Explanatory Material on Growth Potential

July 2020



i3 Systems, Inc.

Table of Contents

1. Company Profile P. 2

2. Business Features and Competitive Advantage P. 8

3. Future Growth P. 16

1. Company Profile

Mission and Vision

Mission　Making IT More Accessible

With the founding concept of "Cube Innovation," i3 Systems continues to create services that lead to a chain of innovations.

Our services aim at bringing innovation to corporate activities, enriching people's lives, and making IT even more accessible.

Vision　A Solution Company that Brings Smiles

People smile when they are happy, having fun, feeling fulfilled, and filled with appreciation.
We contribute to the creation of new values for a better society and a future filled with smiles.
i3 Systems engages in sound and healthy services through the best technology and the highest level of engineering to provide solutions that bring smiles to everyone - our customers, our employees, and their families.

Business Description and Composition of Sales

Our core business is CLOMO MDM which manages mobile devices in a SaaS form.
We also provide CLOMO SECURED APPs to support the utilization of mobile devices.

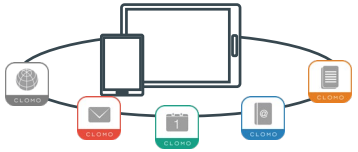
CLOMO MDM

- Services for supporting the management of mobile devices
- Simplify centralized optimal management of mobile devices to eliminate security risks

