i Cubed Systems

Fiscal Year Ended June 30, 2024
Explanatory Material on Financial Statements

August 14, 2024

i Cubed Systems, Inc.

TSE Growth：4495

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Table of Contents

1. Summary P 2

2. Company Profile/Business Summary P 4

3. Business Highlights P 18

4. Financial Results for FY6/24 P 24

5. Growth Strategy P 37

6. Financial Forecasts for FY6/25 P 42

7. Reference Materials P 47

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1. Summary

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Summary of FY6/24

Operating income grew year on year against a backdrop of solid growth in net sales.
Number of new corporations introducing CLOMO Services in FY6/24 hit 1,781, and CLOMO Business customer base expanded.

Consolidated Net sales	Consolidated Operating income	Number of corporations introducing our services
2,949 million yen	692 million yen	6,710 corporations
YoY: +10.7% ↑	YoY: +11.9% ↑	+36.1% ↑ from the end of the previous period

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2. Company Profile/Business Summary

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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	413,018,600 yen
Founded in	September 2001
Representative	President and CEO Tsutomu Sasaki
Main Business	CLOMO business／ Investment business
Partner	Apple Consultants Network Member Android Enterprise Gold Partner Microsoft AI Cloud Partner
Group Company	i Cubed Ventures, Inc. 10KN COMPANY LIMITED

※Information as of the end of June 2024.

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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

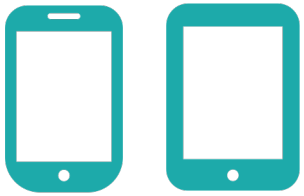
Value proposition：Using the power of design and engineering to support those who take on challenges

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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

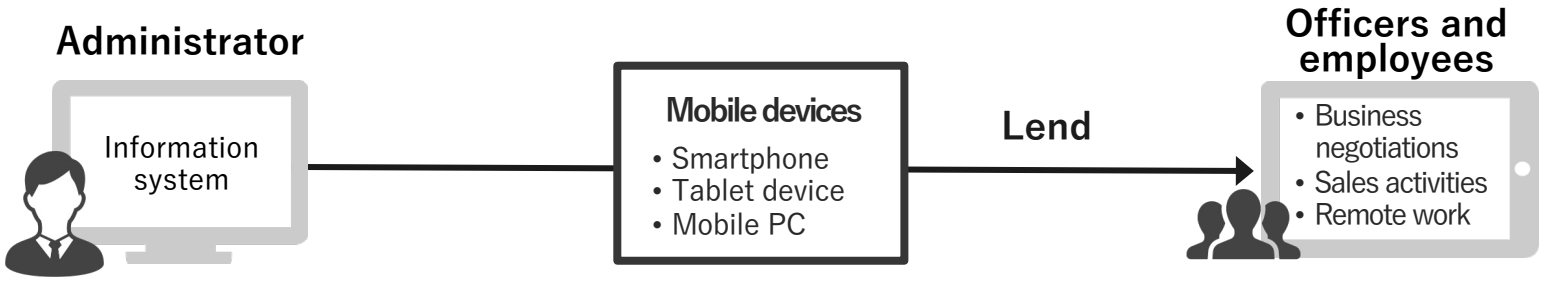


Investment activities, such as CVC, aimed at generating business opportunities for CLOMO Business and execution of M&A aimed at further expansion of CLOMO Business and creation of new businesses

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Overview of the CLOMO Business (Service)

We provide MDM services to reduce the security risks of mobile devices for business use, and application services to enable more efficient use of mobile devices.

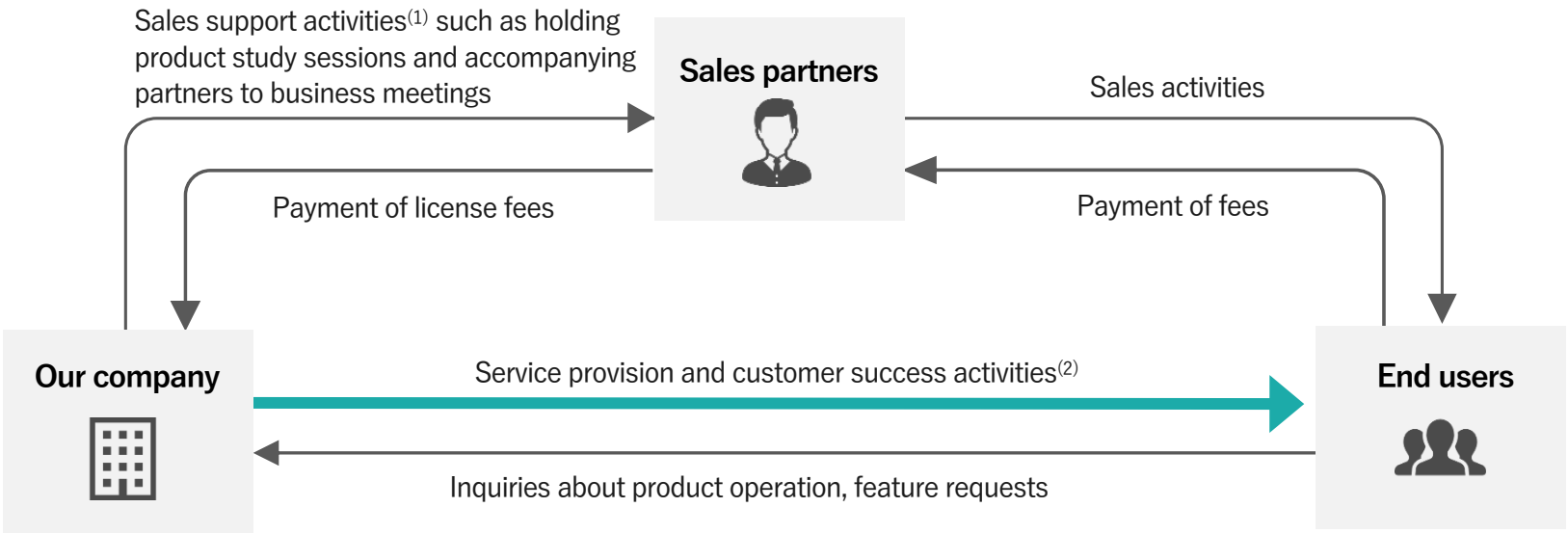


		Visualization of utilization status “Status monitoring”	Function restrictions And settings “Application of utilization rules”	Security measures “Measures for preventing information leakage”
Manage-ment	**Basic functions for smooth management**	Remotely assess the utilization status in real time	Properly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

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Overview of the CLOMO Business (Sales structure)

We focus on service expansion in collaboration with sales partners. Meanwhile, our Customer Success Division, which has extensive product knowledge, provides direct support to customers who have installed our products.



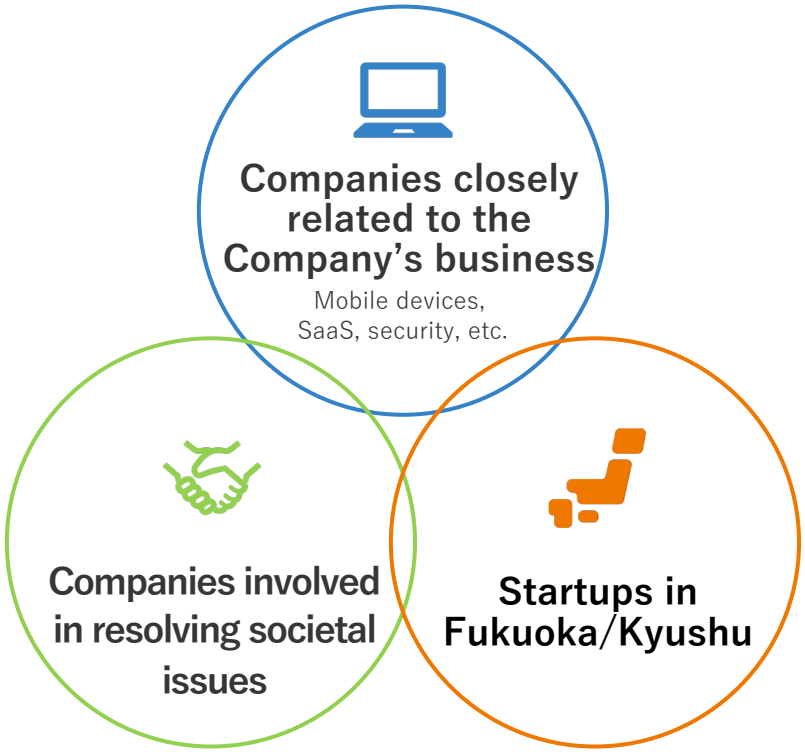
Notes:
1. In addition to sales support activities for sales partners, we carry out marketing activities targeting potential customers, mainly through case study ads and participation in seminars and events.
2. Our customer success activities include providing support for customer inquiries, conducting regular customer interviews, holding seminars and user meetings on product operation, and up-sells/cross-sells.

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Overview of the Investment Business

We are conducting startup investments across a wide range of fields through our CVC subsidiary, i Cubed Ventures, Inc., aiming to further grow our company group through these investment activities.

Focus areas within investments



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Source of competitiveness

1 Competitive advantage of CLOMO Business

1. Stable revenue base and highly profitable structure
2. Integration capabilities
3. Robust partnership with OS developers

2 Management resources

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

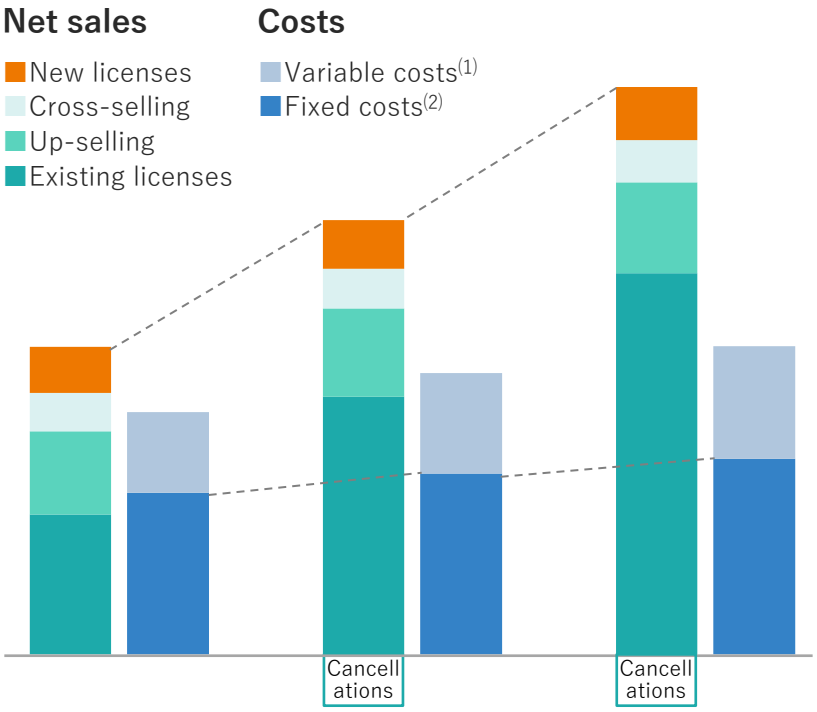
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1 Competitive advantage of CLOMO Business

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



Medium- to long-term trends (for illustrative purposes)

Features of net sales breakdown

Acquisition of new customers

Corporate with distributors to increase number of new customers

Revenue growth from existing customers

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

Notes:
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)”.

