

# **Fiscal Year Ended June 30, 2023**

## **Explanatory Material on Financial Statements**

**August 9, 2023**

i Cubed Systems, Inc.

TSE Growth : 4495

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### Disclaimer

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# 1. Summary


# Summary of FY6/23

With net sales growing steadily, we proactively made investments for growth to expand the business further.

Number of corporations deploying our services increased by more than 1,000 over from the end of the previous fiscal year, Mainly due to the beginning of OEM sales, leading to expansion of the customer base.


## Net sales

**2,665**million yen

YoY: +8.6% 

## Operating income

**618**million yen

YoY: -25.2% 

## Number of corporations introducing our services

**4,929**corporations

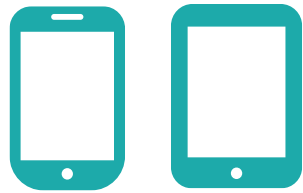
+25.9%  from the end of the previous period

## **2. Business Summary**

# Structure of the Group's business

CLOMO Business is the main focus of business development for the Group. Investment Business was launched in June 2022 to further expand CLOMO Business and to accelerate growth of the Group as a whole.

## CLOMO Business



Main business and revenue base of the Group, providing CLOMO MDM and CLOMO SECURED APPs to support use and management of mobile devices by corporates

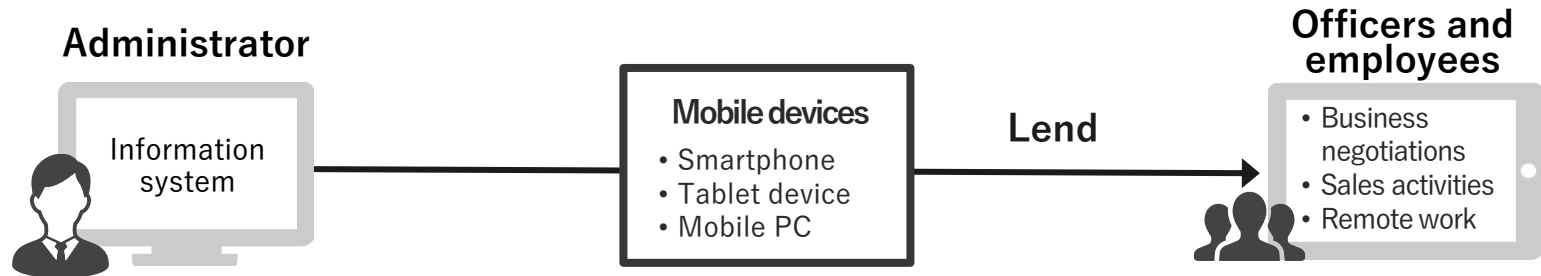
## Investment Business





Investment activities, such as CVC, aimed at generating business opportunities for CLOMO Business and execution of M&A aimed at further expansion of CLOMO Business and creation of new businesses

# Overview of the CLOMO Business

Use cloud to provide B to B SaaS in the form of a subscription.  
 Sell services to customers (users) mainly through distributors.



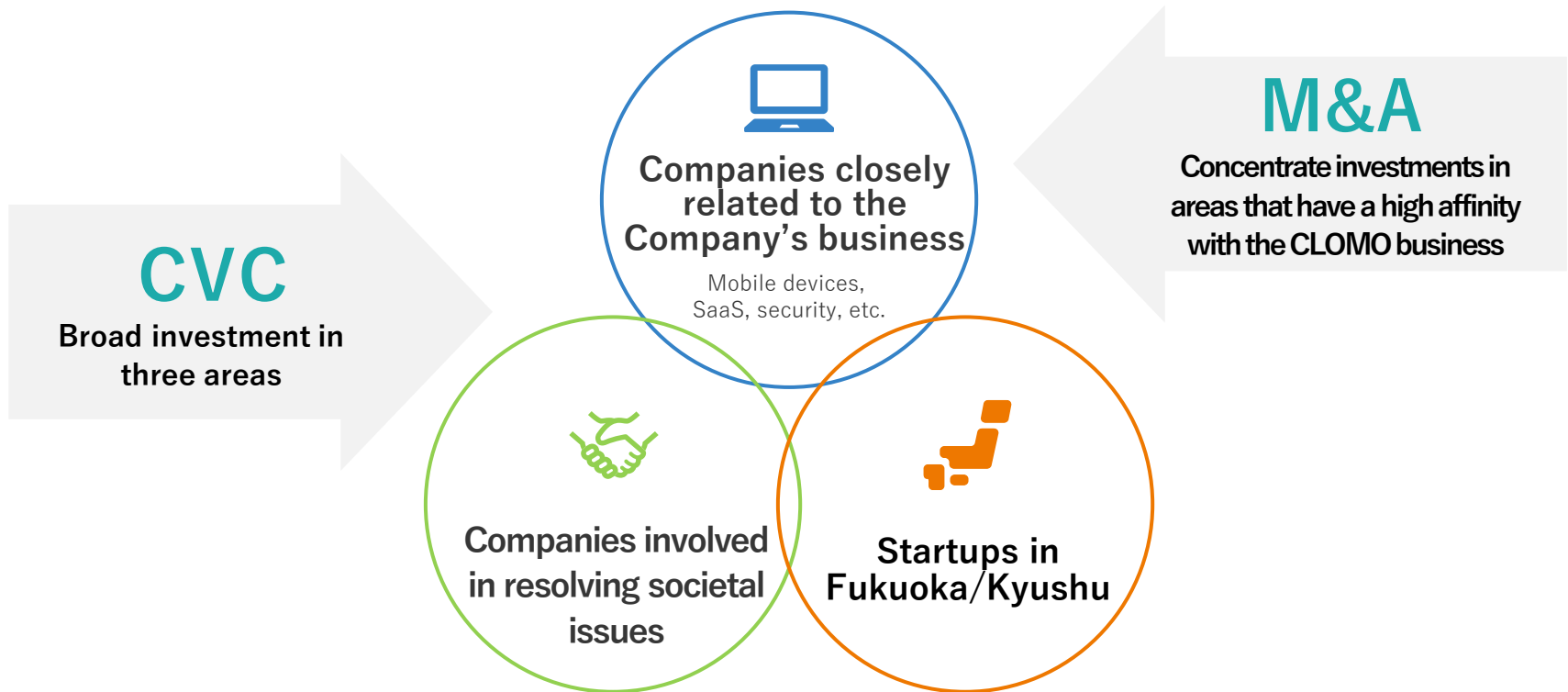
		Visualization of utilization status “Status monitoring”	Function restrictions And settings “Application of utilization rules”	Security measures “Measures for preventing information leakage”
<b>Management</b> Basic functions for smooth management		Remotely assess the utilization status in real time	Properly set and restrict functions	Device lock and data erasure when the device is lost or stolen
<b>Utilization</b> In combination with MDM, ensure both safety and convenience		Efficiently assess the utilization status	Efficiently use business software	Provide apps that meet security requirements
			<b>【Browser / Mailer / Calendar / Contacts / Docs】</b>	

# Overview of the Investment Business

We actively explore M&A in order to accelerate the opening up of new businesses and creation of new revenue sources.

Additionally, we established a venture capital subsidiary and fund, and started investment activities.

## Focus areas within investments



# Source of competitiveness

## **1** Competitive advantage of CLOMO Business

1. Stable revenue base and highly profitable structure
2. Integration capabilities
3. Partnership with OS developers and high evaluation

## **2** Management resources

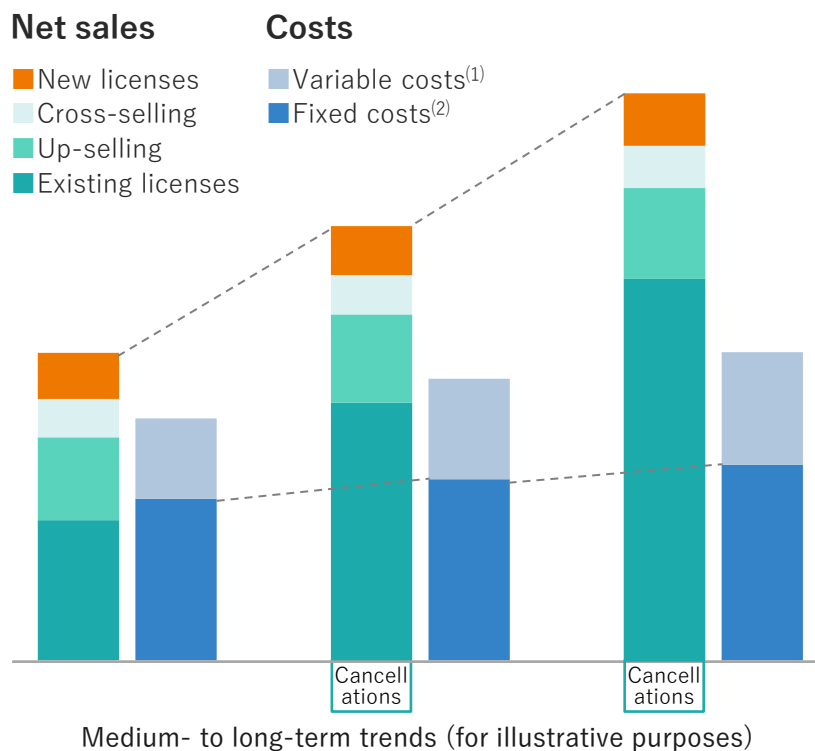
1. Stable financial base
2. Strong customer base
3. Diverse and flexible organization

## 1 Competitive advantage of CLOMO Business

# Stable revenue base and highly profitable structure

SaaS business using both subscription model and cloud technology.  
It is possible to obtain stable revenue through continuous sales and establish a highly profitable structure through economies of scale.

## Structure of net sales and costs



Note:

1. Calculated as “other expenses (cost of sales) + advertising expenses (SG&A expenses) + R&D expenses (SG&A expenses) + other expenses (SG&A expenses)”.
2. Calculated as “depreciation expenses (cost of sales) of in-house product software + manufacturing cost (cost of sales) related to product development and operations + personnel cost (SG&A expenses) + property cost (SG&A expenses)”.

## Features of net sales breakdown

- Newly acquired (distributors)**  
Corporate with distributors to increase number of new customers
- Customer success (our company)**  
Approach directly, promote up-selling and cross-selling

## Features of cost breakdown

- Variable costs**  
Utilize new technology to control increases in operating costs for servers, etc. following expansion in scale of business
- Fixed costs**  
Furthermore, sales costs are controlled by means of marketing activities led by distributors, so that locations need to be opened only in core areas

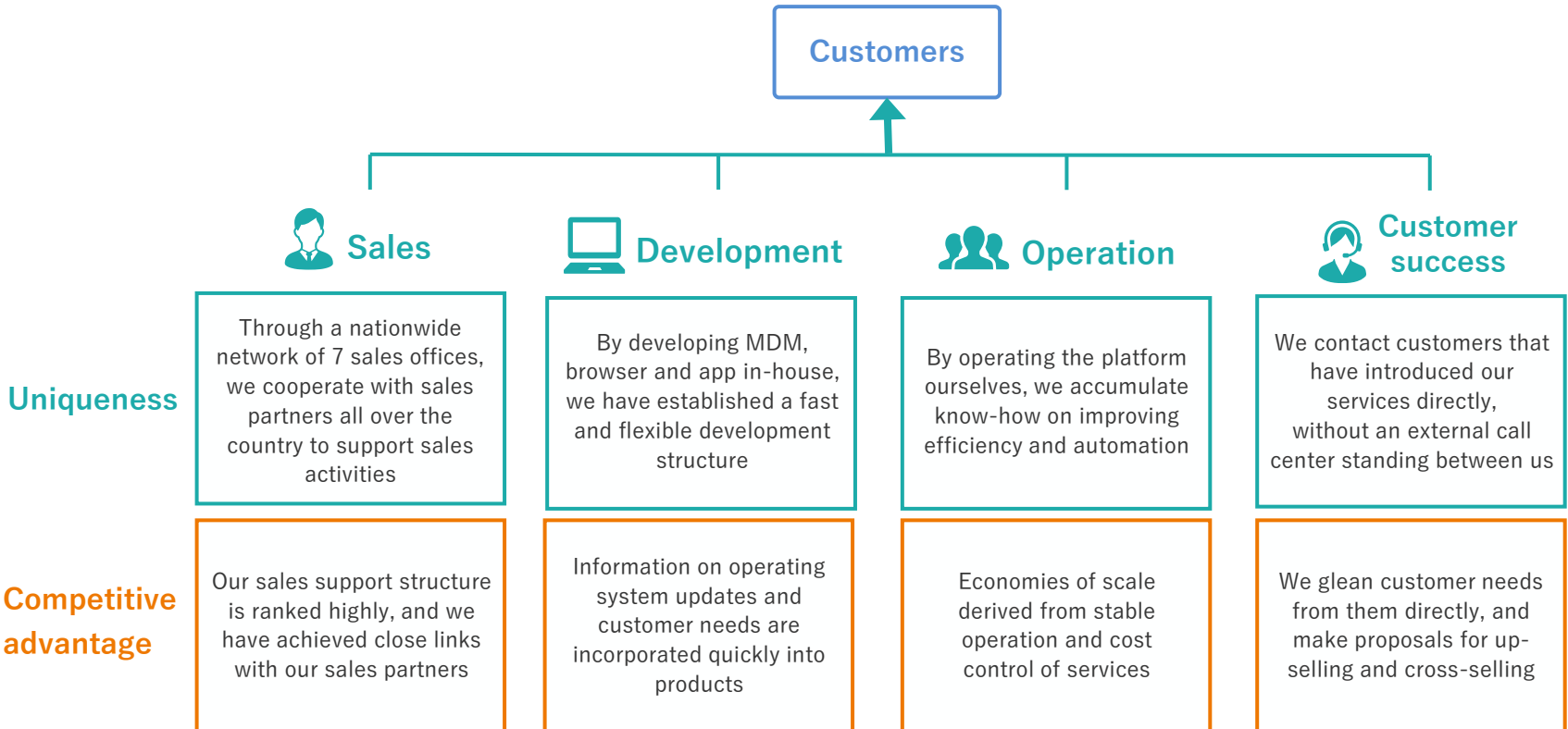
1 Competitive advantage of CLOMO Business

# Integration capabilities

Achieving services with high customer satisfaction through the integrated capability of performing all sales, development, operations, and support in-house.

