

# **Second Quarter of Fiscal Year ending June 30, 2024 Supplementary Material on Financial Statements**

**February 13, 2024**

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 2Q of FY6/24

Operating income grew year on year against a backdrop of solid growth in net sales. Our customer base is expanding steadily, with the acquisition of more than 800 new corporate clients during the first half.


## Net sales

**1,425**million yen

YoY: +8.4% 

## Operating income

**333**million yen

YoY: +6.7% 

## Number of corporations introducing our services

**5,751**corporations

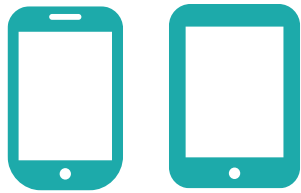
+16.7%  from the end  
of the previous period

## **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

# Issues our company hopes to solve

Business use of mobile devices is expanding in a wide variety of industries with the promotion of DX and paperless operations. At the same time, there is a growing need to address risks arising from loss, theft, etc. of mobile devices.

## Mobile device use cases (partial list)

- **Smartphone**

Device lent to employees (mobile phone for business use)  
Extension tool at medical institutions

- **Tablet**

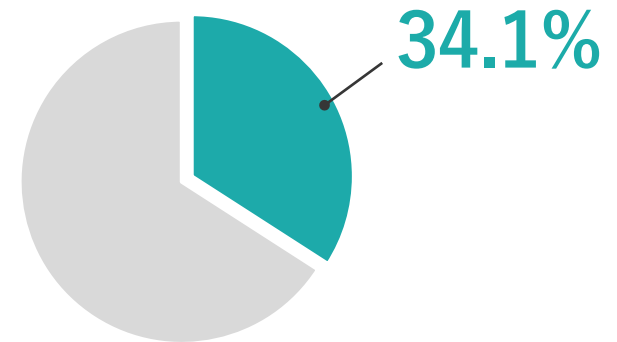
Devices lent to children in classrooms  
Devices for reservations, inventory control, and payment at stores that have customer interaction

- **Dedicated terminals**

Devices for delivery management by delivery personnel in the forwarding industry  
Devices for checking drawings and communication in the manufacturing industry

## Necessity of mobile device management (MDM)

1 in 3 companies has experienced loss or theft of data or information devices by employees

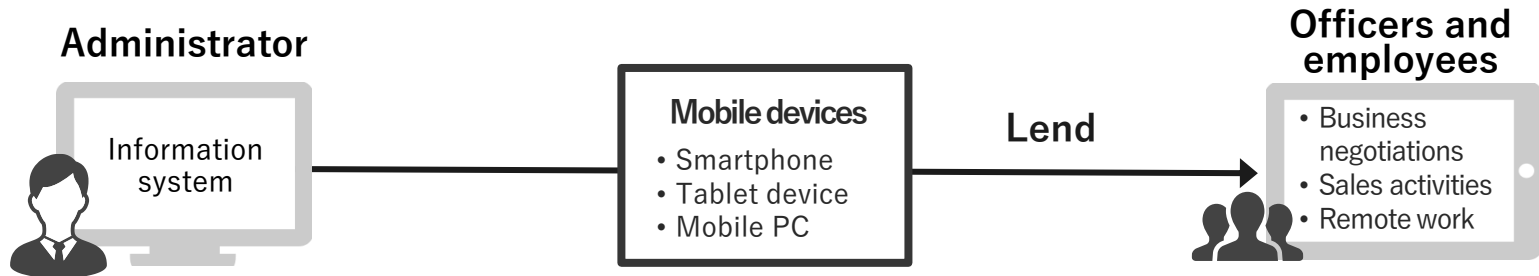




The most common security incident experienced by companies over the past year was loss or theft of data or information equipment by employees at 34.1%

Source) JIPDEC "JIPDEC IT-REPORT 2023 Spring"

# Main features of the CLOMO 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.

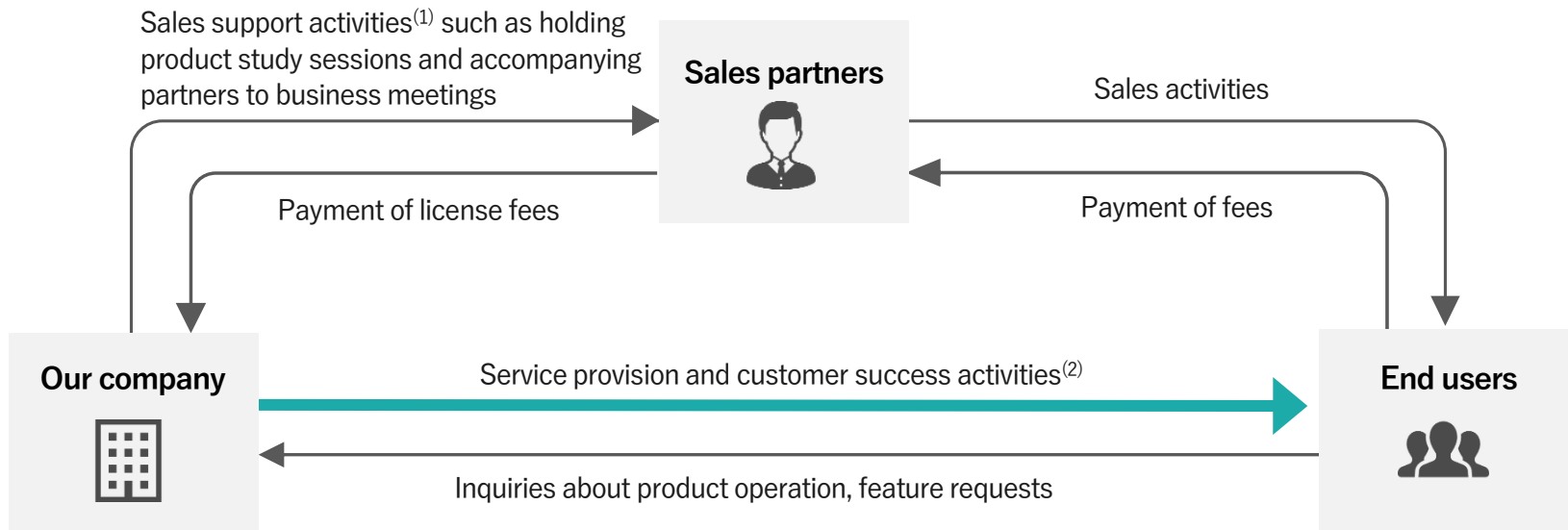


|   |   | Visualization of utilization status<br>“Status monitoring” | Function restrictions<br>And settings<br>“Application of utilization rules” | Security measures<br>“Measures for preventing information leakage” |
|---|---|--|---|--|
| <b>Management</b><br>Basic functions for smooth management                        |    | 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><br>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>                            |   |  |   |  |



# Service expansion via partners

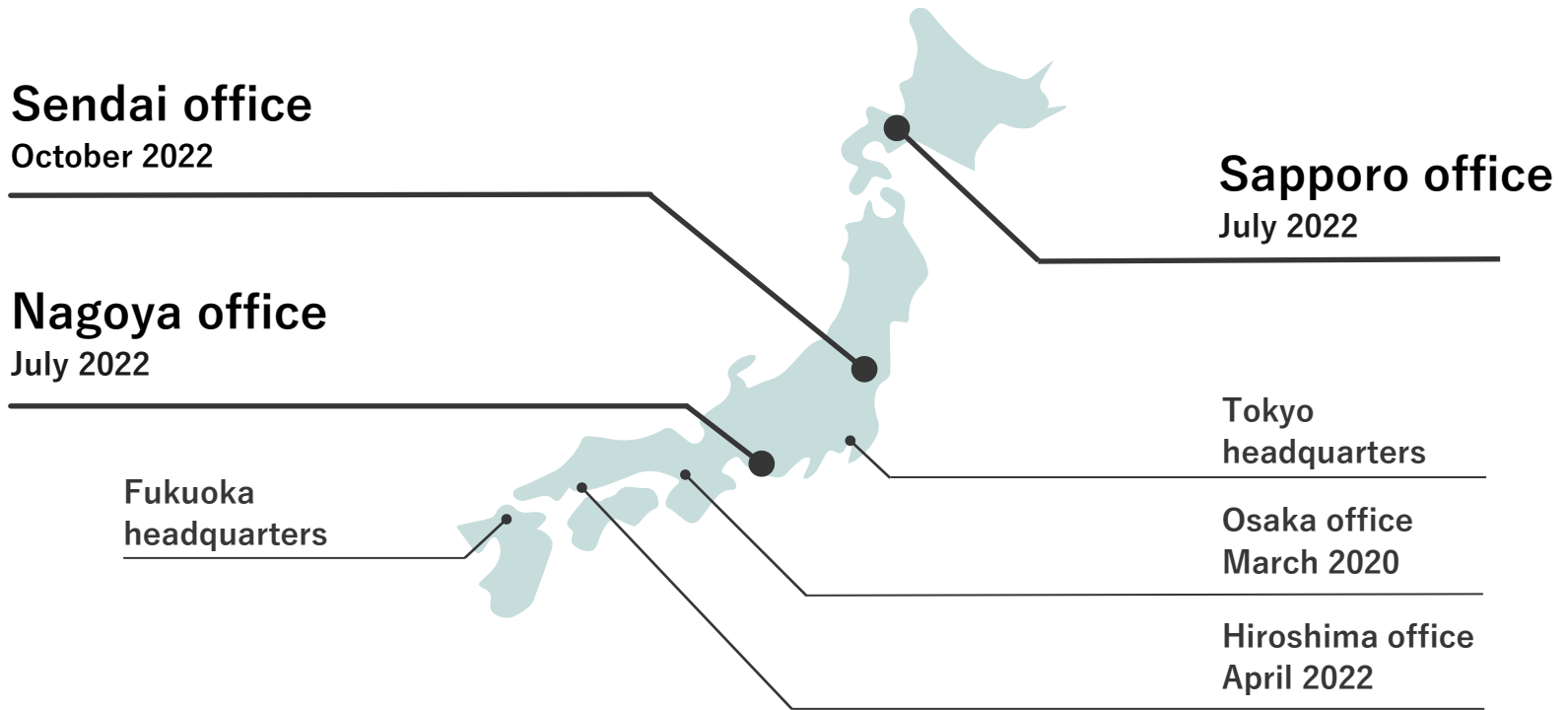
We focus on service expansion in collaboration with sales partners. Meanwhile, our Customer Success Division, which has extensive product knowledge, provides direct support to customers who have installed our products.



- 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.

