

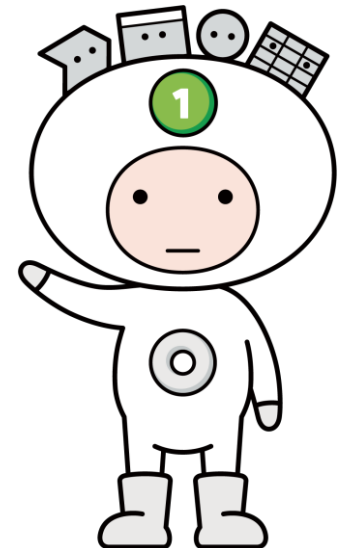


Third quarter of the fiscal year ending
March 2024 (FY2024)
Presentation Materials for Earnings Results

February 14, 2024
BlueMeme Inc.

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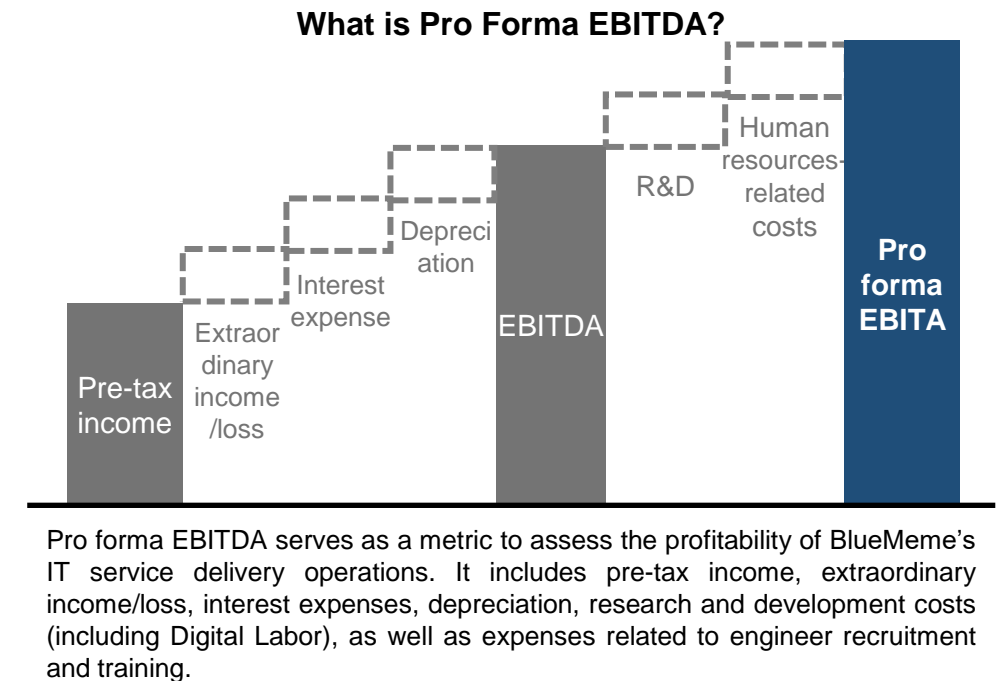
*All monetary amounts in this document are rounded down to the nearest whole number, and percentages are rounded to the first decimal place.

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

FY2024 Q3 results summary

- Net sales **increased by 10.2% year-on-year**, driven by ongoing projects with existing customers and new acquisitions. Although there has been a rise in new customers and projects, they tend to engage in smaller transactions, while existing ones often extend projects into the next fiscal year. Overall, sales remain steady, despite seasonality.
- Operating profit decreased due to seasonality in sales. SG&A expenses such as human resources-related costs and R&D expenses were **in line with the planned budget** set at the beginning of period.
- Pro forma EBITDA closely **aligns with plan**, and the year-on-year growth in the order backlog at the end of the period has **surpassed forecasts**, already **meeting the planned value** for the period's end.

