



## Consolidated Financial Results for the Nine Months Ended April 30, 2021 (August 1, 2020 to April 30, 2021) [Japanese GAAP]

June 7, 2021

Company name: I'll Inc. Stock exchange listing: Tokyo Stock Exchange, First Section  
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 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, 2021 (August 1, 2020 to April 30, 2021)

#### (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, 2021	9,765	(2.7)	1,343	(16.2)	1,366	(15.6)	881	(15.7)
Nine months ended April 30, 2020	10,038	37.0	1,603	152.2	1,619	147.6	1,046	153.9

(Note) Comprehensive income: Nine months ended April 30, 2021: ¥889 Million [(13.9)%] Nine months ended April 30, 2020: ¥1,032 Million [136.3%]

	Net profit per share	Diluted net profit per share
	Yen	Yen
Nine months ended April 30, 2021	35.22	–
Nine months ended April 30, 2020	41.83	–

(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
	¥ Million	¥ Million	%
As of April 30, 2021	8,035	4,227	52.6
As of July 31, 2020	7,585	3,713	49.0

(Reference) Shareholders' equity: As of April 30, 2021 ¥ 4,227million As of July 31, 2020 ¥ 3,713 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, 2020	–	7.00	–	8.00	15.00
Fiscal year ending July 31, 2021	–	7.00	–	–	–
Fiscal year ending July 31, 2021 (estimate)	–	–	–	8.00	15.00

(Note) Revision to the dividend forecast announced most recently: No

### 3. Consolidated Financial Forecasts for the Fiscal Year Ending July 31, 2021 (August 1, 2020 to July 31, 2021)

(% 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	%	
Full year	12,723	0.3	1,600	(5.9)	1,627	(5.1)	1,046	(12.0)	41.78

(Note) Revision to the financial forecasts announced most recently: No

\*Notes

(1) Changes in significant subsidiaries during the nine months ended April 30, 2021 (changes in specific subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting treatment for the preparation of the quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

1) Total number of issued shares at the end of the period (including treasury stock)	As of April 30, 2021	25,042,528shares	As of July 31, 2020	25,042,528shares
2) Total number of treasury stock at the end of the period:	As of April 30, 2021	6,694shares	As of July 31, 2020	5,094shares
3) Average number of shares during the period:	Nine months ended April 30, 2021	25,036,572shares	Nine months ended April 30, 2020	25,014,961shares

(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.

\* 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 2 of the attached document "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

In the nine months ended April 30, 2021 (August 1, 2020 to April 30, 2021), the Japanese economy continued to be in a severe situation affected by the worldwide spread of COVID-19 pandemic even after the Japanese government lifted the state of emergency. Private consumer spending showed signs of improvement, but as we entered 2021, the state of emergency was reinstated, the third such declaration being made in April, and employment and income conditions were adversely affected. 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, such factors as last year's consumption tax revision and the end of official support for Windows 7 had an impact on demand which resulted in a decrease in net sales and profits in the nine months ended April 30, 2021 in comparison with the previous corresponding period.

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 functionality with the cooperation of 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 nine months ended April 30, 2021, I'll continued to concentrate on product development, spending ¥28,633,000 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.

As a result, in the nine months ended April 30, 2021, net sales decreased 2.7% year on year to ¥9,765,835,000, operating profit decreased 16.2% to ¥1,343,345,000, ordinary profit decreased 15.6% to ¥1,366,368,000 and profit attributable to owners of parent decreased by 15.7% to ¥881,688,000.

### (2) Explanation of Financial Position

As of the end of the third quarter period under review, total assets amounted to ¥8,035,356,000 an increase of ¥449,992,000 from the end of the previous fiscal year. This is mainly attributable to increases of ¥858,056,000 in cash and cash equivalents and ¥363,577,000 in notes and accounts receivable – trade, despite decreases of ¥171,995,000 in merchandise and ¥460,161,000 in work in process.

Total liabilities amounted to ¥3,808,092,000, a decrease of ¥63,539,000 from the end of the previous fiscal year. This is mainly attributable to decreases of ¥146,632,000 in current portion of long-term loans payable and ¥162,619,000 in advances received included in “other” under current liabilities, despite an increase of ¥253,819,000 in provision for bonuses.

Total net assets amounted to ¥4,227,263,000, an increase of ¥513,531,000 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 ¥881,688,000 in profit attributable to owners of parent.

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

Regarding the consolidated financial forecasts for the full year, there are no changes to the information announced on March 5, 2021 in the “Notice Regarding Revision to Full-Year Financial Forecasts.”

