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MODEL & DESIGN YOUR BUSINESS

Third quarter of the fiscal year ending March 31, 2025

February 14, 2025

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Q3 results in the fiscal year ending March 31, 2025

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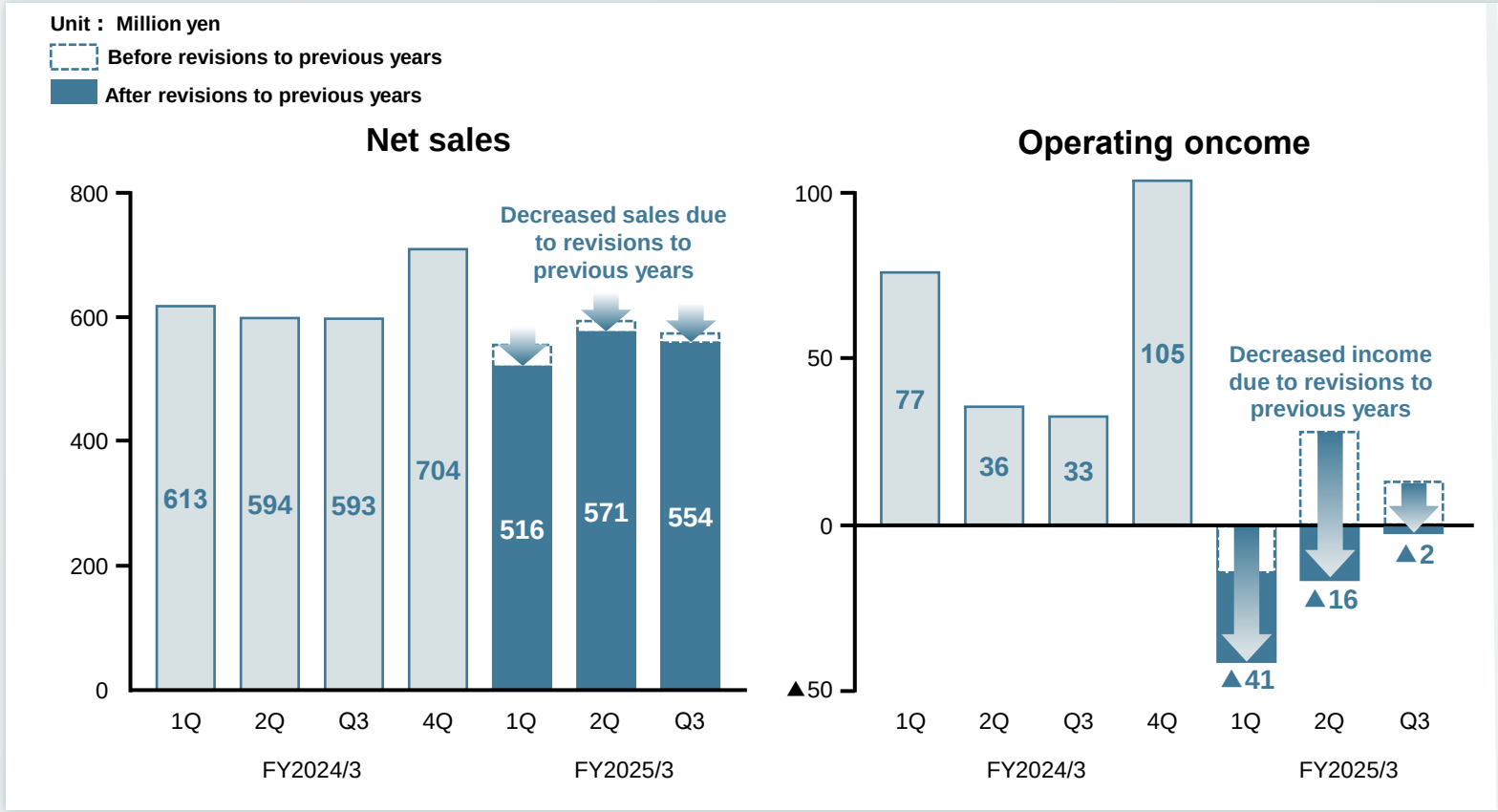
FY 2025/3 Q3 Consolidated Results: Highlights