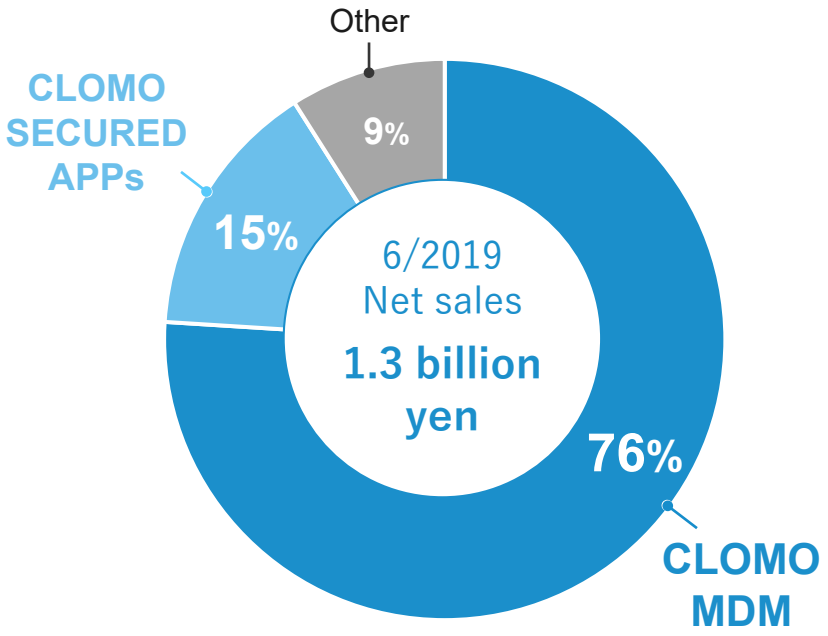


CLOMO SECURED APPs

- Services for supporting the utilization of mobile devices



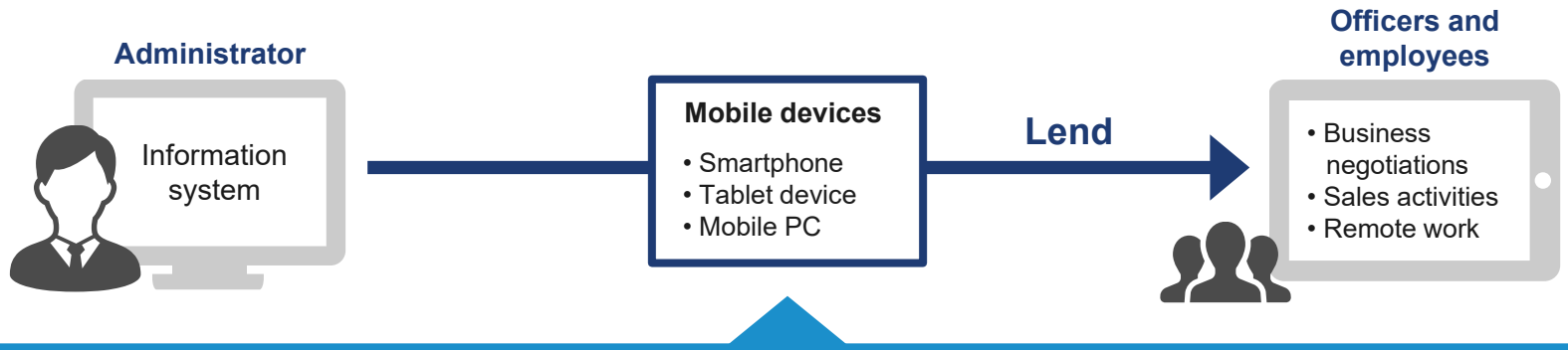
Composition of net sales by service (%)



*MDM (Mobile Device Management) is a service to support effective and efficient management and operation of smartphones and other mobile devices through the following three main functions: (a) visualization of utilization status, (b) function restrictions and settings, and (c) security measures (lost or stolen and antivirus measures).

Overview of the CLOMO Business

Two product lines to support user management and utilization

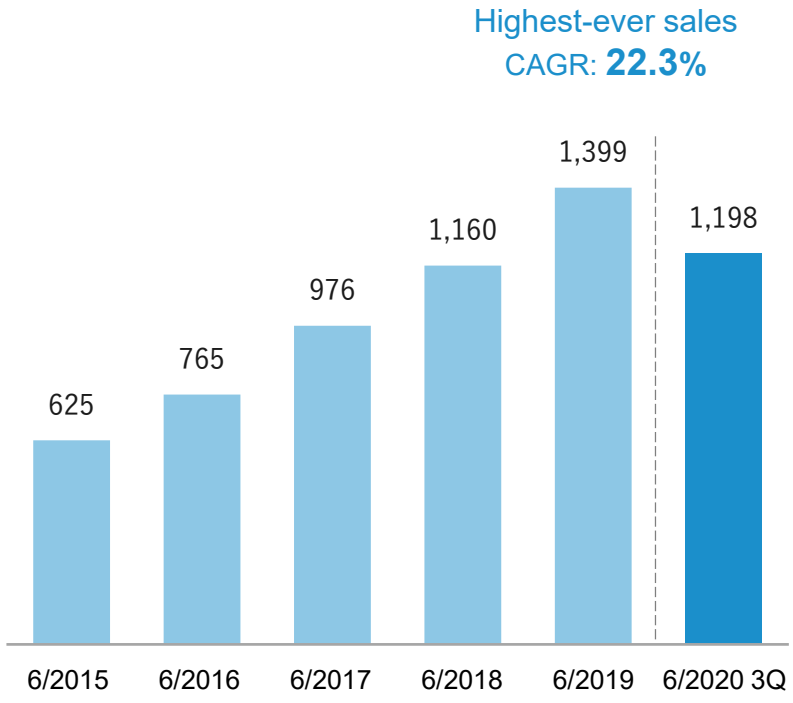


			Visualization of utilization status "Status monitoring"	Function restrictions and settings "Application of utilization rules"	Security measures "Measures for preventing information leakage"
Management	**Basic functions for smooth management**	CLOMO MDM	Remotely assess the utilization status in real time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

