Third quarter of fiscal year ending March 2022 (FY2022)

Financial Report
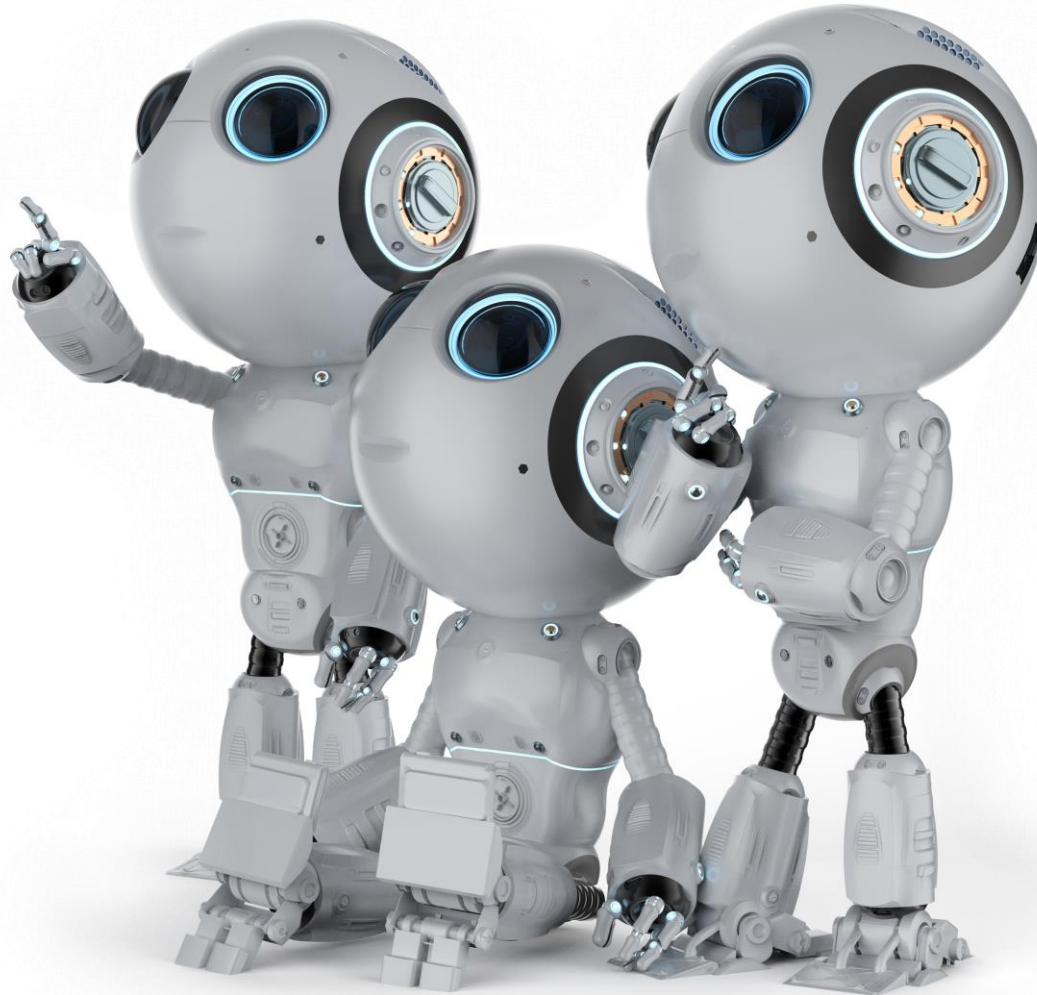
BlueMeme Inc.

10th February 2022

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Contents

*Figures in this document have been rounded down to the nearest whole number, and percentages have been rounded to the first decimal place.

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Results for 3Q of FY2022 (Apr.2021 - Dec.2021)

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Results for 3Q of FY2022

	3Q	1Q-3Q total	Progress rate (Previous forecast)
Sales	**519** million yen	**1,408** million yen	**72.9**%
Operating Profit	**114** million yen	**286** million yen	**121.1**%

- **Our Professional services grew as customers became more active in DX and the order price per customer increased.**
- **The price of orders per employee rose due to an increase in orders from upstream processes.**
- **Continuous shift to remote working has been improving our engineer's development efficiency.**

*Amounts are rounded down to the nearest million yen.

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Upward Revision of Full-year Forecasts (1)
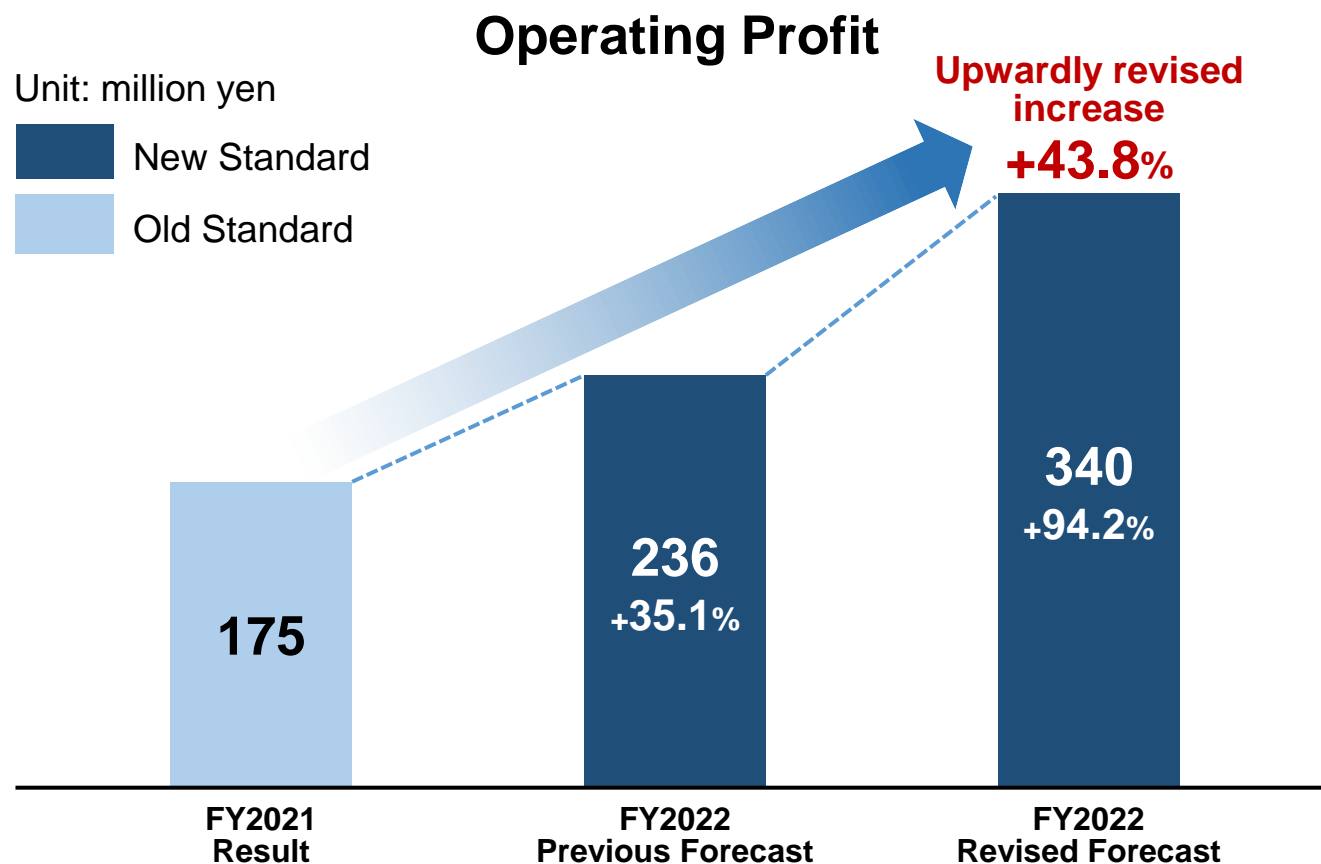
We have made an upward revision based on the cumulative results at the end of Q3 and the forecast for Q4.

New Standard / Unit: million yen

	Previous forecast	Revised forecast	Changes	Rate
FY2022				
Sales	1,931	1,931	—	—
Operating profit	236	340	104	43.8%

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Upward Revision of Full-year Forecasts (2)

Operating profit was revised upwards to approximately **twice** that of the previous year.

Operating Profit

Unit: million yen

■ New Standard
■ Old Standard

Upwardly revised increase
+43.8%

175

236
+35.1%

340
+94.2%

FY2021
Result

FY2022
Previous Forecast

FY2022
Revised Forecast

Main Factors

- Increase in order price per customer
- Increased order price per engineer

*Operating profit for the FY2021 is stated on the old standard due to difficulties in calculation on the new standard.

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Results for the 3Q of FY2022 under the New Standard

Sales increased compared to the Q1 and Q2, achieved solid growth. Operating profit exceeded the full-year forecast.

New Standard / Unit: million yen

	FY2022							
	1Q	2Q	3Q	Total	Full-year forecast (Previous forecast)	Progress rate (Previous forecast)	Full-year forecast (Revised forecast)	Progress rate (Revised forecast)
Sales	426	463	519	1,408	1,931	72.9%	1,931	72.9%
Operating profit	74	96	114	286	236	121.1%	340	84.1%

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[Reference] Results for the 3Q of FY2022 under the Old Standard

Net sales increased by **30%** YoY on the old standard.

Old Standard / Unit: million yen
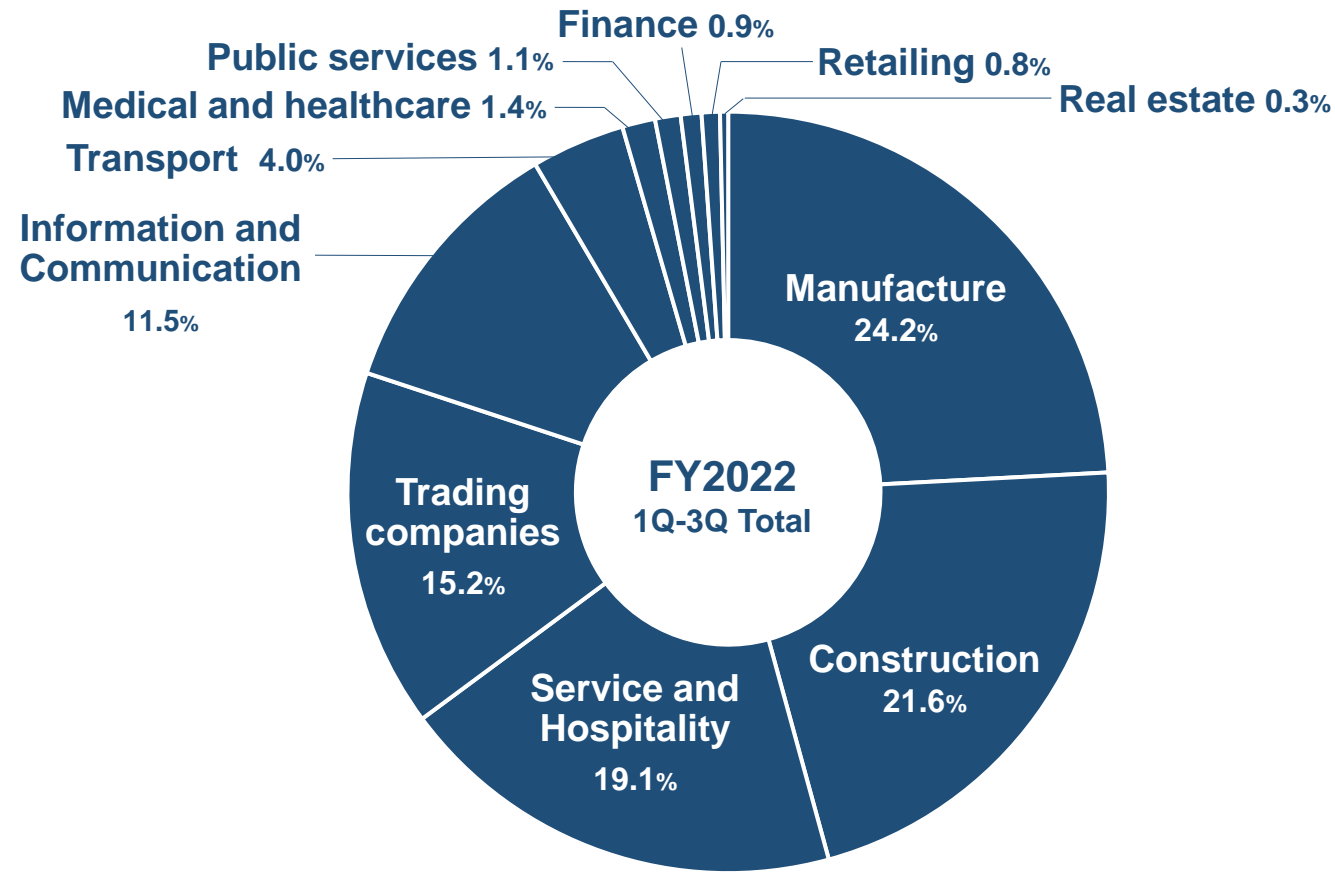
	FY2021						FY2022						
	1Q	2Q	3Q	1Q-3Q Total	4Q	Full-year	1Q	2Q	3Q	Total	YoY	Full-year forecast (Previous forecast)	Progress Rate
Sales	485	540	481	1,507	593	2,101	614	638	692	1,945	**+29.1%**	2,648	73.5%
Operating profit	0	48	43	91	83	175	81	88	98	267	**+193.4%**	240	111.3%