# Nationwide network of sales offices

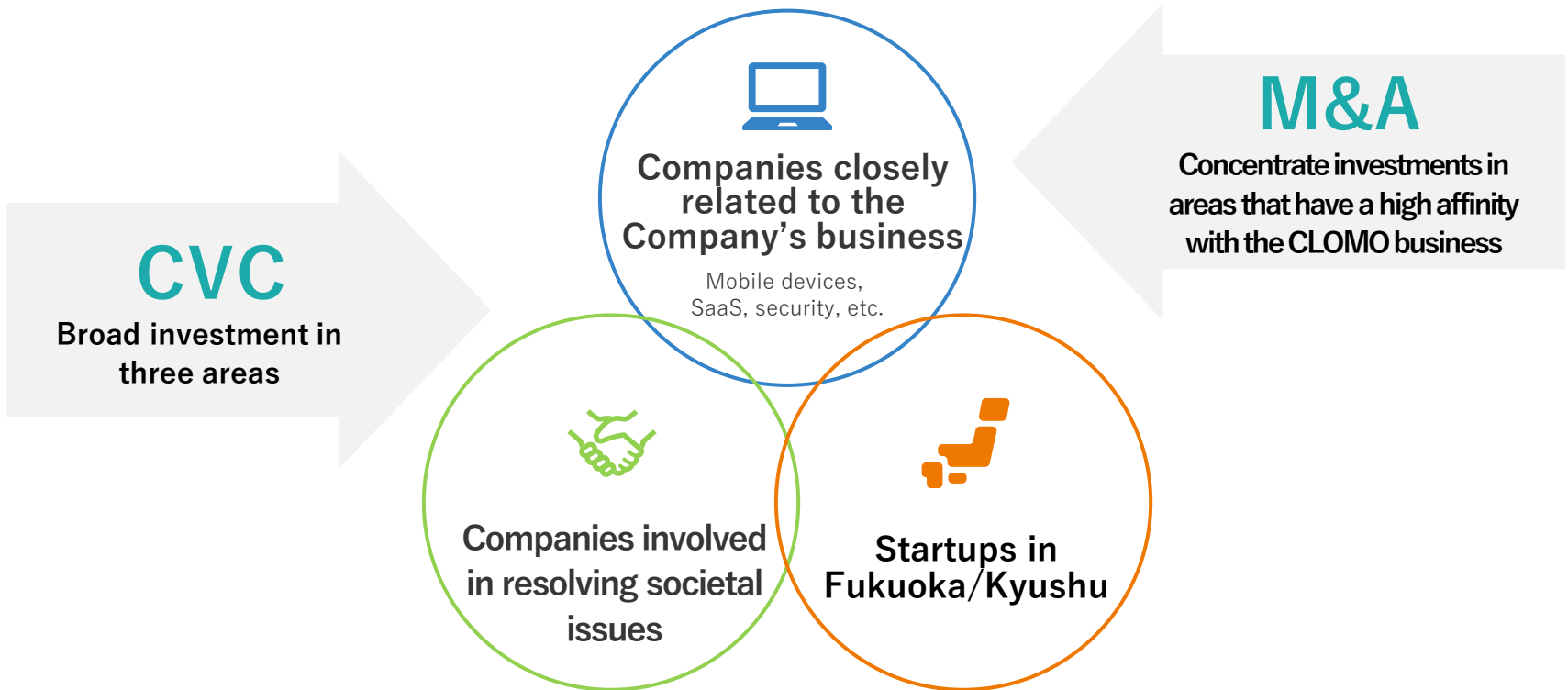
We added three new locations in FY6/23, providing broad coverage throughout Japan from seven locations. We established a sales structure capable of supporting local customers and sales partners.



# Overview of the Investment Business

We explore M&A and invest in CVC funds in order to accelerate the opening up of new businesses and creation of new revenue sources. Also invest in VC funds to improve the efficiency of information gathering in investment activities.

## Focus areas within investments

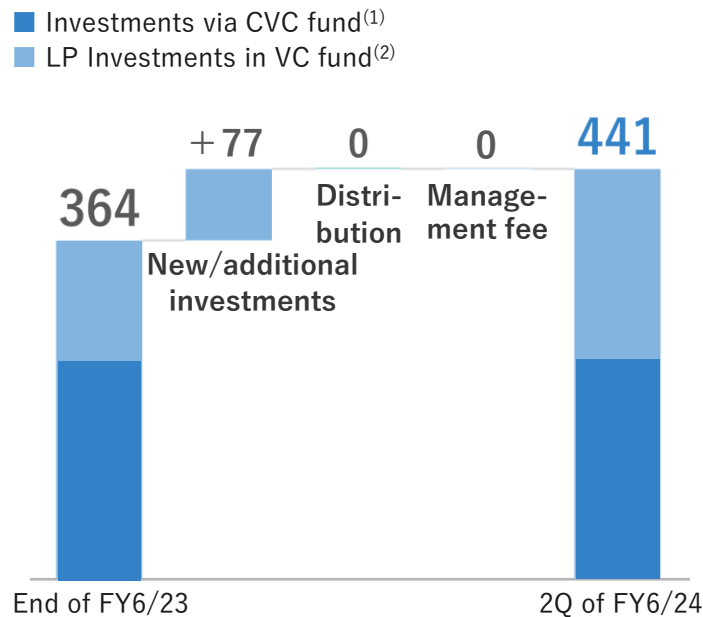


# Investment initiatives

The Group has invested in six companies through its CVC fund to date. In addition, we have invested in VC funds to improve the efficiency of information gathering in investing activities.

## Breakdown of change in total amount invested

(millions of yen)



## New investments in 2Q FY6/24

**Investments via the CVC fund<sup>(3)</sup>**

日本風洞製作所

JAPAN WIND TUNNEL MANUFACTURING Inc.

**LP Investments in VC fund**

F Ventures

- Notes:
1. Our consolidated equity of the 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. Since the main purpose of this investment is to strengthen M&A and sourcing of cooperative partners in the CLOMO business, it is included in the assets (investment securities) of the CLOMO business in the segment.
  3. The accounts of i Cubed-1 Investment Limited Partnership are settled on a different date to that on which the consolidated accounts are settled, and the consolidated accounts for the six months ended December 31, 2023, therefore incorporate the financial statements of the Partnership for the quarterly period ended September 30, 2023. For that reason, these investments are not reflected in the consolidated financial statements for the six months ended December 31, 2023 and the "Breakdown of change in total amount invested" graph above.

# 3. Business Highlights

# 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. Have maintained No. 1<sup>(1)</sup> share in the domestic MDM market (own-brand) for 13 consecutive years.



Note:  
Source: 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.

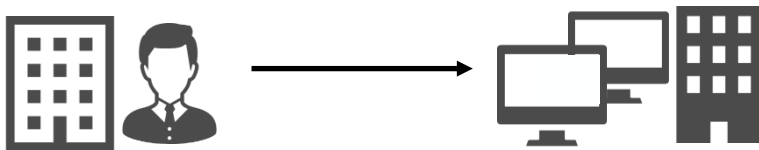
# Broadening optional services to raise ARPU①

With DX gathering speed and mobile devices being used in increasingly diverse scenarios across a wide range of industries, we began to provide new optional services in response to the desire among customers for improvements in operational efficiency tailored to the application.

Remote access platform installed on more than 2.5 billion devices worldwide

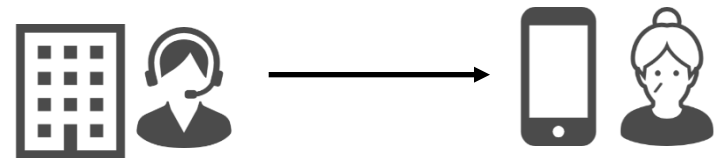


- Efficient management of devices at remote locations



By enabling remote operation it facilitates efficient management of mobile devices at remote locations, such as unmanned terminals installed in stores or PCs at branch offices

- Enables customer support to assist with device operation



Remote access to customer mobile devices enables customer support to carefully assist in device operation and to operate the device on behalf of the user

# Broadening optional services to raise ARPU<sup>②</sup>

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.

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



Harmony  
Mobile

Ensures security by protecting attack surfaces in mobile devices from a variety of cyber attacks



OS/devices



Networks



Applications



Files



# Implementing M&A to strengthen development capabilities

With the shortage of engineers in Japan becoming increasingly serious, we conducted the acquisition<sup>(1)</sup> 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 JOINT STOCK COMPANY

- 10KN JOINT STOCK COMPANY (10KN) is a 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 plan to complete the registration and consolidation of 10KN as a subsidiary of our group after January 2024.

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).”

### Background: Shortage of 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

### Objective: 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

# Holding of CLOMO User Meeting

Actively promoting customer success activities to strengthen client relationships. We hold a user meeting once a year to enhance the level of system use and to promote cross-selling.

## 7th CLOMO User Meeting (held on December 14, 2023)

### ▼ Keynote lectures given by partner companies

### ▼ Operational case studies presented by corporate users

### ▼ Latest trends and roadmap for CLOMO

## ● Enhance level of system use and promote cross-selling

In addition to keynote lectures from the companies developing the Deep Instinct and TeamViewer which are CLOMO optional services, corporate users of CLOMO presented case studies on CLOMO MDM and optional services.

Sharing of useful knowledge about management and utilization of mobile devices enhances the level of system use and promotes cross-selling.