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

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	Third quarter of fiscal 2021 (As of April 30, 2021)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	2,194,666	3,052,722
Notes and accounts receivable – trade	1,202,439	1,566,017
Merchandise	296,824	124,829
Work in process	1,171,533	711,372
Other	130,422	129,064
Allowance for doubtful accounts	(2,007)	(2,159)
<b>Total current assets</b>	<b>4,993,879</b>	<b>5,581,847</b>
Non-current assets:		
Plant, property and equipment	463,135	445,341
Intangible assets:		
Software	821,432	779,497
Software in progress	209,057	199,943
Other	1,739	1,739
<b>Total intangible assets</b>	<b>1,032,229</b>	<b>981,179</b>
Investments and other assets:		
Deferred tax assets	368,721	451,312
Other	730,325	578,099
Allowance for doubtful accounts	(2,926)	(2,423)
<b>Total investments and other assets</b>	<b>1,096,120</b>	<b>1,026,988</b>
<b>Total non-current assets</b>	<b>2,591,485</b>	<b>2,453,509</b>
<b>Total assets</b>	<b>7,585,364</b>	<b>8,035,356</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable – trade	384,335	414,310
Current portion of long-term loans payable	176,632	30,000
Income taxes payable	359,556	360,685
Provision for bonuses	70,000	323,819
Reserve for product warrantees	26,104	25,451
Other	1,349,850	1,054,861
<b>Total current liabilities</b>	<b>2,366,478</b>	<b>2,209,128</b>
Non-current liabilities:		
Long-term borrowings	15,000	–
Retirement benefit liabilities	1,006,187	1,068,217
Provision for retirement benefits for directors	312,430	358,132
Asset retirement obligations	171,534	172,614
<b>Total non-current liabilities</b>	<b>1,505,152</b>	<b>1,598,964</b>
<b>Total liabilities</b>	<b>3,871,631</b>	<b>3,808,092</b>

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	Third quarter of fiscal 2021 (As of April 30, 2021)
Net assets		
Shareholders' equity:		
Capital stock	354,673	354,673
Capital surplus	319,673	319,673
Retained earnings	3,062,544	3,568,677
Treasury shares	(9,872)	(9,872)
Total shareholders' equity	3,727,019	4,233,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,709)	—
Remeasurements of defined benefit plans	(8,577)	(5,888)
Total accumulated other comprehensive income	(13,287)	(5,888)
Total net assets	3,713,732	4,227,263
Total liabilities and net assets	7,585,364	8,035,356

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Nine Months Ended April 30, 2021)

(Thousands of yen)

	Nine months ended April 30, 2020 (From August 1, 2019 to April 30, 2020)	Nine months ended April 30, 2021 (From August 1, 2020 to April 30, 2021)
Net sales	10,038,091	9,765,835
Cost of sales	5,536,207	5,287,323
Gross profit	4,501,884	4,478,511
Selling, general and administrative expenses	2,898,735	3,135,165
Operating profit	1,603,149	1,343,345
Non-operating income:		
Commission income	9,724	8,283
Penalty income	1,795	2,156
Subsidy income	7,614	14,490
Other	1,044	356
Total non-operating income	20,178	25,286
Non-operating expenses:		
Interest expenses	1,968	1,364
Commission expenses	1,497	718
Other	–	180
Total non-operating expenses	3,465	2,263
Ordinary profit	1,619,861	1,366,368
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	317	2,530
Total extraordinary losses	1,189	2,551
Profit before income taxes	1,618,671	1,367,891
Income taxes – current	628,770	569,979
Income taxes – deferred	(56,583)	(83,777)
Total income taxes	572,187	486,202
Net profit	1,046,484	881,688
Profit attributable to owners of parent	1,046,484	881,688

(Quarterly Consolidated Statements of Comprehensive Income)  
(Nine Months Ended April 30, 2021)

(Thousands of yen)

	Nine months ended April 30, 2020 (From August 1, 2019 to April 30, 2020)	Nine months ended April 30, 2021 (From August 1, 2020 to April 30, 2021)
Net profit	1,046,484	881,688
Other comprehensive income:		
Valuation difference on available-for-sale securities	(9,451)	4,709
Remeasurements of defined benefit plans, net of tax	(4,363)	2,688
Total other comprehensive income	(13,815)	7,398
Comprehensive income	1,032,669	889,086
(Breakdown)		
Comprehensive income attributable to owners of parent	1,032,669	889,086
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to 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.

(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, 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.