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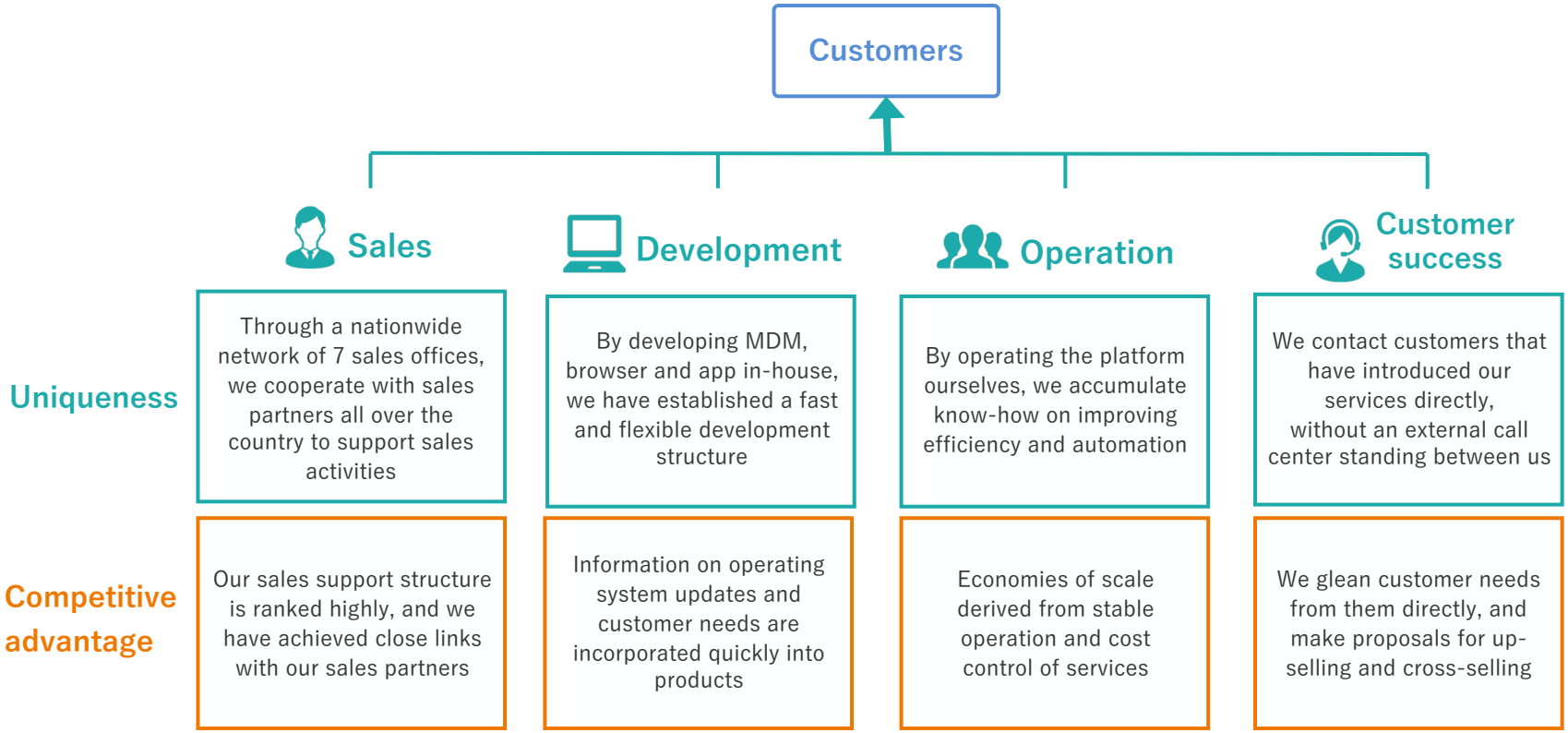
1 Competitive advantage of CLOMO Business

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



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1 Competitive advantage of CLOMO Business

Robust partnerships with OS developers

Certified as Gold Partner in Android Enterprise Partner Program provided by Google.
Promoting acquisition of new customers in area of Android devices, while enhancing product capabilities through partnership.



Recognition of our superior technical capabilities, extensive track record in deploying CLOMO Services, and courteous and caring customer support has led to the Company being certified as a Gold Partner

Improve product quality through partnerships

By participating in conferences, etc. held by Google, and being able to receive priority technical support, we have consistently improved the quality of CLOMO product development and customer support

Acquisition of new customers in area of Android devices

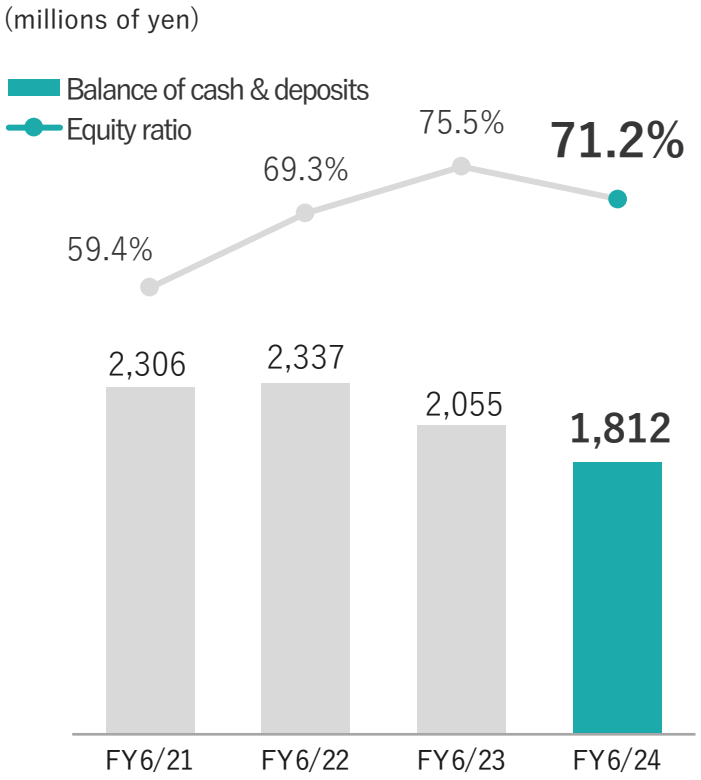
CLOMO has continuously received the Android Enterprise Recommended designation for products that satisfy the high level of technical capabilities required by Google, and we are promoting the acquisition of new customers in the area of Android devices for corporates

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Stable financial base

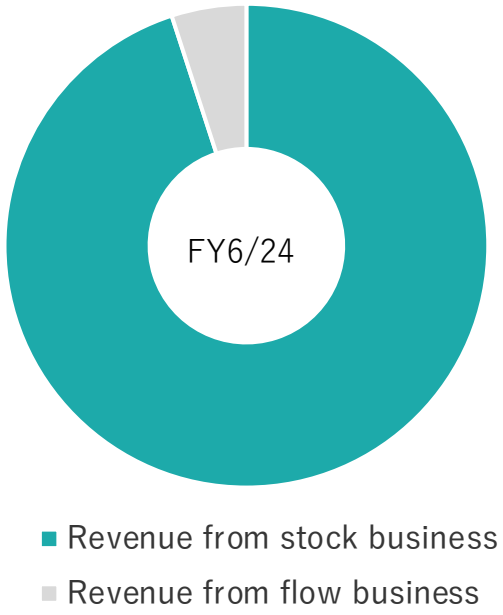
Despite small year-on-year decline caused by purchase of treasury shares, etc., we maintained a certain level of cash and deposits and equity ratio.
Use of subscription model enables building of a stable financial platform for the future growth of the organization.

Trend in balance of cash & deposits and equity ratio



Ratio of revenue from stock business

95% of consolidated net sales consists of stock business



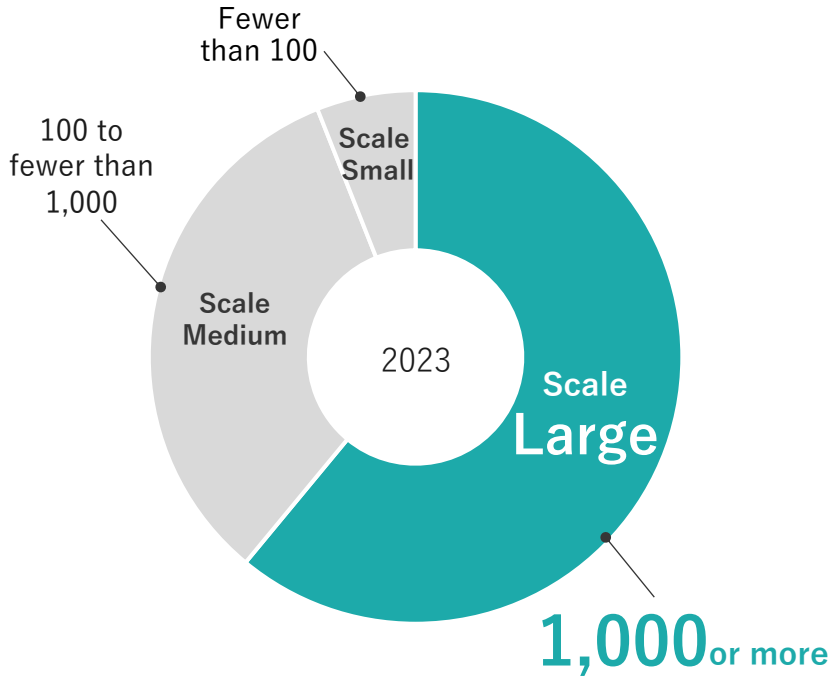
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2 Management resources

Strong customer base

More than 6,700 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

大林組
すしざんまい
KIRIN
SEKISUI
東京慈恵会医科大学
東京海上日動
佐賀県
JR西日本
SHIPS
NOEVIR GROUP
MONEX GROUP
琉球銀行

And many others

Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd.
"Delivering the Optimal Solution for Hybrid Work: Market Outlook for Collaboration and Mobile Management Software, 2023 Edition (https://mic-r.co.jp/mr/02880/)"

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Diverse and flexible organization

By building a diverse organization and promoting flexible work styles, we have fostered a culture that actively takes on challenges. Recognized for 4 consecutive years in the Best Workplaces(1) rankings, recipient of Stress Free Company(2) award for 3 consecutive years.

Diverse organization and flexible work styles(3)

Male-to-female ratio
6:4

Percentage of foreign national employees
7%

Percentage taking childcare leave
100%

Average hours worked outside regular hours
4.5 hours

Certifications from external organizations

Best Workplaces Certified for four consecutive years

Great Place To Work.® Certified SEP 2023-SEP 2024 JAPAN™

Stress Free Company Awarded for three consecutive years

ストレスフリーカンパニー 2024

Notes:
1. A system whereby Great Place to Work® Institute Japan performs awareness surveys of employees in accordance with global standards, and certifies those that exceed a certain level as Best Workplaces companies.
2. A system whereby HRDataLab Inc. uses the results of a stress check based on the “The Brief Job Stress Questionnaire” recommended by the Ministry of Health, Labour and Welfare to award Stress Free Company status to corporations.
3. All indicators are based on actual figures for the parent company on a standalone basis as of June 30, 2024, rounded to the nearest whole number. As of June 30, 2024, the total number of employees at the consolidated level was 157, of which the percentage of foreign nationals is approximately 23.0%.

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3. Business Highlights

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Achieved top market share of domestic MDM market for 13 consecutive years

CLOMO MDM continues to expand its customer base since the launch of service in 2010. It has maintained No. 1(1) share in the domestic MDM market (own-brand) for 13 consecutive years.



Note:
1. Deloitte Tohmatsu MIC Research Institute Co., Ltd. “Market Outlook of Collaboration/Contents & Mobile Management Packaged Software” (https://mic-r.co.jp/mr/00755/) for actual shipment value in FY 2011-2013, and “MDM private brand market” (MIC IT Report Dec 2023 issue; https://mic-r.co.jp/micit/2023/) for actual shipment value in FY 2014-2022 and predicted shipment value in FY 2023.

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Strengthening cooperation with sales partners to expand customer base

Concentrating on developing new sales partners all over Japan to expand sales network for CLOMO Services. Also promoting measures to strengthen cooperation with existing sales partners, such as sales support activities and product study sessions.



Development of sales partners

- Promoting development of new sales partners nationwide in preparation for expansion of sales network
- Focusing on building relationships with second-tier agents of sales partners



Nationwide sales support

- Using sales offices to roll out close sales support activities to existing sales partners
- Increasing touch points in person to build more robust relationships



Holding of product study sessions

- Implemented online sales study sessions for sales partners, with a cumulative total of 2,477 people participating
- Seeking to enhance product knowledge to facilitate smoother business discussions

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Broadening optional services to raise ARPU

We have began offering new optional services to address needs of customers which are becoming increasingly diverse as DX gathers speed in a wide range of industries.
Combining these with CLOMO MDM enables an environment in which mobile devices can be used safely, securely, and efficiently.

