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## Consolidated Financial Results for the Nine Months Ended April 30, 2024 (August 1, 2023 to April 30, 2024) [Japanese GAAP]

June 7, 2024

Company name: I'll Inc.

Stock exchange listing: Tokyo

Stock Exchange, Prime Market

Code number: 3854 URL <https://www.ill.co.jp>

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Scheduled date for filing quarterly securities report: June 14, 2024

Scheduled date for dividend payment commencement: -

Availability of supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing session: No

(Amounts less than ¥1 million rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended April 30, 2024 (August 1, 2023 to April 30, 2024)

#### (1) Consolidated Operating Results (Cumulative) (% indicates change from previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Nine months ended April 30, 2024	12,869	10.3	3,266	23.8	3,284	23.5	2,184	26.4
Nine months ended April 30, 2023	11,662	23.5	2,639	71.0	2,659	70.4	1,728	72.5

(Note) Comprehensive income: Nine months ended April 30, 2024 ¥2,155 Million (25.1%) Nine months ended April 30, 2023 ¥1,722 Million (72.4%)

	Net profit per share	Diluted net profit per share Net profit per share
	Yen	Yen
Nine months ended April 30, 2024	87.28	-
Nine months ended April 30, 2023	69.06	-

(Note) Diluted net profit per share is not shown because there are no dilutive shares.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ Million	¥ Million	%
Nine months ended April 30, 2024	13,624	8,994	66.0
Fiscal year ended July 31, 2023	12,115	7,740	63.9

(Reference) Shareholders' equity Nine months ended April 30, 2024 ¥8,994 Million Fiscal year ended July 31, 2023 ¥ 7,740 Million

### 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2023	-	11.00	-	20.00	31.00
Fiscal year ending July 31, 2024	-	16.00	-		
Fiscal year ending July 31, 2024 (Forecast)				24.00	40.00

(Note) Revision to the dividend forecast announced most recently: Yes

For the revision of the dividend forecast, please see "Notice Concerning Revision of Full Year Consolidated Financial Forecasts and Dividend Forecast (Dividend Increase)" released today (June 7, 2024).

3. Consolidated Financial Forecasts for the Fiscal Year Ending July 31, 2024 (August 1, 2023 to July 31, 2024)  
(% indicates changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
Full year	17,350	9.0	4,250	19.8	4,272	19.6	2,851	15.4	113.93

(Note) Revision to the financial forecasts announced most recently: Yes  
For the revision of the consolidated financial forecasts, please see "Notice Concerning Revision of Full Year Consolidated Financial Forecasts and Dividend Forecast (Dividend Increase)" released today (June 7, 2024).

\* Notes

(1) Changes in significant subsidiaries during the nine months ended April 30, 2024 (changes in specific subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting treatment for the preparation of the quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)	Nine months ended April 30, 2024	25,042,528 shares	Fiscal year ended July 31, 2023	25,042,528 shares
2) Total number of treasury shares at the end of the period	Nine months ended April 30, 2024	11,219 shares	Fiscal year ended July 31, 2023	10,019 shares
3) Average number of shares during the period	Nine months ended April 30, 2024	25,031,661 shares	Nine months ended April 30, 2023	25,033,208 shares

\*This quarterly consolidated financial results report is not subject to the quarterly review by a certified public accountant or an auditing firm.

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

(Notice regarding future statements)

The financial forecasts stated in this document are based on information available as of the date of this document. These forecasts should not be construed as a promise by the Company to achieve. Actual results may differ from these forecasts due to uncertain factors, such as economic trends. For notes about assumptions behind the financial forecasts and how to use these financial forecasts, refer to page 4 "1. Qualitative Information Regarding Financial Results for the Period Under Review, (3) Explanation of Consolidated Financial Forecasts and Other Future Projections."

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## 1. Qualitative Information Regarding Financial Results for the Period Under Review

### (1) Explanation of Operating Results

During the nine months ended April 30, 2024 (August 1, 2023 to April 30, 2024), the Japanese economy was on a gradual trend of recovery as restrictions on socio-economic activities to prevent the spread of COVID-19 were lifted almost entirely. On the other hand, it is necessary to keep close tabs on the impact on the Japanese economy of such matters as a downturn in overseas economies due to monetary tightening, soaring raw material and energy prices, and the 2024 Noto Peninsula Earthquake.

