



Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 [Japanese GAAP]

August 9, 2022

Company name: i³ Systems, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4495
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 Scheduled date of ordinary general meeting of shareholders: September 28, 2022
 Scheduled date of filing annual securities report: September 28, 2022
 Scheduled date of commencing dividend payments: September 29, 2022
 Availability of supplementary explanatory materials on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors, analysts and individual investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 - June 30, 2022)

(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, 2022	2,454	—	826	—	817	—	539	—
June 30, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income:

Fiscal year ended June 30, 2022: ¥539 million (— %)

Fiscal year ended June 30, 2021: — million (— %)

	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
	Yen	Yen	%	%	%
Fiscal year ended June 30, 2022	102.67	100.85	24.3	25.5	33.7
June 30, 2021	—	—	—	—	—

(Reference) Equity in earnings of associated companies:

Fiscal year ended June 30, 2022 - million yen

Fiscal year ended June 30, 2021 - million yen

(Note) The Company did not begin preparing consolidated financial statements until the fiscal year ended June 30, 2022, and therefore the figures for the fiscal year ended June 30, 2021 and year-on-year changes are not presented. In addition, because this is the first year in which consolidated financial statements have been prepared, return on equity and ratio of ordinary profit to total assets are based on shareholders' equity and total assets, respectively, as of the end of the fiscal year.

(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, 2022	3,202	2,223	69.3	420.88
As of June 30, 2021	—	—	—	—

(Reference) Shareholders' equity: As of June 30, 2022: ¥2,220 million

As of June 30, 2021: — million

(Note) The Company did not begin preparing consolidated financial statements until the fiscal year ended June 30, 2022, and therefore the figures for the fiscal year ended June 30, 2021 are not presented.

(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, 2022	275	(208)	(36)	2,337
Fiscal year ended June 30, 2021	—	—	—	—

(Note) The Company did not begin preparing consolidated financial statements until the fiscal year ended June 30, 2022, and therefore the figures for the fiscal year ended June 30, 2021 are not presented.

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, 2021	—	0.00	—	10.00	10.00	52	—	—
Fiscal year ended June 30, 2022	—	0.00	—	20.00	20.00	105	19.5	4.8
Fiscal year ending June 30, 2023 (Forecast)	—	0.00	—	20.00	20.00		—	

(Note) The Company did not begin preparing consolidated statements until the fiscal year ended June 30, 2022, and therefore the consolidated dividend payout ratio and the consolidated ratio of dividends to total equity for the fiscal year ended June 30, 2021 are not presented. Also, because this is the first year in which consolidated financial statements have been prepared, the consolidated ratio of dividends to total equity for the fiscal year ended June 30, 2022 has been calculated based on consolidated total equity per share as of the end of the fiscal year.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 – June 30, 2023)

(% 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	2,734	11.4	657	(20.5)	658	(19.5)	452	(16.2)	85.76

* Notes:

(1) Changes in significant subsidiaries during the period: Yes

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly added: 1 company i3-1 Investment Limited Partnership

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: Yes

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, 2022:	5,274,850 shares
June 30, 2021:	5,238,350 shares

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

June 30, 2022:	121 shares
June 30, 2021:	121 shares

3) Average number of shares outstanding during the period:

Fiscal year ended June 30, 2022:	5,255,130 shares
Fiscal year ended June 30, 2021:	5,201,437 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 - June 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	2,454	21.0	835	46.7	822	46.9	544	29.6
June 30, 2021	2,029	23.6	569	38.2	559	39.3	420	32.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2022	103.60	101.76
June 30, 2021	80.79	78.81

(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, 2022	3,204	2,226	69.4	421.81
As of June 30, 2021	2,830	1,681	59.4	320.92

(Reference) Shareholders' equity: As of June 30, 2022: ¥2,224 million

As of June 30, 2021: ¥1,681 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 5 of the attached material.

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1. Overview of Operating Results, etc.