TeamViewer Remote (TeamViewer)

Remote access platform installed on more than 2.5 billion devices worldwide

With mobile devices being used in increasingly diverse scenarios, we began to provide new optional services in response to the desire among customers for improvements in operational efficiency tailored to the application, and releasing collaborative functions for use with CLOMO MDM

Harmony Mobile (Check Point)

Product developed by Check Point, which provides cyber solutions to more than 100,000 organizations worldwide

In order to protect mobile devices from the risk of cyber attacks, which has been becoming increasingly serious recently, we began providing a security solution developed by Check Point, which has an extensive track record

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Implementing M&A to strengthen development capabilities

With the shortage of engineers in Japan becoming increasingly serious, we conducted the acquisition(1) of software development company in Vietnam with the objective of strengthening development capabilities in preparation for the further growth of the Group.

Overview of acquisition

10KN COMPANY LIMITED

- 10KN is a software development company headquartered in Vietnam, which undertakes system, website, application, and other development projects outsourced from Japanese companies
- In October 2023 the Group entered into a share transfer agreement. Following approval from Vietnamese authorities, we completed the registration and consolidation of 10KN as a subsidiary of our group in April 2024

The Situation for Engineers in Japan

In recent years, the short supply of system engineers in Japan has made it difficult to secure sufficient staff for development, and offshore development has become increasingly active due to issues such as retention rates and soaring personnel expenses

To strengthen development capabilities of the Group and expand the business

10KN employs many young engineers with extensive experience and a high level of development skill, and by welcoming it to the Group, we aim to strengthen our development resources over the medium to long term and to further expand the business

Note:
1. For an overview of the M&A transaction, please refer to the release dated October 11, 2023: “Notification of the acquisition of the shares of 10KN JOINT STOCK COMPANY (making it a subsidiary).”

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Improving service reliability through ISMAP registration

Highly secure nature of CLOMO has been recognized and the product has been added to the ISMAP cloud service list. Few competing products have been registered with ISMAP(1), which helps enhance our competitive advantage in the MDM market.

Overview of ISMAP

ISMAP

Information system Security Management and Assessment Program

What is ISMAP?

A system that aims to facilitate the adoption of cloud services by ensuring security levels in cloud services procured by the government satisfy governmental security requirements through a process of prior assessment and registration of cloud services

Impact on CLOMO Business

ISMAP registration enhances the reliability and security of CLOMO MDM, making it easier to introduce for many customers, including administrative agencies, which is expected to lead to the expansion of the customer base going forward

Note:
1. Two MDM services other than CLOMO are registered with ISMAP. Figures as of June 30, 2024, based on research conducted by the Company.

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4. Financial Results for FY6/24

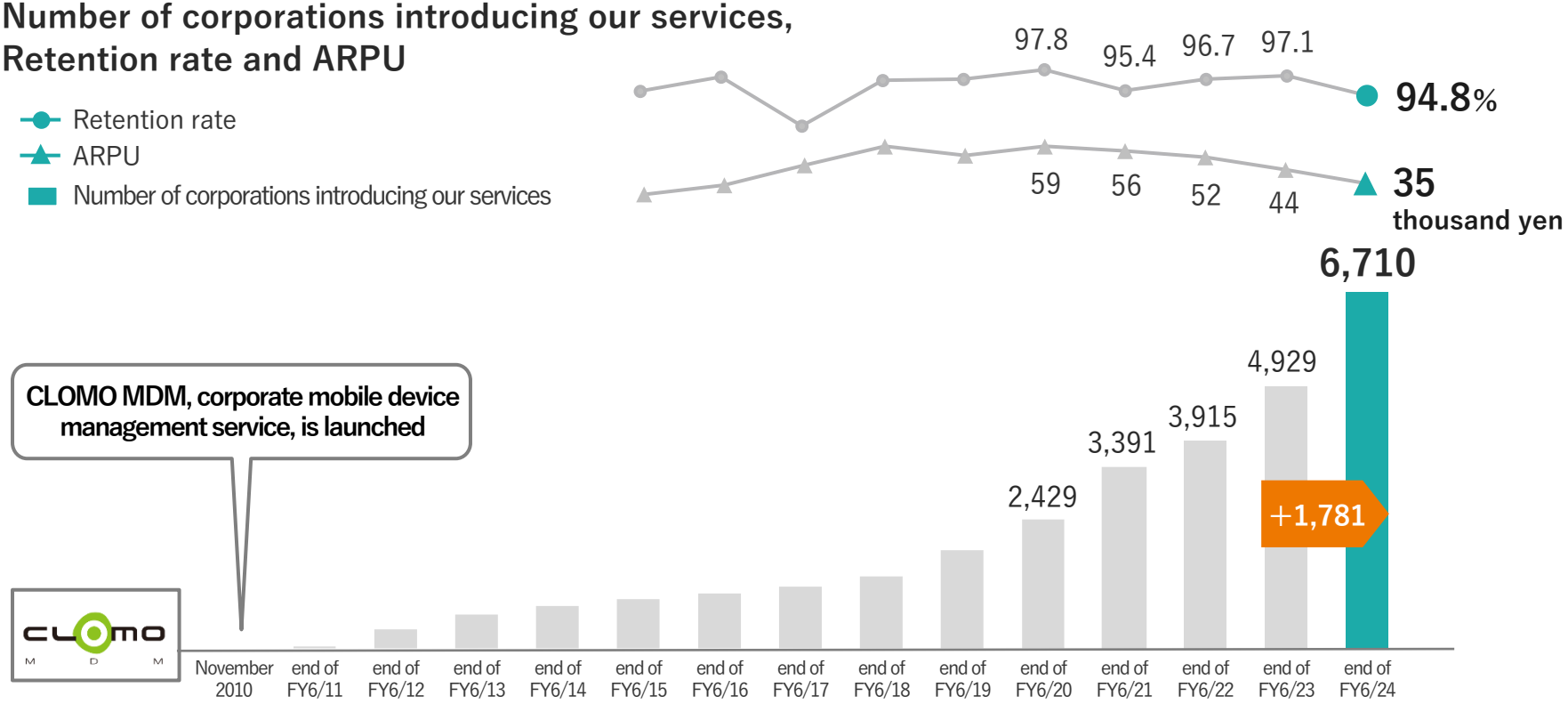
－ CLOMO Business －

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CLOMO business KPI　Number of corporations introducing our services/Retention rate/ARPU

As a result of progress made in measures to expand the customer base, the number of companies introducing our products has increased significantly, although the downward trend in ARPU(1) continues.
Following the expiry of certain time-limited major projects the retention rate(2) has dipped temporarily, but is in line with plans.

Number of corporations introducing our services, Retention rate and ARPU



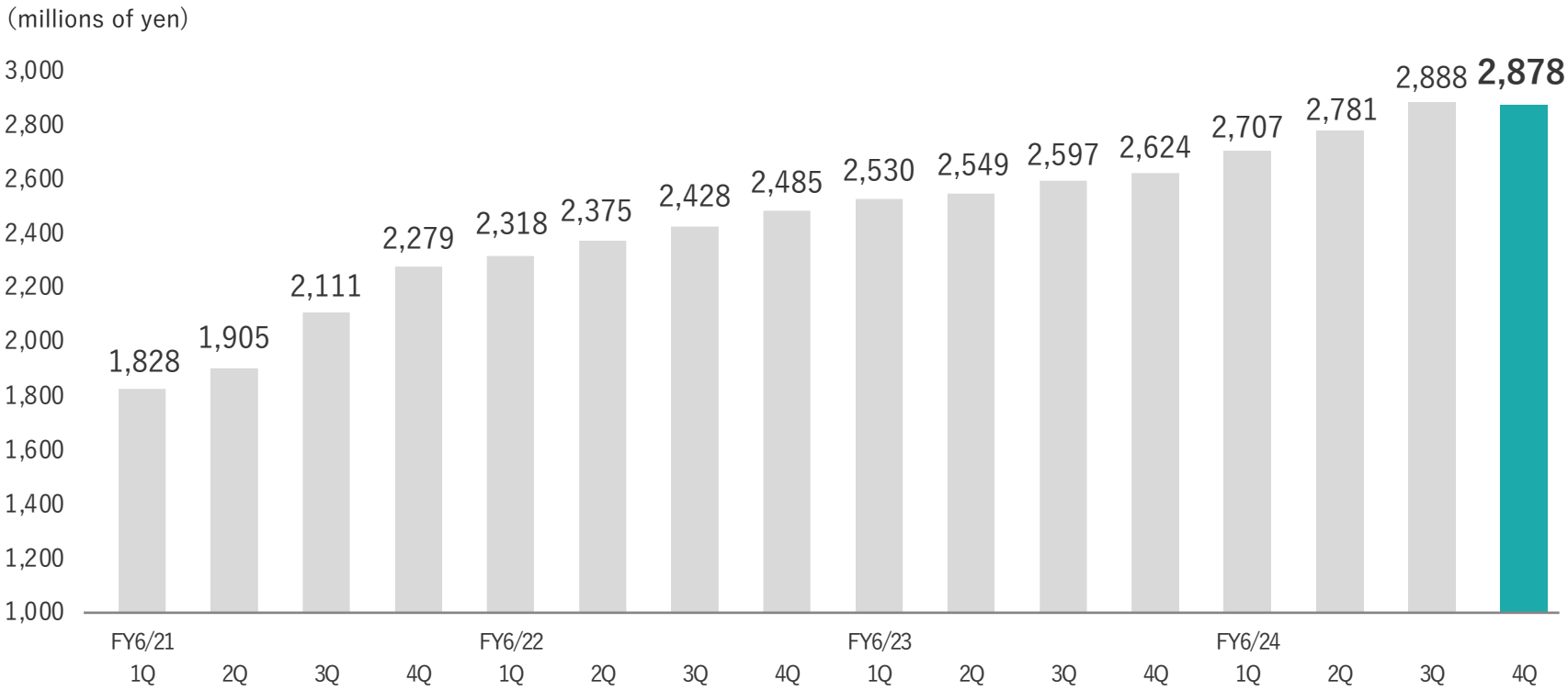
Notes：
1. ARPU: Average Revenue Per User, which is the average monthly unit price per corporation introducing our services. Calculated by dividing 1/12 of ARR as of each month by the number of corporations introducing our services as of the end of the month concerned.
2. Retention rate is calculated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

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CLOMO business KPI　ARR

ARR(1) , which is the main KPI for the subscription business, declined slightly over the most recent 3Q due to the expiry of contracts for time-limited projects, but is performing strongly against the background of the expansion in the customer base, achieving growth of 9.7% year on year.

ARR trends as of the end of each quarter



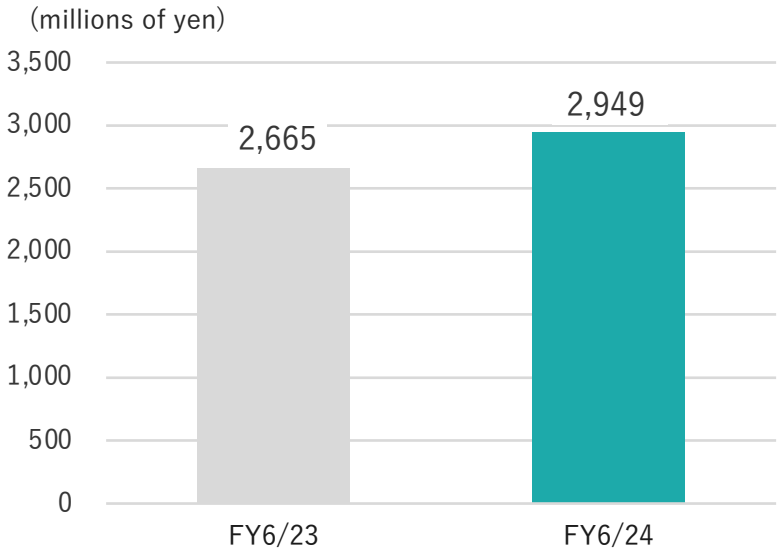
Note：
1. ARR: Annual Recurring Revenue. Calculated by multiplying the MRR for each month by 12, where MRR is the sum of the monthly fees for corporations deploying our services as of the end of the targeted month, excluding temporary costs.

