



Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 [Japanese GAAP]

August 14, 2024

Company name: i Cubed Systems, Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4495

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Scheduled date of ordinary general meeting of shareholders: September 25, 2024

Scheduled date of commencing dividend payments: September 26, 2024

Scheduled date of filing annual securities report: September 25, 2024

Availability of supplementary explanatory materials on financial results: Yes

Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (July 1, 2023 – June 30, 2024)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
June 30, 2024	2,949	10.7	692	11.9	668	9.6	463	5.3
June 30, 2023	2,665	8.6	618	(25.2)	609	(25.4)	440	(18.4)

(Note) Comprehensive income:

Fiscal year ended June 30, 2024: ¥454 million [3.5%]

Fiscal year ended June 30, 2023: ¥439 million [(18.5%)]

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2024	87.96	87.13	18.1	19.1	23.5
June 30, 2023	83.33	82.36	18.4	18.5	23.2

(Reference) Equity in earnings of associated companies:

Fiscal year ended June 30, 2024: - million yen

Fiscal year ended June 30, 2023: - million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	3,609	2,579	71.2	503.60
As of June 30, 2023	3,399	2,573	75.5	484.70

(Reference) Shareholders' equity: As of June 30, 2024: ¥2,570 million

As of June 30, 2023: ¥2,565 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended June 30, 2024	823	(616)	(452)	1,811
Fiscal year ended June 30, 2023	301	(484)	(98)	2,055

2. Dividends

	Annual dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	—	0.00	—	30.00	30.00	158	36.0	6.6
Fiscal year ended June 30, 2024	—	0.00	—	32.00	32.00	163	36.4	6.5
Fiscal year ending June 30, 2025 (Forecast)	—	0.00	—	32.00	32.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 – June 30, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,503	18.8	809	17.0	786	17.7	539	16.5	105.80

*** Notes:**

- (1) Significant changes in scope of consolidation during the period: Yes
 Newly added: 1 company (10KN COMPANY LIMITED)
 Excluded: – companies

- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None
 4) Retrospective restatement: None

- (3) Total number of issued and outstanding shares (common shares)

- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

June 30, 2024:	5,303,750 shares
June 30, 2023:	5,292,350 shares

- 2) Total number of treasury shares at the end of the period:

June 30, 2024:	200,168 shares
June 30, 2023:	168 shares

- 3) Average number of shares outstanding during the period:

Fiscal year ended June 30, 2024:	5,269,208 shares
Fiscal year ended June 30, 2023:	5,281,419 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2024 (July 1, 2023 – June 30, 2024)

- (1) Non-consolidated operating results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	2,949	10.7	775	22.3	705	16.9	492	13.2
June 30, 2023	2,665	8.6	634	(24.1)	603	(26.6)	434	(20.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2024	93.42	92.54
June 30, 2023	82.36	81.41

- (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	3,636	2,614	71.7	510.95
As of June 30, 2023	3,392	2,569	75.6	484.66

(Reference) Shareholders' equity: As of June 30, 2024: ¥2,607 million

As of June 30, 2023: ¥2,564 million

* These financial results are outside the scope of review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are based on information currently available and certain assumptions considered to be reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecasts and notes on their use, please refer to “(4) Future Outlook” in “1. Overview of Operating Results, etc.” on page 6 of the attached material.

* 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.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

During the fiscal year ended June 30, 2024, although there were signs of improvement in the economic environment, such as the recording of a record high by the Nikkei 225, there were continuing concerns about the prolongation of the Ukraine and Israel situations and the direction of monetary policy in Japan and the U.S., and the outlook remained uncertain.

In this market environment, the i Cubed Group has defined its purpose as “Become the matrix for realizing unknown ideas that lead to smiles” and its value proposition as “Using the power of design and engineering to support those who take on challenges,” while adopting “Enjoy challenges” as its brand slogan. By fostering a culture that thrives on challenge, we aim to become a company that uses IT as the basis for actively taking on new challenges.

The main focus of business development for the Group is the “CLOMO Business”, which provides SaaS (Software as a Service) to perform the centralized management and operation of mobile devices used at corporate, educational, and medical sites. The Company also operates an “Investment Business” that supports the sustainable growth of the Group and the creation of new value by startups through investment activities using CVC (Corporate Venture Capital) and M&A.

