



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

December 4, 2020

Company name: I'll Inc. Stock listing: Stock exchange listing: Tokyo Stock Exchange, First Section  
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 Scheduled date of filing quarterly securities report: December 11, 2020 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 Three Months Ended October 31, 2020 (August 1, 2020 to October 31, 2020) (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	%
Three months ended October 31, 2020	3,433	(13.9)	562	(33.6)	574	(32.6)	362	(34.5)
Three months ended October 31, 2019	3,988	69.3	847	475.9	851	461.9	553	475.3

(Note) Comprehensive income: Three months ended October 31, 2020: ¥363 million [(34.1)%] Three months ended October 31, 2019: ¥551 million [447.4%]

	Net profit per share	Diluted net profit per share
	Yen	Yen
Three months ended October 31, 2020	14.48	—
Three months ended October 31, 2019	22.10	—

(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 October 31, 2020	7,728	3,877	50.2
As of July 31, 2020	7,585	3,713	49.0

(Reference) Shareholders' equity: As of October 31, 2020: ¥3,877 million 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	—	—	—	—	—
Fiscal year ending July 31, 2021 (estimate)	—	6.00	—	6.00	12.00

(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	%	Yen
First half (cumulative)	6,467	(7.1)	792	(35.4)	802	(34.9)	521	(35.7)	20.81
Full year	12,350	(2.6)	1,200	(29.4)	1,226	(28.5)	784	(34.0)	31.35

(Notes) 1. Revision to the financial forecasts announced most recently: No  
 2. Financial forecasts for the fiscal year ending July 31, 2021 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.

\*Notes

- (1) Changes in significant subsidiaries during the three months ended October 31, 2020 (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 October 31, 2020	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 October 31, 2020	5,094 shares	As of July 31, 2020	5,094 shares
3) Average number of shares during the period:	Three months ended October 31, 2020	25,037,434 shares	Three months ended October 31, 2019	25,042,434 shares

(Note) The Company conducted a 2-for-1 stock split for common stock effective November 1, 2019. The average number of shares during the period is 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 three months ended October 31, 2020 (August 1, 2020 to October 31, 2020), 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 the employment and income conditions were adversely affected. The information service industry in which the I'll Group belongs might be affected by 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 the consumption tax increase and the end of official support for Windows 7 in the previous fiscal year had an impact on demand which resulted in a decrease in net sales and profits 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 three months ended October 31, 2020, I'll continued to concentrate on product development, spending ¥8,439,000 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 three months ended October 31, 2020, net sales decreased 13.9% year on year to ¥3,433,399,000, operating profit decreased 33.6% to ¥562,412,000, ordinary profit decreased 32.6% to ¥574,044,000 and profit attributable to owners of parent decreased by 34.5% to ¥362,643,000.

### (2) Explanation of Financial Position

As of the end of the first quarter period under review, total assets amounted to ¥7,728,076,000, an increase of ¥142,712,000 from the end of the previous fiscal year. This is mainly attributable to increases of ¥57,697,000 in cash and cash equivalents, ¥347,508,000 in notes and accounts receivable – trade and ¥61,702,000 in deferred tax assets, despite decreases of ¥84,747,000 in merchandise and ¥219,577,000 in work in process.

Total liabilities amounted to ¥3,851,030,000, a decrease of ¥20,601,000 from the end of the previous fiscal year. This is mainly attributable to decreases of ¥60,407,000 in income taxes payable, ¥123,685,000 in advances received included in "other" under current liabilities and ¥101,296,000 in accrued consumption taxes included in "other" under current liabilities, despite an increase of ¥221,430,000 in provision for bonuses.

Total net assets amounted to ¥3,877,046,000, an increase of ¥163,313,000 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 ¥362,643,000 in profit attributable to owners of parent.

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

Regarding business results for the three months ended October 31, 2020, the I'll Group has performed generally in line with expectations and there are no changes to consolidated financial forecasts for the six months ending January 31, 2021 or the fiscal year ending July 31, 2021.