## ● Maintaining high retention rates

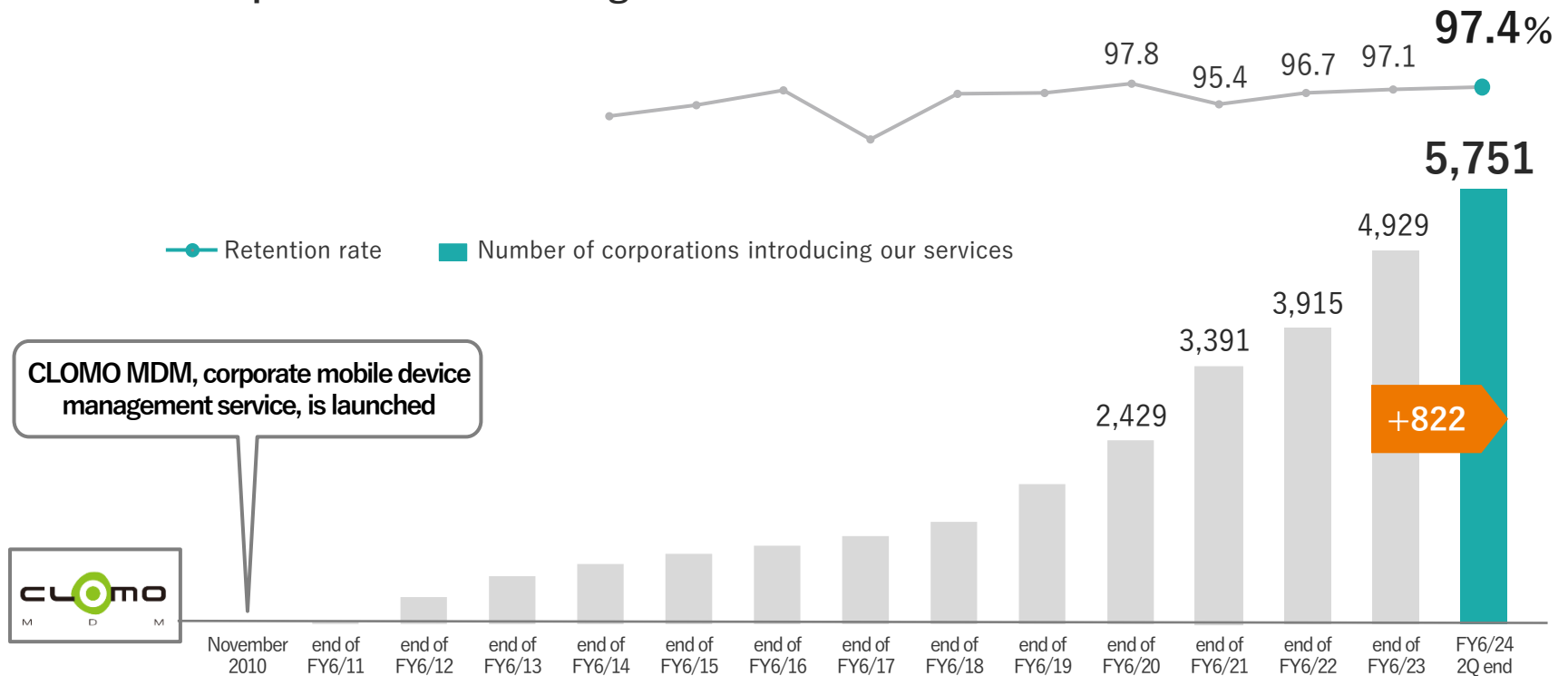
By explaining the latest trends and roadmap for platforms and products to foster a sense of expectation regarding further improvements in the functionality of CLOMO services, we encourage continued use of the service.

## **4. Financial Results for 2nd Quarter of Fiscal Year ending June 30, 2024**

# CLOMO business KPI① Number of corporations introducing our services/Retention rate

Through the promotion of initiatives to expand the customer base, the number of companies deploying our services increased by 822 during the cumulative 2nd quarter. By promoting improved retention through customer success activities, the retention rate<sup>(1)</sup> is at a high 97.4%.

## Number of corporations introducing our services and Retention rate



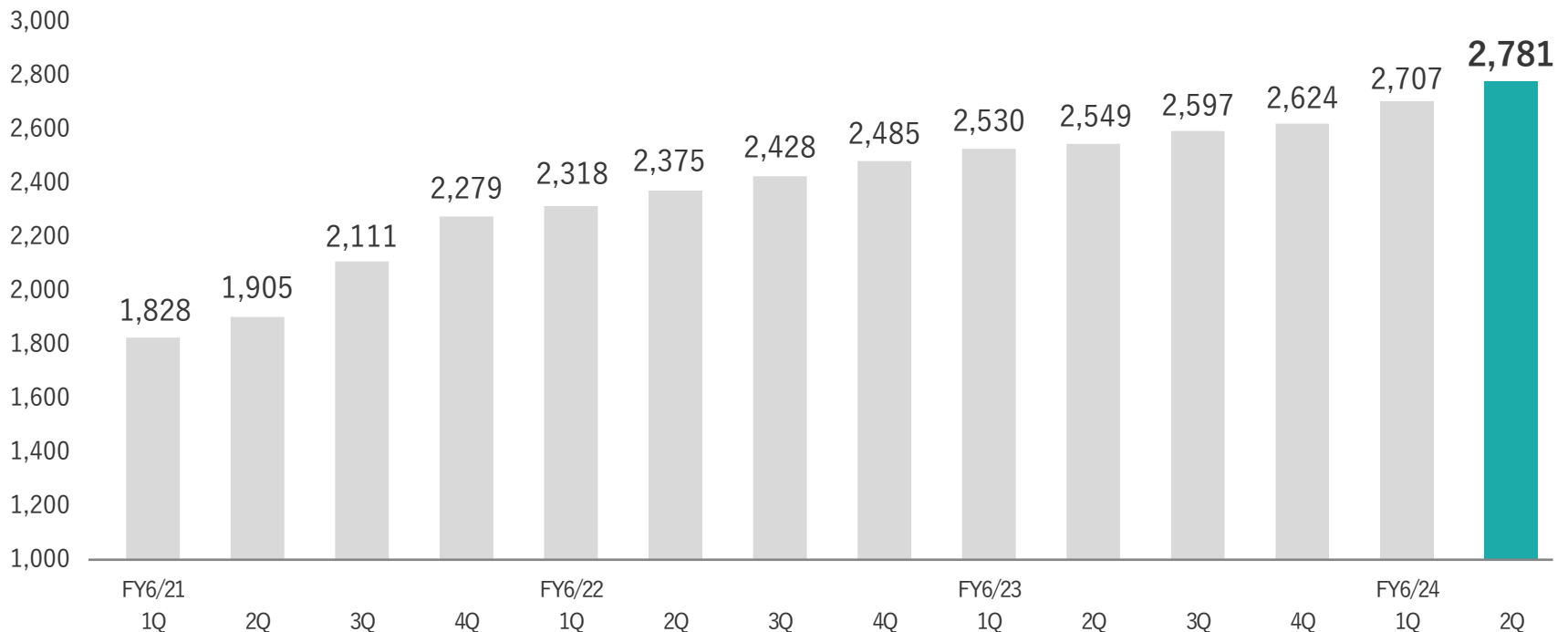
Note :  
 1. Retention rate is calculated by subtracting the number of cancellations in the last 12 months from the number of licenses at the end of the same month of the previous year and dividing it by the number of licenses at the end of the same month of the previous year.

# CLOMO business KPI② Trend of ARR

ARR<sup>(1)</sup>, which is the main KPI for subscription business, continued to increase against the background of steady expansion in the user base and reached 2,781 million yen at the end of 2Q (+9.1% YoY).

## ARR trends as of the end of each quarter

(millions of yen)



Note :

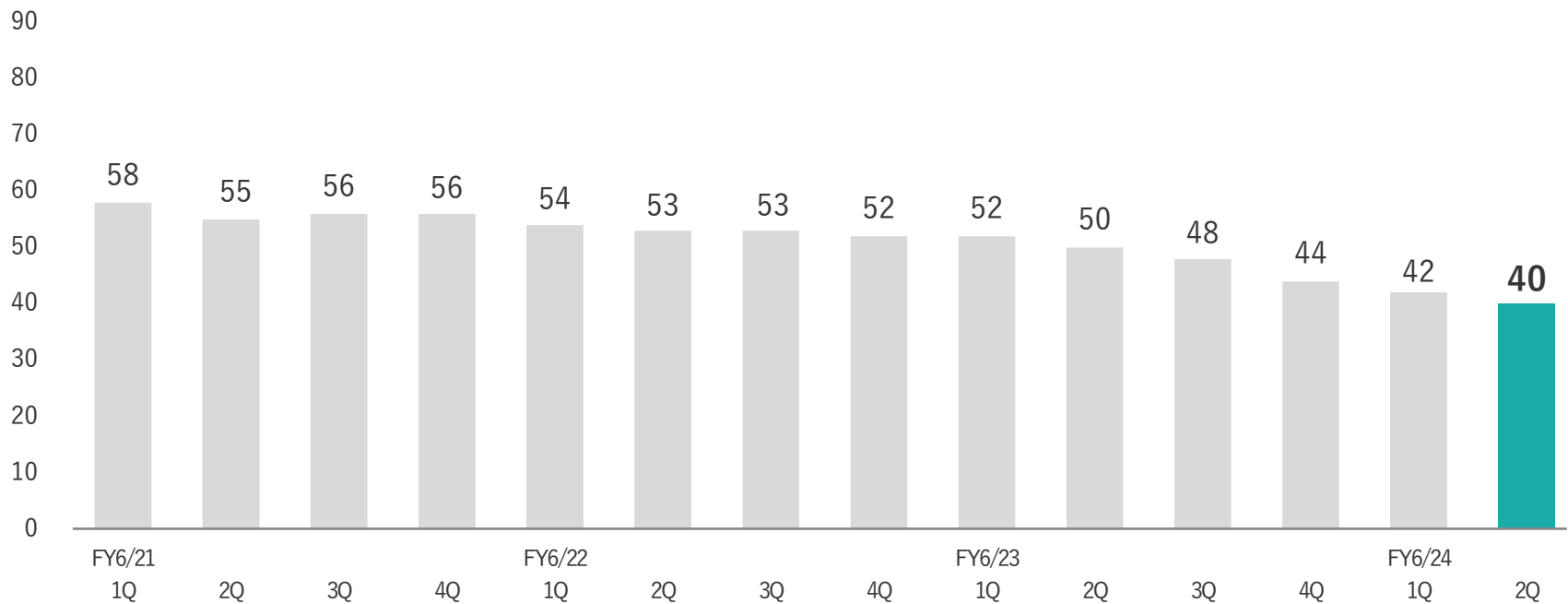
1. ARR: Annual Recurring Revenue. Calculated by multiplying the MRR for each month by 12, where MRR is the sum of the monthly fees for corporations deploying our services as of the end of the targeted month, excluding temporary costs.