Integration capabilities

Enables close cooperation with customers and the provision of service that scores highly for satisfaction



# Partnership with OS developers and high evaluation

As one of 11 global companies that have acquired Android Enterprise Recommended certification in the EMM field, we have cleared high hurdles required by Google.



A program that shows that a service satisfies Google's stringent requirements for the safe and secure use of Android devices by companies

## Satisfies Google's stringent requirements

- **Development of advanced and highly sophisticated management functions**
- **Courteous and caring support structure**
- **Extensive track record and abundant deployment know-how**

## Helps acquire customers in the area of Android devices for corporates

- Provision of management and operations tailored to Android devices that have received Android Enterprise Recommended certification enables sophisticated device and app control
- Recognition of our superior technical capabilities in Android device management promotes acquisition of customers in the area of Android devices for corporates, where their use is expanding

## The other that have acquired Android Enterprise Recommended

Tectoro Consulting Private Ltd. / AXSEED, Inc / IBM MaaS360 / Ivanti / Knox Manage / Microsoft\* / SoftBank Corp / SOTI / VMware Workspace ONE / 360° Pulsus

Source: Android Enterprise Recommended website ([https://www.android.com/intl/ja\\_jp/enterprise/](https://www.android.com/intl/ja_jp/enterprise/)), as of 30 June 2023.

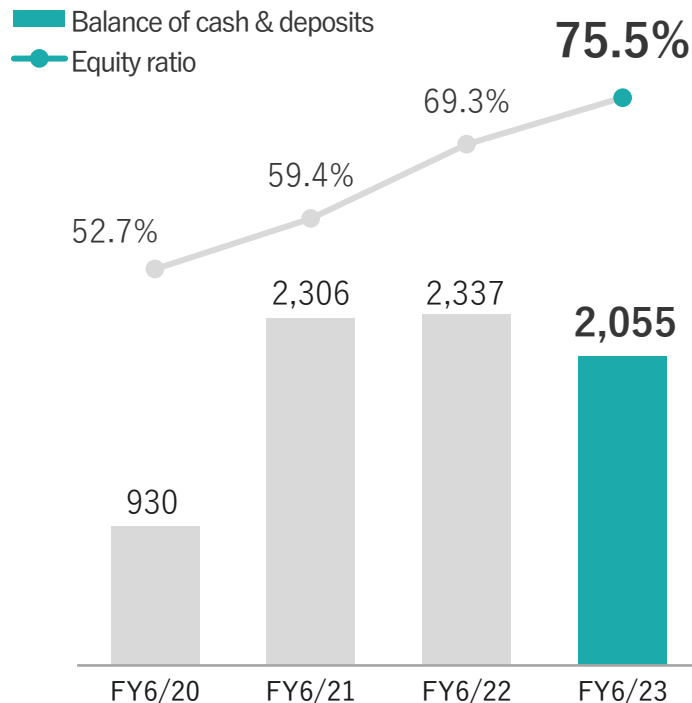
# Stable financial base

As of June 30, 2023, the amount of cash and deposits exceeded 2.0 billion yen, with an equity ratio of 75.5%.

Use of subscription model enables us to build a stable financial base for future growth of the Company.

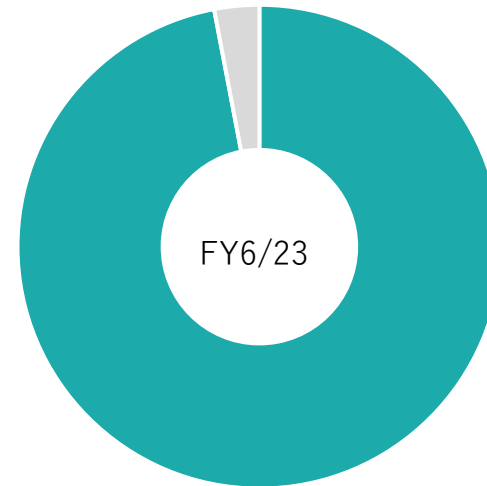
## Trend in balance of cash & deposits and equity ratio

(millions of yen)



## Ratio of revenue from stock business

**96%** of consolidated net sales consists of stock business



- Revenue from stock business
- Revenue from flow business

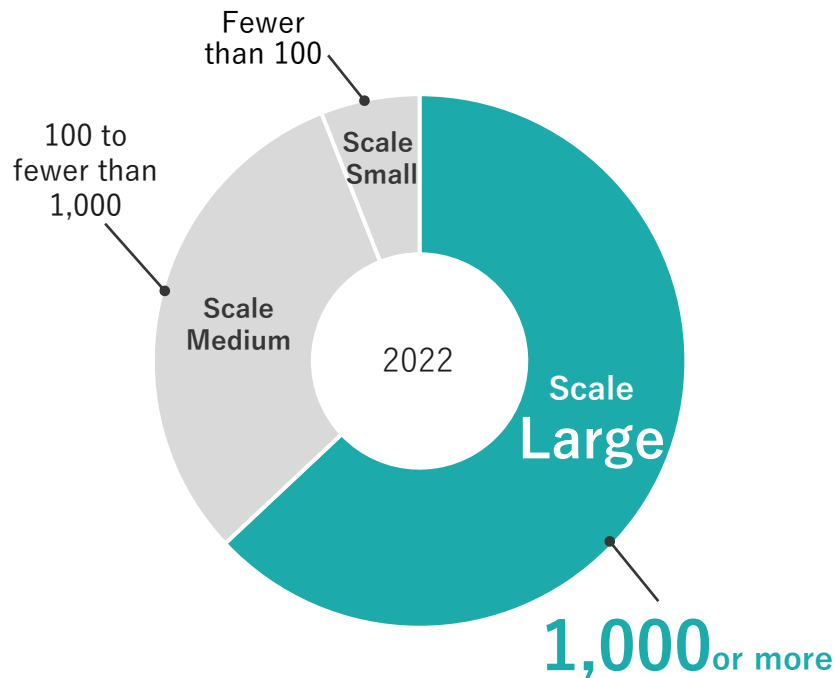
## 2 Management resources

# Strong customer base

More than 4,900 existing companies form a strong customer base various of industries, mainly large companies.

In recent years, it has also been introduced to small and medium-sized companies, promoting growth of the company.

### Sales composition by customer scale (number of employees)



### Deployment track record



And many others

Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd.  
“Market Outlook of Collaboration/Contents & Mobile Management Packaged Software” 2022 edition

# Diverse and flexible organization

Recognized for three consecutive years in the Best Workplaces<sup>(1)</sup> rankings and promotes flexible work styles.

By building a diverse organization and providing support for personal growth, we have fostered a culture that actively takes on challenges.

## Building of a diverse organization

- Diverse employee composition

Male-to-female ratio<sup>(2)</sup>

6:4

Percentage of foreign national employees<sup>(2)</sup>

10%

- Promote the creation of a diverse organization through free recruitment activities regardless of gender, nationality

- Flexible work styles

- Adopt remote work and flextime (without core time restrictions) for entire company

Percentage taking childcare leave

Ratio taking leave  
100%

Actual figure for FY6/23

Hours worked outside regular hours

5.1 hours/month

Actual figure for FY6/23

## Fostering a culture that takes on challenges

- Support for personal growth

- Whether new graduates or mid-career hires, we actively recruit engineers of foreign nationality and provide support for relocation to Japan
- Attendance at overseas conferences
- Development and training of core human resources

- Corporate logo represents “challenge”



- Switch to variable logo that forms different shapes around the central “i” motif
- Represents the Company’s active approach to challenges and its willingness to change

Note:

1. The Company was recognized by the Great Place to Work® Institute Japan, which performs awareness surveys of employees in accordance with global standards, and which has scored i Cubed Systems highly for three consecutive years in the 2021-2023 editions of the Best Workplaces rankings.

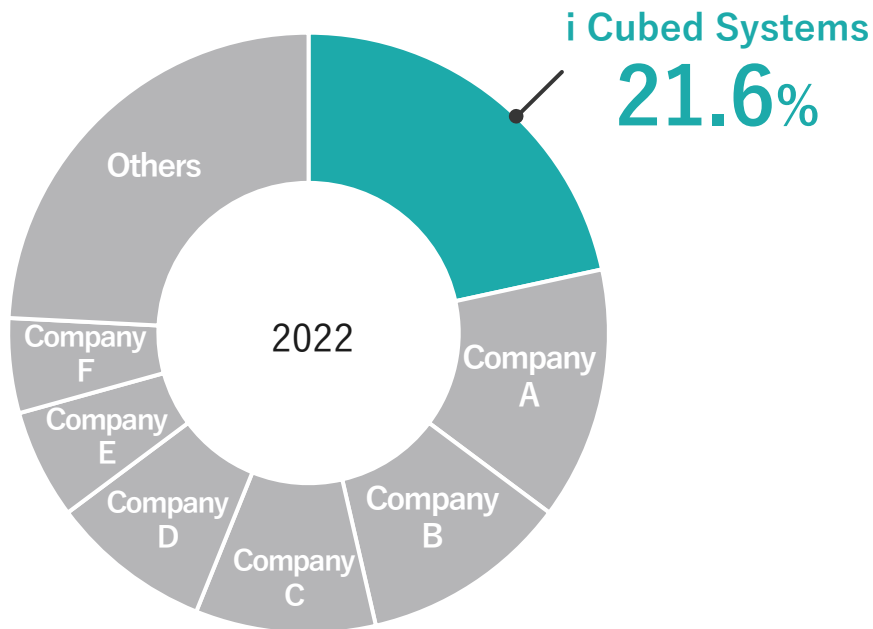
2. Figures are as of the end of June 2023, rounded to the nearest whole number.

# 3. Business Highlights

# Achieved top market share of domestic MDM market for 12 consecutive years

Achieved the No.1 share<sup>(1)</sup> of domestic MDM market (own brand) for 12 consecutive years. Maintained top share despite the impact of delays in procurement of smartphones for corporations<sup>(2)</sup>.

## MDM share by own-brand shipment value



Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd. "MDM private brand market 2022"

Note:  
1. Deloitte Tohmatsu MIC Research Institute Co., Ltd. "Market Outlook of Collaboration/Contents & Mobile Management Packaged Software" 2011-2020 editions, "MIC IT Report Dec 2022 issue" Actual shipment value in FY 2021 and predicted shipment value in FY 2022  
2. In Japan there has been a decline in the distribution of smartphones, for which demand for corporate use is strong, and procurement of mobile devices continues to take time.

# Cooperation with NTT DOCOMO Group to expand market share

Began providing on an OEM basis, taking advantage of the opportunity presented by renewal of MDM services offered by NTT DOCOMO Group.

By selling it on an OEM basis as well as under the CLOMO MDM name, we aim to expand market share.

