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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (FY2023) (Under Japanese GAAP)

May 29, 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 FY2023 (April 1, 2023 - March 31, 2024)

(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	%
FY2023	2,506	9.5	253	(29.4)	254	(28.1)	174	(32.7)
FY2022	2,289	17.9	358	(4.5)	354	(0.2)	259	(0.3)

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2023	50.49	49.14	6.6	7.0	10.1
FY2022	74.00	71.07	10.3	10.3	15.6

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	3,733	2,609	69.9	762.93
FY2022	3,531	2,659	75.3	750.50

(Reference) Shareholders' equity FY2023: 2,609 million yen FY2022: 2,659 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY2023	252	(106)	(141)	2,228
FY2022	94	(46)	(179)	2,224

2. Cash Dividends

	Annual dividend					Total dividends (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Full year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	-	0.00	-	0.00	0.00	-	-	-
FY2023	-	0.00	-	0.00	0.00	-	-	-
FY2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of Consolidated Financial Results for the FY2024(April 1, 2024 - March 31, 2025)

(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	3,100	23.7	250	(1.2)	250	(1.9)	200	14.4	58.34

Please refer to "1. Summary of Business Results, (4) Business Outlook" on page 3 for the assumptions underlying the forecast figures for the fiscal year ending March 31, 2025.

*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. Summary of Business Results 2
   (1) Summary of Operating Results 2
   (2) Summary of Financial Position 2
   (3) Summary of Cash Flows 3
   (4) Business Outlook 3
2. Policies regarding the Selection of Accounting Standards 4
3. Consolidated Financial Statements and Key Notes 5
   (1) Balance Sheet 5
   (2) Profit and Loss Statement and Comprehensive Income 7
   Profit and Loss Statement 7
   Comprehensive Income 8
   (3) Statement of Changes in Equity 9
   (4) Statements of Cash Flows 10
   (5) Notes to Consolidated Financial Statements 11
      (Notes on Going Concern Assumption) 11
      (Changes in Accounting Policies) 11
      (Additional Information) 11
      (Revision and Restatement) 11
      (Segment Information) 11
      (Per Share Data) 11
      (Significant Subsequent Events) 12

1. Summary of Business Results

(1) Summary of Operating Results

A look at Japan's economy during the consolidated fiscal year under review shows continued uncertainty regarding the economic outlook due to such factors as the dramatic exchange-rate fluctuations and soaring resource prices, geopolitical uncertainty associated with disputes in Eastern Europe and the Middle East, and the rapid tightening of monetary policies amid continued high inflation, centered on the developed Western 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 such conditions, the Group engages in the digital transformation (DX) business in line with its mission to improve the international competitive strength of Japanese firms by providing services to promote bringing information system development in house using low-code automation technologies and the Group's proprietary agile development methodology, all 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”, while consulting and development under contract using low-code platforms centered on OutSystems® continued to grow steadily, the Company focused on promoting more efficient service provision and R&D for future new businesses based on next-generation technologies, in addition to hiring and the development of Group employees/engineers and securing service partners to be prepared for future growth in demand. 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 2,506,780 thousand yen (increase of 9.5% year-on-year), operating profit 253,037 thousand yen (decrease of 29.4% year-on-year), ordinary profit 254,850 thousand yen (decrease of 28.1% year-on-year) and net profit attributable to owners of the parent 174,872 thousand yen (decrease of 32.7% year-on-year).

(2) Summary of Financial Position

(Assets)

At the end of the consolidated fiscal year under review, current assets stood at 3,389,073 thousand yen, increase of 64,075 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to an increase of 93,849 thousand yen in accounts receivable-trade and contract assets. Non-current assets increase of 138,366 thousand yen from the end of the previous consolidated fiscal year to 344,918 thousand yen, due in large part to an increase of 73,160 thousand yen in property, plant, and equipment. As a result, total assets were 3,733,992 thousand yen, increase of 202,441 thousand yen from the end of the previous consolidated fiscal year.

(Liabilities)
Current liabilities at the end of the consolidated fiscal year under review were 1,071,219 thousand yen, increase of 251,635 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to increases of 165,172 thousand yen in accounts payable-trade and 68,253 thousand yen in income taxes payable. Non-current labilities increase of 1,311 thousand yen from the end of the previous consolidated fiscal year to 53,410 thousand yen due mainly to an increase of 14,965 thousand yen in asset retirement obligations. As a result, total liabilities stood at 1,124,630 thousand yen, increase of 252,947 thousand yen from the end of the previous consolidated fiscal year.