# CLOMO business KPI③ Trend of ARPU

The steady progress of our customer base expansion strategy, centered on provision on an OEM basis, has 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)



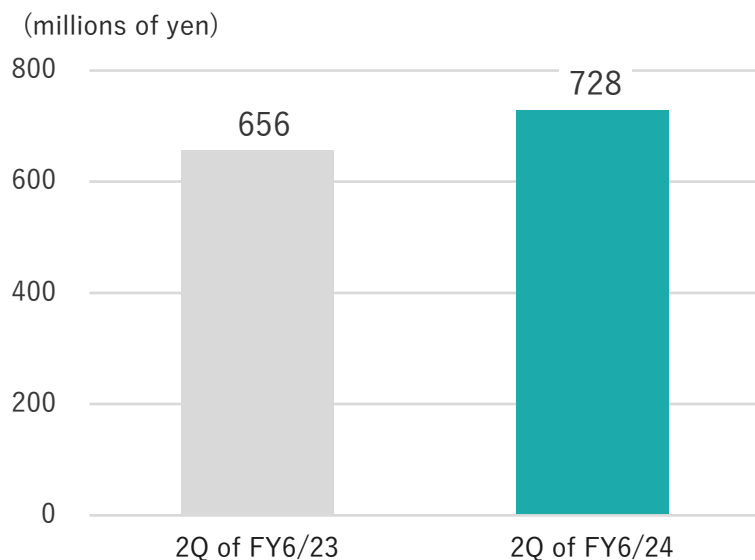
Note:

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 2nd quarter of FY6/24

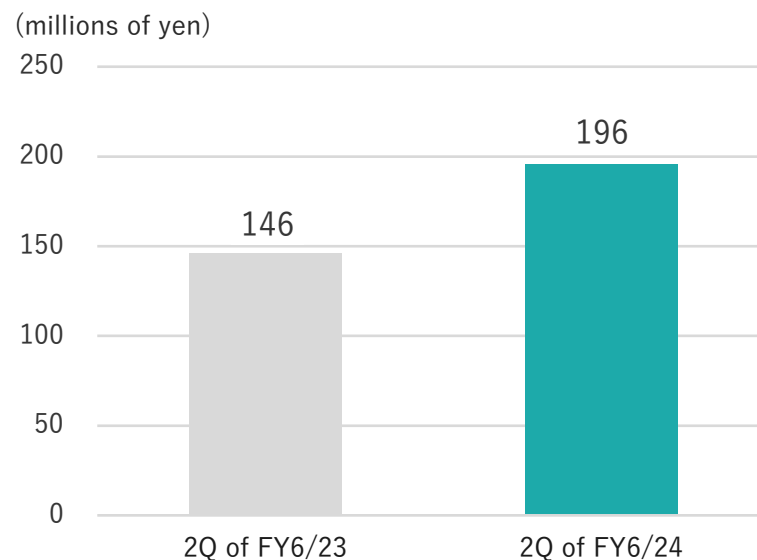
Net sales in the 2nd quarter (October - December) were 728 million yen (+10.9% YoY), and operating income was 196 million yen (+33.8% YoY).

## Net sales



| 2Q of FY6/23    | 2Q of FY6/24    | Year on year                |
|-----------------|-----------------|-----------------------------|
| 656 million yen | 728 million yen | 110.9%<br>(+71 million yen) |

## Operating income



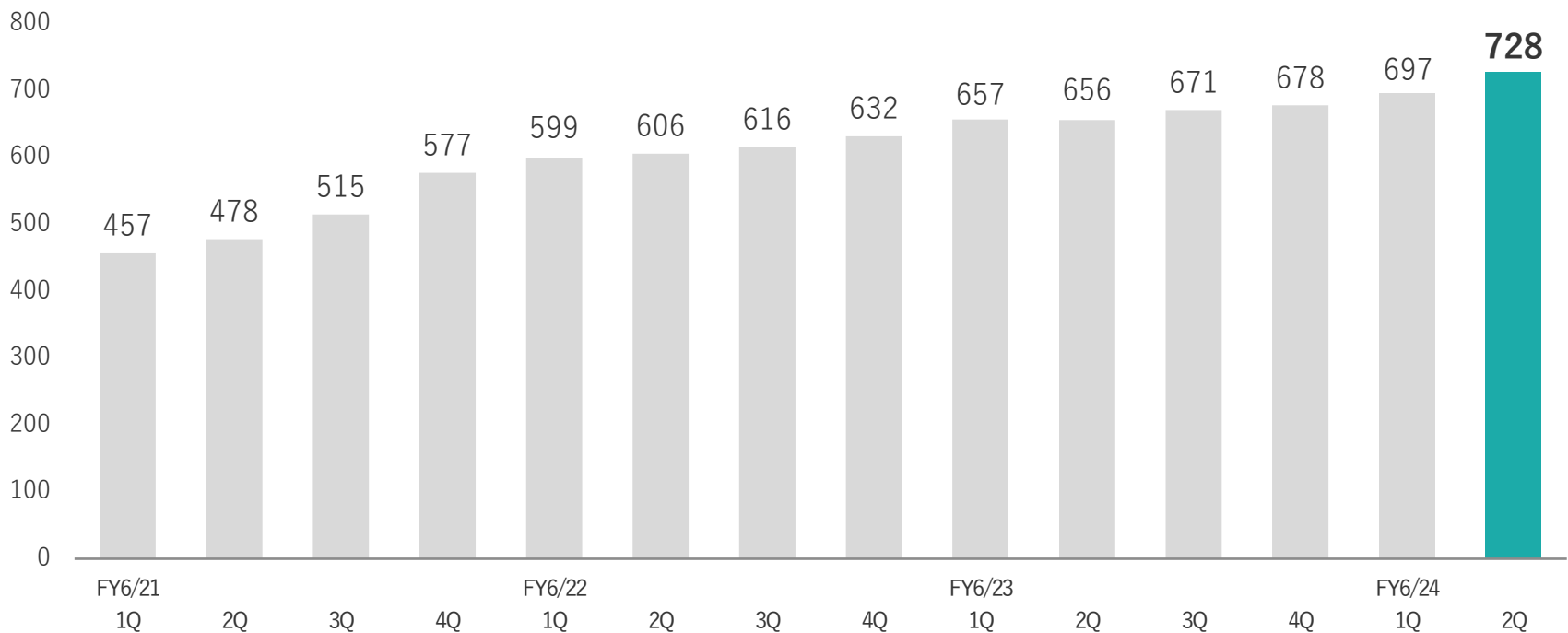
| 2Q of FY6/23    | 2Q of FY6/24    | Year on year                |
|-----------------|-----------------|-----------------------------|
| 146 million yen | 196 million yen | 133.8%<br>(+49 million yen) |

# Quarterly trend in CLOMO Business net sales

Net sales in the CLOMO Business continued to grow steadily (CAGR of 15.1%), breaking through the 700 million yen level on a quarterly basis.

## CLOMO Business net sales (quarterly total)

(millions of yen)



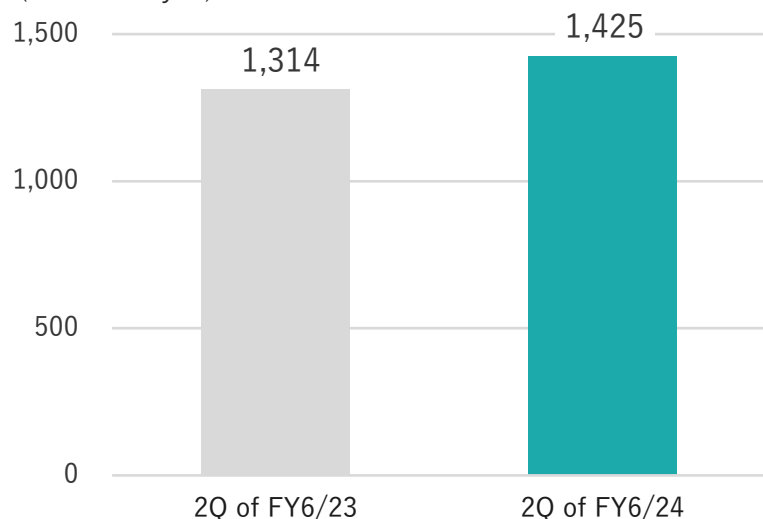


# Cumulative consolidated net sales/operating income for 2nd quarter of FY6/24

Cumulative consolidated net sales for 2nd quarter (July-December) were 1,425 million yen (+8.4% YoY), and operating income was 333 million yen (+6.7% YoY).

## Net sales

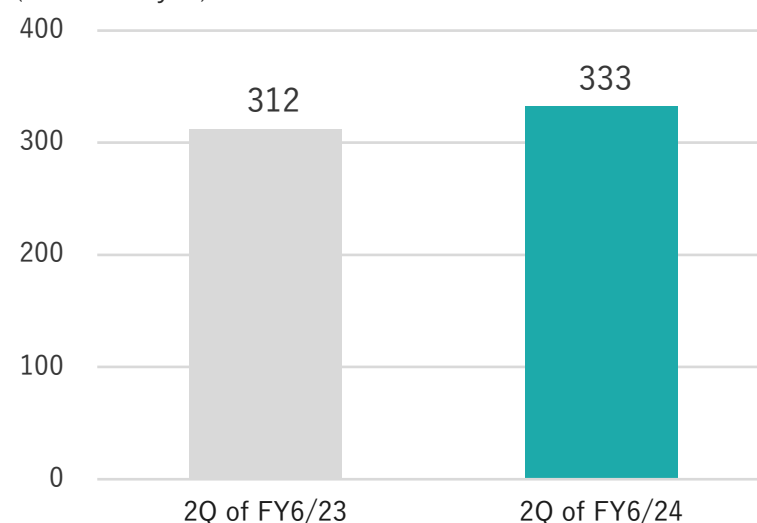
(millions of yen)



| 2Q of FY6/23      | 2Q of FY6/24      | Year on year                 |
|-------------------|-------------------|------------------------------|
| 1,314 million yen | 1,425 million yen | 108.4%<br>(+110 million yen) |

## Operating income

(millions of yen)



| 2Q of FY6/23    | 2Q of FY6/24    | Year on year                |
|-----------------|-----------------|-----------------------------|
| 312 million yen | 333 million yen | 106.7%<br>(+20 million yen) |

# Consolidated income statement for 2nd quarter of FY6/24

Net sales were 728 million yen (+10.9% YoY), and operating income was 196 million yen (+33.8% YoY). Operating income rose year on year as a result of growth in net sales, despite the planned increase in cost of sales.

| (units: millions of yen)                            | 2Q of FY6/23 (Composition rate) | 2Q of FY6/24 (Composition rate) | Rate of change |
|---|---------------------------------|---------------------------------|----------------|
| <b>Net sales</b>                                    | <b>656</b> (100.0%)             | <b>728</b> (100.0%)             | <b>+ 10.9%</b> |
| CLOMO Business                                      | <b>656</b> (100.0%)             | <b>728</b> (100.0%)             | <b>+ 10.9%</b> |
| Investment Business                                 | — (—%)                          | — (—%)                          | —%             |
| <b>Cost of sales</b>                                | <b>156</b> (23.8%)              | <b>168</b> (23.1%)              | <b>+ 7.9%</b>  |
| Depreciation expenses                               | <b>39</b> (6.1%)                | <b>74</b> (10.3%)               | <b>+ 87.5%</b> |
| Manufacturing costs                                 | <b>92</b> (14.1%)               | <b>75</b> (10.4%)               | <b>△18.6%</b>  |
| Others  | <b>23</b> (3.6%)                | <b>18</b> (2.5%)                | <b>△22.6%</b>  |
| <b>Gross profit</b>                                 | <b>500</b> (76.2%)              | <b>560</b> (76.9%)              | <b>+ 11.9%</b> |
| <b>Selling, general and administrative expenses</b> | <b>354</b> (53.9%)              | <b>364</b> (50.0%)              | <b>+ 2.8%</b>  |
| Labor expenses, etc.                                | <b>252</b> (38.4%)              | <b>238</b> (32.8%)              | <b>△5.4%</b>   |
| Others  | <b>101</b> (15.5%)              | <b>125</b> (17.2%)              | <b>+ 23.1%</b> |
| <b>Operating income</b>                             | <b>146</b> (22.3%)              | <b>196</b> (26.9%)              | <b>+ 33.8%</b> |
| <b>Ordinary profit</b>                              | <b>146</b> (22.3%)              | <b>193</b> (26.6%)              | <b>+ 32.5%</b> |
| <b>Corporate income taxes</b>                       | <b>46</b> (7.1%)                | <b>64</b> (8.9%)                | <b>+ 38.6%</b> |
| <b>Profit attributable to owners of parent</b>      | <b>99</b> (15.1%)               | <b>128</b> (17.7%)              | <b>+ 29.6%</b> |

