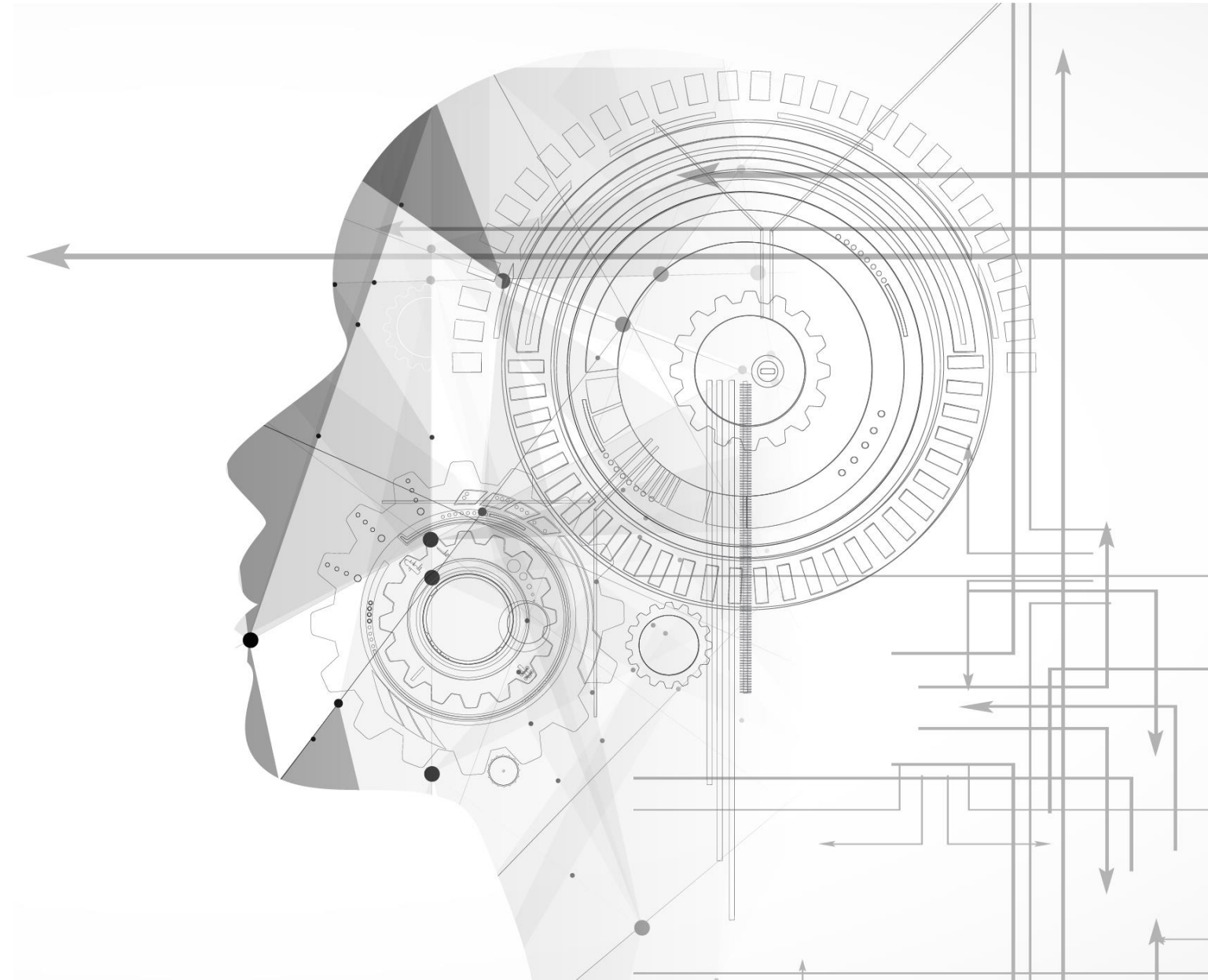


First quarter of the fiscal year ending
March 2024 (FY2024)
Supplementary Materials for
Earnings Results

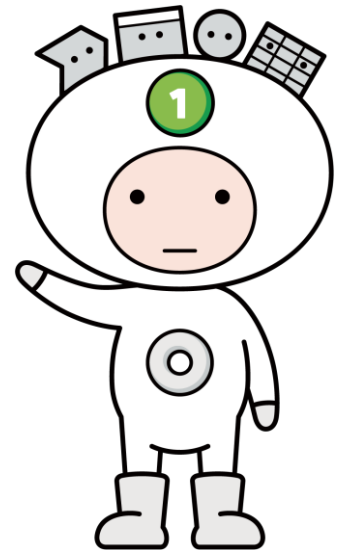
August 14, 2023
BlueMeme Inc.



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*All monetary values in this publication are rounded down to the nearest whole number and percentages are rounded to the first decimal place.



First Quarter Results for the Fiscal Year Ending March 31, 2024

FY2024 Q1 results summary

 Net Sales	Q1 617.34 million yen	YoY comparison 122.8%	Progress 23.3%
 Operating Profit	Q1 80.82 million yen	YoY comparison 176.1%	Progress 26.1%

- Net sales increased by 22.8% year-on-year, primarily due to the expansion of ongoing projects for existing customers and new projects.
- The increase in operating profit was due to higher license sales, mainly from upgrades by some existing customers.