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CLOMO Business consolidated net sales and operating income for FY6/24

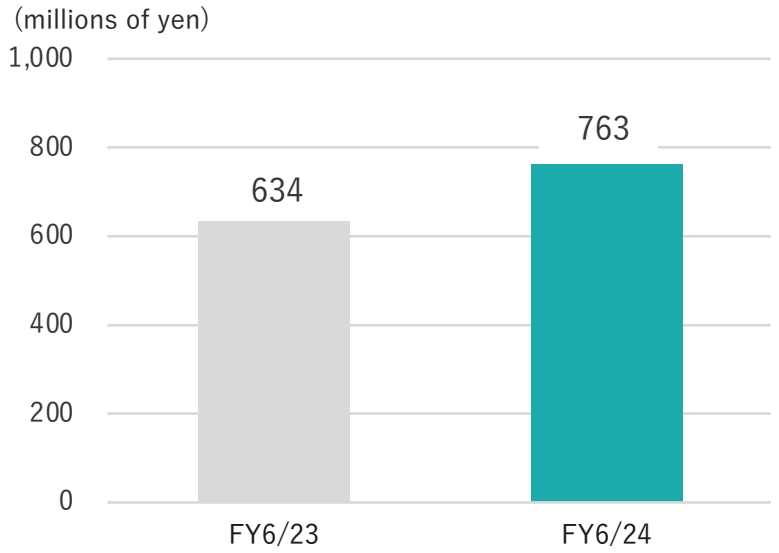
Regarding the full year results, net sales amounted to 2,949 million yen (+10.7% YoY) and operating income 763 million yen (+20.3% YoY), with an operating margin of 25.9%.

Net sales



FY23	FY24	Year on year
2,665 million yen	2,949 million yen	110.7% (+284 million yen)

Operating income



FY23	FY24	Year on year
634 million yen	763 million yen	120.3% (+128 million yen)

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4. Financial Results for FY6/24

－ Investment Business －

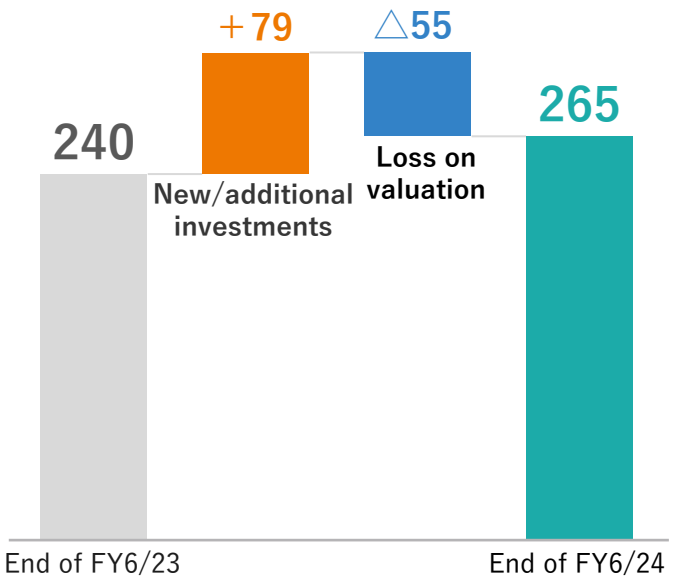
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Investment activities

Promoting startup investments through subsidiary i Cubed Ventures, Inc.
In FY6/24, investments were made in two new companies, bringing the total number of investors to seven.

Breakdown of change in operational investment securities(1)

(millions of yen)



New investments in FY6/24

- **Japan Wind Tunnel Manufacturing Inc.**

Fudo 日本風洞製作所 JAPAN WIND TUNNEL MANUFACTURING Inc.

Development and provision of fluid equipment such as wind tunnel test equipment, wind power generation equipment, and hydro power generation equipment

- **Space Shift Inc.**

SPACE SHIFT

Sale of analytical data derived from image data recorded by SAR satellites that do not require sunlight

Note:
1. Our consolidated equity of the total amount managed by our consolidated subsidiary, i Cubed-1 Investment Limited Partnership.

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4. Financial Results for FY6/24

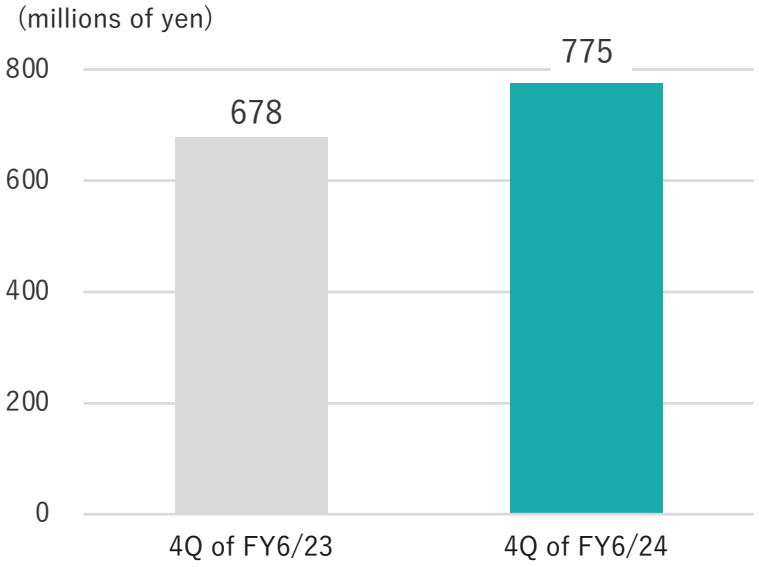
－ Consolidated results －

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Consolidated net sales and operating income for 4th quarter of FY6/24

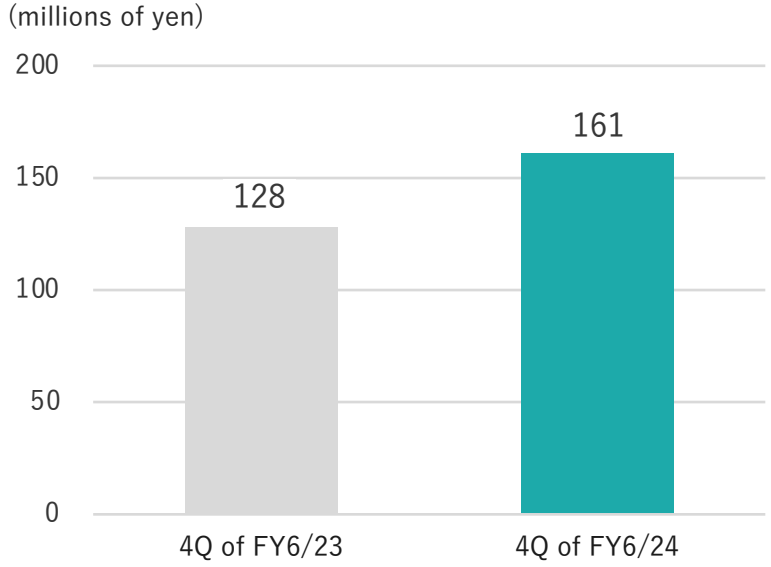
Net sales in the 4th quarter (April - June) were 775 million yen (+14.3% YoY), and operating income was 161 million yen (+25.4% YoY).

Net sales



4Q of FY6/23	4Q of FY6/24	Year on year
678 million yen	775 million yen	114.3% (+97 million yen)

Operating income



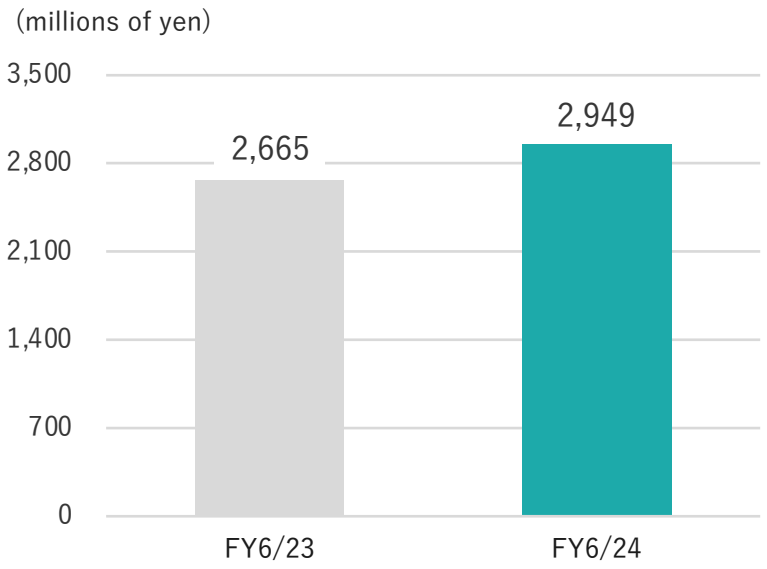
4Q of FY6/23	4Q of FY6/24	Year on year
128 million yen	161 million yen	125.4% (+32 million yen)

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Consolidated net sales and operating income for FY6/24

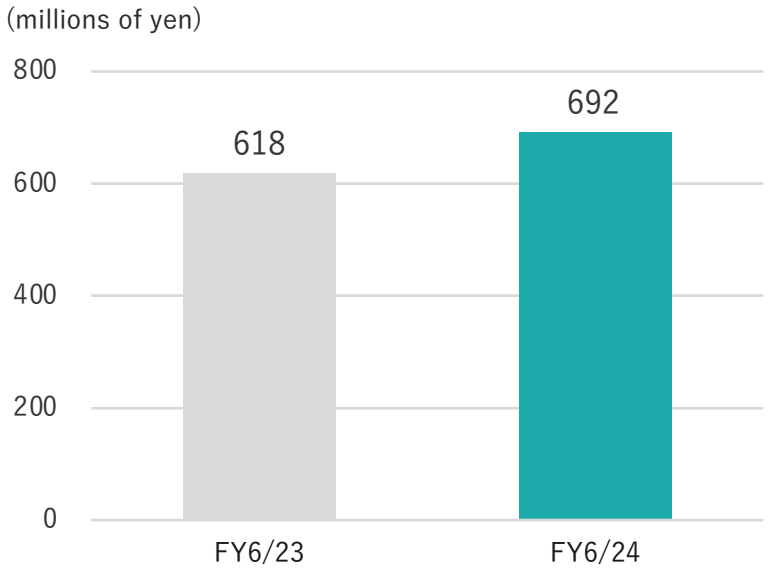
Regarding the full year results, net sales amounted to 2,949 million yen (+10.7% YoY) , and operating income 692 million yen (+11.9% YoY)

Net sales



FY23	FY24	Year on year
2,665 million yen	2,949 million yen	110.7% (+284 million yen)

Operating income



FY23	FY24	Year on year
618 million yen	692 million yen	111.9% (+73 million yen)

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Consolidated income statement for 4Q of FY6/24

Net sales were 775 million yen (+14.3% YoY),
and operating income was 161 million yen (+25.4% YoY).

