



Consolidated Financial Results for the for the Fiscal Year Ended July 31, 2021

September 6, 2021

Company name: I'll Inc. Stock exchange listing: Tokyo Stock Exchange, First Section
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 Scheduled date for dividend payment commencement: October 29, 2021
 Scheduled date of filing investment securities report: October 28, 2021
 Availability of supplementary briefing material on financial results: Yes
 Financial results briefing session: No

(Amounts less than ¥1 million rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (August 1, 2020 to July 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Fiscal year ended July 31, 2021	13,203	4.1	1,829	7.6	1,856	8.2	1,224	2.9
Fiscal year ended July 31, 2020	12,679	20.5	1,700	78.8	1,715	76.3	1,189	91.5

(Note) Comprehensive income: Fiscal year ended July 31, 2021 ¥1,251 million (6.5%) Fiscal year ended July 31, 2020 ¥1,175 million (79.6%)

	Net profit per share	Diluted net profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended July 31, 2021	48.89	—	29.5	23.2	13.9
Fiscal year ended July 31, 2020	47.55	—	36.2	24.1	13.4

(Reference) Share of profit or loss of entities accounted for using equity method Fiscal year ended July 31, 2021 - ¥ Million Fiscal year ended July 31, 2020 - ¥ Million

(Notes) 1. The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. Net profit per share is calculated assuming the stock split occurred at the beginning of the previous fiscal year.

2. Diluted net profit per share is not shown because there are no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
Fiscal year ended July 31, 2021	8,449	4,589	54.3	183.33
Fiscal year ended July 31, 2020	7,585	3,713	49.0	148.33

(Reference) Shareholders' equity: Fiscal year ended July 31, 2021 ¥4,589 million Fiscal year ended July 31, 2020 ¥3,713 million

(Note) The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. Net assets per share is calculated assuming the stock split occurred at the beginning of the previous fiscal year.

(3) Status of consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	¥ Million	¥ Million	¥ Million	¥ Million
Fiscal year ended July 31, 2021	2,027	(216)	(551)	3,453
Fiscal year ended July 31, 2020	2,088	(587)	(663)	2,194

2. Dividends

	Annual dividends					Dividends (Total)	Dividend payout ratio (Consolidated)	Dividend to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of year	Total			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
Fiscal year ended July 31, 2020	–	7.00	–	8.00	15.00	375	31.5	11.4
Fiscal year ended July 31, 2021	–	7.00	–	10.00	17.00	425	34.8	10.3
Fiscal year ending July 31, 2022 (Forecast)	–	8.00	–	9.00	17.00		32.8	

(Note) Breakdown of year-end dividends for the fiscal year ended July 31, 2021: Ordinary dividends ¥8, commemorative dividends ¥2

3. Consolidated Financial Forecasts for the Fiscal Year Ending July 31, 2022 (August 1, 2021 to July 31, 2022)

(% indicates change from previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
First half	6,130	–	759	–	768	–	495	–	19.78
Full year	13,300	–	2,000	–	2,026	–	1,297	–	51.81

(Notes) 1. Financial forecasts for the fiscal year ending July 31, 2022 reflect current assumptions about the impact from the COVID-19 pandemic. If the need to revise financial forecasts arises, the Company will promptly disclose the revisions.

2. In order to apply the "Accounting Standards for Revenue Recognition" (Corporate Accounting Policy No. 29) from the start of the fiscal year ending July 31, 2022, the above consolidated financial forecast is the amount after applying the relevant accounting standard, and does not include the change from the previous corresponding period.

*Notes

(1) Changes in significant subsidiaries during the period

(changes in specific subsidiaries resulting in changes in scope of consolidation): No

(2) 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

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock)	Fiscal year ended July 31, 2021	25,042,528 shares	Fiscal year ended July 31, 2020	25,042,528 shares
2) Total number of treasury stock at the end of the period	Fiscal year ended July 31, 2021	6,994 shares	Fiscal year ended July 31, 2020	5,094 shares
3) Average number of shares during the period:	Fiscal year ended July 31, 2021	25,036,364 shares	Fiscal year ended July 31, 2020	25,020,636 shares

(Note) The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. The number of issued shares at the end of the period and the average number of shares during the period are calculated assuming the stock split occurred at the beginning of the previous fiscal year.

(Reference) Non-consolidated financial results summary

Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2021 (August 1, 2020 to July 31, 2021)

(1) Non-consolidated Operating Results

(% indicates change from previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Net profit during the period	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Fiscal year ended July 31, 2021	12,817	4.4	1,758	7.5	1,803	7.9	1,202	4.0
Fiscal year ended July 31, 2020	12,278	21.2	1,636	84.6	1,670	80.2	1,155	91.1

	Net profit per share	Diluted net profit per share
	Yen	Yen
Fiscal year ended July 31, 2021	48.03	–
Fiscal year ended July 31, 2020	46.19	–

(Notes) 1. The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. Net profit per share is calculated assuming the stock split occurred at the beginning of the previous business year.