Quarterly sales and operating profit

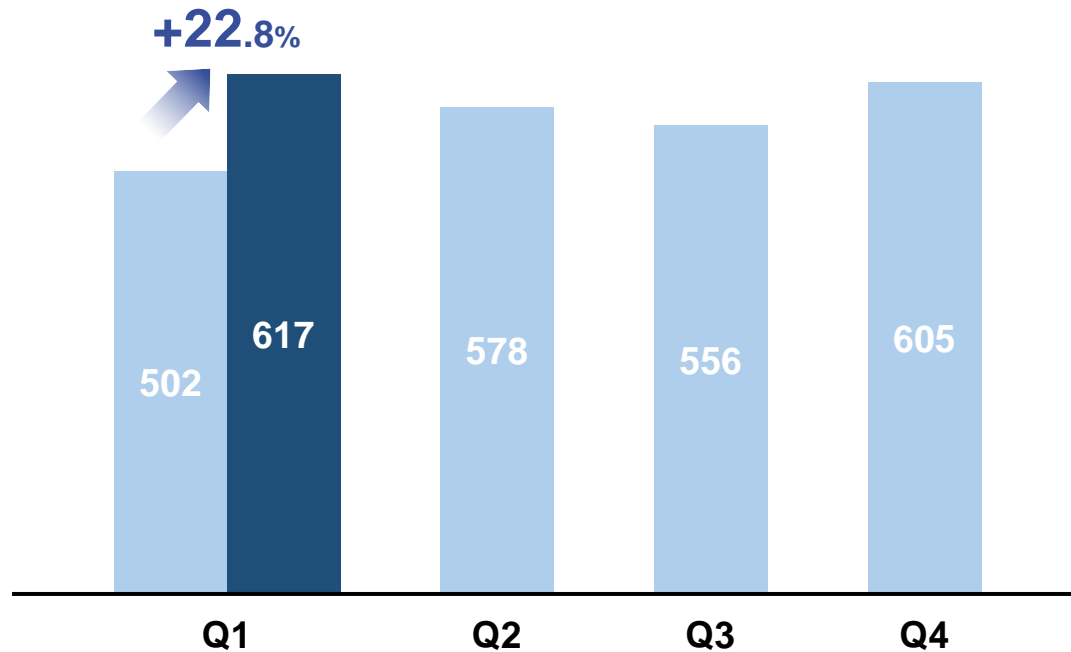
- Net sales increased steadily year-on-year.
- Operating profit increased by approximately 76% year-on-year due to increased license sales.

Unit: millions of yen

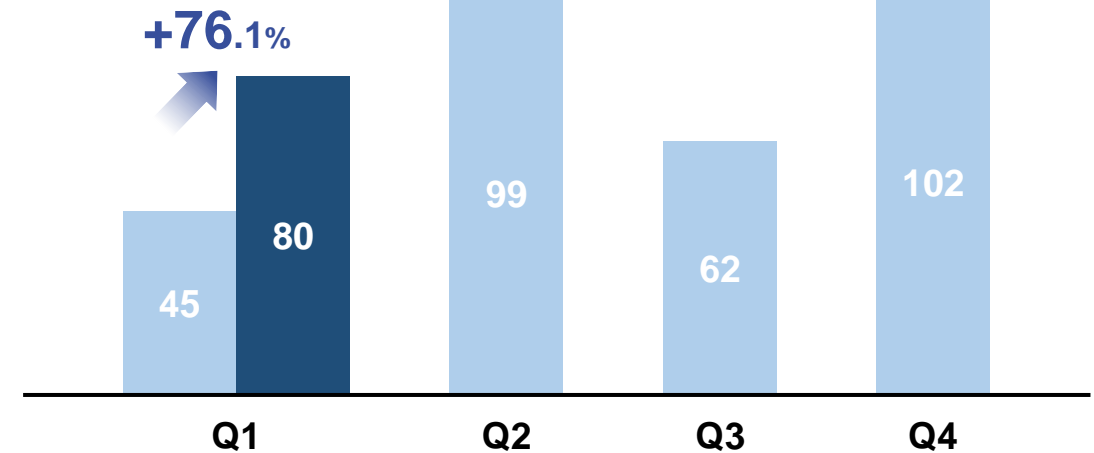
FY2023

FY2024

Net Sales



Operating Profit



Q1 FY2024 results

- **Net sales continued to grow**, driven by customers' aggressive IT investments.
- Despite continued active investment mainly in R&D from the previous year, **operating profit increased year-on-year** mainly due to higher license sales.

Unit: millions of yen

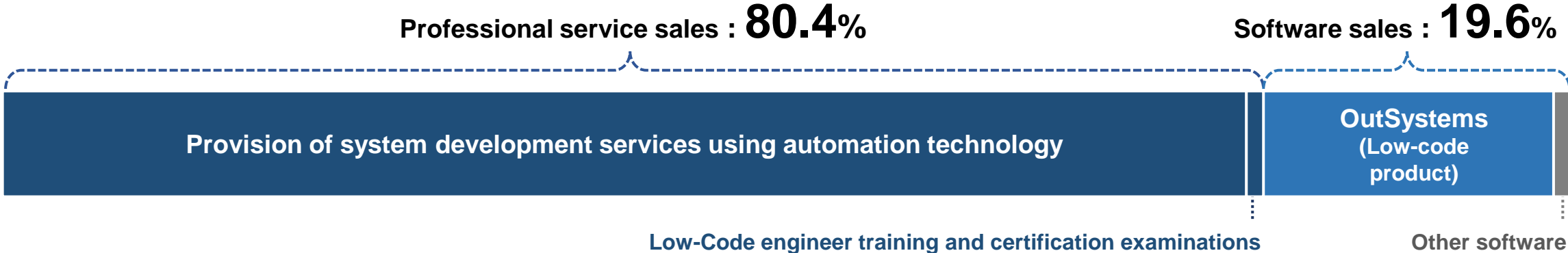
	Q1 FY2023 results	Q1 FY2024 results	YoY change
Net sales	502	617	22.8%
Operating profit	45	80	76.1%
Operating profit margin	9.1%	13.1%	—
Ordinary profit	45	81	79.6%
Net profit	30	47	56.6%

*Amounts are rounded down to the nearest million.