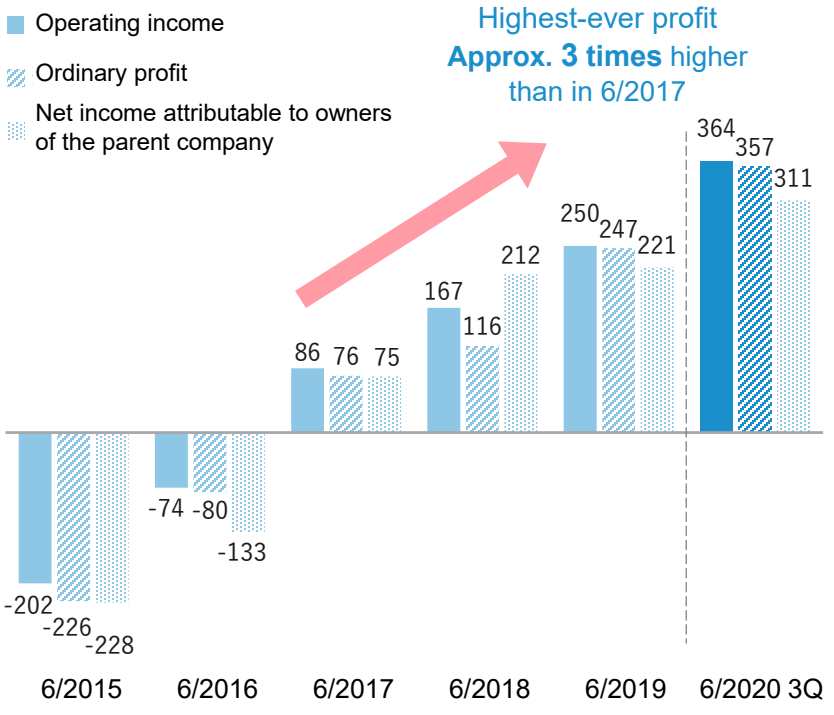
Performance Trend

After moving into the black in 6/2017, profits increased about threefold in 6/2019 compared with 6/2017.

Change in net sales (millions of yen)



Change in profit (millions of yen)

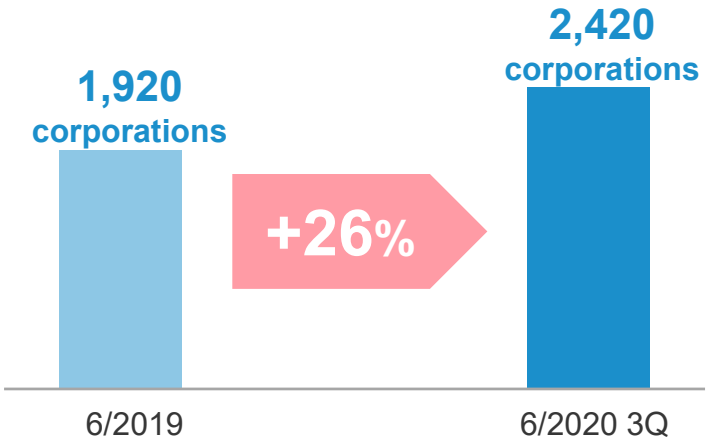


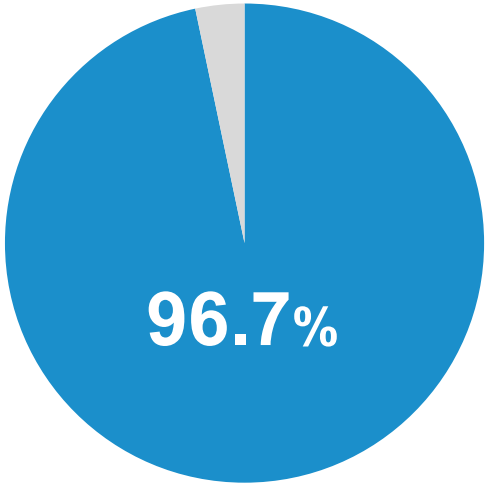
Key Indicators

The number of corporations introducing our services and the retention rate are set as KPIs.

Delivered value Increase in user productivity and security

Business KPIs Number of corporations introducing our services + Retention rate





*The 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.