The Group did not begin preparing consolidated financial statements until the fiscal year ended June 30, 2022, and therefore analytical comparisons with the end of the previous fiscal year have not been performed.

(1) Overview of Operating Results

During the fiscal year ended June 30, 2022, the economic environment was affected by declarations of special measures in response to the spread of COVID-19 variants, which led to periods during which restrictions on economic activity were reinstated, but progress has been made in vaccinations, the spread of the disease has slowed, and we are moving toward a resumption of economic activity. On the other hand, there are rising concerns about the increasingly serious situation in Ukraine, soaring prices for crude oil and other resources, trends in the monetary policies of various countries and other issues, which have led to a continuation of uncertainty regarding the future.

In this market environment, the i3 Group, which has designated the period since it was listed in July 2020 as the third phase of its founding, implemented a renewal of the corporate brand in June 2022. We have redefined our purpose as “Become the matrix for realizing unknown ideas that lead to smiles,” and our value proposition as “Using the power of design and engineering to support those who take on challenges,” while adopting “Enjoy challenges” as our 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.

In the fiscal year ended June 30, 2022, we continued to strengthen its workforce in preparation for continuous growth in the business going forward, and took proactive steps to recruit human resources, mainly in the Product Development, Sales, and Customer Success divisions. To coincide with this renewal of the corporate brand, we are also focusing on rolling out recruitment adverts with the aim of acquiring human resources. These include displaying advertisements on bus stops and within station facilities in the Fukuoka area, and distributing digital video commercials on other media.

In addition, we are continuing to make positive changes to the working environment, and the Company was recently recognized for the second consecutive year by the Great Place to Work[®] Institute Japan, which performs awareness surveys of employees in accordance with global standards, and which scored i3 Systems highly in the 2022 edition of the Best Workplaces rankings. Furthermore, 20% of the new graduates that were hired in April 2022 were of foreign nationality, showing that our efforts to create a diverse organization are making progress.

In addition, we are aggressively working on initiatives to generate additional sources of revenue through new products, new services, M&A, and CVC (corporate venture capital), with the objective of preparing to achieve sustainable growth for the i3 Group. During the second quarter of the fiscal year ended June 30, 2022, we established a new division specializing in the field of investments, and which has already begun investment activities. Investments mainly target mobile, SaaS, security, and other areas closely related to the Company’s business domain. We may also invest in companies involved in resolving societal issues and in local companies operating in Kyushu, where the Company is headquartered. With these investment activities as a driver, we seek to further accelerate the growth of the i3 Group by expanding the CLOMO business through the discovery of new partners and products for cross-selling. We are also creating new businesses in preparation for diversification, as well as aiming to support entrepreneurs as they work to create new value.

As a result of such initiatives, consolidated net sales in the fiscal year ended June 30, 2022 were ¥2,454,410 thousand, operating profit was ¥826,704 thousand, ordinary profit came to ¥817,879 thousand, and profit attributable to owners of parent was ¥539,529 thousand.

Operating performance by segment was as follows.

In the second quarter of the fiscal year ended June 30, 2022, the Company changed from reporting the previous single segment to classifying its figures into two segments: the “CLOMO Business” and the “Investment Business.”

(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 service, which we first began providing in 2010, and the CLOMO SECURED APPs service for mobile devices. In December 2021, it was announced that we had achieved the No.1 share of the MDM market (own brand) for the 11th consecutive year since FY 2011 (Note 1).

In the fiscal year ended June 30, 2022, we established a new sales office in Hiroshima prefecture. We are also preparing to open new sales offices in Aichi prefecture and Hokkaido, and we continue to work on initiatives to accelerate cooperation with our sales partners and to expand our sales area, in parallel with remote sales efforts that make use of the web conferencing system. We also worked to promote deeper understanding of the quality of CLOMO services and how they can be used, proactively releasing case studies on deploying our services to meet new demand for MDM that has arisen from social changes. The targets include mobile device management at elementary and secondary schools, which are shifting towards digital learning under the GIGA School Concept (Note 2), and at medical institutions where efforts to improve operational efficiency, including responding to COVID-19, and digitalization initiatives are accelerating, as well as management of IT assets for remote working, and management of dedicated terminals used with the promotion of digital transformation (DX) in manufacturing and transportation industries. In addition, we took steps to open up relationships with new distributors who have particular strengths in our field. Furthermore, we are also taking an active approach to advertising activities aimed at raising brand awareness, such as by working on the creation of contents for the launch of owned media on the theme of utilizing mobile devices.