In addition, in the fiscal year ended June 30, 2024, the Group acquired all of the shares of 10KN COMPANY LIMITED and made it a subsidiary. 10KN is a software development company headquartered in Hanoi, Vietnam, which employs many young engineers with extensive experience and a high level of development skill. The company also undertakes system, website, application, and other development projects outsourced from Japanese companies. Our objective in welcoming 10KN to the Group is to strengthen our development resources over the medium to long term, and to further expand the business.

During the fiscal year ended June 30, 2024, net sales rose year on year as a result of progress made in winning new customers through OEM provision in the CLOMO Business, which is the mainstay of the Group. With the objective of strengthening our product development capabilities, in the previous fiscal year we took proactive steps to invest in development in partnership with outsourcing companies with which we have recently cultivated relationships, resulting in increases in releases of software products and also leading to a year-on-year rise in the cost of sales in the CLOMO Business, driven mainly by depreciation. The cost of sales in the Investment Business rose year on year as a result of a loss on valuation for investments made via the Group CVC. Selling, general, and administrative expenses increased year on year, primarily due to various expenses related to M&A, although recruitment costs associated with mid-career hires have declined as a result of our focus this fiscal year on recruiting new graduates with the objective of contributing to the sustainable growth of the Company.

As a result of such initiatives, consolidated net sales in the fiscal year ended June 30, 2024 were ¥2,949,083 thousand (up 10.7% year on year), operating profit was ¥692,162 thousand (up 11.9% year on year), ordinary profit came to ¥668,440 thousand (up 9.6% year on year), and profit attributable to owners of parent was ¥463,463 thousand (up 5.3% year on year).

Operating performance by segment was as follows.

(i) CLOMO Business

In the CLOMO Business we offer subscription-based B-to-B SaaS using the cloud, mainly the “CLOMO MDM” mobile device management software service, which we first began providing in 2010, and the “CLOMO SECURED APPS” service for mobile devices (“CLOMO Services”). In December 2023, it was announced that we had achieved the No.1 share of the MDM market (own brand) for the 13th consecutive year since FY 2011 (Note 1).

In the fiscal year ended June 30, 2024, we made progress in acquiring new customers following growth in sales of “Anshin Manager NEXT” (Note 2), which is an MDM service that the Company provides to NTT Docomo, Inc. on an OEM basis. As a result of these initiatives, the increase in the number of corporations introducing our services for the year was 1,781, compared to an increase of 524 in the year before last, and an

increase of 1,014 in the previous fiscal year. The pace of increase in the number of companies introducing our services has more than tripled in the two years since the OEM provision of Anshin Manager NEXT commenced.

Moreover, CLOMO Services was registered for the Information system “Security Management and Assessment Program” (ISMAP, Note 3) in February 2024, thus being recognized as having cleared the high level of security required by the government. We believe that this will enhance the reliability of CLOMO Services in the eyes not only of government and administrative agencies but also of other customers, and make a contribution to winning new clients.

As part of our strategy to increase ARPU (Note 4) we are expanding optional services, and in September 2023, we began a cooperation with TeamViewer Japan KK and have started to offer the “TeamViewer Remote” remote access tool provided by that company. With the diversification in the ways in which mobile devices are used, in recent years there has been an increase in situations where it is necessary to access mobile devices at remote locations, such as to remotely manage an automated mobile device installed at a store or some other location, or to deal with IT problems occurring at a distant office. TeamViewer Remote is a service that enables a variety of mobile devices to be accessed and operated remotely while maintaining high levels of security. We released functions allowing it to work with CLOMO MDM in June 2024, and we plan to make further enhancements to convenience going forward.

In addition, in December 2023 we began providing the “Harmony Mobile” mobile security solution developed by Check Point Software Technologies Ltd. Harmony Mobile is a security solution that enables multifaceted defense of mobile devices by providing comprehensive protection from malicious apps, and network/OS attacks. Combining Harmony Mobile with CLOMO MDM gives mobile device management the ability to counter sophisticated threats, thus supporting the safe and secure use of mobile devices by corporations. By offering MDM peripheral services in our lineup of optional services in this way, we worked to increase ARPU through cross-selling.

