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

February 14, 2025

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 third quarter for FY2024 (from April 1, 2024 to December 31, 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	%
Q3 FY2024	1,642	(8.8)	(60)	-	(63)	-	(72)	-
Q3 FY2023	1,801	8.9	147	(33.7)	149	(32.1)	78	(46.0)

* Comprehensive income Q3 FY2024: -77 million yen (-%) Q3 FY2023: 78million yen (-45.6%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Q3 FY2024	(21.06)	-
Q3 FY2023	22.48	21.87

*Although there were shares with dilutive effects, diluted net income per share is not presented for Q3 FY2024 because a net loss was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q3 FY2024	3,200	2,503	77.6
FY2023	3,733	2,609	69.9

(Reference) Shareholders' equity Q3 Period for the Q3 FY2024: 2,483-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: None

*Notes

- The financial statements for the third quarter (third quarter period) are not subject to audit by a certified public accountant or auditing firm.
- 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 third quarter period for the fiscal year ending March 2025 (April 1, 2024, to December 31, 2024), the Japanese economy continued to face an uncertain outlook due to sharp exchange rate fluctuations, soaring resource prices, political instability caused by conflicts in Eastern Europe and the Middle East, persistent high inflation in major Western economies, and rapid monetary tightening.

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.

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 third quarter consolidated financial period, net sales amounted to 1,642,566 thousand yen (decrease of % YoY), an operating loss of 60,671 thousand yen (compared to operating profit of 147,555 thousand yen in the same period last year), an ordinary loss of 63,567 thousand yen (compared to ordinary profit of 149,009 thousand yen in the same period last year), and net loss attributable to owners of the parent of 72,083 thousand yen (compared to net profit attributable to owners of the parent of 78,171 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)

Current assets amounted to 2,844,570 thousand yen, a decrease of 544,503 thousand yen compared to the end of the previous consolidated fiscal year. This was primarily due to a decrease in accounts receivable. Fixed assets amounted to 355,485 thousand yen, an increase of 10,566 thousand yen compared to the end of the previous consolidated fiscal year. This decrease was primarily due to acquisition of investment securities.

As a result, total assets amounted to 3,200,055 thousand yen, a decrease of 533,936 thousand yen compared to the end of the previous consolidated fiscal year.

(Liabilities)

current liabilities amounted to 644,888 thousand yen, a decrease of 426,330 thousand yen compared to the end of the previous consolidated fiscal year. This was primarily due to a decrease in accounts payable. Fixed liabilities amounted to 52,137 thousand yen, a decrease of 1,273 thousand yen compared to the end of the previous consolidated fiscal year, mainly due to a decrease in other liabilities (deferred tax liabilities).

As a result, total liabilities amounted to 697,025 thousand yen, a decrease of 427,604 thousand yen compared to the end of the previous consolidated fiscal year.

(Net assets)

Net assets amounted to 2,503,029 thousand yen, a decrease of 106,332 thousand yen compared to the end of the previous consolidated fiscal year. This was primarily due to the recording of a quarterly net loss attributable to owners of the parent company of 72,083 thousand yen and the acquisition of treasury stock amounting to 53,567 thousand yen.

As a result, the equity ratio was 77.6% (compared to 69.9% at the end of the previous consolidated fiscal year).

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

There are no changes to the full-year performance forecast for the fiscal year ending March 2025, as announced in the revision of the full-year performance forecast on November 14, 2024.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of Yen)	
	As of end of previous fiscal Year (March 31, 2024)	As of end of Q3 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	2,228,759	1,820,096
Accounts receivable - trade, and contract assets	1,071,884	782,873
Merchandise and finished goods	-	853
Work in process	1,278	12,237
Prepaid expenses	62,386	103,325
Other	24,764	125,182
Total current asset	3,389,073	2,844,570
Non-current assets		
Property, plant and equipment	153,327	144,806
Intangible assets, net	4,533	3,752
Investments and other assets	187,058	206,925
Total non-current assets	344,918	355,485
Total assets	3,733,992	3,200,055
Liabilities		
Current liabilities		
Accounts payable - trade	820,871	523,808
Income taxes payable	88,078	4,942
Contract liabilities	44,134	42,894
Provision for loss on orders received	-	10,339
Other	118,135	62,905
Total Current liabilities	1,071,219	644,888
Non-current liabilities		
Asset retirement obligations	47,792	47,956
Other	5,618	4,180
Total non-current liabilities	53,410	52,137
Total liabilities	1,124,630	697,025
Net assets		
Shareholders' equity		
Share capital	971,945	973,832
Capital surplus	962,945	964,832
Retained earnings	917,000	844,916
Treasury shares	(245,040)	(298,608)
Total shareholders' equity	2,606,850	2,484,973
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,476	(1,627)
Total accumulated other comprehensive income	2,476	(1,627)
Share acquisition rights	34	-
Non-controlling interests	-	19,683
Total net assets	2,609,361	2,503,029

	(Thousands of Yen)	
	As of end of previous fiscal Year (March 31, 2024)	As of end of Q3 (December 31, 2024)
Total liabilities and net assets	3,733,992	3,200,055