As well as offering the new CLOMO Operation Service, which provides wide-ranging support from MDM deployment to operations, we are also moving forward with preparations for the launch of the CLOMO Kitting Service. In recent years, the importance of DX has received a good deal of attention, and MDM operations managers in companies and elsewhere have become responsible for transforming businesses, operations, and workstyles that utilize digital technology. On the other hand, due in part to the impact of COVID-19, the volume of their work has increased, which has tended to make it difficult to devote the originally intended resources in this transformation. By using these new services to perform, on behalf of MDM operations managers, the kitting work required when deploying mobile devices, and to execute some device management operations using MDM, we will reduce their workload and help them transform businesses, operations and work styles.

In customer success activities, in addition to conducting meetings on a regular basis to deepen relationships with customers, we offer “CLOMO Step-up Seminars” held several times a month, at which users can study everything from basic usage of CLOMO MDM to more effective ways of utilizing the system. A total of more than 700 MDM operations managers participated in these during the half-year from January to June 2022. In this way, we maintain regular contact with a large number of customers, promoting the use of CLOMO services in order to preserve high retention rates.

As for development, we continued to focus its efforts on improving functions to address customer needs, including enhancing Windows functions required for CLOMO services to gain market share in PC management: we continue to utilize new technologies such as Azure Kubernetes Service (AKS) (Note 3) and Xamarin (Note 4), and to work on raising productivity. Furthermore, in order to concentrate our internal development resources on high value-added development operations, we are also moving forward with the cultivation of relationships with outsourcing companies, and going forward we will continue to work on enhancing product value and reducing costs through product development and improved service efficiency.

In the CLOMO Business, our policy is to actively seek capital alliances and M&A deals where the target business offers synergies with our own CLOMO services. We aim to accelerate our growth strategy through such measures as expanding sales routes, discovering products for cross-selling, and developing new functions through open innovation.

As a result of these initiatives, the number of corporations deploying our services rose to 3,915, an increase of 524 (15.5%) from the end of the previous fiscal year.

Regarding the impact of the spread of COVID-19 on our business, the effect on consolidated operating results and on management indicators targeted by the Company (the increase in the number of corporations deploying CLOMO, and the license retention rate) was minimal during the fiscal year ended June 30, 2022. Conversely, in

the fiscal year ended June 30, 2022, difficulties in procuring mobile devices caused by the shortage of semiconductors resulted in some customers postponing the commencement of contracts for the use of our services.

As a result, net sales were ¥2,454,410 thousand and operating profit was ¥835,417 thousand.

The breakdown of net sales by service is as follows:

CLOMO MDM: ¥2,249,349 thousand

SECURED APPs: ¥175,300 thousand

Others: ¥29,760 thousand

(ii) Investment Business

The Investment Business is a new area that commenced operations in the second consolidated quarter of the fiscal year ended June 30, 2022. i3 Ventures, Inc. was established as a venture capital subsidiary in November 2021. Through this subsidiary we established i3-1 Investment Limited Partnership in January 2022, in order to become involved in the investment business.

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 i3 Group has its headquarters.

This resulted in an operating loss of ¥8,712 thousand.