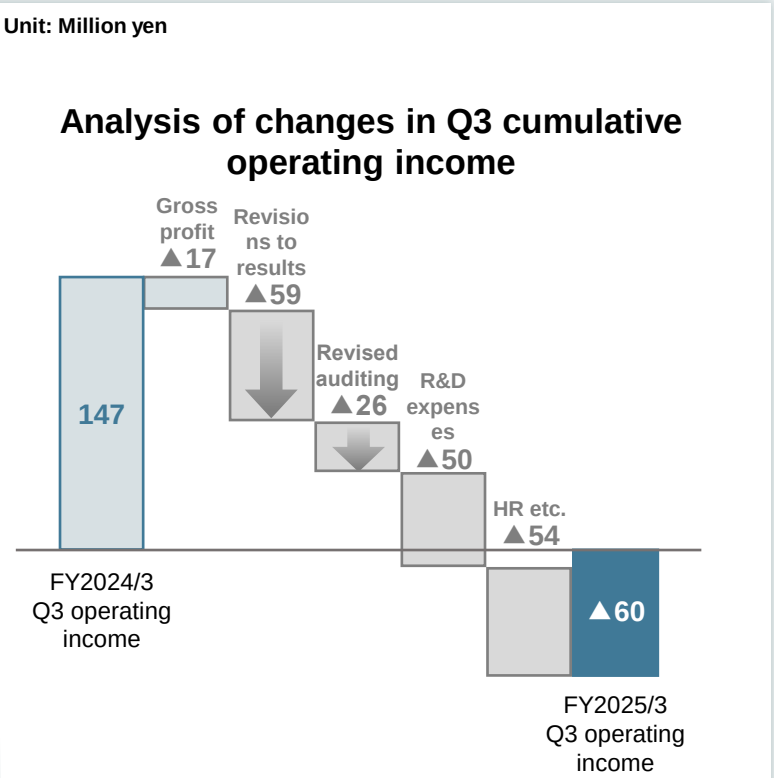
- **While profit was down because of revisions to the financial results in previous years and license price revisions, the breadth of the quarterly decrease contracted.**
- **Reviewed target customers and revised future sales strategies and organizational structures in response to significant price revisions on major products.**
- **Strengthened multi-low-code capabilities, including digital labor, to address the rapid expansion of the low-code market.**

	FY2024/3 Q3	FY2025/3 Q3	Change	YoY	FY2025/3 planned	Progress
Net sales	1.8 billion yen	1.64 billion yen	-0.15 billion yen	91.2%	2.51 billion yen	65.4%
Pro forma EBITDA	0.31 billion yen	0.08 billion yen	-0.23 billion yen	26.1%	0.17 billion yen	48.4%
Operating income	0.14 billion yen	-0.06 billion yen	-0.20 billion yen	-	0.00 billion yen	-
Ordinary income	0.14 billion yen	-0.06 billion yen	-0.21 billion yen	-	0.00 billion yen	-
Net income	0.07 billion yen	-0.07 billion yen	-0.15 billion yen	-	-0.05 billion yen	-

Performance Trends, Analysis of Changes in Operating Income

- **Net sales were down YoY because of reductions resulting from revisions to the financial results in previous years and the effects of price revisions on major products.**
- **Operating income was down just 2 million yen in Q3 despite the lingering effects of revisions to the financial results in previous years as the breadth of the decrease contracts.**
- **Operating income was down sharply from last year because of lower sales this period as a result of revisions to the financial results in previous years and the impact of revised audit costs.**





