non-consolidated earnings forecasts for the fiscal year ending June 30, 2024, announced on August 14, 2023, have been revised to reflect the Company's recent earnings performance.

For details, please refer to the "Notice of Revisions to Earnings Forecasts of Financial Results for the Fiscal Year Ending June 30, 2024" that was released today (February 14, 2024).

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	5,902,361	11,427,147
Accounts receivable - trade	1,371,486	1,186,058
Advance payments to suppliers	863,234	902,186
Prepaid expenses	57,289	141,375
Accounts receivable - other	14,233	8,037
Other	10	679
Total current assets	8,208,614	13,665,485
Non-current assets		
Property, plant and equipment	119,152	112,184
Intangible assets	–	6,379
Investments and other assets	245,461	241,445
Total non-current assets	364,614	360,009
Total assets	8,573,228	14,025,495
Liabilities		
Current liabilities		
Accounts payable - trade	666,912	715,452
Current portion of long-term borrowings	720,000	720,000
Accounts payable - other	518,442	386,167
Accrued expenses	134,184	160,624
Income taxes payable	514,167	21,258
Accrued consumption taxes	189,329	0
Advances received	–	61,590
Provision for bonuses	42,000	2,000
Other	16,752	16,255
Total current liabilities	2,801,789	2,083,349
Non-current liabilities		
Long-term borrowings	2,520,000	2,160,000
Total non-current liabilities	2,520,000	2,160,000
Total liabilities	5,321,789	4,243,349
Net assets		
Shareholders' equity		
Share capital	100,000	3,375,642
Capital surplus	25,000	3,300,642
Retained earnings	3,086,550	3,072,153
Total shareholders' equity	3,211,550	9,748,438
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	37,016	33,140
Total valuation and translation adjustments	37,016	33,140
Share acquisition rights	2,872	566
Total net assets	3,251,439	9,782,145
Total liabilities and net assets	8,573,228	14,025,495

(2) Quarterly statement of income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2023
Net sales	7,425,755
Cost of sales	6,549,137
Gross profit	876,617
Selling, general and administrative expenses	837,915
Operating profit	38,702
Non-operating income	
Interest income	37
Miscellaneous income	2,914
Total non-operating income	2,951
Non-operating expenses	
Interest expenses	13,328
Listing expenses	42,038
Other	550
Total non-operating expenses	55,916
Ordinary loss	(14,263)
Extraordinary income	
Gain on reversal of share acquisition rights	2,297
Total extraordinary income	2,297
Extraordinary losses	
Loss on valuation of investment securities	63
Total extraordinary losses	63
Loss before income taxes	(12,030)
Income taxes - current	1,900
Income taxes - deferred	467
Total income taxes	2,367
Loss	(14,397)

(3) Quarterly statement of cash flows

(Thousands of yen)

	Six months ended December 31, 2023
Cash flows from operating activities	
Loss before income taxes	(12,030)
Depreciation and amortization	17,367
Interest and dividend income	(37)
Interest expenses	13,328
Loss (gain) on valuation of investment securities	63
Gain on reversal of share acquisition rights	(2,297)
Listing expenses	42,038
Commission for syndicated loans	550
Decrease (increase) in trade receivables	185,427
Increase (decrease) in advances received	61,590
Decrease (increase) in advance payments to suppliers	(38,952)
Increase (decrease) in accounts payable - trade	48,540
Increase (decrease) in accounts payable - other	(174,313)
Increase (decrease) in accrued expenses	24,324
Increase (decrease) in accrued consumption taxes	(189,329)
Increase (decrease) in provision for bonuses	(40,000)
Other, net	(60,249)
Subtotal	(123,977)
Interest and dividends received	37
Interest paid	(11,212)
Income taxes paid	(514,167)
Net cash provided by (used in) operating activities	(649,320)
Cash flows from investing activities	
Payments into time deposits	(500)
Purchase of property, plant and equipment	(6,584)
Purchase of intangible assets	(7,088)
Payments of leasehold deposits	(3,487)
Other, net	(10)
Net cash provided by (used in) investing activities	(17,669)
Cash flows from financing activities	
Repayments of long-term borrowings	(360,000)
Proceeds from issuance of shares	6,551,276
Net cash provided by (used in) financing activities	6,191,276
Net increase (decrease) in cash and cash equivalents	5,524,286
Cash and cash equivalents at beginning of period	5,889,359
Cash and cash equivalents at end of period	11,413,646

(4) Notes to quarterly financial statements

Notes on premise of going concern

Not applicable.

Notes on substantial change in the amount of shareholders' equity

The Company listed its shares on the Growth Market of the Tokyo Stock Exchange on July 5, 2023. In this listing, 5,000,000 new shares were issued through a public offering (offering through book building method) with July 4, 2023 as the payment date, resulting in share capital increasing by ¥3,082,000 thousand and capital surplus increasing by ¥3,082,000 thousand.

Furthermore, 309,600 new shares were issued through a paid third-party allotment (third-party allotment linked to a secondary offering through over-allotment) with August 2, 2023 as the payment date, resulting in share capital and capital surplus both increasing by ¥190,837 thousand.

As a result, as of December 31, 2023, including the increases due to the exercise of share acquisition rights for the six months ended December 31, 2023, share capital was ¥3,375,642 thousand, and capital surplus was ¥3,300,642 thousand.

Segment information, etc.

Segment information

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.