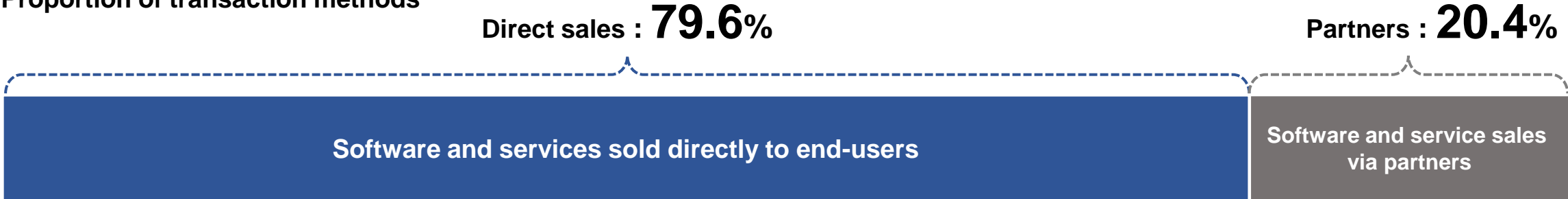
Services and software sales composition and breakdown (Q1 FY2024)

- Professional service, the mainstay of the business, continue to account for around 80% of sales.
- Direct sales remain high at around 80% regarding the ratio of direct/indirect (via partners) transactions.

Proportion of sales by service



Proportion of transaction methods



Quarterly sales by service

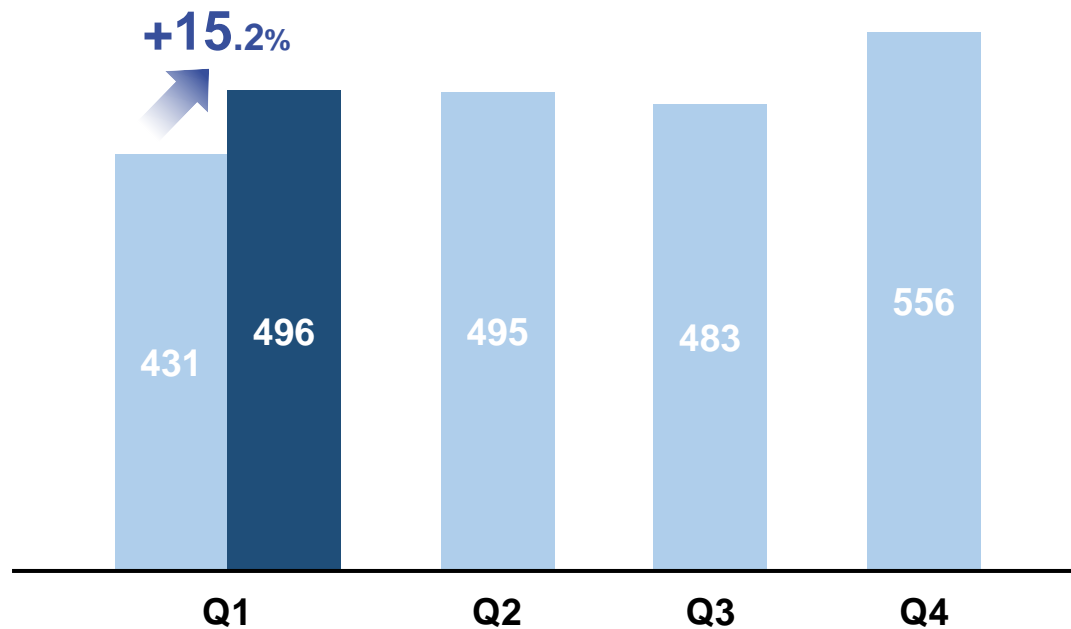
- Professional service sales continued to grow steadily year-on-year.
- Software license sales increased by 69% year-on-year due to active IT investment by customers.

