

Fiscal year ended March 2023 (FY2022)
**Presentation Materials for
Earnings Results**
(Briefing held on May 17, 2023)

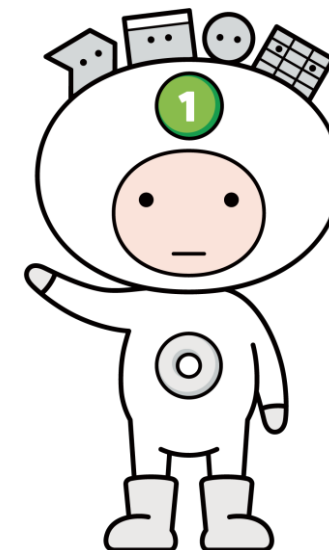
BlueMeme Inc.
May 12, 2023



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*Monetary amounts in this document are rounded down to the nearest whole number, while percentages in principle are rounded off to two decimal places.



Full-year results for the fiscal year ended March 31, 2023

FY2022 consolidated financial results summary

- Net sales achieved approximately 97% of forecasted results.
- Net profit increased approximately 136% over the forecast announced on February 14, 2023, due to the application of “Tax Credits for Promotion of Salary Increases” and “The R&D tax break system” as well as unmet plans for recruitment in the fourth quarter.

Unit: millions of yen

	FY2021 Results	FY2022 Results	FY2022 Revised forecast (Disclosed on February 14, 2023)	FY2022 Compared to revised forecasts
Net sales	1,929	2,244	2,317	96.8%
Operating profit	363	309	255	121.5%
Ordinary profit	348	310	254	121.8%
Net profit	253	230	169	135.7%
Earnings per share	78.48 yen	65.64 yen	—	—

*Figures are rounded down to the nearest million yen except for “Earnings per share”

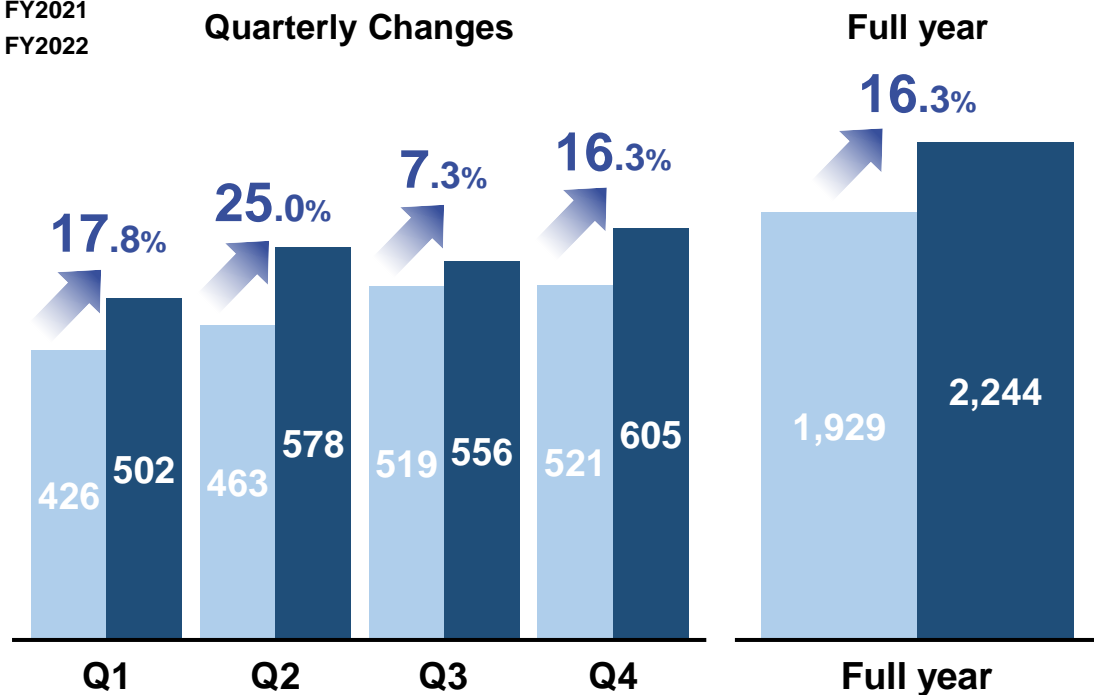
Quarterly consolidated net sales and operating profit

- Net sales increased year-on-year in all quarters.
- Aggressive investments were made throughout the year in sales promotion, recruitment and training, and R&D.

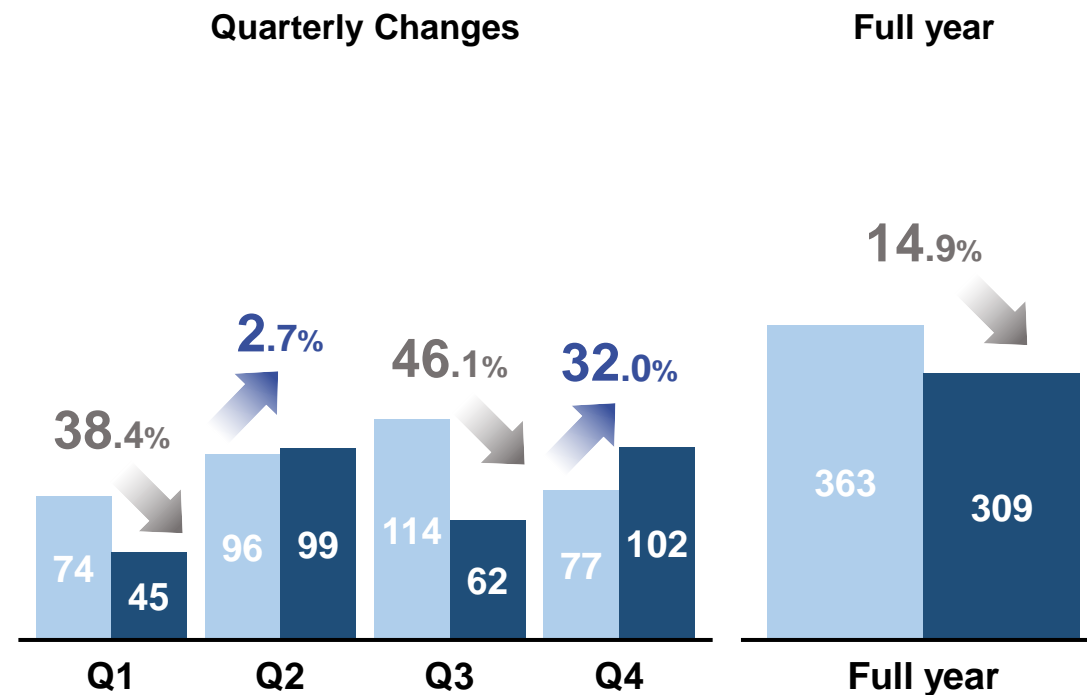
Unit: millions of yen
(rounded down to
the nearest million yen)