*Figures based on the old standard are for reference only as they have not been reviewed by an auditor. Revised forecasts will not be disclosed.

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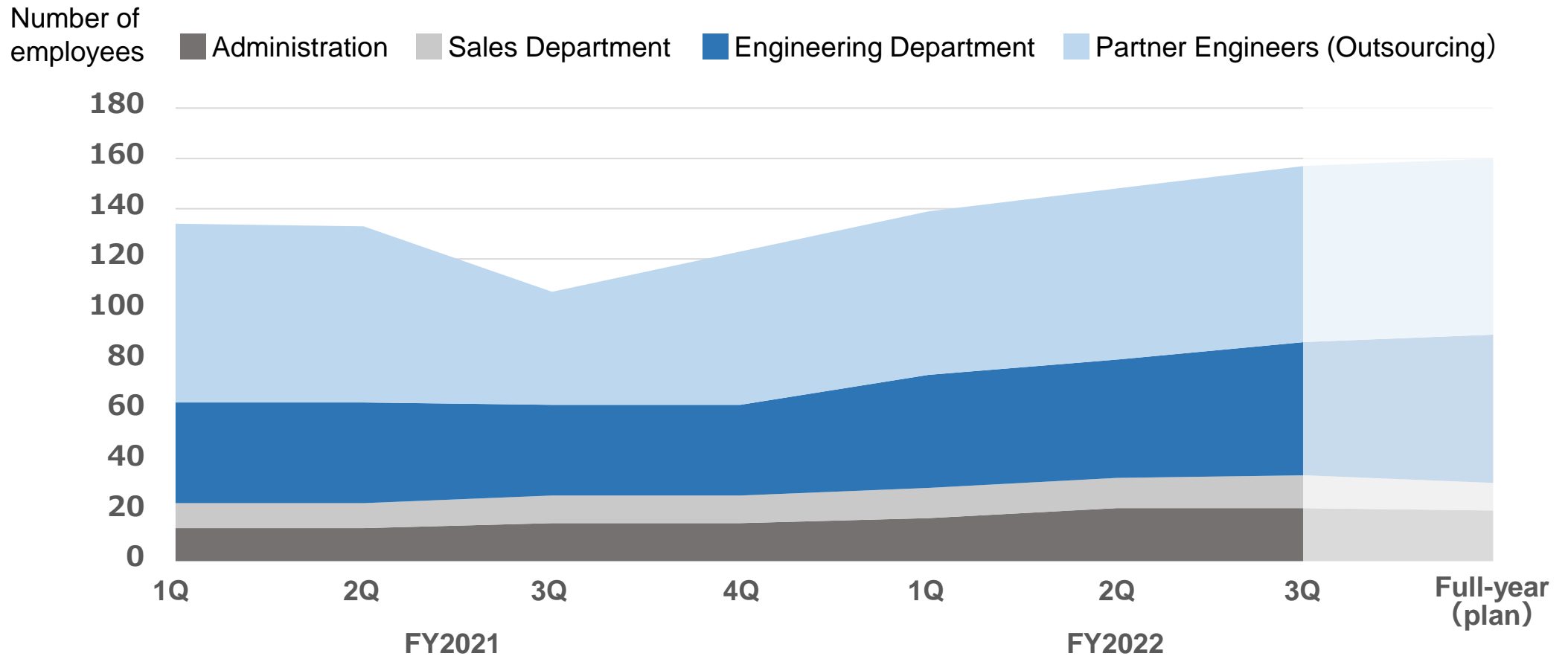# Percentage of Orders Received Based on Customers' Industry

The software and services provided by BlueMeme are used in a wide range of industries, particularly in the manufacturing and construction sectors.

Finance 0.9%

Public services 1.1%

Retailing 0.8%

Medical and healthcare 1.4%

Real estate 0.3%

Transport 4.0%

Information and Communication 11.5%

Manufacture 24.2%

Trading companies 15.2%

FY2022
1Q-3Q Total

Construction 21.6%

Service and Hospitality 19.1%

*Customers who participated in the training service are not included, as they represent a small proportion of the total.

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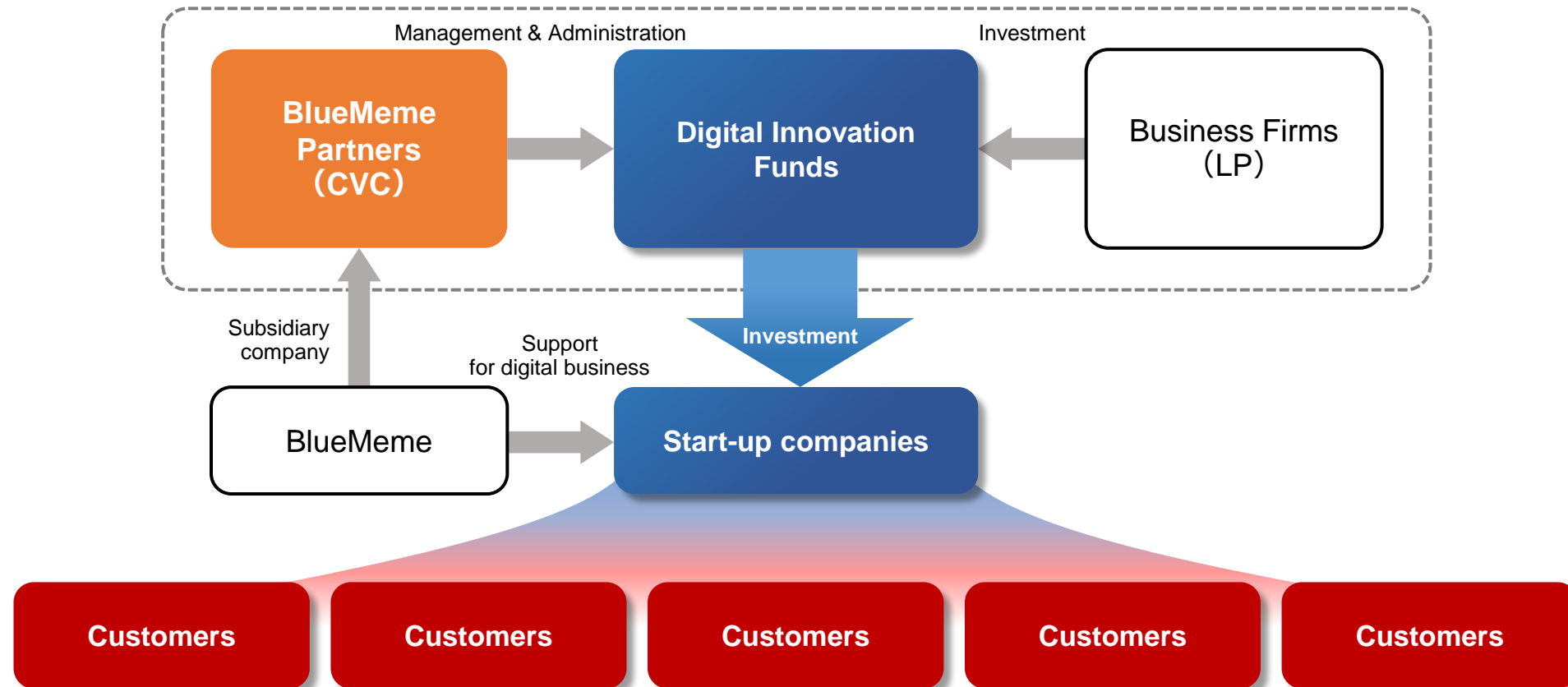# Number and Classification of Employees in Our Group

Based on the positive results of the 2Q, we recruited mainly engineers in the 3Q.
We plan to procure and train partner engineers to meet current and future demand.

Number of employees

■ Administration   ■ Sales Department   ■ Engineering Department   ■ Partner Engineers (Outsourcing）

	FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Full-year (plan)

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Major Event in 3Q of FY2022

Establishment of BlueMeme Partners, a subsidiary for the investment operations

We will provide start-ups with capital and BlueMeme's expertise in system development to help them accelerate their digital business. The company will be established on 1 April 2022.

Management & Administration

Investment

BlueMeme Partners (CVC)

Digital Innovation Funds

Business Firms (LP)

Subsidiary company

Support for digital business

Investment

BlueMeme

Start-up companies

| Customers | Customers | Customers | Customers | Customers |

We help our customers to improve their global competitiveness by promoting DX

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Business Overview

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Where does the name BlueMeme come from?

BlueMeme's Philosophy

Create new values, change the norm, evolve the culture

Our company name, BlueMeme, is made up of two words, "Blue", which derives from the meaning of "shining", and "Meme", which means a communicator of information that forms a culture, and expresses our strong philosophy of creating new values to form new cultures, without being bound by conventional norms.

Blue

Shining

Meme

Communicator of information that forms a culture

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What does BlueMeme do?

Business Overview

To achieve the world's most efficient system development,
we offer a one-stop system development business, using **our unique "development methodology" and the most advanced "automation technology"**

What is efficient system development?

Shorter development period
Build systems quickly

Reduce development volume
Minimize the number of engineers

Prevent unnecessary IT investment
Develop the necessary systems only

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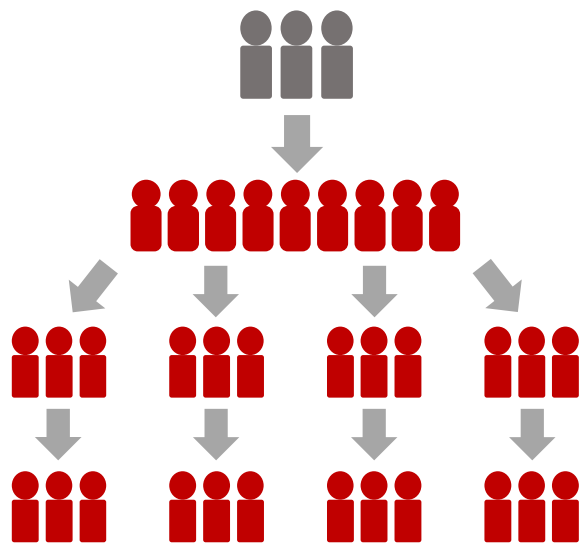MODEL & DESIGN YOUR BUSINESS

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What differentiates BlueMeme from System Developers?