2. Business Features and Competitive Advantage

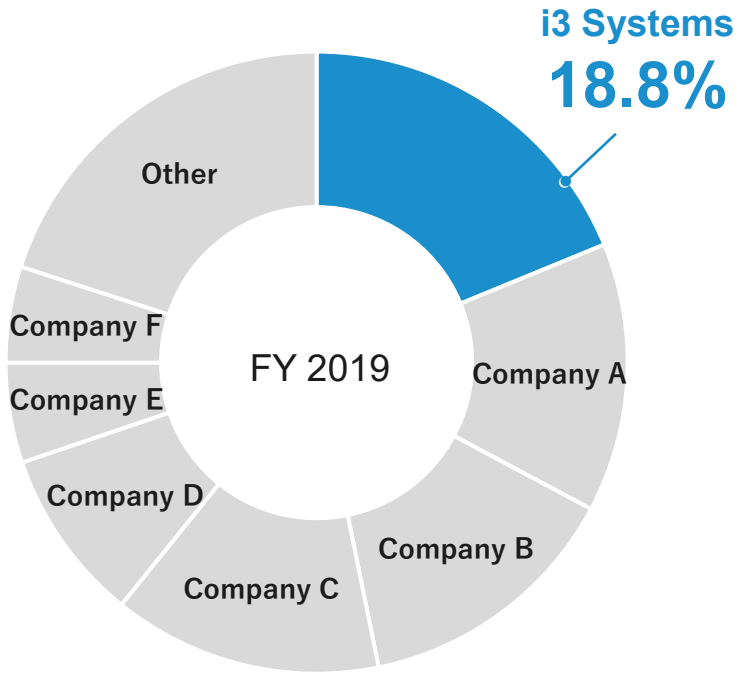
2. Business Features and Competitive Advantage

1. Positioning in the MDM market
2. Business model
3. Strategy and differentiation in the MDM market

Market share and customer base

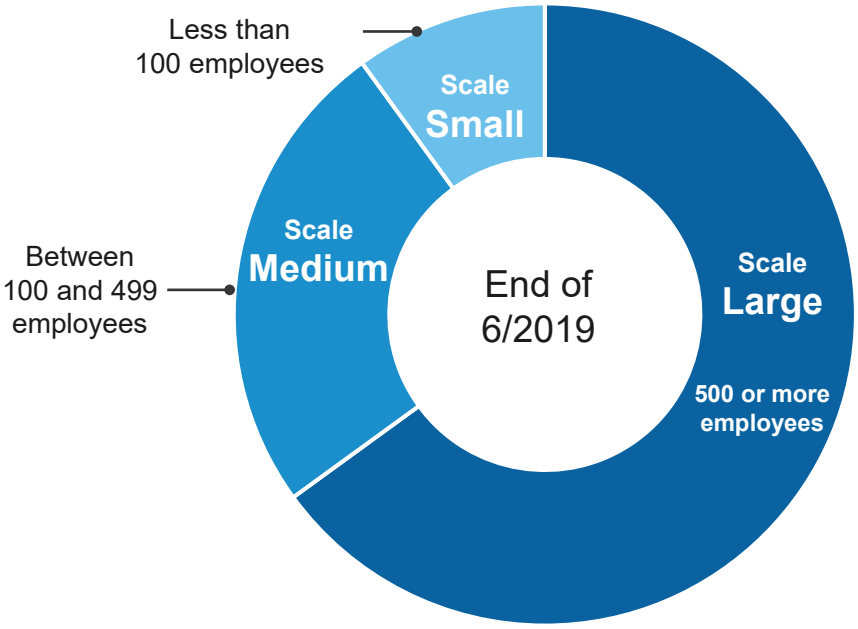
- In-house brand shipments gained the top market share.
- Our major clients are large companies with more than 500 employees in Japan.

Proportion of MDM in-house brand shipments



Composition of sales by customer scale (Number of employees)

About 20% of the Nikkei 225 constituents use our services.