**Began provision for Anshin Manager NEXT on an OEM basis<sup>(1)</sup>**



## Key points behind the adoption of CLOMO MDM

- Extensive deployment track record and high share in MDM market
- Network of sales offices covering the whole of Japan
- Courteous and caring support structure implemented by in-house Customer Success Division

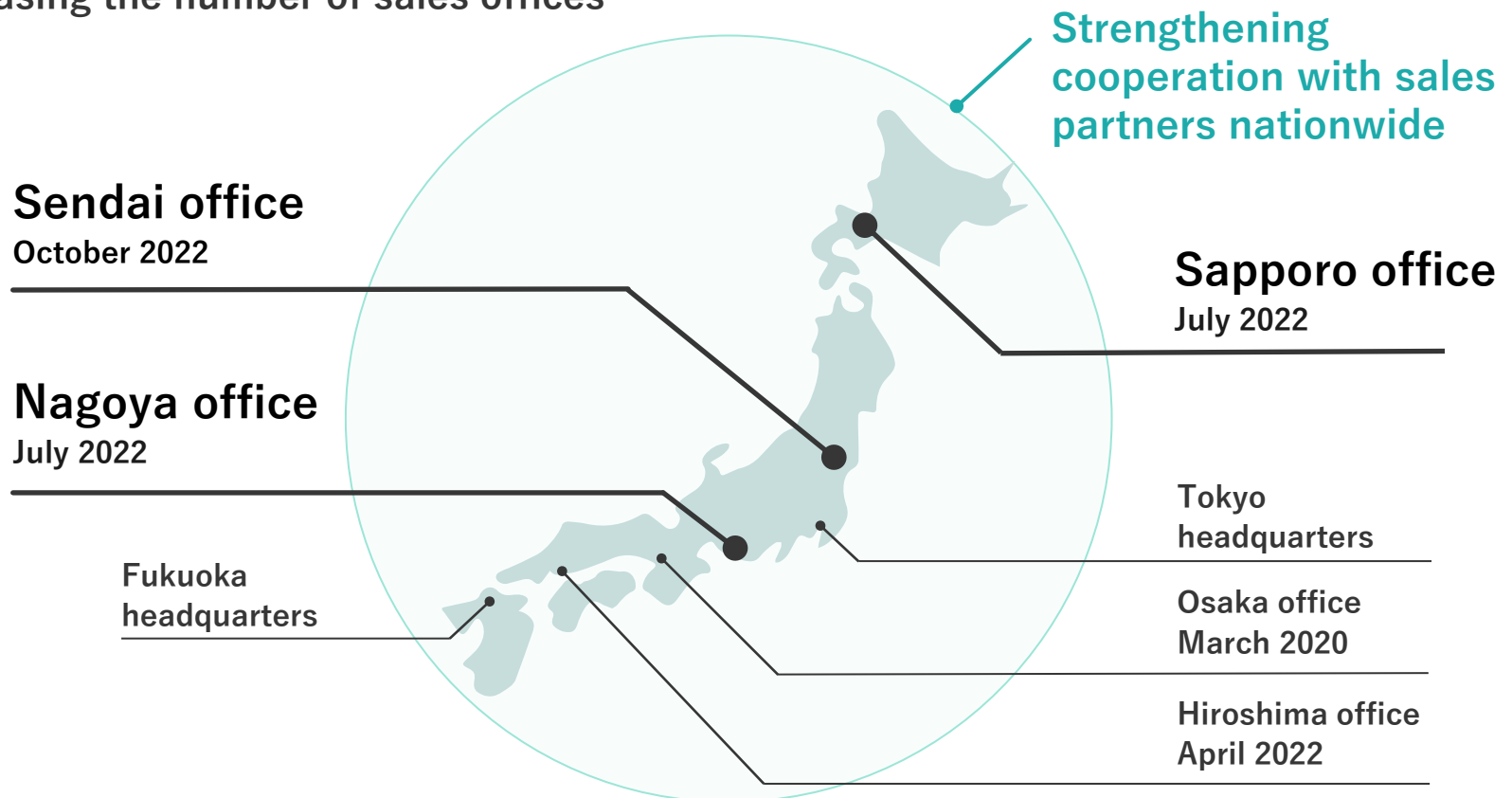
Note:  
1. NTT DOCOMO Group refreshed the Anshin Manager MDM service it offers as Anshin Manager NEXT, and adopted our CLOMO MDM. Sales of Anshin Manager NEXT began in September 2022.

# Increasing number of sales offices to further strengthen cooperation with sales partners

In line with our regional strategy for sales partners, we have completed the planned increase in the number of sales offices in major cities nationwide.

By strengthening cooperation with sales partners in each region, we will target local companies to accelerate the expansion of our customer base.

## Increasing the number of sales offices



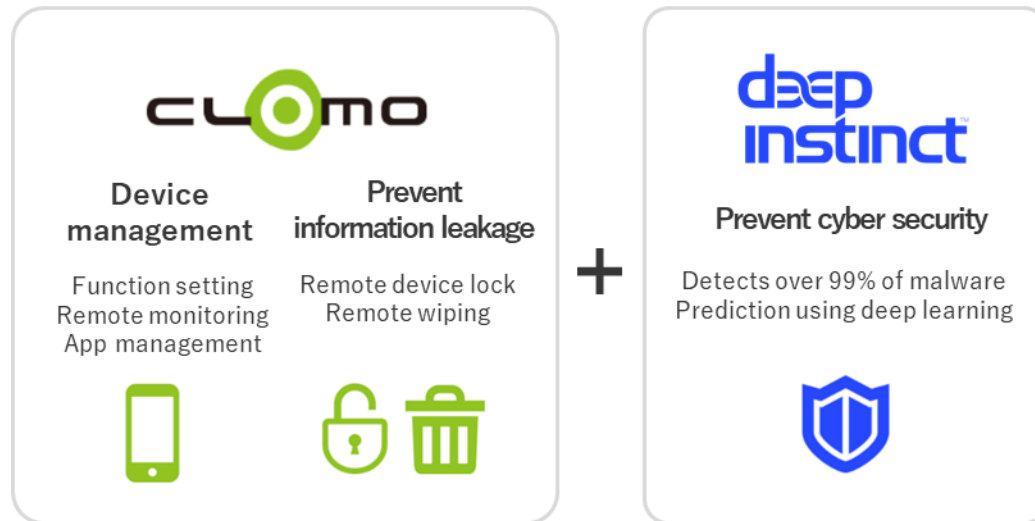
# Broadening optional services to raise ARPU

By combining CLOMO MDM with peripheral services, we provide further enhancements to the security environment.

We seek to increase ARPU through sales of optional services and expand the customer base by taking advantage of interest in peripheral services.

## Began provision of new optional services

### CLOMO MDM Endpoint Security secured by Deep Instinct



### Combining with CLOMO to achieve safe and secure use of mobile devices

- AI-enabled endpoint security from Deep Instinct<sup>(1)</sup> allows high-precision prediction and prevention of viruses on mobile devices
- Using deep learning, not only known viruses but also unknown viruses can be prevented before an infection occurs

Note:  
1. An endpoint security solution developed in-house by Deep Instinct that uses the world's first deep learning model built specifically for cyber security (source: research by Deep Instinct, December 2020), and which predicts malware, zero-day attacks, and other unknown threats that could occur in future to prevent infiltration of mobile devices, PCs, and other equipment before it occurs.

# Strengthening our partnership with Google

Based on high ratings for our product capabilities and support structure, we have been certified as a Gold Partner in the Android™ Enterprise Partner Program<sup>(1)</sup> provided by Google.

## Key points behind having been certified our company as a Gold Partner



- Technological capabilities to meet Google's stringent standards, having been certified for Android Enterprise<sup>(2)</sup> in 2016 and for Android Enterprise Recommended in 2019
- Extensive deployment track record regardless of corporation size or industry
- Structure for support both during and after deployment, provided by staff with abundant knowledge of Android Enterprise

Notes:

1. A support program provided by Google to partner companies developing and selling products, services, and solutions that meet Android Enterprise specifications.
2. The name of the program in 2016 was Android for Work.

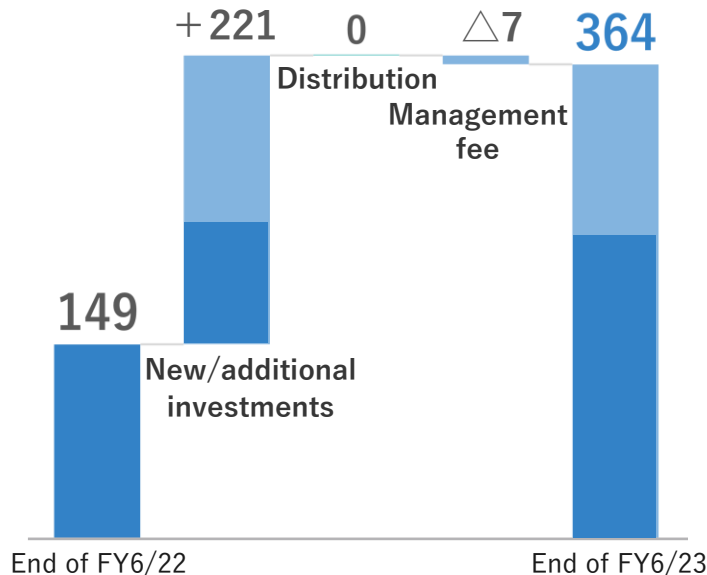
# Investment initiatives

Made investments in three additional companies, bringing the total number of investees via our group's CVC fund to five. Also invested in VC funds to improve the efficiency of information gathering in investment activities.

## Analysis of change in total amount invested

(millions of yen)

- Investments via CVC fund<sup>(1)</sup>
- LP Investments in VC fund<sup>(2)</sup>



## New investments in FY6/23

### Investments via the CVC fund

 AGRIST

Paytner

 WizWe

### LP Investments in VC fund

INCUBATEFUND

JAFCO

#### Notes:

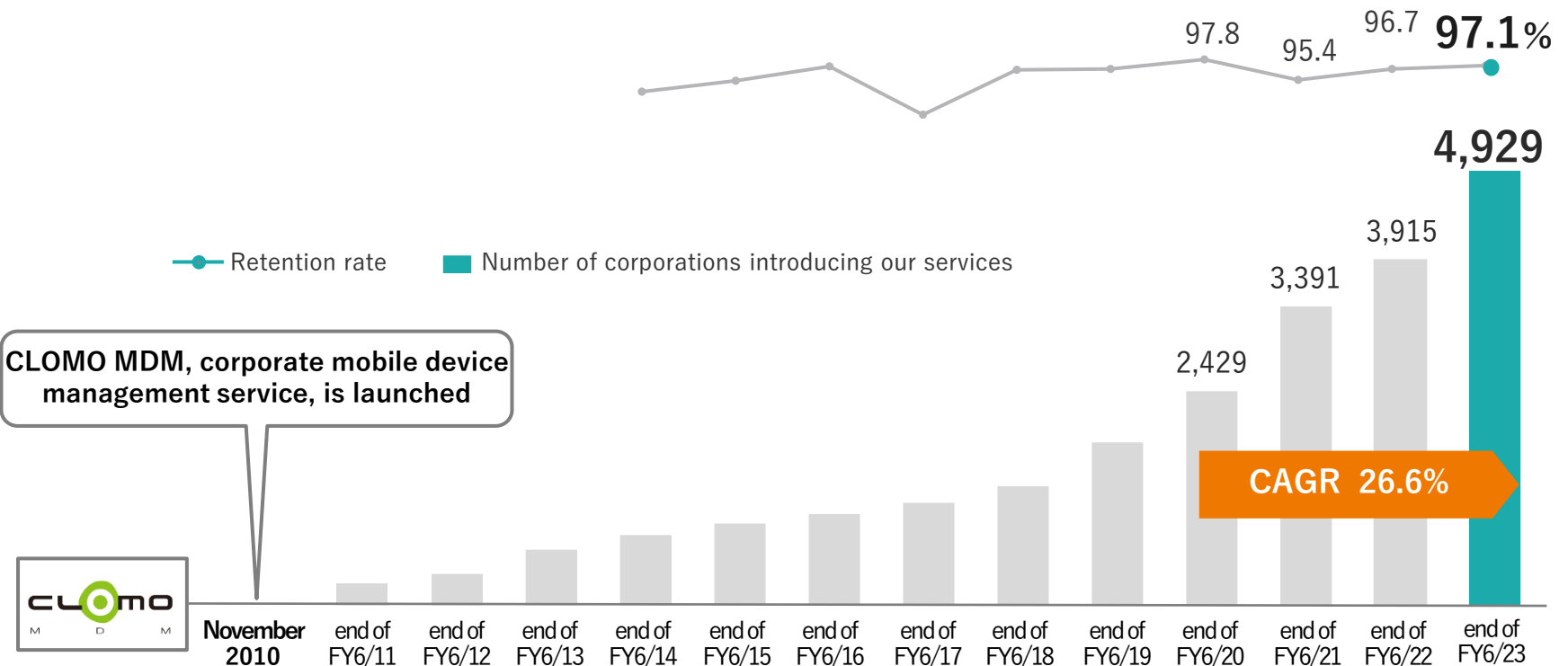
1. Total amount managed by our consolidated subsidiary, i Cubed-1 Investment Limited Partnership.
2. The portion owned by the Company of the assets of the venture capital fund in which the Company has made investments as a limited partner.

