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Consolidated Financial Results
for the Second Quarter of the fiscal year ending March 31, 2025 (FY2024)
(Under Japanese GAAP)

November 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 Second Quarter for FY2024 (from April 1, 2024, to September 30, 2024)**(1) Consolidated operating results**

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 FY2024	1,088	(9.9)	(58)	-	(70)	-	(67)	-
FY2023	1,208	9.5	114	(31.9)	116	(27.8)	58	(45.7)

* Comprehensive income Q2 FY2024: -71 million yen (-%) Q2 FY2023: 60million yen (-43.7%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Q2 FY2024	(19.67)	-
FY2023	16.70	16.24

*Although there were shares with dilutive effects, diluted net income per share is not presented for Q2 FY2024 because a net loss was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q2 FY2024	3,209	2,544	78.9
FY2023	3,733	2,609	69.9

(Reference) Shareholders' equity Interim Period for the Q2 FY2024: 2,533 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

* 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	2,510	0.1	0	(100)	250	(100)	△50	—	△14.66

*Revision from the most recently published forecast: Yes

***Notes**

1. The financial statements for the second quarter (interim period) are not subject to audit by a certified public accountant or auditing firm.
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. Qualitative Information on the current quarter's results result

(1) Summary of Operating Results

During the interim period for the fiscal year ending March 2025 (April 1, 2024, to September 30, 2024), the Japanese economy showed a gradual recovery, despite some signs of weakness in certain sectors, and the Bank of Japan implemented measures for the removal of negative interest rates. In contrast, while some advanced economies in Europe and the United States have begun to lower interest rates, the outlook for the global economy remains uncertain.

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. Furthermore, because of the continued depreciation of the yen and rising prices abroad, there is a growing trend of price increases for overseas products, particularly those from the United States.

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 our Professional Services segment, we continued to see steady expansion of our consulting and contracted development services utilizing the low-code platform OutSystems®. In preparation for future demand growth, we focused on recruiting and training technical engineers within the group, securing service partners, and enhancing the efficiency of service delivery. Additionally, we devoted efforts to research and development for new business opportunities utilizing next-generation technologies. 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, for the interim consolidated financial period, net sales amounted to 1,088,463 thousand yen (decrease of 9.9% YoY), an operating loss of 58,384 thousand yen (compared to operating profit of 114,214 thousand yen in the same period last year), an ordinary loss of 70,896 thousand yen (compared to ordinary profit of 116,379 thousand yen in the same period last year), and net loss attributable to owners of the parent of 67,415 thousand yen (compared to net profit attributable to owners of the parent of 58,283 thousand yen in the same period last 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 position

(Assets)

At the end of the interim consolidated financial period, current assets amounted to 2,870,824 thousand yen, a decrease of 518,249 thousand yen compared to the end of the previous consolidated fiscal year. This was due mainly to decrease of Cash and deposits. Noncurrent assets of 338,610 thousand yen, a decrease of 6,308 thousand yen compared to the end of the previous consolidated fiscal year. This decrease was primarily due to depreciation.

As a result, total assets were 3,209,434 thousand yen, decrease of 524,557 thousand yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the interim consolidated financial period were 612,458 thousand yen, decrease of 458,760 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to decrease of accounts payable-trade. Noncurrent liabilities decrease of 587 thousand yen from the end of the previous consolidated fiscal year to 52,823 thousand yen due mainly to an increase of Others, Deferred tax liabilities .

As a result, total liabilities stood at 665,281 thousand yen, decrease of 459,348 thousand yen from the end of the previous consolidated fiscal year.

(Net assets)

Net assets at the end of the interim consolidated financial period decrease of 65,208 thousand yen from the end of the previous consolidated fiscal year, to 2,544,153 thousand yen. This is due mainly to the recognition of losses during the current interim period.

As a result, the equity ratio was 78.9% (compared to 69.9% at the end of the previous consolidated fiscal year).

(3) Summary of Cash Flows

Cash and cash equivalents amounted to 1,853,674 thousand yen, a decrease of 375,084 thousand yen compared to the end of the previous consolidated fiscal year. The specification of cash flows in interim consolidated fiscal year is as follows.

previous consolidated

(Cash flows from operating activities)

Cash and cash equivalents used in operating activities amounted to 273,779 thousand yen (113,105 thousand yen in the same period previous year). This is mainly due to a decrease in accounts payable of 349,127 thousand yen.

(Cash flows from investing activities)

Cash and cash equivalents used in investing activities amounted to 15,796 thousand yen (50,272 thousand yen in the same period previous year). This is mainly due to expenditures of 14,768 thousand yen for the acquisition of fixed assets.

(Cash flow from financing activities)

Cash and cash equivalents used in financing activities amounted to 85,508 thousand yen (96,754 thousand yen in the same period previous year). This is mainly due to an increase in deposit for the purchase of treasury stock of 91,452 thousand yen.

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

Regarding the performance forecast for the fiscal year ending March 2025, we have revised the full-year forecast that was announced on May 29, 2024. For further details, please refer to the “Notice on Revision of Full-Year Performance Forecast” announced today (November 14, 2024).