FY2021
FY2022

Net Sales

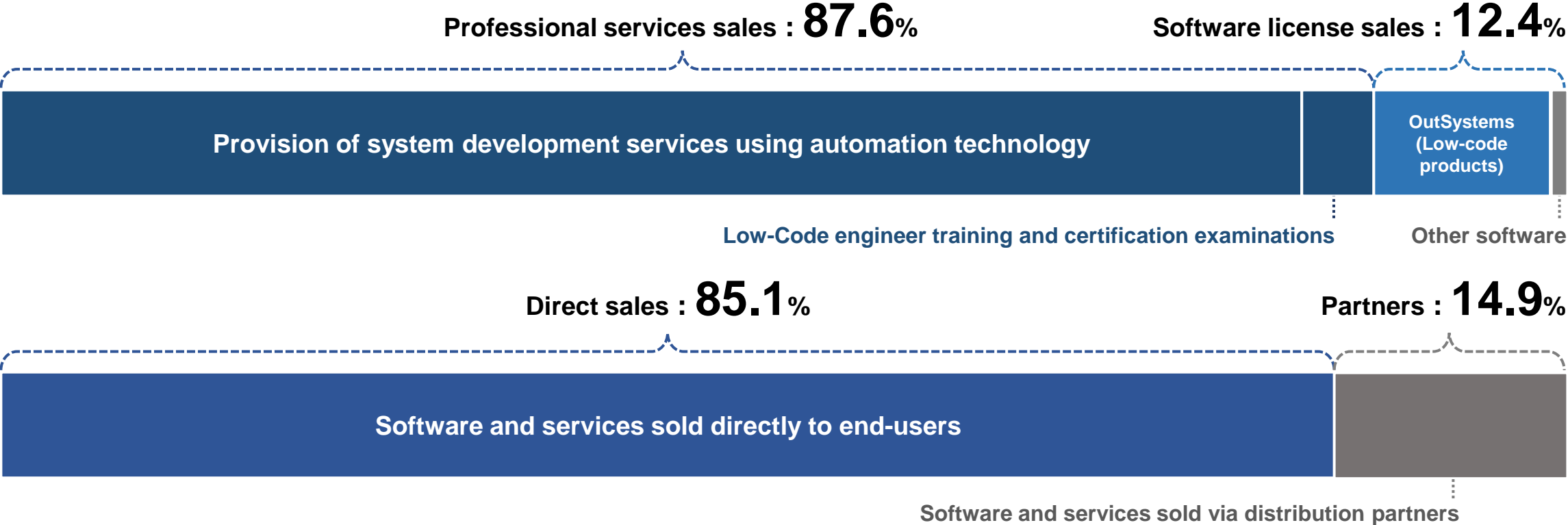


Operating Profit



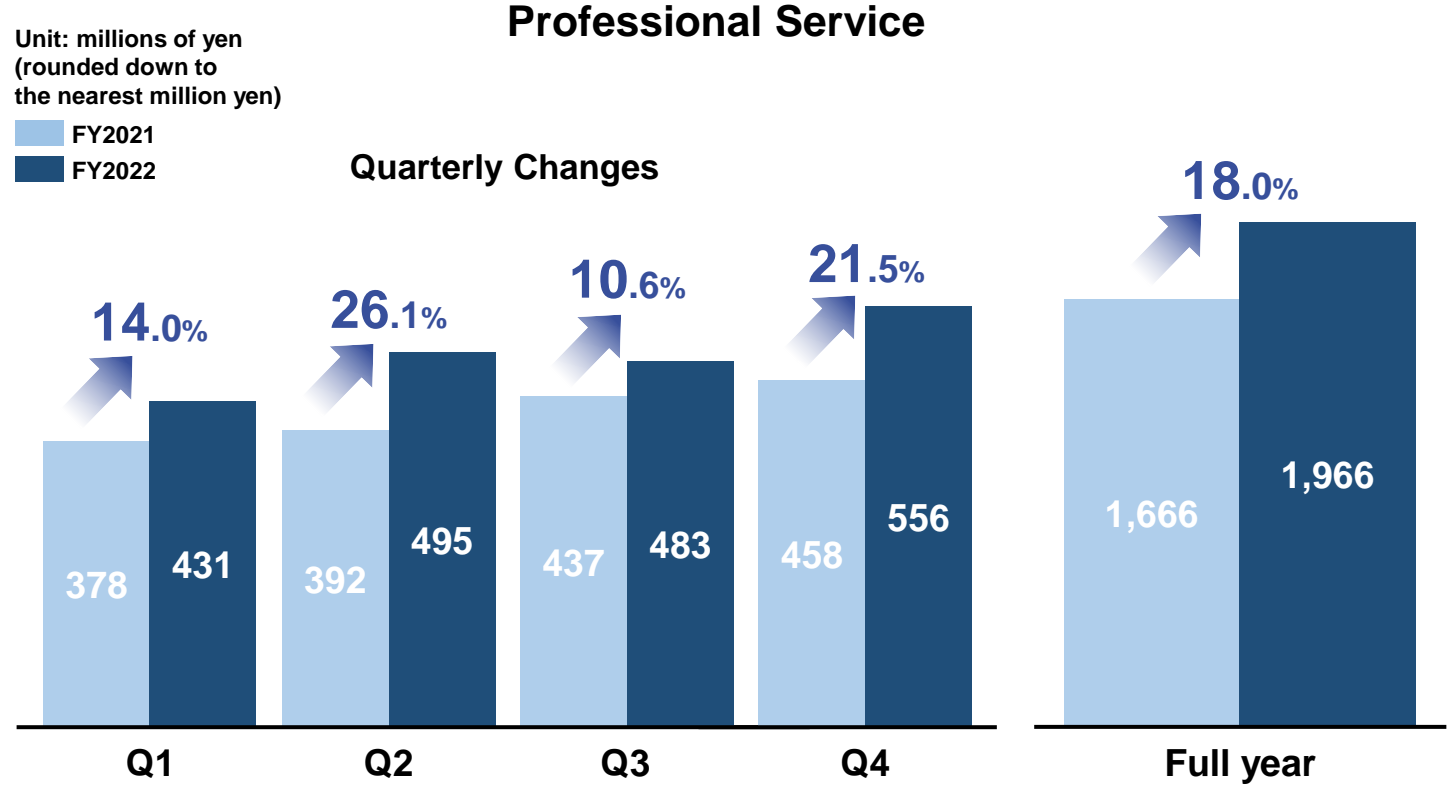
Services and software sales composition and breakdown

- Professional Services, the Group’s core business, accounted for nearly 90% of total sales.
- Ratio of direct sales to end users remained high at approximately 85%.



Quarterly net sales for professional services

- Professional Services sales achieved steady growth in all quarters on a year-on-year basis.



