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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (FY2024) (Under Japanese GAAP)

August 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 FY2024 (April 1, 2024 - June 30, 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	%
Q1 FY2024	516	(15.8)	(41)	-	(47)	-	(49)	-
Q1 FY2023	613	18.6	77	27.3	78	39.7	45	23.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2024	(14.50)	-
Q1 FY2023	12.90	12.54

*Note
Although there were shares with dilutive effects, diluted net income per share is not presented for FY 2024/3 Q1 because a net loss was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q1 FY2024	3,296	2,562	77.7
FY2023	3,733	2,609	69.9

(Reference) Shareholders' equity FY2024: 2,562 million yen FY2023: 2,609 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	-				
FY2024 (Forecast)		0.00	-	0.00	0.00

* Note
Revision from the most recently published forecast: none

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

*Note

Revision from the most recently published forecast: None

*Notes

1. Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm:Yes(mandatory)
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.

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1. Summary of Business Results

(1) Summary of business results in the cumulative period through the quarter under review

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 "Promoting cultural evolution through a paradigm shift to create new value.”

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 also focused on research and development to promote efficiency in service delivery, 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, In the cumulative period through the quarter under review, net income totaled 516,774 thousand yen (down 15.8% YoY), operating loss was 41,629 thousand yen (vs. operating income of 77,322 thousand yen in the same quarter of the previous fiscal year), ordinary loss was 47,328 thousand yen (vs. ordinary income of 78,619 thousand yen in the same quarter of the previous fiscal year), and net loss attributable to owners of the parent was 49,662 thousand yen (vs. net income attributable to owners of the parent of 45,354 thousand yen in the same quarter of the previous fiscal year).
Segment information is omitted because the group operates within a single business segment, focusing exclusively on the DX (Digital Transformation) business.

(2) Summary of financial standing in the cumulative period through the quarter under review

(Assets)

At the end of the consolidated fiscal year under review, current assets stood at 2,955,008 thousand yen, decrease of 434,064 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to decrease of accounts receivable-trade and contract assets. Noncurrent assets decrease of 3,033 thousand yen from the end of the previous consolidated fiscal year to 341,885 thousand yen. This was due mainly to an increase in accumulated depreciation.

As a result, total assets were 3,296,894 thousand yen, decrease of 437,097 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 679,992 thousand yen, decrease of 391,226 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to decrease of accounts payable-trade. Noncurrent labilities increase of 770 thousand yen from the end of the previous consolidated fiscal year to 54,181 thousand yen due mainly to an increase of Others, Deferred tax liabilities .

As a result, total liabilities stood at 734,173 thousand yen, decrease of 390,456 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 46,641 thousand yen from the end of the previous consolidated fiscal year, to 2,562,720 thousand yen. This was due mainly to the recording of 49,662 thousand yen in net loss attributable to owners of the parent.

As a result, the equity ratio was 77.7% (vs. 69.9% at the end of the previous consolidated fiscal year).

(3) About consolidated performance forecasts and other forward-looking statements

Performance forecasts for the fiscal year ending March 2025 remain unchanged from the forecasts announced May 29, 2024.

3. Consolidated Financial Statements and Key Notes

(1)Balance Sheet

(Thousands of Yen)

	As of end of previous fiscal Year (March 31, 2024)	As of end of Q1 (June 30, 2024)
Assets		
Current assets		
Cash and deposits	2,228,759	2,047,043
Accounts receivable - trade, and contract assets	1,071,884	773,499
Merchandise and finished goods	-	1,142
Work in process	1,278	374
Prepaid expenses	62,386	109,768
Other	24,764	23,179
Total current asset	3,389,073	2,955,008
Non-current assets		
Property, plant and equipment	153,327	148,636
Intangible assets, net	4,533	4,272
Investments and other assets	187,058	188,976
Total non-current assets	344,918	341,885
Total assets	3,733,992	3,296,894
Liabilities		
Current liabilities		
Accounts payable - trade	820,871	488,971
Income taxes payable	88,078	5,762
Contract liabilities	44,134	87,257
Other	118,135	98,001
Total Current liabilities	1,071,219	679,992
Non-current liabilities		
Asset retirement obligations	47,792	47,847
Other	5,618	6,334
Total non-current liabilities	53,410	54,181
Total liabilities	1,124,630	734,173
Net assets		
Shareholders' equity		
Share capital	971,945	972,519
Capital surplus	962,945	963,519
Retained earnings	917,000	867,338
Treasury shares	(245,040)	(245,040)
Total shareholders' equity	2,606,850	2,558,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,476	4,372
Total accumulated other comprehensive income	2,476	4,372
Share acquisition rights	34	10
Total net assets	2,609,361	2,562,720
Total liabilities and net assets	3,733,992	3,296,894

(2) Profit and loss statement and Comprehensive Income

Profit and loss statement

(Thousands of Yen)

	Q1 FY2023 (Apr. 1, 2023 - June. 30, 2023)	Q1 FY2024 (Apr. 1, 2024 - June. 30, 2024)
Net sales	613,842	516,774
Cost of sales	297,469	266,627
Gross profit	316,373	250,147
Selling, general and administrative expenses	239,051	291,777
Operating profit	77,322	(41,629)
Non-operating income		
Foreign exchange gains	-	398
Reversal of allowance for doubtful accounts	2,938	-
Miscellaneous income	-	3,583
Other	58	116
Total non-operating income	2,997	4,098
Non-operating expenses		
Interest expenses	38	56
Foreign exchange losses	683	-
Commission expenses	887	-
Miscellaneous loss	-	9,681
Other	90	60
Total non-operating expenses	1,699	9,797
Ordinary profit	78,619	(47,328)
Profit before income taxes	78,619	(47,328)
Income taxes-current	30,081	1,385
Income taxes-deferred	3,183	948
Total income taxes	33,265	2,333
Net profit	45,354	(49,662)
Net profit attributable to owners of parent	45,354	(49,662)

Comprehensive Income

(Thousands of Yen)

	Q1 FY2023 (Apr. 1, 2023 - June. 30, 2023)	Q1 FY2024 (Apr. 1, 2024 - June. 30, 2024)
Profit	45,354	(49,662)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,192	1,895
Total other comprehensive income	1,192	1,895
Comprehensive income	46,546	(47,766)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	46,546	(47,766)

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on any marked changes in amounts of shareholders' equity)

Not applicable.

(Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes,” Etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending April 30, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-3(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This has no impact on the quarterly consolidated financial statements.

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Guidance of 2022 from the beginning of the first quarter of the fiscal year ending April 30, 2025. This change in accounting policy has been applied retrospectively, and the new accounting policy is reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and in the consolidated financial statements for the previous fiscal year. There is no impact from such application on the quarterly consolidated financial statements for the same period of the previous fiscal year and on the consolidated financial statements for the previous fiscal year.

(Segment information)

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

(Notes on the consolidated statement of cash flows)

No Quarterly Consolidated Statement of Cash Flows is prepared for the cumulative period through the first quarter of the consolidated fiscal year under review. Depreciation (including amortization of intangible assets) for the cumulative period through the first quarter of the consolidated fiscal year is shown below.

	Q1 FY2023 (Apr. 1, 2023 - June. 30, 2023)	Q1 FY2024 (Apr. 1, 2024 - June. 30, 2024)
Depreciation	3,384 thousand yen	5,360 thousand yen