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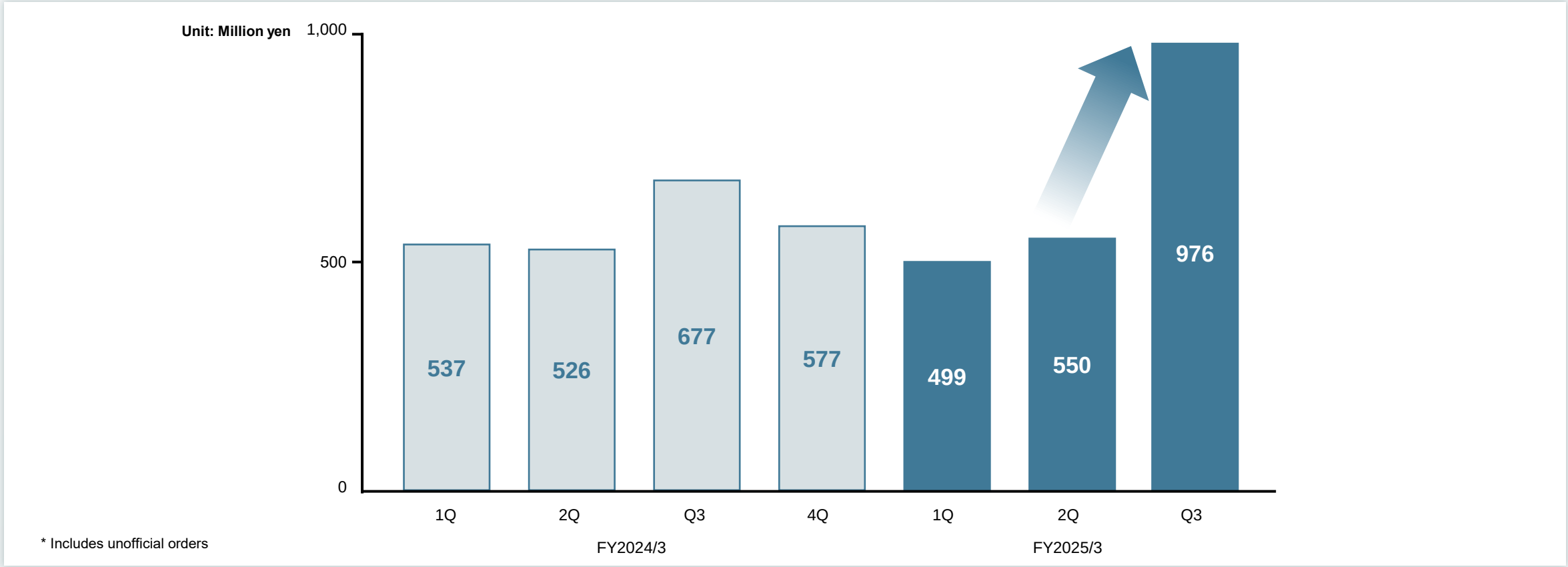
Trend in Orders Received

- **Orders received are recovering despite the lingering effects of price revisions on major products, thanks to changes to target customers and sales strategies.**
- **Service orders received grew sharply in Q3, up 144%* YoY.**
- **Aiming to grow ending orders received by continuing to strengthen service orders in Q4 in addition to deals closed this quarter.**



2 Overview and Initiatives for the Current Fiscal Year

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Acquisition of Stock in Microcourt Co., Ltd.

- **Formally decided on a strategic alliance with Microcourt, a Fukuoka-based company promoting digital transformation (DX) with strong ties to the region.**
- **In addition to further enhancing earnings abilities and expanding business territory, this alliance will aim to further strengthen IT HR development in the Kyushu region.**
- **Both companies will cooperate to develop next-generation engineers and build foundations for sustainable growth, through supporting DX by firms in the region.**

Advantages of addition to the Group, and future initiatives

- **Improving earnings potential through strengthening development resources**
  - Integration of development resources will enable swift handling of existing projects and expanding orders received for new ones.
  - Realizing business growth by building stable, sustainable revenue foundations.
- **Swift, community-oriented services by enhancing the business territory**

  Contributing to solutions to community issues using Microcourt's relations with community businesses and understanding of their needs.
- **Growing engineer resources and improving service quality through HR hiring and development**

  Sharing our expertise to enhance training structures and develop numerous engineers able to contribute right away.

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Order Received for the Sankyo Tateyama, Inc., Backbone System Upgrade Project

- **Order received for a backbone system upgrade project from Tateyama Advance, which handles Sankyo Tateyama's commercial facility business.**
- **Sankyo Tateyama's businesses include building materials, materials, commercial facilities, and international businesses. Of these, Tateyama Advance handles the commercial facility business, including fixtures, signage, store maintenance, and comprehensive support from design through construction.**
- **Through this project, BlueMeme will provide powerful support for Sankyo Tateyama's DX through advanced solutions and systems.**

Project background

- While promoting DX, it has not been easy for Tateyama Advance to adopt new systems.
- Need to promote business standardization and efficiency by building a flexible system foundation using low-code technology to deliver solutions.
- Also need to improve speed and precision in business processes overall by reducing manual work and centralizing information management.
- Furthermore, building a system able to adapt swiftly to future market changes by securing system expandability.

Details of BlueMeme's support

- Backbone business system (project progress control, business calculations, sales administration) upgrade.
- Supporting business efficiency improvements by enhancing collaboration with the business workflow system.
- Adopting an information sharing infrastructure compliant with the Act on Special Provisions concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers and building an environment to facilitate data coordination with suppliers.
- Building infrastructure to support Tateyama Advance's medium-/long-term DX strategy.

Business and Capital Alliance with AIK Co., Ltd.