Minimize the Number of Engineers and Period

Standard Method

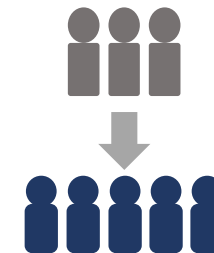**Many engineers develop systems "manually"**

BlueMeme Method

A small number of engineers develop systems "automatically"
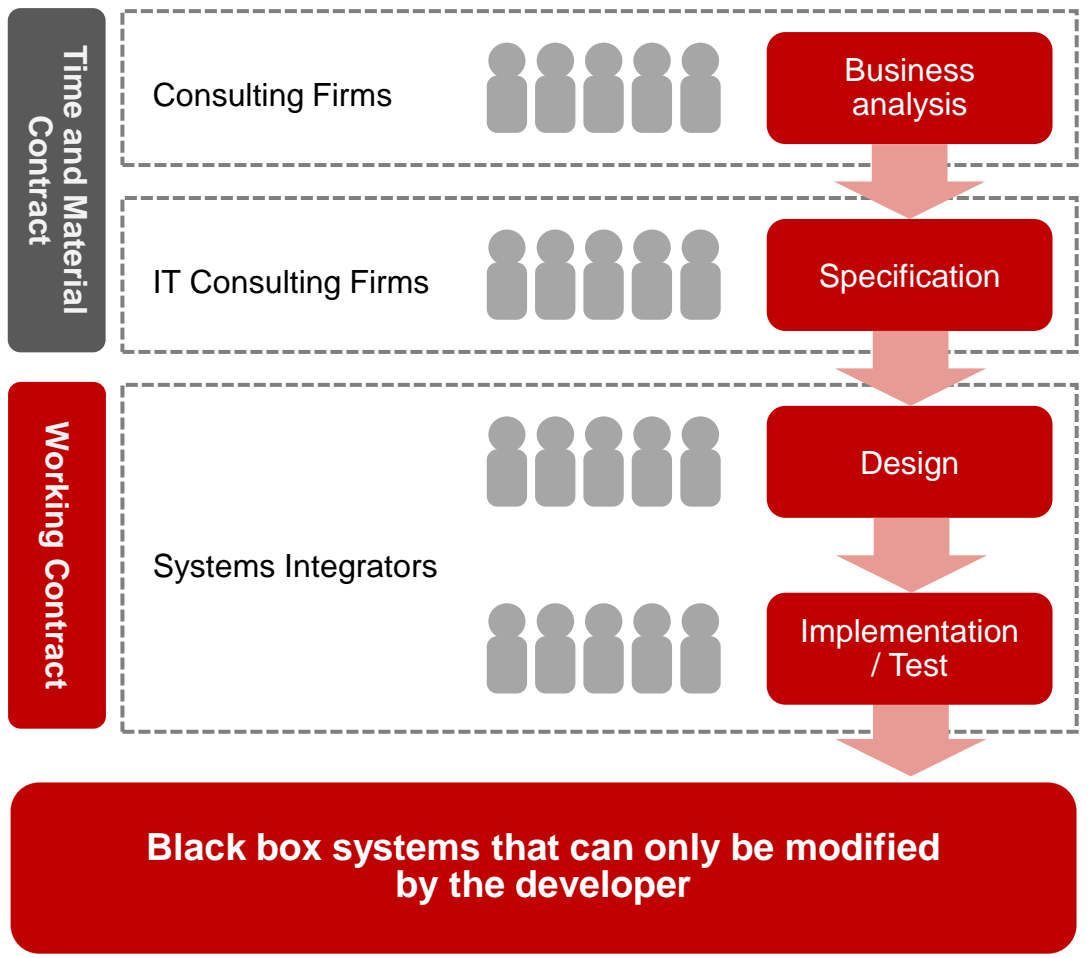
Duration: approx. 0.5 - 12 months

Duration: approx. 12 - 36 months

50 - 70% reduction in time and engineers, and a two- to threefold increase in development efficiency

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Differences between System Developers and BlueMeme

Standard System Development

Time and Material Contract

Working Contract

Consulting Firms	Business analysis
IT Consulting Firms	Specification
Systems Integrators	Design
	Implementation / Test

Black box systems that can only be modified by the developer

System Development by BlueMeme

Time and Material Contract

Whole process is carried out by our Dedicated Agile Team

- Business analysis
- Specification
- Design
- Implementation / Test

The structure of the system is transparent and can be modified by the customer (In-house Development)

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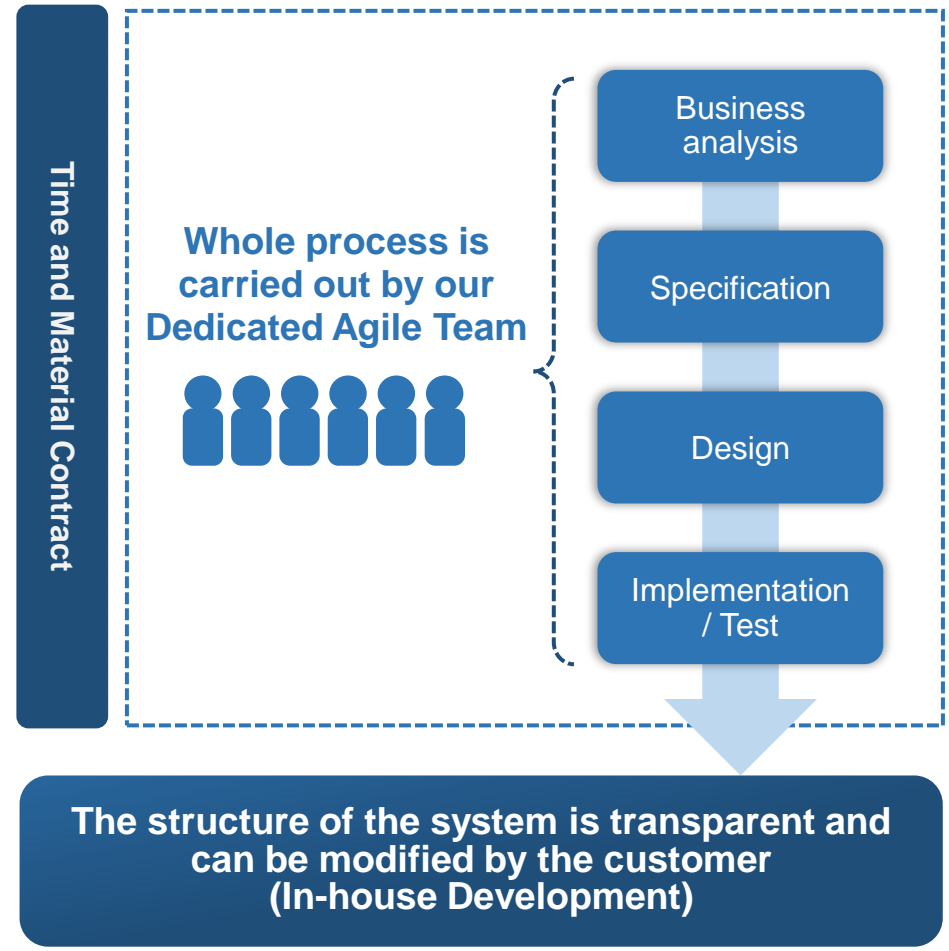
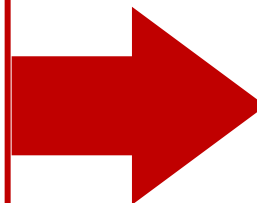# Does low-code platform only reduce man-months?

Paradigm Shift in System Development Brought by Low-code

Key factors in the past

Key question was whether the developed system would work properly

In the past, the system itself was seen as the value, and attention was paid to the system development itself.

Key factors in low-code

Key question is whether the systematized business processes are effective

The operation of the system is guaranteed by the low-code, and the value does not belong to the system itself.

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What are the differences between low-code and no-code?

Difference between Low-code and No-code

Classification	Low-code	No-code	Scratch
Target group	Consultants / Engineers	Business User	Engineers / Programmers
Required IT knowledge	Basic programming knowledge	Knowledge of operating a cell phone or PC	Advanced development knowledge
Scale of operations and flexibility	Large / Flexible	Small / Limited	Flexible
Learning Period	3 - 6 months	Days to weeks	3 - 5 years
Implementation costs	Approx. 30% of scratch development	Low	High
Duration of development	3 - 12 months	Days to weeks	1 - 5 year(s)

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What does BlueMeme sell?
What is the composition of its sales?

Position in the Industry, Company's Achievements and Business Model

Position in the Industry

We were the first to bring

OutSystems

to Japan

We can deliver

large scale development

with low-code

We can achieve

agile on a large scale

Company's Achievements

Number of customers

440+

Number of services provided

2,600+

Number of low-code engineers trained

4,300+
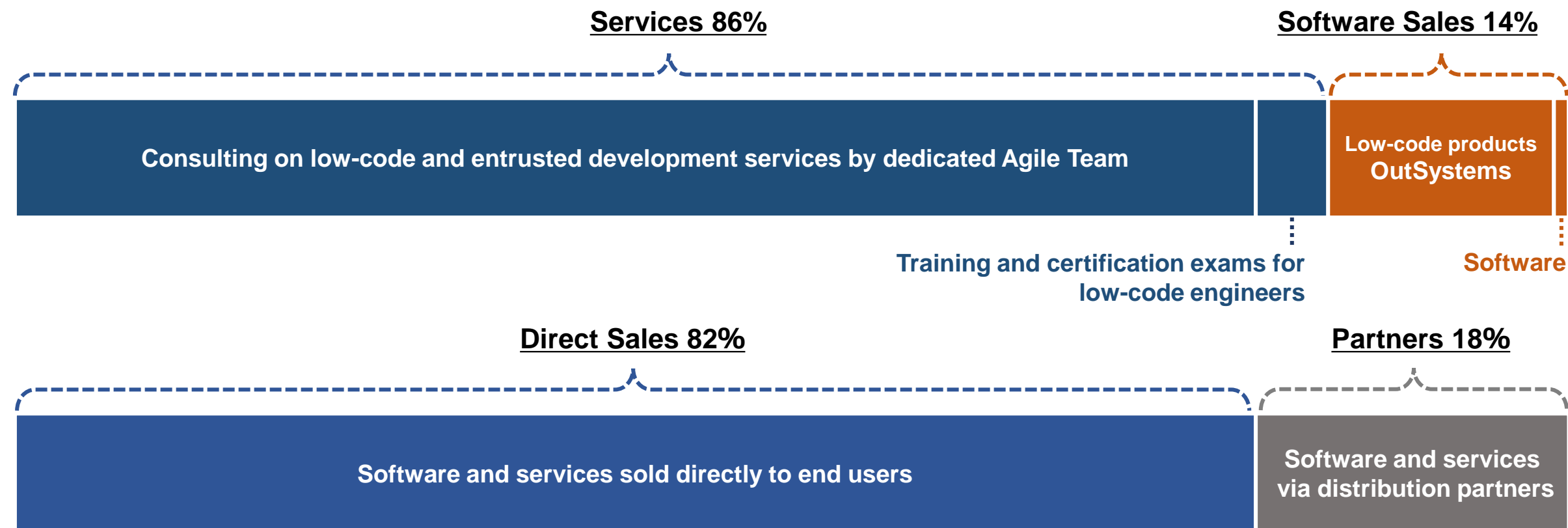
Business Model

Software sales

- **OutSystems**
- Omnext Fit4Test
- MarkLogic
- Workato
- Softools

In-house development support services

- **Consulting**
- **Entrusted development**
- **Training**

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Composition of sales as of the end of 3Q FY2022