Information system investment in Japan is booming, mainly in digital transformation which conducts a business transformation that utilizes digital technologies to address labor shortages. Under these current market conditions, the I'll Group is pursuing its "CROSS-OVER Synergy" strategy in order to strengthen the business of its customers. Through a combination of "real" and "online" products and services, the I'll Group develops and proposes solutions for mid-tier and small/medium-size corporate clients that need to efficiently use IT to solve their management issues. The "CROSS-OVER Synergy" strategy is an initiative to increase the business efficiency and strengthen the sales capabilities of customers, by proposing a combination of real and online products and services through the I'll Group's unique value proposition style. This strategy not only gives the I'll Group a competitive edge during negotiations, but also enhances the satisfaction of its customers. In addition, to promote sustainable growth, I'll has introduced an integrated production-sales system where sales representatives and system engineers are placed in the same organization to enhance mutual collaboration. This has improved the accuracy of projects by determining customer requirements at the time of quotation, strengthened the project management system, and reduced man-hours of customer support after the system operation starts by improving delivery quality, thereby strengthening the profit structure.

As for sales results, I'll has continued on the real world front to broaden the product appeal of its mainstay Aladdin Office software package for each business sector. In sales, it collaborated with partner companies and saw orders remain firm as it proposed ways for optimum system use for each client on the basis of plenty of by-industry installment examples. In terms of revenue, the project turnover improved due to the integrated production-sales system, and the introduction of new packages and the enhancement of functionalities and options have led to an improvement in the gross profit margin. As a result, each stage of profit has surpassed the performance of the same period of the previous consolidated fiscal year.

On the online world, the Company continued collaborative development anew in the fiscal year with online store operators on the CROSS MALL cloud service, which integrates the management of multiple online stores. The Company will continue to increase its capability to collaborate with multiple malls and continue up-front investments such as the release of a successor service "BACKYARD™" and the opening of a service showroom "BACKYARD TOKYO" to increase sales results in the mid- to long-term. Also, the Company is achieving growth in sales of the CROSS Point cloud service which allows integrated management of reward points and customers of online and physical stores.

In the nine months ended April 30, 2024, the Company continued to focus on product development and booked ¥47,187,000 for research and development to increase market competitiveness through development of new technologies in the future. At the I'll Matsue Laboratory, an R&D base in Matsue, Shimane Prefecture, far-sighted system enhancements are progressing as planned. The Company plans to increase the number of R&D personnel and heighten R&D activities.

As a result, for the nine months ended April 30, 2024, net sales were ¥12,869,659,000 (up 10.3% year on year), operating profit was ¥3,266,980,000 (up 23.8% year on year), ordinary profit was ¥3,284,707,000 (up 23.5% year on year), and profit attributable to owners of parent was ¥2,184,645,000 (up 26.4% year on year).

### (2) Explanation of Financial Position

As of the end of the third quarter period under review, total assets amounted to ¥13,624,179,000, an increase of ¥1,508,851,000 from the end of the previous fiscal year. This was mainly attributable to increases of ¥676,397,000 in cash and deposits, ¥432,610,000 in notes and accounts receivable – trade, and contract assets, and ¥122,457,000 in software in progress.

Total liabilities amounted to ¥4,629,797,000, an increase of ¥254,885,000 from the end of the previous fiscal year. This was mainly attributable to an increase of ¥325,375,000 in provision for bonuses, despite a decrease of ¥68,822,000 in accounts payable – other included in "other" under current liabilities.

Total net assets amounted to ¥8,994,381,000, an increase of ¥1,253,965,000 from the end of the previous fiscal year. This primarily reflected an increase due mainly to ¥2,184,645,000 in profit attributable to owners of parent, despite a decrease due to ¥901,152,000 in dividends of surplus.