Operating profit analysis

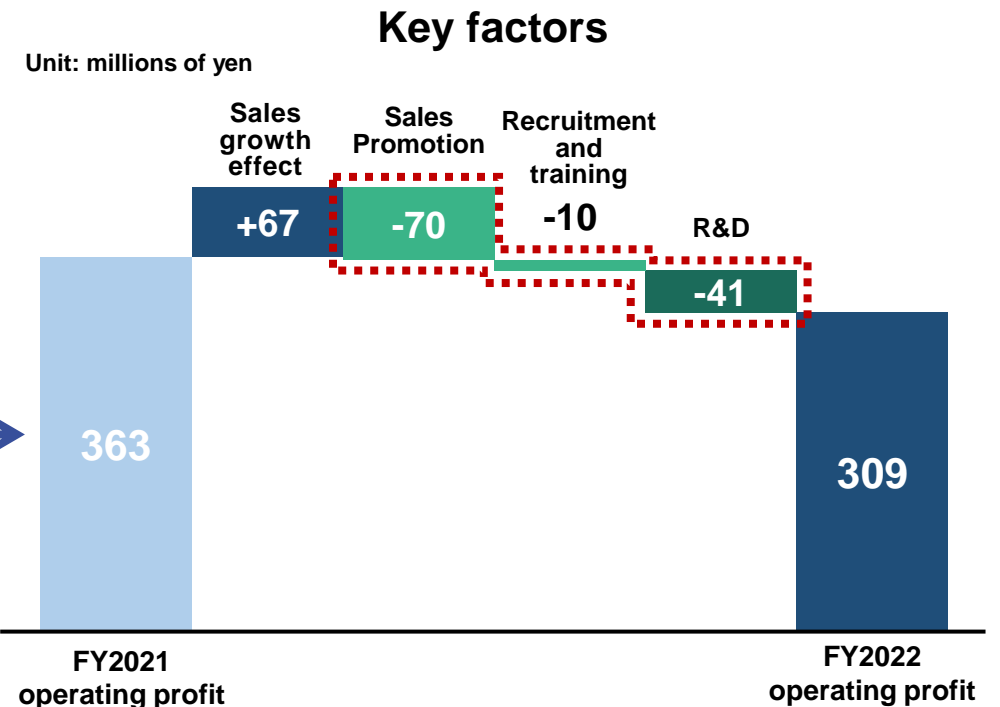
- Following the growth strategy, aggressive investments were made in three areas.
 - “Sales Promotion” to build an organizational structure to meet the needs of new segments such as BFSI, municipalities, and educational institutions.
 - “Recruitment and Training” to secure human resources for professional services.
 - “R&D” to realize next-generation system development methods.

Year on year comparison

Unit: millions of yen

	FY2021 Full-year total	FY2022 Full-year total	YoY change	YoY change
Net sales	1,929	2,244	314	+16.3%
Operating profit	363	309	-54	-14.9%
Operating profit margin	18.9%	13.8%	-	-

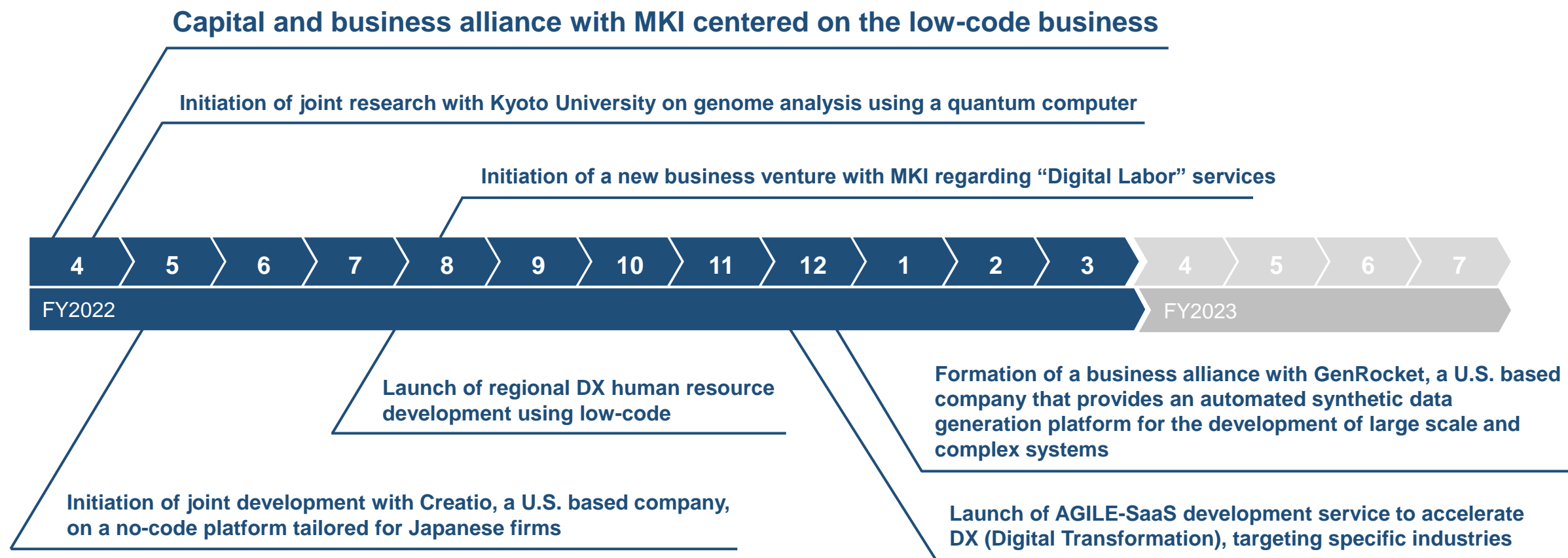
*Amounts are rounded down to the nearest million yen.



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Key initiatives from April 2022 to March 2023

- Upon the capital and business alliance with MKI announced in April 2022, we focused on “sales expansion targeting new customer segments,” “strengthening recruitment and training,” and “increasing R&D investment” in order to further expand our business.



Investment in sales initiatives

Capital and business alliance with MKI (Mitsui Knowledge Industry)

- Agreement on DX promotion and IT human resource development with MKI, supporting DX of Mitsui & Co. group, a leading corporate group in Japan.
- Acceleration of securing next-generation DX personnel with low-code / no-code expertise by combining MKI's IT personnel with BlueMeme Group's initiatives to prepare for the rapidly growing future needs.
- Set goals to further expand our business and become a leading company in the DX business domain leveraging low-code and agile.

**BlueMeme enters into a Capital and Business Alliance
with Mitsui Knowledge Industry in the low-code business**

BlueMeme aims to become a leading company in the international low-code business market and promote Digital Transformation (DX) through next generation agile development and IT personnel training