In terms of product development, we continued to focus our efforts on improving functions to address customer needs, including enhancing Windows device functions required for CLOMO Services to gain market share in PC asset management, enabling interoperability with products from other companies, and compatibility with ChromeOS.

As a result of these initiatives, the number of corporations introducing our services reached 6,710, an increase of 1,781 (up 36.1%) compared to the end of the previous fiscal year.

As a result, net sales were ¥2,949,083 thousand (up 10.7% year on year) and operating profit was ¥763,328 thousand (up 20.3% year on year).

The breakdown of net sales by service is as follows:

CLOMO MDM:	¥2,692,338 thousand
SECURED APPs:	¥153,474 thousand
Others:	¥103,271 thousand

(ii) Investment Business

In the Investment Business, venture capital subsidiary i Cubed Ventures Inc. established i Cubed-1 Investment Limited Partnership, and moved forward with investment activities as a CVC fund. During the fiscal year ended June 30, 2024, we made investments in two companies, bringing the total number of investees to seven.

Investments will mainly target mobile, SaaS, security, and other areas closely related to the Company’s business domain, as well as companies involved in resolving societal issues and companies active in Kyushu, where the i Cubed Group has its headquarters. We are also taking a proactive approach to developing new businesses through M&A in order to enter new areas of the market and generate additional sources of revenue.

This resulted in an operating loss of ¥71,165 thousand (operating loss of ¥15,666 thousand in the previous fiscal year).

- (Notes)
1. 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.
 2. A mobile device management service provided by NTT Docomo, Inc. It is equipped mainly with lock/initialization functions that are effective when a device loaned to employees or students has been lost or stolen, security functions that include controlling the use of the camera or restricting the apps that can be used, and distribution of apps and other functions to enhance the efficiency of device management.
 3. This is a system that seeks to guarantee the level of security in governmental procurement of cloud services and facilitate their smooth deployment by evaluating and registering cloud services that fulfill the government’s security requirements in advance. The system is operated by the Cabinet Cyber Security Center, the Digital Agency, the Ministry of Internal Affairs and Communications, and the Ministry of Economy, Trade and Industry in accordance with the “Basic Framework of the Security Assessment System for Cloud Services in Government Information Systems” (decided by the Cybersecurity Strategic Headquarters on January 30, 2020).
 4. An abbreviation for Average Revenue Per User, which is the average monthly unit price per corporation introducing our services.

(2) Overview of Financial Position

The financial position as of June 30, 2024 was as follows:

(Assets)

Total assets amounted to ¥3,609,238 thousand, an increase of ¥209,827 thousand compared to the end of the previous fiscal year. This was mainly due to increases in investment securities of ¥141,600 thousand, goodwill of ¥133,248 thousand, deferred tax assets of ¥71,285 thousand, accounts receivable - trade of ¥71,136 thousand, software of ¥36,034 thousand, other current assets of ¥26,990 thousand, and operational investment securities of ¥24,802 thousand, partially offset by decreases in cash and deposits of ¥243,385 thousand and software in progress of ¥70,205 thousand.

(Liabilities)

Liabilities amounted to ¥1,029,673 thousand, an increase of ¥203,769 thousand compared to the end of the previous fiscal year. This was mainly due to increases in income taxes payable of ¥122,128 thousand, other current liabilities of ¥81,523 thousand, and contract liabilities of ¥12,547 thousand, partially offset by a decrease in accounts payable - trade of ¥18,078 thousand.

(Net assets)

Net assets amounted to ¥2,579,565 thousand, a decrease of ¥6,058 thousand compared to the end of the previous fiscal year. This was mainly due to a decrease resulting from purchase of treasury shares of ¥298,400 thousand, a decrease in retained earnings of ¥158,765 thousand resulting from distribution of surplus, and an increase in retained earnings of ¥463,463 thousand resulting from the recording of profit attributable to owners of parent. Accordingly, the equity ratio stood at 71.2% (75.5% as of the end of the previous fiscal year).