(units: millions of yen)	4Q of FY6/23 (Composition rate)	4Q of FY6/24 (Composition rate)	Change (Rate of change)
Net sales	**678** (100.0%)	**775** (100.0%)	**+97** (+14.3%)
Cost of sales	**176** (26.0%)	**198** (25.6%)	**+22** (+12.6%)
Depreciation expenses	65 (9.6%)	64 (8.3%)	△0 (△1.5%)
Manufacturing costs	99 (14.7%)	84 (10.9%)	△15 (△15.1%)
Others	11 (1.7%)	49 (6.4%)	+38 (+326.0%)
Gross profit	**501** (74.0%)	**576** (74.4%)	**+74** (+14.9%)
Selling, general and administrative expenses	**373** (55.0%)	**415** (53.5%)	**+42** (+11.3%)
Labor expenses, etc.	250 (37.0%)	260 (33.6%)	+9 (+3.8%)
Others	122 (18.0%)	154 (20.0%)	+32 (+26.6%)
Operating income	**128** (19.0%)	**161** (20.8%)	**+32** (+25.4%)
Ordinary profit	**121** (17.9%)	**155** (20.0%)	**+33** (+27.5%)

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Consolidated income statement for FY6/24

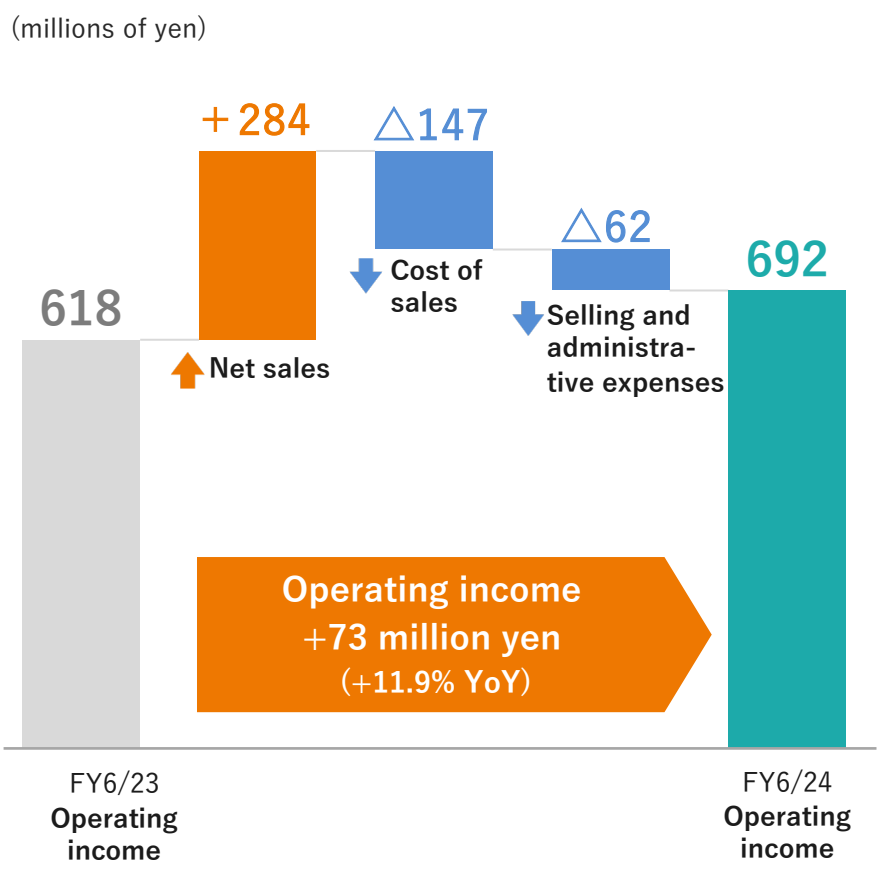
Net sales were 2,949 million yen (+10.7% YoY),
and operating income was 692 million yen (+11.9% YoY).

(units: millions of yen)	FY6/23 (Composition rate)	FY6/24 (Composition rate)	Change (Rate of change)
Net sales	**2,665** (100.0%)	**2,949** (100.0%)	**+284** (+10.7%)
Cost of sales	**613** (23.0%)	**761** (25.8%)	**+147** (+24.1%)
Depreciation expenses	167 (6.3%)	300 (10.2%)	+133 (+80.0%)
Manufacturing costs	374 (14.1%)	331 (11.2%)	△43 (△11.6%)
Others	71 (2.7%)	129 (4.4%)	+57 (+80.1%)
Gross profit	**2,051** (77.0%)	**2,187** (74.2%)	**+136** (+6.6%)
Selling, general and administrative expenses	**1,432** (53.8%)	**1,495** (50.7%)	**+62** (+4.4%)
Labor expenses, etc.	994 (37.3%)	967 (32.8%)	△27 (△2.7%)
Others	438 (16.4%)	527 (17.9%)	+89 (+20.5%)
Operating income	**618** (23.2%)	**692** (23.5%)	**+73** (+11.9%)
Ordinary profit	**609** (22.9%)	**668** (22.7%)	**+58** (+9.6%)

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Factors behind changes in operating income

The expansion of the CLOMO Business has led to steady growth in net sales, and investment in development is proceeding according to plan. Selling and administrative expenses rose slightly due to the recording of costs associated with M&A(1).



Increase in net sales (+284)

- CLOMO business expansion

Increase in cost of sales (△147)

- 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
- Loss on valuation for some investments in the Investment Business

Increase in selling and administrative expenses (△62)

- Expenses incurred in relation to procedures for making a software development company located in Vietnam a subsidiary of i Cubed Systems
- This fiscal year our recruitment plans are centered on the hiring of new graduates, and the reduction in mid-career hires has led to a decline in recruitment costs. The number of employees as of June 30, 2024, was 130 (up 7 person YoY)
- Registration with ISMAP(2) was completed in February 2024. Auditing expenses associated with maintaining this registration will continue to occur going forward

Notes:
1. For an overview of the M&A transaction, please refer to the following release dated October 11, 2023: “Notification of the acquisition of the shares of 10KN JOINT STOCK COMPANY (making it a subsidiary).”
2. 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.

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Consolidated Balance sheet for FY6/24

The balance of cash and deposits has decreased slightly compared to the end of previous period due to purchase of treasury shares and other factors. While moving forward with investments for growth and shareholder returns, we have maintained a stable financial base and an equity ratio of 71.2%.

(units: millions of yen)	FY6/23	FY6/24	Change
Current assets	**2,645**	**2,525**	**△120**
Cash and deposits	2,055	1,812	△243
Receivables	260	332	+72
Operational investment securities	240	265	+25
Fixed assets	**753**	**1,083**	**+330**
Software	210	246	+36
Software in progress	174	103	△71
Total assets	**3,399**	**3,609**	**+210**
Current Liabilities	**825**	**1,029**	**+204**
Contract liabilities	471	483	+12
Fixed liabilities	–	–	–
Total liabilities	**825**	**1,029**	**+204**
Total net assets	**2,573**	**2,579**	**+6**

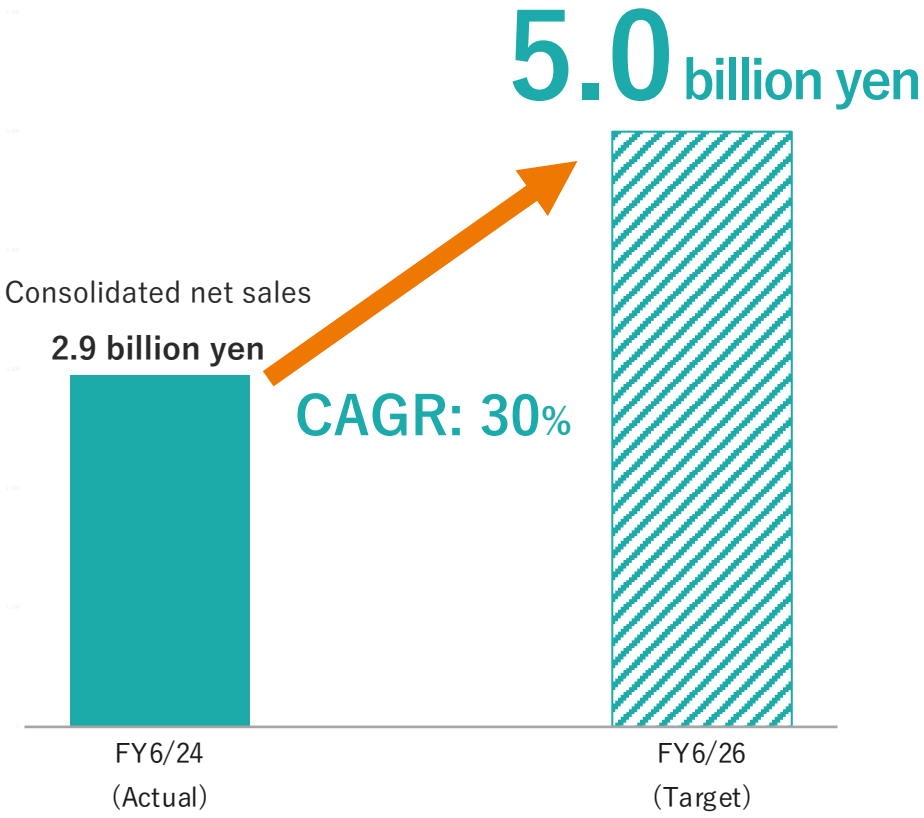
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5. Growth Strategy

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Growth strategy and medium-term sales targets (FY2024-2026)

Utilizing internal resources and M&A, we will focus most of our efforts on growing the top line of the CLOMO Business and creating new businesses.
We will work to build a foundation for the sustainable growth of the Group.



Expansion of the CLOMO Business

Further increase sales by promoting the expansion of the customer base through OEM provision to NTT DOCOMO Group and by improving ARPU through the expansion of optional services.

Creation of new businesses

We aim to enter new areas, targeting a wide range of fields, including IT. In addition to utilizing external resources such as M&A, we are aiming to commercialize ideas generated in-house, and set up a specialist department in July 2024.

Promotion of the Investment Business

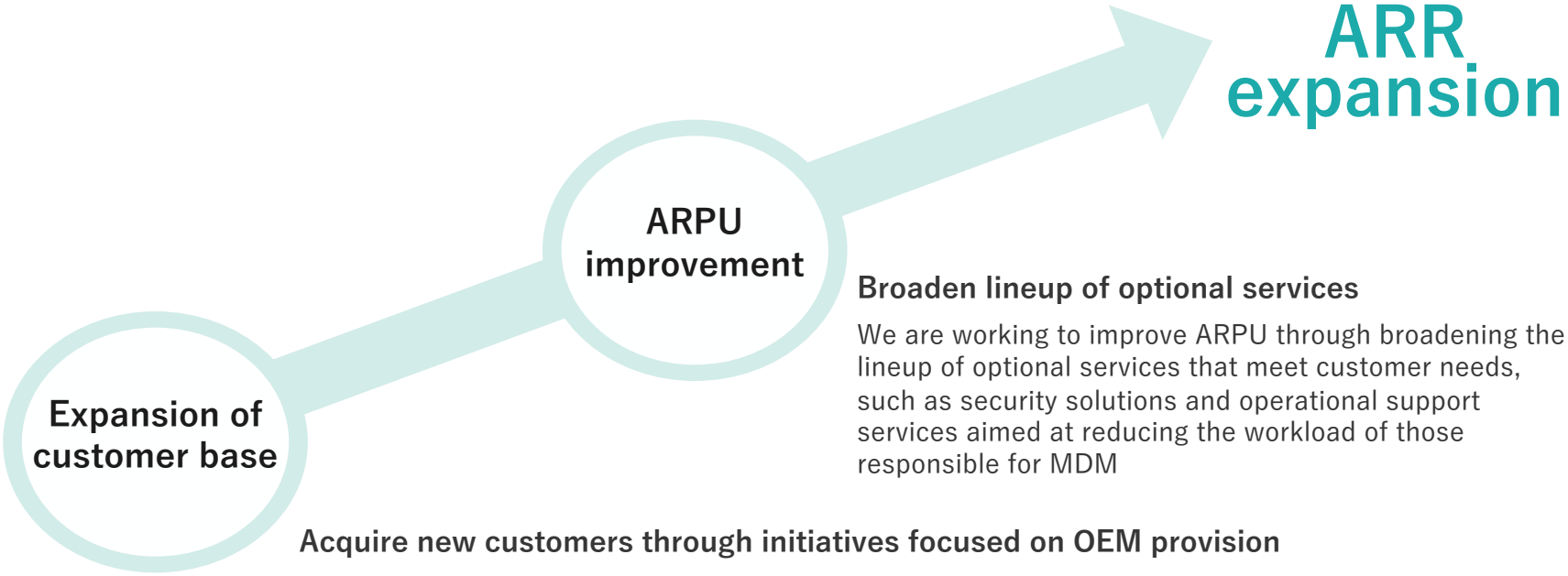
We will continue to move forward with startup investments through the Group's CVC fund (around 1.0 billion yen).