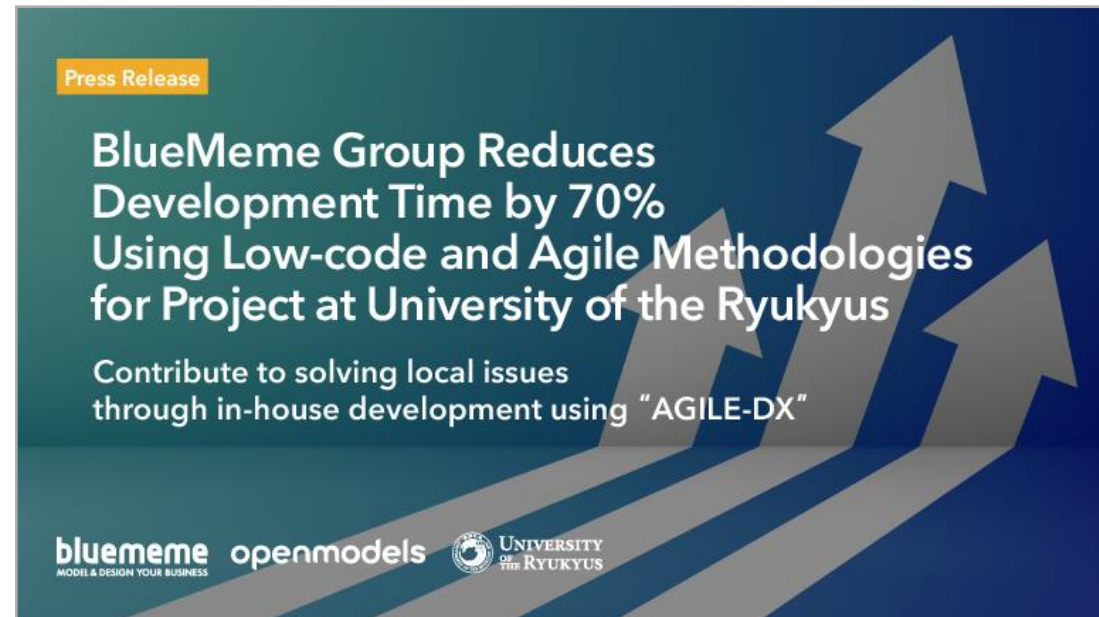
bluememe ×  **MKI**

MODEL & DESIGN YOUR BUSINESS

The graphic features a light blue background with a pattern of small dots. The text is centered and uses a mix of bold and regular fonts. The logos for BlueMeme and MKI are prominently displayed at the bottom, separated by a multiplication symbol.

Support for social issues with Group's unique development methodology, AGILE-DX

- In addition to large corporations, we have provided low-code and agile technology to local governments and educational institutions that have difficulty applying the latest technology, with the goal of solving "local social issues".
- Using our unique development methodology, AGILE-DX, we supported the development of an application led by Assistant Professor Ryota Miyata, Faculty of Engineering, University of the Ryukyus, that uses AI to distribute food items donated by corporations to children, thereby bringing the development in-house and reducing development man-hours by 70%.
- We will work with the University of the Ryukyus on joint R&D and DX education, aiming to increase awareness of our technological capabilities and corporate value.



Launched “LeapLeaper,” new owned media channel explaining the latest technology

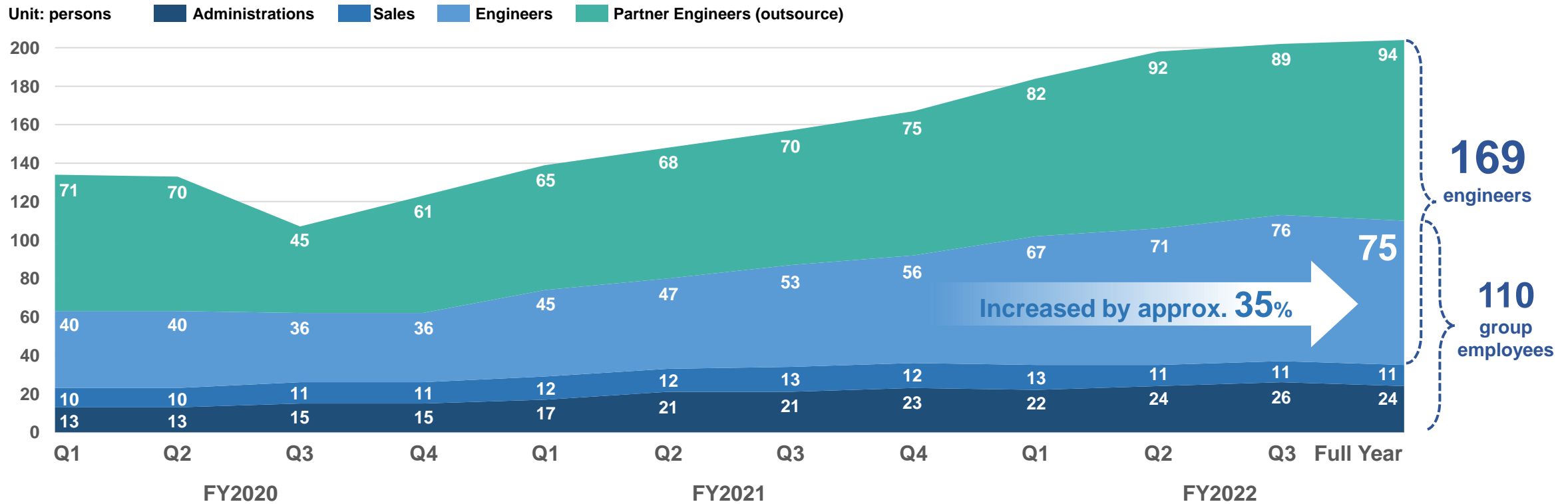
- Along with the rise of search technology such as ChatGPT, we launched a new media “LeapLeaper” to introduce various topics such as quantum computers, biotechnology, AI, agile development, low-code development in order to share our future vision of system development and the IT industry .
- Unlike our official website, “LeapLeaper” provides information from the customer’s perspective, aiming to increase our fans and expand prospects.
- We will also implement SEO measures and linkage with major social media to attract visitors through various channels.