2. Interim Consolidated Financial Statements and Key Notes

(1) Interim Consolidated Balance Sheet

	(Thousands of Yen)	
	As of end of previous fiscal Year (March 31, 2024)	As of end of Q2 (September 30, 2024)
Assets		
Current assets		
Cash and deposits	2,228,759	1,853,674
Accounts receivable - trade, and contract assets	1,071,884	740,384
Merchandise and finished goods	-	1,044
Work in process	1,278	2,575
Prepaid expenses	62,386	143,738
Other	24,764	129,406
Total current asset	3,389,073	2,870,824
Non-current assets		
Property, plant and equipment	153,327	146,795
Intangible assets, net	4,533	4,012
Investments and other assets	187,058	187,802
Total non-current assets	344,918	338,610
Total assets	3,733,992	3,209,434
Liabilities		
Current liabilities		
Accounts payable - trade	820,871	471,744
Income taxes payable	88,078	12,216
Contract liabilities	44,134	60,361
Provision for loss on orders received	-	5,770
Other	118,135	62,364
Total Current liabilities	1,071,219	612,458
Non-current liabilities		
Asset retirement obligations	47,792	47,901
Other	5,618	4,921
Total non-current liabilities	53,410	52,823
Total liabilities	1,124,630	665,281
Net assets		
Shareholders' equity		
Share capital	971,945	972,582
Capital surplus	962,945	963,582
Retained earnings	917,000	849,585
Treasury shares	(245,040)	(253,500)
Total shareholders' equity	2,606,850	2,532,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,476	773
Total accumulated other comprehensive income	2,476	773
Share acquisition rights	34	-
Non-controlling interests	-	11,130
Total net assets	2,609,361	2,544,153
Total liabilities and net assets	3,733,992	3,209,434

(2) Interim Consolidated Income Statement and Interim Consolidated Statement of Comprehensive Income

Interim Consolidated Profit and loss statement

	(Thousands of Yen)	
	Q2 FY2023 (Apr. 1, 2023 - Sep. 30, 2023)	Q2 FY2024 (Apr. 1, 2024 - Sep. 30, 2024)
Net sales	1,208,668	1,088,463
Cost of sales	599,835	547,504
Gross profit	608,833	540,959
Selling, general and administrative expenses	494,618	599,343
Operating profit	114,214	(58,384)
Non-operating income		
Interest income	10	178
Foreign exchange gains	698	-
Reversal of allowance for doubtful accounts	2,938	-
Public performance Fee	-	3,611
Other	211	222
Total non-operating income	3,859	4,013
Non-operating expenses		
Interest expenses	73	133
Foreign exchange losses	-	6,416
Commission expenses	1,441	79
Event-related expenditures	-	9,747
Other	180	150
Total non-operating expenses	1,694	16,525
Ordinary profit (loss)	116,379	(70,896)
Extraordinary losses		
Loss on retirement of non-current assets	2,233	-
Total extraordinary losses	2,233	-
Profit (loss) before income taxes	114,146	(70,896)
Income taxes-current	48,743	3,066
Income taxes-deferred	7,119	(3,840)
Total income taxes	55,862	(774)
Net profit	58,283	(70,122)
Net profit attributable to non-controlling shareholders	-	(2,706)
Net profit attributable to owners of parent	58,283	(67,415)

Interim Consolidated Statement of Comprehensive Income

	(Thousands of Yen)	
	Q2 FY2023	Q2 FY2024
	(Apr. 1, 2023 - Sep. 30, 2023)	(Apr. 1, 2024 - Sep. 30, 2024)
Profit	58,283	(70,122)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,092	(1,703)
Total other comprehensive income	2,092	(1,703)
Comprehensive income	60,376	(71,825)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	60,376	(69,118)
Comprehensive income attributable to non-controlling interests	-	(2,706)

(3) Interim Consolidated Cash Flow Statement

(Thousands of Yen)

	2Q FY2023 (Apr. 1, 2023 - Sep. 30, 2023)	2Q FY2024 (Apr. 1, 2024 - Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	114,146	(70,896)
Depreciation and amortization	7,131	10,971
Loss on retirement of non-current assets	2,233	-
Increase (decrease) in provision for loss on orders received	-	5,770
Interest income	(10)	(178)
Increase (decrease) in allowance for doubtful accounts	(2,938)	-
Interest expense	73	133
Share issuance costs	180	150
Commission expenses	1,441	79
Decrease (increase) in accounts receivable - trade, and contract assets	217,425	331,499
Decrease (increase) in inventories	(4,557)	(2,340)
Increase (decrease) in trade payables	(79,685)	(349,127)
Increase (decrease) in contract liabilities	(44,548)	16,227
Other, net	(87,176)	(140,937)
Subtotal	123,714	(198,647)
Interest received	10	178
Interest paid	(73)	(133)
Income taxes paid	(10,545)	(75,177)
Net cash provided by (used in) operating activities	113,105	(273,779)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,540)	(14,768)
Payments for fulfillment of asset retirement obligations	(1,400)	-
Payment for leasehold and guarantee deposits	(39,795)	(17)
Payments of long-term loans receivable	(535)	(1,085)
Other, net	-	75
Net cash provided by (used in) investing activities	(50,272)	(15,796)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	995	1,089
Purchase of treasury shares	(180,917)	(8,460)
Decrease (increase) in deposits for purchase of treasury shares	85,283	(91,452)
Repayments of lease liabilities	(673)	(522)
Proceeds from share issuance to non-controlling shareholders	-	13,837
Other, net	(1,441)	-
Net cash provided by (used in) financing activities	(96,754)	(85,508)
Net increase (decrease) in cash and cash equivalents	(33,920)	(375,084)
Cash and cash equivalents at beginning of period	2,224,777	2,228,759
Cash and cash equivalents at end of period	2,190,856	1,853,674

(4) Notes to the Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.

(Significant Subsequent Events)

Not applicable.

(Segment Information)

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