Unit: millions of yen

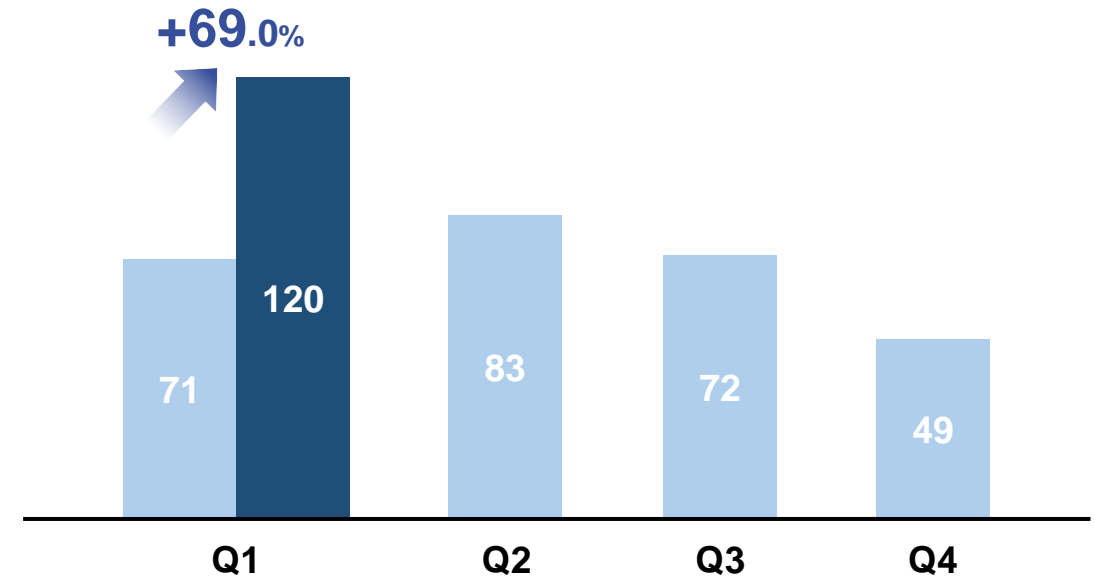
FY2023

FY2024

Professional Service

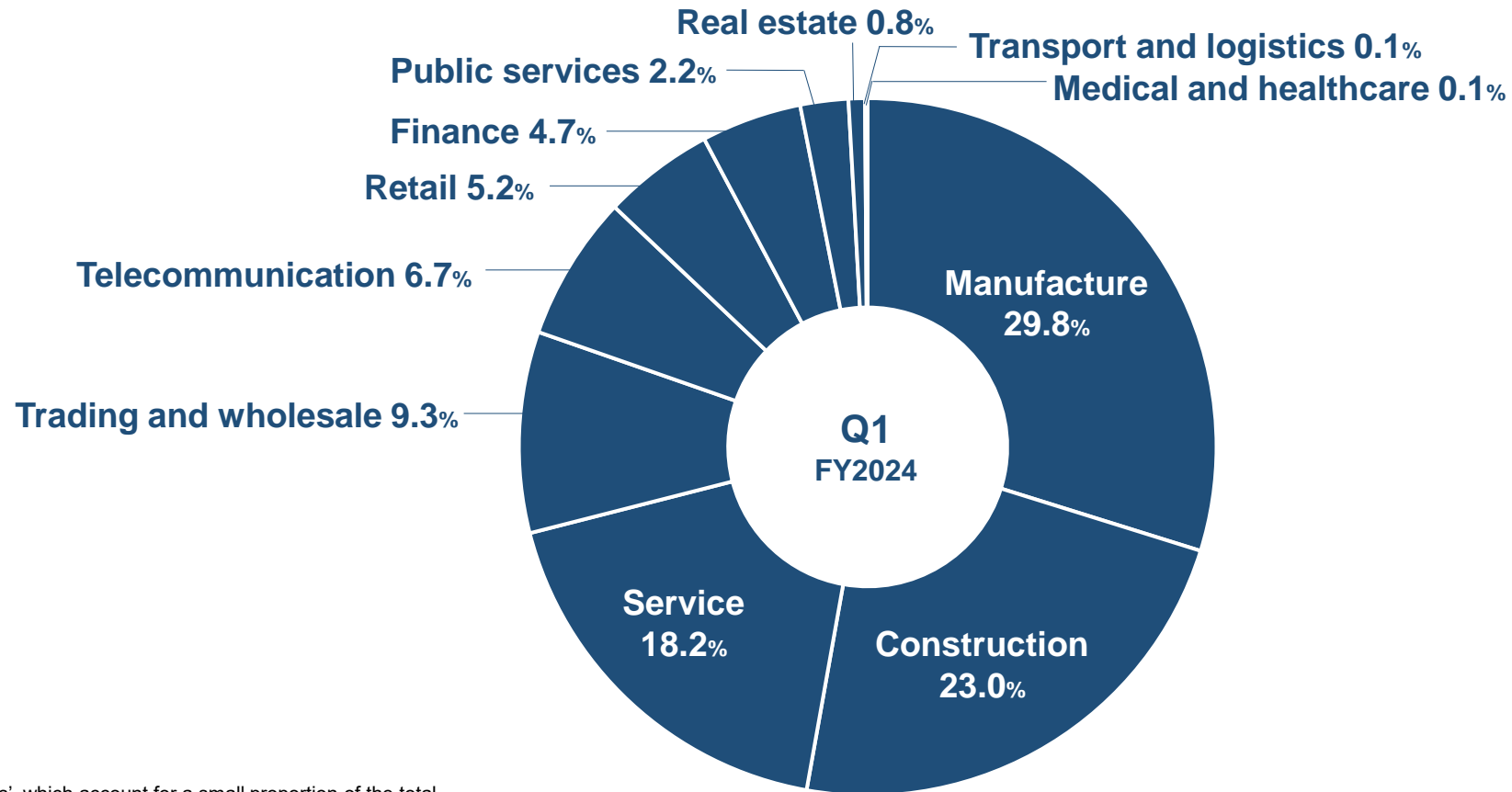


Software License



Orders received by industry (Q1 FY2024)

- Although the Group's services are not specific to any sector or industry, a high proportion of its services are provided to the manufacturing, construction and service sectors.



*Excluding 'training services', which account for a small proportion of the total.

Operating profit analysis

- Continued upfront investment to accelerate future growth.
- **Operating profit increased by 76.1%** due to strong license sales, despite an increase in recruitment and training-related costs as a result of accelerated recruitment and development of human resources, including engineers, as well as expenses for development in preparation for new services such as digital labor and joint research on genome analysis using quantum computers.