(Net assets)
Net assets at the end of the consolidated fiscal year under review decrease of 50,505 thousand yen from the end of the previous consolidated fiscal year, to 2,609,361 thousand yen. This was due mainly to the purchase of treasury stock. As a result, the equity ratio was 69.9% (vs. 75.3% at the end of the previous consolidated fiscal year).

(3) Summary of Cash Flows

Cash and cash equivalents amounted to 2,228,759 thousand yen, a increase of 3,982 thousand yen compared to the end of the previous fiscal year. The specification of cash flows in current fiscal year is as follows.

(Cash flows from operating activities)
Funds from operating activities totaled 252,373 thousand yen (increase of 166.1% year-on-year). This was due mainly to income before income taxes of 252,356 thousand yen.

(Cash flows from investing activities)
Funds used in investing activities totaled 106,816 thousand yen (increase of 127.3% year-on-year). This was due mainly to expenditures of 68,561 thousand yen on property, plant, and equipment and 39,795 thousand yen on payments for lease and guarantee deposits.

(Cash flow from financing activities)
Funds used in financing activities totaled 141,575 thousand yen (decrease of 21.0% year-on-year). This was due mainly to expenditures of 230,380 thousand yen on purchase of treasury stock.

(4) Business Outlook

The outlook is expected to remain uncertain in the next consolidated fiscal year due to concerns about such factors as the continued sudden fluctuations in interest rates and inflation.
Despite such circumstances, demand for investment related to digital transformation (DX) is expected to remain steady in the information services industry in which the Group does business because the trend toward DX promotion remains firm. In particular, urgent digitalization and modernization efforts are expected to strengthen among the Group's existing and potential customers against a backdrop of business reforms and system upgrades. The Group expects to achieve growth through orders received and sales activities related to such demand by leveraging its low-code and agile development methods. At the same time, it will continue to invest in areas such as human-resource development and R&D, to power medium- to long-term growth.
In light of the above conditions, for the year ending March 31, 2025, the Company projects net sales of 3,100 million yen (increase of 23.7% year-on-year), operating income of 250 million yen (decrease of 1.2% year-on-year), and ordinary income of 250 million yen (decrease of 1.9% year-on-year). It also projects net income attributable to owners of the parent of 200 million yen (increase of 14.4% year-on-year).

2. Policies regarding the Selection of Accounting Standards

The Group's operations are currently limited to Japan, and in consideration of trends in the adoption of IFRS (International Financial Reporting Standards) by other companies in the industry, the Group has adopted Japanese GAAP as its current accounting standard. In the future, the Group will consider the application of IFRS, taking into account various domestic and international conditions.

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 fiscal Year (March 31, 2024)
Assets		
Current assets		
Cash and deposits	2,224,777	2,228,759
Accounts receivable - trade, and contract assets	978,034	1,071,884
Work in process	5,928	1,278
Prepaid expenses	31,756	62,386
Other	87,439	24,764
Allowance for doubtful accounts	(2,938)	-
Total current asset	3,324,997	3,389,073
Non-current assets		
Property, plant and equipment		
Buildings	90,986	148,460
Accumulated depreciation	(24,733)	(31,352)
Buildings, net	66,253	116,927
Leased assets	7,381	6,343
Accumulated depreciation	(3,213)	(1,586)
Leased assets, net	4,167	4,757
Others	31,749	61,777
Accumulated depreciation	(22,003)	(30,134)
Others,net	9,746	31,642
Total Property, plant and equipment	80,167	153,327
Intangible assets, net	599	4,533
Investments and other assets		
Investment securities	41,661	45,423
Deferred tax assets	-	18,694
Other	84,124	122,940
Total Investments and other assets	125,786	187,058
Total non-current assets	206,552	344,918
Total assets	3,531,550	3,733,992
Liabilities		
Current liabilities		
Accounts payable - trade	655,699	820,871
Lease liabilities	1,358	1,120
Income taxes payable	19,824	88,078
Contract liabilities	64,952	44,134
Other	77,748	117,015
Total Current liabilities	819,583	1,071,219
Non-current liabilities		
Asset retirement obligations	32,826	47,792
Lease liabilities	3,384	4,308
Deferred tax liabilities	15,888	1,309
Total non-current liabilities	52,098	53,410
Total liabilities	871,682	1,124,630
Net assets		