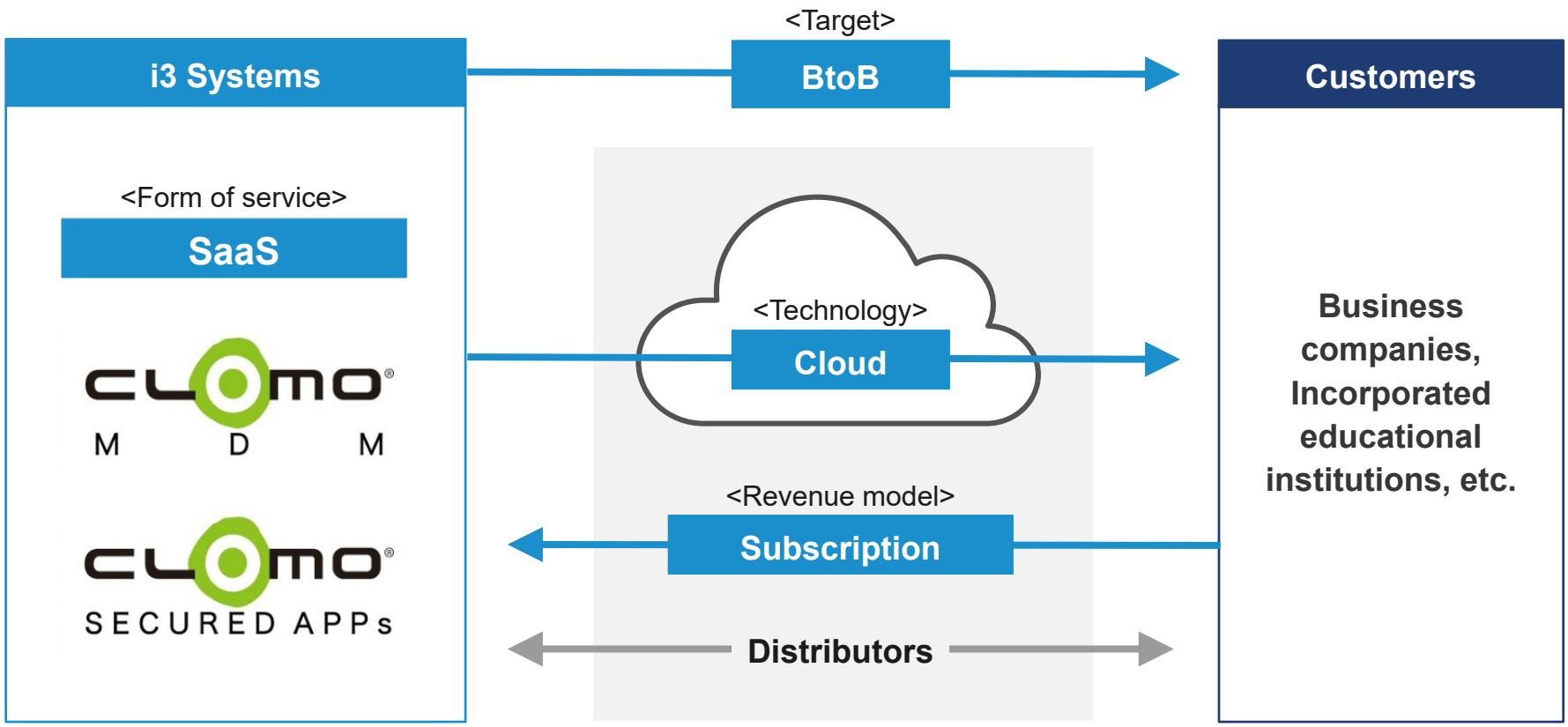


Source: MIC Research Institute Ltd. "MDM in-house brand market 2019"