# Cumulative consolidated income statement for 2nd quarter of FY6/24

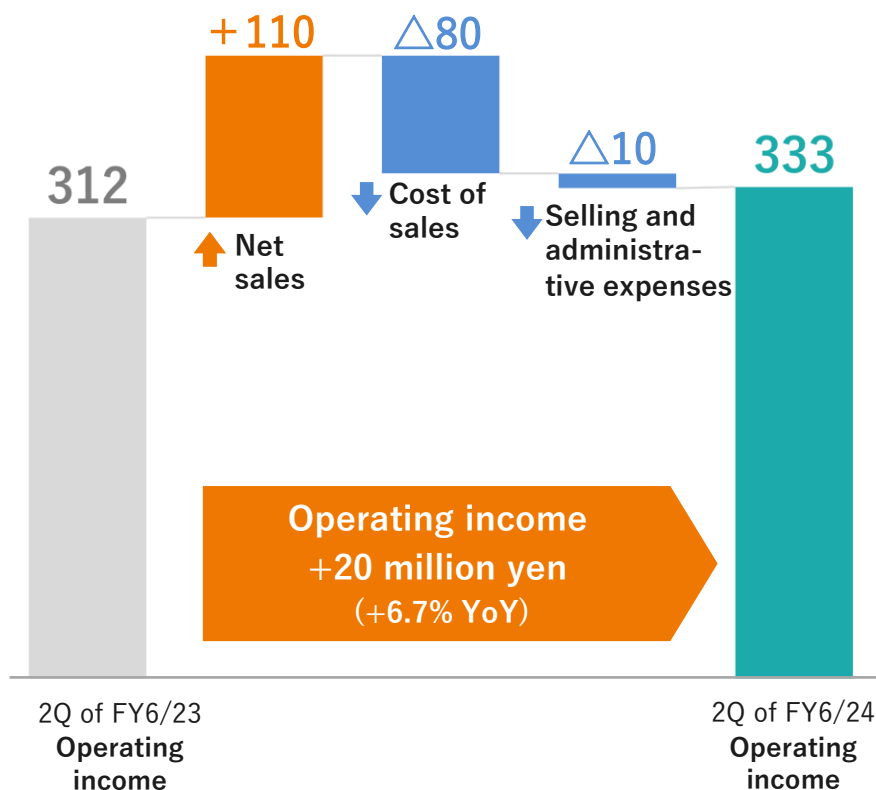
Net sales were 1,425 million yen (+8.4% YoY), operating income was 333 million yen (+6.7% YoY).

| (units: millions of yen)                            | 2Q of FY6/23 (Composition rate) | 2Q of FY6/24 (Composition rate) | Rate of change  |
|---|---------------------------------|---------------------------------|-----------------|
| <b>Net sales</b>                                    | <b>1,314</b> (100.0%)           | <b>1,425</b> (100.0%)           | <b>+ 8.4%</b>   |
| CLOMO Business                                      | <b>1,314</b> (100.0%)           | <b>1,425</b> (100.0%)           | <b>+ 8.4%</b>   |
| Investment Business                                 | — (—%)                          | — (—%)                          | —%              |
| <b>Cost of sales</b>                                | <b>279</b> (21.3%)              | <b>359</b> (25.2%)              | <b>+ 28.5%</b>  |
| Depreciation expenses                               | <b>65</b> (5.0%)                | <b>159</b> (11.2%)              | <b>+ 143.6%</b> |
| Manufacturing costs                                 | <b>175</b> (13.3%)              | <b>164</b> (11.5%)              | <b>△6.2%</b>    |
| Others  | <b>39</b> (3.0%)                | <b>35</b> (2.5%)                | <b>△8.7%</b>    |
| <b>Gross profit</b>                                 | <b>1,035</b> (78.7%)            | <b>1,066</b> (74.8%)            | <b>+ 3.0%</b>   |
| <b>Selling, general and administrative expenses</b> | <b>722</b> (55.0%)              | <b>732</b> (51.4%)              | <b>+ 1.4%</b>   |
| Labor expenses, etc.                                | <b>500</b> (38.0%)              | <b>473</b> (33.2%)              | <b>△5.4%</b>    |
| Others  | <b>222</b> (16.9%)              | <b>259</b> (18.2%)              | <b>+ 16.8%</b>  |
| <b>Operating income</b>                             | <b>312</b> (23.8%)              | <b>333</b> (23.4%)              | <b>+ 6.7%</b>   |
| <b>Ordinary profit</b>                              | <b>311</b> (23.7%)              | <b>331</b> (23.2%)              | <b>+ 6.3%</b>   |
| <b>Corporate income taxes</b>                       | <b>99</b> (7.6%)                | <b>108</b> (7.6%)               | <b>+ 9.2%</b>   |
| <b>Profit attributable to owners of parent</b>      | <b>211</b> (16.1%)              | <b>222</b> (15.6%)              | <b>+ 5.0%</b>   |

# 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<sup>(1)</sup>.

(millions of yen)



## ↑ Increase in net sales (+110)

- CLOMO business expansion

## ↓ Increase in cost of sales (△80)

- 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 (△10)

- Expenses incurred in relation to making a 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 December 31, 2023 was 122 (down 1 person YoY)
- We continue to incur auditing expenses in preparation for acquiring ISMAP<sup>(2)</sup> certification. Moving ahead with the objective of acquiring certification in FY6/24

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.

# Balance sheet for 2nd quarter of FY6/24

While moving forward with investments for growth, we have maintained a stable financial base, and an equity ratio of 72.5%.

Cash and deposits decreased due to a temporary increase in securities (scheduled to be liquidated in 3Q).

| (units: millions of yen)                | FY6/23       | 2Q of FY6/24 | Change       |
|---|--------------|--------------|--------------|
| <b>Current assets</b>                   | <b>2,645</b> | <b>2,658</b> | <b>+ 13</b>  |
| Cash and deposits                       | 2,055        | 1,518        | △537         |
| Receivables                             | 260          | 299          | + 39         |
| Securities <sup>(1)</sup>               | 0            | 500          | + 500        |
| Operational investment securities       | 240          | 240          | ± 0          |
| <b>Fixed assets</b>                     | <b>753</b>   | <b>972</b>   | <b>+ 219</b> |
| Software                                | 210          | 165          | △45          |
| Software in progress                    | 174          | 195          | + 21         |
| <b>Total assets</b>                     | <b>3,399</b> | <b>3,631</b> | <b>+ 232</b> |
| <b>Current Liabilities</b>              | <b>825</b>   | <b>990</b>   | <b>+ 165</b> |
| Contract liabilities                    | 471          | 552          | + 81         |
| <b>Fixed liabilities</b>                | <b>—</b>     | <b>—</b>     | <b>—</b>     |
| <b>Total liabilities</b>                | <b>825</b>   | <b>990</b>   | <b>+ 165</b> |
| <b>Total net assets</b>                 | <b>2,573</b> | <b>2,640</b> | <b>+ 67</b>  |
| <b>Total liabilities and net assets</b> | <b>3,399</b> | <b>3,631</b> | <b>+ 232</b> |

Notes:

1. To facilitate the smooth progress of our investment activities, we acquired a short-term jointly managed designated money trust of ¥500 million, which is scheduled to be liquidated in the third quarter of the fiscal year ending June 30, 2024, when it matures.

# 5. 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<br>Tokyo HQ : Hamamatsucho DS Building, 1-27-16 Hamamatsucho, Minato-ku, Tokyo<br>Sales office : Sapporo / Sendai / Nagoya / Osaka / Hiroshima |
| Capital        | 410,913,600 yen  |
| Founded in     | September 2001   |
| Representative | President and CEO Tsutomu Sasaki   |
| Main Business  | CLOMO business / Investment business   |
| Partner        | Apple Consultants Network<br>Android Enterprise Program Gold Partner<br>Microsoft Partner Network Gold Competency  |
| Group Company  | i Cubed Ventures, Inc.   |

※Information as of the end of December 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**

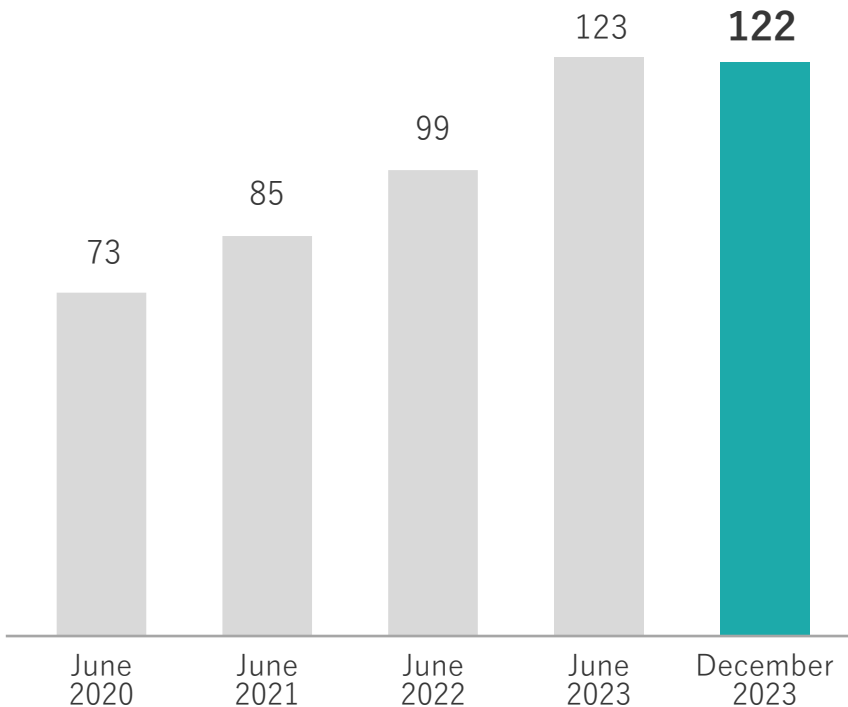


# Change in Number of Employees

As a result of recruitment plans centered on new graduates, the number of employees up to the end of the first half was more or less flat.

