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Consolidated Financial Results
for the 1st Quarter of the Fiscal Year Ending March 31, 2023 (FY2022)
(Under Japanese GAAP)

August 12, 2022

Company Name: BlueMeme Inc.

Listed Exchange: Tokyo Stock Exchange Growth

Code number: 4069

URL: <https://www.bluememe.jp>

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of FY2022 (April 1, 2022 - June 3, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 FY2022	502	17.8	45	(38.4)	45	(26.6)	30	(28.7)
Q1 FY2021	426	-	74		62	-	42	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2022	8.76	8.33
Q1 FY2021	15.46	14.00

*Notes

- As quarterly consolidated financial statements were not prepared for the first quarter of FY2020, year-on-year comparisons for the first quarter of FY2021 are not provided.
- As the Company has been listed on the Mothers section of the Tokyo Stock Exchange since June 29, 2021, diluted earnings per share for the first quarter of FY2021, was calculated based on the average share price from the initial listing date to the end of the first quarter of FY2021.
- On 23 April 2021, the Company carried out a 2-for-1 split of its ordinary shares. Therefore, basic earnings per share and diluted earnings per share have been calculated as if the share split had taken place at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
Q1 FY2022	2,852	2,394	84.0
FY2021	2,956	2,354	79.6

(Reference) Equity Q1 FY2022: ¥2,394 million FY2021: ¥2,354 million

2. Cash Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	0.00	-	0.00	0.00
FY2022	-	-	-	-	-
FY2022 (Forecast)	-	-	-	-	-

*Note

Revision from the most recently published dividend forecast: not applicable

3. Forecast of Consolidated Financial Results for the FY2022 (April 1, 2022 - March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	2,317	20.1	390	7.4	387	11.3	259	2.6	74.45

*Note

Revision from the most recently published dividend forecast: not applicable

*Notes

- Changes in significant subsidiaries during the period under review
Establishment of a new company: BlueMeme Partners Inc.
- The current financial report is not subject to audit by certified public accountants or auditing firms
- Cautionary statement with respect to forward-looking statements. Forecasts of future performance in these materials are based on assumptions judged by valid and information available to the Group's management at the time the materials were prepared but are not promises by the Group regarding future performance. Actual results may differ materially from the forecasts.

(Appendix)

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1. Qualitative Information on the Results of the First Quarter of FY2022

(1) Description of Operating Results

During the first quarter of the year (1 April - 30 June 2022), the Japanese economy remained uncertain due to signs of domestic re-expansion of COVID-19, tensions in Ukraine and the sharp depreciation of the yen, which led to a sharp rise in prices of resources and other goods. Despite these circumstances, the information services industry, to which the Group belongs, continues to see demand for DX (digital transformation) to increase management efficiency and productivity in response to the decline in the workforce, as well as to realize digital businesses that generate new value and revenues. Under these conditions, the Group provides services assisting Japanese companies with the in-house system development utilizing low-code technology and its unique development methodology. Based on its corporate philosophy of “Create new values, change the norm, evolve the culture”, the Group operates a DX business with the mission of improving the international competitiveness of Japanese companies.

The Group's business consists of “Professional Services”, which includes entrusted development services and training for engineers using “AGILE-DX”, the Group's unique development methodology that makes maximum use of low-code technology and agile methods, and “Software License Sales”, which includes the sale of low-code development tools and other software. In the “Professional Services”, the provision of consulting and entrusted development utilizing OutSystems® and other low-code development tools expanded. The Group actively recruited and trained Group employee engineers and secured service partners to meet future growth in demand for its services. In “Software License Sales”, the Group spread the use of OutSystems® and other products among existing customers and expanded sales to new customers in line with the provision of “Professional Services”.

As a result of the above, net sales amounted to ¥502,580 thousand (increase of 17.8% y-o-y), operating profit ¥45,903 thousand (decrease of 38.4% y-o-y), ordinary profit ¥45,588 thousand (decrease of 26.6% y-o-y) and net profit attributable to owners of the parent ¥30,454 thousand (decrease of 28.7% y-o-y). The segment results have been omitted as the Group operates in a single segment of the DX business.

(2) Overview of Financial Position for FY2022

(Assets)

Current assets amounted to ¥ 2,661,536 thousand, a decrease of ¥ 93,331 thousand compared to the end of the previous financial year. This was mainly due to a decrease in cash and deposits. Non-current assets amounted to ¥190,996 thousand, a decrease of ¥10,771 thousand compared to the end of the previous financial year. This was mainly due to a decrease in investments and other assets (deferred tax assets). As a result, total assets amounted to ¥ 2,852,533 thousand, a decrease of ¥ 104,102 thousand compared to the end of the previous financial year.