## **4. Financial Results for FY6/23**

# CLOMO business KPI<sup>①</sup> Number of corporations introducing our services/Retention rate

Growth in the number of corporations deploying our services accelerated as a result of sales provided on an OEM basis, and increased by 1,014 in the full year. By promoting improved retention through customer success activities, the retention rate<sup>(1)</sup> is at a high 97.1%.

## Number of corporations introducing our services and Retention rate



Note :

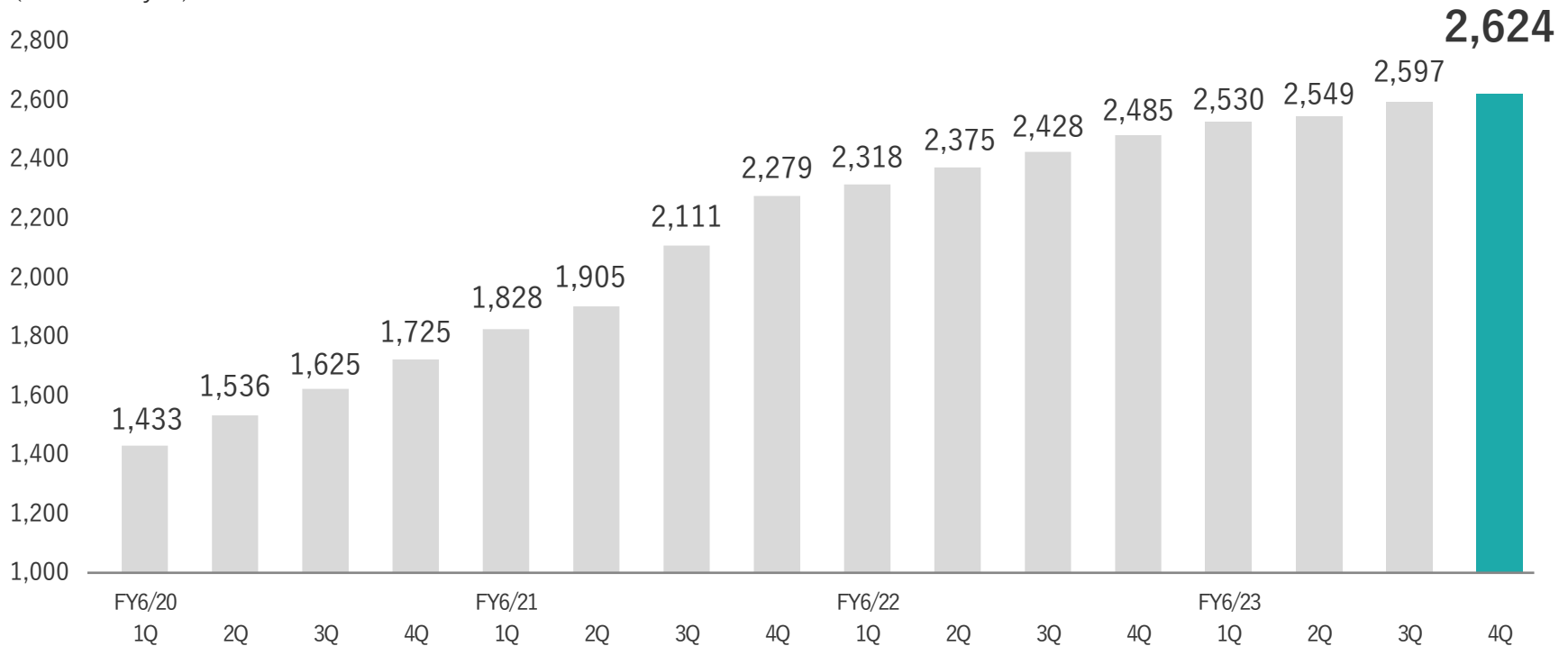
1. Retention rate is calculated by subtracting the number of cancellations in the last 12 months from the number of licenses at the end of the same month of the previous year and dividing it by the number of licenses at the end of the same month of the previous year.

# CLOMO business KPI② Trend of ARR

ARR<sup>(1)</sup>, which is the main KPI used for the subscription business, was 2,624 million yen (+5.6% YoY).

## ARR trends as of the end of each quarter

(millions of yen)



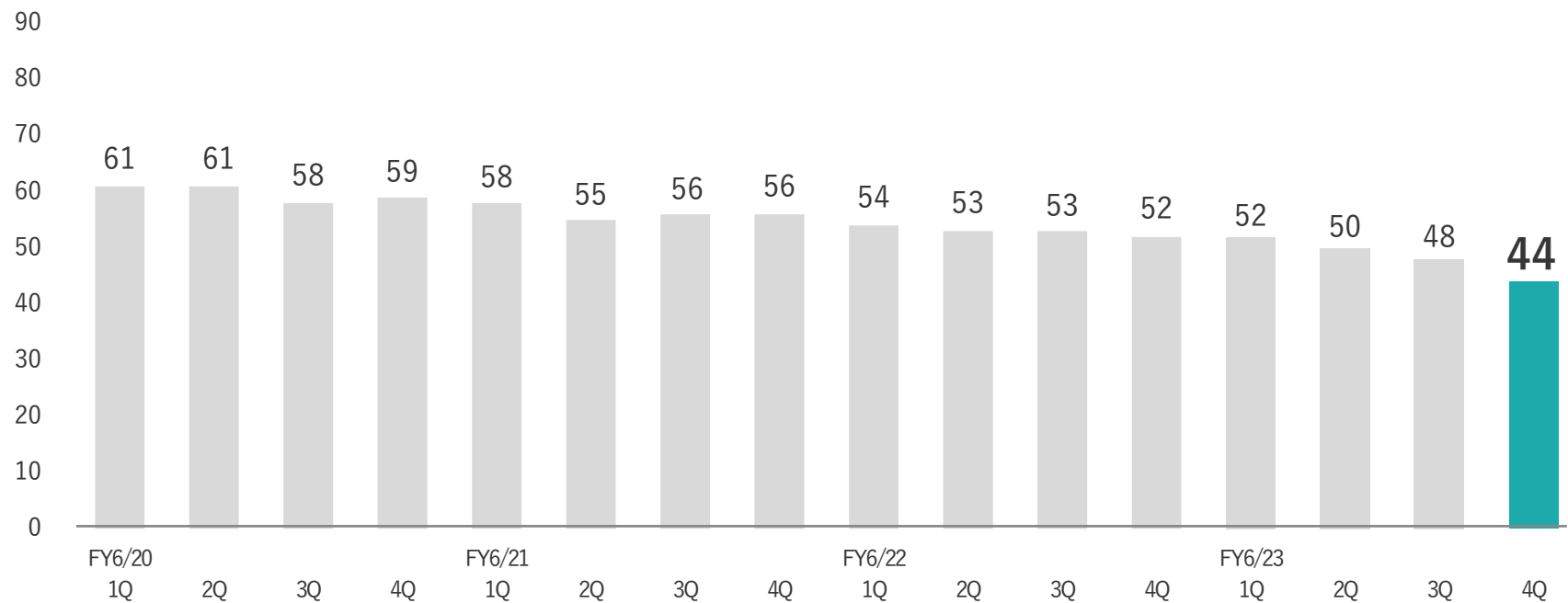
1. ARR: Annual Recurring Revenue. Calculated by multiplying the MRR for each month by 12, where MRR is the sum of the monthly fees for corporations deploying our services as of the end of the targeted month, excluding temporary costs.

# CLOMO business KPI③ Trend of ARPU

Steady progress of our customer base expansion strategy, including the beginning provision on an OEM basis and the expansion of sales bases led to an acceleration in deployment of MDM by small and medium-sized companies, and ARPU<sup>(1)</sup> continues to trend downward.

## ARPU trends as of the end of each quarter

(thousands of yen)



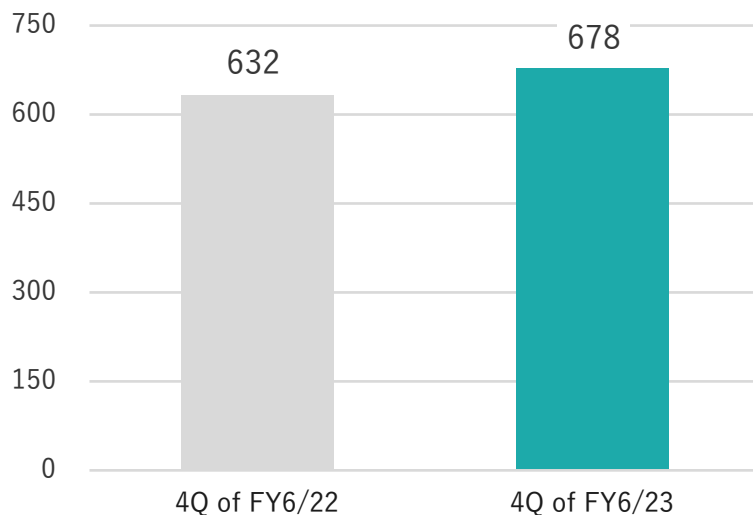
Note:  
1. ARPU: Average Revenue Per User, which is the average monthly unit price per corporation introducing our services. Calculated by dividing 1/12 of ARR as of each month by the number of corporations introducing our services as of the end of the month concerned.

# Consolidated net sales and operating income for 4th quarter of FY6/23

Net sales in the 4th quarter (April - June) were 678 million yen (+7.2% YoY), and operating income was 128 million yen (-19.8% YoY).

## Net sales

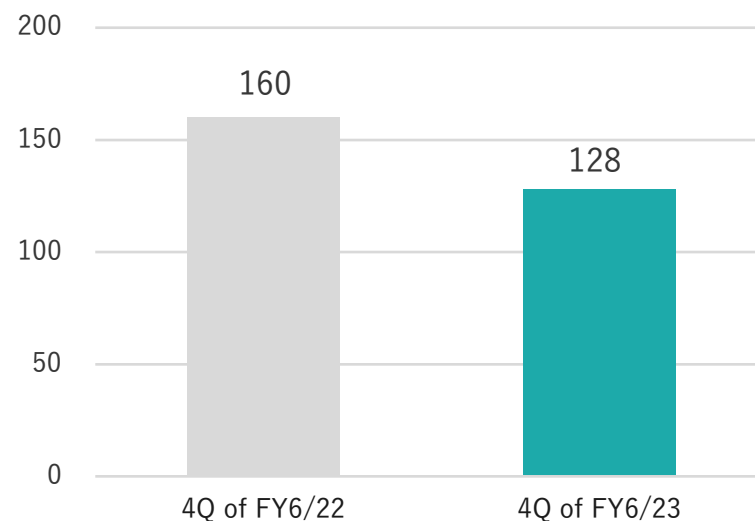
(millions of yen)



4Q of FY6/22	4Q of FY6/23	Year on year
632 million yen	678 million yen	107.2% (+45 million yen)

## Operating income

(millions of yen)



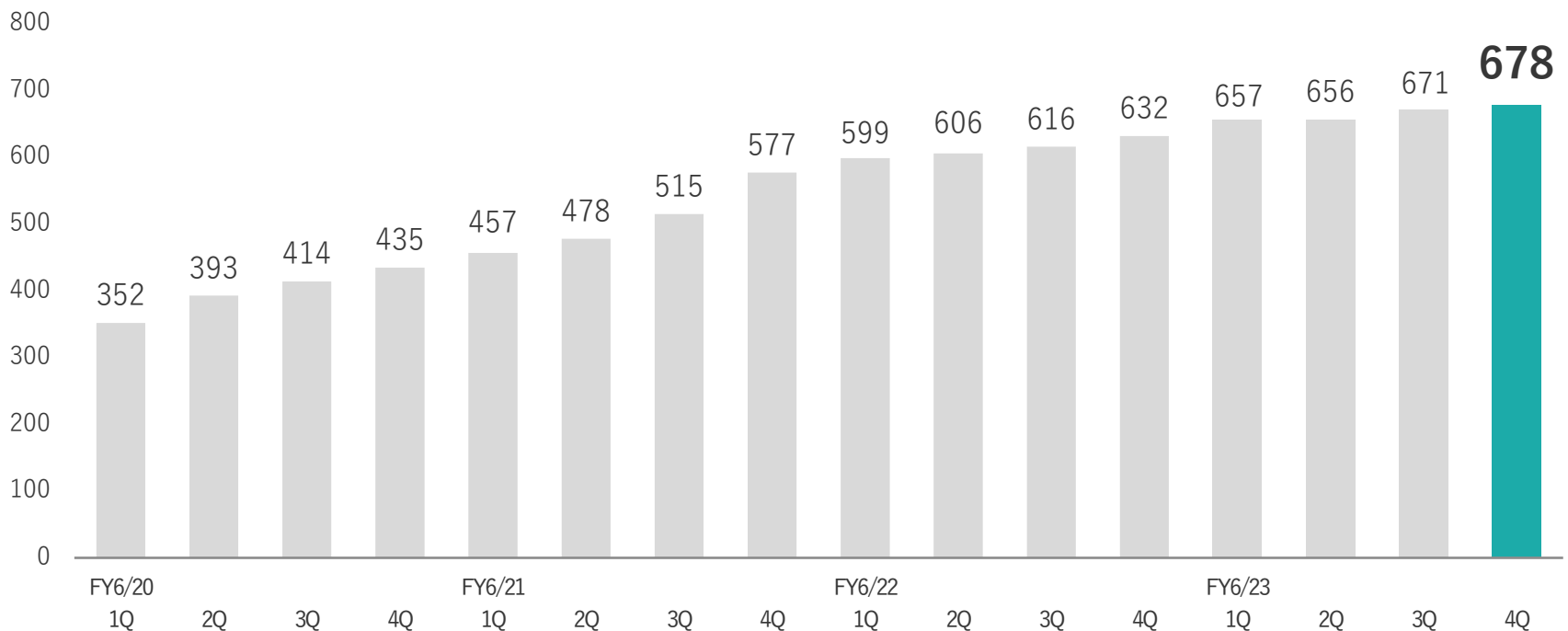
4Q of FY6/22	4Q of FY6/23	Year on year
160 million yen	128 million yen	80.2% (-31 million yen)

# Quarterly trend in CLOMO Business net sales

Due to a temporary surge in sales caused by the beginning of OEM sales in 1Q, net sales in 2Q decreased slightly, but growth resumed and remained stable from 3Q onward (CAGR 15.9%).