Year on year comparison

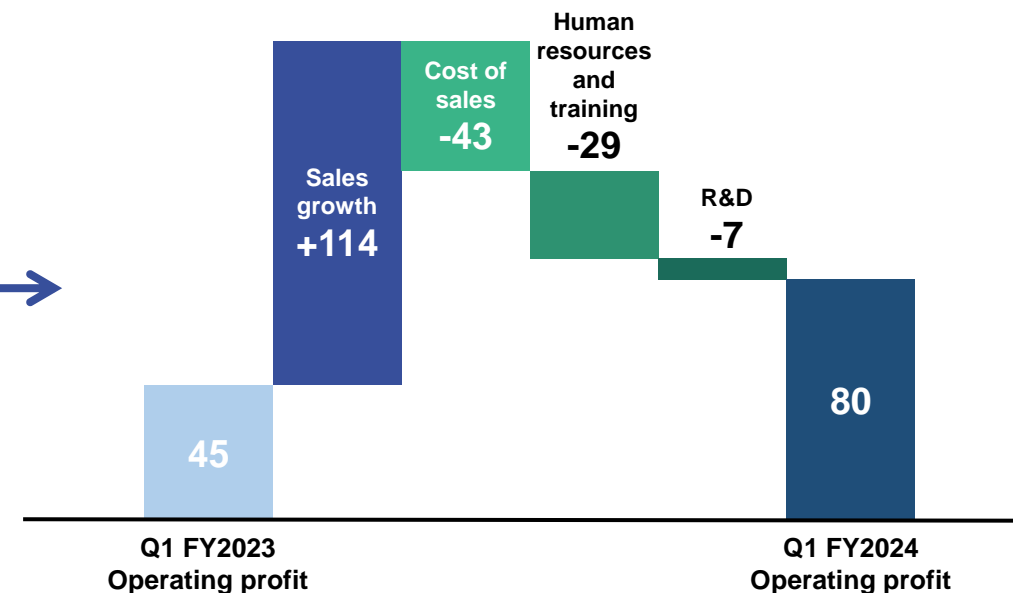
Unit: millions of yen

	1Q FY2023	Q1 FY2024	YoY change	YoY change
Net sales	502	617	114	22.8%
Operating profit	45	80	34	76.1%
Ordinary profit	45	81	36	79.6%
Net profit	30	47	17	56.6%

*Amounts are rounded down to the nearest million.

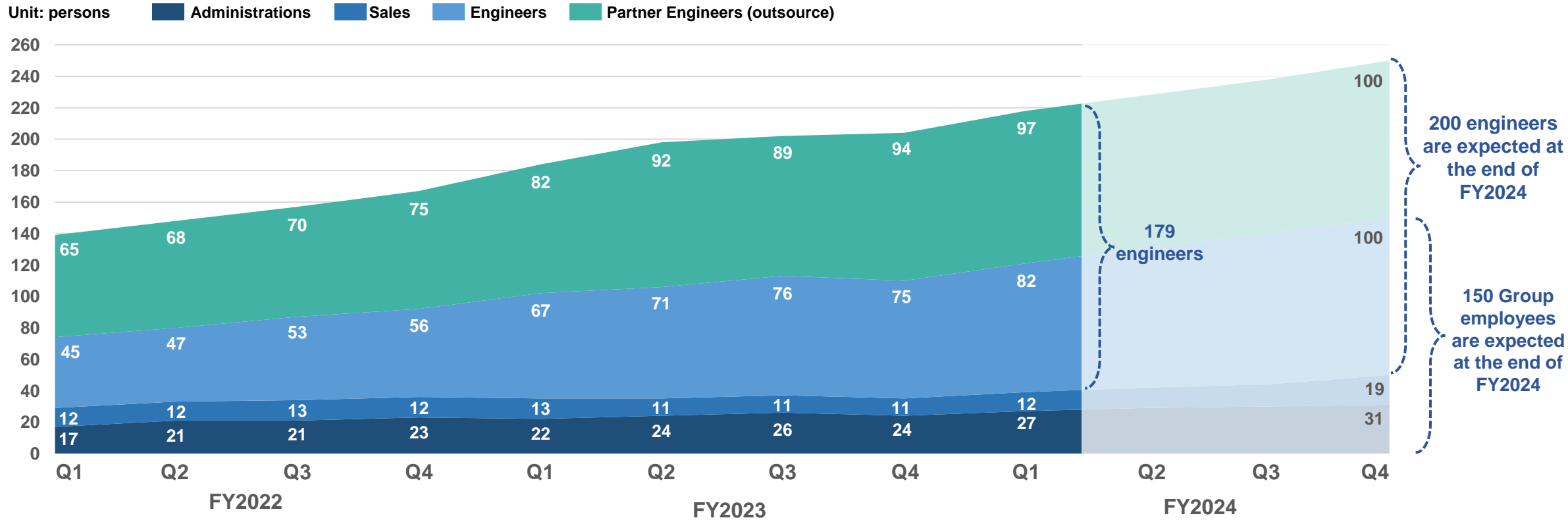
Key factor analysis on operating profit

Q1



Numbers of Group Employees

- The number of employees increased by 11 compared to the end of the previous year to 121.
- The number of engineers providing professional services increased by seven to 82, mainly through the recruitment and training of new graduates and mid-career non-experienced personnel. The total number of engineers in the Group, including service partner engineers, amounted to 179 at the end the current quarter under review.