- **BlueMeme formed a business and capital alliance with AIK, which promotes DX in the security industry by providing security systems using AI technologies.**
- **The aim of this investment in AIK through BlueMeme Investment LLP 1, operated by BlueMeme Partners, is to accelerate DX in the security industry, improve security human resources' skills, and strengthen the next-generation security infrastructure.**

Background and objectives of alliance

- DX progress in the security industry in Japan is delayed, and its stagnant business efficiency and labor shortage are growing increasingly more severe.
- To realize a Web platform for automating security services by combining AIK's DX solutions with our technological capabilities.
- Supporting swift decision-making by enabling real-time information sharing and analyzing as a result.
- AIK develops features suited to industry-specific needs and contributes to business efficiency improvements, cost cutting, and safety across the entire security industry.

Details of alliance

- **Providing specialized DX solutions for the security industry**

  Leveraging the latest technologies and system development expertise to accelerate automation and data utilization in the security industry.
- **Joint development of training programs**

  Developing programs for comprehensive support of HR development after adoption of DX solutions.
- **Industry-wide value improvement**

  Aiming to improve the image of the security industry by combining the strengths of both companies.

Completion of Investment in Nurve

- **BlueMeme Investment LLP 1, operated by BlueMeme Partners, has completed its investment in Nurve, which deploys XR (virtual reality) services.**
- **This investment will support Nurve's further growth and new business expansion using XR technologies.**

About Nurve

- Provides innovative services using XR technologies.
- Provides innovative virtual experience services to the real estate, travel, and other industries.
- Its VR Naiken ® service already has secured a solid market share in this field as the leader in VR open houses.
- It also is deploying services to support solutions for businesses requiring stability and those where it is difficult to share resources due to geographical constraints.
- It has concluded a business alliance with a major real estate information site and offers the VR Naiken ® service broadly across the real estate industry, for more efficient sales.

Reasons for investment

- Our assessment of Nurve's outstanding technological strengths and its high growth potential in the market.
- Its XR technologies are effective for HR development and operation procedures support.
- Expected business development using XR technologies and data analysis.
- Planning to offer new VR services to meet customers' needs, leveraging a wealth of partnerships in the long-term care, welfare, and medical fields.