(Thousands of Yen)

	As of end of previous fiscal Year (March 31, 2023)	As of end of fiscal Year (March 31, 2024)
Shareholders' equity		
Share capital	970,644	971,945
Capital surplus	961,644	962,945
Retained earnings	742,128	917,000
Treasury shares	(14,660)	(245,040)
Total shareholders' equity	2,659,756	2,606,850
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	2,476
Total accumulated other comprehensive income	24	2,476
Share acquisition rights	85	34
Total net assets	2,659,867	2,609,361
Total liabilities and net assets	3,531,550	3,733,992

(2) Profit and loss statement and Comprehensive Income

Profit and loss statement

(Thousands of Yen)

	Previous fiscal year FY2022 (Apr. 1, 2022 - Mar. 31, 2023)	Fiscal Year FY2023 (Apr. 1, 2023 - Mar. 31, 2024)
Net sales	2,289,468	2,506,780
Cost of sales	1,129,256	1,241,232
Gross profit	1,160,211	1,265,547
Selling, general and administrative expenses	802,038	1,012,510
Operating profit	358,173	253,037
Non-operating income		
Interest income	23	21
Foreign exchange gains	-	249
Reversal of allowance for doubtful accounts	-	2,938
Other	258	828
Total non-operating income	281	4,037
Non-operating expenses		
Interest expenses	468	174
Foreign exchange losses	2,933	-
Share issuance costs	337	180
Commission expenses	120	1,845
Other	-	25
Total non-operating expenses	3,860	2,225
Ordinary profit	354,594	254,850
Extraordinary losses		
Impairment losses	11,880	-
Loss on retirement of non-current assets	-	2,493
Total extraordinary losses	11,880	2,493
Profit before income taxes	342,714	252,356
Income taxes-current	75,602	112,067
Income taxes-deferred	7,430	(34,583)
Total income taxes	83,032	77,484
Net profit	259,682	174,872
Net profit attributable to owners of parent	259,682	174,872

Comprehensive Income

(Thousands of Yen)

	Previous fiscal year FY2022 (Apr. 1, 2022 - Mar. 31, 2023)	Fiscal Year FY2023 (Apr. 1, 2023 - Mar. 31, 2024)
Profit	259,682	174,872
Other comprehensive income		
Valuation difference on available-for-sale securities	24	2,451
Total other comprehensive income	24	2,451
Comprehensive income	259,707	177,324
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	259,707	177,324

(3) Statement of Changes in Equity

FY2022 (April 1, 2022 - March 31, 2023)

(Thousands of Yen)

	Shareholders' equity					Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale	Total accumulated other comprehensive income		
Balance at beginning of period	962,195	953,195	439,345	(75)	2,354,659	-	-	163	2,354,823
Cumulative effect of error correction			43,100		43,100				43,100
Starting balance reflecting error correction	962,195	953,195	482,445	(75)	2,397,760			163	2,397,924
Changes of items during period									
Issuance of new shares	8,449	8,449			16,898				16,898
Profit attributable to owners of parent			259,682		259,682				259,682
Acquisition of treasury stock				(14,584)	(14,584)				(14,584)
Net changes of items other than shareholders' equity					-	24	24	(77)	(52)
Total changes of items during the period	8,449	8,449	259,682	(14,584)	261,996	24	24	(77)	261,943
Balance at end of period	970,644	961,644	742,128	(14,660)	2,659,756	24	24	85	2,659,867

FY2023(April 1, 2023 - March 31, 2024)

(Thousands of Yen)

	Shareholders' equity					Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale	Total accumulated other comprehensive income		
Balance at beginning of period	970,644	961,644	742,128	(14,660)	2,659,756	24	24	85	2,659,867
Changes of items during period									
Issuance of new shares (exercise of share acquisition rights)	1,300	1,300			2,601				2,601
Profit attributable to owners of parent			174,872		174,872				174,872
Acquisition of treasury stock				(230,380)	(230,380)				(230,380)
Net changes of items other than shareholders' equity					-	2,451	2,451	(51)	2,400
Total changes of items during the period	1,300	1,300	174,872	(230,380)	(52,906)	2,451	2,451	(51)	(50,505)
Balance at end of period	971,945	962,945	917,000	(245,040)	2,606,850	2,476	2,476	34	2,609,361

(4) Statements of Cash Flows

(Thousands of Yen)