We provide software and services that enable our customers to **"bring their systems development in-house"**

Services 86% **Software Sales 14%**

Consulting on low-code and entrusted development services by dedicated Agile Team	Low-code products OutSystems

Training and certification exams for low-code engineers

Software

Direct Sales 82% **Partners 18%**

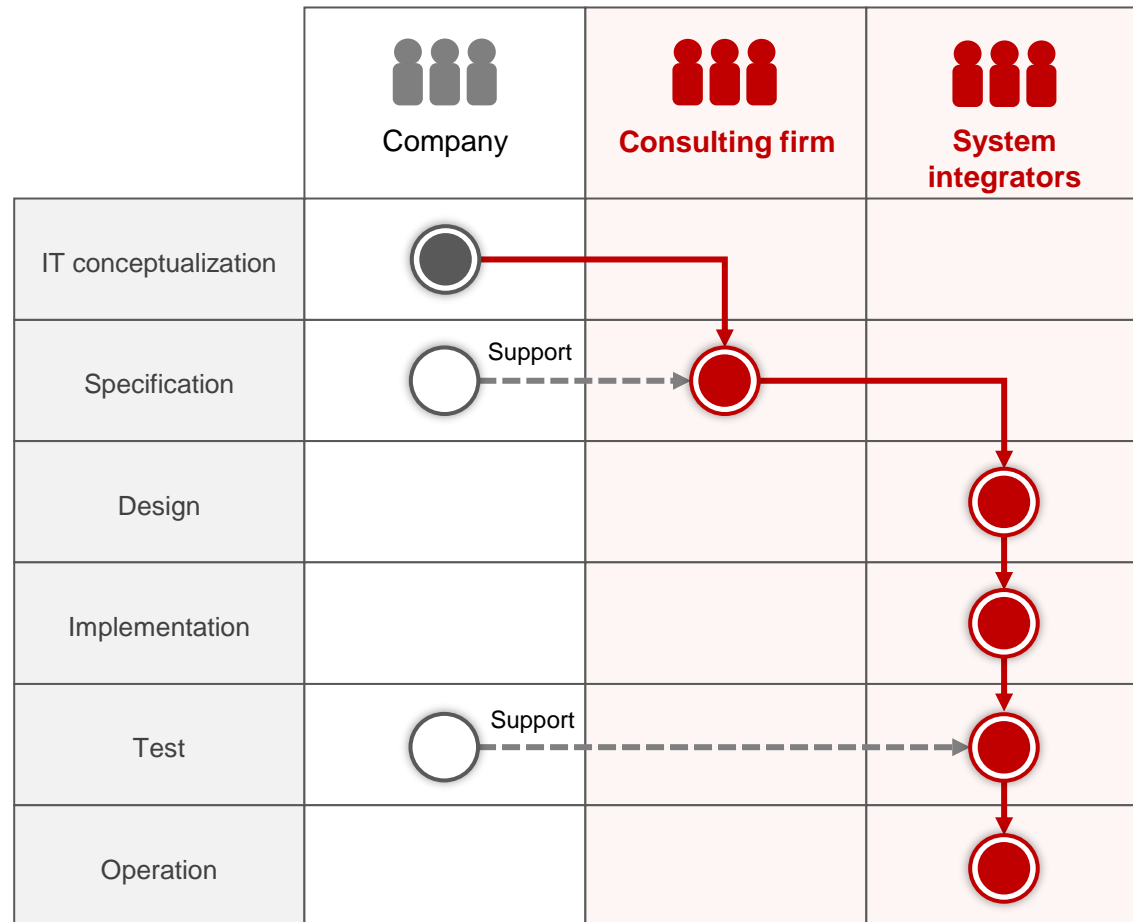| Software and services sold directly to end users	Software and services via distribution partners

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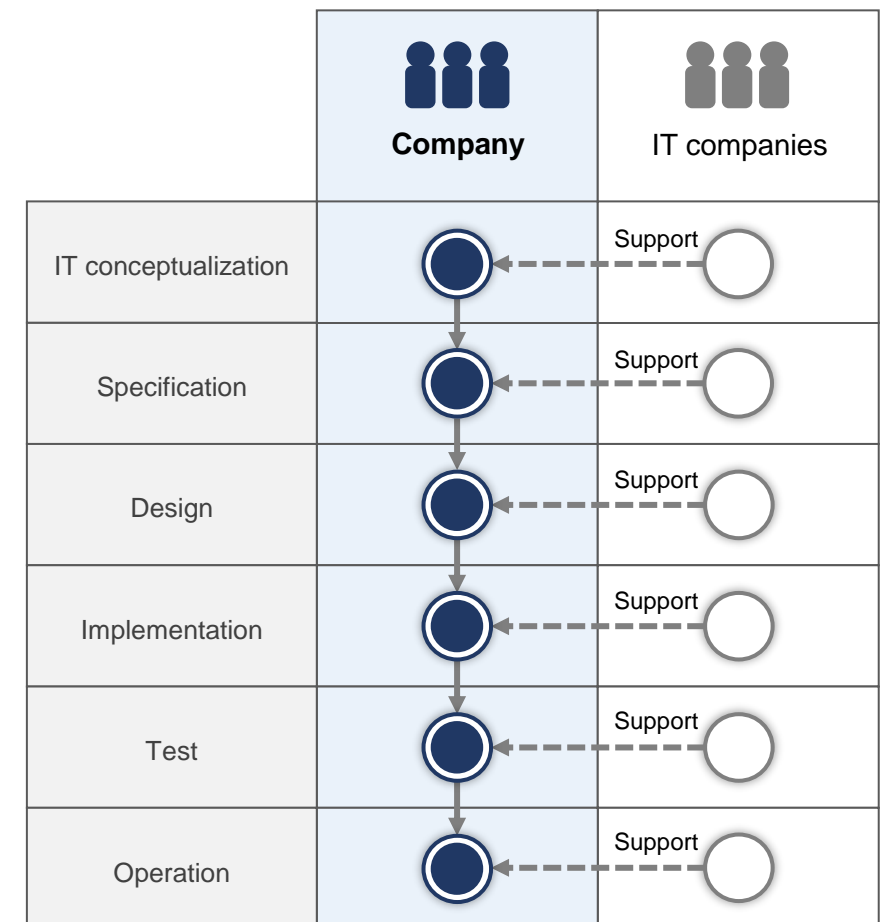
What does "In-House System Development" mean?

What does "In-House System Development" mean?

Conventionally, system development in Japan has been mostly outsourced, mainly to system integrators

	Company	Consulting firm	System integrators
IT conceptualization	●		
Specification	○ Support →	●	
Design			●
Implementation			●
Test	○ Support		●
Operation			●

In-house system development allows companies to take the initiative in developing their systems

	Company	IT companies
IT conceptualization	●	Support ○
Specification	●	Support ○
Design	●	Support ○
Implementation	●	Support ○
Test	●	Support ○
Operation	●	Support ○

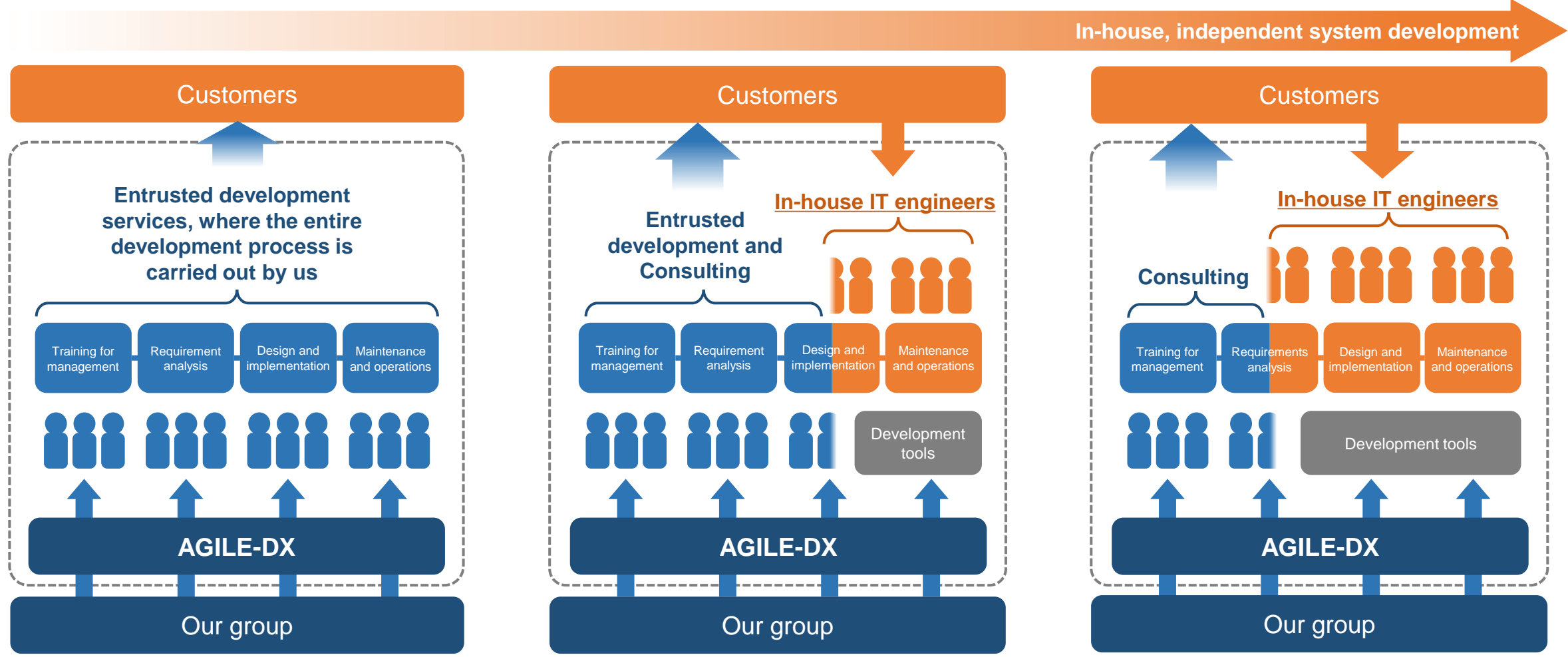**bluememe**
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How does BlueMeme support in-house development?

Support Service for "In-House Development" by "AGILE-DX"

We provide variety of services to support in-house production, depending on the needs of the customer.

In-house, independent system development

Column 1

Customers

Entrusted development services, where the entire development process is carried out by us

| Training for management | Requirement analysis | Design and implementation | Maintenance and operations |

AGILE-DX

Our group

Column 2

Customers

Entrusted development and Consulting

In-house IT engineers

| Training for management | Requirement analysis | Design and implementation | Maintenance and operations |

Development tools

AGILE-DX

Our group

Column 3

Customers

Consulting

In-house IT engineers

| Training for management | Requirements analysis | Design and implementation | Maintenance and operations |

Development tools

AGILE-DX

Our group

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What is AGILE-DX?