(Liabilities)

Current liabilities amounted to ¥ 420,457 thousand, a decrease of ¥ 143,861 thousand compared to the end of the previous financial year. This was mainly due to a decrease in income taxes payable. Non-current liabilities amounted to ¥ 37,176 thousand, a decrease of ¥ 316 thousand compared to the end of the previous financial year. This was mainly due to a decrease in other (long-term lease liabilities). As a result, total liabilities amounted to ¥ 457,634 thousand, a decrease of ¥ 144,177 thousand compared to the end of the previous financial year.

(Net assets)

Net assets amounted to ¥ 2,394,899 thousand, an increase of ¥ 40,075 thousand compared to the end of the previous financial year. This was mainly due to the recording of net profit for the quarter attributable to owners of the parent. As a result, the equity-to-asset ratio was 84.0% (79.6% at the end of the previous financial year).

(3) Forecasts of Consolidated Results and Other Forward-looking Statements Cash and cash

Following the announcement on 8 April 2022 of the Company's release "Announcement of Capital and Business Alliance Agreement with MKI", the Company and Mitsui Knowledge Industry Co Ltd ("MKI") have been expanding their cooperation, focusing on the following five aspects.

- Joint Promotion of Digital Labor Services
- Mitsui Group's DX promotion and joint sales to MKI customers
- Acceleration of BlueMeme's low-code engineer training
- Training and securing human resources through the MKI and its network
- Acceleration of Business Architect training

The forecast of consolidated results for FY2022 remains unchanged at present, as the impact of the collaboration between the two companies is expected to be negligible.

Based on the partnership with MKI, the Company will expand its customer base and create added value in new growth business areas such as Business Architecture and Digital Labor Services. Through these initiatives, the Company aims to execute a new growth phase that goes beyond the organic growth achieved to date and to achieve consolidated net sales of around 10 billion yen in FY2027.

The company will continue to strengthen its organization by expanding its human resources and promoting further research and development in preparation for the expansion of its business scale. In addition, the Company will respond flexibly to the acquisition of external assets as required.

3. Consolidated Financial Statement and Primary Notes

(1) Consolidated Balance Sheets

	(Thousands of Yen)	
	As of end of previous fiscal year (March 31, 2022)	As of end of Q1 (June 30, 2022)
Assets		
Current assets		
Cash and deposits	2,356,210	2,267,299
Accounts receivable - trade, and contract assets	366,106	347,749
Work in process	162	128
Prepaid expenses	33,508	47,275
Other	—	50
Allowance for doubtful accounts	(1,120)	(967)
Total current asset	2,754,867	2,661,536
Non-current assets		
Property, plant and equipment	91,525	88,796
Intangible assets, net	18,269	16,821
Investments and other assets	91,972	85,378
Total non-current assets	201,767	190,996
Total assets	2,956,635	2,852,533
Liabilities		
Current liabilities		
Accounts payable - trade	165,147	173,356
Current portion of long-term borrowings	94,453	69,454
Income taxes payable	121,366	12,499
Contract liabilities	57,877	102,459
Other	125,475	62,688
Total Current liabilities	564,319	420,457
Non-current liabilities		
Asset retirement obligations	32,750	32,769
Other	4,742	4,406
Total non-current liabilities	37,493	37,176
Total liabilities	601,812	457,634
Net assets		
Shareholders' equity		
Share capital	962,195	967,007
Capital surplus	953,195	958,007
Retained earnings	439,345	469,799
Treasury shares	(75)	(75)
Total shareholders' equity	2,354,659	2,394,739
Share acquisition rights	163	159
Total net assets	2,354,823	2,394,899
Total liabilities and net assets	2,956,635	2,852,533

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Thousands of Yen)	
	Q1 Three months ended (June 30, 2021)	Q1 Three months ended (June 30, 2022)
Net sales	426,491	502,580
Cost of sales	199,328	254,235
Gross profit	227,162	248,344
Selling, general and administrative expenses	152,657	202,440
Operating profit	74,505	45,903
Non-operating income		
Foreign exchange gains	189	—
Reversal of allowance for doubtful accounts	—	153
Other	0	100
Total non-operating income	189	253
Non-operating expenses		
Interest expenses	354	183
Foreign exchange losses	—	320
Listing expenses	5,341	—
Other	6,855	64
Total non-operating expenses	12,550	568
Ordinary profit	62,144	45,588
Profit before income taxes	62,144	45,588
Income taxes-current	47,037	8,167
Income taxes-deferred	(27,631)	6,966
Total income taxes	19,406	15,134
Profit	42,738	30,454
Profit attributable to owners of parent	42,738	30,454

Quarterly Consolidated Statements of Comprehensive Income

	(Thousands of Yen)	
	Q1 Three months ended (June 30, 2021)	Q1 Three months ended (June 30, 2022)
Profit	42,738	30,454
Comprehensive income	42,738	30,454
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	42,738	30,454

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.