- (Notes)1. Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd. "Market Outlook of Collaboration/Contents & Mobile Management Packaged Software" 2011-2019 editions, "MIC IT Report Dec 2021 issue" Actual shipment value in FY 2020 and predicted shipment value in FY 2021.
2. An initiative launched by the Ministry of Education, Culture, Sports, Science and Technology in December 2019 that aims to further enrich learning activities and improve classes from the perspective of proactive, interactive and immersive learning by ensuring one device for every student, using a high-speed network for schools.
 3. A Microsoft containerization technology. The Company is working to improve reliability while reducing operational workload and costs by making the CLOMO system container-based.
 4. A platform for application development provided by Microsoft. The Company is working to improve development speed and save labor by sharing source code for CLOMO applications running in different environments such as iOS, Android, and Windows.

(2) Overview of Financial Position

The financial position as of June 30, 2022 is as follows:

(Assets)

Total assets amounted to ¥3,202,755 thousand. This included cash and deposits of ¥2,337,409 thousand, accounts receivable - trade of ¥234,349 thousand, operational investment securities of ¥149,992 thousand, software in progress of ¥169,222 thousand and deferred tax assets of ¥122,886 thousand.

(Liabilities)

Total liabilities amounted to ¥978,826 thousand. The main components of this were income taxes payable of ¥185,677 thousand, contract liabilities of ¥496,925 thousand, and other current liabilities of ¥187,166 thousand.

(Net assets)

Total net assets amounted to ¥2,223,929 thousand. The main components of this were share capital of ¥404,412 thousand, capital surplus of ¥304,412 thousand, and retained earnings of 1,511,877 thousand. Accordingly, the equity ratio stood at 69.3%.

(3) Overview of Cash Flows

Cash and cash equivalents at the end of the fiscal year ended June 30, 2022 ("cash") came to ¥2,337,409 thousand. Cash flows and their major components for the fiscal year ended June 30, 2022 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥275,503 thousand. The main components of this were profit before income taxes of ¥817,879 thousand, an increase in contract liabilities of ¥496,925 thousand, a decrease

in unearned revenue of ¥547,718 thousand, a decrease in long-term unearned revenue of ¥100,056 thousand, an increase in operational investment securities of ¥149,992 thousand, and income taxes paid of ¥360,357 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥208,178 thousand. The main components of this were purchase of securities of ¥1,000,000 thousand, proceeds from redemption of securities of ¥1,000,000 thousand, and purchase of intangible assets of ¥202,500 thousand.

(Cash flows from financing activities)

Net cash used in financing activities was ¥36,400 thousand. The main component of this was dividends paid of ¥52,315 thousand.

(4) Future Outlook

The CLOMO Business, which is the mainstay of the i3 Group, is provided as a B-to-B SaaS, and belongs to the mobile device management market. In 2021 the overall size of the mobile device management market was ¥14.7 billion (up 14.8% year on year), and because it is forecast (Note 5) to grow to ¥23.2 billion by 2025, 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) and the end of the PHS service has resulted in an acceleration of smartphone deployment in corporations and medical institutions. In addition, with the full-fledged launch of the GIGA School Concept being promoted by the Ministry of Education, Culture, Sports, Science and Technology in education institutions, the deployment of mobile PCs and tablets at elementary, junior high, and high schools is progressing.

The types of terminal that are managed using MDM has expanded as a result of changes in work styles. With the spread of remote work, mobile PCs are increasingly being managed through MDM, and following work style reforms and the promotion of DX, there is a rising need for management of industry-specific mobile devices used in manufacturing and transportation. In this way, the CLOMO Business is also expanding its growth domain into the PC management market and the industry-specific mobile device 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 i3 Group will continue to focus on reducing costs through enhanced productivity, and on developing functions that enable us to support greater numbers of mobile device types. In sales activities, we will concentrate on expanding sales areas by cooperating with cellular phone sales companies and by increasing the number of sales offices, and thus increasing customers.

In the fiscal year ending June 30, 2023, we forecast net sales of ¥2,734 million (up 11.4% year on year), operating profit of ¥657 million (down 20.5% year on year), ordinary profit of ¥658 million (down 19.5% year on year), and profit attributable to owners of parent of ¥452 million (down 16.2% 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.