Financial Forecast for Fiscal Year Ending March 31,2024

Full-year Forecasts

Unit: millions of yen

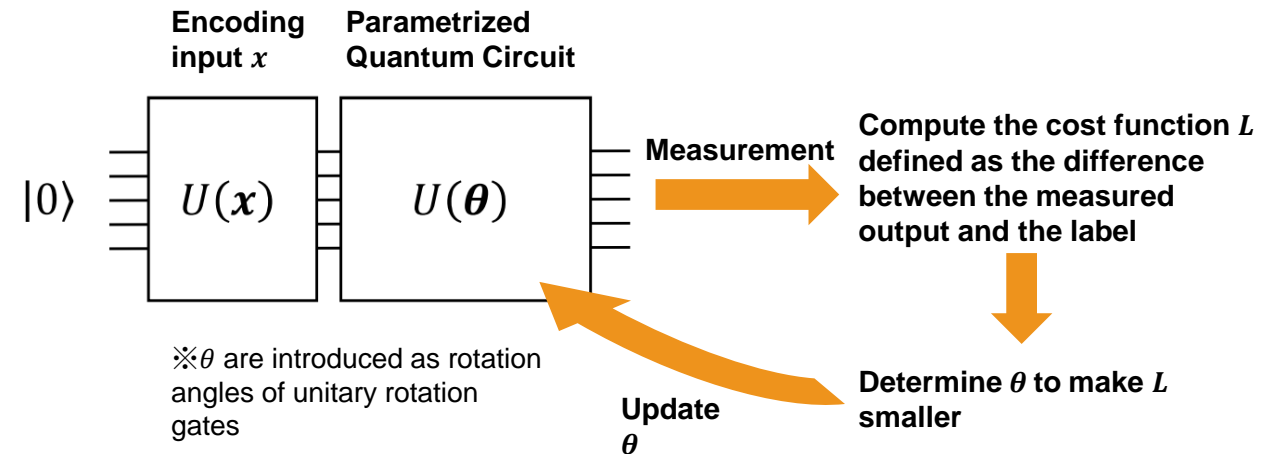
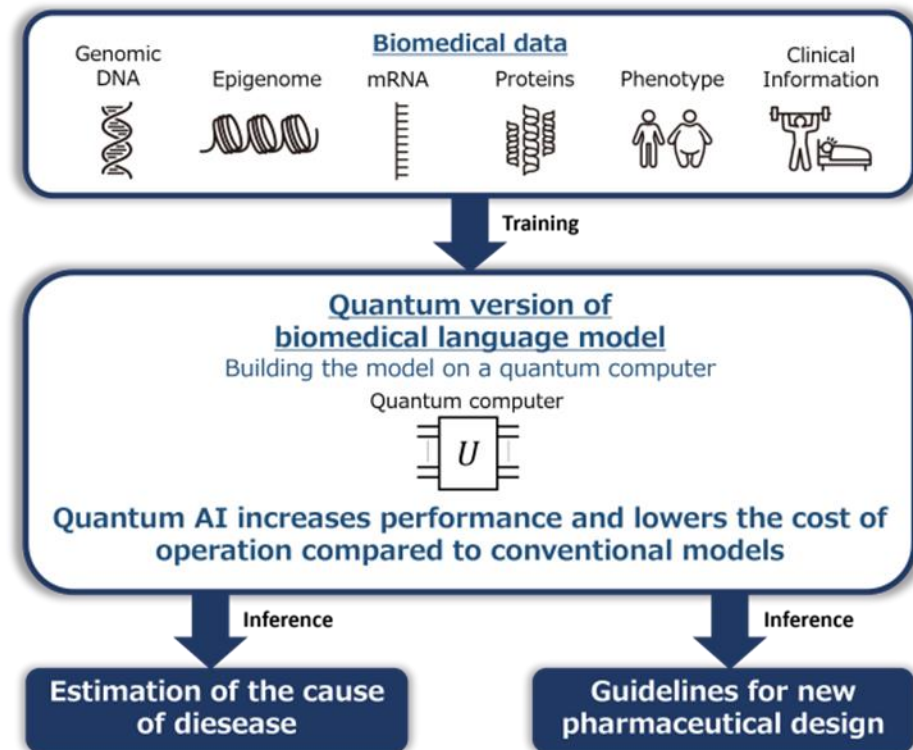
	Q1 FY2024	Full-year forecast FY2024	Full-year progress	*Reference FY2023 (results)	*Reference YoY change
Net sales	617	2,650	23.3%	2,244	18.1%
Operating profit	80	310	26.1%	309	0.0%
Ordinary profit	81	310	26.4%	310	-0.1%
Net profit	47	230	20.7%	230	-0.1%

*Amounts are rounded down to the nearest million yen.

Major Topics

Initiatives in the field of biomedical information analysis using quantum computing

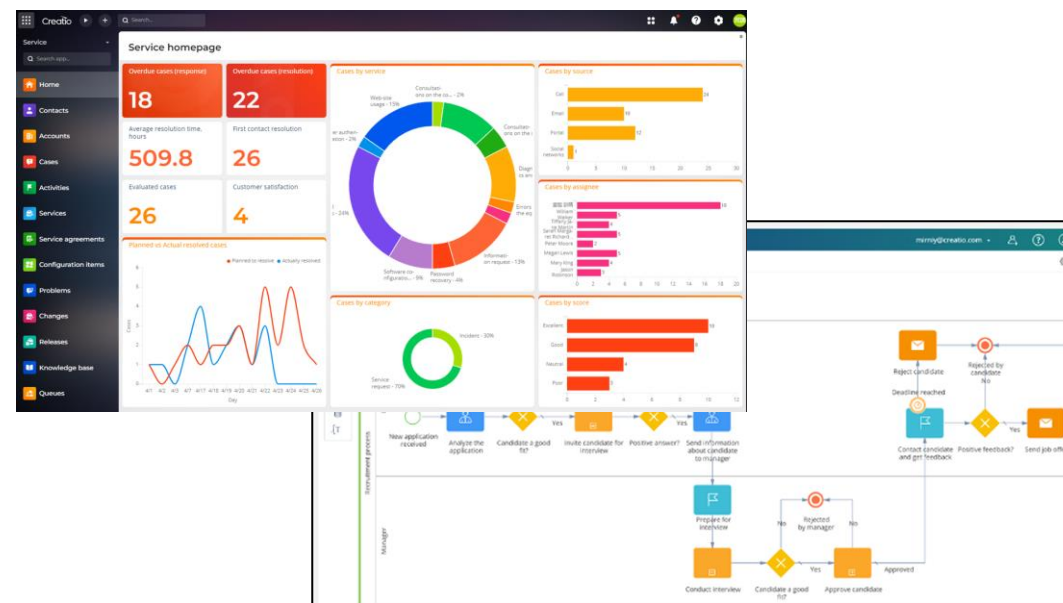
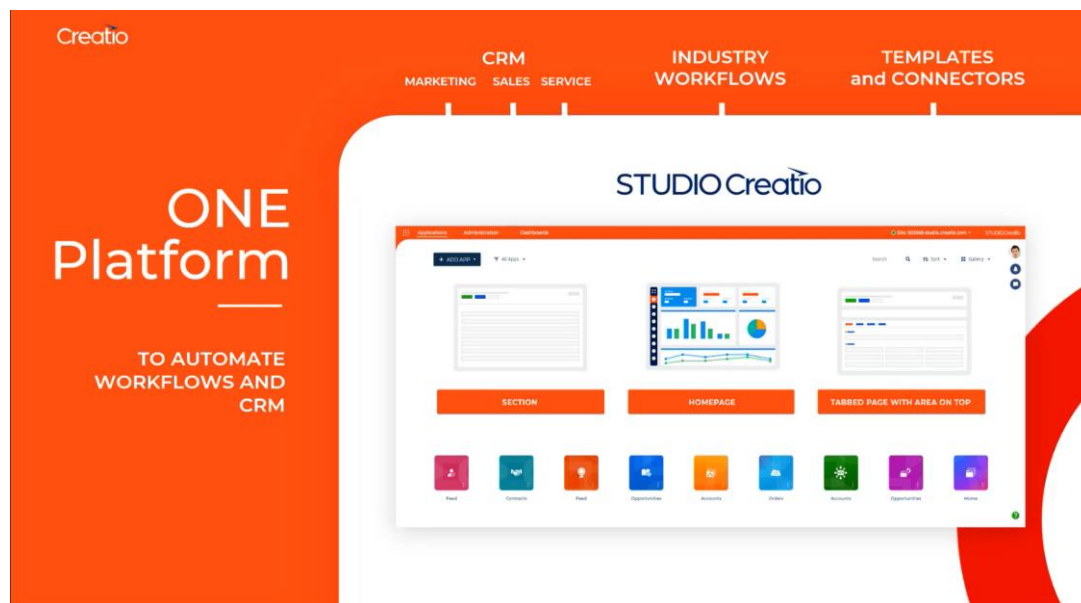
- BlueMeme, in partnership with the Kyushu University's Medical Institute of Bioregulation, is developing biomedical language models that can be used in medical research and clinical treatment. By using quantum AI technology on quantum computers to build biomedical language models, the project aims to **reduce the computing resources required to develop large-scale language models**, which are currently very costly.