Investment in recruiting and human resource training

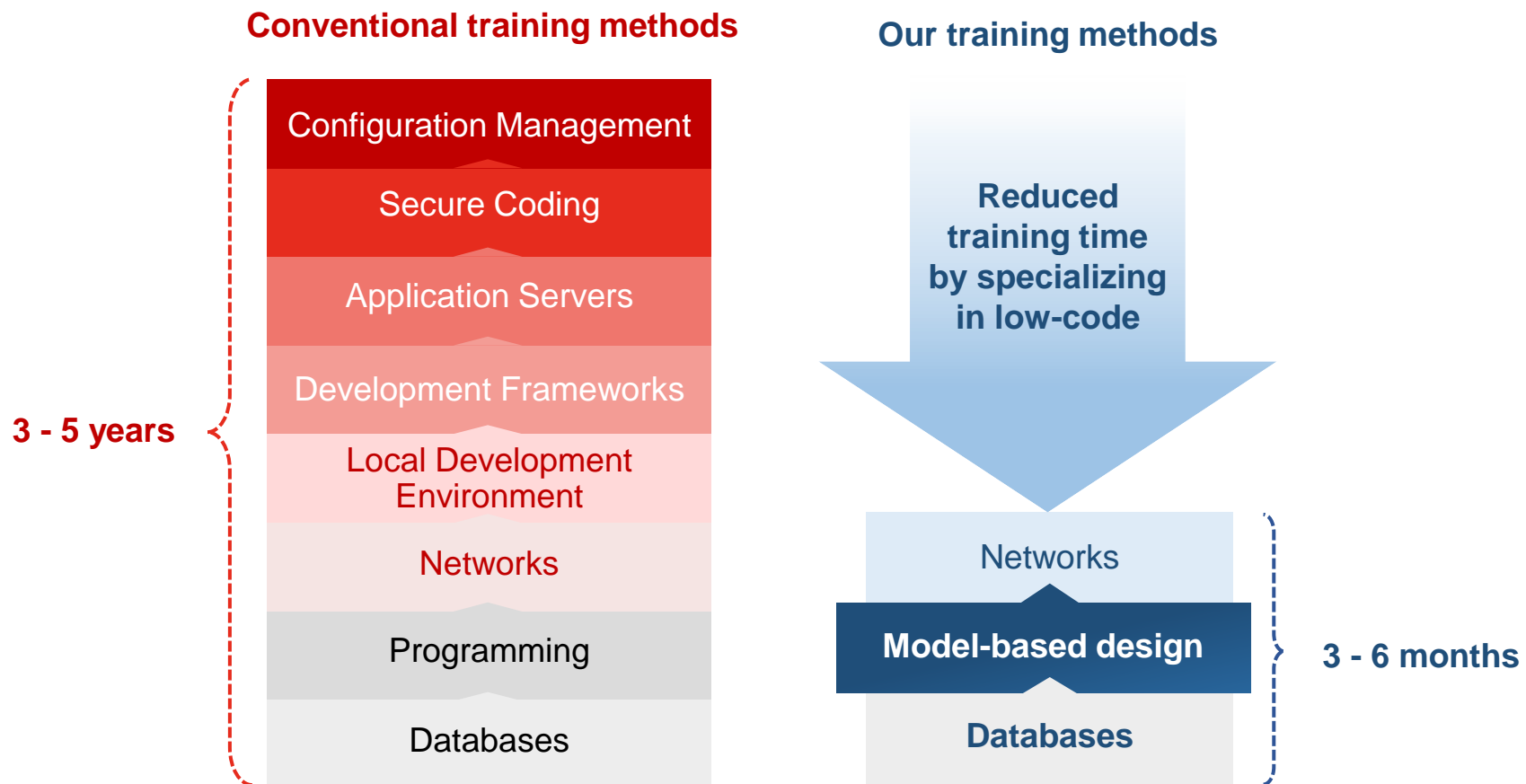
Numbers of group employees

- The number of employees increased to 110, up approximately 20% from the end of the previous fiscal year.
- The number of engineers providing professional services increased by approximately 35% to 75, primarily through the recruitment and training of new graduates and mid-career IT inexperienced professionals, bringing the total number of engineers, including service partner engineers, to 169.



Unique academy for quick training of next-generation engineers

- We have shortened the training period for our engineers from 3 to 5 years to 3 to 6 months. This enables more than half of newly hired non-IT personnel to provide “Professional Services” within approximately one year.



“Regional DX Human Resource Development” for local governments

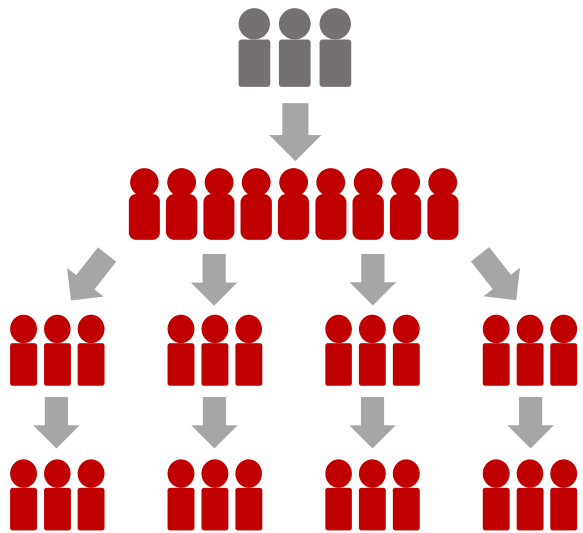
- An initiative to help local government’s DX that involves training non-IT personnel to become the next-generation DX human resources, addressing the issue of slowing economic growth as a result of Japan’s declining population.
- In Urasoe City, Okinawa Prefecture, approximately 80 new next-generation IT professionals were trained in one year. The city has received offers from other local governments for study visits and has attracted people from other cities to move in.



