



Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 [Japanese GAAP]

August 9, 2023

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 27, 2023
 Scheduled date of filing annual securities report: September 27, 2023
 Scheduled date of commencing dividend payments: September 28, 2023
 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, 2023 (July 1, 2022 - June 30, 2023)

(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, 2023	2,665	8.6	618	(25.2)	609	(25.4)	440	(18.4)
June 30, 2022	2,454	—	826	—	817	—	539	—

(Note) Comprehensive income:

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

Fiscal year ended June 30, 2022: ¥539 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, 2023	83.33	82.36	18.4	18.5	23.2
June 30, 2022	102.67	100.85	24.3	25.5	33.7

(Reference) Equity in earnings of associated companies:

Fiscal year ended June 30, 2023: - million yen

Fiscal year ended June 30, 2022: - million yen

(Note) The Company did not begin preparing consolidated financial statements until the fiscal year ended June 30, 2022, and therefore year-on-year changes are not presented. In addition, because the fiscal year ended June 30, 2022 was 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, 2023	3,399	2,573	75.5	484.70
As of June 30, 2022	3,202	2,223	69.3	420.88

(Reference) Shareholders' equity: As of June 30, 2023: ¥2,565 million

As of June 30, 2022: ¥2,220 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, 2023	301	(484)	(98)	2,055
Fiscal year ended June 30, 2022	275	(208)	(36)	2,337

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, 2022	—	0.00	—	20.00	20.00	105	19.5	4.8
Fiscal year ended June 30, 2023	—	0.00	—	30.00	30.00	158	36.0	6.6
Fiscal year ending June 30, 2024 (Forecast)	—	0.00	—	30.00	30.00		—	

(Note) The Company did not begin preparing consolidated statements until the fiscal year ended June 30, 2022, and therefore 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, 2024 (July 1, 2023 – June 30, 2024)
 (% 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	3,002	12.7	649	5.0	649	6.5	443	0.7	83.75

*** Notes:**

(1) Changes in significant subsidiaries during the period: None

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

Newly added: – companies

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, 2023:	5,292,350 shares
June 30, 2022:	5,274,850 shares

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

June 30, 2023:	168 shares
June 30, 2022:	121 shares

3) Average number of shares outstanding during the period:

Fiscal year ended June 30, 2023:	5,281,419 shares
Fiscal year ended June 30, 2022:	5,255,130 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 - June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2023	2,665	8.6	634	(24.1)	603	(26.6)	434	(20.1)
June 30, 2022	2,454	21.0	835	46.7	822	46.9	544	29.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended June 30, 2023	82.36	81.41
June 30, 2022	103.60	101.76

(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, 2023	3,392	2,569	75.6	484.66
As of June 30, 2022	3,204	2,226	69.4	421.81

(Reference) Shareholders' equity: As of June 30, 2023: ¥2,564 million

As of June 30, 2022: ¥2,224 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 4 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

The fiscal year ended June 30, 2023 saw a progressive normalization of social and economic activity following the loosening of restrictions on movement related to COVID-19 and of countermeasures aimed at preventing the ingress of infection through national borders. However, the prolongation of concerns about the situation in Ukraine, about the direction of monetary policy in various countries, and about other factors led to a continuation of uncertainty regarding the future.

In this market environment, the i Cubed Group has redefined 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.

In terms of the businesses operated by the Group, the mainstay is the CLOMO Business, which provides a management service as SaaS (Software as a Service) that unified manages and operates of mobile devices that are used on the front line in corporate, educational, and healthcare environments. In addition, the Group operates an Investment Business with the objective of achieving sustainable growth for the Group via CVC and M&A investment activities, and of supporting startups as they work to create new value.

In terms of operating results for the fiscal year ended June 30, 2023, in our mainstay CLOMO Business, the number of companies deploying our services grew steadily despite the impact of the external environment in the form of continuing delays in the procurement of smartphones for corporations and other factors, resulting in an increase in net sales. In terms of costs, with the objective of strengthening our product development capabilities, we took proactive steps to invest in development in partnership with outsourcing companies with which we have recently cultivated relationships, leading to increases in releases of software products and resulting in a rise in the cost of sales, which includes depreciation. Selling, general and administrative expenses also rose due to investments aimed at augmenting personnel following the increase in the number of sales offices and those aimed at strengthening our information security structure, as well as increases in base salaries for employees following a review of salary structure and evaluation systems that we implemented as a human capital initiative.