A methodology that focuses not only on "systems" but also on "business process development"

Conventional Process

All phases are focused on creating the system itself

| Analysis and design of the business processes to be systematized | → | Definition of the information system functions | → | Design and implementation | → | Delivery and operation |

AGILE-DX

Focus on the system infrastructure   **Focus on business process development**

Structuring of business activities

Design and construction of the system infrastructure required for business activities

Operation and improvement of the system infrastructure

Analysis and design of the business processes to be improved

Design and build business processes

Operation and improvement of business processes

Two agile loops to be utilized

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What are the features of AGILE-DX?

A development methodology that maximizes the speed of low-code development

A development methodology that takes full advantage of the speed of low-code development to shorten "development period", reduce development man-months, and prevent unnecessary IT investment
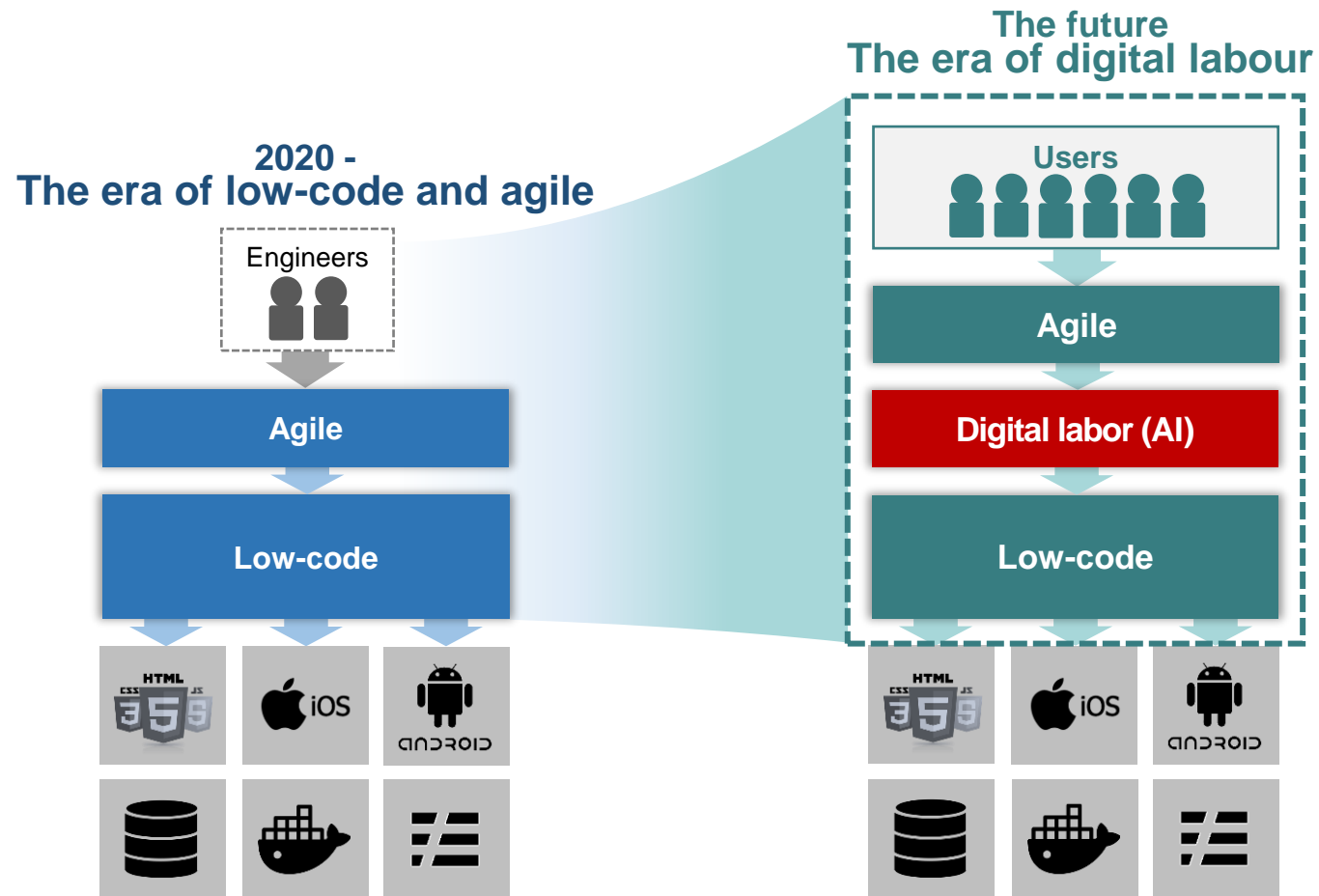
Speed of conventional development

Speed of low-code development using conventional methods

Utilizing low-code in a conventional method does not speed up the development process

Speed of low-code development using AGILE-DX

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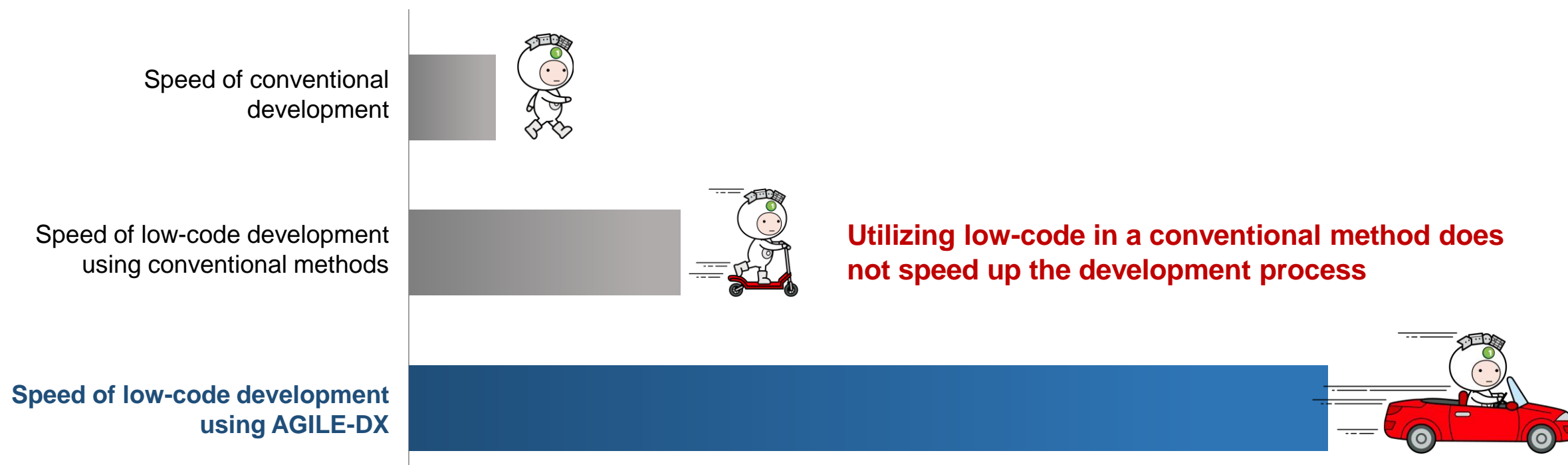
Challenges for Agile Development in Japan

Solving the problems of agile methods by standardizing the methods of business analysis and requirements specification.

Business Analysis	Specification	Design	Implementation	Test

Standard Waterfall

Standard Agile

There is no defined methodology for business analysis, requirements specification or functional design

Only a few test methods are defined

The Group's unique development methodology "AGILE-DX"

Practical application by adding missing methods to Agile

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Will BlueMeme lose its service business
if the customers moves to in-house development?

In the future, AI will take over a large part of system development

2020 -
The era of low-code and agile

Engineers

Agile

Low-code

The future
The era of digital labour

Users

Agile

Digital labor (AI)

Low-code

What is the era of digital labor?

In the future, users will be able to use AI to easily develop their own business applications.

The importance of business analysis will increase as digital labor (AI) takes over the development processes.

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System Development by Digital Labor and Business Architects

Today

Summarize requirements	Business analysis	Requirement definition	Design
System Users	Architects	Engineers	Engineers

Automated implementation with low-code → Business systems

← Manual operations →

Future

← Automate with AI → ← Manual operations → ← Automate with AI →

Data analysis	Business model design	System design
AI Digital Labor	Business Architects	AI Digital Labor

Automated implementation with low-code → Business systems

System development will move from a technology-centric era to a "business model-centric" era with AI

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Our Business Model in Response to Customers' In-House Development Situation

Realization of in-house system development →

Digital Business ↓

Category	Services we offer	Customers who have not started in-house development	Customers who have started in-house development	Customers in the process of in-house development	Customers who have achieved in-house development
Consulting services for upstream processes	IT Consulting Services	◎	◎	◎	◎
	Providing Business Architects	◎	◎	○	Internalized
Entrusted development	Providing Application Engineers	◎	○	Internalized	Internalized
	Providing Technical Staff	○	Internalized	Internalized	Internalized
Training services	Providing Technical Training	◎	◎	◎	◎
Software or/and Cloud Services	Providing of Low-code tools	◎	◎	◎	◎
	Providing Digital Labor Services to support in-house production *Planned for FY2022 and onwards	—	—	○	◎

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Growth Strategies and Sales Revenue in line with the Progress of In-House Development

We plan to provide services to promote in-house development and to adapt our services to the progress of in-house development in Japanese companies.

Net Sales

STAGE 4

The era of Digital Labor

STAGE 3

Business transformation

With the development of AI and automation technology, system development will be carried out by digital labor

STAGE 2

Acceleration of in-house development

Digital business will become a key element of a company's competitiveness and in-house development will become widespread

STAGE 1

Widespread use of low-code

Recruitment and training of IT personnel in Japanese companies will become more common and in-house development will accelerate

The adoption of low-code will accelerate in large-scale system development in Japan

Digital Labor Service

*Planned for FY2022 and onwards.

Consulting Services

Training and Software Sales

Entrusted Development

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Other companies are struggling to find
new engineers, what about BlueMeme?

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Our Unique Education System

We have shortened the training period for our engineers from 3 to 5 years to 3 to 6 months. This allows us to quickly train not only our own engineers, but also those of our customers, helping Japanese companies to establish in-house development.