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Promoting measures to maximize ARR

Our policy in FY6/25 will be to continuously implement measures to increase ARR against the background of the steady expansion of the customer base.
We aim to achieve improvements in ARPU through cross-selling proposals that utilize the customer base, leading to growth in the CLOMO Business as a whole.

Measures to expand CLOMO Business ARR



Broaden lineup of optional services

We are working to improve ARPU through broadening the lineup of optional services that meet customer needs, such as security solutions and operational support services aimed at reducing the workload of those responsible for MDM

Acquire new customers through initiatives focused on OEM provision

In addition to working to further expand the customer base by growing services provided on an OEM basis, we will leverage the advantages of ISMAP registration to actively approach governmental and administrative agencies

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Expansion of customer base

Medium- to long-term customer expansion through OEM

Customer expansion based on OEM provision is expected to accelerate up to March 2026, and we are encouraging this switch with a variety of measures. Furthermore, we will open up new customers via sales offices by strengthening our cooperation with NTT DOCOMO Group.

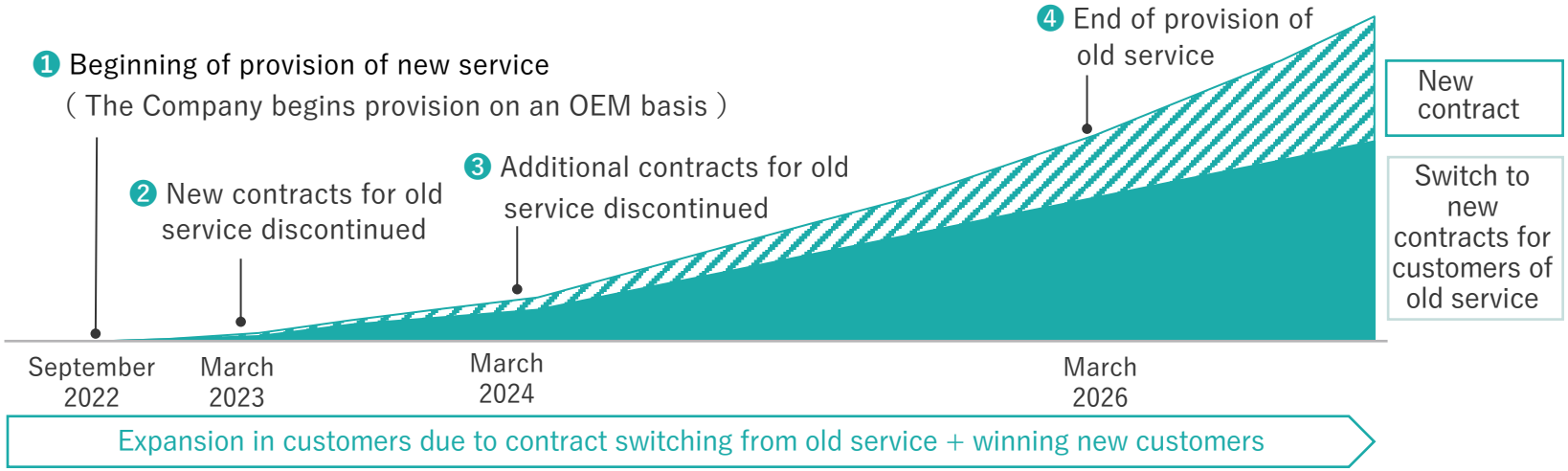
Increase in customers driven by OEM sales (for illustrative purposes)

❶ 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

❷ 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

❸ Acceptance of additional contracts for the old service was discontinued in March 2024, leading to accelerating migration to the new service

❹ 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



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ARPU improvement

Cross-selling tailored to customer needs

By promoting measures to increase the number of optional services we will achieve a service lineup tailored to customer needs. While moving ahead with incremental development of collaborative functions, we will focus on cross-selling to new and existing customers to improve ARPU.

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

NEW
Harmony Mobile



Provides comprehensive protection for mobile devices from a variety of cyber attacks

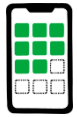
Enhanced functionality

MOBILE APP PORTAL



Distribute apps to devices, build in-house app portals

Launcher



Create home screen displaying only the necessary apps for each application

NEW
Team Viewer Remote



Remote access tool for accessing devices in remote locations

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

※Services labelled NEW are those that were launched in FY6/23 or later.

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6. Financial Forecasts for FY6/25

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Forecast of consolidated financial results for FY6/25

In addition to the robust expansion of the CLOMO Business we expect gains on sales in the investment business, and are thus forecasting net sales growth of 18.8% year on year, operating income growth of 17.0%, and an operating margin of 23.1%.

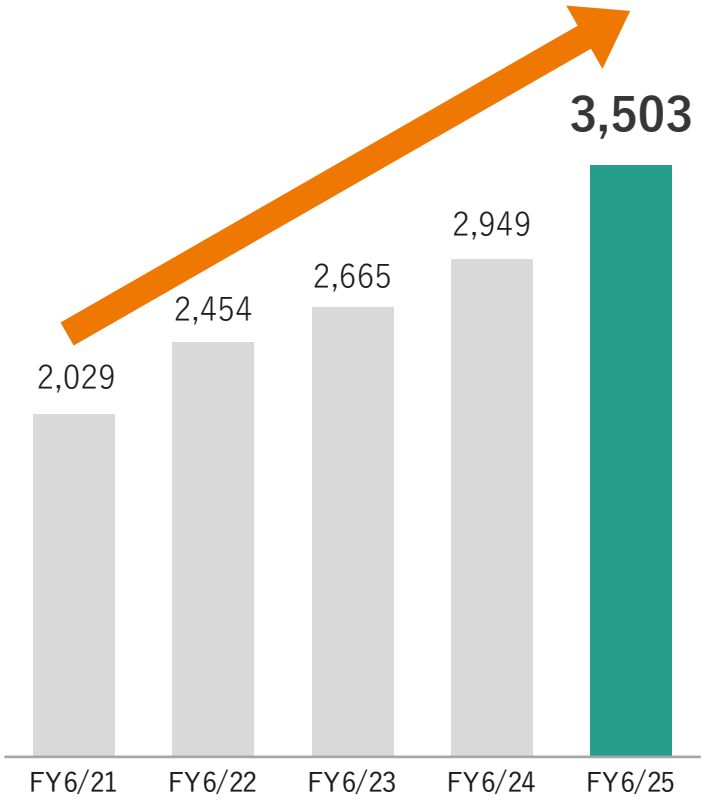
(units: millions of yen)	FY6/24 Results (Composition rate)	FY6/25 Forecast (Composition rate)	Change (Rate of change)
Net sales	**2,949** (100.0%)	**3,503** (100.0%)	**554** (+18.8%)
Cost of sales	**761** (25.8%)	**987** (28.2%)	**226** (+29.7%)
Depreciation expenses	300 (10.2%)	348 (9.9%)	47 (+15.8%)
Manufacturing costs	331 (11.2%)	363 (10.4%)	32 (+9.8%)
Others	129 (4.4%)	275 (7.9%)	146 (+113.1%)
Gross profit	**2,187** (74.2%)	**2,515** (71.8%)	**328** (+15.0%)
Selling, general and administrative expenses	**1,495** (50.7%)	**1,706** (48.7%)	**210** (+14.1%)
Labor expenses, etc.	967 (32.8%)	1,075 (30.7%)	107 (+11.1%)
Others	527 (17.9%)	630 (18.0%)	103 (+19.5%)
Operating income	**692** (23.5%)	**809** (23.1%)	**117** (+17.0%)
Ordinary profit	**668** (22.7%)	**786** (22.5%)	**118** (+17.7%)

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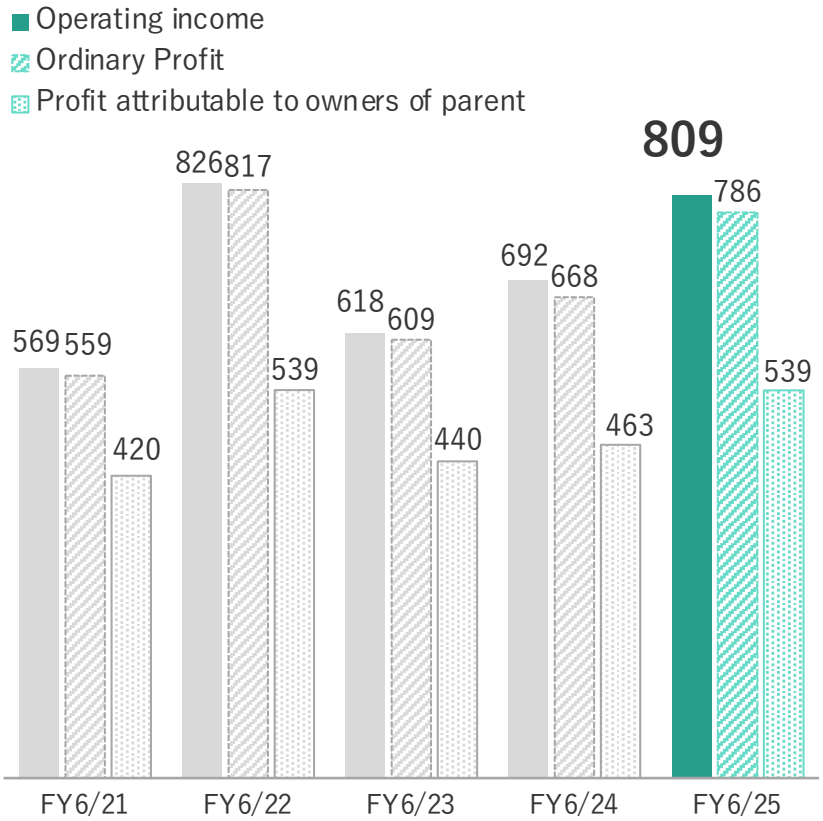
Forecast of consolidated financial results for FY6/25

Net sales are expected to be 3,503 million yen (CAGR 14.6%) and operating income 809 million yen (CAGR 9.2%).

Change in net sales (millions of yen)



Change in profits (millions of yen)



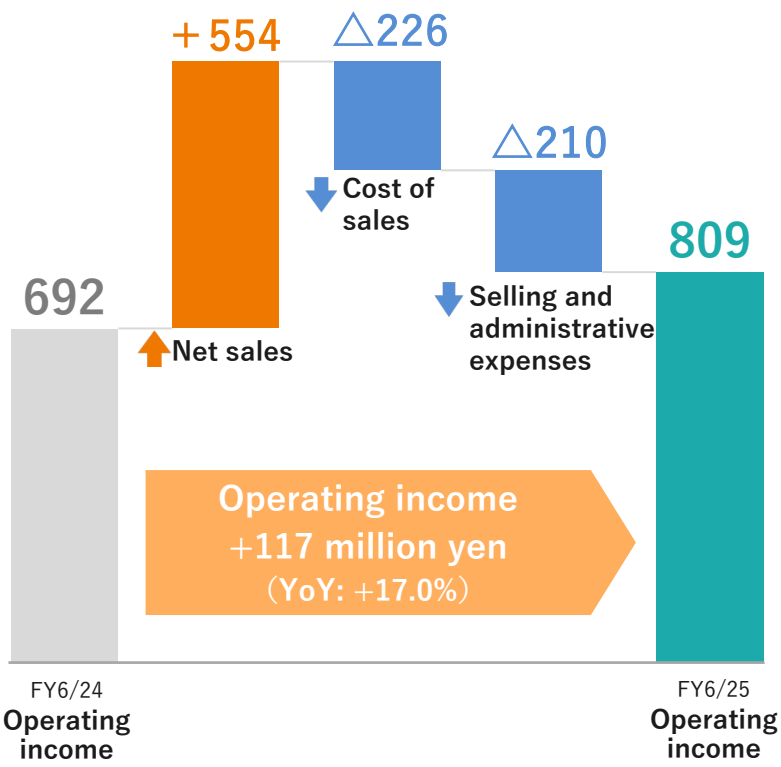
※Because the Company transitioned to consolidated settlement of accounts from FY6/22, non-consolidated accounts are presented up to FY6/21, and consolidated accounts from FY6/22.

