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Consolidated Financial Results
for the third quarter of the fiscal year ending March 31, 2024 (FY2024)
(Japanese GAAP)

February 14, 2024

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 Third quarter of FY2024 (April 1, 2023 - December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Net profit attributable to owners of parent | |
|-----------|-------------|------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Q3 FY2024 | 1,804 | 10.2 | 149 | (27.9) | 151 | (27.4) | 79 | (42.2) |
| Q3 FY2023 | 1,638 | 16.3 | 207 | (27.6) | 208 | (23.4) | 138 | (25.6) |

*Comprehensive income: Q3 FY2024 80 million yen(-41.8%), Q3 FY2023 138 million yen (-%)

| | Earnings per share | Diluted earnings per share |
|-----------|--------------------|----------------------------|
| | Yen | Yen |
| Q3 FY2024 | 22.99 | 22.36 |
| Q3 FY2023 | 39.53 | 37.83 |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio |
|-----------|--------------|-------------|----------------------------|
| | Million yen | Million yen | % |
| Q3 FY2024 | 2,876 | 2,488 | 86.5 |
| FY2023 | 3,016 | 2,587 | 85.8 |

(Reference) Shareholders' equity: Q3 FY2024 2,488 million yen, FY2023 2,587 million yen

2. Cash Dividends

| | Annual dividend | | | | |
|-------------------|-----------------|----------------|---------------|-----------|-------|
| | First quarter | Second quarter | Third quarter | Full year | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2023 | — | 0.00 | — | 0.00 | 0.00 |
| FY2024 | — | 0.00 | — | | |
| FY2024 (Forecast) | | | | 0.00 | 0.00 |

* Revision from the most recently published forecast: none

3. Forecast of Consolidated Financial Results for the FY2024 (April 1, 2023 - March 31, 2024)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-------------|------|------------------|-----|-----------------|-------|---|-------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full Year | 2,650 | 18.1 | 310 | 0.0 | 310 | (0.1) | 230 | (0.1) | 65.40 |

* Revision from the most recently published forecast: None

*Notes

1. The current financial report is not subject to audit by certified public accountants or auditing firms.
2. Cautionary statement with respect to forward-looking statements. Forecasts of future performance in these materials are based on assumptions judged by information available to the Group's management at the time the materials were prepared but does not guarantee the Group's future performance. Actual results may materially differ from the forecasts.

Table of Contents

| | |
|--|---|
| 1. Qualitative information on the current quarter's results..... | 2 |
| (1) Summary of operating results..... | 2 |
| (2) Summary of financial position..... | 2 |
| (3) Consolidated financial forecasts and other forward-looking information..... | 3 |
| 2. Consolidated financial statements and key notes..... | 4 |
| (1) Balance sheet..... | 4 |
| (2) Profit and loss statement and comprehensive income | 5 |
| (3) Notes to consolidated financial statements..... | 7 |
| (Notes on going concern assumption) | 7 |
| (Notes on substantial changes in the amount of shareholders' equity)..... | 7 |
| (Notes on changes in the scope of consolidation or application of equity method) | 7 |

1. Qualitative information on the current quarter's results

(1) Summary of operating results

During the third quarter of the year under review (April 1st, 2023 – December 31, 2023), the outlook for the Japanese economy remained uncertain due to rapid exchange rate fluctuations, high resource prices, political instability associated with conflicts in Eastern Europe and the Middle East, continued high inflation and rapid monetary tightening, particularly in Western developed countries.

Despite these circumstances, in the information service industry to which the Group belongs, demand for digital transformation ("DX") remains strong, not only to improve management efficiency and productivity in response to a declining labor force, but also to promote digital business that generates new value and profits using technology. In particular, demand for IT investments is expected to remain strong due to the predicted future shortage of engineers and active efforts to modernize information systems in preparation for technological innovation. On the other hand, there are concerns that there may be a growing tendency to postpone investment decisions due to changes in the global situation and the tightening of monetary policy.

Under these conditions, the Group provides services that assist Japanese companies with in-house system development by utilizing low-code technology and its unique development methodology. The Group operates a DX business with the mission of improving the international competitiveness of Japanese companies, based on its corporate philosophy of "creating new values, changing norms, and evolving culture".

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 "Professional Services," the provision of consulting and entrusted development utilizing OutSystems® and other low-code platforms continued to expand steadily. The Group also focused on recruiting and training Group employee engineers and securing service partners in preparation for future demand growth, as well as on research and development to improve the efficiency of service provision. In "Software License Sales," the Group strives to promote the continued customer use of the products handled by the Group, primarily "OutSystems®," which are sold in combination with "Professional Services," and to expand sales of such products.

As a result of the above, net sales amounted to 1,804,850 thousand yen (increase of 10.2% year-on-year), operating profit 149,560 thousand yen (decrease of 27.9% year-on-year), ordinary profit 151,078 thousand yen (decrease of 27.4% year-on-year) and net profit attributable to owners of the parent 79,911 thousand yen (decrease of 42.2% year-on-year). Segment information is omitted since the Group has a single business of DX business.

(2) Summary of financial position

(Assets)

Current assets amounted to 2,561,888 thousand yen, a decrease of 232,380 thousand yen compared to the end of the previous financial year. This was mainly due to a decrease in accounts receivable. Non-current assets amounted to 314,271 thousand yen, an increase of 91,636 thousand yen compared to the end of the previous financial year. This increase was mainly due to the acquisition of tangible fixed assets. As a result, total assets amounted to 2,876,160 thousand yen, a decrease of 140,744 thousand yen compared to the end of the previous

financial year.