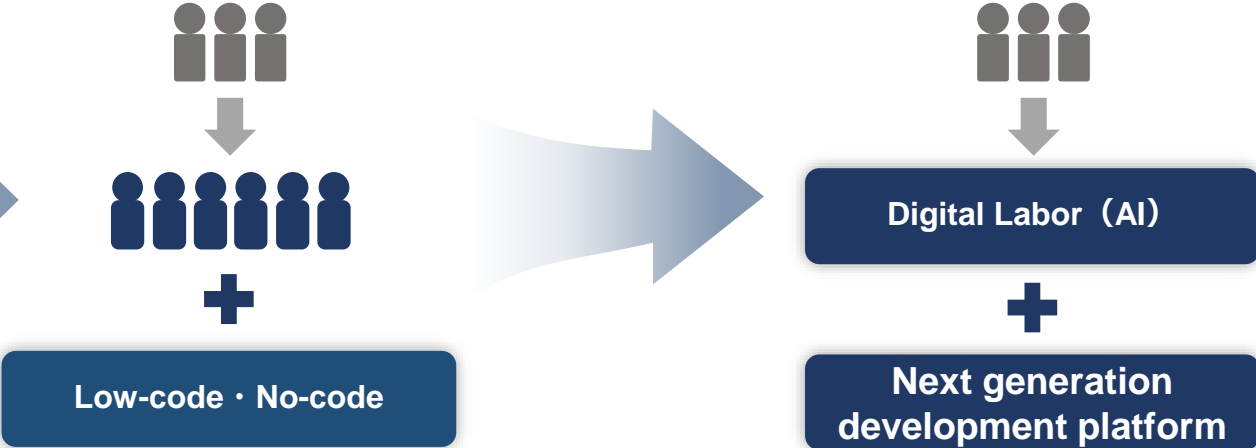
Investment in R&D

Eliminate system development that requires large numbers of engineers

Conventional system development by large teams



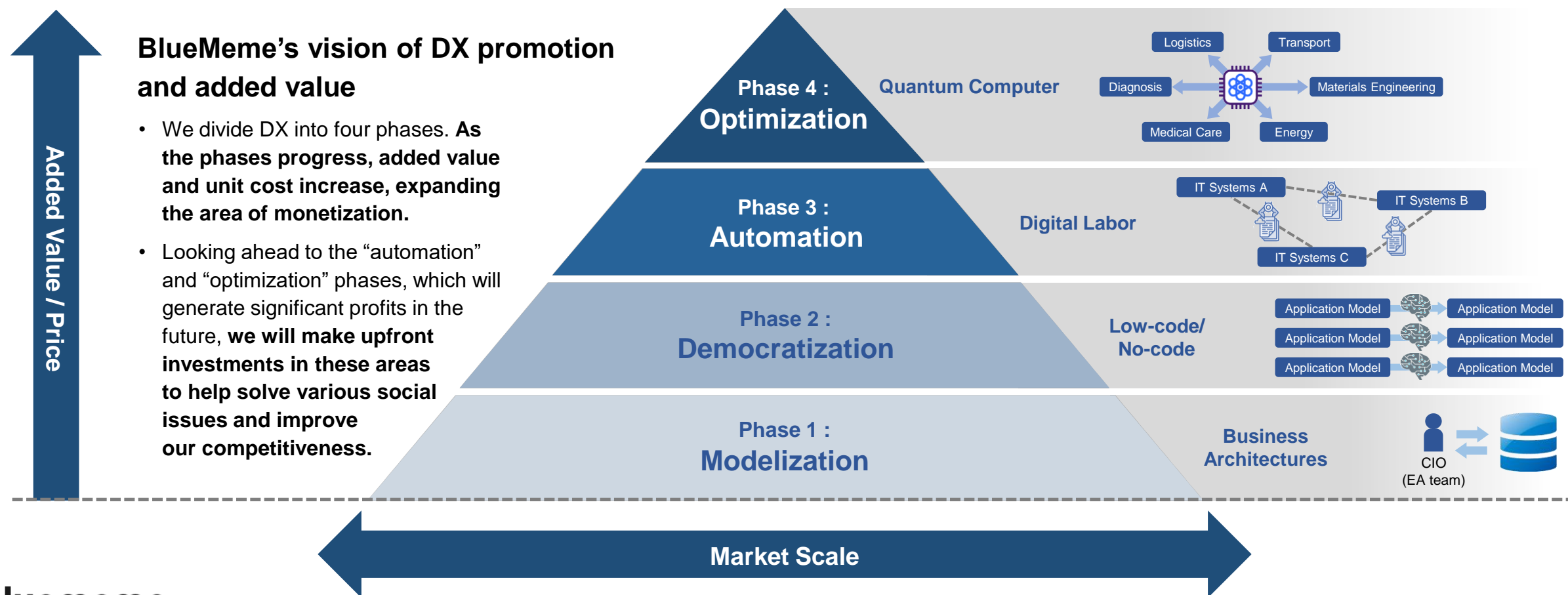
Next generation system development enabled by BlueMeme



True transformation (DX) requires automated system development

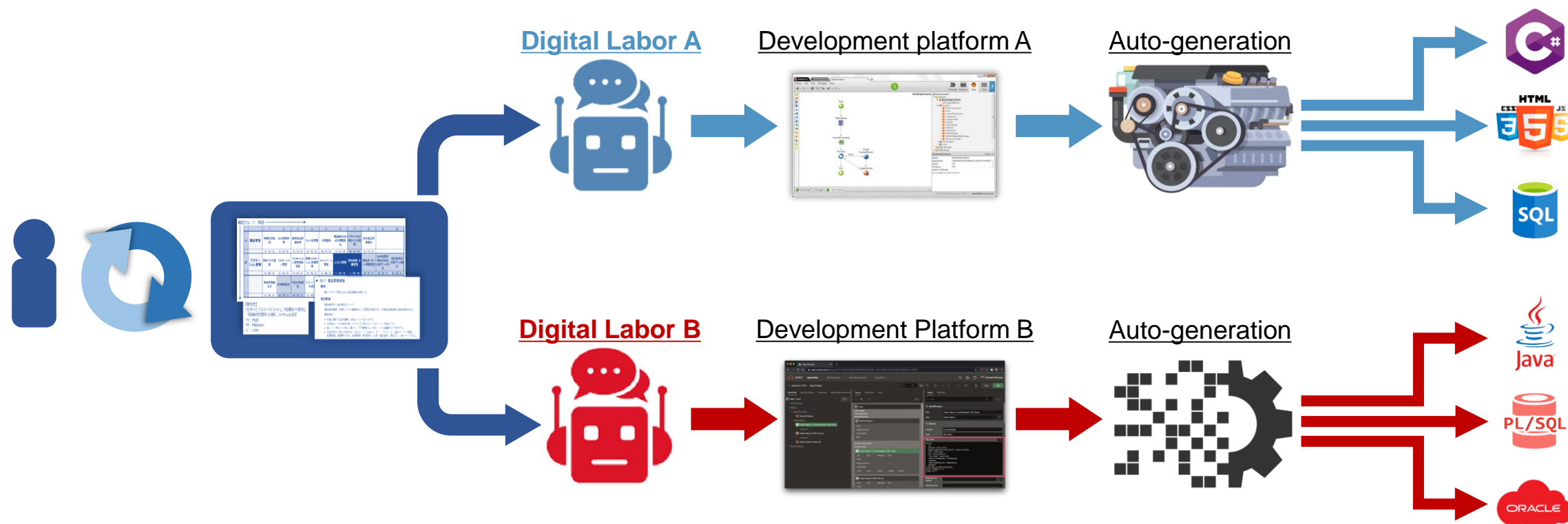
Upfront investment for future growth

- While steadily growing existing businesses, expand investment in human capital and R&D in preparation for the “automation” phase with “Digital Labor” and the “optimization” phase with quantum computing.



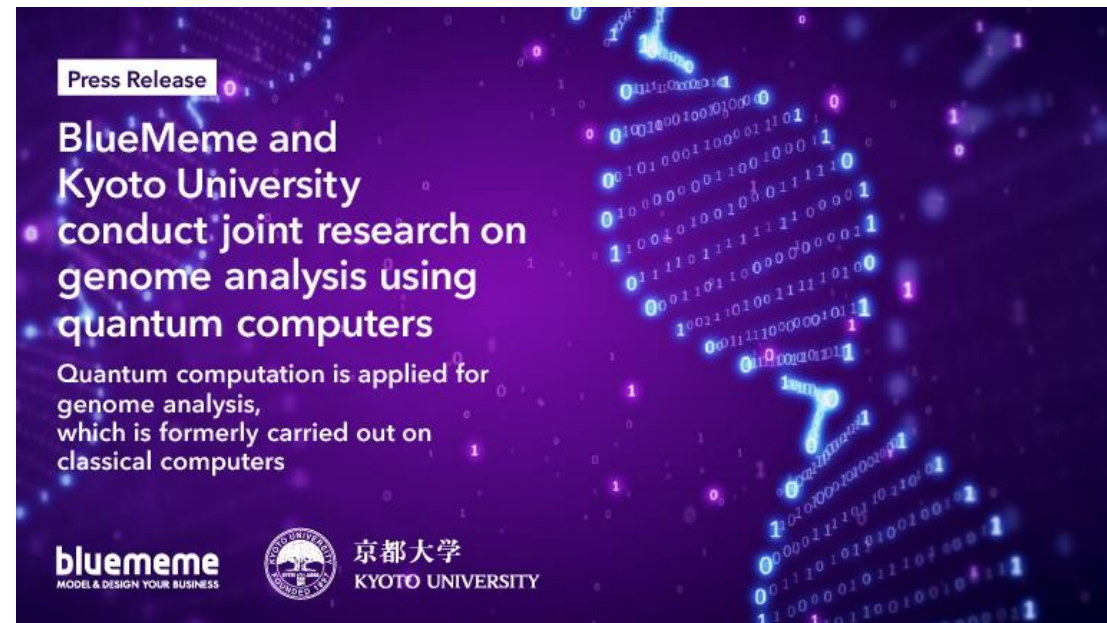
Co-development of “Digital Labor” for prompt engineering

- With the evolution of AI and innovations in low-code technology, the work of IT engineers is expected to shift from programming, which involves writing source code, to **prompt engineering**, which involves “accurately communicating the contents of the system to be created” to AI and low-code tools.
- The development of “Digital Labor” aims to effectively utilize “AI-based system development” which is predicted to be cause confusion.