(2) Quarterly Consolidated Income Statement and quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Profit and loss statement

	(Thousands of Yen)	
	Q3 FY2023 (Apr. 1, 2023 - Dec. 31, 2023)	Q3 FY2024 (Apr. 1, 2024 - Dec. 31, 2024)
Net sales	1,801,954	1,642,566
Cost of sales	907,578	824,826
Gross profit	894,376	817,740
Selling, general and administrative expenses	746,820	878,412
Operating profit	147,555	(60,671)
Non-operating income		
Interest income	10	178
Foreign exchange gains	-	2,752
Reversal of allowance for doubtful accounts	2,938	-
Public performance Fee	-	3,878
Other	648	1,064
Total non-operating income	3,598	7,874
Non-operating expenses		
Interest expenses	116	195
Foreign exchange losses	406	-
Commission expenses	1,441	504
Event-related expenditures	-	9,920
Other	180	150
Total non-operating expenses	2,143	10,770
Ordinary profit (loss)	149,009	(63,567)
Extraordinary losses		
Loss on retirement of non-current assets	2,544	-
Total extraordinary losses	2,544	-
Profit (loss) before income taxes	146,465	(63,567)
Income taxes-current	66,951	8,973
Income taxes-deferred	1,341	2,940
Total income taxes	68,293	11,913
Net profit	78,171	(75,481)
Net profit attributable to non-controlling shareholders	-	(3,397)
Net profit attributable to owners of parent	78,171	(72,083)

Third quarter Consolidated Statement of Comprehensive Income

	(Thousands of Yen)	
	Q3 FY2023	Q3 FY2024
	(Apr. 1, 2023 - Dec. 31, 2023)	(Apr. 1, 2024 - Dec. 31, 2024)
Profit	78,171	(75,481)
Other comprehensive income		
Valuation difference on available-for-sale securities	571	(4,104)
Total other comprehensive income	571	(4,104)
Comprehensive income	78,743	(79,586)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	78,743	(76,188)
Comprehensive income attributable to non-controlling interests	-	(3,397)

(4) Notes to the third quarter Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on substantial changes in the amount 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 Corporation, Inhabitant, and Enterprise Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the consolidated accounting period.

Revisions to the classification of corporate taxes, etc. (taxation on other comprehensive income) conform to the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment stipulated in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance of 2022”). This change in accounting policy has no impact on the quarterly consolidated financial statements.

Additionally, regarding the revisions related to the review of accounting treatment in consolidated financial statements for 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 consolidated accounting period. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous consolidated fiscal year reflect the retrospective application. However, this change in accounting policy has no impact on the quarterly consolidated financial statements for the previous quarter or the consolidated financial statements for the previous consolidated fiscal year.

(Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the nine-month period of the third quarter has not been prepared. However, depreciation expenses (including amortization of intangible fixed assets) for the nine-month period of the third quarter are as follows:

(Thousands of Yen)		
Period	Q3 FY2023	Q3 FY2024
	(Apr. 1, 2023 - Dec. 31, 2023)	(Apr. 1, 2024 - Dec. 31, 2024)
Depreciation Expenses	11,408	17,031

(Significant Subsequent Events)

(Business combination through acquisition)

At a meeting of the Board of Directors held on 28 January 2025, the Company resolved to acquire all of the shares of Microcourt Co., Ltd. and make it a subsidiary, and concluded a share transfer agreement on the same day. The Company finished purchasing all of the shares on 31 January.

(1) Overview of the business combination

① Name and business of the acquired company

Name of company: Microcourt Co., Ltd.

Business: software development, engineer dispatch

② Reason for the business combination

The Group has four bases in Tokyo, Fukuoka, Kumamoto and Okinawa, and in recent years, in particular, the rapid increase in IT demand in the Kyushu region accompanying the development of the semiconductor industry has become prominent. In order to respond to this, our group has focused on promoting IT in a community-based manner from our Fukuoka base, and we have acquired all the shares of Microcourt Co., Ltd., which has its head office in Fukuoka City. Through this, our group aims to further strengthen our profitability, expand our business areas, and focus more on the development of IT human resources in the Kyushu region. Through mutual cooperation within the Group, we will support the DX of local companies, and establish a foundation for the development of next-generation engineers and sustainable growth.

③ Date of business combination: 31 January 2025 (date of share acquisition)

④ Legal form of business combination: Share acquisition in exchange for cash

⑤ There will be no change in the name of the company after the business combination

⑥ Ratio of voting rights acquired: 100%

⑦ Main reason for determining the acquiring company:

The Company entered into a share transfer agreement to acquire shares in exchange for cash.

(2) Breakdown of acquisition cost and consideration for the acquired company

Consideration for acquisition: 25,500,000 yen

Acquisition cost: 25,500,000 yen

(3) Breakdown and amount of major acquisition-related expenses

Advisory fees, etc.: 17,800,000 yen

(4) Amount of goodwill, cause of occurrence, method of amortization and amortization period

Not yet determined

(5) The amount of assets and liabilities to be accepted on the date of the business combination and their main breakdowns.

This has not yet been determined.