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the fiscal year ended June 30, 2024 (“cash”) came to ¥1,811,066 thousand, a decrease of ¥244,910 thousand compared to the end of the previous fiscal year.

Cash flows and their major components for the fiscal year ended June 30, 2024 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥823,344 thousand (net cash provided by operating activities was ¥301,117 thousand in the previous fiscal year). The main components of this were profit before income tax of ¥668,440 thousand, depreciation of ¥317,055 thousand, a loss on investments in investment partnerships of ¥22,240 thousand, an increase in trade receivables of ¥60,413 thousand, a decrease in trade payables of ¥19,027 thousand, an increase in contract liabilities of ¥12,547 thousand, an increase in operational investment securities of ¥24,802 thousand, an increase in other operating activities of ¥77,797 thousand, and income taxes paid of ¥177,861 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥616,441 thousand (net cash used in investing activities was ¥484,467 thousand in the previous fiscal year). The main components of this were purchase of securities of ¥700,000 thousand, proceeds from redemption of securities of ¥700,000 thousand, purchase of property, plant and equipment of ¥18,845 thousand, purchase of intangible assets of ¥275,881 thousand, purchase of investment securities of ¥164,000 thousand, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥156,820 thousand.

(Cash flows from financing activities)

Net cash used in financing activities was ¥452,254 thousand (net cash used in financing activities was ¥98,082 thousand in the previous fiscal year). The main components of this were dividends paid of ¥158,654 thousand, and purchase of treasury shares of ¥298,400 thousand.

(4) Future Outlook

The CLOMO Business, which is the mainstay of the Group, is involved in the mobile device management (MDM) market. In 2023 the overall size of the mobile device management market was ¥17.8 billion (up 10.4% year on year), and because it is forecast to grow to ¥25.0 billion by 2027 (Note 5), we also anticipate continuous growth for the CLOMO Business.

In terms of the state of the market, the discontinuation of production of feature phones (the previous type of phone) following the decommissioning of 3G (Note 6), and the end of the PHS service has resulted in an acceleration of smartphone deployment in corporations and medical institutions.

In areas other than smartphones, demand for management of industry-specific mobile devices is growing as a result of the promotion of DX, and the range of different mobile devices that require MDM is expanding. Moreover, PC asset management software is making progress in its transition from an on-premises model to SaaS, and demand for integrated management of mobile devices and PCs is increasing. In this way, the CLOMO Business is also expanding its growth domain into the industry-specific mobile device management market and the PC asset management market, and we believe that it has plenty of room for expansion into new areas.

In order to acquire large numbers of customers under such circumstances, in product development the Group will continue to focus on reducing costs through enhanced productivity, on developing functions that enable us to support greater numbers of mobile device types, and on enhancing added value through conjunction with the products of other companies. In terms of sales activities, we will strengthen our cooperation with regional sales partners through our nationwide network of seven sales offices. Furthermore, in addition to selling the product as CLOMO MDM, we are working to expand our customer base by expanding the number of companies to which we provide OEM service, and we continue to implement initiatives to accelerate the rate of sales growth.

In the fiscal year ending June 30, 2025, we expect an increase in MDM demand from elementary and secondary schools due to the NEXT GIGA (Note 7) initiative. To address this demand, we will work with sales partners with particular strengths in the education market, aiming to further increase our market share. Moreover, by leveraging the high level of reliability conferred by the ISMAP registration, we will actively promote the adoption of CLOMO Services to a wide range of customers, including the government and administrative agencies.

For the fiscal year ending June 30, 2025, we forecast net sales of ¥3,503 million (up 18.8% year on year), operating profit of ¥809 million (up 17.0% year on year), ordinary profit of ¥786 million (up 17.7% year on year), and profit attributable to owners of parent of ¥539 million (up 16.5% year on year).

The above-mentioned forecasts and other forward-looking statements are based on the information that was available at the time, and actual results may differ from forecasts due to a variety of future factors.