## CLOMO Business net sales (quarterly total)

(millions of yen)

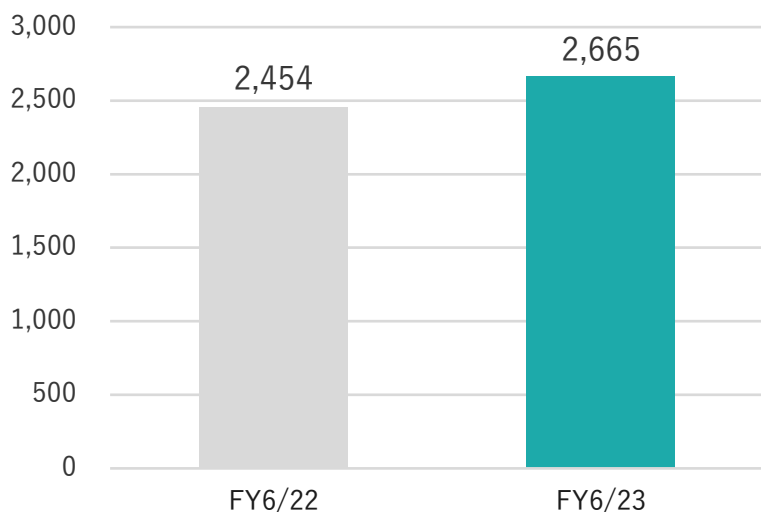


# Consolidated net sales and operating income for FY6/23

Regarding the full year results, net sales amounted to 2,665 million yen (+8.6% YoY) and operating income 618 million yen (-25.2% YoY).

## Net sales

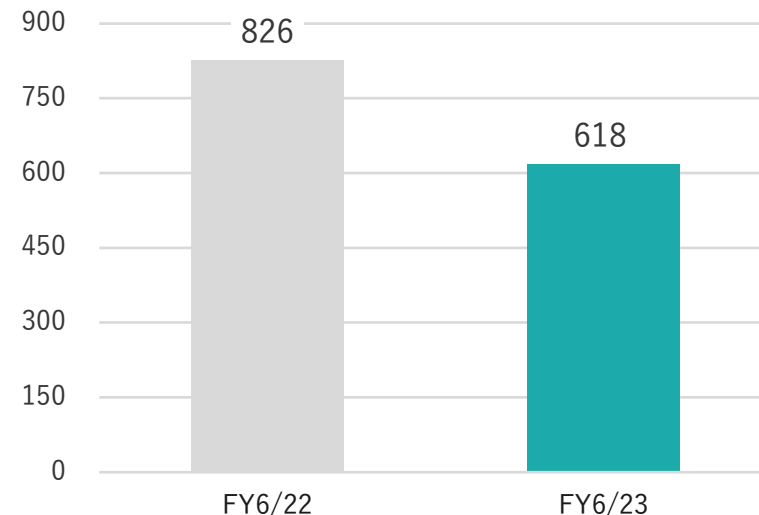
(millions of yen)



FY6/22	FY6/23	Year on year
2,454 million yen	2,665 million yen	108.6% (+210 million yen)

## Operating income

(millions of yen)



FY6/22	FY6/23	Year on year
826 million yen	618 million yen	74.8% (-208 million yen)

# Consolidated income statement for 4th quarter of FY6/23

Net sales were 678 million yen (+7.2% YoY), and operating income was 128 million yen (-19.8% YoY). Following the cultivation of relationships with outsourcing companies, investment in development and releases of software products increased, leading to a rise in cost of sales.

(units: millions of yen)	4Q of FY6/22 (Composition rate)	4Q of FY6/23 (Composition rate)	Rate of change
<b>Net sales</b>	<b>632</b> (100.0%)	<b>678</b> (100.0%)	<b>+ 7.2%</b>
CLOMO Business	<b>632</b> (100.0%)	<b>678</b> (100.0%)	<b>+ 7.2%</b>
Investment Business	— (—%)	— (—%)	—%
<b>Cost of sales</b>	<b>104</b> (16.4%)	<b>176</b> (26.0%)	<b>+ 69.6%</b>
Depreciation expenses	<b>21</b> (3.4%)	<b>65</b> (9.6%)	<b>+ 203.0%</b>
Manufacturing costs	<b>66</b> (10.5%)	<b>99</b> (14.7%)	<b>+ 49.3%</b>
Others	<b>15</b> (2.5%)	<b>11</b> (1.7%)	<b>△26.1%</b>
<b>Gross profit</b>	<b>528</b> (83.6%)	<b>501</b> (74.0%)	<b>△5.0%</b>
<b>Selling, general and administrative expenses</b>	<b>367</b> (58.1%)	<b>373</b> (55.0%)	<b>+ 1.5%</b>
Labor expenses, etc.	<b>224</b> (35.6%)	<b>250</b> (37.0%)	<b>+ 11.5%</b>
Others	<b>142</b> (22.6%)	<b>122</b> (18.0%)	<b>△14.3%</b>
<b>Operating income</b>	<b>160</b> (25.4%)	<b>128</b> (19.0%)	<b>△19.8%</b>
<b>Ordinary profit</b>	<b>151</b> (23.9%)	<b>121</b> (17.9%)	<b>△19.4%</b>
<b>Corporate income taxes</b>	<b>72</b> (11.4%)	<b>14</b> (2.1%)	<b>△80.3%</b>
<b>Profit attributable to owners of parent</b>	<b>79</b> (12.5%)	<b>107</b> (15.9%)	<b>+ 36.2%</b>

# Consolidated income statement for FY6/23

Net sales were 2,665 million yen (+8.6% YoY), operating income was 618 million yen (-25.2% YoY).

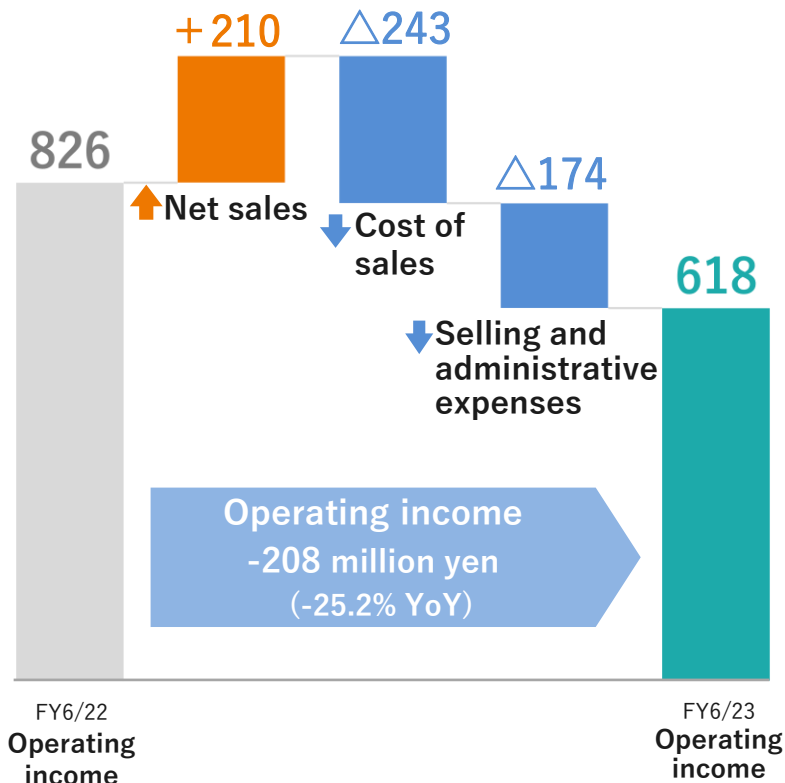
(units: millions of yen)	FY6/22 (Composition rate)	FY6/23 (Composition rate)	Rate of change
<b>Net sales</b>	<b>2,454</b> (100.0%)	<b>2,665</b> (100.0%)	<b>+ 8.6%</b>
CLOMO Business	<b>2,454</b> (100.0%)	<b>2,665</b> (100.0%)	<b>+ 8.6%</b>
Investment Business	— (—%)	— (—%)	—%
<b>Cost of sales</b>	<b>369</b> (15.1%)	<b>613</b> (23.0%)	<b>+ 66.0%</b>
Depreciation expenses	<b>59</b> (2.4%)	<b>167</b> (6.3%)	<b>+ 181.3%</b>
Manufacturing costs	<b>238</b> (9.7%)	<b>374</b> (14.1%)	<b>+ 57.0%</b>
Others	<b>71</b> (2.9%)	<b>71</b> (2.7%)	<b>+ 0.2%</b>
<b>Gross profit</b>	<b>2,084</b> (84.9%)	<b>2,051</b> (77.0%)	<b>△1.6%</b>
<b>Selling, general and administrative expenses</b>	<b>1,258</b> (51.3%)	<b>1,432</b> (53.8%)	<b>+ 13.9%</b>
Labor expenses, etc.	<b>830</b> (33.8%)	<b>994</b> (37.3%)	<b>+ 19.8%</b>
Others	<b>427</b> (17.4%)	<b>438</b> (16.4%)	<b>+ 2.4%</b>
<b>Operating income</b>	<b>826</b> (33.7%)	<b>618</b> (23.2%)	<b>△25.2%</b>
<b>Ordinary profit</b>	<b>817</b> (33.3%)	<b>609</b> (22.9%)	<b>△25.4%</b>
<b>Corporate income taxes</b>	<b>278</b> (11.3%)	<b>170</b> (6.4%)	<b>△38.9%</b>
<b>Profit attributable to owners of parent</b>	<b>539</b> (22.0%)	<b>440</b> (16.5%)	<b>△18.4%</b>

# Factors behind changes in operating income

Net sales grew steadily due to expansion in the CLOMO Business.

We implemented investments for growth aimed at business expansion, with a focus on augmenting personnel following the increase in the number of sales offices.

(millions of yen)



## ↑ Increase in net sales (+210)

- CLOMO business expansion

## ↓ Increase in cost of sales (△243)

- As a result of steady progress in cultivating relationships with outsourcing companies, with the aim of outsourcing some product development, investment in development and releases of software products increased

## ↓ Increase in selling and administrative expenses (△174)

- Personnel expenses aimed at increasing staff  
The number of employees at the end of June 2023 is 123 (an increase of 24 from the end of the previous fiscal year)
- Auditing expenses incurred in preparation for acquiring ISMAP<sup>(1)</sup> certification. Moving ahead with the objective of acquiring certification in FY6/24

Note:  
1. An abbreviation of "Information system Security Management and Assessment Program." A system for evaluating the security of cloud services utilized by the government, established by the Cabinet Secretariat, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry. By acquiring ISMAP certification, the Company seeks to improve the reliability of CLOMO Services and win market share at public agencies.

# Consolidated Balance sheet for FY6/23

Balance of cash and deposits exceeds 2.0 billion yen, with an equity ratio of 75.5% (up 6.2 points from the end of previous period).

Despite moving forward with investments for growth, we have maintained a stable financial base.