Conventional training methods for engineers

Our training methods for engineers

Configuration Management

Secure Coding

Application Servers

Development Frameworks

Local Development Environment

Networks

Programming

Databases

3～5 years

Reduced training time by specializing in low code

Networks

Model-based design

Databases

3～6 months
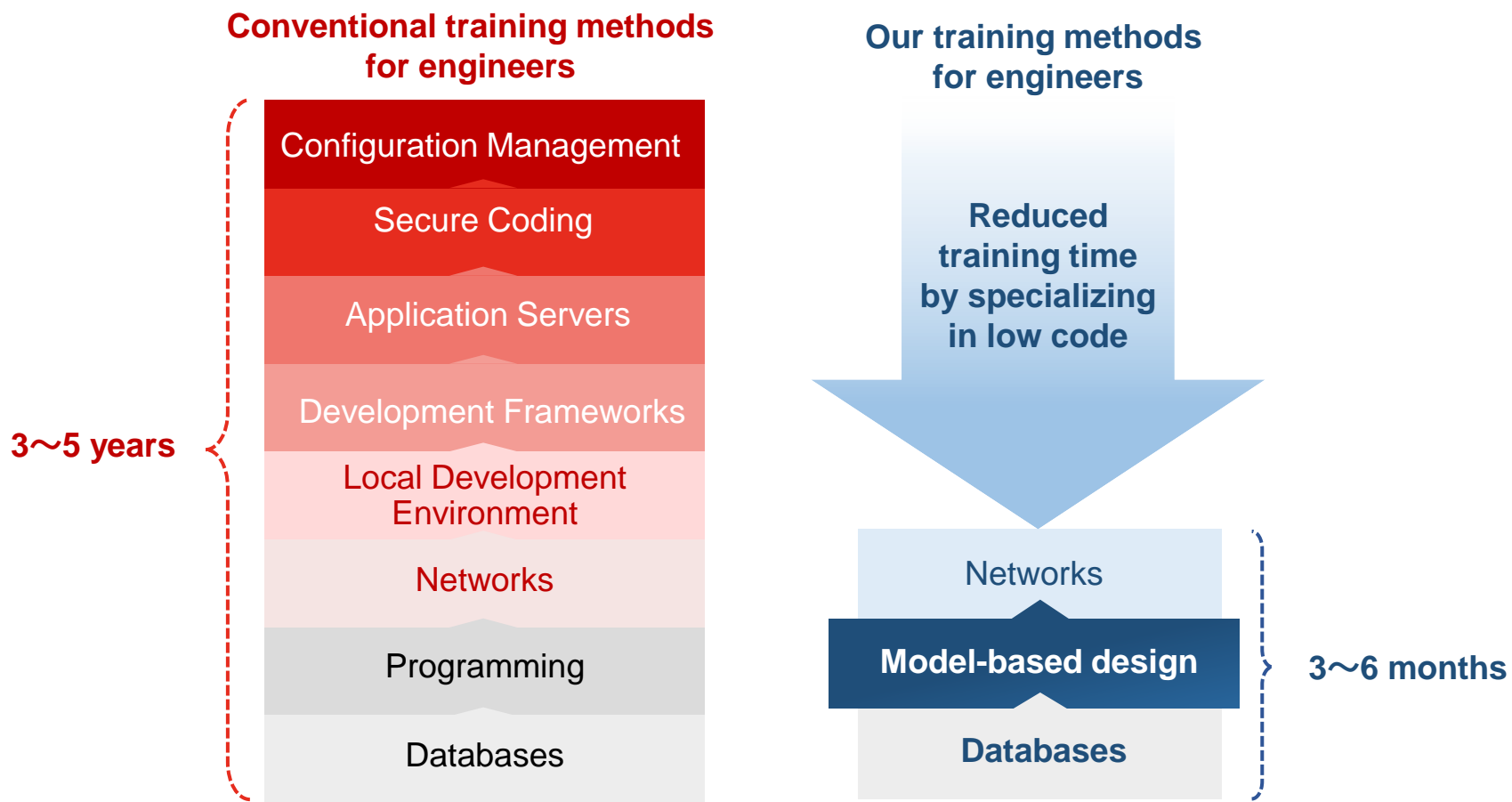
What are the Advantages of OutSystems?

Sophisticated Basic Functions and Design

OutSystems functions are implemented according to the philosophy of **"only implement functions that can be handled intuitively"**, which makes them very easy to understand and to learn.

It also incorporates **beautiful user interface design patterns**, allowing engineers with little UI design experience to develop sophisticated applications.
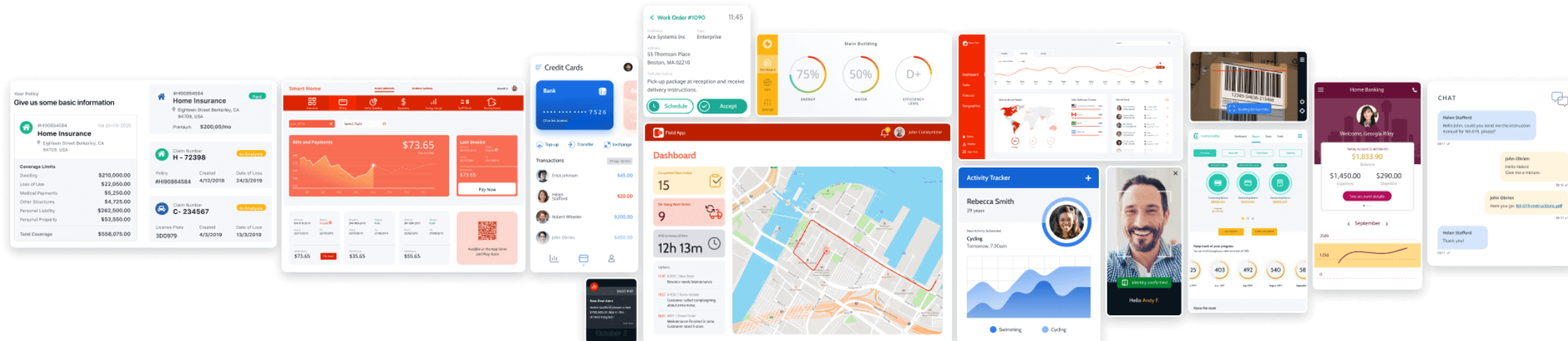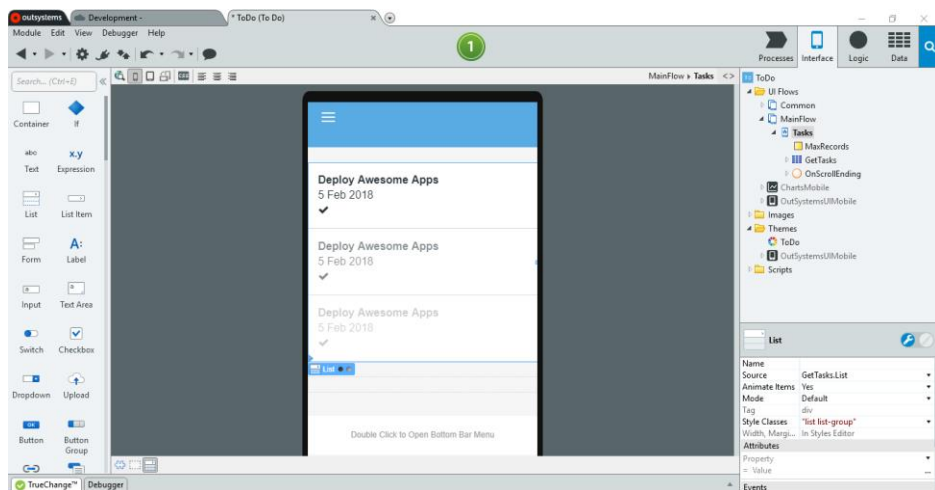
Flexible Model Design and Diverse Range of Applications

OutSystems does not offer as many **advanced templates or as many different functional components** as other low or no-code products. Therefore, when developing an application, it is necessary to define a data model from scratch and write logic similar to a programming language, such as IF and FOR statements, in a flowchart.

This slows down the development of applications with limited use compared to other products, but allows **modelling of low-level processing similar to a programming language**, and allows the flexibility to design a wide variety of applications.
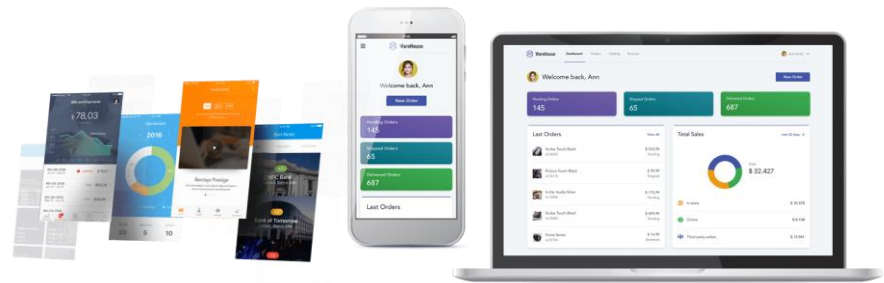
Data model	Data model	Interface	Server logic	SQL	Linking with external data

| Data query		Data logic	Client Logic	Style sheet	Server Logic with C#

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Automatically Generated High Quality Applications and High Security

The application design information is analyzed in real time, so that **if there is incomplete logic or missing essential parameters, the errors and solutions are displayed on the spot.** Warnings are also displayed if there are any performance issues or unnecessary designs, preventing the application from deteriorating.
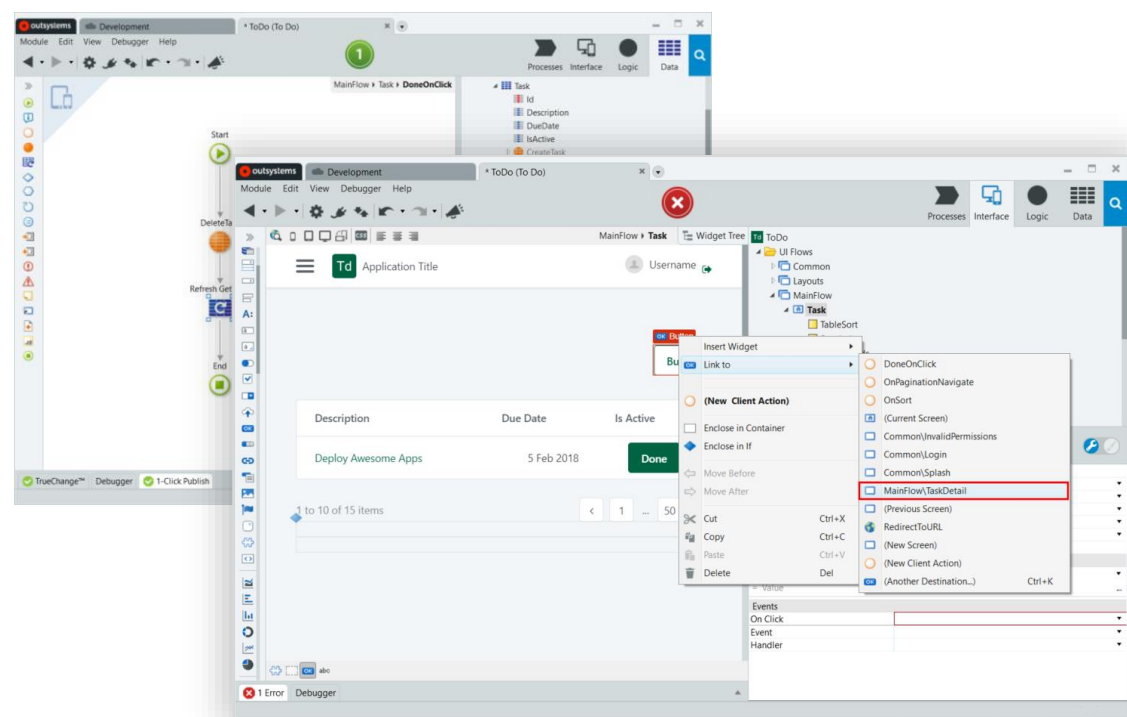
When an application is distributed from the development environment to the production environment, **the dependencies between modules are analyzed from the application design information and solutions are provided** to prevent application errors due to version differences or inadequate dependencies.