Characteristics as a business platform

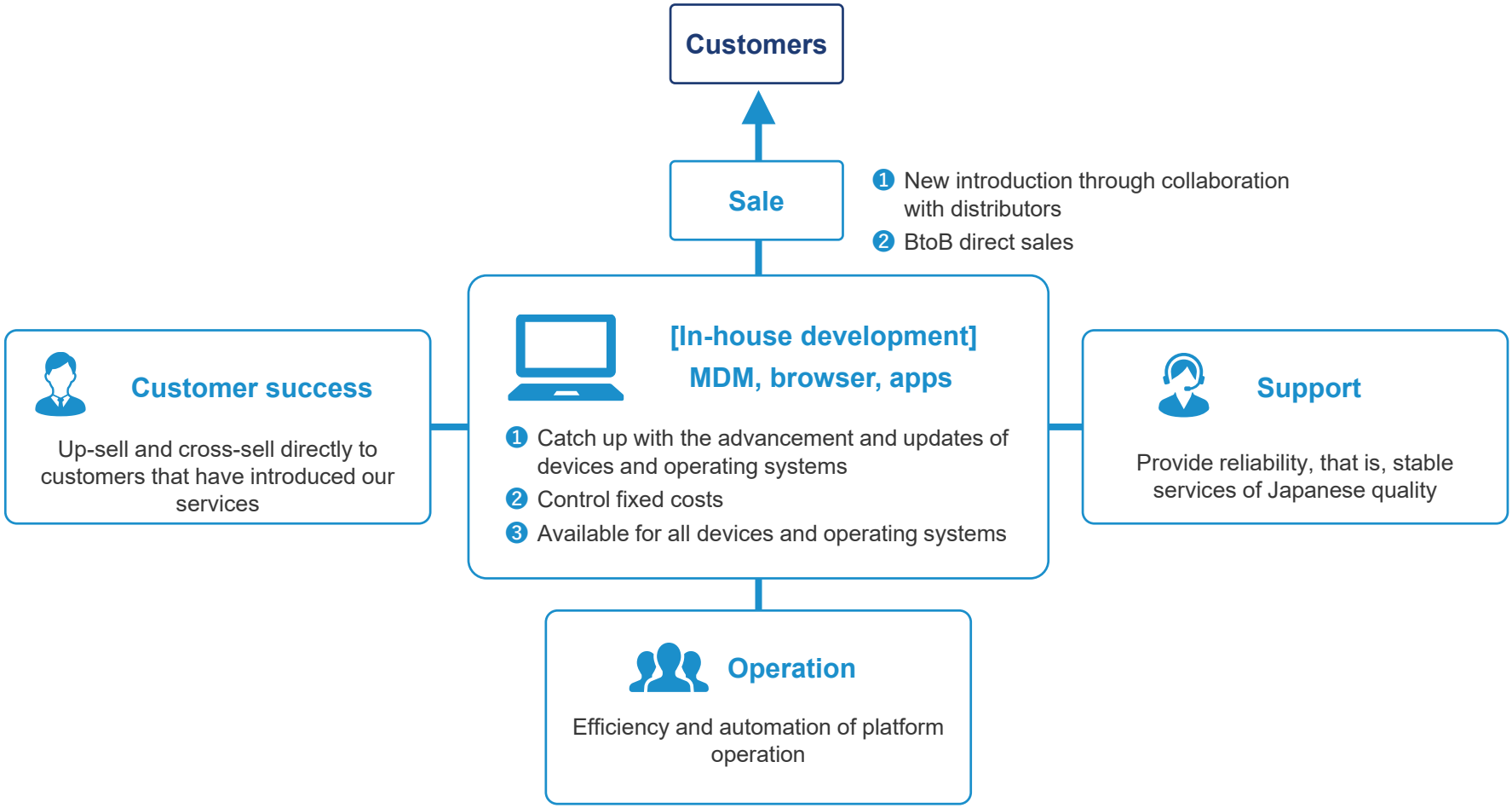
Use cloud to provide BtoB SaaS in the form of a subscription

Sell services to customers (users) mainly through distributors



Source of competitiveness

In-house development of MDM, browser and apps is a decisive differentiator.