	Previous fiscal year	Fiscal Year
	FY2022 (Apr. 1, 2022 - Mar. 31, 2023)	FY2023 (Apr. 1, 2023 - Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	342,714	252,356
Depreciation and amortization	19,355	17,601
Increase (decrease) in allowance for doubtful accounts	556	(2,938)
Interest income	(23)	(21)
Interest expense	468	174
Share issuance costs	337	180
Impairment losses	11,880	-
Loss on retirement of non-current assets	-	2,493
Decrease (increase) in trade receivables	(208,055)	(93,849)
Decrease (increase) in inventories	(5,765)	4,649
Increase (decrease) in trade payables	128,880	165,172
Increase (decrease) in contract liabilities	36,468	(20,818)
Other, net	(60,946)	(25,039)
Subtotal	265,871	299,960
Interest received	23	21
Interest paid	(468)	(174)
Income taxes paid and refunded	(170,588)	(47,434)
Net cash provided by (used in) operating activities	94,837	252,373
Cash flows from investing activities		
Purchase of securities	(41,636)	-
Purchase of property, plant and equipment	(4,049)	(68,561)
Payments for fulfillment of asset retirement obligations	-	(2,480)
Payment for leasehold and guarantee deposits	(887)	(39,795)
Proceeds from refund of leasehold and guarantee deposits	154	5,378
Payments of long-term loans receivable	(571)	(1,357)
Net cash provided by (used in) investing activities	(46,989)	(106,816)
Cash flows from financing activities		
Repayments of long-term borrowings	(94,453)	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	16,487	2,370
Purchase of treasury shares	(14,584)	(230,380)
Decrease (increase) in deposits for purchase of treasury shares	(85,283)	85,283
Repayments of lease liabilities	(1,314)	1,152
Other, net	(132)	-
Net cash provided by (used in) financing activities	(179,280)	(141,575)
Net increase (decrease) in cash and cash equivalents	(131,433)	3,982
Cash and cash equivalents at beginning of period	2,356,210	2,224,777
Cash and cash equivalents at end of period	2,224,777	2,228,759

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Additional Information)

Not applicable.

(Revision and Restatement)

While the Company recognized revenue on licensing transactions, including long-term contracts, on an annual basis since it began to apply the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29 , March 31, 2020 at the start of the fiscal year ended March 31, 2022), when it reconsidered its account processing in light of such factors as the details of licensing contracts and the state of their operation during the consolidated fiscal year under review, it determined that such processing had been in error and that bulk recognition of revenue at the time of conclusion of contracts would be the appropriate method of account processing. It also determined that some transactions that should have been categorized under Software license sales had been totaled and stated as Professional service revenue. Accordingly, it has reflected the cumulative effect of these revisions prior to the previous consolidated fiscal year in the amounts of assets, liabilities, and net assets at the start of the previous consolidated fiscal year and their effect in the previous consolidated fiscal year in the amounts of assets, liabilities, and net assets at the start of the consolidated fiscal year under review. As a result of reflecting these revisions, the amount of retained earnings at the start of the previous consolidated fiscal year increased of 43,100 thousand yen, and the amount of retained earnings at the start of the consolidated fiscal year under review increased of 72,441 thousand yen.

(Segment Information)

The Group's business segment is a single segment of the DX business, hence the description of the segment is not provided.

(Per Share Data)

	FY2022	FY2023
Net assets per share	750.50 yen	762.93 yen
Earnings per share	74.00 yen	50.49 yen
Diluted earnings per share	71.07 yen	49.14 yen

*Notes

The details for calculating earnings per share and diluted earnings per share is as follows.

	FY2022	FY2023
(1)Earnings per share		
Profit attributable to owners of parent (thousands of yen)	259,682	174,872
Amounts not attributable to ordinary shareholders (thousands of yen)	-	-
Net profit attributable to ordinary shareholders of parent company (thousands of yen)	259,682	174,872
Average number of ordinary shares during the year (shares)	3,509,171	3,463,268
(2)Diluted earnings per share		
Diluted earnings per share attributable to owners of parent (thousands of yen)	-	-
Number of ordinary shares increased (shares)	144,741	95,738
(Increase due to exercise of stock acquisition rights (shares))	144,741	95,738
Dilutive shares excluded from the calculation of diluted earnings per share as there was no dilutive effect	-	-

(Significant Subsequent Events)

Not applicable.