2. Diluted net profit per share is not shown because there are no dilutive shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
Fiscal year ended July 31, 2021	8,160	4,415	54.1	176.38
Fiscal year ended July 31, 2020	7,293	3,584	49.1	143.15

(Reference) Shareholders' equity: Fiscal year ended July 31, 2021 ¥4,415million Fiscal year ended July 31, 2020 ¥3,584million

(Note) The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. Net assets per share is calculated assuming the stock split occurred at the beginning of the previous business year.

*This consolidated financial results report is not subject to the audit 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 2 of the attached document "Overview of Operating Results."

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1. Overview of Operating Results

(1) Overview of Operating Results for the Period

During the fiscal year under review (August 1, 2020 to July 31, 2021), the Japanese economy showed signs of rallying among individual consumption due to the effects of the COVID-19 pandemic, however, the situation remains severe. It is expected that the economy will continue to recover due to measures against COVID-19, promotion of vaccinations, etc., the effects of various policies, and improving economic situations internationally. States of emergency have continued to be issued domestically in 2021, with the fourth declared in July, adversely affecting employment and income conditions. The information service industry in which the I'll Group belongs may be affected by the spread of COVID-19 in the context of weaker investment in software.

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. As a result of this strategy, the I'll Group anticipates firm growth in sales of recurring business in products and services, an area of focus, and a stronger profit structure.

In the real world, I'll has continued to enhance its product offerings in its mainstay Aladdin Office software package for each sector, while collaborating with its partners on the sales front. Sales orders remained firm because, in spite of the COVID-19 pandemic, I'll actively conducted online meetings to propose individualized optimal systems solutions to customers based on its abundant experience of installing systems for each sector. Regarding profitability, net sales and profit at each stage exceeded the results of the fiscal year ended July 31, 2020.

In the online world, I'll continued collaborative development with new online shopping malls on the CROSS MALL software that integrates the management of multiple online stores. The Company will continue to enhance its linkage function with several online malls and also rapidly reflect the opinions of existing customers about the features they want or desire in new functionality with the objective of improving the attractiveness of the product offering and expanding sales. Furthermore, the Company is increasing sales of CROSS POINT, a software that integrates the management of loyalty points and customers for both online and bricks-and-mortar stores.

In the fiscal year under review, I'll continued to concentrate on product development, spending ¥37,048,000 on R&D in a bid to sharpen its market competitiveness through the development of new technologies for the future. At the I'll Matsue Laboratory, the Company's R&D center in Matsue City, Shimane Prefecture, researchers are using the Ruby programming language to enhance systems. The Company plans to increase the number of R&D staff and bolster R&D activities. In June 2021, additional funding was provided to SIVIRA, Inc., which develops blockchain technology. This funding is intended to further bolster collaboration.

As a result, during the fiscal year under review, net sales increased 4.1% year on year to ¥13,203,819,000, operating profit increased 7.6% to ¥1,829,770,000, ordinary profit increased 8.2% to ¥1,856,872,000, and profit attributable to owners of parent increased by 2.9% to ¥1,224,072,000.

(2) Overview of Financial Position for the Period

As of the end of the fiscal year under review, current assets amounted to ¥6,087,790,000, an increase of ¥1,093,911,000 from the end of the previous fiscal year. This is mainly attributable to increases of ¥1,259,279,000 in cash and cash equivalents and ¥625,757,000 in notes and accounts receivable – trade, despite decreases of ¥625,807,000 in work in process and ¥194,403,000 in merchandise. Non-current assets amounted to ¥2,362,160,000, a decrease of ¥229,324,000 from the end of the previous fiscal year. This is mainly attributable to increases of ¥64,170,000 in guarantee deposits despite decreases of ¥178,635,000 in investment securities and ¥93,481,000 in software in progress. As a result, total net assets amounted to ¥8,449,951,000, an increase of ¥864,587,000 from the end of the previous fiscal year.

Current liabilities amounted to ¥2,246,795,000, a decrease of ¥119,682,000 from the end of the previous fiscal year. This is mainly attributable to decreases of ¥161,632,000 in current portion of long-term loans payable, despite an increase of ¥100,931,000 in income taxes payable. Non-current liabilities amounted to ¥1,613,417,000, an increase of ¥108,264,000 from the end of the previous fiscal year. This is attributable to an increase of ¥61,120,000 in provision for retirement benefits for directors, and ¥60,704,000 in retirement benefit liabilities despite a decrease of ¥15,000,000 in long-term borrowings. As a result, total liabilities amounted to ¥3,860,213,000, a decrease of ¥11,417,000 from the end of the previous fiscal year.

Total net assets amounted to ¥4,589,737,000, an increase of ¥876,004,000 from the end of the previous fiscal year. This primarily reflected a decrease of ¥375,555,000 in dividends of surplus, and an increase of ¥1,224,072,000 in profit attributable to owners of

parent.

(3) Overview of Cash Flows for the Period

As of the end of the fiscal year under review, cash and cash equivalents (hereafter referred to as “funds”) amounted to ¥3,453,946,000, an increase of ¥1,259,279,000 from the end of the previous fiscal year.