- (Notes) 5. Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd. “Market Outlook of Collaboration & Mobile Management Packaged Software for Optimal Hybrid Work Solutions” 2023 edition (<https://mic-r.co.jp/mr/02880/>) for FY2023 market size and market outlook for FY2027.
6. The various mobile phone carriers are scheduled to gradually discontinue their third-generation wireless mobile telecommunications (3G) services. In March 2026 the Company’s main sales partner, NTT DOCOMO Group, is scheduled to discontinue the provision of its 3G “FOMA” service, and the “i-mode” service that enables the internet and email to be used from a cellular phone.
7. Refers to the next phase of the GIGA school concept (an initiative launched by the Ministry of Education, Culture, Sports, Science and Technology that aims to further enrich learning activities and improve classes from the perspective of proactive, interactive and authentic learning by ensuring one device for every student, integrated into a high-speed network for schools) and related initiatives. Tablet devices for educational use that were introduced during the period 2020-2021 are due to be upgraded in 2024 and beyond, and with the replacement of devices it is likely that MDM solutions will also be up for consideration, which is expected to lead to an increase in MDM demand in the education market.

2. Basic Approach to Selection of Accounting Standards

In consideration of the desirability of comparability between different companies, the i Cubed Group prepares financial statements in accordance with Japanese GAAP. Going forward, our policy is to respond appropriately and after due consideration to circumstances both in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	2,055,977	1,812,591
Accounts receivable - trade	260,991	332,127
Operational investment securities	240,589	265,391
Other	88,225	115,215
Total current assets	2,645,783	2,525,326
Non-current assets		
Property, plant and equipment	33,884	44,061
Intangible assets		
Software	210,793	246,828
Software in progress	174,184	103,978
Goodwill	—	133,248
Other	8,286	7,417
Total intangible assets	393,264	491,473
Investments and other assets		
Investment securities	130,337	271,938
Deferred tax assets	155,597	226,882
Other	40,544	49,556
Total investments and other assets	326,478	548,377
Total non-current assets	753,627	1,083,912
Total assets	3,399,411	3,609,238
Liabilities		
Current liabilities		
Accounts payable - trade	64,668	46,590
Income taxes payable	67,008	189,136
Contract liabilities	471,087	483,634
Provision for bonuses	83,858	89,506
Other	139,281	220,805
Total current liabilities	825,904	1,029,673
Total liabilities	825,904	1,029,673
Net assets		
Shareholders' equity		
Share capital	409,787	413,018
Capital surplus	309,787	313,018
Retained earnings	1,846,481	2,151,179
Treasury shares	(774)	(299,174)
Total shareholders' equity	2,565,282	2,578,042
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(167)	1,090
Foreign currency translation adjustment	—	(8,944)
Total accumulated other comprehensive income	(167)	(7,854)
Share acquisition rights	4,701	6,486
Non-controlling interests	3,690	2,890
Total net assets	2,573,506	2,579,565
Total liabilities and net assets	3,399,411	3,609,238

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	For the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Net sales	2,665,041	2,949,083
Cost of sales	613,530	761,494
Gross profit	2,051,511	2,187,589
Selling, general and administrative expenses	1,432,821	1,495,426
Operating profit	618,689	692,162
Non-operating income		
Interest income	37	45
Dividend income	—	523
Other	214	2,007
Total non-operating income	252	2,576
Non-operating expenses		
Loss on retirement of non-current assets	1,949	2,496
Loss on investments in investment partnerships	6,751	22,240
Other	301	1,561
Total non-operating expenses	9,003	26,298
Ordinary profit	609,938	668,440
Profit before income tax	609,938	668,440
Income taxes - current	202,725	277,614
Income taxes - deferred	(32,637)	(71,836)
Total income taxes	170,087	205,777
Profit	439,850	462,662
Profit (loss) attributable to non-controlling interests	(247)	(800)
Profit attributable to owners of parent	440,098	463,463

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	For the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Net income	439,850	462,662
Other comprehensive income		
Valuation difference on available-for-sale securities	(167)	1,258
Foreign currency translation adjustment	—	(8,944)
Total other comprehensive income	(167)	(7,686)
Comprehensive income	439,682	454,976
Total comprehensive income attributable to:		
Owners of parent	439,930	455,776
Non-controlling interests	(247)	(800)