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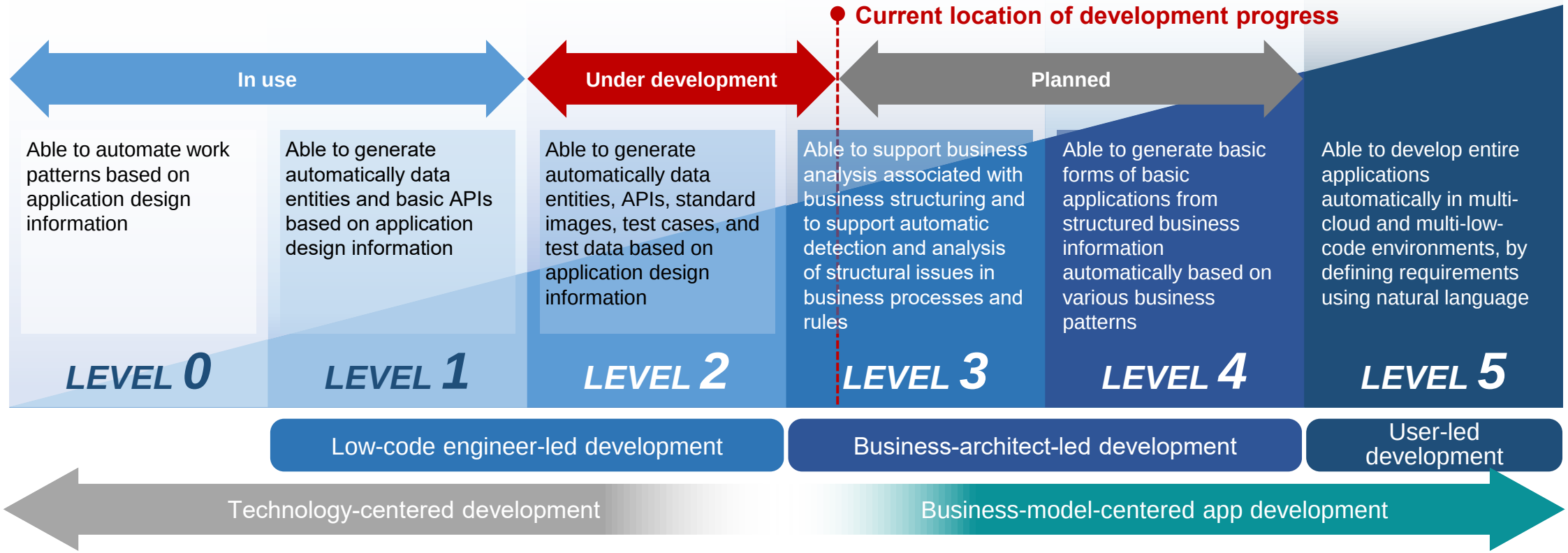
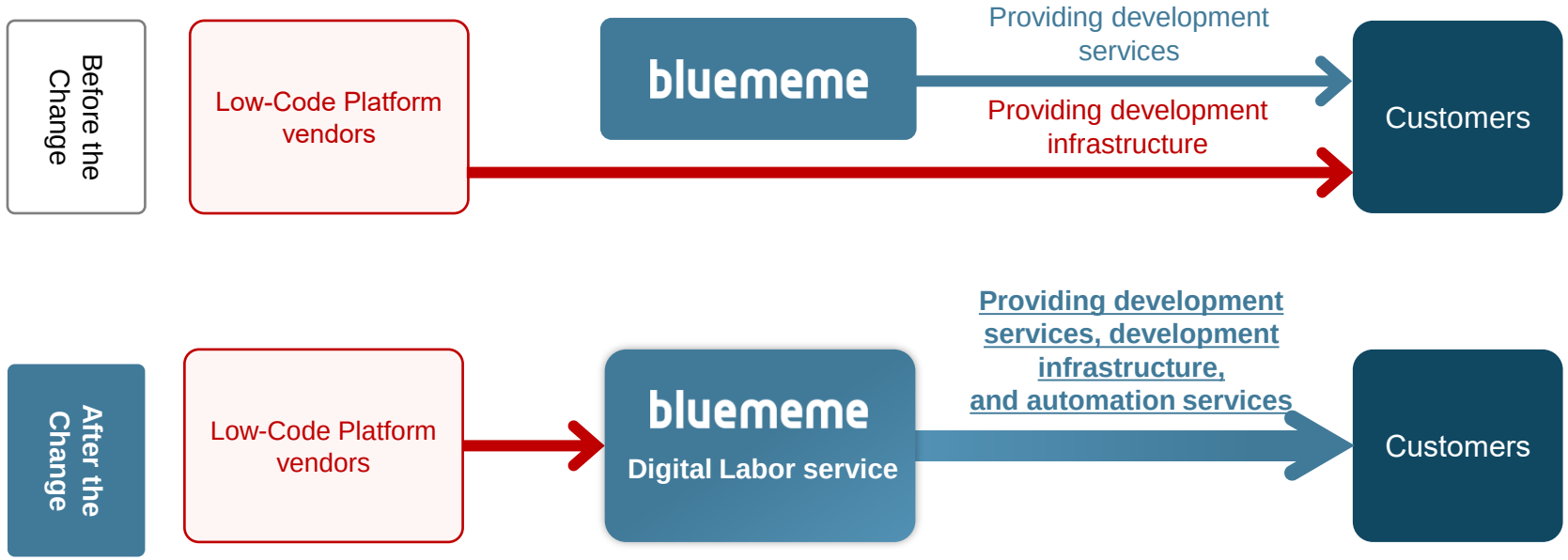
Stages of Digital Labor Development

- **In addition to maturation of Level 2 through application to real-world projects, digital labor development has started on Level 3, which corresponds to upstream processes.**
- **Steadily expanding pilot projects in which digital labor is applied.**
  - Development plans are progressing steadily, and we are confirming labor-saving results of development automation. Level 3 will be completed after about one year through application to real-world projects.

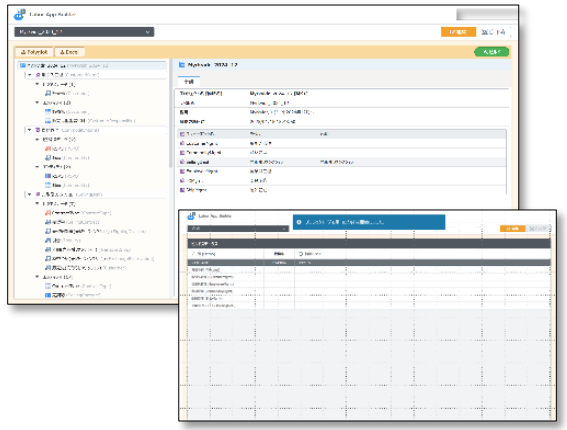


Changes in Revenue Structure through the Utilization of Digital Labor

- **Currently, we offer both low-code + agile development services and licenses in parallel.**
- **In the practical application of digital labor, we will provide an integrated service that includes development automation services through digital labor, which is expected to significantly transform our business, including the revenue structure.**