The cash flow standing attributable to these factors for the fiscal year under review is as follows.

(Cash flow from operating activities)

Increased funds resulting from operating activities amounted to ¥2,027,276,000, a year on year increase of ¥2,088,207,000. This is mainly attributable to profit before income taxes of ¥1,858,395,000, a decrease in inventories of ¥820,211,000, an increase of trade receivables of ¥625,757,000, income tax payment of ¥580,015,000, depreciation of ¥489,002,000, and an increase of accrued expenses of ¥105,616,000.

(Cash flow from investing activities)

Decreased funds resulting from investing activities amounted to ¥216,209,000, a year on year decrease of ¥587,158,000. This is mainly attributable to purchase of intangible assets of ¥307,746,000, proceeds from sale of investment securities and dividends of ¥230,810,000, payments of guarantee deposits of ¥65,244,000, and purchase of property, plant and equipment of ¥58,292,000.

(Cash flow from financing activities)

Decreased funds resulting from financing activities amounted to ¥551,787,000, a year on year decrease of ¥663,335,000. This is attributable to repayments of long-term borrowings of ¥176,632,000 and dividends paid of ¥375,155,000.

(Reference) Changes in cash flow indicators

	Fiscal year ended July 31, 2017	Fiscal year ended July 31, 2018	Fiscal year ended July 31, 2019	Fiscal year ended July 31, 2020	Fiscal year ended July 31, 2021
Equity ratio (%)	38.7	41.9	42.9	49.0	54.3
Market value-based equity ratio (%)	159.7	227.2	315.9	467.5	424.1
No. of bond redemption years	0.9	2.9	0.4	0.1	0.01
Impact coverage ratio (x)	201.5	51.5	304.3	913.2	1,399.3

Equity ratio: Equity/Total assets

Market value-based equity ratio: Market capitalization/Total assets

No. of bond redemption years: Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expense

(Note) Market capitalization is calculated by multiplying the closing price at the fiscal year-end by the number of shares issued at the fiscal year-end.

(4) Future Outlook

Due to the spread of COVID-19, the future outlook remains unclear, and because at the current point in time it is difficult to predict when the pandemic will end, the situation is likely to be difficult to assess for the time being. The COVID-19 pandemic has resulted in postponed business talks and fewer face-to-face negotiations, causing delays among individual orders and acceptance confirmations, as well as restrictions on sales activities for new orders, which could affect the I'll Group's financial performance.

With this situation in mind, the I'll Group plans to propose solutions that bolster corporate competency through efficient use of IT among mid-tier and small/medium-size corporate clients. Beginning with enhanced features for each industry in the mainstay Aladdin Office software package, I'll plans to strengthen online sales products such as the CROSS MALL software that integrates the management of multiple online stores, and CROSS POINT that offers integrated management of loyalty points. The “CROSS-OVER Synergy” strategy is an initiative to improve customer satisfaction through increased net sales and profits via a fusion of real and online products.

Based on the above information and reasonable information that is currently available, consolidated financial forecasts for the fiscal year ending July 31, 2022 are provided below. Projected consolidated financial results are net sales of ¥13,300,000,000, ordinary profit of ¥2,026,000,000, and profit attributable to owners of parent of ¥1,297,000,000. Additionally, in order to apply the “Accounting Standards for Revenue Recognition” (Corporate Accounting Policy No. 29) from the start of the fiscal year ending July 31, 2022, the above consolidated financial forecast is the amount after applying the relevant accounting standard.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

Distributing profits to shareholders is a management priority for I'll, and the Company's basic policy is to do so with comprehensive consideration for maintaining and strengthening competitiveness in the industry through internal reserves, return on equity standards, and dividend payout ratios. Along with efforts to increase earning power, the Company will work to repay the shareholders while strengthening its financial standing.

In order to repay the shareholders for their continued support, a total year-end dividend of ¥10, consisting of the previously forecast ¥8 per share of ordinary dividends and ¥2 per share of the 30th anniversary commemorative dividends. These year-end dividend payments for the fiscal year under review will be submitted for proposal at the 31st annual shareholders' meeting scheduled for October 2021. Combined with the interim dividend of ¥7, the annual dividend will amount to ¥17.

In view of the continuing unclear future economic situation and financial projections for the I'll Group's next fiscal year (fiscal year ending July 31, 2022), annual dividends for the next fiscal year are planned to be ¥17 per share, consisting of interim dividends of ¥8 per share and year-end dividends of ¥9 per share.

(6) Business Risks

Areas that could have a profound impact on the I'll Group's operating results, financial position, and stock prices are shown below. Note that the following items have been identified by the I'll Group based on the current situation as of the end of the fiscal year under review, and do not cover all risks related to investment in the Company's stock.