Joint research on genome analysis using quantum computers with Kyoto University

- The implementation of algorithms by quantum computers is expected to solve a wide range of real-world problems by overcoming the computational limits of classical computers.
- In collaboration with Prof. Masao Nagasaki of Kyoto University, we have conducted a study on the performance of quantum computers in the computational tasks of existing genome analysis algorithms, targeting genome analysis in the “life science field” which aims to solve problems of disease, food, and the environment.
- We will continue to aim for social implementation in areas of advanced “optimization” that are impossible to achieve with current computing technology.



Financial forecast for fiscal year ending March 31,2024

Full-year consolidated earnings forecast

- Target sales growth of 18% year-on-year.
- Based on our growth strategy, we will continue to make aggressive investments in the following three areas.
 - “Sales Promotion” to build an organizational structure to build an organizational structure to meet the needs of new segments such as BFSI, municipalities, and educational institutions.
 - “Recruitment and Training” to secure human resources for professional services.
 - “R&D” to realize next-generation system development methods.

Unite : millions of yen

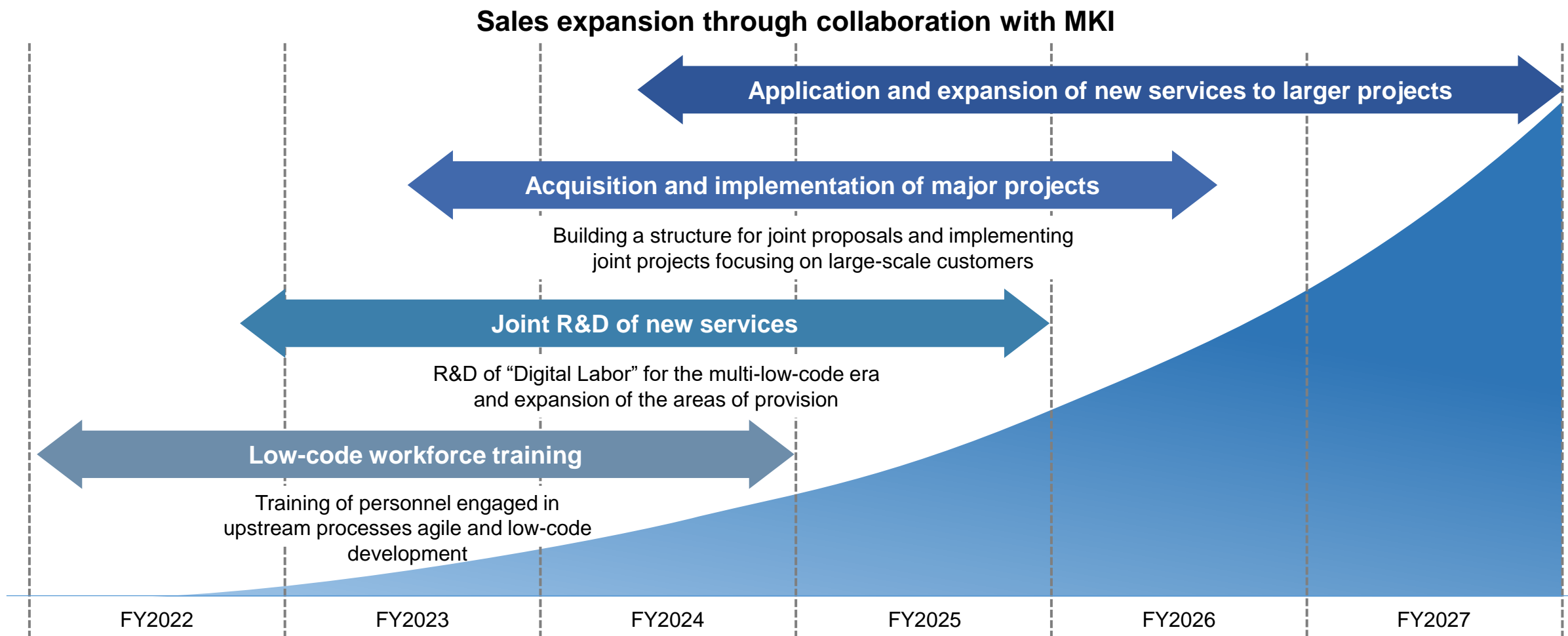
	FY2022 Results	FY2023 Forecast	YoY Change
Net sales	2,244	2,650	118%
Operating profit	309	310	100%
Ordinary profit	310	310	100%
Net profit	230	230	100%

*Amounts are rounded down to the nearest million.