As a result of such initiatives, consolidated net sales in the fiscal year ended June 30, 2023 were ¥2,665,041 thousand (up 8.6% year on year), operating profit was ¥618,689 thousand (down 25.2% year on year), ordinary profit came to ¥609,938 thousand (down 25.4% year on year), and profit attributable to owners of parent was ¥440,098 thousand (down 18.4% 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 service, which we first began providing in 2010, and the CLOMO SECURED APPs service for mobile devices. In December 2022, it was announced that we had achieved the No.1 share of the MDM market (own brand) for the 12th consecutive year since FY2011 (Note 1).

In the fiscal year ended June 30, 2023, we completed the opening of new sales offices in Hokkaido, Miyagi and Aichi prefectures that had been planned at the beginning of the term, and strengthened our structure for supporting customers nationwide. Following the renewal of the MDM services that it provided, NTT Docomo, Inc., our main sales partner, adopted our CLOMO MDM product, which we began providing to it on an OEM basis. Acceptance of new contracts for the pre-renewal “Anshin Manager” service was discontinued in March 2023, and provision of the service itself is also expected to come to an end in March 2026. For this reason, the transition to “Anshin Manager NEXT” (Note 2) is expected to be completed by March 2026. Through cooperation with our sales partners and sales on an OEM basis, we will work to expand sales of CLOMO Services.

Furthermore, in preparation for expanding optional services, we are promoting CLOMO Services in conjunction with security solutions to protect mobile devices from a variety of threats, such as cyber attacks, thus enabling customers to use their mobile devices safely and securely. Accordingly, in October 2022 we began

offering “CLOMO MDM Endpoint Security secured by Deep Instinct,” which combines CLOMO MDM with the “Deep Instinct” platform (Note 3) developed and provided by Deep Instinct.

In addition, we launched two new services, one of which is the CLOMO Kitting Service, whereby the work of initial setup and other tasks when deploying mobile devices is outsourced to the Company. The other is the CLOMO Onboarding Service, which achieves appropriate mobile device management by providing courteous and caring support from initial setup to launch of operations, with the aim of reducing the burden on the MDM operations manager. As well as helping to reduce the operational workload on the MDM operations managers at customer companies by broadening the range of services offered, we are also working to raise license retention rates and ARPU.

In terms of development, we are continuously working to strengthen our partnership with OS developers. In June 2023, we were certified as a Gold Partner in the Android Enterprise Partner Program (Note 4) provided by Google LLC, on the strength of our extensive deployment track record and superior product capabilities, as well as our structure for support both during and after deployment, which is provided by staff with abundant knowledge of Android Enterprise.

As a result of these initiatives, the number of corporations deploying our services rose to 4,929, an increase of 1,014 (25.9%) from the end of the previous fiscal year.

As a result, net sales were ¥2,665,041 thousand (up 8.6% year on year) and operating profit was ¥634,355 thousand (down 24.1% year on year).

The breakdown of net sales by service is as follows:

CLOMO MDM:	¥2,435,820 thousand
SECURED APPs:	¥157,165 thousand
Others:	¥72,055 thousand

(ii) Investment Business

The Investment Business is a new area that commenced operations in the fiscal year ended June 30, 2022. i Cubed Ventures, Inc. was established as a venture capital subsidiary in November 2021. Through this subsidiary, we established i Cubed-1 Investment Limited Partnership, which began investment activities as a CVC (corporate venture capital) fund in January 2022. During the fiscal year ended June 30, 2023, we made investments in three companies via the CVC fund, bringing the total number of investees to five.

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 and enhancing development capabilities 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 ¥15,666 thousand (operating loss of ¥8,712 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” 2011-2020 editions, “MIC IT Report Dec 2022 issue” Actual shipment value in FY2021 and predicted shipment value in FY2022.
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. An endpoint security solution built in-house by Deep Instinct for cybersecurity. It uses the world’s first deep learning model built specifically for cyber security (source: research by Deep Instinct, December 2020), and predicts malware, zero-day attacks, and other unknown threats that could

occur in future to prevent infiltration of mobile devices, PCs, and other equipment before it occurs.

4. A program provided by Google LLC to partner companies that aims to support the development and sales of products, services, and solutions that meet Android Enterprise specifications.

(2) Overview of Financial Position

The financial position as of June 30, 2023 is as follows:

(Assets)

Total assets amounted to ¥3,399,411 thousand, an increase of ¥196,655 thousand compared to the end of the previous fiscal year. This was mainly due to increases in accounts receivable - trade of ¥26,642 thousand, operational investment securities of ¥90,596 thousand, other current assets of ¥29,628 thousand, software of ¥159,256 thousand, investment securities of ¥123,813 thousand, and deferred tax assets of ¥32,710 thousand, which were partially offset by a decrease in cash and deposits of ¥281,431 thousand.