(Liabilities)

Current liabilities amounted to 335,346 thousand yen, a decrease of 57,921 thousand yen compared to the end of the previous financial year. This was mainly due to a decrease in accounts payable. Non-current liabilities amounted to 52,646 thousand yen, an increase of 16,435 thousand yen compared to the end of the previous financial year. This was mainly due to an increase in asset retirement obligations as a result of relocation and establishment of new business offices. As a result, total liabilities amounted to 387,992 thousand yen, a decrease of 41,485 thousand yen compared to the end of the previous financial year.

(Net assets)

Net assets amounted to 2,488,167 thousand yen, a decrease of 99,258 thousand yen compared to the end of the previous financial year. This was mainly due to acquisition of treasury stocks. As a result, the equity ratio amounted to 86.5% (85.8% at the end of the previous financial year).

(3) Consolidated financial forecasts and other forward-looking information

The forecast for FY2024 remains unchanged from that announced on 12 May 2023.

3. Consolidated financial statements and key notes

(1) Balance sheet

| | (Thousands of Yen) | |
|---|---|--|
| | As of end of previous fiscal year (March 31, 2023) | As of end of Q3 (December 31, 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,224,777 | 2,069,799 |
| Accounts receivable - trade, and contract assets | 439,908 | 323,237 |
| Work in process | 5,928 | 17,029 |
| Prepaid expenses | 37,468 | 122,649 |
| Other | 87,439 | 29,173 |
| Allowance for doubtful accounts | (1,253) | - |
| Total current assets | 2,794,269 | 2,561,888 |
| Non-current assets | | |
| Property, plant and equipment | 80,167 | 132,959 |
| Intangible assets, net | 599 | 343 |
| Investments and other assets | 141,869 | 180,968 |
| Total non-current assets | 222,635 | 314,271 |
| Total assets | 3,016,904 | 2,876,160 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 231,056 | 139,866 |
| Income taxes payable | 19,824 | 36,114 |
| Contract liabilities | 75,426 | 59,896 |
| Other | 66,959 | 99,468 |
| Total Current liabilities | 393,268 | 335,346 |
| Non-current liabilities | | |
| Asset retirement obligations | 32,826 | 47,737 |
| Other | 3,384 | 4,908 |
| Total non-current liabilities | 36,210 | 52,646 |
| Total liabilities | 429,478 | 387,992 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 970,644 | 971,243 |
| Capital surplus | 961,644 | 962,243 |
| Retained earnings | 669,686 | 749,598 |
| Treasury shares | (14,660) | (195,577) |
| Total shareholders' equity | 2,587,315 | 2,487,507 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 24 | 596 |
| Total other comprehensive income | 24 | 596 |
| Share acquisition rights | 85 | 63 |
| Total net assets | 2,587,426 | 2,488,167 |
| Total liabilities and net assets | 3,016,904 | 2,876,160 |

(2) Profit and loss statement and Comprehensive Income

Profit and loss statement

Cumulative period for the third quarter

| | (Thousands of Yen) | |
|--|---|---|
| | Q3 FY2023 (April 1, 2022 – December 31, 2022) | Q3 FY2024 (April 1, 2023 – December 31, 2023) |
| Net sales | 1,638,260 | 1,804,850 |
| Cost of sales | 826,909 | 908,469 |
| Gross profit | 811,350 | 896,381 |
| Selling, general and administrative expenses | 603,902 | 746,820 |
| Operating profit | 207,448 | 149,560 |
| Non-operating income | | |
| Interest income | 11 | 10 |
| Foreign exchange gains | 504 | 1,342 |
| Reversal of allowance for doubtful accounts | 478 | 1,253 |
| Other | 223 | 648 |
| Total non-operating income | 1,218 | 3,255 |
| Non-operating expenses | | |
| Interest expenses | 417 | 116 |
| Commission expenses | - | 1,441 |
| Other | 245 | 180 |
| Total non-operating expenses | 662 | 1,737 |
| Ordinary profit | 208,003 | 151,078 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | - | 2,544 |
| Total Extraordinary losses | - | 2,544 |
| Profit before income taxes | 208,003 | 148,533 |
| Income taxes-current | 60,634 | 66,951 |
| Income taxes-deferred | 9,084 | 1,669 |
| Total income taxes | 69,718 | 68,621 |
| Net profit | 138,285 | 79,911 |
| Net profit attributable to owners of parent | 138,285 | 79,911 |

Comprehensive income

Cumulative period for the third quarter

| | (Thousands of Yen) | |
|---|---|---|
| | Q3 FY2023 (April 1, 2022 – December 31, 2022) | Q3 FY2024 (April 1, 2023 – December 31, 2023) |
| Profit | 138,285 | 79,911 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | - | 571 |
| Total Other comprehensive income | - | 571 |
| Comprehensive income | 138,285 | 80,483 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 138,285 | 80,483 |

(3) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

Q3 FY2023 cumulative period (from April 1, 2022, to December 31, 2022).

1. Dividends paid.

Not applicable

2. Dividends that fall within the cumulative period for the third quarter of this fiscal year, with the ex-dividend date occurring after the end of the cumulative accounting period for the third quarter.

Not applicable

3. Significant changes in shareholders' equity

Not applicable

Q3 FY2024 cumulative period (from April 1, 2023, to December 31, 2023).

1. Dividends paid.

Not applicable

2. Dividends that fall within the cumulative period for the third quarter of this fiscal year, with the ex-dividend date occurring after the end of the cumulative accounting period for the third quarter.

Not applicable

3. Significant changes in shareholders' equity

Not applicable

(Notes on changes in the scope of consolidation or application of equity method)

The Company resolved to invest in BlueMeme No. 1 Investment Limited Partnership established in 2023 as a limited partner with BlueMeme Partners, Inc. as the general partner. BlueMeme No. 1 Investment Limited Partnership is included in the scope of consolidation.