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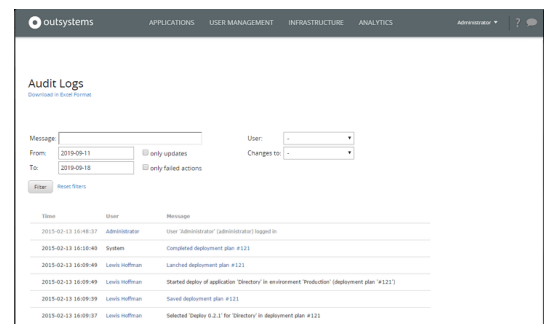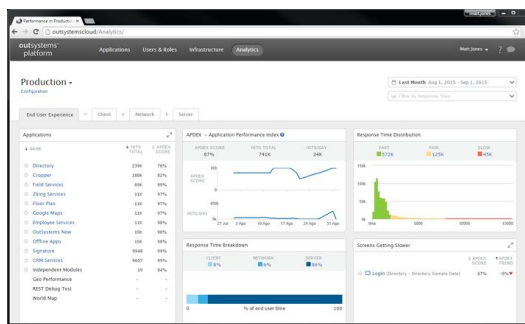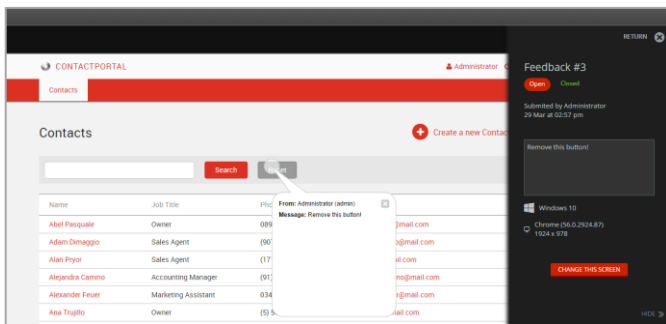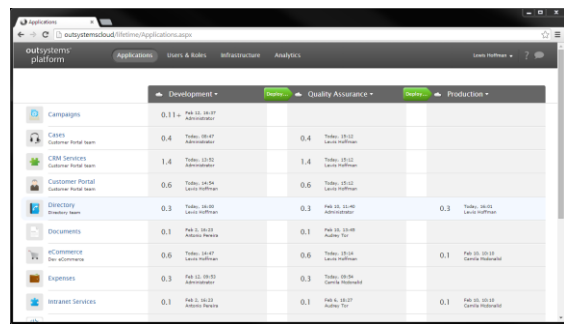MODEL & DESIGN YOUR BUSINESS
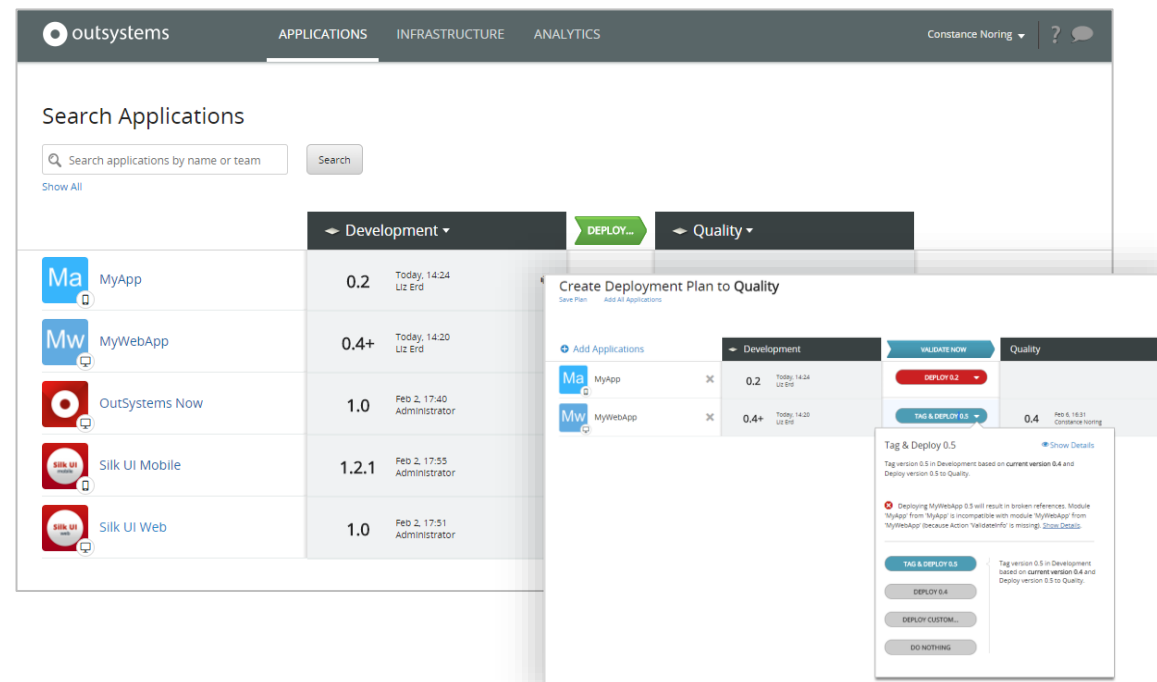
Centralized Application Deployment and Management Functions

Unlike other low-code tools, OutSystems allows you to develop applications that run on standard architectures **without using special runtime engines or frameworks**. Therefore, many steps, usually corresponding to scratch development, are required to deploy the application to the server after the generation of the source code, but OutSystems automates all the work. OutSystems also provides as standard operational management functions such as application **performance analysis**, **log analysis** and a **feedback function** to manage user requests for improvements.

(1) Automate everything from source code generation to server configuration with a single click

Provides operational functions

| Model Design | Generate source code | Build | Create Version | Dependency Verification | database Construction | Deployment | Server Configuration | User Feedback | Performance Analysis | Log Analysis | Hotfix |

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What is the relationship between BlueMeme and OutSystems?

First Introduction of OutSystems in Japan in 2012

**Agile and low-code business
440+ companies
2,600+ projects**

**Starting
OutSystems training**

**2009
Launch of agile and
low-code business**

**Launch of
OutSystems
in Japan**

Foundation of
OutSystems Japan

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

Foundation
Of
OutSystems

Version 1.0

Version 4.0
Visual Debugger

Version 5.0
Process

Version 6.0
New Service
Studio

Version 10
Native Mobile

Version 11
Service Component

Version 3.1
Integration
Studio

Version 7.0
Lifetime

Version 9.0
OutSystems Now

Version 2.1
1-Click Publish

Version 5.1
Scaffolding
& AWS

Version 8.0
Responsive Web

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Appendix

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Application of the New Revenue Recognition Accounting Standard : Overview

A new revenue recognition accounting standard has become effective for FY2022. This will change the method and timing of revenue recognition for software license sales. The impact on "Professional Services" is very small.

| *Figures are examples only	Accounting method	Timing of profit recognition
Sales revenue of software licenses Old standard	**Total license profit and license cost are recorded as net sales** Unit: million yen — Profit : 18, Cost of sales : 42, Sales : 60	**Monthly revenue recognition per contract period** Unit: million yen — 1.5 / 3.5 each month 1–12, 1 year contract period
Sales revenue of software licenses New standard	**License profit is recorded as net sales** Unit: million yen — Profit : 18, Cost of sales : 42, Sales:18	**Profit is recognized in the first month of the contract** Unit: million yen — 18 in month 1, 1 year contract period

*The cumulative effect of the new standard retrospectively prior to the beginning of the year is added to retained earnings at the beginning of the year.
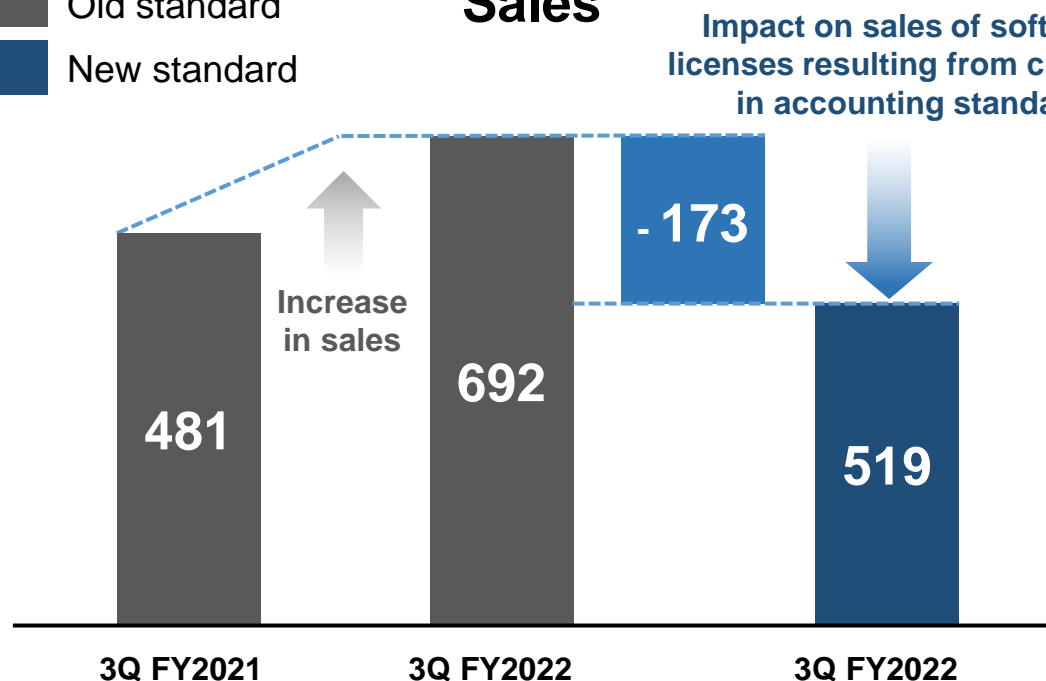
Impact of the Application of the New Revenue Recognition Accounting Standard

The impact of the adoption of the new standard on 3Q is as follows.
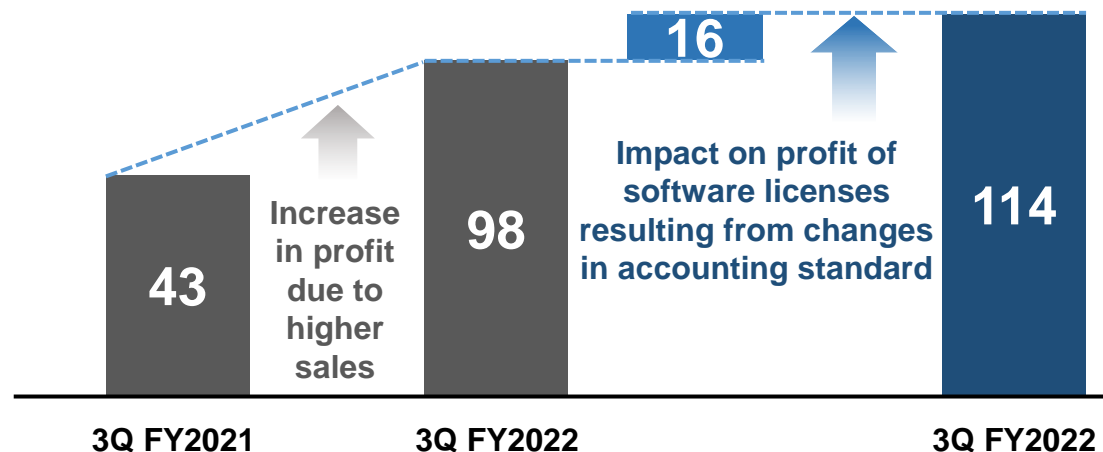

Unit: million yen

Old standard
New standard
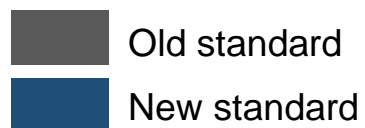
Sales

Impact on sales of software licenses resulting from changes in accounting standard

Operating Profit

Increase in sales

- 173

481   692   519

3Q FY2021   3Q FY2022   3Q FY2022

Increase in profit due to higher sales

16

Impact on profit of software licenses resulting from changes in accounting standard