(3) Consolidated Statement of Changes in Equity

Fiscal Year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	404,412	304,412	1,511,877	(661)	2,220,039
Changes during the year					
Issuance of new shares	2,665	2,665			5,331
Issuance of new shares (exercise of share acquisition rights)	2,710	2,710			5,420
Dividends of surplus			(105,494)		(105,494)
Profit attributable to owners of parent			440,098		440,098
Purchase of treasury shares				(112)	(112)
Net changes during the year of items other than shareholders' equity					
Total changes during the year	5,375	5,375	334,603	(112)	345,243
Balance at the end of the year	409,787	309,787	1,846,481	(774)	2,565,282

	Shareholders' equity		Share acquisition rights	Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at the beginning of the year	—	—	1,950	1,938	2,223,929
Changes during the year					
Issuance of new shares					5,331
Issuance of new shares (exercise of share acquisition rights)					5,420
Dividends of surplus					(105,494)
Profit attributable to owners of parent					440,098
Purchase of treasury shares					(112)
Net changes during the year of items other than shareholders' equity	(167)	(167)	2,750	1,752	4,334
Total changes during the year	(167)	(167)	2,750	1,752	349,577
Balance at the end of the year	(167)	(167)	4,701	3,690	2,573,506

Fiscal Year ended June 30, 2024 (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	409,787	309,787	1,846,481	(774)	2,565,282
Changes during the year					
Issuance of new shares	831	831			1,662
Issuance of new shares (exercise of share acquisition rights)	2,400	2,400			4,800
Dividends of surplus			(158,765)		(158,765)
Profit attributable to owners of parent			463,463		463,463
Purchase of treasury shares				(298,400)	(298,400)
Net changes during the year of items other than shareholders' equity					
Total changes during the year	3,231	3,231	304,697	(298,400)	12,759
Balance at the end of the year	413,018	313,018	2,151,179	(299,174)	2,578,042

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	(167)	—	(167)	4,701	3,690	2,573,506
Changes during the year						
Issuance of new shares						1,662
Issuance of new shares (exercise of share acquisition rights)						4,800
Dividends of surplus						(158,765)
Profit attributable to owners of parent						463,463
Purchase of treasury shares						(298,400)
Net changes during the year of items other than shareholders' equity	1,258	(8,944)	(7,686)	1,785	(800)	(6,701)
Total changes during the year	1,258	(8,944)	(7,686)	1,785	(800)	6,058
Balance at the end of the year	1,090	(8,944)	(7,854)	6,486	2,890	2,579,565

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	For the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Cash flows from operating activities		
Profit before income tax	609,938	668,440
Depreciation	177,706	317,055
Increase (decrease) in provision for bonuses	33,992	4,869
Interest and dividend income	(37)	(569)
Loss on retirement of non-current assets	1,949	2,496
Loss (gain) on investments in investment partnerships	6,751	22,240
Decrease (increase) in trade receivables	(26,642)	(60,413)
Increase (decrease) in trade payables	5,228	(19,027)
Increase (decrease) in contract liabilities	(25,838)	12,547
Decrease (increase) in operational investment securities	(90,596)	(24,802)
Other	(51,093)	77,797
Subtotal	641,359	1,000,636
Interest and dividends received	37	569
Income taxes paid	(340,278)	(177,861)
Net cash provided by (used in) operating activities	301,117	823,344
Cash flows from investing activities		
Purchase of securities	—	(700,000)
Proceeds from redemption of securities	—	700,000
Purchase of property, plant and equipment	(7,483)	(18,845)
Purchase of intangible assets	(346,192)	(275,881)
Purchase of investment securities	(130,806)	(164,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(156,820)
Other	15	(894)
Cash flows from investing activities	(484,467)	(616,441)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5,420	4,800
Dividends paid	(105,389)	(158,654)
Purchase of treasury shares	(112)	(298,400)
Proceeds from share issuance to non-controlling shareholders	2,000	—
Cash flows from financing activities	(98,082)	(452,254)
Effect of exchange rate change on cash and cash equivalents	—	440
Net increase (decrease) in cash and cash equivalents	(281,431)	(244,910)
Cash and cash equivalents at beginning of period	2,337,409	2,055,977
Cash and cash equivalents at end of period	2,055,977	1,811,066

(5) Notes to Consolidated Financial Statements
(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)
[Segment information]

1. Overview of reportable segments

The business segments that the i Cubed Group reports are the business units for which the Group is able to obtain financial information separately for the Board of Directors to conduct periodic investigations to determine the allocation of management resources and evaluate the Group's business results.