Digital Labor (Screens under development)



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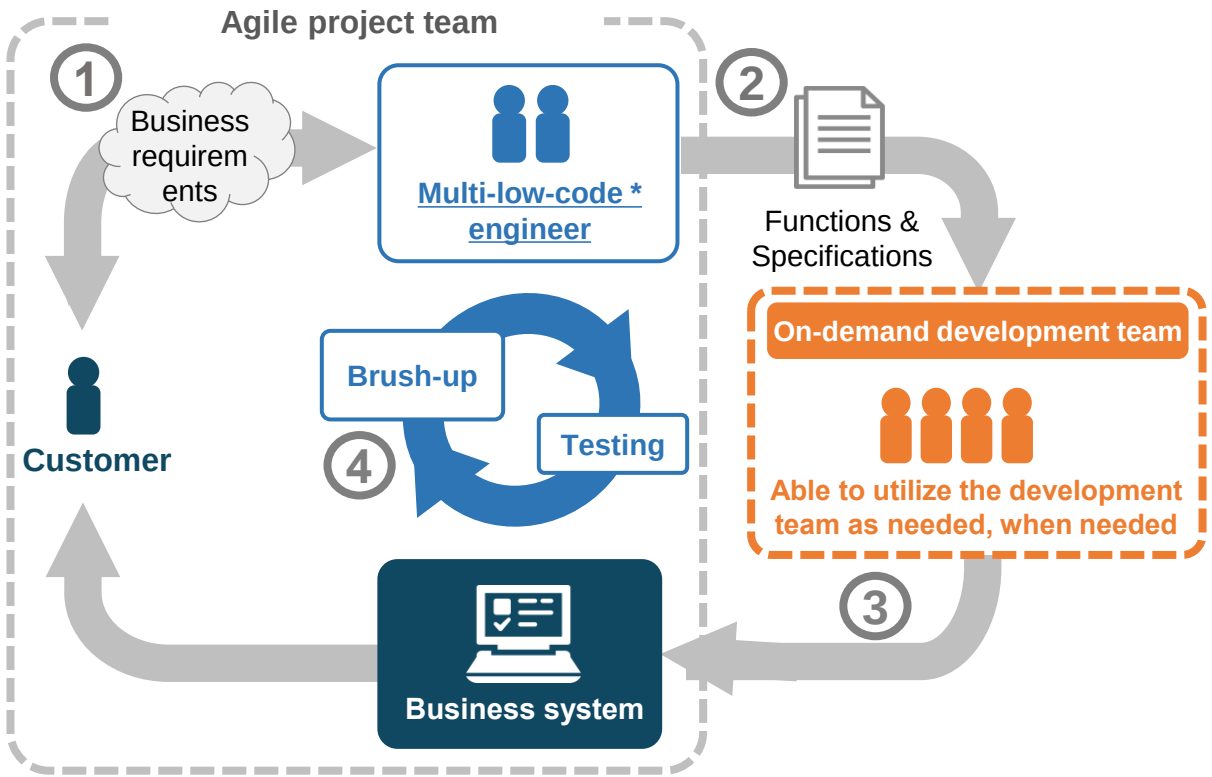
Expand the Scope of Development Services to Accommodate a Multi-Low-Code Platform

- **In response to the rapidly growing low-code market, strengthen the multi-low-code strategy ahead of schedule, including the adoption of products highly rated by customers. This enables proposals tailored to customers' budgets and scales, aiming to expand the customer base.**
- **Continue strategic business investments to build the organizational structure to support multi-low-code capabilities.**



*** Multi-low-code**

Realizes more flexible and efficient development through selection and combination of optimal low-code tools suited to corporate needs and system requirements