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Forecast of Operating Income

As we make progress in strengthening our development capabilities we will continue to actively invest in development, which will result in higher depreciation in the cost of sales. Due to the expansion of the CLOMO Business, net sales are expected to grow strongly, with operating income rising 123 million yen compared to FY6/24.

(millions of yen)



Increase in net sales (+554)

- CLOMO Business is expected to expand as a result of the acceleration in OEM sales, in addition to growth in CLOMO MDM sales
- In the investment business, exits are scheduled for some investments

Increase in cost of sales (△226)

・Due to strengthening development capabilities and actively investing in development, cost of sales, including depreciation, will increase

・Cost of sales associated with the exit from investments in the investment business will be incurred

Increase in selling and administrative expenses (△210)

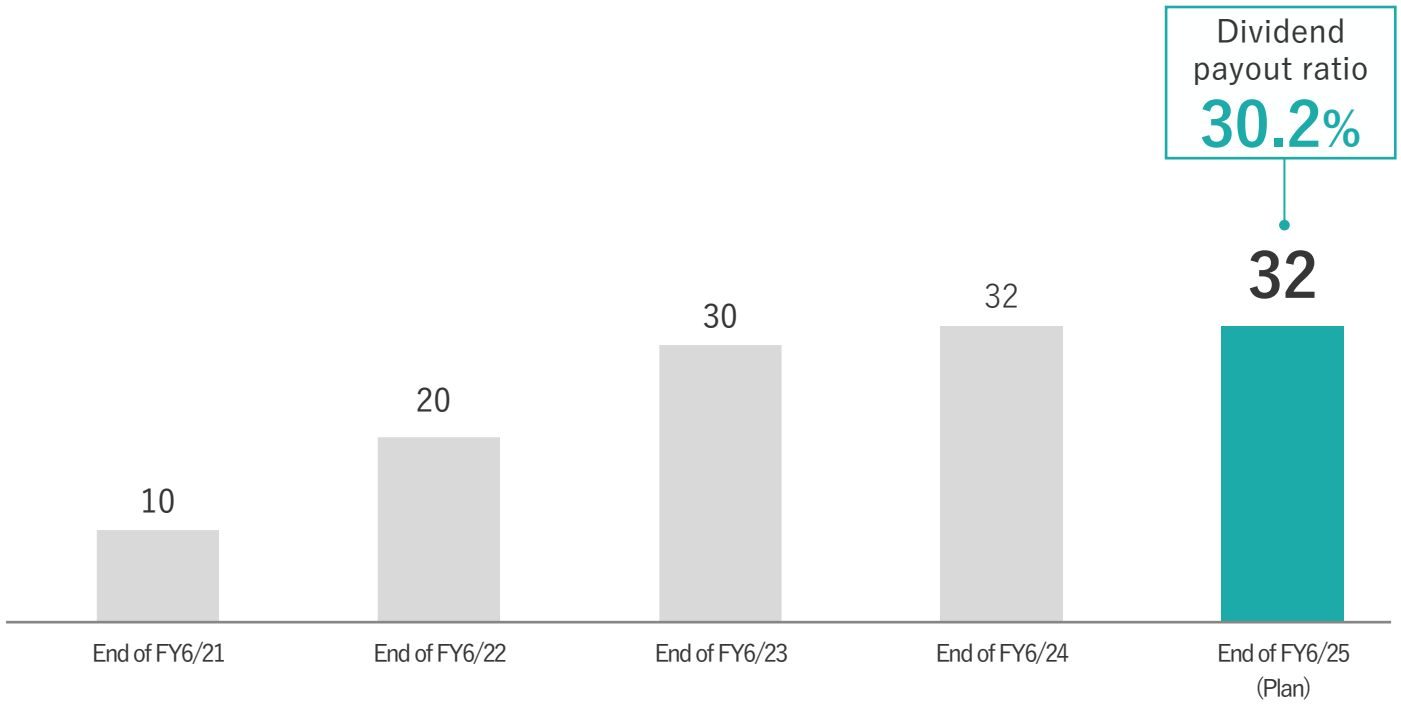
・Following the increase in staff, personal expenses and system-related expenses for improvements to internal infrastructure will increase

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Shareholder return policy

We are maintaining our policy of actively returning profits to shareholders who have high expectations for our company's medium- to long-term growth, and plan for the year-end dividend for FY6/25 to be unchanged from the previous year's level of 32 yen.

Dividends over time (yen)



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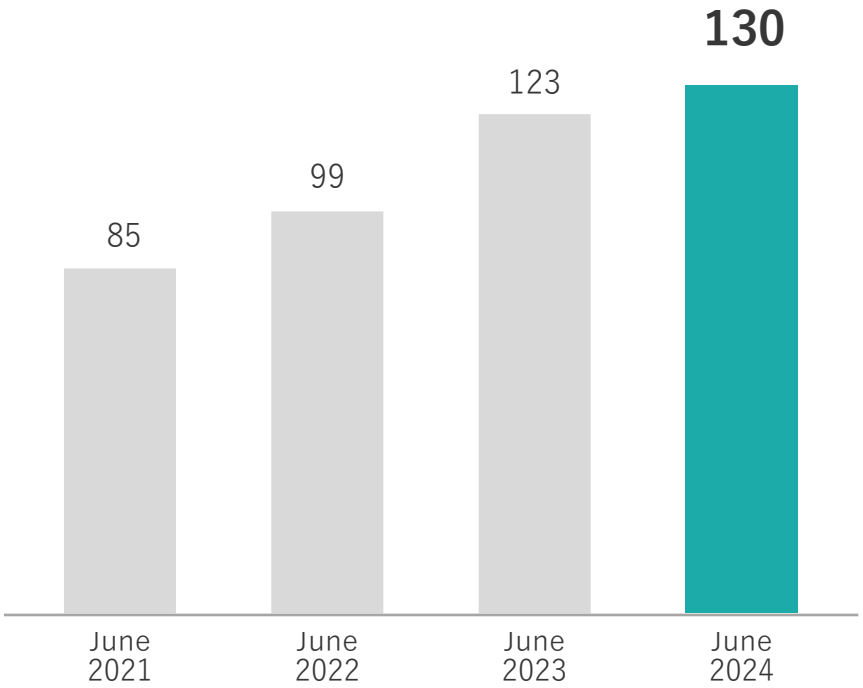
7. Reference Materials

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Change in Number of Employees

As a result of recruitment plans centered on new graduates, the number of employees up to 7 from the end of the previous year.
We encourage diversity in order to respect and leverage diverse individuals and workstyles.

Number of employees



Male-to-female ratio

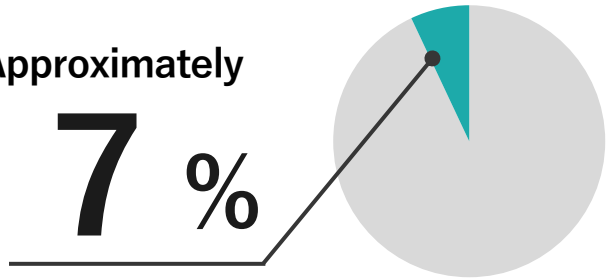
Approximately

6 : 4

Percentage of foreign national employees

Approximately

7 %



※All indicators are based on actual figures for the parent company on a standalone basis as of June 30, 2024. As of June 30, 2024, the total number of employees at the consolidated level was 157, of which the percentage of foreign nationals is approximately 23.0%.
※Gender ratio as of June 30, 2024 is 57.7% male : 42.3% female.

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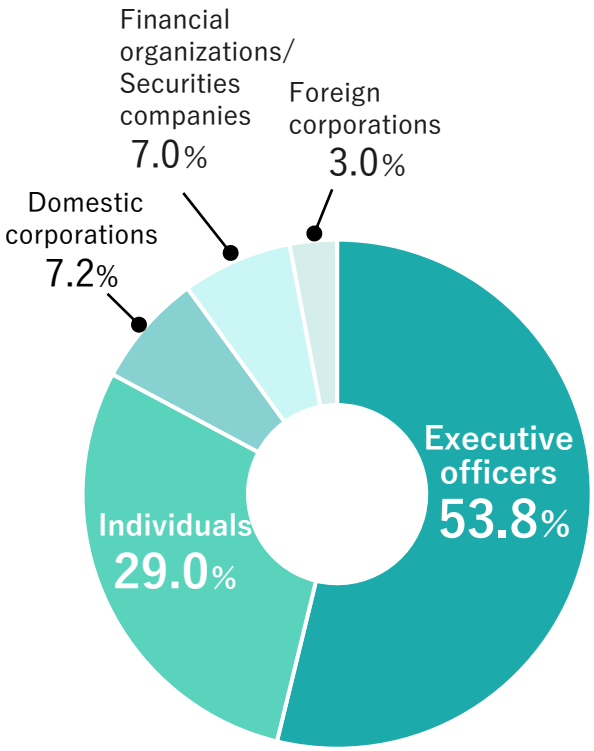
Shareholder Composition

Shareholding ratios of the top 10 shareholders and shareholder composition by attribute changed due to the acquisition of 200,000 shares of treasury shares.

❶ Number of outstanding shares, etc.

Number of outstanding shares	5,303,750
Number of shareholders (with voting rights)	1,587

❷ Shareholder composition by attribute



❸ Top 10 shareholders

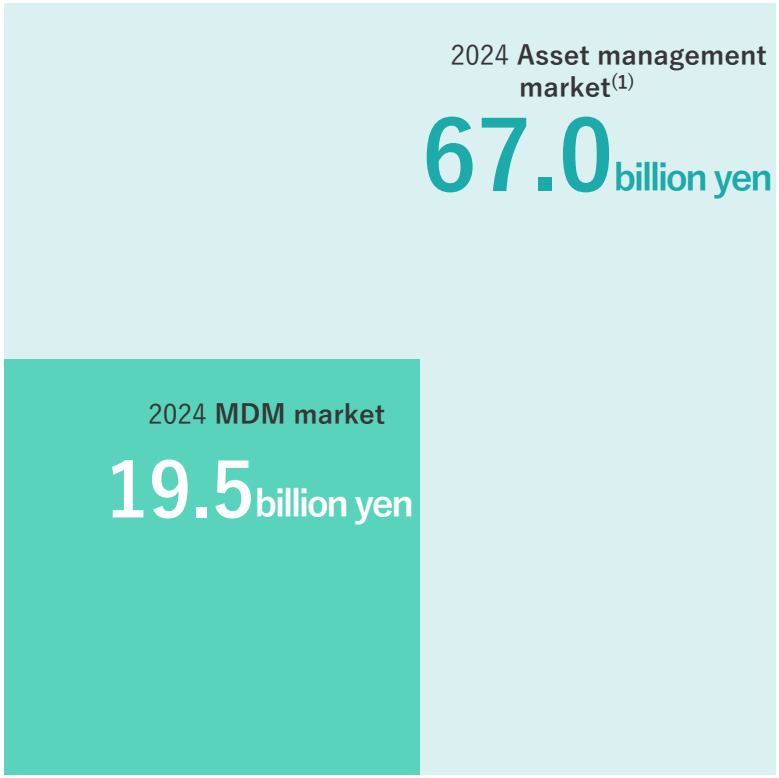
Rank	Shareholder name	No. of shares owned	Ownership ratio
1	Tsutomu Sasaki	2,715,330	53.2%
2	Yosuke Hatanaka	421,530	8.3%
3	JAFCO SV4 Shared Investment Limited Partnership	253,770	5.0%
4	Custody Bank of Japan, Ltd. (Trust account)	116,300	2.3%
5	Nomura Securities Co., Ltd.	100,121	2.0%
6	NOMURA PB NOMINEES	89,500	1.8%
7	Tsuyoshi Taira	86,100	1.7%
8	Hisashi Ono	60,000	1.2%
9	Big Field Management Co., Ltd.	60,000	1.2%
10	Kazumasa Oobuchi	49,500	1.0%

※Data as of June 30, 2024. The Company holds treasury shares (200,168 shares), but it is not included in the above table or in the calculation of ownership ratio.

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Markets targeted by the CLOMO Business

The size of the mainstay MDM market is 19.5 billion yen.
The size of the market that we are targeting is 67.0 billion yen overall, so the potential for the CLOMO Business is significant.