We encourage diversity in order to respect and leverage diverse individuals and workstyles.

## Number of employees



## Male-to-female ratio

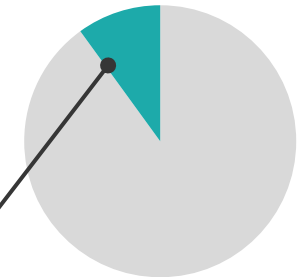
Approximately

**6 : 4**

## Percentage of foreign national employees

Approximately

**10%**



※Data as of December 31, 2023.

※Gender ratio as of December 31, 2023 is 58.2% male : 41.8% female.

# Shareholder Composition

## ① Number of outstanding shares, etc.

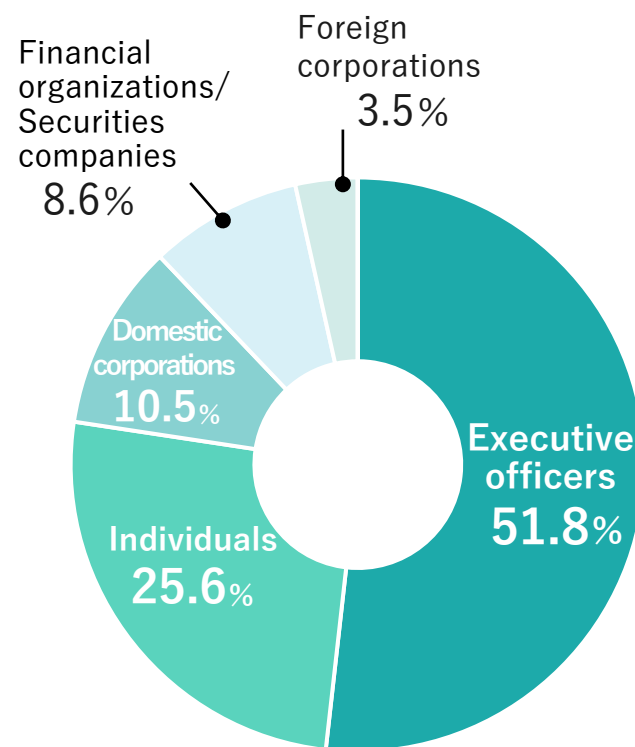
|   |           |
|---|-----------|
| Number of outstanding shares                | 5,294,650 |
| Number of shareholders (with voting rights) | 1,507     |

## 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)     | 116,300             | 2.2%            |
| 5    | Nomura Securities Co., Ltd.                     | 105,929             | 2.0%            |
| 6    | NOMURA PB NOMINEES                              | 90,400              | 1.7%            |
| 7    | Tsuyoshi Taira                                  | 86,100              | 1.6%            |
| 8    | SBI SECURITIES Co.,Ltd.                         | 72,000              | 1.4%            |
| 9    | Hisashi Ono                                     | 60,000              | 1.1%            |
| 10   | Big Field Management Co., Ltd.                  | 60,000              | 1.1%            |

\*Data as of December 31, 2023

## ② Shareholder composition by attribute



# 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

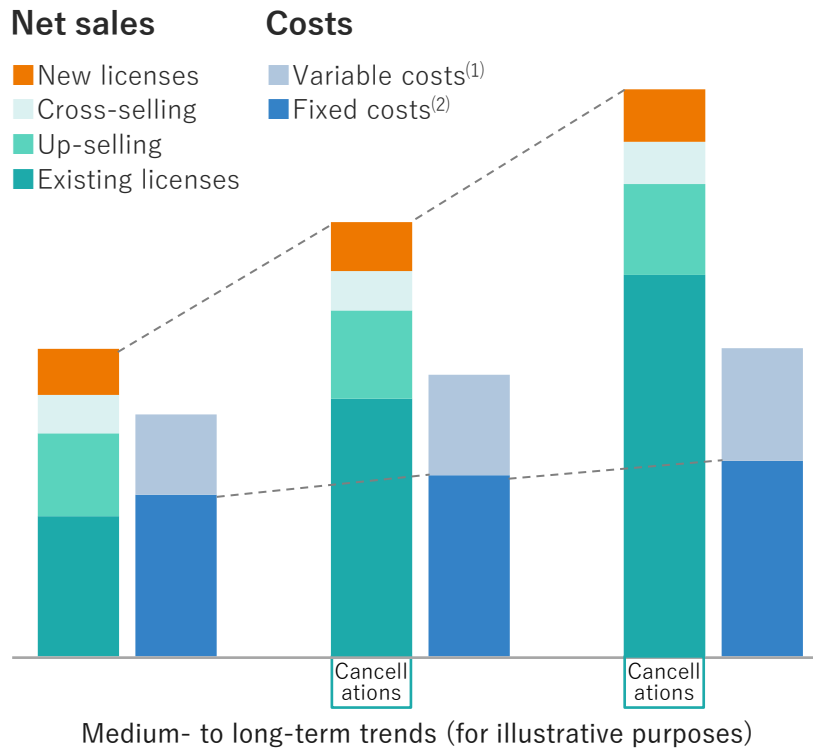
## 1 Competitive advantage of CLOMO Business

# 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

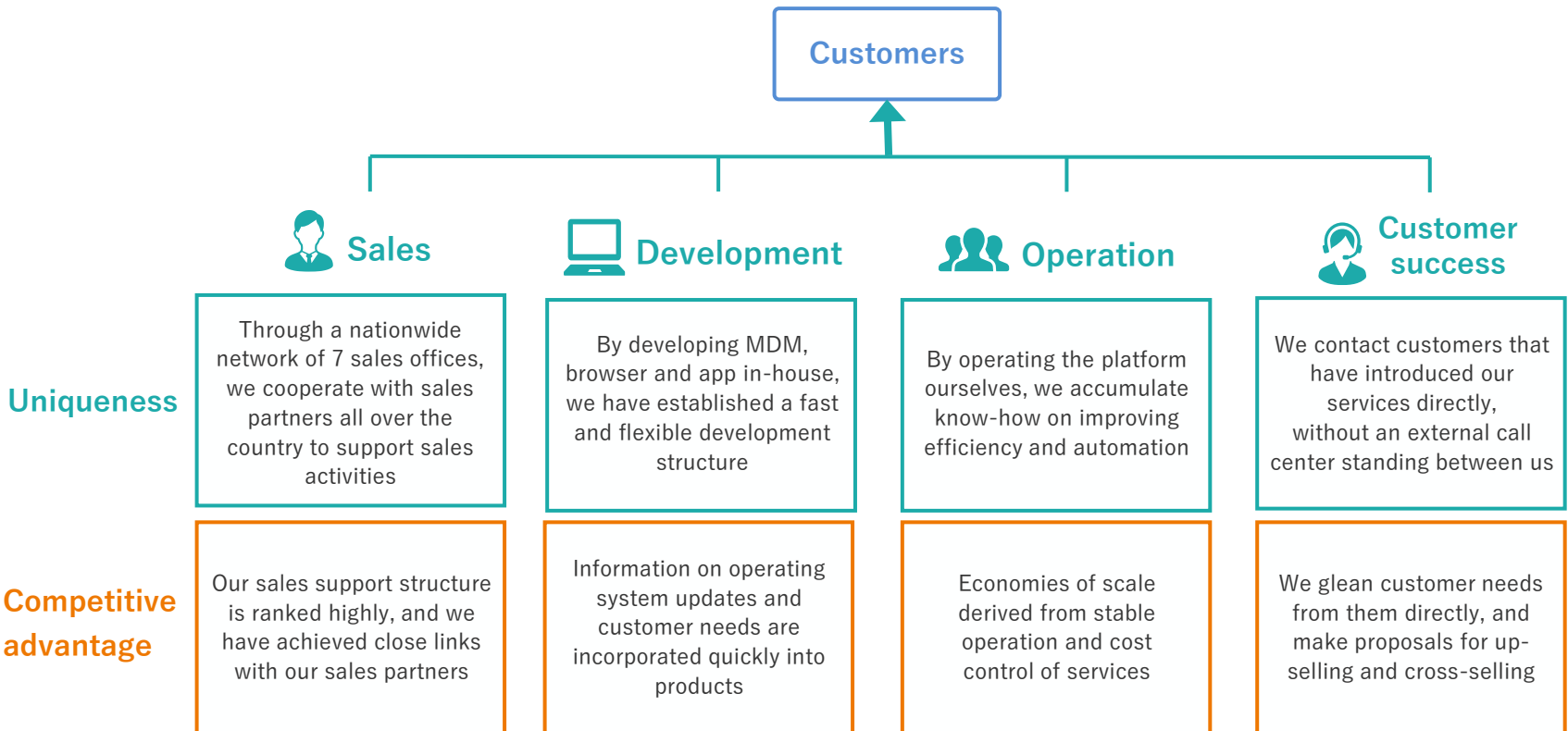
1 Competitive advantage of CLOMO Business

# 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 16 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

Scalefusion / Tectoro Consulting Private Ltd. / AXSEED, Inc / IBM MaaS360 / Ivanti / Knox Manage / Microsoft\* / SHARP CORPORATION / SoftBank Corp / SOTI / VMware Workspace ONE / 360° Pulsus / 42Gears / ISB CORPORATION / Urmobo

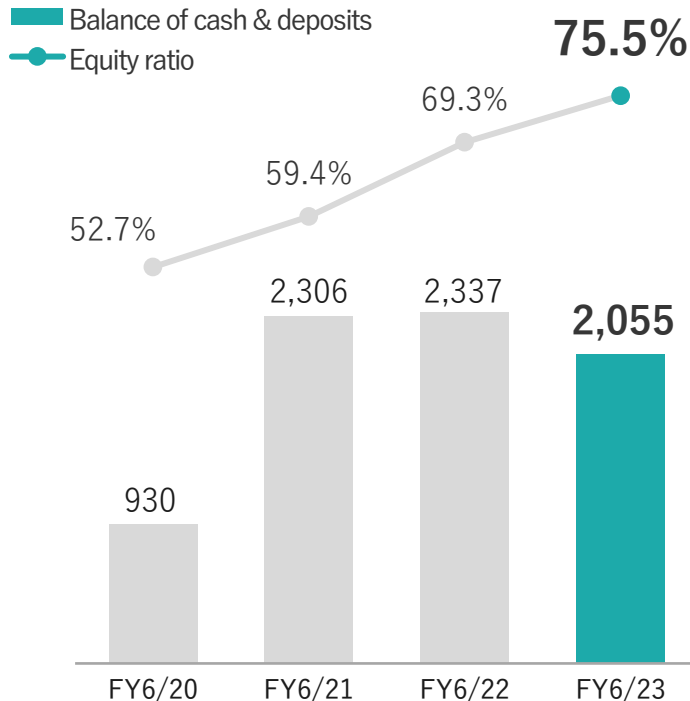
Source: Android Enterprise Recommended website ([https://www.android.com/intl/ja\\_jp/enterprise/](https://www.android.com/intl/ja_jp/enterprise/)), as of 31 January 2024.