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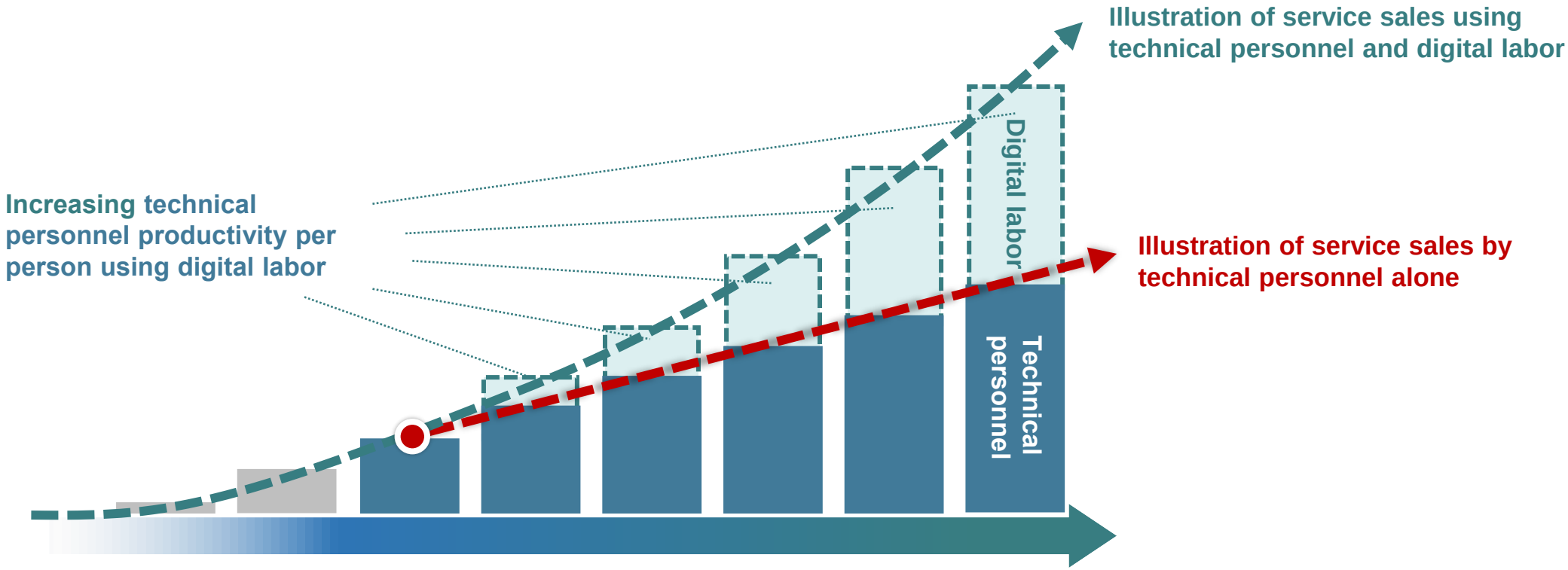
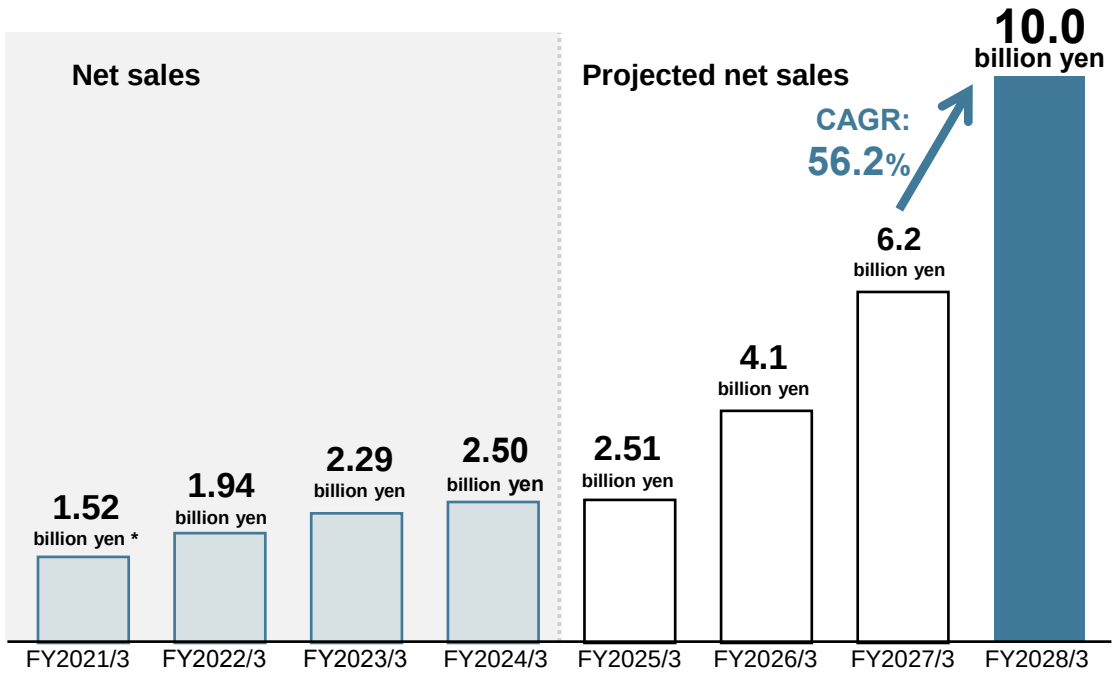
Using Digital Labor to Reduce Labor Cost Rates

