



## Consolidated Financial Results for the Six Months Ended January 31, 2021 (August 1, 2020 to January 31, 2021) [Japanese GAAP]

March 5, 2021

Company name: I'll Inc. Stock exchange listing: Tokyo Stock Exchange, First Section  
 Code number: 3854 URL: <https://www.ill.co.jp>  
 Representative: Tetsuo Iwamoto, Representative Director & President  
 Contact: Naoko Ogura, Executive Officer, Head of Accounting Department Tel: +81-6-6292-1170  
 Scheduled date of filing quarterly securities report: March 12, 2021  
 Scheduled date for dividend payment commencement: April 9, 2021  
 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 Six Months Ended January 31, 2021 (August 1, 2020 to January 31, 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	%
Six months ended January 31, 2021	6,596	(5.2)	954	(22.2)	971	(21.2)	635	(21.5)
Six months ended January 31, 2020	6,957	47.0	1,226	230.1	1,232	223.7	809	229.2

(Note) Comprehensive income: Six months ended January 31, 2021: ¥642 million [(20.7)%] Six months ended January 31, 2020: ¥810 million [211.4%]

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
Six months ended January 31, 2021	25.40		-	
Six months ended January 31, 2020	32.37		-	

(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 January 31, 2021	7,779		4,156		53.4	
As of July 31, 2020	7,585		3,713		49.0	

(Reference) Shareholders' equity: As of January 31, 2021: ¥4,156million As of July 31, 2020: ¥3,713million

### 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of year	Total
	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: Yes

Regarding the revision to the dividend forecast, please refer to the "Notice Regarding Dividends of Surplus (Interim Dividend) and Revision to Year-End Dividend Forecast" that was released today (March 5, 2021).

### 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	%	Yen	
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: Yes

Regarding the revision to the consolidated financial forecasts, please refer to the "Notice Regarding Revision to Full-Year Financial Forecasts" that was released today (March 5, 2021).

\*Notes

(1) Changes in significant subsidiaries during the six months ended January 31, 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 January 31, 2021	25,042,528 shares	As of July 31, 2020	25,042,528 shares
2) Total number of treasury stock at the end of the period	As of January 31, 2021	5,994 shares	As of July 31, 2020	5,094 shares
3) Average number of shares during the period	Six months ended January 31, 2021	25,036,796 shares	Six months ended January 31, 2020	25,022,651 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.

\* 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."

## Contents

1. Qualitative Information Regarding Financial Results for the Period Under Review .....	4
(1) Explanation of Operating Results .....	4
(2) Explanation of Financial Position .....	4
(3) Explanation of Consolidated Financial Forecasts and Other Future Projections.....	4
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income .....	7
(Quarterly Consolidated Statements of Income)	
(Six Months Ended January 31, 2021) .....	7
(Quarterly Consolidated Statements of Comprehensive Income)	
(Six Months Ended January 31, 2021) .....	8
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Notes on the Premise of a Going Concern) .....	9
(Notes on Substantial Changes in the Amount of Shareholders' Equity).....	9
(Additional Information) .....	9

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

### (1) Explanation of Operating Results

In the six months ended January 31, 2021 (August 1, 2020 to January 31, 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 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 six months ended January 31, 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 six months ended January 31, 2021, I'll continued to concentrate on product development, spending ¥18,385,000 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 six months ended January 31, 2021, net sales decreased 5.2% year on year to ¥6,596,530,000, operating profit decreased 22.2% to ¥954,056,000, ordinary profit decreased 21.2% to ¥971,594,000 and profit attributable to owners of parent decreased 21.5% to ¥635,824,000.

### (2) Explanation of Financial Position

As of the end of the second quarter period under review, total assets amounted to ¥7,779,722,000, an increase of ¥194,357,000 from the end of the previous fiscal year. This is mainly attributable to increases of ¥303,937,000 in cash and cash equivalents and ¥405,926,000 in notes and accounts receivable – trade, despite decreases of ¥150,009,000 in merchandise and ¥381,847,000 in work in process.

Total liabilities amounted to ¥3,623,459,000, a decrease of ¥248,172,000 from the end of the previous fiscal year. This is mainly attributable to decreases of ¥91,670,000 in current portion of long-term loans payable, ¥177,994,000 in advances received included in "other" under current liabilities and ¥109,956,000 in accrued consumption taxes included in "other" under current liabilities, despite increases of ¥36,522,000 in retirement benefit liabilities and ¥30,467,000 in provision for retirement benefits for directors.

Total net assets amounted to ¥4,156,262,000, an increase of ¥442,530,000 from the end of the previous fiscal year. This primarily reflected a decrease of ¥200,299,000 in dividends of surplus, and an increase of ¥635,824,000 in profit attributable to owners of parent.