(Note 5) Source: Deloitte Tohmatsu MIC Research Institute Co., Ltd. “Market Outlook of Collaboration/Contents & Mobile Management Packaged Software” 2021 edition.

2. Basic Approach to Selection of Accounting Standards

In consideration of the desirability of comparability between different companies, the i3 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, 2022	
Assets	
Current assets	
Cash and deposits	2,337,409
Accounts receivable - trade	234,349
Operational investment securities	149,992
Other	58,597
Total current assets	2,780,348
Non-current assets	
Property, plant and equipment	31,901
Intangible assets	
Software	51,537
Software in progress	169,222
Other	6,083
Total intangible assets	226,843
Investments and other assets	
Deferred tax assets	122,886
Other	40,775
Total investments and other assets	163,662
Total non-current assets	422,406
Total assets	3,202,755
Liabilities	
Current liabilities	
Accounts payable - trade	59,190
Income taxes payable	185,677
Contract liabilities	496,925
Provision for bonuses	49,866
Other	187,166
Total current liabilities	978,826
Total liabilities	978,826
Net assets	
Shareholders' equity	
Share capital	404,412
Capital surplus	304,412
Retained earnings	1,511,877
Treasury shares	(661)
Total shareholders' equity	2,220,039
Share acquisition rights	1,950
Non-controlling interests	1,938
Total net assets	2,223,929
Total liabilities and net assets	3,202,755

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Net sales	2,454,410
Cost of sales	369,583
Gross profit	2,084,826
Selling, general and administrative expenses	1,258,121
Operating profit	826,704
Non-operating income	
Interest income	47
Dividend income	739
Other	651
Total non-operating income	1,438
Non-operating expenses	
Loss on retirement of non-current assets	9,095
Other	1,167
Total non-operating expenses	10,263
Ordinary profit	817,879
Profit before income tax	817,879
Income taxes - current	290,940
Income taxes - deferred	(12,528)
Total income taxes	278,411
Profit	539,467
Profit (loss) attributable to non-controlling interests	(61)
Profit attributable to owners of parent	539,529

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)
Profit	539,467
Comprehensive income	539,467
Total comprehensive income attributable to:	
Owners of parent	539,529
Non-controlling interests	(61)

(3) Consolidated Statement of Changes in Equity

Fiscal Year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	378,504	278,504	1,024,730	(661)	1,681,077
Changes during the year					
Issuance of new shares	18,950	18,950			37,900
Issuance of new shares (exercise of share acquisition rights)	6,957	6,957			13,915
Dividends of surplus			(52,382)		(52,382)
Profit attributable to owners of parent			539,529		539,529
Net changes during the year of items other than shareholders' equity					
Total changes during the year	25,907	25,907	487,146	—	538,961
Balance at the end of the year	404,412	304,412	1,511,877	(661)	2,220,039

	Share acquisition rights	Non-controlling interests	Total equity
Balance at the beginning of the year	228	—	1,681,306
Changes during the year			
Issuance of new shares			37,900
Issuance of new shares (exercise of share acquisition rights)			13,915
Dividends of surplus			(52,382)
Profit attributable to owners of parent			539,529
Net changes during the year of items other than shareholders' equity	1,722	1,938	3,661
Total changes during the year	1,722	1,938	542,623
Balance at the end of the year	1,950	1,938	2,223,929