Partnership with OS developers and high evaluation (1)

Technical and service capabilities to deal with all operating systems, including iOS

October 2010
In response to **Apple Inc.** limited disclosure of the iOS MDM specifications, CLOMO MDM, Japan's first corporate MDM service, was launched in November 2010

October 2015
Collaboration started with **Microsoft Japan Co., Ltd.** in the mobile device/IoT market

January 2019
MDM service CLOMO MDM acquired **Android Enterprise Recommended***

*A program that empowers corporations to confidently select, distribute, and manage Android devices and services validated by Google that satisfy stringent corporate requirements

Prompt response to the latest technology and OS

Product development that meets customer needs

Partnership with OS developers and high evaluation (2)

As one of the 10 global companies that have acquired Android Enterprise Recommended in the EMM field, we have cleared four high hurdles.

i3 Systems

1 Advanced functions

Validate the advanced functions of the Android Enterprise management set

2 Technological innovation backed by achievements

Standardized product console as the primary method to set up Android device management

3 Enterprise-level support

Established support system with Google.
Documentation guide for setup and migration

4 Introduction capability based on achievements

With a wealth of experience and expertise on relevant services and technologies, provide support to the customer engagement team

Nine other companies that acquired Android Enterprise Recommended

SPPM / BlackBerry / Google Cloud Identity / IBM MaaS360 with Watson / Microsoft / mobileiron /

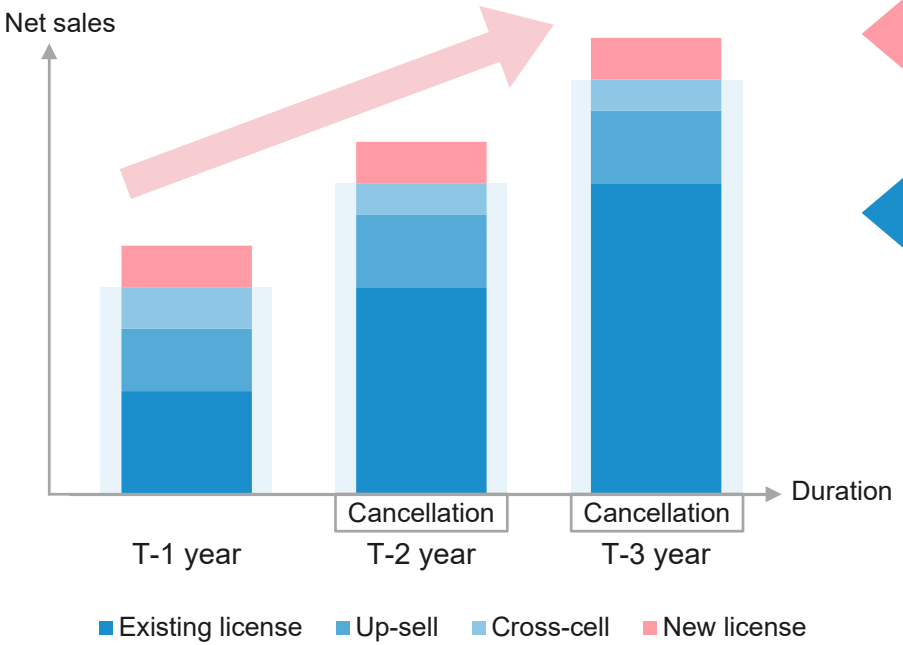
Business Concierge Device Management SoftBank Corp./ SOTI / VMware Workspace ONE

Source: Website of Android Enterprise Recommended (https://www.android.com/intl/ja_jp/enterprise/)

Subscription model and up-sell/cross-sell

Directly promote customer success based on the retention rate of 96.7%*

Subscription model



New customer acquisition — Distributors

Collaborate with distributors to increase the number of new customers

Customer success — Our company

Promote up-sell and cross-sell through direct approach

Holding user meetings	Holding seminars
• Once to twice a year, with the participation of more than 100 users • Google, Microsoft, and other large enterprises give lectures as users	• Twice to three times a month, with the participation of administrators and system personnel • Discuss technology and services in depth