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

Regarding the consolidated financial forecasts for the fiscal year ending July 31, 2021 that was released on September 4, 2020, the information was announced on March 5, 2021 in the "Notice Regarding Revision to Full-Year Financial Forecasts." Please refer to the relevant disclosure materials for details.

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

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	Second quarter of fiscal 2021 (As of January 31, 2021)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	2,194,666	2,498,604
Notes and accounts receivable – trade	1,202,439	1,608,366
Merchandise	296,824	146,814
Work in process	1,171,533	789,685
Other	130,422	121,433
Allowance for doubtful accounts	(2,007)	(2,370)
<b>Total current assets</b>	<b>4,993,879</b>	<b>5,162,534</b>
Non-current assets:		
Plant, property and equipment	463,135	458,611
Intangible assets:		
Software	821,432	759,127
Software in progress	209,057	248,258
Other	1,739	1,739
<b>Total intangible assets</b>	<b>1,032,229</b>	<b>1,009,125</b>
Investments and other assets:		
Deferred tax assets	368,721	363,498
Other	730,325	788,954
Allowance for doubtful accounts	(2,926)	(3,003)
<b>Total investments and other assets</b>	<b>1,096,120</b>	<b>1,149,450</b>
<b>Total non-current assets</b>	<b>2,591,485</b>	<b>2,617,187</b>
<b>Total assets</b>	<b>7,585,364</b>	<b>7,779,722</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable – trade	384,335	344,803
Current portion of long-term loans payable	176,632	84,962
Income taxes payable	359,556	363,204
Provision for bonuses	70,000	80,200
Reserve for product warrantees	26,104	25,398
Other	1,349,850	1,167,027
<b>Total current liabilities</b>	<b>2,366,478</b>	<b>2,065,595</b>
Non-current liabilities:		
Long-term borrowings	15,000	–
Retirement benefit liabilities	1,006,187	1,042,710
Provision for retirement benefits for directors	312,430	342,898
Asset retirement obligations	171,534	172,254
<b>Total non-current liabilities</b>	<b>1,505,152</b>	<b>1,557,863</b>
<b>Total liabilities</b>	<b>3,871,631</b>	<b>3,623,459</b>

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	Second quarter of fiscal 2021 (As of January 31, 2021)
Net assets		
Shareholders' equity:		
Capital stock	354,673	354,673
Capital surplus	319,673	319,673
Retained earnings	3,062,544	3,498,069
Treasury shares	(9,872)	(9,872)
Total shareholders' equity	3,727,019	4,162,544
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(4,709)	503
Remeasurements of defined benefit plans	(8,577)	(6,785)
Total accumulated other comprehensive income	(13,287)	(6,281)
Total net assets	3,713,732	4,156,262
Total liabilities and net assets	7,585,364	7,779,722

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Six Months Ended January 31, 2021)

(Thousands of yen)

	Six months ended January 31, 2020 (From August 1, 2019 to January 31, 2020)	Six months ended January 31, 2021 (From August 1, 2020 to January 31, 2021)
Net sales	6,957,780	6,596,530
Cost of sales	3,821,047	3,575,387
Gross profit	3,136,732	3,021,143
Selling, general and administrative expenses	1,910,550	2,067,087
Operating profit	1,226,182	954,056
Non-operating income:		
Commission income	6,464	5,291
Penalty income	18	656
Subsidy income	1,519	12,090
Other	1,085	303
Total non-operating income	9,086	18,341
Non-operating expenses:		
Interest expenses	1,362	803
Commission expenses	1,484	—
Total non-operating expenses	2,846	803
Ordinary profit	1,232,422	971,594
Extraordinary losses:		
Loss on retirement of non-current assets	872	21
Loss on sales of investment securities	317	—
Total extraordinary losses	1,189	21
Profit before income taxes	1,231,232	971,573
Income taxes – current	421,330	331,538
Income taxes – deferred	(69)	4,210
Total income taxes	421,260	335,748
Net profit	809,971	635,824
Profit attributable to owners of parent	809,971	635,824

(Quarterly Consolidated Statements of Comprehensive Income)  
(Six Months Ended January 31, 2021)

(Thousands of yen)

	Six months ended January 31, 2020 (From August 1, 2019 to January 31, 2020)	Six months ended January 31, 2021 (From August 1, 2020 to January 31, 2021)
Net profit	809,971	635,824
Other comprehensive income:		
Valuation difference on available-for-sale securities	3,675	5,212
Remeasurements of defined benefit plans, net of tax	(2,909)	1,792
Total other comprehensive income	766	7,005
Comprehensive income	810,738	642,829
(Breakdown)		
Comprehensive income attributable to owners of parent	810,738	642,829
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.