(i) I'll Group business scope

Since its inception, the I'll Group has primarily served mid-tier and small/medium-size corporations, offering total solutions via IT for client business challenges by building core systems, maintenance support, building networks, security, content provision, building EC sites, software that integrates the management of multiple online stores, software that integrates the management of loyalty points and clients, website usage support, and personnel training.

Accordingly, fluctuations in the environment surrounding mid-tier and small/medium-size corporations and the economy can adversely affect the I'll Group's financial results. If it becomes impossible for the I'll Group to continue offering products and services that meet the needs of mid-tier and small/medium-size corporations, it could adversely affect the Group's financial results and business development.

(ii) Risks involved in the system solutions business

(a) Reliance on specific products

The I'll Group's mainstay product in the system solutions business is the Company's original Aladdin Office Series core business package software. However, competition for better performance is intensifying due to increasing package software needs in the IT industry. The I'll Group's policy is to continue striving for enhanced performance, however, advancements in competitors' package software or low-priced commercial package software could adversely affect the Company's financial results and business development.

(b) Reliance on leasing companies

In system sales, the I'll Group sometimes signs agreements via leasing companies in order to mitigate credit risk. In such cases, direct customers are the leasing companies, which consequently account for a high percentage of total net sales. If transaction policies with leasing companies change due to a changing economic situation, the I'll Group's business and financial results could be adversely affected. Additionally, changes to lease transaction accounting and tax systems resulting in fewer lease transactions could adversely affect the I'll Group's financial results and business development.

(iii) Risks involved in the online solutions business

(a) Website IP property right infringement

In the online solutions business, the I'll Group is contracted to build websites. If infringement of third party copyright, utility model rights, design rights, trademark rights, copyright, or other intellectual property rights occurs, resulting in damages to the customer and subsequent payment of compensation, the I'll Group's financial results and business development could be adversely affected.

(b) System trouble

The I'll Group relies on communication networks such as computers, computer systems, and cloud services. If any number of a variety of unpredictable factors such as network disruption due to a natural disaster or accident, temporary server outage due to sudden increased traffic to the site, or loss of power occur, the I'll Group's business and financial results could be adversely affected. Additionally, the I'll Group takes appropriate security measures to prevent unauthorized access to its computer systems, however, infection by a computer virus or intrusion by a hacker could result in system failure which could adversely affect the I'll Group's

business and financial results.

(4) Risk of I'll Group service obsolescence due to competitors and technical innovation

As a part of the information service industry, the development department at the I'll Group is engaged in improving existing products and R&D efforts in order to deal with the quick pace and sudden changes of technical innovation. However, if new services become prevalent due to faster than expected technical innovation, the software and services provided by the I'll Group could become obsolete, adversely affecting the Company's financial results and business development. Also, intensifying competition resulting in lowered product prices or enhanced performance among competitor products could adversely affect the I'll Group's financial results and business development.

(5) Financial result differences in the first and second halves

The I'll Group's financial results in the second half of the year tend to exceed those of the first half, with changes from the fiscal year ended July 31, 2020 and onward shown in the table below. For the fiscal year ended July 31, 2020, financial results were concentrated in the first half due to the consumption tax revision enacted October 2019 and the end of support for Windows 7 in January 2020.

The I'll Group works to eliminate development efficiency fluctuations when the above effects occur, working to correct overemphasis on sales recording periods by order equalization and orders for continuous maintenance services, and actively hiring engineers year-round to ensure a certain standard of technical expertise.

(Thousands of yen, %)

	Previous business year				Business year under review			
	First half		Second half		First half		Second half	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net sales	6,765,791	55.1	5,513,109	44.9	6,386,536	49.8	6,431,345	50.2
Ordinary profit	1,202,412	72.0	468,213	28.0	911,903	50.6	891,099	49.4
Net profit during the period	779,277	67.4	376,534	32.6	598,853	49.8	603,588	50.2

(Thousands of yen, %)

	Previous fiscal year				Fiscal year under review			
	First half		Second half		First half		Second half	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net sales	6,957,780	54.9	5,721,847	45.1	6,596,530	50.0	6,607,289	50.0
Ordinary profit	1,232,422	71.8	483,074	28.2	971,594	52.3	885,278	47.7
Profit attributable to owners of parent	809,971	68.1	379,668	31.9	635,824	51.9	588,248	48.1

(6) Management of confidential information

The I'll Group sometimes handles highly confidential information in the course of doing business, including business partner information and personal information held by clients. In order to properly manage such confidential information, the Company has obtained ISMS (ISO27001) certification and the PrivacyMark (ISO15001) in addition to ensuring that employees are familiar with information management based on company regulations such as the "Information Security Guidelines" and "Personal Information Protection Standards." While employees work to strengthen information management frameworks, measures against confidential information leaks are implemented, such as having each temporary staff member assigned to the I'll Group sign a Nondisclosure Agreement. However, if unauthorized outside access, system flaws or failures, human error in handling confidential information, intentional information leaks, deletion, or fraudulent use by employees occurs, it could result in loss of trust and monetary damages depending on how the situation is handled. Such cases could adversely affect the I'll Group's financial results and business development.