	Q3 FY2024	FY2024 Plan	YoY	Progress
End-of-period order backlog	760 mm yen	690 mm yen	137.4%	111.3%
Net Sales	1.8 bn yen	2.65 bn yen	110.2%	68.1%
Pro forma EBITDA	310 mm yen	420 mm yen	72.6%	75.2%
Operating profit	140 mm yen	310 mm yen	72.1%	48.2%



FY2024 Q3 results summary

- Net sales **increased 9.7% year-on-year in Q3**, and **10.2% year-on-year in Q3 cumulative total**.
- Gross profit **increased 10.5% year-on-year in Q3 cumulative total** and is increasing in proportion to net sales.
- Operating profit **decreased by 27.9% year-on-year** in the cumulative Q3 as SG&A expenses were spent in line with the plan.

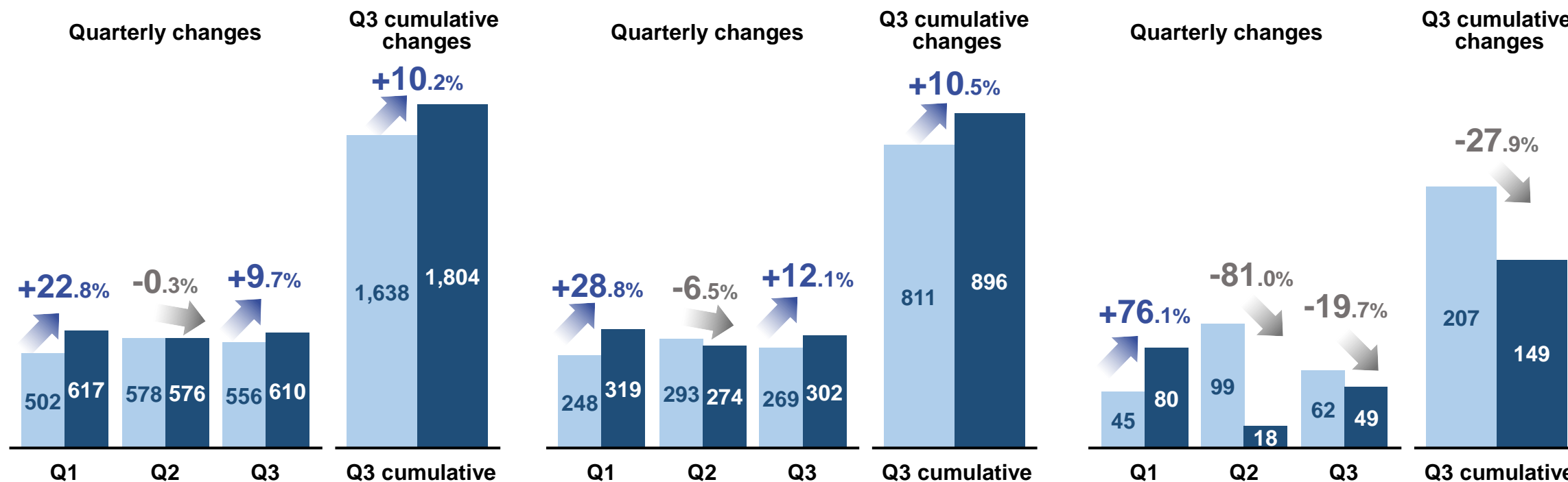
Unit: millions of yen

FY2023
FY2024

Net Sales

Gross profit

Operating profit



Operating profit analysis

- Increased expenses for upfront investments to accelerate future growth.
- SG&A expenses, **encompassing human resource costs for engineer recruitment and training**, along with **R&D expenses for new service expansion and collaborative research with universities**, aligned with the plan.
- Operating profit declined partly due to seasonality, but there was a favorable reception of orders.