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)
	For the fiscal year ended June 30, 2022
	(July 1, 2021 to June 30, 2022)
Cash flows from operating activities	
Profit before income tax	817,879
Depreciation	65,763
Increase (decrease) in provision for bonuses	1,359
Interest and dividend income	(786)
Loss on retirement of non-current assets	9,095
Decrease (increase) in trade receivables	(37,449)
Increase (decrease) in trade payables	26,719
Increase (decrease) in unearned revenue	(547,718)
Increase (decrease) in long-term unearned revenue	(100,056)
Increase (decrease) in contract liabilities	496,925
Decrease (increase) in operational investment securities	(149,992)
Other	53,248
Subtotal	634,986
Interest and dividends received	786
Income taxes paid	(360,357)
Income taxes refund	86
Net cash provided by (used in) operating activities	275,503
Cash flows from investing activities	
Purchase of securities	(1,000,000)
Proceeds from redemption of securities	1,000,000
Purchase of property, plant and equipment	(372)
Purchase of intangible assets	(202,500)
Other	(5,305)
Net cash provided by (used in) investing activities	(208,178)
Cash flows from financing activities	
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,915
Dividends paid	(52,315)
Proceeds from share issuance to non-controlling shareholders	2,000
Net cash provided by (used in) financing activities	(36,400)
Effect of exchange rate change on cash and cash equivalents	—
Net increase (decrease) in cash and cash equivalents	30,923
Cash and cash equivalents at beginning of period	2,306,485
Cash and cash equivalents at end of period	2,337,409

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the current period. This application has no impact on profit, loss, or retained earnings at the beginning of period.

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) since the beginning of the current period, and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement are applied into the future in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no impact on the consolidated financial statements.

(Segment information, etc.)

[Segment Information]

1. Overview of Reportable Segments

The business segments that the i3 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 i3 Group has two reportable segments: the "CLOMO Business" and the "Investment Business."

In the fiscal year ended June 30, 2022, the name of the reportable segment previously referred to as "License Sales Business" was changed to "CLOMO Business" to better match its substance. In addition, following the establishing of i3 Ventures, Inc. in November 2021, the i3 Group revised the way it classifies business segments with the aim of disclosing management information in a way that more closely matches the reality of its corporate activities. The result is that, beginning in the consolidated second quarter of the fiscal year ended June 30, 2022, instead of the previous single reportable segment, there are now 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 and profit (loss) by reportable segment

Fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(Thousands of yen)

	Reportable segments			Reconciliations (Note 1)	Consolidated (Note 2)
	CLOMO Business	Investment Business	Total		
Net sales					
Net sales to external customers	2,454,410	—	2,454,410	—	2,454,410
Inter-segment net sales or transfers	—	—	—	—	—
Total	2,454,410	—	2,454,410	—	2,454,410
Segment profit (loss)	835,417	(8,712)	826,704	—	826,704
Segment assets	3,210,592	210,163	3,420,755	(218,000)	3,202,755
Other:					
Depreciation	65,763	—	65,763	—	65,763
Increase in property, plant and equipment and intangible assets	210,955	—	210,955	—	210,955

(Note) 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, 2022 (July 1, 2021 to June 30, 2022)
Total equity per share	420.88 yen
Basic earnings per share	102.67 yen
Diluted earnings per share	100.85 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, 2022 (July 1, 2021 to June 30, 2022)
Basic earnings per share	
Profit attributable to owners of parent (thousands of yen)	539,529
Amount not attributable to common shareholders (thousands of yen)	—
Profit attributable to owners of parent pertaining to common stock (thousands of yen)	539,529
Average number of common stock during the fiscal period (shares)	5,255,130
Diluted earnings per share	
Adjustment for profit attributable to owners of parent (thousands of yen)	—
Increase in number of common shares	94,756
(Of which, share acquisition rights)	(94,756)
Overview of potential shares not included in the calculation of diluted earnings per share due to there being no dilutive effect	Share acquisition rights, 1 class (3,000 share acquisition rights)

2. The basis for calculation of basic earnings per share is as follows:

	As of June 30, 2022
Net assets (thousands of yen)	2,223,929
Amount deducted from net assets (thousands of yen)	3,889
(Of which, share acquisition rights) (thousands of yen)	(1,950)
(Of which, non-controlling interests) (thousands of yen)	(1,938)
Net assets of common stock at the end of the fiscal year (thousands of yen)	2,220,039
Number of common shares used to calculate total equity per share at the end of the fiscal year	5,274,729

(Significant Subsequent Events)
Not applicable.