(7) COVID-19 pandemic

The spread of COVID-19 across the globe has raised concerns over the impact on the I'll Group's business activities. Risks to orders include the possibility of clients failing to renew contracts with the I'll Group, unwillingness of customers to invest, and inability of attracting new customers according to plan if changes to client business environments or sweeping changes to investment plans in information systems occur. Because we currently recommend that I'll Group employees work from home, production risks include the possibility of being unable to provide high-quality services expected by clients, as well as delays in

consulting and system development. These factors could adversely affect the I'll Group's financial results and position. Note that future matters noted in this document were determined by the I'll Group to be current as of the release date of the Consolidated Financial Results. Because the end of the COVID-19 pandemic remains unclear, the actual risks are not limited to those noted above.

2. Corporate Group Standing

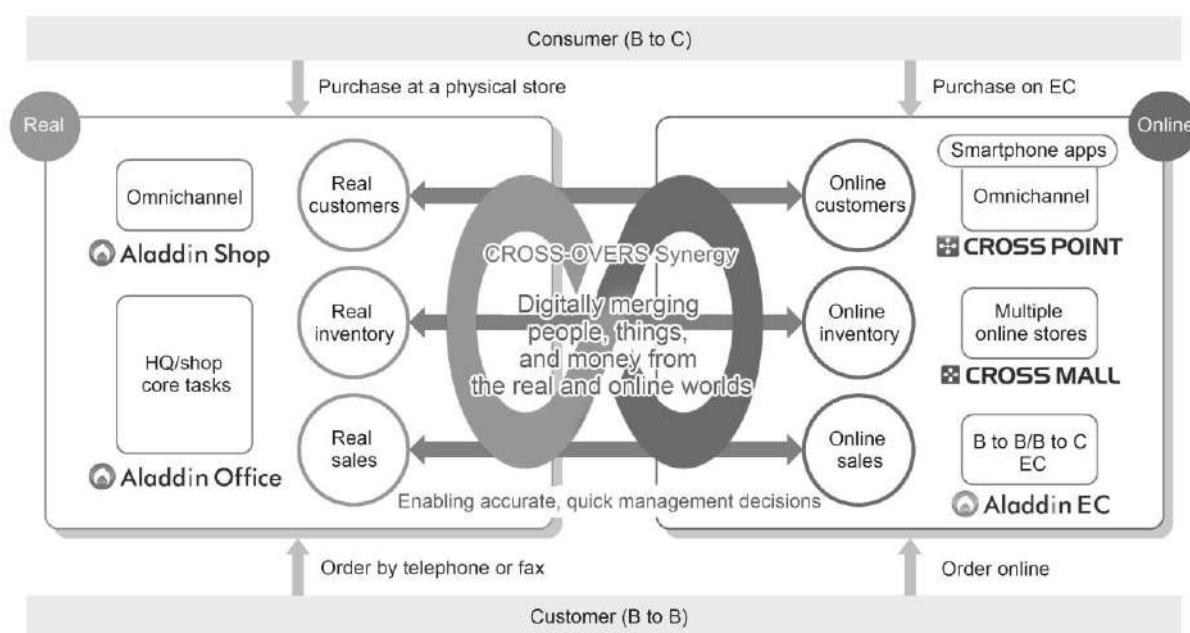
As of the end of the fiscal year under review, the Group consists of the Company (I'll Inc.) and the consolidated subsidiary (Web Base Co.), and the two domains of systems solutions business and online solutions business.

(1) Systems solutions business

This business consists of general system provision to customers, including building core systems, hardware maintenance, system operation support, building networks, and security maintenance. In this domain, Web Base, a Group consolidated subsidiary, develops and maintains store management systems for the fashion industry.

(2) Online solutions business

This business consists of building and supporting client sales promotion websites and providing client business analysis and business strategy consultation, promotion, building EC sites, providing software that integrates the management of multiple online stores, and software that integrates the management of loyalty points.



3. Basic Thinking on Selection of Accounting Standards

The I'll Group applies Japan Generally Accepted Accounting Standards in order to maintain comparability between corporations and over time.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of July 31, 2020)	Fiscal year under review (As of July 31, 2021)
Assets		
Current assets:		
Cash and cash equivalents	2,194,666	3,453,946
Notes and accounts receivable – trade	1,202,439	1,828,197
Merchandise	296,824	102,421
Work in process	1,171,533	545,725
Other	130,422	159,954
Allowance for doubtful accounts	(2,007)	(2,454)
Total current assets	4,993,879	6,087,790
Non-current assets:		
Plant, property and equipment		
Buildings and structures	371,952	382,736
Accumulated depreciation	(47,341)	(57,136)
Buildings and structures (net amount)	324,611	325,599
Tools, equipment, fixtures	394,346	428,776
Accumulated depreciation	(255,822)	(314,947)
Tools, equipment, fixtures (net amount)	138,524	113,829
Total plant, property and equipment	463,135	439,428
Intangible assets:		
Software	821,432	818,376
Software in progress	209,057	115,575
Other	1,739	1,739
Total intangible assets	1,032,229	935,691
Investments and other assets:		
Investment securities	225,351	46,716
Guarantee deposits	400,073	464,243
Deferred tax assets	368,721	397,821
Other	104,900	79,279
Allowance for doubtful accounts	(2,926)	(1,020)
Total investments and other assets	1,096,120	987,040
Total non-current assets	2,591,485	2,362,160
Total assets	7,585,364	8,449,951