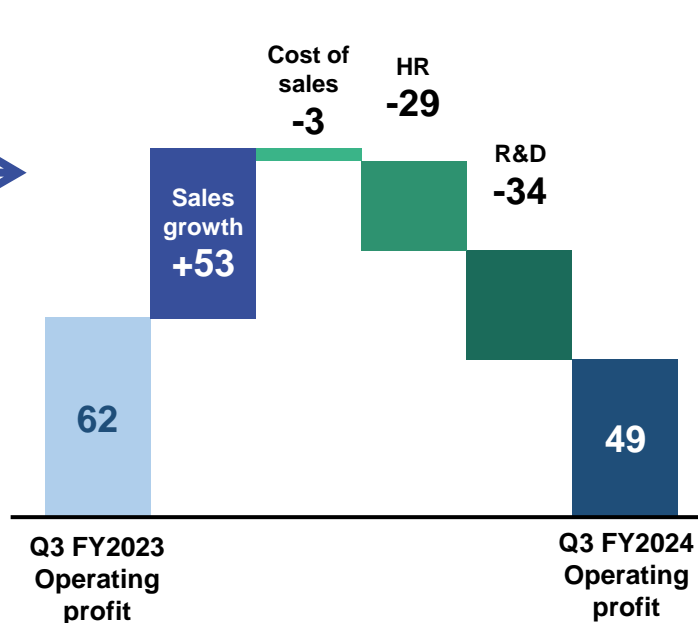
Year on year comparison

Unit: millions of yen

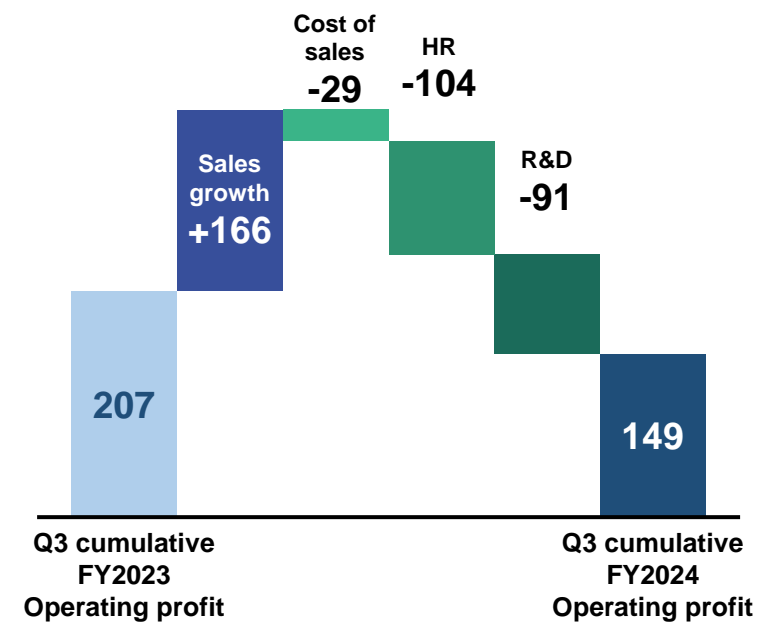
	Q3 FY2023 Cumulative	Q3 FY2024 Cumulative	YoY change	YoY change ratio
Net sales	1,638	1,804	166	+10.2%
Operating profit	207	149	-57	-27.9%
Ordinary profit	208	151	-56	-27.4%
Net profit	138	79	-58	-42.2%