(Liabilities)

Total liabilities amounted to ¥825,904 thousand, a decrease of ¥152,921 thousand compared to the end of the previous fiscal year. This was mainly due to decreases in income taxes payable of ¥118,669 thousand, contract liabilities of ¥25,838 thousand, and other current liabilities of ¥47,884 thousand, which were partially offset by an increase in provision for bonuses of ¥33,992 thousand.

(Net assets)

Total net assets amounted to ¥2,573,506 thousand, an increase of ¥349,577 thousand compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings of ¥440,098 thousand resulting from the recording of profit attributable to owners of parent, and a decrease in retained earnings of ¥105,494 thousand resulting from distribution of surplus. Accordingly, the equity ratio stood at 75.5% (69.3% 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, 2023 ("cash") came to ¥2,055,977 thousand, a decrease of ¥281,431 thousand compared to the end of the previous fiscal year.

Cash flows and their major components for the fiscal year ended June 30, 2023 were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥301,117 thousand (net cash provided by operating activities was ¥275,503 thousand in the previous fiscal year). The main components of this were profit before income tax of ¥609,938 thousand, depreciation of ¥177,706 thousand, an increase in provision for bonuses of ¥33,992 thousand, an increase in trade receivables of ¥26,642 thousand, a decrease in contract liabilities of ¥25,838 thousand, an increase in operational investment securities of ¥90,596 thousand, and income taxes paid of ¥340,278 thousand.

(Cash flows from investing activities)

Net cash used in investing activities was ¥484,467 thousand (net cash used in investing activities was ¥208,178 thousand in the previous fiscal year). The main components of this were purchase of intangible assets of ¥346,192 thousand, and purchase of investment securities of ¥130,806 thousand.

(Cash flows from financing activities)

Net cash used in financing activities was ¥98,082 thousand (net cash used in financing activities was ¥36,400 thousand in the previous fiscal year). The main component of this was dividends paid of ¥105,389 thousand.

(4) Future Outlook

The CLOMO Business, which is the mainstay of the Group, is involved in the mobile device management (MDM) market. In 2022 the overall size of the mobile device management market was ¥16.2 billion (up 11.7% year on year), and because it is forecast (Note 5) to grow to ¥25.0 billion by 2026, 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-premise 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 sales activities, we are strengthening cooperation with our regional sales partners through our nationwide network of seven sales offices, and working to accelerate sales growth by selling the product on an OEM basis, in addition to selling it as CLOMO MDM.

In the fiscal year ending June 30, 2024, we forecast net sales of ¥3,002 million (up 12.7% year on year), operating profit of ¥649 million (up 5.0% year on year), ordinary profit of ¥649 million (up 6.5% year on year), and profit attributable to owners of parent of ¥443 million (up 0.7% 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/Contents & Mobile Management Packaged Software” 2022 edition.

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.

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, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,337,409	2,055,977
Accounts receivable - trade	234,349	260,991
Operational investment securities	149,992	240,589
Other	58,597	88,225
Total current assets	2,780,348	2,645,783
Non-current assets		
Property, plant and equipment	31,901	33,884
Intangible assets		
Software	51,537	210,793
Software in progress	169,222	174,184
Other	6,083	8,286
Total intangible assets	226,843	393,264
Investments and other assets		
Investment securities	6,523	130,337
Deferred tax assets	122,886	155,597
Other	34,251	40,544
Total investments and other assets	163,662	326,478
Total non-current assets	422,406	753,627
Total assets	3,202,755	3,399,411
Liabilities		
Current liabilities		
Accounts payable - trade	59,190	64,668
Income taxes payable	185,677	67,008
Contract liabilities	496,925	471,087
Provision for bonuses	49,866	83,858
Other	187,166	139,281
Total current liabilities	978,826	825,904
Total liabilities	978,826	825,904
Net assets		
Shareholders' equity		
Share capital	404,412	409,787
Capital surplus	304,412	309,787
Retained earnings	1,511,877	1,846,481
Treasury shares	(661)	(774)
Total shareholders' equity	2,220,039	2,565,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	(167)
Total accumulated other comprehensive income	—	(167)
Share acquisition rights	1,950	4,701
Non-controlling interests	1,938	3,690
Total net assets	2,223,929	2,573,506
Total liabilities and net assets	3,202,755	3,399,411