### (3) Explanation of Consolidated Financial Forecasts and Other Future Projections

The consolidated financial forecasts for the fiscal year ending July 31, 2024, released on September 8, 2023, are included in "Notice Concerning Revision of Full Year Consolidated Financial Forecasts and Dividend Forecast (Dividend Increase)" released on June 7, 2024. Please refer to the relevant disclosure documents for details.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2023 (As of July 31, 2023)	For the nine months ended April 30, 2024 (As of April 30, 2024)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	5,639,851	6,316,248
Notes and accounts receivable – trade, and contract assets	3,620,055	4,052,665
Merchandise	238,459	279,753
Work in process	20,468	18,703
Other	158,506	184,093
Allowance for doubtful accounts	(2,208)	(4,224)
<b>Total current assets</b>	<b>9,675,133</b>	<b>10,847,239</b>
Non-current assets:		
Tangible fixed assets	560,589	551,054
Intangible assets:		
Software	633,543	645,596
Software in progress	202,695	325,152
Other	1,739	1,739
<b>Total intangible assets</b>	<b>837,978</b>	<b>972,488</b>
Investments and other assets:		
Deferred tax assets	449,235	581,375
Other	595,595	676,333
Allowance for doubtful accounts	(3,203)	(4,313)
<b>Total investments and other assets</b>	<b>1,041,627</b>	<b>1,253,395</b>
<b>Total non-current assets</b>	<b>2,440,194</b>	<b>2,776,939</b>
<b>Total assets</b>	<b>12,115,327</b>	<b>13,624,179</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable – trade	530,526	612,498
Income taxes payable	735,180	705,949
Provision for bonuses	100,000	425,375
Provision for product warranties	15,599	15,257
Other	1,165,306	915,065
<b>Total current liabilities</b>	<b>2,546,612</b>	<b>2,674,146</b>
Non-current liabilities:		
Retirement benefit liabilities	1,126,616	1,206,272
Provision for retirement benefits for directors	463,707	511,465
Asset retirement obligations	230,894	232,649
Other	7,081	5,265
<b>Total non-current liabilities</b>	<b>1,828,299</b>	<b>1,955,651</b>
<b>Total liabilities</b>	<b>4,374,912</b>	<b>4,629,797</b>

(Thousands of yen)

	Fiscal 2023 (As of July 31, 2023)	For the nine months ended April 30, 2024 (As of April 30, 2024)
Net assets		
Shareholders' equity:		
Capital stock	354,673	354,673
Capital surplus	319,673	319,673
Retained earnings	6,975,620	8,259,113
Treasury shares	(10,080)	(10,080)
Total shareholders' equity	7,639,888	8,923,381
Other accumulated comprehensive income		
Accumulated adjustments for retirement benefits	100,527	71,242
Valuation difference on available-for-sale securities	-	(242)
Total other accumulated comprehensive income	100,527	70,999
Total net assets	7,740,415	8,994,381
Total liabilities and net assets	12,115,327	13,624,179

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the nine months ended April 30, 2024)

(Thousands of yen)

	For the nine months ended April 30, 2023 (From August 1, 2022 to April 30, 2023)	For the nine months ended April 30, 2024 (From August 1, 2023 to April 30, 2024)
Net sales	11,662,974	12,869,659
Cost of sales	5,284,850	5,638,446
Gross profit	6,378,124	7,231,213
Selling, general and administrative expenses	3,738,847	3,964,233
Operating profit	2,639,276	3,266,980
Non-operating income:		
Commission income	14,315	11,930
Subsidy income	5,637	5,850
Other	711	480
Total non-operating income	20,663	18,260
Non-operating expenses:		
Interest expenses	695	480
Other	49	53
Total non-operating expenses	745	534
Ordinary profit	2,659,195	3,284,707
Extraordinary losses:		
Loss on retirement of non-current assets	9	0
Total extraordinary losses	9	0
Net profit before taxes	2,659,185	3,284,707
Corporate, resident, enterprise taxes	1,033,018	1,219,181
Corporate and other taxes – deferred	(102,537)	(119,120)
Total corporate and other taxes	930,480	1,100,061
Net profit	1,728,704	2,184,645
Profit attributable to owners of parent	1,728,704	2,184,645

(Quarterly Consolidated Statements of Comprehensive Income)

(For the nine months ended April 30, 2024)

(Thousands of yen)

	For the nine months ended April 30, 2023 (From August 1, 2022 to April 30, 2023)	For the nine months ended April 30, 2024 (From August 1, 2023 to April 30, 2024)
Net profit	1,728,704	2,184,645
Other comprehensive income:		
Adjustment amount for retirement benefits	(5,915)	(29,284)
Valuation difference on available-for-sale securities	-	(242)
Total other comprehensive income	(5,915)	(29,527)
Comprehensive income	1,722,789	2,155,118
(Breakdown)		
Comprehensive income attributable to owners of parent	1,722,789	2,155,118
Comprehensive income attributable to non-controlling interests	-	-



(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

No applicable matters.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

No applicable matters.