(Thousands of yen)

	Previous fiscal year (As of July 31, 2020)	Fiscal year under review (As of July 31, 2021)
Liabilities		
Current liabilities:		
Accounts payable – trade	384,335	381,655
Current portion of long-term loans payable	176,632	15,000
Accounts payable – other	236,043	259,662
Deposits received	237,465	272,125
Income taxes payable	359,556	460,488
Provision for bonuses	70,000	81,200
Reserve for product warrantees	26,104	24,914
Other	876,341	751,749
Total current liabilities	2,366,478	2,246,795
Non-current liabilities:		
Long-term borrowings	15,000	–
Retirement benefit liabilities	1,006,187	1,066,892
Provision for retirement benefits for directors	312,430	373,550
Asset retirement obligations	171,534	172,974
Total non-current liabilities	1,505,152	1,613,417
Total liabilities	3,871,631	3,860,213
Net assets		
Shareholders' equity:		
Capital stock	354,673	354,673
Capital surplus	319,673	319,673
Retained earnings	3,062,544	3,911,062
Treasury shares	(9,872)	(9,872)
Total shareholders' equity	3,727,019	4,575,537
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,709)	–
Remeasurements of defined benefit plans	(8,577)	14,200
Total accumulated other comprehensive income	(13,287)	14,200
Total net assets	3,713,732	4,589,737
Total liabilities and net assets	7,585,364	8,449,951

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Previous fiscal year (From August 1, 2019 to July 31, 2020)	Fiscal year under review (From August 1, 2020 to July 31, 2021)
Net sales	12,679,627	13,203,819
Cost of sales	7,014,885	7,066,505
Gross profit	5,664,741	6,137,314
Selling, general and administrative expenses	3,964,606	4,307,543
Operating profit	1,700,135	1,829,770
Non-operating income:		
Commission income	12,419	10,966
Subsidy income	8,284	14,830
Penalty income	1,962	2,189
Other	1,217	1,464
Total non-operating income	23,883	29,449
Non-operating expenses:		
Interest expenses	2,286	1,448
Commission expenses	6,119	718
Other	115	179
Total non-operating expenses	8,522	2,347
Ordinary profit	1,715,496	1,856,872
Extraordinary income		
Gain on sales of investment securities	–	4,073
Total extraordinary income	–	4,073
Extraordinary losses:		
Loss on retirement of non-current assets	872	21
Loss on sales of investment securities	1,136	2,530
Total extraordinary losses	2,008	2,551
Profit before income taxes	1,713,488	1,858,395
Income taxes – current	525,746	673,465
Income taxes – deferred	(1,897)	(39,143)
Total income taxes	523,848	634,322
Net profit during the period	1,189,639	1,224,072
Profit attributable to owners of parent	1,189,639	1,224,072

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (From August 1, 2019 to July 31, 2020)	Fiscal year under review (From August 1, 2020 to July 31, 2021)
Net profit during the period	1,189,639	1,224,072
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,355)	4,709
Remeasurements of defined benefit plans, net of tax	(12,801)	22,777
Total other comprehensive income	(14,156)	27,487
Comprehensive income:	1,175,483	1,251,560
(Breakdown)		
Comprehensive income attributable to owners of parent	1,175,483	1,251,560
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes to Shareholders' Equity
 Previous fiscal year (From August 1, 2019 to July 31, 2020)

(Thousands of yen)

	Shareholders' equity:				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	354,673	319,673	2,176,379	–	2,850,727
Changes for period					
Dividends of surplus			(300,019)		(300,019)
Profit attributable to owners of parent			1,189,639		1,189,639
Acquisition of treasury shares				(142,880)	(142,880)
Disposition of treasury shares		(3,455)		133,008	129,552
Transfer of loss on disposition of treasury shares		3,455	(3,455)		–
Net changes in items other than shareholders' equity					
Total change during period	–	–	886,164	(9,872)	876,292
Balance at end of year	354,673	319,673	3,062,544	(9,872)	3,727,019

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of year	(3,354)	4,223	869	2,851,596
Changes for period				
Dividends of surplus				(300,019)
Profit attributable to owners of parent				1,189,639
Acquisition of treasury shares				(142,880)
Disposition of treasury shares				129,552
Transfer of loss on disposition of treasury shares				–
Net changes in items other than shareholders' equity	(1,355)	(12,801)	(14,156)	(14,156)
Total change during period	(1,355)	(12,801)	(14,156)	862,135
Balance at end of year	(4,709)	(8,577)	(13,287)	3,713,732

Fiscal year under review (From August 1, 2020 to July 31, 2021)