# 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.

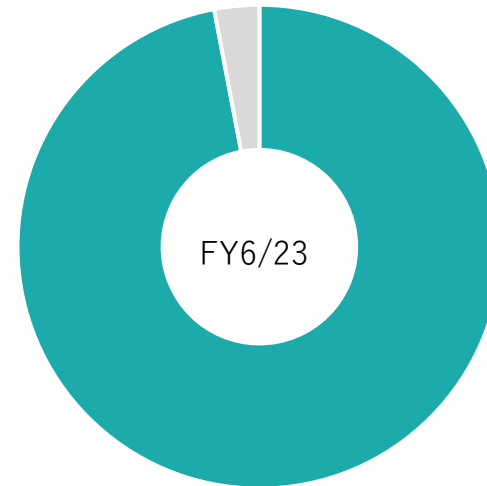
## Trend in balance of cash & deposits and equity ratio

(millions of yen)



## Ratio of revenue from stock business

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



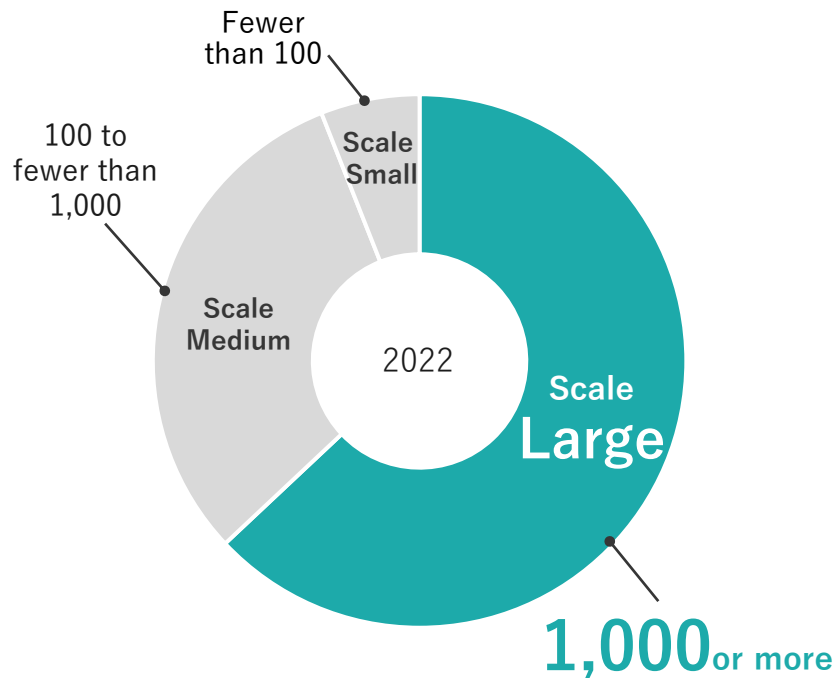
- Revenue from stock business
- Revenue from flow business

# Strong customer base

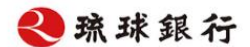
More than 5,000 existing companies form a strong customer base various of industries, mainly large companies.

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 4 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:

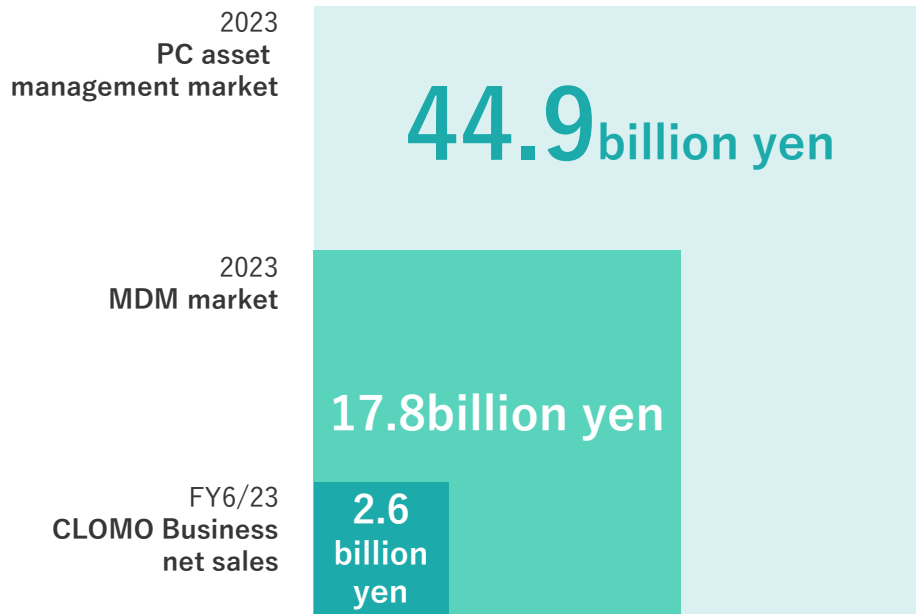
1. The Company was recognized by the Great Place to Work® Institute Japan, which performs awareness surveys of employees in accordance with global standards, and which has scored i Cubed Systems highly for four consecutive years in the 2021-2024 editions of the Best Workplaces rankings.

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

# Markets targeted by the CLOMO Business

The mainstay MDM market is 17.8 billion yen.

The PC asset management market is 2.5x larger at 44.9 billion yen, so the total size of the target market is 62.7 billion yen.



## 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

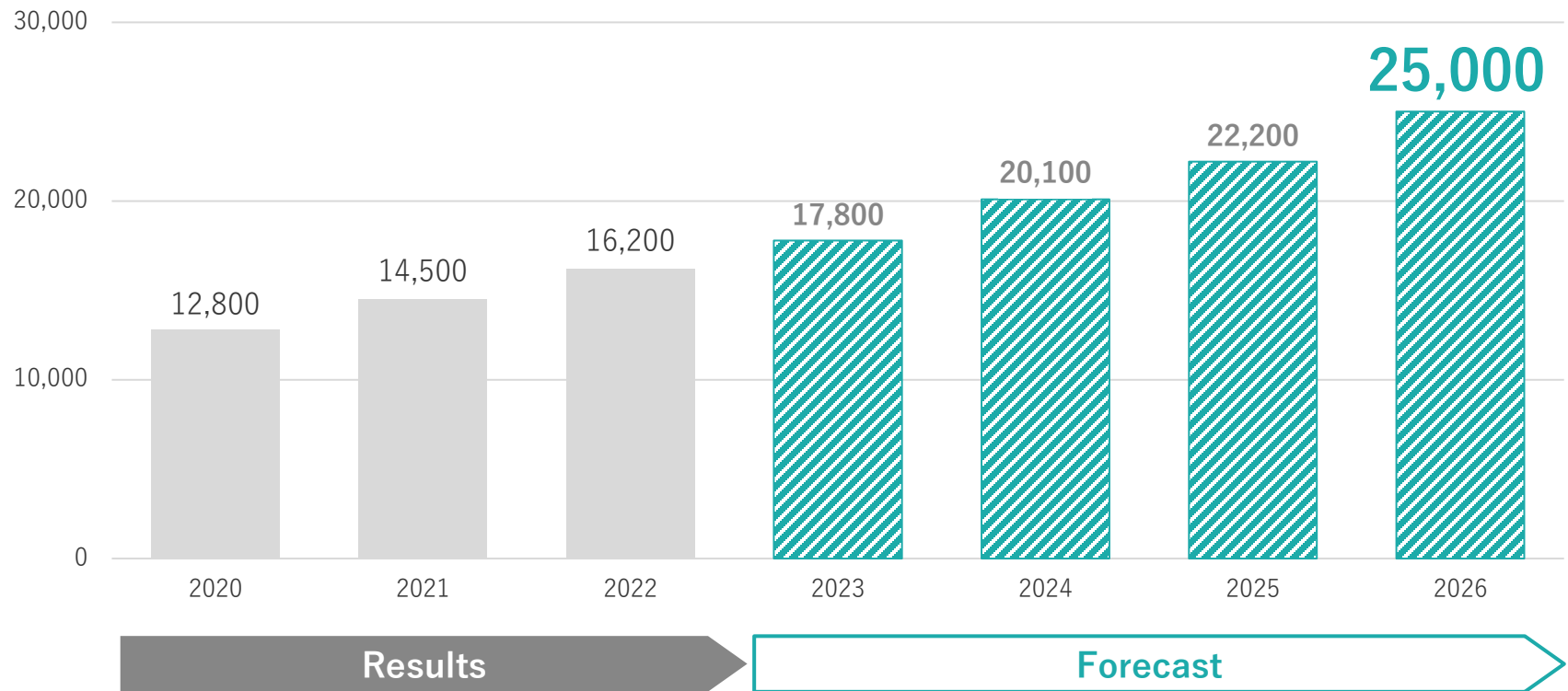
- Shift to SaaS for PC asset management and security software accelerating
- As a result of growing demand for integrated management with mobile devices, we expect opportunities for MDM vendors to enter market