Key factor analysis on operating profit

Q3 Operating profit analysis



Q3 Cumulative Operating Profit Analysis

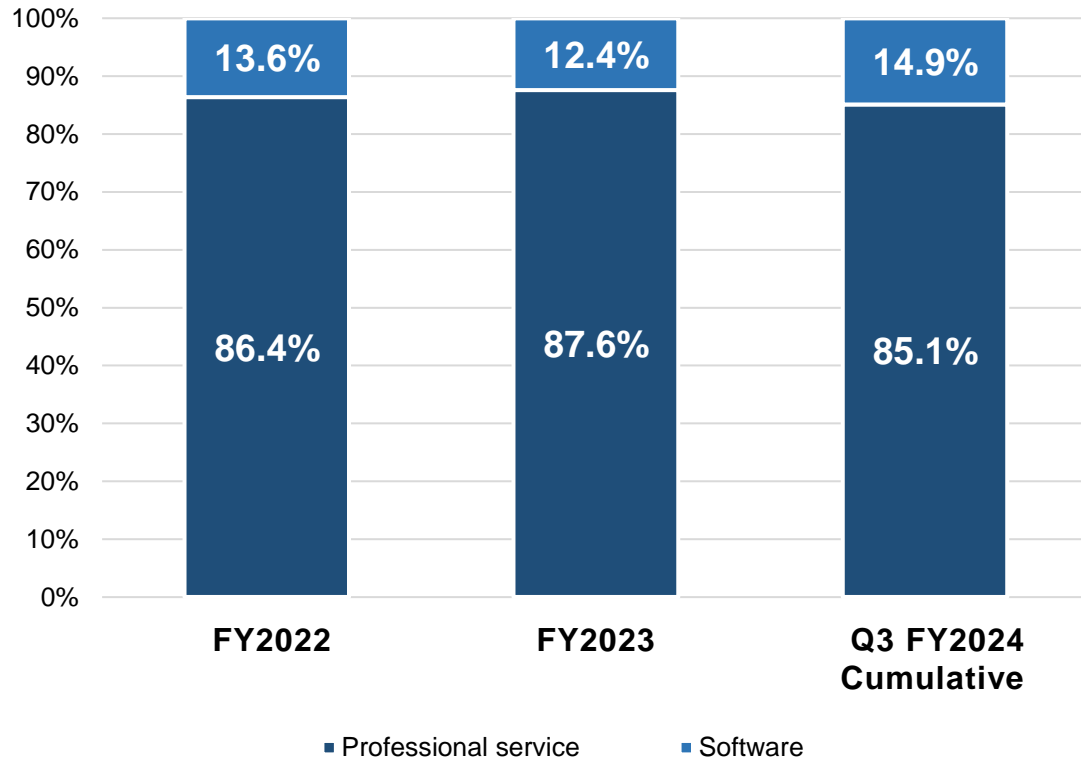


*Amounts are rounded down to the nearest million.

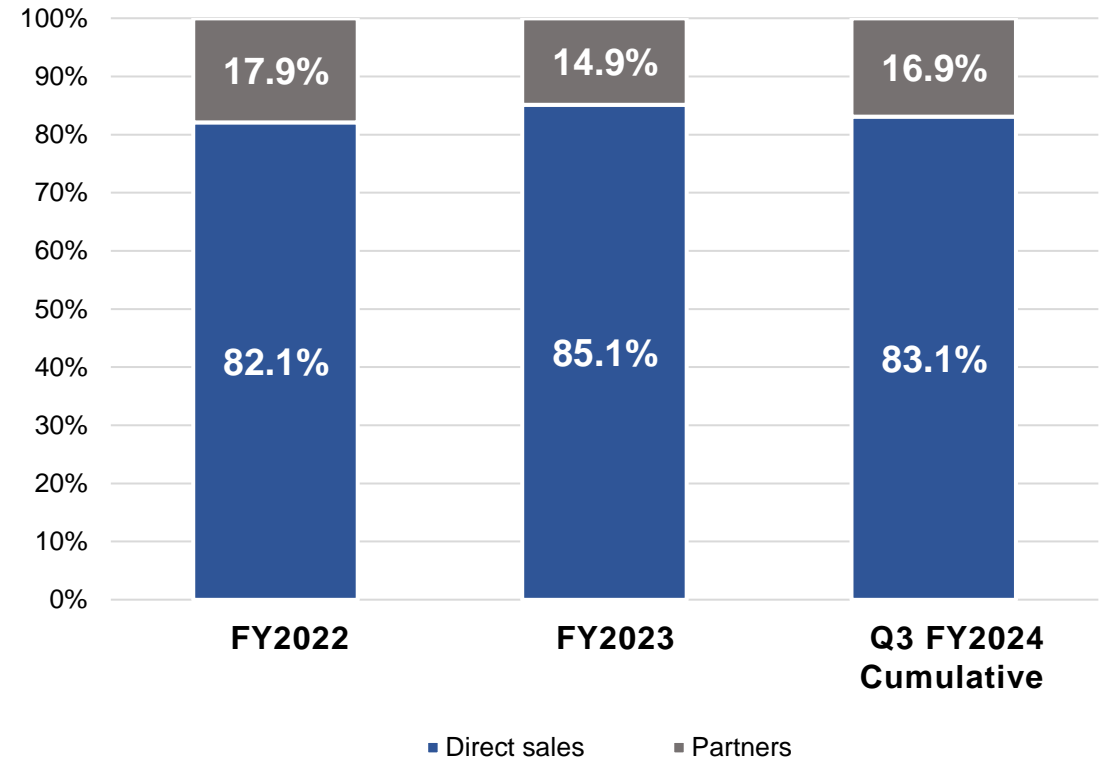
Services and software sales composition and breakdown

- **Professional service**, the mainstay of the business, **continue to account for 85%** of sales.
- **The proportion of direct sales**, accounting for **83% of transactions**, remains notably high compared to indirect transactions facilitated through partners.