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

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	First quarter of fiscal 2021 (As of October 31, 2020)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	2,194,666	2,252,364
Notes and accounts receivable – trade	1,202,439	1,549,947
Merchandise	296,824	212,076
Work in process	1,171,533	951,956
Other	130,422	112,076
Allowance for doubtful accounts	(2,007)	(2,506)
<b>Total current assets</b>	<b>4,993,879</b>	<b>5,075,915</b>
Non-current assets:		
Plant, property and equipment	463,135	476,772
Intangible assets:		
Software	821,432	857,376
Software in progress	209,057	166,340
Other	1,739	1,739
<b>Total intangible assets</b>	<b>1,032,229</b>	<b>1,025,456</b>
Investments and other assets:		
Deferred tax assets	368,721	430,423
Other	730,324	722,511
Allowance for doubtful accounts	(2,926)	(3,003)
<b>Total investments and other assets</b>	<b>1,096,120</b>	<b>1,149,932</b>
<b>Total non-current assets</b>	<b>2,591,485</b>	<b>2,652,161</b>
<b>Total assets</b>	<b>7,585,364</b>	<b>7,728,076</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable – trade	384,335	376,325
Current portion of long-term loans payable	176,632	139,964
Income taxes payable	359,556	299,149
Provision for bonuses	70,000	291,430
Reserve for product warrantees	26,104	24,726
Other	1,349,850	1,192,650
<b>Total current liabilities</b>	<b>2,366,478</b>	<b>2,324,245</b>
Non-current liabilities:		
Long-term borrowings	15,000	–
Retirement benefit liabilities	1,006,187	1,027,225
Provision for retirement benefits for directors	312,430	327,664
Asset retirement obligations	171,534	171,894
<b>Total non-current liabilities</b>	<b>1,505,152</b>	<b>1,526,784</b>
<b>Total liabilities</b>	<b>3,871,631</b>	<b>3,851,030</b>

(Thousands of yen)

	Fiscal 2020 (As of July 31, 2020)	First quarter of fiscal 2021 (As of October 31, 2020)
Net assets		
Shareholders' equity:		
Capital stock	354,673	354,673
Capital surplus	319,673	319,673
Retained earnings	3,062,544	3,224,888
Treasury shares	(9,872)	(9,872)
Total shareholders' equity	3,727,019	3,889,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,709)	(4,636)
Remeasurements of defined benefit plans	(8,577)	(7,681)
Total accumulated other comprehensive income	(13,287)	(12,317)
Total net assets	3,713,732	3,877,046
Total liabilities and net assets	7,585,364	7,728,076

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Three Months Ended October 31, 2020)

(Thousands of yen)

	Three months ended October 31, 2019 (From August 1, 2019 to October 31, 2019)	Three months ended October 31, 2020 (From August 1, 2020 to October 31, 2020)
Net sales	3,988,665	3,433,399
Cost of sales	2,161,531	1,827,538
Gross profit	1,827,133	1,605,860
Selling, general and administrative expenses	979,665	1,043,448
Operating profit	847,468	562,412
Non-operating income:		
Commission income	2,917	2,379
Penalty income	—	440
Subsidy income	849	8,999
Other	729	303
Total non-operating income	4,496	12,122
Non-operating expenses:		
Interest expenses	807	489
Total non-operating expenses	807	489
Ordinary profit	851,156	574,044
Extraordinary losses:		
Loss on retirement of non-current assets	0	21
Total extraordinary losses	0	21
Profit before income taxes	851,156	574,023
Income taxes – current	346,589	273,477
Income taxes – deferred	(48,992)	(62,097)
Total income taxes	297,596	211,379
Net profit	553,559	362,643
Profit attributable to owners of parent	553,559	362,643

(Quarterly Consolidated Statements of Comprehensive Income)  
(Three Months Ended October 31, 2020)

(Thousands of yen)

	Three months ended October 31, 2019 (From August 1, 2019 to October 31, 2019)	Three months ended October 31, 2020 (From August 1, 2020 to October 31, 2020)
Net profit	553,559	362,643
Other comprehensive income:		
Valuation difference on available-for-sale securities	(282)	73
Remeasurements of defined benefit plans, net of tax	(1,454)	896
Total other comprehensive income	(1,737)	969
Comprehensive income	551,822	363,613
(Breakdown)		
Comprehensive income attributable to owners of parent	551,822	363,613
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)

There are no major changes to our estimates, including the estimate as to when we project the COVID-19 pandemic will fade, that were described in (Additional Information), (Accounting estimates for impact from COVID-19 pandemic) in the annual securities report for the previous fiscal year.