In a typical neural network, the neurons are trained by tuning their parameters. While in the case of Quantum AI, the rotation angles of the rotation gates, which rotate the qubits at various angles, are considered as parameters to be tuned. Compared to neural networks, **Quantum AI is said to be superior in context-search tasks such as understanding the meaning of language and sentence generation.**

OpenModels and Creatio signed exclusive partnership in Japan

- OpenModels has signed an exclusive distributorship agreement in Japan with US-based Creatio Inc, the market leader in no-code development platforms for the enterprise marketing and sales domain.
- Various initiatives were launched to expand sales of Creatio in Japan, including building and managing sales partner organizations, localization, and developing and providing training programs.
- Furthermore, combined with the BlueMeme Group's knowledge of enterprise agile development methods, BlueMeme supports the use of Creatio by a wide range of users, from large corporations to small and medium-sized enterprises.



Location agreement with Kumamoto Prefecture and Kumamoto City to promote local DX (Digital Transformation) human resource development

- The Kumamoto office plans to increase the number of Citizen Developers (citizens as software developers) and promote the development of new DX human resources through entrusted development and support for in-house development.
- For citizens, no-code/low-code reduces learning costs and accelerates the shift to high-paid IT personnel capable of remote work.
- For local companies, the BlueMeme business analysis methodology is provided to encourage business improvement and support in-house production using low code, thereby promoting flexible system development and transformation into an organization that is resistant to change.



70% reduction in development man-hours in University of the Ryukyus project

- BlueMeme and its wholly owned subsidiary, OpenModels, provided AGILE-DX to help solve social issues addressed by the University of the Ryukyus (Okinawa prefecture).
- By applying AGILE-DX, the project was completed in a short timeframe of three months from design to release, with only three project members.
- Compared to the original plan, the overall project man-hours were reduced by approximately 70%.

Press Release

BlueMeme Group Reduces Development Time by 70% Using Low-code and Agile Methodologies for Project at University of the Ryukyus

Contribute to solving local issues through in-house development using "AGILE-DX"