Proportion of sales by service

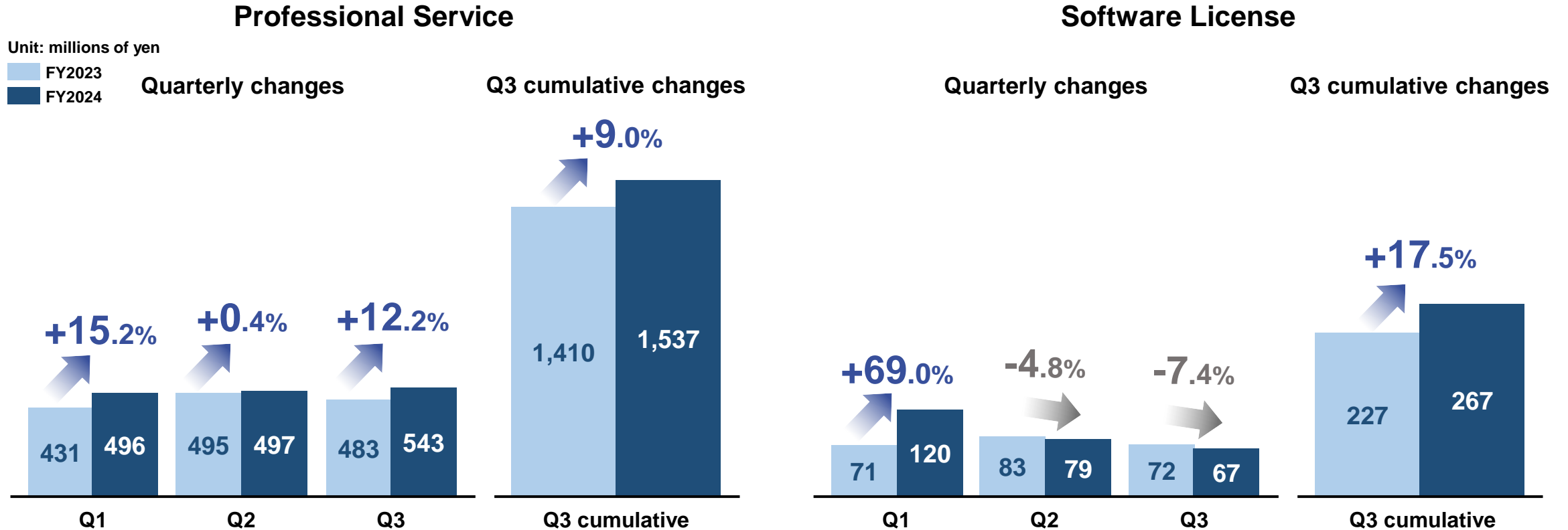


Proportion of transaction methods



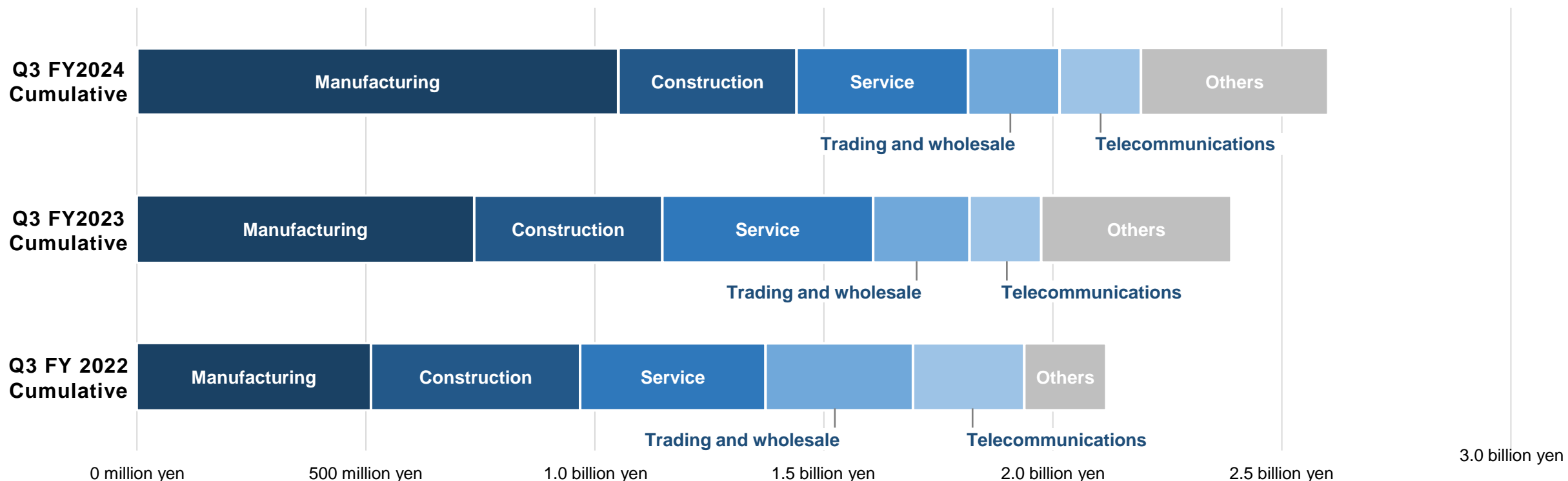
Quarterly sales orders by service

- Professional services increased **12.2% year-on-year in Q3 alone** and **9.0% year-on-year in Q3 cumulative**.
- Software license sales **decreased 7.4% year-on-year in Q3 alone** due to an increase in existing customer upgrades in Q1 but **increased 17.5% year-on-year in Q3 cumulative**.



Sales orders by industry

- BlueMeme offers services to various industries, experiencing growth propelled by the emergence of Industry 4.0 within the manufacturing sector, which is contributing to the company's overall expansion..
- The transaction volume for each customer tends to plateau as development scales up after securing a new contract and reaching specific development milestones. Consequently, sales may temporarily dip when comparing by industries. However, the overall order amount is steadily increasing.
- Others are on an increasing trend, mainly in the public, real estate, and financial sectors.



Financial Forecast for Fiscal Year Ending March 31, 2024

Full-year forecasts

- Sales activities are ongoing for multiple projects expected to be recorded.
- Given that the latter part of the fiscal year typically sees peak performance, the forecast for the full year is outlined as follows.