(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)	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Net sales	2,454,410	2,665,041
Cost of sales	369,583	613,530
Gross profit	2,084,826	2,051,511
Selling, general and administrative expenses	1,258,121	1,432,821
Operating profit	826,704	618,689
Non-operating income		
Interest income	47	37
Dividend income	739	—
Other	651	214
Total non-operating income	1,438	252
Non-operating expenses		
Loss on retirement of non-current assets	9,095	1,949
Loss on investments in investment partnerships	—	6,751
Other	1,167	301
Total non-operating expenses	10,263	9,003
Ordinary profit	817,879	609,938
Profit before income tax	817,879	609,938
Income taxes - current	290,940	202,725
Income taxes - deferred	(12,528)	(32,637)
Total income taxes	278,411	170,087
Profit	539,467	439,850
Profit (loss) attributable to non-controlling interests	(61)	(247)
Profit attributable to owners of parent	539,529	440,098

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Profit	539,467	439,850
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(167)
Total other comprehensive income	—	(167)
Comprehensive income	539,467	439,682
Total comprehensive income attributable to:		
Owners of parent	539,529	439,930
Non-controlling interests	(61)	(247)

(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

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

	Accumulated other comprehensive income		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

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	For the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Profit before income tax	817,879	609,938
Depreciation	65,763	177,706
Increase (decrease) in provision for bonuses	1,359	33,992
Interest and dividend income	(786)	(37)
Loss on retirement of non-current assets	9,095	1,949
Loss (gain) on investments in investment partnerships	—	6,751
Decrease (increase) in trade receivables	(37,449)	(26,642)
Increase (decrease) in trade payables	26,719	5,228
Increase (decrease) in unearned revenue	(547,718)	—
Increase (decrease) in long-term unearned revenue	(100,056)	—
Increase (decrease) in contract liabilities	496,925	(25,838)
Decrease (increase) in operational investment securities	(149,992)	(90,596)
Other	53,248	(51,093)
Subtotal	634,986	641,359
Interest and dividends received	786	37
Income taxes paid	(360,357)	(340,278)
Income taxes refund	86	—
Net cash provided by (used in) operating activities	275,503	301,117
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)	(7,483)
Purchase of intangible assets	(202,500)	(346,192)
Purchase of investment securities	(6,523)	(130,806)
Other	1,218	15
Net cash provided by (used in) investing activities	(208,178)	(484,467)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,915	5,420
Dividends paid	(52,315)	(105,389)
Purchase of treasury shares	—	(112)
Proceeds from share issuance to non-controlling shareholders	2,000	2,000
Net cash provided by (used in) financing activities	(36,400)	(98,082)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	30,923	(281,431)
Cash and cash equivalents at beginning of period	2,306,485	2,337,409
Cash and cash equivalents at end of period	2,337,409	2,055,977

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Implementation Guidance”) from the beginning of the fiscal year ended June 30, 2023, and the new accounting policies stipulated in the Fair Value Measurement Implementation Guidance are applied into the future in accordance with the transitional treatment set stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This has no impact on the consolidated financial statements for the fiscal year ended June 30, 2023.

(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 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

(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, 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.

(Per share information)

	For the fiscal year ended June 30, 2022 (July 1, 2021 to June 30, 2022)	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Total equity per share	420.88 yen	484.70 yen
Basic earnings per share	102.67 yen	83.33 yen
Diluted earnings per share	100.85 yen	82.36 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)	For the fiscal year ended June 30, 2023 (July 1, 2022 to June 30, 2023)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	539,529	440,098
Amount not attributable to common shareholders (thousands of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (thousands of yen)	539,529	440,098
Average number of common stock during the fiscal period (shares)	5,255,130	5,281,419
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (thousands of yen)	—	—
Increase in number of common shares (shares)	94,756	61,899
(Of which, share acquisition rights) (shares)	(94,756)	(61,899)
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)	Share acquisition rights, 3 classes (15,320 share acquisition rights)

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

	As of June 30, 2022	As of June 30, 2023
Net assets (thousands of yen)	2,223,929	2,573,506
Amount deducted from net assets (thousands of yen)	3,889	8,392
(Of which, share acquisition rights) (thousands of yen)	(1,950)	(4,701)
(Of which, non-controlling interests) (thousands of yen)	(1,938)	(3,690)
Net assets of common stock at the end of the fiscal year (thousands of yen)	2,220,039	2,565,114
Number of common shares used to calculate total equity per share at the end of the fiscal year (shares)	5,274,729	5,292,182

(Significant subsequent events)
Not applicable.