(units: millions of yen)	FY6/22	FY6/23	Change
<b>Current assets</b>	2,780	2,645	△135
Cash and deposits	2,337	2,055	△282
Receivables	234	260	+26
Operational investment securities	149	240	+91
<b>Fixed assets</b>	422	753	+331
Software	51	210	+159
Software in progress	169	174	+5
<b>Total assets</b>	3,202	3,399	+197
<b>Current Liabilities</b>	978	825	△153
Contract liabilities	496	471	△25
<b>Fixed liabilities</b>	—	—	—
<b>Total liabilities</b>	978	825	△153
<b>Total net assets</b>	2,223	2,573	+350
<b>Total liabilities and net assets</b>	3,202	3,399	+197

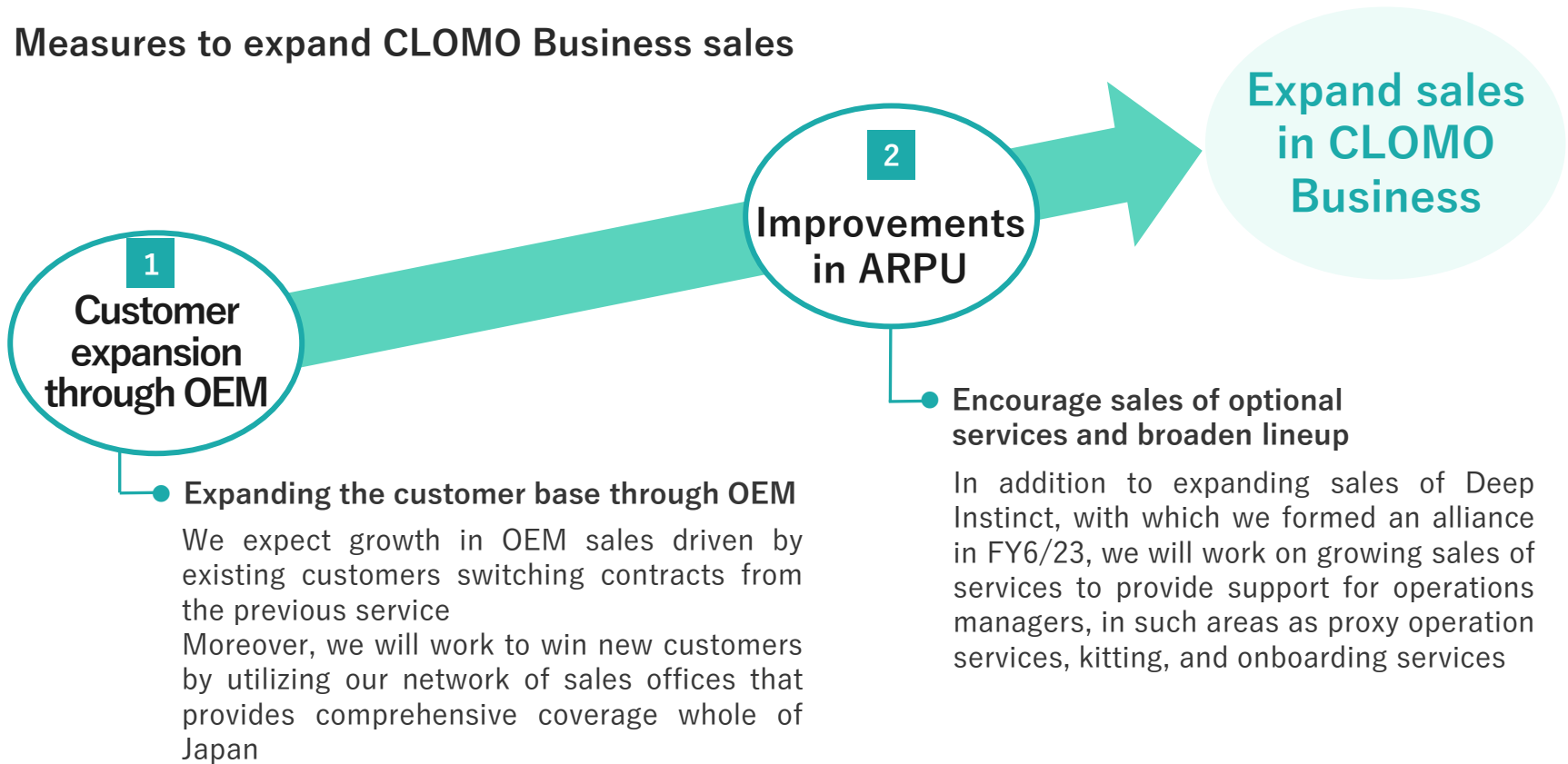
# 5. Growth Strategy for FY6/24

# Further promotion of measures to expand sales

Policy in FY6/24 is to further promote measures to expand sales for which preparations were completed in previous fiscal year.

We seek to expand the CLOMO Business as a whole, putting the main focus on expanding customers through OEM.

## Measures to expand CLOMO Business sales



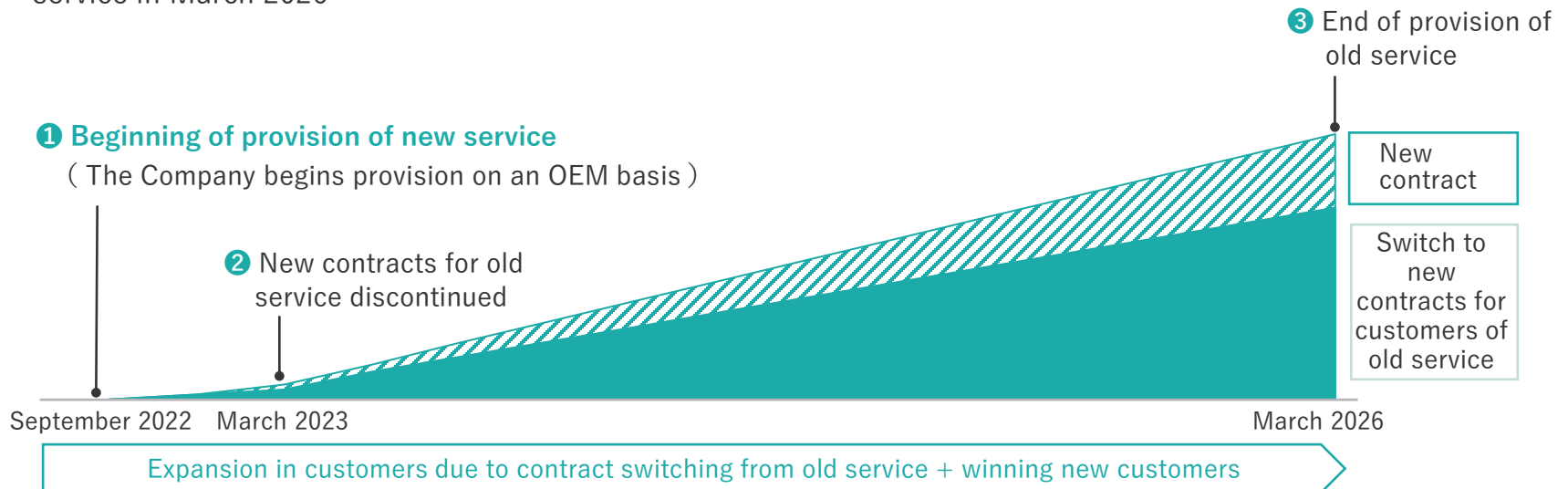
## 1 Customer expansion through OEM

# Medium- to long-term customer expansion through OEM

We expect the expansion of sales derived from OEM sales to accelerate during the three years to FY6/26. In addition, we will open up new customers via sales offices by strengthening our cooperation with NTT DOCOMO Group.

## Increase in customers driven by OEM sales (for illustrative purposes)

- 1 Following the renewal of MDM services provided by NTT DOCOMO Group (the “old service”), the Company began providing a new service called Anshin Manager NEXT (the “new service”) on an OEM basis
- 2 Acceptance of new contracts for the old service was discontinued in March 2023, leading to the beginning of full-fledged acquisition of new contracts for the new service
- 3 We will encourage customers of the old service to switch to the new service by the end of provision of the old service in March 2026



# Active cross-selling aimed at improving ARPU

Continuing to expand optional services which support MDM operations and encourage use of mobile devices. Work to improve ARPU by making cross-selling proposals to both new customers and existing customers.

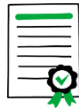
## Security measures

**NEW**  
secured by  
Deep Instinct



Use AI to protect against not only known threats but also unknown threats

secured by  
Cybertrust



Easily achieve robust device authorization by digital certificates for devices

secured by  
One Be



Restrict the area in which Windows devices may be used, and detect unauthorized removal

## Enhanced functionality

**MOBILE APP PORTAL**



Distribute apps to devices, build in-house app portals

**Launcher**



Create home screen displaying only the necessary apps for each application

## Operational support

**NEW**  
Onboarding  
Service



Consistent support from initial settings to launch of operations

**NEW**  
Kitting  
Service



MDM professionals perform kitting work for administrators

**Support tickets**



Reducing the burden on administrators and supporting smooth deployment and operations

**Proxy operation service**



MDM professionals manage operations for administrators

**Remote operation services**



Respond to lost devices 24/365

Note: Services labelled NEW are those that were launched in FY6/23.

## **6. Financial Forecasts for FY6/24**

# Forecast of consolidated financial results for FY6/24

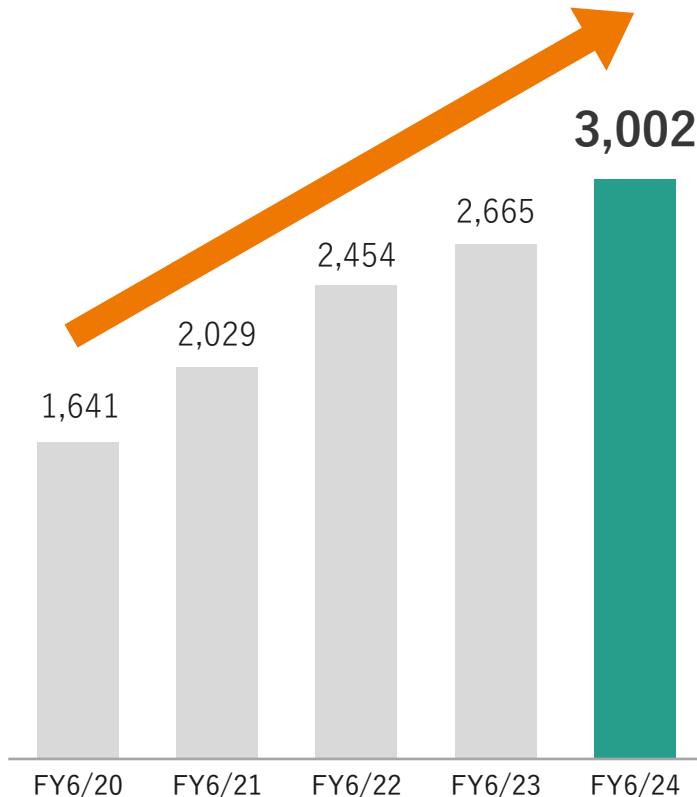
We forecast 12.7% year-on-year growth in net sales due to the steady expansion of the CLOMO Business. Cost to sales ratio is expected to be 27.5% (+4.5 points YoY) with an operating margin of 21.6% (-1.6 points YoY).

(units: millions of yen)	FY6/23 Results (Composition rate)	FY6/24 Forecast (Composition rate)	Change (Rate of change)
<b>Net sales</b>	<b>2,665</b> (100.0%)	<b>3,002</b> (100.0%)	<b>+ 337</b> (+ 12.7%)
CLOMO Business	<b>2,665</b> (100.0%)	<b>3,002</b> (100.0%)	<b>+ 337</b> (+ 12.7%)
Investment Business	— (—%)	— (—%)	— (—%)
<b>Cost of sales</b>	<b>613</b> (23.0%)	<b>826</b> (27.5%)	<b>+ 213</b> (+ 34.8%)
Depreciation expenses	<b>167</b> (6.3%)	<b>419</b> (14.0%)	<b>+ 252</b> (+ 151.0%)
Manufacturing costs	<b>374</b> (14.1%)	<b>335</b> (11.2%)	<b>△39</b> (△10.5%)
Others	<b>71</b> (2.7%)	<b>72</b> (2.4%)	<b>+ 0</b> (+ 0.8%)
<b>Gross profit</b>	<b>2,051</b> (77.0%)	<b>2,175</b> (72.5%)	<b>+ 124</b> (+ 6.1%)
<b>Selling, general and administrative expenses</b>	<b>1,432</b> (53.8%)	<b>1,525</b> (50.8%)	<b>+ 92</b> (+ 6.5%)
Labor expenses, etc.	<b>994</b> (37.3%)	<b>969</b> (32.3%)	<b>△25</b> (△2.6%)
Others	<b>438</b> (16.4%)	<b>556</b> (18.5%)	<b>+ 118</b> (+ 27.0%)
<b>Operating income</b>	<b>618</b> (23.2%)	<b>649</b> (21.6%)	<b>+ 31</b> (+ 5.0%)
<b>Ordinary profit</b>	<b>609</b> (22.9%)	<b>649</b> (21.6%)	<b>+ 39</b> (+ 6.5%)
<b>Corporate income taxes</b>	<b>170</b> (6.4%)	<b>206</b> (6.9%)	<b>+ 36</b> (+ 21.5%)
<b>Profit attributable to owners of parent</b>	<b>440</b> (16.5%)	<b>443</b> (14.8%)	<b>+ 3</b> (+ 0.7%)