Unit: millions of yen

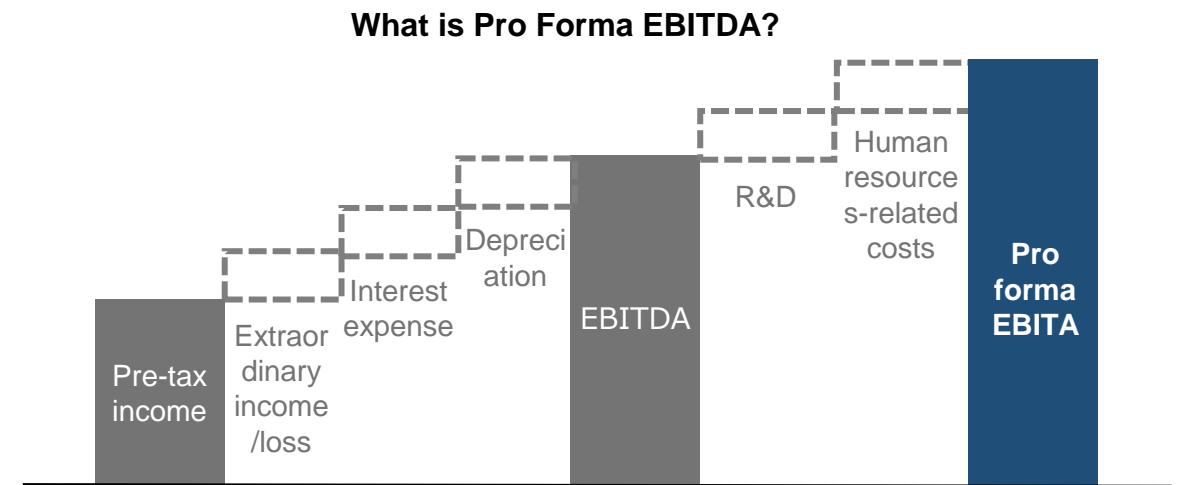
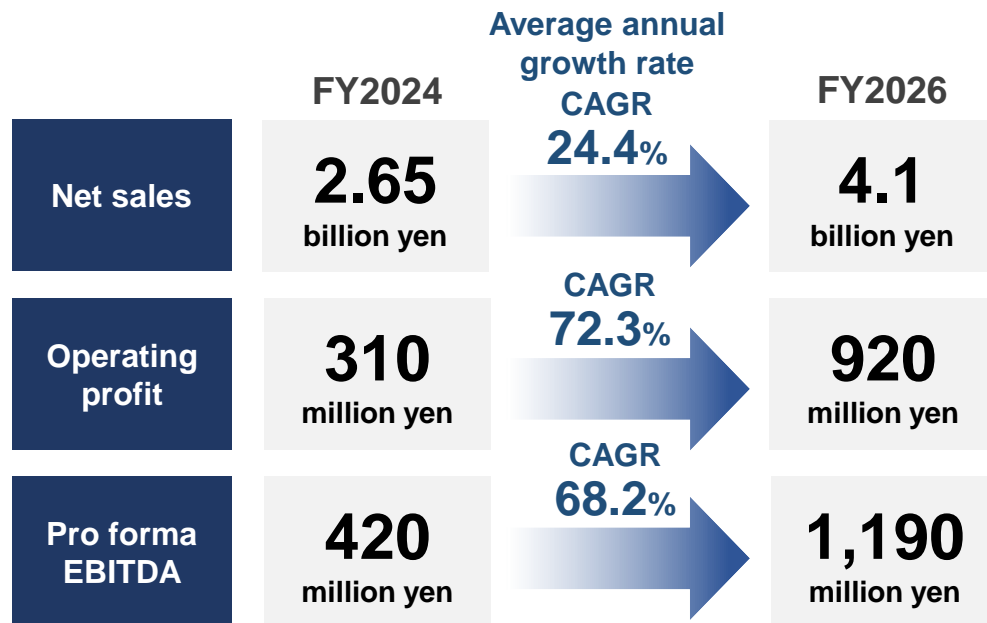
	Q3 cumulative FY2024	Full-year forecast FY2024	Full-year progress	*Reference FY2023 (results)	*Reference YoY changes
Net sales	1,804	2,650	68.1%	2,244	18.1%
Operating profit	149	310	48.2%	309	0.0%
Ordinary profit	151	310	48.7%	310	-0.1%
Net profit	79	230	34.7%	230	-0.1%

*Amounts are rounded down to the nearest million yen.