43   98   114

3Q FY2021   3Q FY2022   3Q FY2022

*Figures calculated in accordance with previous standard are for reference only as they have not been reviewed by an auditor.
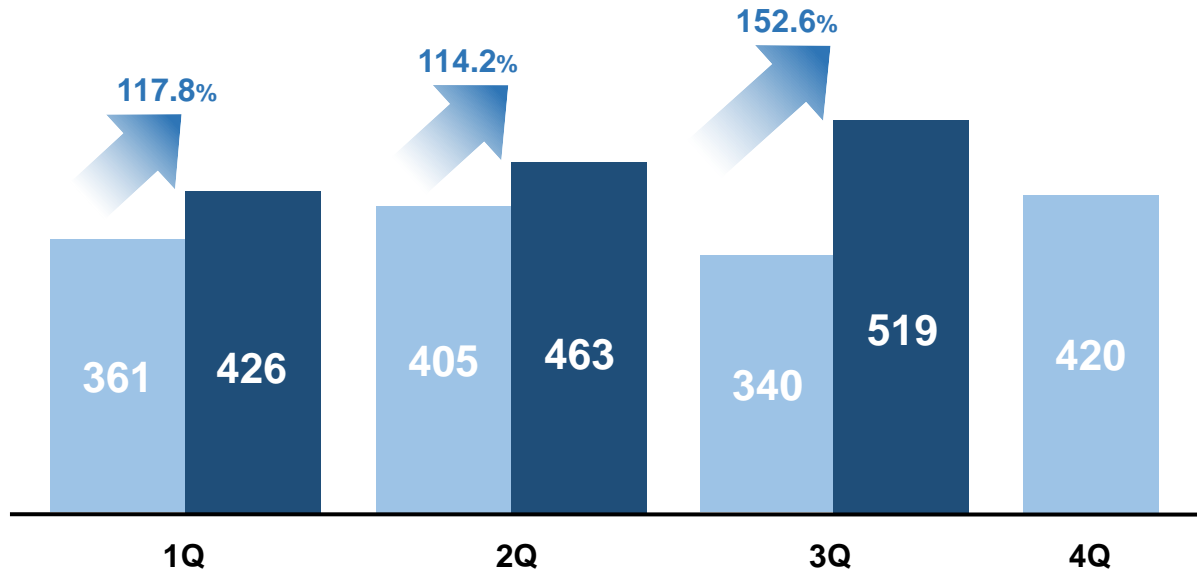
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Quarterly Results (New Standard)

Sales have been stable and continue to grow compared to the same period previous year.
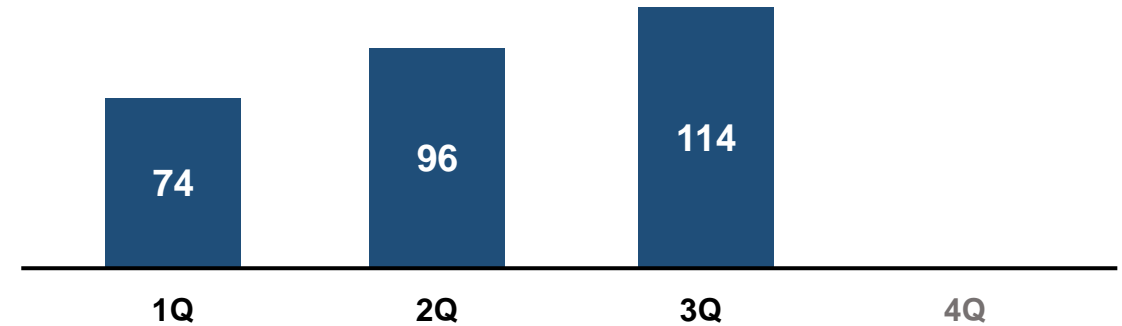
Unit: million yen

FY2021
FY2022

Sales

117.8%
114.2%
152.6%

	1Q	2Q	3Q	4Q
FY2021	361	405	340	420
FY2022	426	463	519	

Operating Profit

Operating profit for FY2021 is not disclosed due to difficulties in calculation
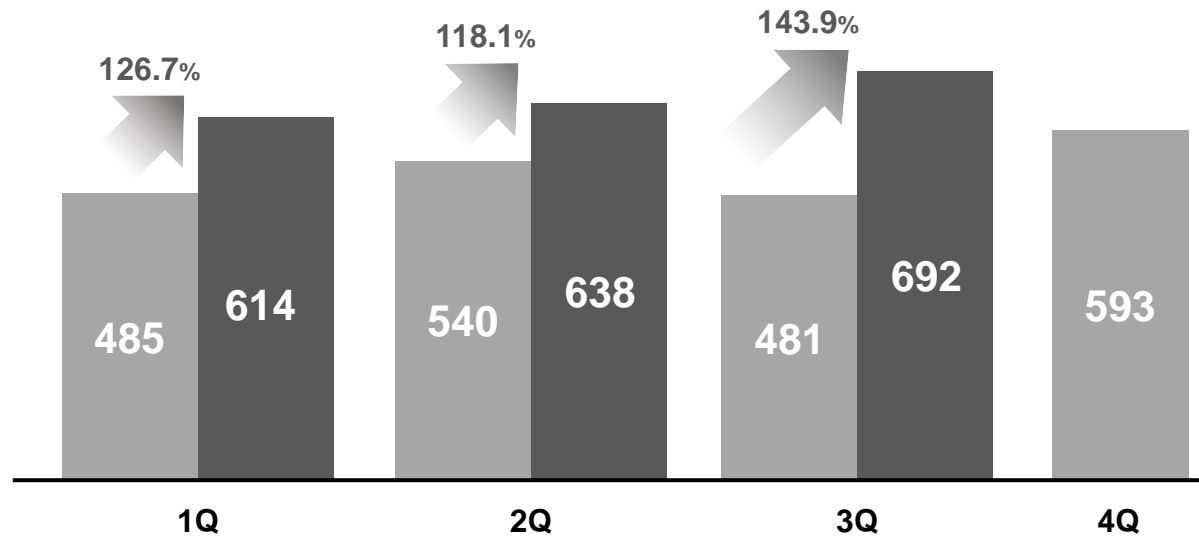
	1Q	2Q	3Q	4Q
FY2022	74	96	114	

*Figures calculated in accordance with the new standard for FY2021 are indicative, as they have not been reviewed by an auditor.

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[Reference] Quarterly Results (Old Standard)

Unit: million yen

FY2021
FY2022

Sales

Operating Profit

126.7%
118.1%
143.9%

485 | 614
540 | 638
481 | 692
593

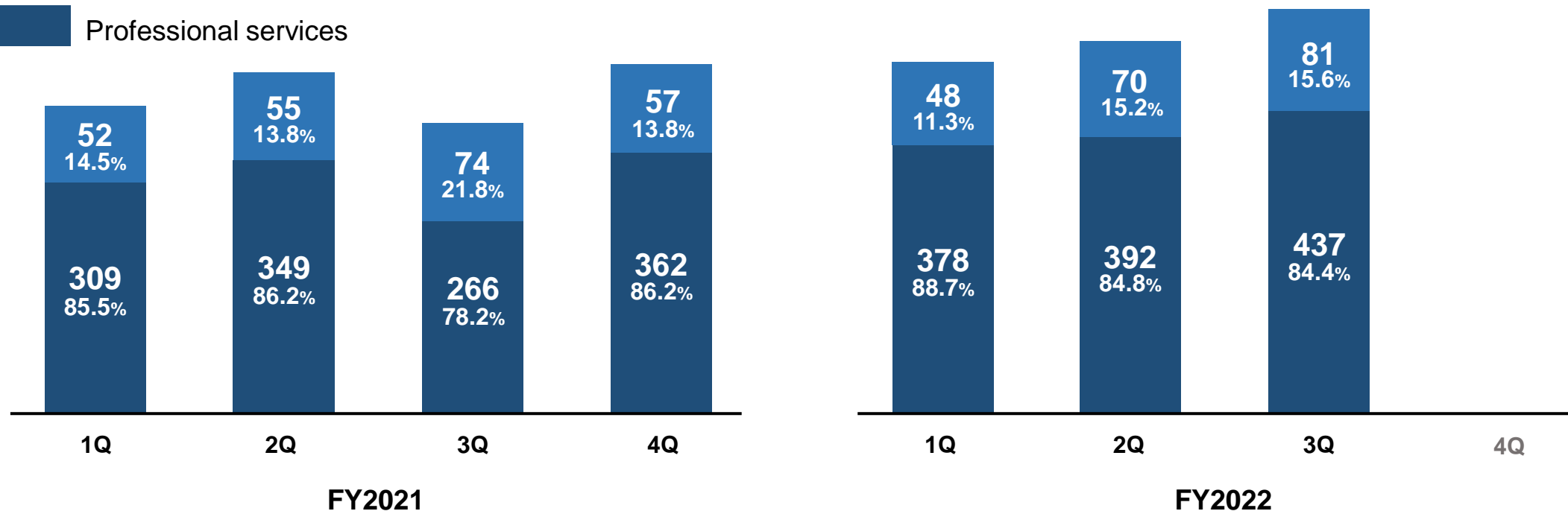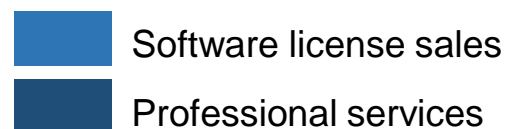1Q 2Q 3Q 4Q

25,165.2%
181.7%
226.7%

0 | 81
48 | 88
42 | 98
83

1Q 2Q 3Q 4Q
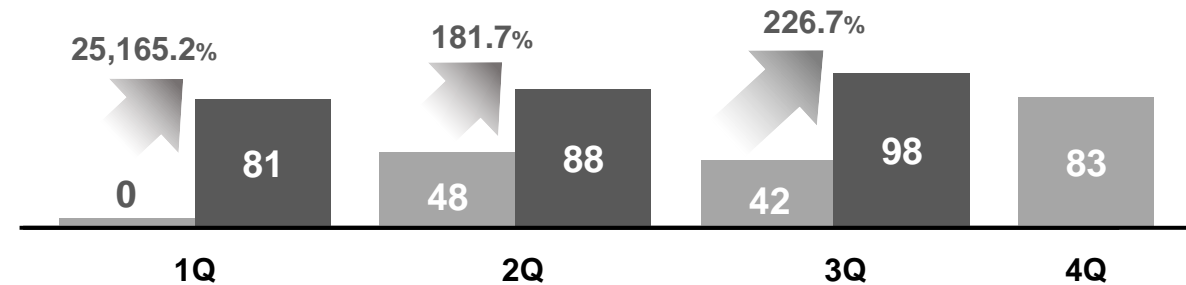
*Figures calculated in accordance with the previous standard are for reference only as they have not been reviewed by an auditor.

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[Reference] Quarterly Sales by Business Segment (New Standard)

The following table shows the quarterly sales for each business segment.

Unit: million yen

■ Software license sales
■ Professional services

FY2021

	1Q	2Q	3Q	4Q
Software license sales	52 / 14.5%	55 / 13.8%	74 / 21.8%	57 / 13.8%
Professional services	309 / 85.5%	349 / 86.2%	266 / 78.2%	362 / 86.2%

FY2022

	1Q	2Q	3Q	4Q
Software license sales	48 / 11.3%	70 / 15.2%	81 / 15.6%	
Professional services	378 / 88.7%	392 / 84.8%	437 / 84.4%	

*Figures calculated in accordance with the new standard for FY2021 are indicative, as they have not been reviewed by an auditor.

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Notice

Notice

This document contains forward-looking statements. These statements are based on information available as of the date of publication of this document and are not guarantees of our future performance or achievements. They are also subject to a variety of risks and uncertainties. As a result, our actual results and financial position may differ materially from any future results or forecasts of results expressed or implied by them.

The factors that may lead to such situations include, but are not limited to, changes in domestic and international economic conditions and trends in the industries in which we operate.

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Thank you for your time and attention.

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