Market Growth Factors

- Switch to smartphones accelerating ahead of decommissioning of 3G increase opportunity to introduce MDM.
- DX leading to increase in deployments of mobile devices at medical, manufacturing, and logistics sites, resulting in expansion of devices to be managed
- 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

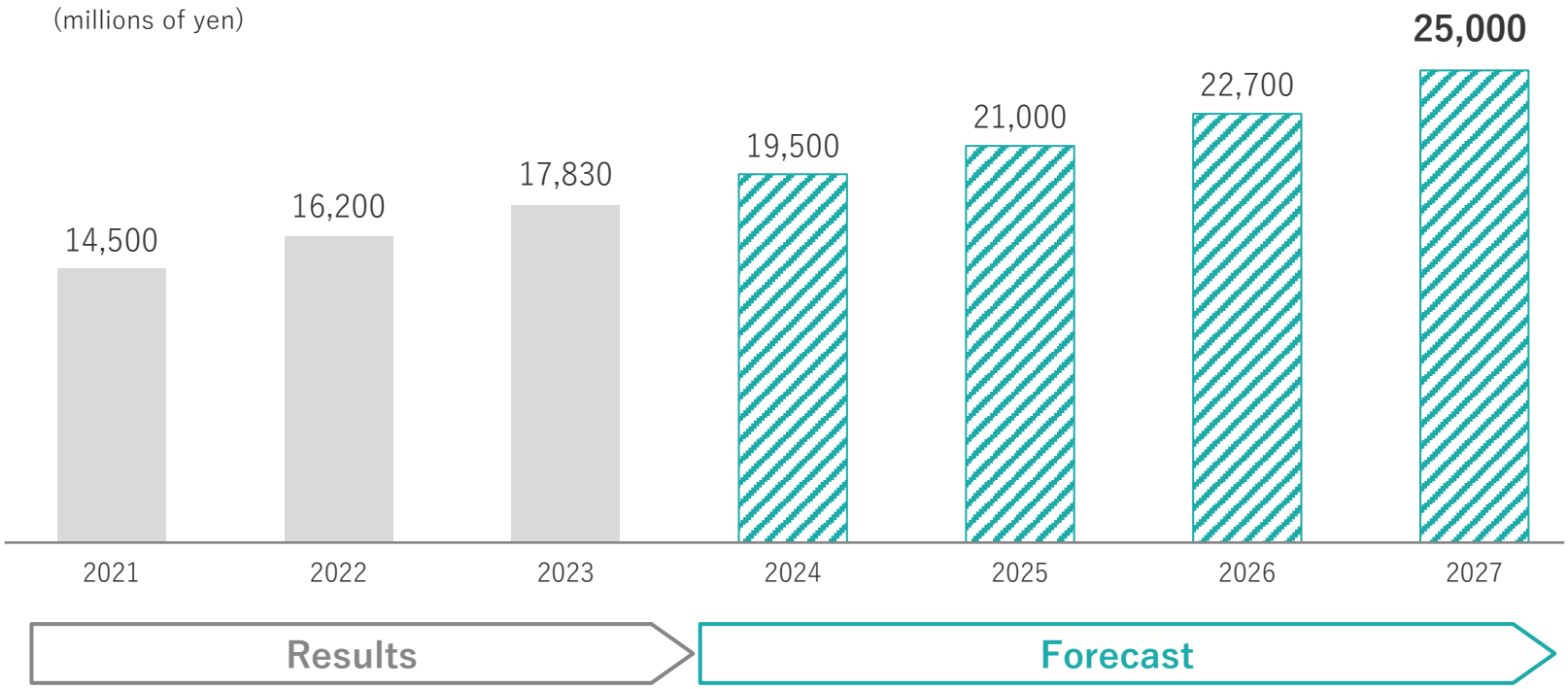
Note:
1. This figure is the sum of the 2024 market size forecast for the MDM market and for the PC asset management market. For details on the market size of each market, please refer to the following pages.

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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 25.0 billion yen by 2027

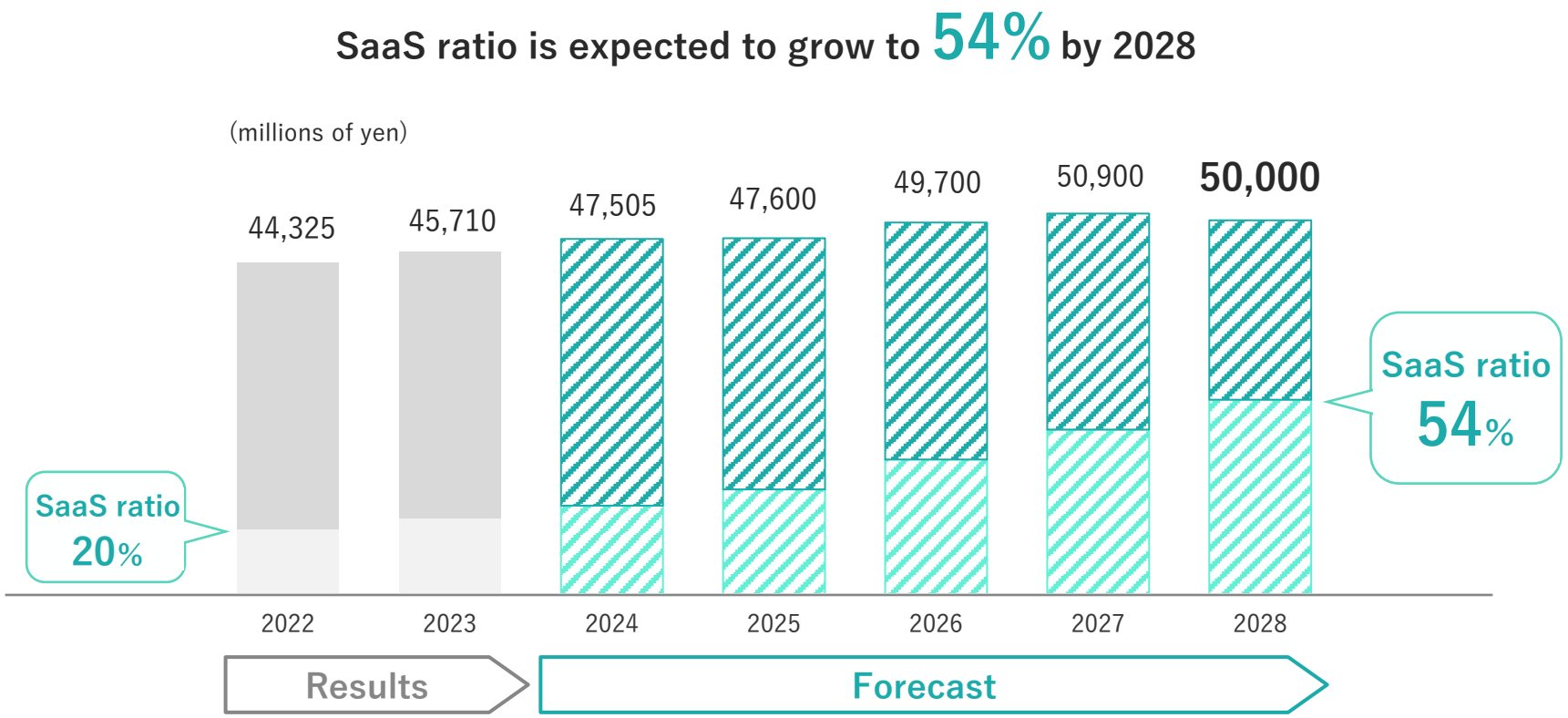


Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd.
"Delivering the Optimal Solution for Hybrid Work: Market Outlook for Collaboration and Mobile Management Software, 2023 Edition (https://mic-r.co.jp/mr/02880/)"

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PC asset management market size forecasts (shipment value)

Transition to SaaS making progress in PC asset management market, which is more than twice the size of MDM market. Opportunities have emerged for MDM vendors to enter against a backdrop of growing demand for integrated management of mobile devices/PCs.

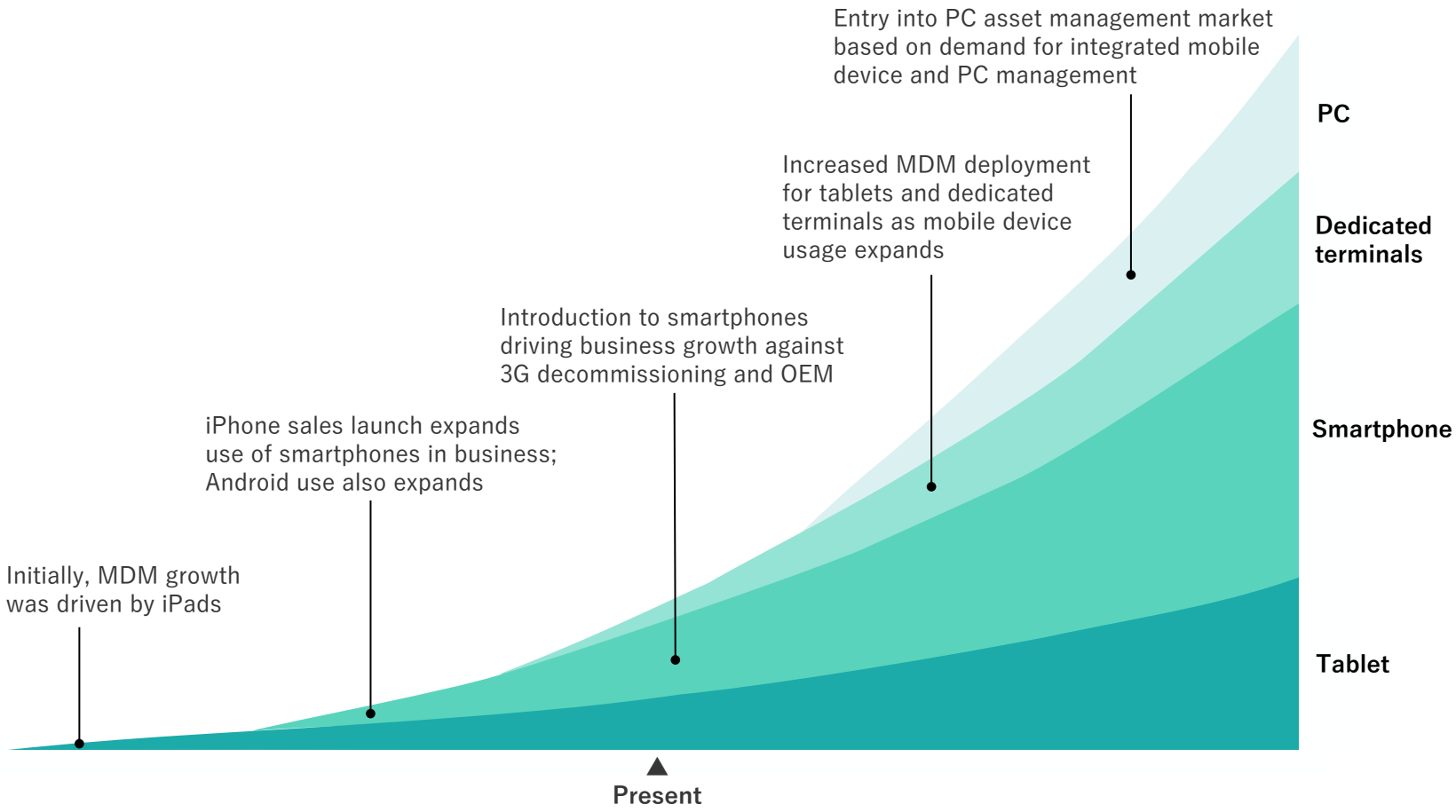


Source: Techno Systems Research Co., Ltd. “2024 Endpoint Management Market Marketing Analysis”

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Sales growth image of CLOMO business

Our business has been growing steadily up to now as business use of smartphones has expanded.
We expect further business growth as the market expands to include new devices to be managed.



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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.

■ The Company does not necessarily revise any statements on future outlooks which have already been made, regardless of future events, except as required by the Disclosure Rules.

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

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