Appendix

KPI growth scenarios in the mid-term management plan

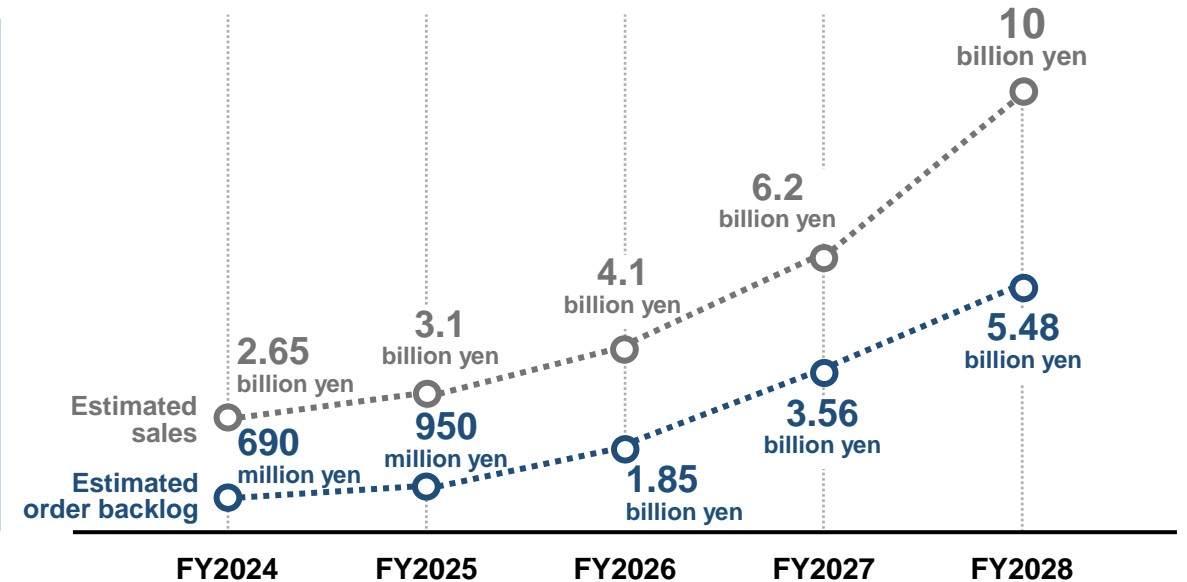
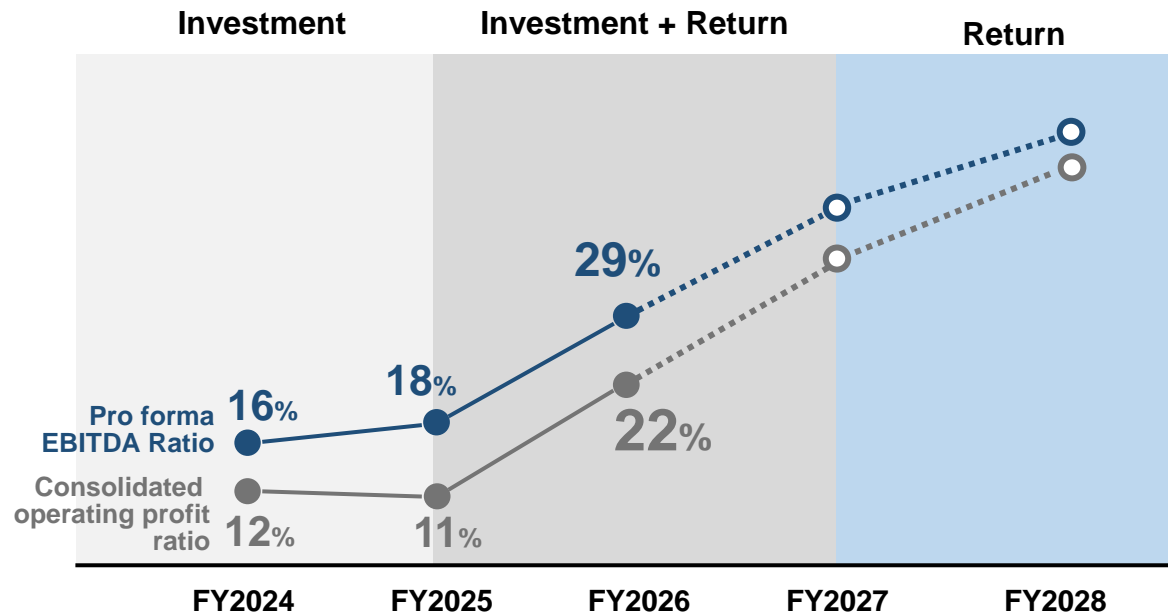
- Sales are planned to achieve growth at CAGR of 24% until FY2026, aligning with the commencement of Digital Labor.
- Starting from FY2027, our strategy involves driving sales growth at CAGR of up to 56%. This growth will be fueled by the comprehensive implementation of Digital Labor and the expansion of partner businesses.



Pro forma EBITDA serves as a metric to assess the profitability of BlueMeme's IT service delivery operations. It includes pre-tax income, extraordinary income/loss, interest expenses, depreciation, research and development costs (including Digital Labor), as well as expenses related to engineer recruitment and training.

Growth Scenarios of Mid-term Management Plan (KPI basis)

- **Pro forma EBITDA* is designated as KPI** due to planned R&D investment in Digital Labor.
- **Transition from a man-hours-based revenue model to a volume-based model tied to applications generated by Digital Labor.**
- The shift in the billing model will extend the time between order receipt and sales recording. Hence, order **backlog is set as KPI**.



*Pro forma EBITDA means as a metric for evaluating the profitability of BlueMeme's IT service delivery business. It encompasses pre-tax income, extraordinary income/loss, interest expense, depreciation, research and development expenses (including Digital Labor), and the costs associated with hiring and training engineers.

Notice

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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.

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Thank you for your time and attention.