The i Cubed Group has two reportable segments: the CLOMO Business and the Investment Business.

2. Explanation of measurements of net sales, profit (loss), asset, liability, and other items for each reportable segment

Accounting treatments used for the business segments reported comply with the accounting policies used to prepare the consolidated financial statements. The profit or loss for the reportable segments tallies with the operating profit in the consolidated financial statements.

3. Information on net sales, profit (loss), assets and other items by reportable segment

Fiscal Year ended June 30, 2023 (July 1, 2022 to June 30, 2023)

(Thousands of yen)

	Reportable segments			Reconciliations (Note 1)	Consolidated (Note 2)
	CLOMO Business	Investment Business	Total		
Net sales					
Net sales to external customers	2,665,041	—	2,665,041	—	2,665,041
Inter-segment net sales or transfers	—	—	—	—	—
Total	2,665,041	—	2,665,041	—	2,665,041
Segment profit (loss)	634,355	(15,666)	618,689	—	618,689
Segment assets	3,423,187	388,224	3,811,411	(412,000)	3,399,411
Other:					
Depreciation	177,706	—	177,706	—	177,706
Increase in property, plant and equipment and intangible assets	348,059	—	348,059	—	348,059

(Notes) 1. The adjustment for segment assets consists of trade receivables and trade payables between segments.

2. Segment profit (loss) matches operating profit in the consolidated statements of income.

Fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)

(Thousands of yen)

	Reportable segments			Reconciliations (Note 1)	Consolidated (Note 2)
	CLOMO Business	Investment Business	Total		
Net sales					
Net sales to external customers	2,949,083	—	2,949,083	—	2,949,083
Inter-segment net sales or transfers	—	—	—	—	—
Total	2,949,083	—	2,949,083	—	2,949,083
Segment profit (loss)	763,328	(71,165)	692,162	—	692,162
Segment assets	3,826,596	312,242	4,138,838	(529,600)	3,609,238
Other:					
Depreciation	317,055	—	317,055	—	317,055
Increase in property, plant and equipment and intangible assets	295,069	—	295,069	—	295,069

(Notes) 1. The adjustment for segment assets consists of trade receivables and trade payables between segments.

2. Segment profit (loss) matches operating profit in the consolidated statements of income.

(Per share information)

	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	For the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Total equity per share	484.70 yen	503.60 yen
Basic earnings per share	83.33 yen	87.96 yen
Diluted earnings per share	82.36 yen	87.13 yen

(Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)	For the fiscal year ended June 30, 2024 (July 1, 2023 to June 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	440,098	463,463
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (thousands of yen)	440,098	463,463
Average number of common stock during the fiscal period (shares)	5,281,419	5,269,208
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (thousands of yen)	—	—
Increase in number of common shares (shares)	61,899	49,869
(Of which, share acquisition rights) (shares)	(61,899)	(49,869)
Overview of potential shares not included in the calculation of diluted earnings per share due to there being no dilutive effect	Share acquisition rights, 3 classes (15,320 share acquisition rights)	Share acquisition rights, 3 classes (14,440 share acquisition rights)

2. The basis for calculation of total equity per share is as follows:

	As of June 30, 2023	As of June 30, 2024
Net assets (thousands of yen)	2,573,506	2,579,565
Amount deducted from net assets (thousands of yen)	8,392	9,376
(Of which, share acquisition rights) (thousands of yen)	(4,701)	(6,486)
(Of which, non-controlling interests) (thousands of yen)	(3,690)	(2,890)
Net assets of common stock at the end of the fiscal year (thousands of yen)	2,565,114	2,570,188
Number of common shares used to calculate total equity per share at the end of the fiscal year (shares)	5,292,182	5,103,582

(Significant subsequent events)
Not applicable.