bluememe openmodels UNIVERSITY OF THE RYUKYUS

AIで“子どもの貧困対策”を支援 RBC NEWS Link

既存のシステムと協調し、業務のDX化を促進！ 琉大などが開発

琉球大学 きょう

寄付の窓口で導入中の物流管理システム

受取を希望する子どもの居場所が入力

Next Navinity

AIアプリ「うむゆい」

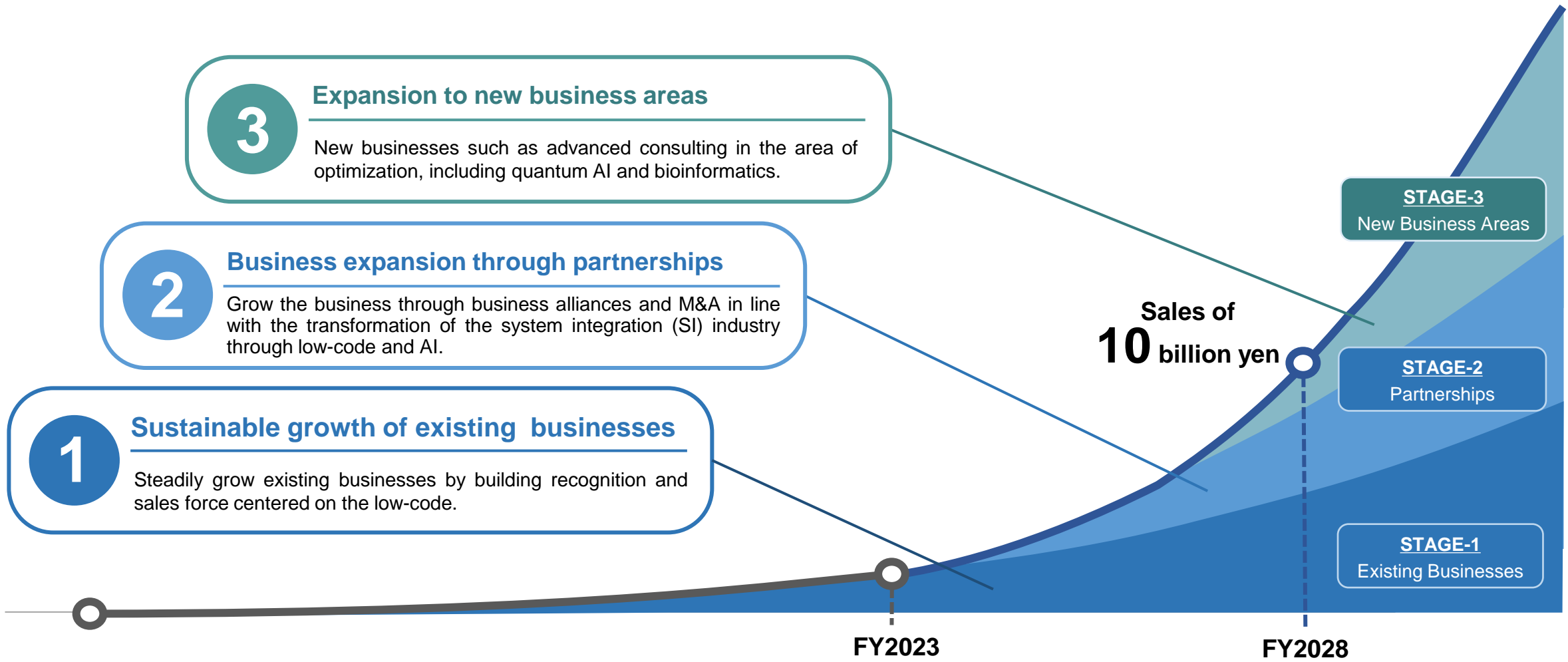
Google Forms

昨年度 SDGsの社会課題解決に向けたプロジェクトの一環 学生と企業が連携し開発

(Quote) RBC NEWS Link : “Helping to fight poverty: University students develop AI app to calculate the right allocation of foodstuffs” : Ryukyu Broadcasting Corporation, April 27, 2023; <https://www.youtube.com/watch?v=cY1WgWmtQ5g>

Supplementary Information

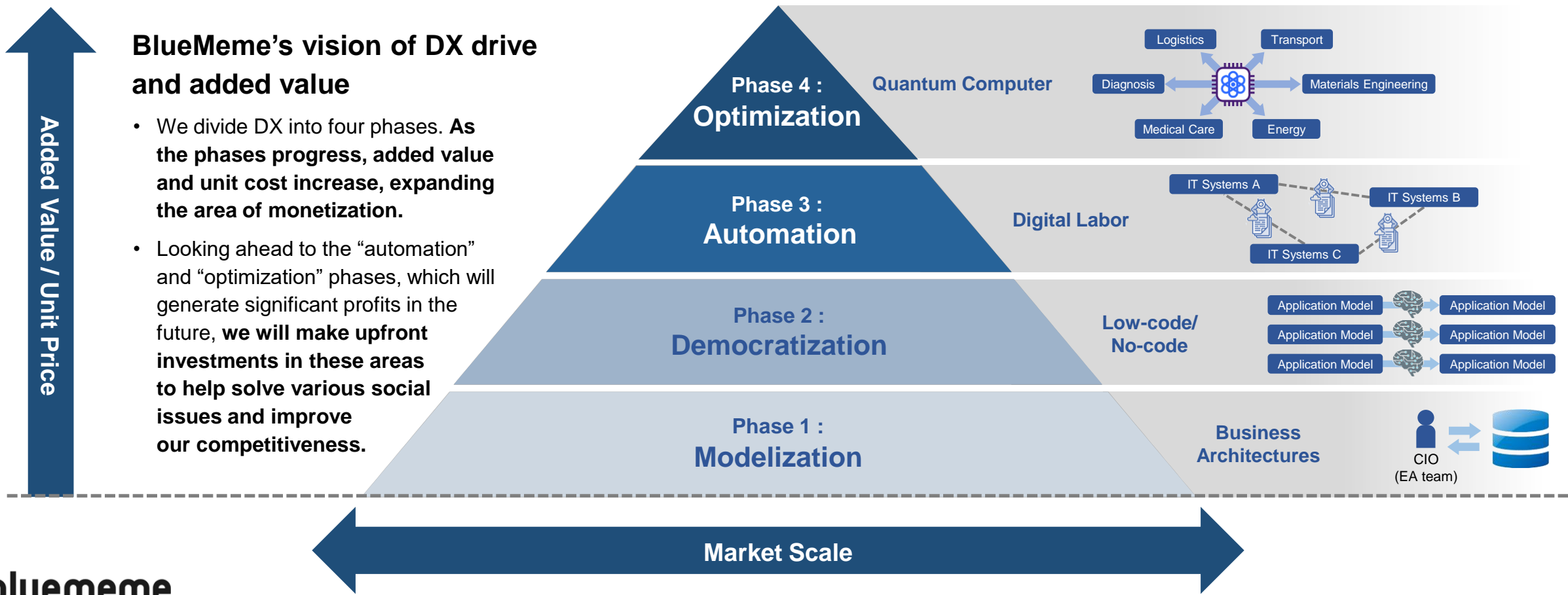
Growth strategy and sales vision



*Growth of existing business is estimated to be 16-21% per year (assuming a market growth rate of 16% plus our market advantage of about 5%)
*The ratio between existing business (STAGE-1) sales and the additions from initiatives (STAGE-2 and STAGE-3) in FY2028 is estimated to be around 5:5 to 6:4.

Acceleration of human investment in “digital labor” and “quantum computing” for further growth

- Digital labor: further automation of system development using AI to accelerate the digitalization of our development structure.
- Quantum computers: contribute to the realization of optimization in all fields, including joint research on genome analysis.



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.