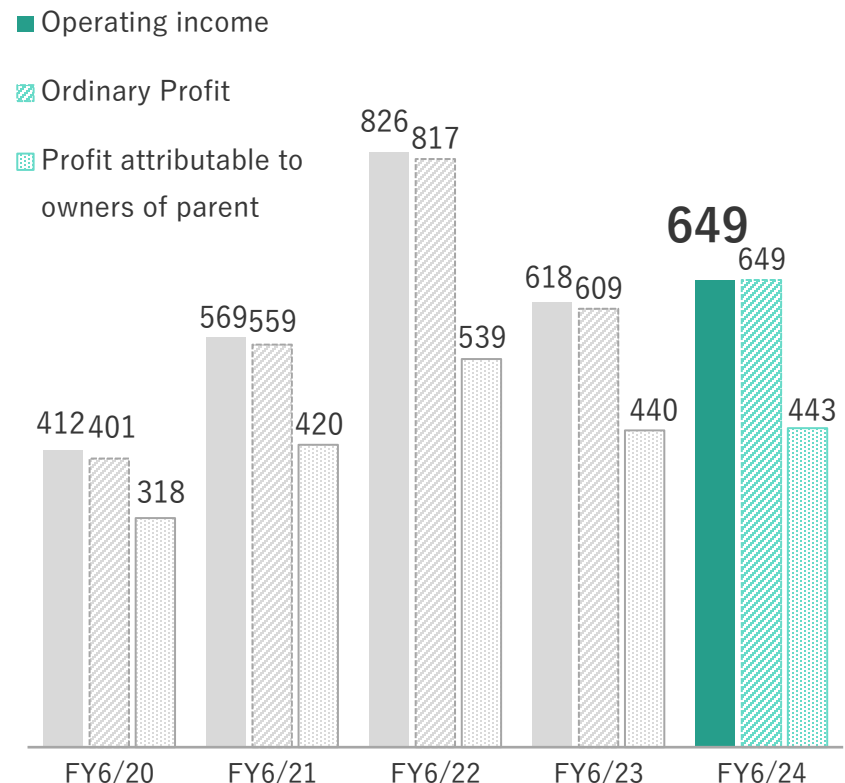
# Forecast of consolidated financial results for FY6/24

Net sales are expected to be 3,002 million yen (CAGR 16.3%) and operating income 649 million yen (CAGR 12.0%).

Change in net sales (millions of yen)



Change in profits (millions of yen)



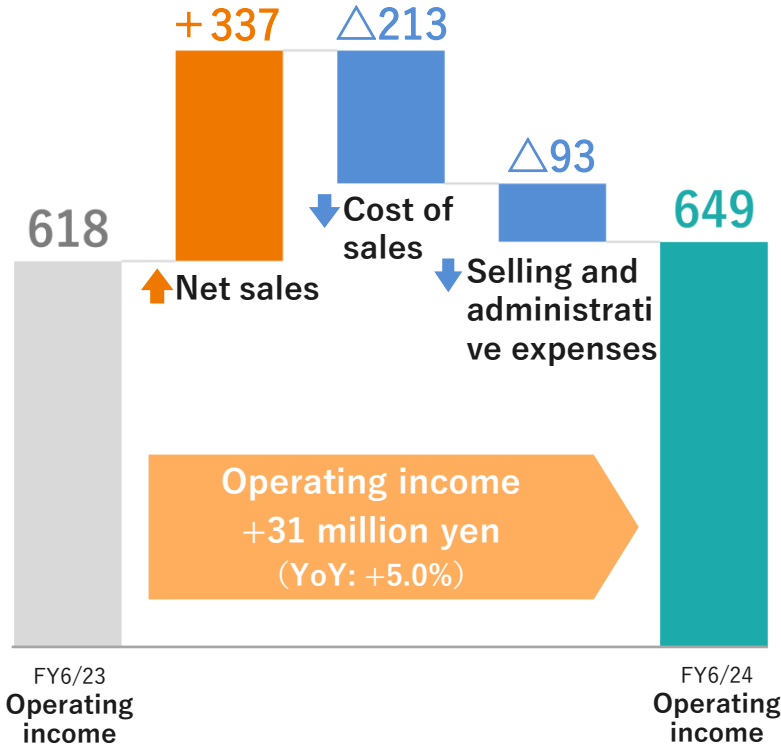
\*Because the Company transitioned to consolidated settlement of accounts from FY6/22, non-consolidated accounts are presented up to FY6/21, and consolidated accounts from FY6/22.

# Forecast of Operating Income

Depreciation in the cost of sales will rise due to significant software releases.

Due to the expansion of the CLOMO Business, net sales are expected to grow strongly, with operating income rising 31 million yen compared to FY6/23.

(millions of yen)



## ↑ Increase in net sales (+337)

- CLOMO Business is expected to expand as a result of the acceleration in OEM sales, in addition to growth in CLOMO MDM sales

## ↓ Increase in cost of sales (△213)

- As a result of augmenting our development capabilities and actively investing in development in FY6/23, the number of software releases increased, which will lead to higher depreciation in FY6/24

## ↓ Increase in selling and administrative expenses (△93)

- Following the increase in staff, system-related expenses for improvements to internal infrastructure will increase
- Auditing expenses incurred in preparation for acquiring ISMAP<sup>(1)</sup> certification. Moving ahead with the objective of acquiring certification in FY6/24

Note:  
 1. An abbreviation of "Information system Security Management and Assessment Program." A system for evaluating the security of cloud services utilized by the government, established by the Cabinet Secretariat, Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry. By acquiring ISMAP certification, the Company seeks to improve the reliability of CLOMO Services and win market share at public agencies.

# 7. Reference Materials

# Company Profile

Company Name	i Cubed Systems, Inc.
Locations	Fukuoka HQ : Daiichi Myojo Building, 4-1-37 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka Tokyo HQ : Hamamatsucho DS Building, 1-27-16 Hamamatsucho, Minato-ku, Tokyo Sales office : Sapporo / Sendai / Nagoya / Osaka / Hiroshima
Capital	409,787,600 yen
Founded in	September 2001
Representative	President and CEO Tsutomu Sasaki
Main Business	CLOMO business / Investment business
Partner	Apple Consultants Network Android Enterprise Program Gold Partner Microsoft Partner Network Gold Competency

※Information as of the end of June 2023.

# Corporate brand

Brand slogan

## Enjoy challenges.

We ourselves will enjoy taking on challenges,  
help people and organizations to take on their own challenges,  
and help to realize all kinds of ideas to make many people smile.

Brand concept

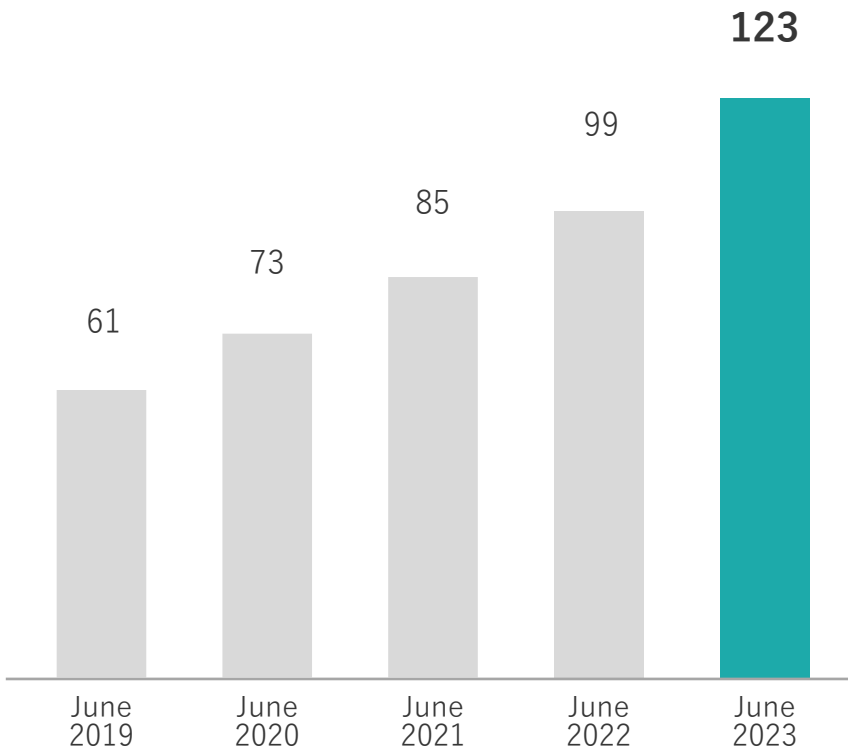
**Purpose : Become the matrix for realizing unknown ideas that lead to smiles**

**Value proposition : Using the power of design and engineering to support those who take on challenges**

# Change in Number of Employees

In the context of augmenting personnel following the increase in the number of sales offices, the number of employees has increased significantly. We will also encourage diversity in order to respect and leverage diverse individuals and workstyles.

## Number of employees



## Male-to-female ratio

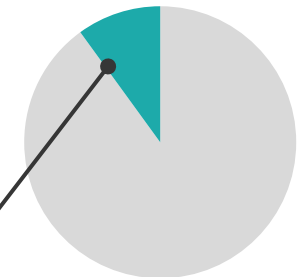
Approximately

**6 : 4**

## Percentage of foreign national employees

Approximately

**10%**



※Data as of June 30, 2023.

※Gender ratio as of June 30, 2023 is 58.5% male : 41.5% female.

# Shareholder Composition

## ① Number of outstanding shares, etc.

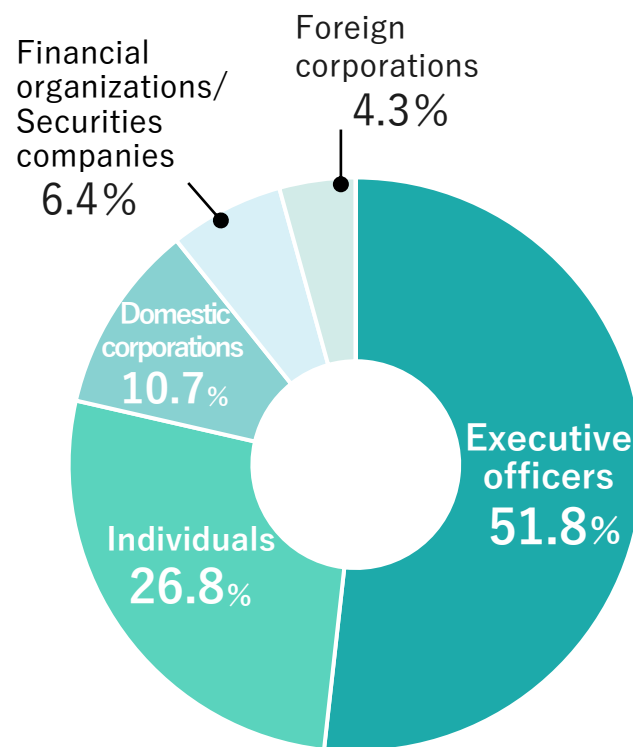
Number of outstanding shares	5,292,350
Number of shareholders (with voting rights)	1,676

## ③ Top 10 shareholders

Rank	Shareholder name	No. of shares owned	Ownership ratio
1	Tsutomu Sasaki	2,715,330	51.3%
2	JAFCO SV4 Shared Investment Limited Partnership	447,170	8.4%
3	Yosuke Hatanaka	421,530	8.0%
4	Custody Bank of Japan, Ltd. (Trust account)	129,400	2.4%
5	Nomura Securities Co., Ltd. Own transfer account	110,241	2.1%
6	BNY GCM CLIENT ACCOUNT JPRD AC ISG	95,205	1.8%
7	NOMURA PB NOMINEES	90,400	1.7%
8	Tsuyoshi Taira	86,100	1.6%
9	Hisashi Ono	60,000	1.1%
10	Big Field Management Co., Ltd.	60,000	1.1%

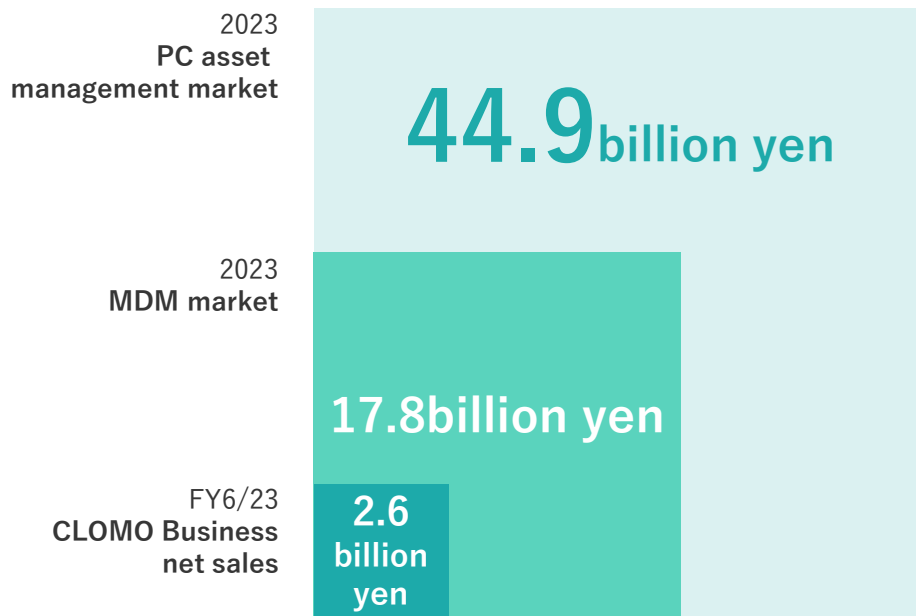
\*Data as of June 30, 2023

## ② Shareholder composition by attribute



# Markets targeted by the CLOMO Business

The CLOMO Business seeks to further expand its share of the MDM market, which is expected to record continuous growth, as well as aiming for a full-fledged entry into the PC asset management market.