- **Increase the number of engineers and productivity per engineer to improve the revenue from development services.**
- **Digital labor can grow sales by increasing technical personnel's productivity per person.**



Notes:
Business growth rates estimate differences in rates of growth from use of technologies, such as digital labor and AI compared to previous forecasts.
At a minimum, the domestic low-code/no-code development market is expected to grow at least ninefold by 2030.

Status and Outlook for the Current Fiscal Year



* Net sales after application of the Accounting Standard on Revenue Recognition (new standard) in FY 2021/3 have not been reviewed by the audit firm and are for refence only.

Overview and Outlook for the Current Fiscal Year

- **Revenue decrease and additional audit fees incurred because of the restatement of prior period financial statements were one-off factors.**
- **Orders received recovered in Q3 because of the implementation of new sales strategies in response to license price revisions.**
- **We will advance the multi-low-code strategy ahead of schedule to build a revenue base beyond OutSystems.**

3

Joint Research with Kyushu University

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Quantum AI Research with Kyushu University: Applications to Bio-Medical Fields

- **Since April 2023, we have been advancing joint research with the Medical Institute of Bioregulation, Kyushu University, toward social implementation of a biomedical language model utilizing quantum AI. This initiative will promote progress in AI technologies in biomedical information analysis fields and social implementation of quantum computing technologies. Plans call for publishing some results of this research in a paper during 2025.**
  - Press release: BlueMeme and Kyushu University launch joint research to develop a large language model using quantum AI https://www.bluememe.jp/press-release-2023-06-14-en/
  - Press release: BlueMeme and Kyushu University launch R&D on a network AI statistical analysis infrastructure https://www.bluememe.jp/press-release2023-12-12-en/

HPC for quantum computing simulation
(Medical Institute of Bioregulation, Kyushu University)

Quantum AI

Quantum AI technology combines the computing power of quantum computers with AI technology, to enable faster, more advanced processing than traditional AI.

This technology demonstrates considerable effects in solutions to **issues involving processing of vast volumes of data and complex optimization** in particular.

Differences from traditional AI

Data learning efficiency:
The distinctive features of quantum computers make it possible to identify patterns and learn effectively even using small sample sizes (even where vast volumes of training data would be needed with traditional AI).

Finding optimal solutions:
Derives more precise solutions to complex forecasting tasks.

Information processing capabilities:
Quantum superposition makes it possible to compute simultaneously vast combinations that were not practical in terms of time constraints when using standard computers.

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Fields and Progress of Our Research on Quantum Technologies

Quantum AI

Quantum machine learning

Progress:
Breakthrough achieved in the biomedical field. Paper planned for publication in 2025.

Impact of quantum technologies:
Enables general use of precision learning using small data volumes. Quantum technologies can overcome the issue of insufficient data in traditional deep learning.

Anticipated scopes of application:
Realizing precision learning while keeping down computing costs in LLM and other machine-learning fields overall. Enabling even small and medium-sized research institutions to conduct biomedical analysis.

Quantum optimization

Progress:
Now researching genetic information analysis using quantum optimization. Paper planned for publication in 2025.

Impact of quantum technologies:
Quantum superposition can find global optimal solutions while avoiding local optimization through parallel searching of numerous possible solutions.

Anticipated scopes of application:
Optimization domains overall (particularly individualized medicine, pharmaceuticals development, logistics optimization, etc.)

Network AI statistics

Progress:
Now researching large-scale network analysis using AI. Paper planned for publication in 2025.

Impact of network AI statistics:
Scalable methods for large-scale networks have been limited using traditional algorithms. Combination of AI with statistics can enable precision analysis on large-scale networks.

Anticipated scopes of application:
All fields involving networks (particularly IoT, automotive sensor fusion, robotics, social networking systems, bio-informatics, etc.)