(Thousands of yen)

	Shareholders' equity:				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of year	354,673	319,673	3,062,544	(9,872)	3,727,019
Changes for period					
Dividends of surplus			(375,555)		(375,555)
Profit attributable to owners of parent			1,224,072		1,224,072
Acquisition of treasury shares					-
Disposition of treasury shares					-
Transfer of loss on disposition of treasury shares					-
Net changes in items other than shareholders' equity					
Total change during period	-	-	848,517	-	848,517
Balance at end of year	354,673	319,673	3,911,062	(9,872)	4,575,537

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of year	(4,709)	(8,577)	(13,287)	3,713,732
Changes for period				
Dividends of surplus				(375,555)
Profit attributable to owners of parent				1,224,072
Acquisition of treasury shares				-
Disposition of treasury shares				-
Transfer of loss on disposition of treasury shares				-
Net changes in items other than shareholders' equity	4,709	22,777	27,487	27,487
Total change during period	4,709	22,777	27,487	876,004
Balance at end of year	-	14,200	14,200	4,589,737

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous fiscal year (From August 1, 2019 to July 31, 2020)	Fiscal year under review (From August 1, 2020 to July 31, 2021)
Cash flow from operating activities		
Profit before income taxes	1,713,488	1,858,395
Depreciation	352,925	489,002
Increase (decrease) in provision for bonuses	25,200	11,200
Increase (decrease) in allowance for doubtful accounts	1,358	(1,458)
Increase (decrease) in reserve for product warranties	(4,726)	(1,190)
Increase (decrease) in retirement benefit liability	82,386	93,525
Increase (decrease) in provision for retirement benefits for directors	58,062	61,120
Loss on retirement of non-current assets	872	21
Loss (gain) on sale of investment securities	1,136	(1,543)
Share-based payment expenses	11,148	28,539
Interest and dividend income	(110)	(118)
Interest expenses	2,286	1,448
Decrease (increase) in trade receivables	198,106	(625,757)
Decrease (increase) in inventories	117,850	820,211
Increase (decrease) in trade payables	(126,236)	(2,679)
Increase (decrease) in accounts payable — other	(105,370)	20,479
Increase (decrease) in deposits received	(8,757)	34,659
Increase (decrease) in accrued expenses	(31,867)	105,616
Other	315,467	(283,025)
Subtotal	2,603,219	2,608,445
Interest and dividends received	110	118
Interest paid	(2,071)	(1,272)
Income taxes paid	(513,051)	(580,015)
Net cash provided by (used in) operating activities	2,088,207	2,027,276
Cash flow from investing activities		
Purchase of property, plant and equipment	(108,656)	(58,292)
Purchase of investment securities	(100,078)	(16,811)
Proceeds from sale of investment securities and dividends	16,868	230,810
Purchase of intangible assets	(396,409)	(307,746)
Payments of guarantee deposits	(1,900)	(65,244)
Proceeds from refund of guarantee deposits	218	1,075
Other	2,799	(0)
Net cash provided by (used in) investing activities	(587,158)	(216,209)
Cash flow from financial activities		
Repayments of long-term borrowings	(220,008)	(176,632)
Purchase of treasury shares	(142,880)	—
Dividends paid	(300,447)	(375,155)
Net cash provided by (used in) financing activities	(663,335)	(551,787)
Net increase (decrease) in cash and cash equivalents	837,712	1,259,279
Cash and cash equivalents at beginning of period	1,356,953	2,194,666
Cash and cash equivalents at end of period	2,194,666	3,453,946

(5) Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

No applicable matters.

(Important Notes on the Basics of Creating Consolidated Financial Statements)

1. Notes on scope of consolidation

(1) Number of consolidated subsidiaries: 1

Consolidated subsidiary name: Web Base Co.

(2) Names of primary non-consolidated subsidiaries

No applicable matters.

2. Notes on application of equity method

No applicable matters.

3. Notes on consolidated subsidiary business year

The closing date for the consolidated subsidiary is March 31. The consolidated financial statements are created based on financial statements that have been provisionally settled in accordance with the full year settlement as of the consolidated settlement date.

4. Notes on the accounting policies

(1) Standards and methods for valuation of important assets

(i) Securities

Available-for-sale securities

Those with market value

Valued at fair value (the valuation difference is reported as a component of shareholders' equity, and the retirement cost is calculated via the moving average method) based on the market price as of the end of the consolidated fiscal year.

Those with no market value

The cost method is used via the moving average method.

(ii) Inventories

Merchandise

The cost method (the balance sheet value is devalued based on a decline in profitability) is used via the specific identification method.

Work in process

The cost method (the balance sheet value is devalued based on a decline in profitability) is used via the specific identification method.

(2) Devaluation method for important depreciable assets

(i) Property, plant and equipment

The declining balance method is used. However, the straight-line method is used for buildings (excluding leasehold improvements) acquired on or after April 1, 1998, and for leasehold improvements and structures acquired on or after April 1, 2016.