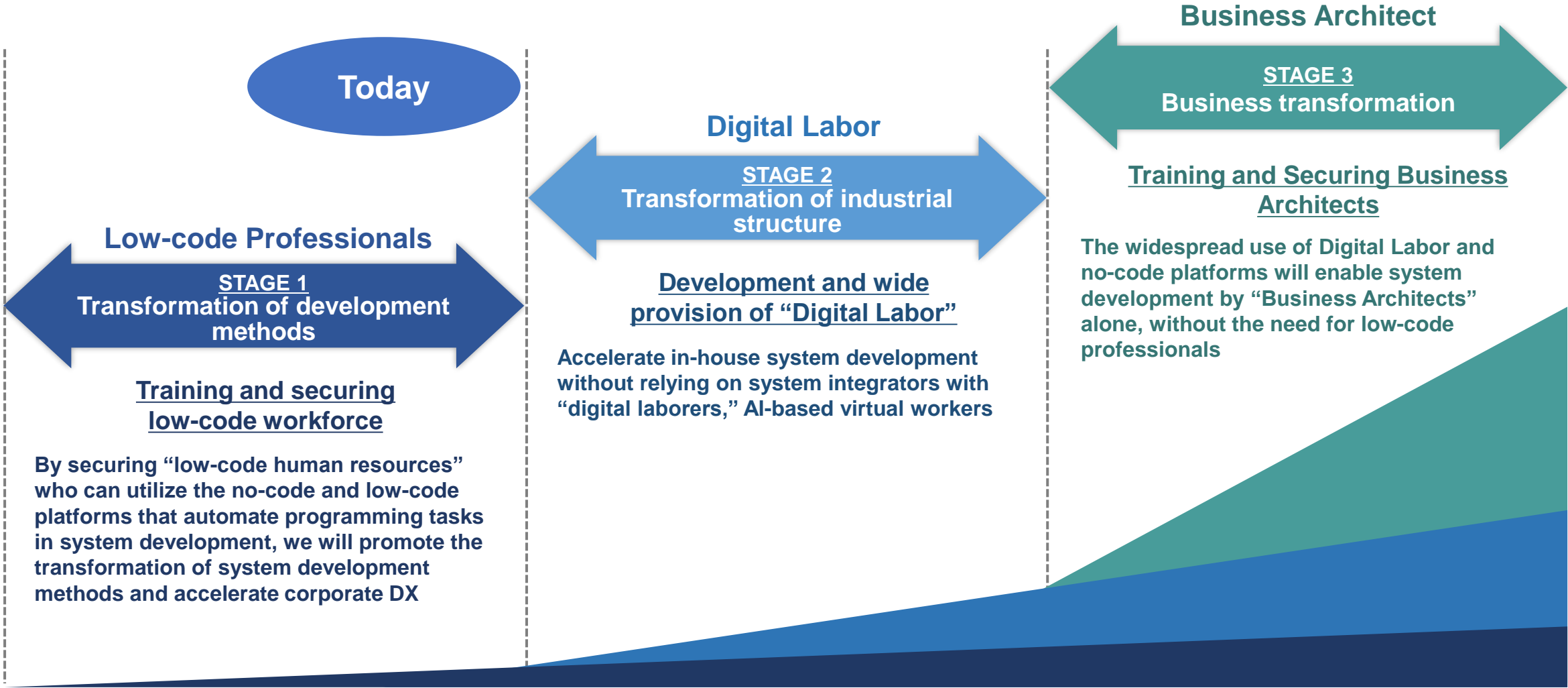
BlueMeme Group's growth strategy

Sales growth through capital alliance with MKI

- Proactively collaborate not only in existing business areas, but also in initiatives for future growth.

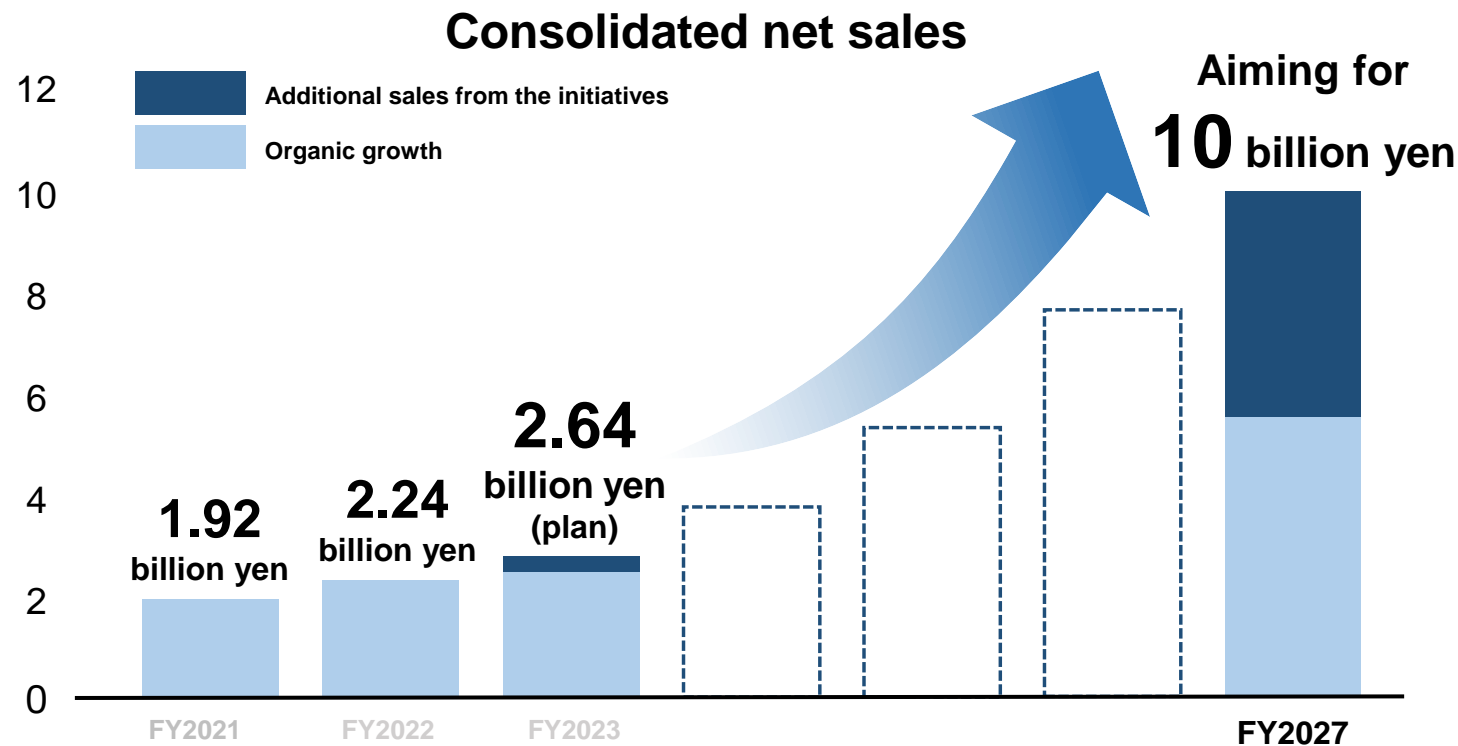


Growth drivers and sales expansion



Growth Strategy toward FY2027

- In addition to organic growth, we aim to increase sales through new services.
- In preparation for the expansion of business scale, we will actively invest not only in engineers but also in organizational reinforcement and structural transformation.



Initiatives

- Further acquisition of new customers
- Retention of existing customers and expansion of business
- Reinforcement of professional personnel through recruitment and training
- Increase FTE and operating rates
- Enhance and expansion of solutions offered
- Increase in unit sales price of services
- Development of new products and services, and expansion of alliances
- New business development related to key services
- Improving operational efficiency through “Digital Labor”

*Organic growth is expected to be 16-21% per year (assuming a market growth rate of 16% plus our market advantage of about 5%)

*The ratio of organic sales to “additional sales from the initiatives” in FY2027 is estimated to be around 5:5 to 6:4

*Mid-term business plan is being formulated aiming for disclosure during the first half of FY2023

Another initiative

Acquisition of treasury shares

- At the Board of Directors meeting held on March 9, 2023, the Board decided to purchase treasury shares to enable the execution of flexible capital measures in response to changes in the business environment. We plan to flexibly implement measures to return profits to shareholders as one of our key strategies, while considering stock market conditions and our business strategy.

1. Type of shares to be acquired : Common stock
2. Total number of shares to be acquired : Up to 140,000 shares
(4% of total shares outstanding excluding treasury stock)
3. Total amount to be paid for acquisition : Up to 200,000,000 yen
4. Period of acquisition : March 10, 2023, to September 9, 2023
5. Method of acquisition : Purchase on the Tokyo Stock Exchange

- Accumulated total of shares acquired until April 30, 2023

Total number of shares to be acquired : 19,500 shares
Cost of acquisition : 29,539,100 yen

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 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.

We undertake no obligation to change or revise any of our forward-looking statements in light of new information or future events that may occur after the date hereof.

The information contained herein concerning matters and organizations other than our own is based on publicly available information and has not been verified for accuracy or appropriateness and is not guaranteed by us.



Thank you for your time and attention.