## MDM market

- Switch to smartphones accelerating ahead of decommissioning of 3G
- DX leading to increase in deployments of mobile devices at medical, manufacturing, and logistics sites, resulting in expansion of devices to be managed
- Growing demand for mobile PC management due to increase in remote work and work style reforms

## PC asset management market

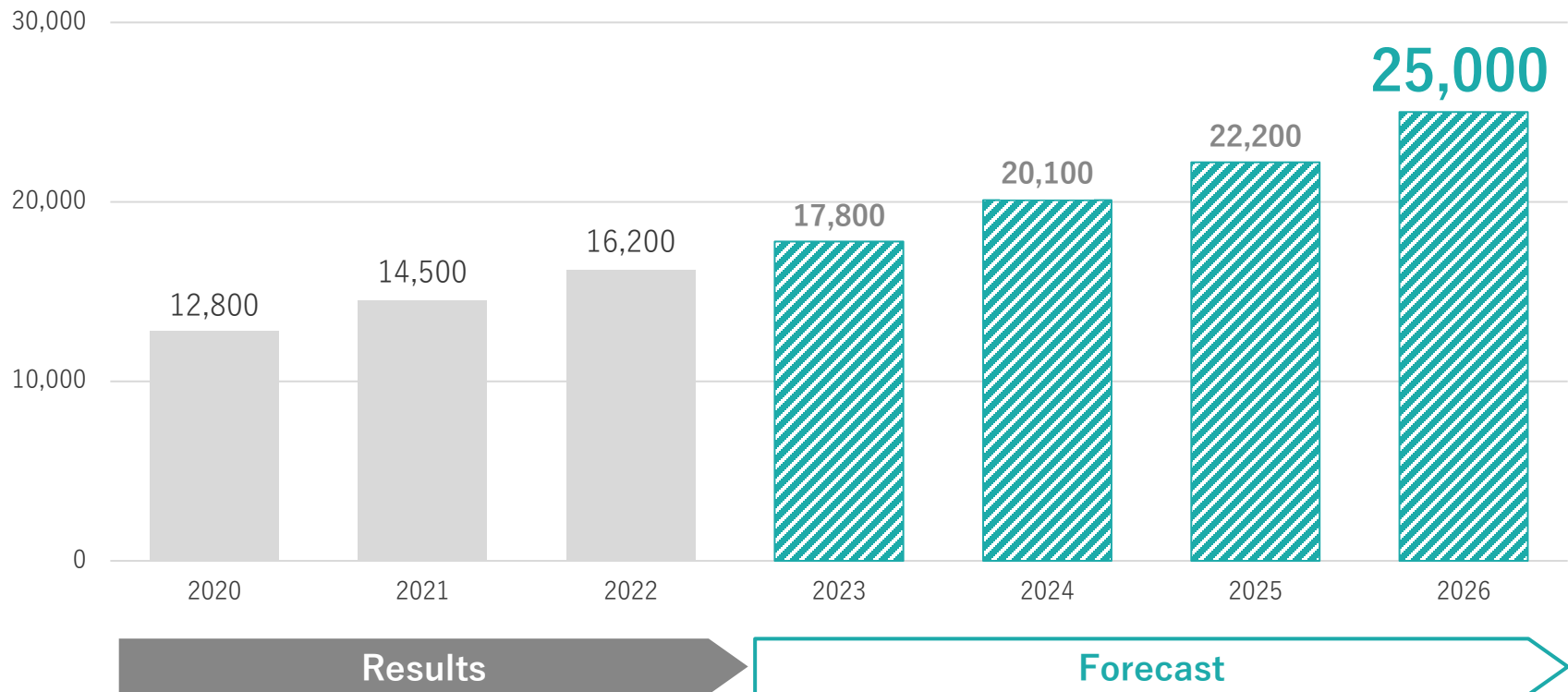
- Shift to SaaS for PC asset management and security software accelerating
- As a result of growing demand for integrated management with mobile devices, we expect opportunities for MDM vendors to enter market

# MDM market size forecasts (shipment value)

Strong growth is expected for the MDM market, centered on smartphones and tablets.

It is expected to expand to **a size of 25 billion yen** by 2026

(millions of yen)



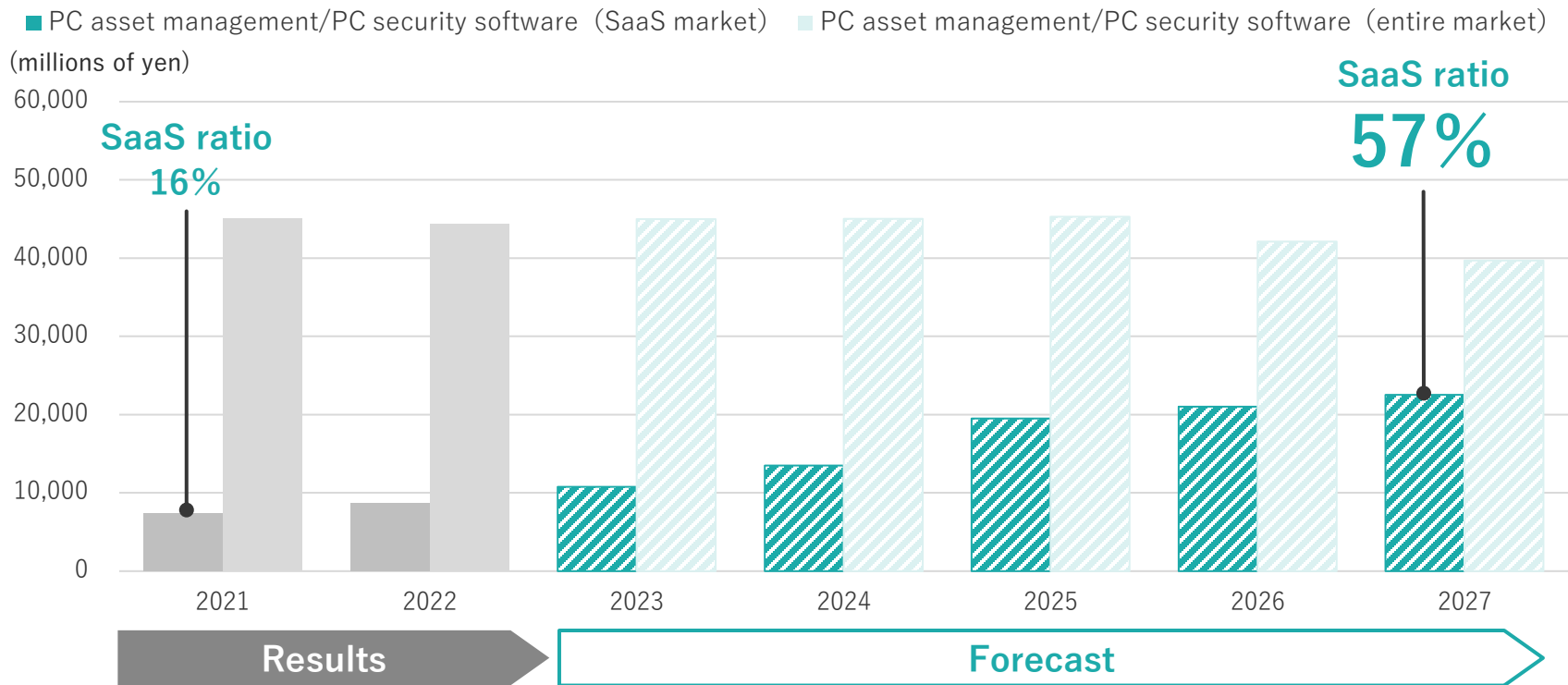
Source) Deloitte Tohmatsu MIC Research Institute Co., Ltd. "Market Outlook of Collaboration/Contents & Mobile Management Packaged Software" 2022 edition

# Opportunities to enter PC asset management market

Transition to SaaS making progress in PC asset management market, which is more than twice the size of MDM market.

Aiming to enter PC asset management market against backdrop of growing demand for integrated management of mobile devices/PCs.

## PC asset management market is transitioning steadily from on-premise model to SaaS



Source: Techno Systems Research Co., Ltd. "2023 Endpoint Management Market Marketing Analysis"

# Medium-to Long-term Goals

We endeavor to achieve growth in net sales and high profitability in the CLOMO business.

## Net sales

Aiming for CLOMO business to gain dominant market share

To achieve continuous growth of over  
**125%** every year

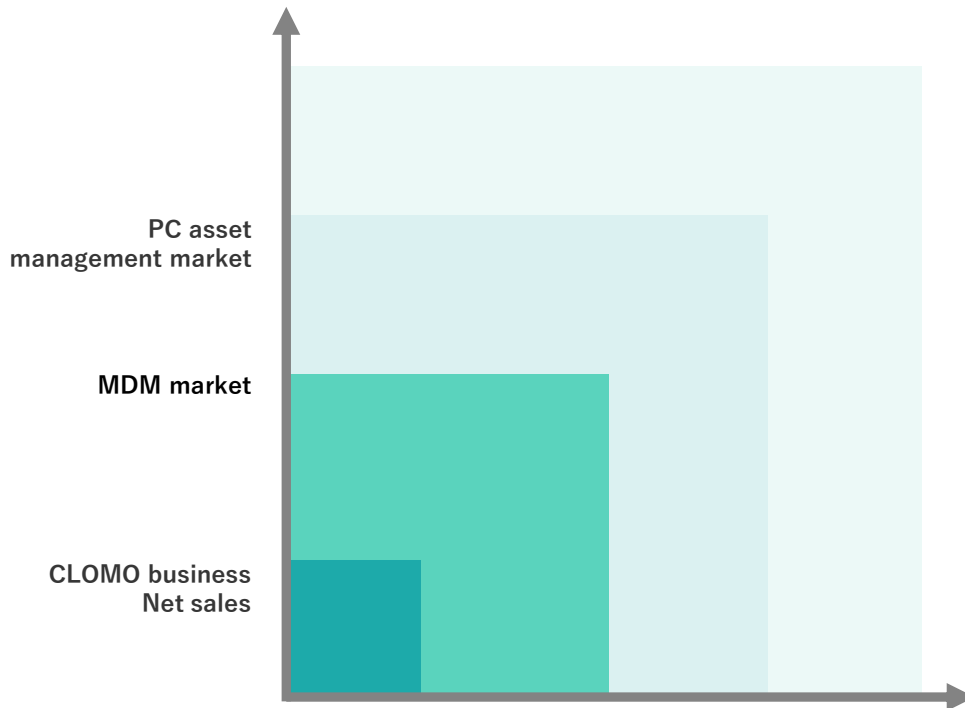
## Operating margin

Establishing a highly profitable system in the CLOMO business

To aim to  
achieve **40%**

# Potential market area

Through M&A and CVC, as well as accelerating net sales growth in the CLOMO Business to over 125%, we aim to enter new market areas by rolling out new businesses.



## Entry into new market areas

- Development of new businesses, products and services
- Development of new businesses through M&A and CVC

## Acceleration of growth in the CLOMO Business

- Further growth in share of MDM market
- Entry into PC asset management market
- M&A focused on synergies with CLOMO services

# Handling of this document

■ This document contains outlooks, future plans, and management objectives related to the Company. These outlooks are based on current assumptions on future events and trends, and there is no guarantee that these assumptions are accurate.

Owing to various factors, actual results may differ materially from those indicated in this document.

■ Unless otherwise stated, the financial data provided in this document is presented in accordance with generally accepted accounting principles in Japan.

■ Information about other companies is based on publicly known information.