The primary useful life is as follows:

Buildings and structures: 8 to 50 years

Tools, equipment, fixtures: 4 to 20 years

(ii) Intangible assets

Software used by the Company

The straight-line method is used based on the usable period (5 years) in-house.

Software for commercial sale

The amount written off based on the expected sales revenue is compared with the average budget amount based on the expected sales period (3 years), and the larger value is recorded.

(3) Recording standards for important allowances

(i) Allowance for doubtful accounts

In order to prepare for losses due to doubtful accounts such as trade receivables, the estimated unrecoverable amount is recorded for general claims based on the past doubtful account rate, and for specific claims such as those with concerns over doubtful accounts, the unrecoverable amount is recorded by individually considering the recoverability.

(ii) Provision for bonuses

In order to pay employee bonuses, the amount that falls within the fiscal year under review is recorded from among the estimated amount to be paid.

(iii) Reserve for product warranties

In order to prepare for free product repairs, a future estimated amount is recorded based on past results.

(iv) Provision for retirement benefits for directors

In order to pay retirement benefits for directors, the amount to be paid at the end of the period is recorded based on the bylaws for retirement benefits for directors.

(v) Provision for loss on order received

In order to prepare for future losses related to order agreements, the expected loss amount at the end of the fiscal year under review is recorded.

(4) Accounting method for retirement benefits

(i) Estimated retirement benefit amount period assignment method

When calculating retirement benefit obligations, the method of assigning the estimated retirement benefit amount to the period up to the end of the fiscal year under review is based on the benefit formula standard.

(ii) Actuarial gain/loss expense processing method

Actuarial gain/loss is amortized using the straight-line method over certain years within the average of the remaining service years for employees (3 years) at the time of recognition in each consolidated fiscal year, and allocated proportionately from the fiscal years following the respective fiscal years of recognition.

(5) Recording standards for important income and expenses

Recording standards for income and expenses involved with order-made software

The percentage of completion standard (cost to cost method for estimating the progress rate) is applied to contracts for which the certainty of results for progress up to the end of the fiscal year under review is confirmed, and the completed contract method is applied to the other contracts.

(6) Scope of funds in consolidated statement of cash flows

This consists of cash on hand, deposits that can be withdrawn as needed, and easily redeemable short-term investments with minimal risk of value fluctuation and a redemption date due within 3 months of the acquisition date.

(7) Other important notes on creating consolidated financial statements

Consumption tax accounting processes

Consumption tax accounting processes are handled using the pre-tax method.

(Additional Information)

(Accounting estimates for impact from COVID-19 pandemic)

In (Additional Information), (Accounting estimates for impact from COVID-19 pandemic) in the annual securities report for the previous fiscal year, the I'll Group stated that it was making accounting estimates on the assumption that the impact from the spread of the COVID-19 pandemic would be largely contained during the fiscal year ending July 31, 2021. However, it is extremely difficult to make an accurate estimate as to when the COVID-19 pandemic will be contained and the Group now expects that there will likely continue to be an impact through the first half of the next fiscal year. At the current time, the Group is implementing accounting processes understanding that there is not expected to be a major impact to the accounting estimates for valuation of inventories, amortization of software for market sale, etc.

In addition, in the event that that the COVID-19 pandemic spreads or lasts longer and the estimates referenced above change, there could be an impact to our financial results.

(Segment Information)

Because the I'll Group is a single segment, this section is omitted.

(Information on Net Profit Per Share)

	Previous fiscal year (From August 1, 2019 to July 31, 2020)	Fiscal year under review (From August 1, 2020 to July 31, 2021)
Net assets per share	¥148.33	¥183.33
Net profit per share	¥47.55	¥48.89

(Notes) 1. The Company conducted a 2-for-1 stock split for common stock on November 1, 2019.

Net assets per share and net profit per share are calculated assuming the stock split occurred at the beginning of the previous fiscal year.

2. Diluted net profit per share is not shown because there are no dilutive shares.

3. The basis for calculating the net assets per share is as follows.

	Previous fiscal year (As of July 31, 2020)	Fiscal year under review (As of July 31, 2021)
Total net assets (Thousands of yen)	3,713,732	4,589,737
Amount deducted from total net assets (Thousands of yen)	—	—
Net assets at end of period related to common stock (Thousands of yen)	3,713,732	4,589,737
Number of common stock used in calculating the net assets per share (shares)	25,037,434	25,035,534

4. The basis for calculating the net profit per share is as follows.

	Previous fiscal year (From August 1, 2019 to July 31, 2020)	Fiscal year under review (From August 1, 2020 to July 31, 2021)
Profit attributable to owners of parent (Thousands of yen)	1,189,639	1,224,072
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent related to common stock (Thousands of yen)	1,189,639	1,224,072
Average number of common shares during the period (Shares)	25,020,636	25,036,364

(Significant Subsequent Events)

No applicable matters.

5. Other

(1) Director Transfers

See the “Human Resources Notice On Directors and Executive Officers” published today.

(2) Other

No applicable matters.