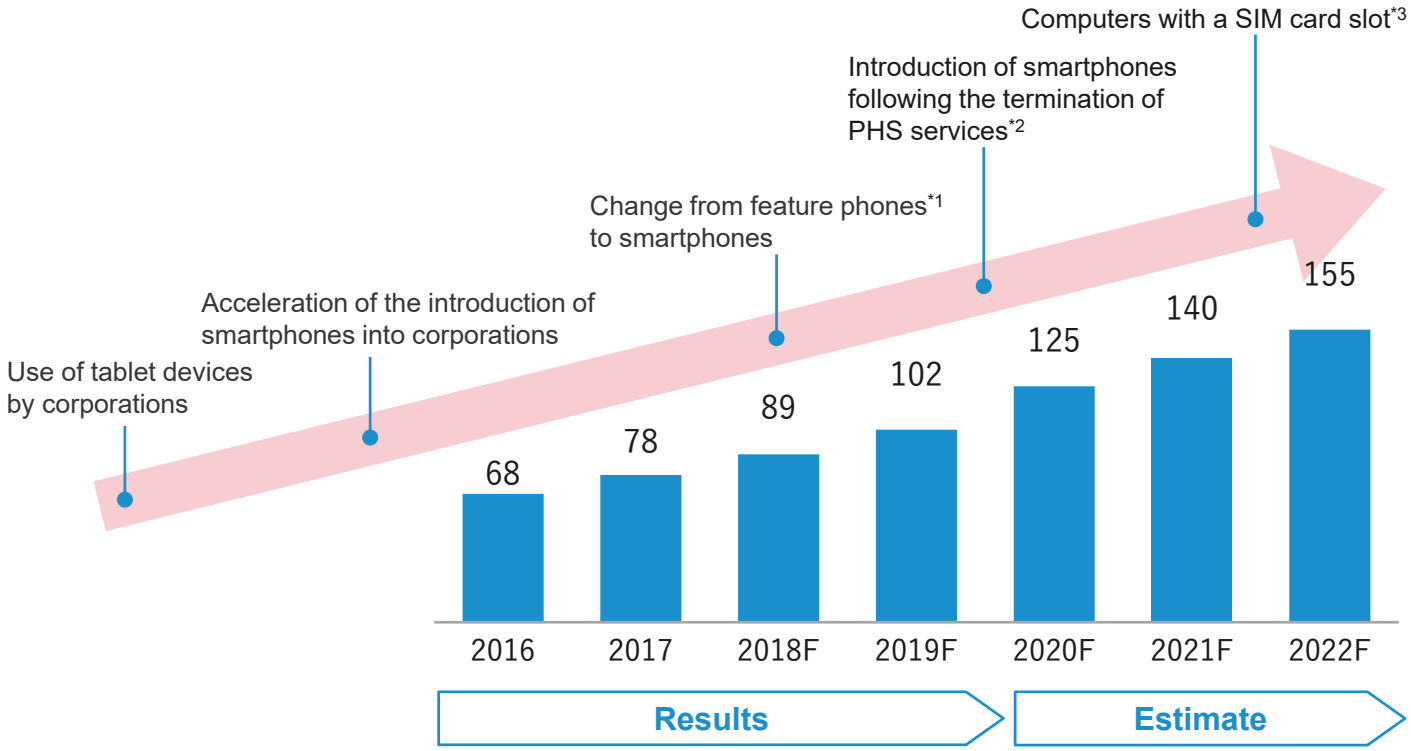
*The retention rate is calculated by subtracting the number of cancellations in the last 12 months from the number of licenses at the end of the same month of the previous year and dividing it by the number of licenses at the end of the same month of the previous year.

3. Future Growth

Business environment

The scale of the mobile management market is expected to nearly double in 2022 compared with 2017.

Scale of the mobile management market (100 millions of yen)



Through the use of mobile devices,

- **Increased needs for management and operational efficiency**
- **Strengthening security in the IoT market**

*1) Conventional mobile phones
*2) End of July 2020
*3) Enable always-on connections

Source: Techno Systems Research Co., Ltd. "2017-2018 Endpoint Management Market Marketing Analysis"

Contribution to social change

Listing of stock and fund procurement for further growth based on strong competitive advantage