# 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)

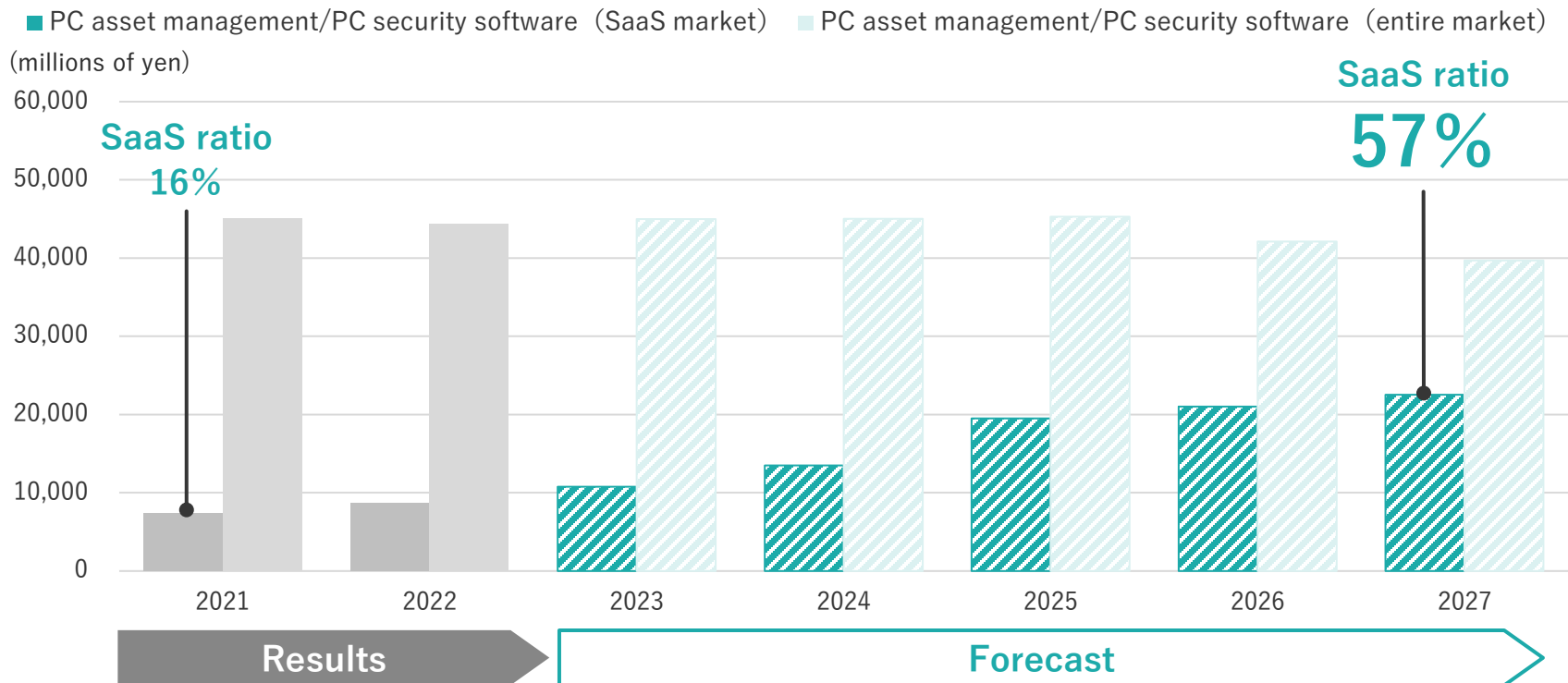


Source) Deloitte Tohmatsu MIC Research Institute Co., Ltd. "Market Outlook of Collaboration/Contents & Mobile Management Packaged Software" 2022 edition

# 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. Opportunities have emerged for MDM vendors to enter against a backdrop of growing demand for integrated management of mobile devices/PCs.

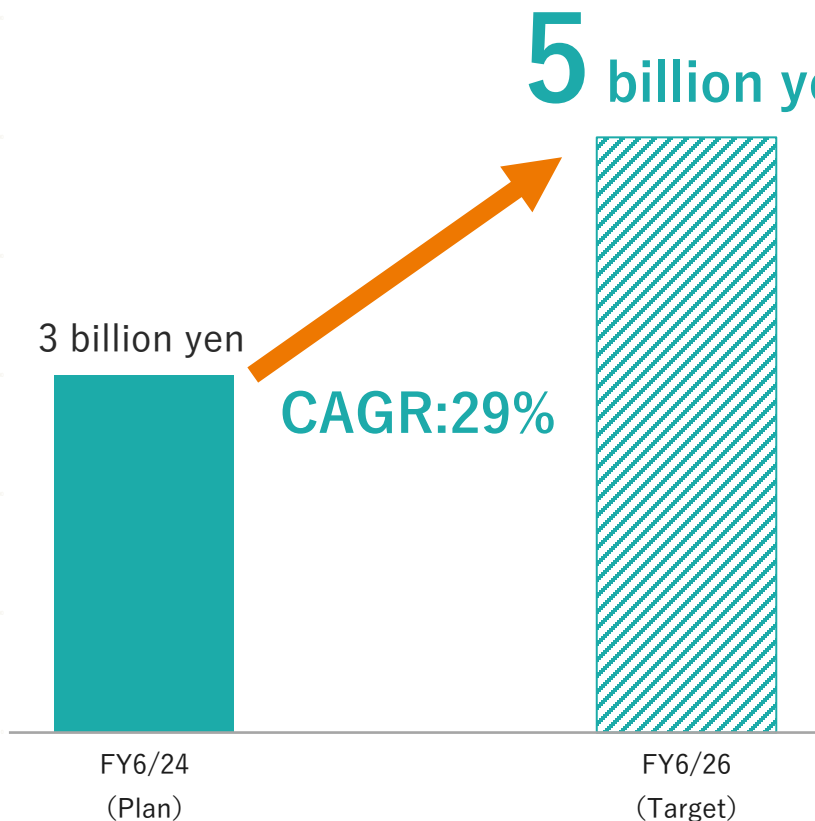
## PC asset management market is transitioning steadily from on-premise model to SaaS



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

# Medium-Term Sales Targets of the Group (FY24-26)

During the three years through the fiscal year ending June 30, 2026, we will focus on expanding the top line and creating new businesses other than the CLOMO business to build a foundation for the sustainable growth of our group.



Note:

1. The cumulative investment of 1 billion yen through FY6/26 is the planned amount of investment through our own CVC fund. It does not include LP investments in VC funds or M&As.

- **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**

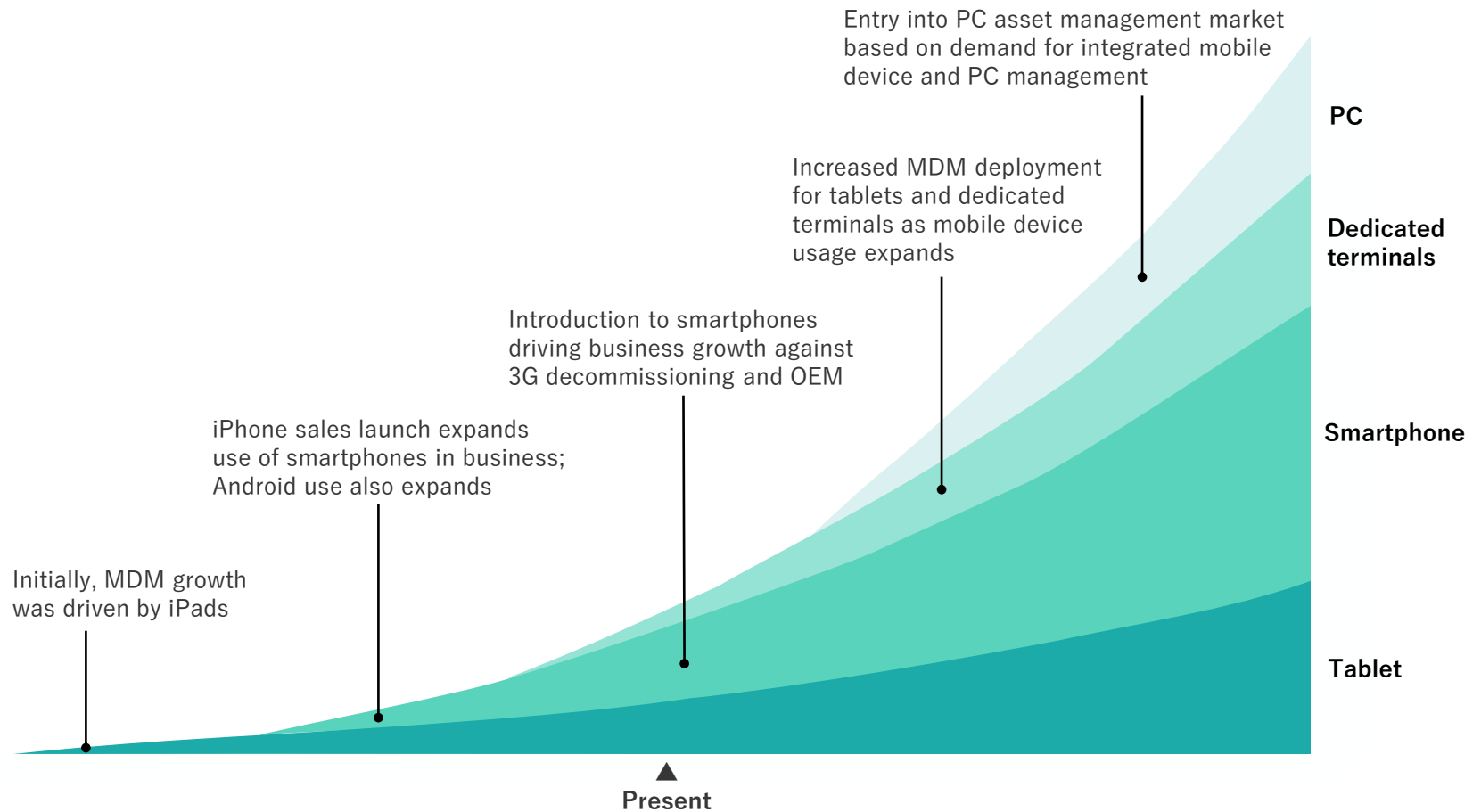
We aim to develop new businesses targeting a wide range of business areas including IT. In addition to utilizing external resources such as through M&As, we are actively looking into the commercialization of ideas generated in-house.

- **Promotion of the Investment Business**

We plan to reach a cumulative investment of 1 billion yen<sup>(1)</sup> by FY6/26. In addition to continuing CVC investments, we will work to identify investment opportunities for creating new businesses.

# 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.



# CLOMO Business growth strategy

To reach sales of 5 billion yen, the expansion of the CLOMO business is positioned as the most important mission. Aiming to achieve its medium-term sales target by executing the growth strategy.

## 1 Expansion of customer base

- Increase number of customers through provision of OEM for Anshin Manager NEXT
- Strengthen development of sales partners to leverage nationwide sales offices

## 2 ARPU improvement

- Further expand optional services
- Strengthen cross-selling product proposal system and implement sales strategies that meet customer needs, such as product bundling options

## 3 Service value improvement

- Investigate and develop additional functions to enter PC asset management market
- Improve reliability of CLOMO services by acquiring ISMAP certification in FY6/24
- Develop collaborative functions with other companies' security products
- Facilitate development and support activities by strengthening collaboration with OS partners

# Shareholder return policy

Maintain policy to actively return profits to shareholders who have high expectations for our company's medium- to long-term growth.

## Dividends over time (yen)

