Summary

Outline of Consolidated Financial Results for 1H FY7/25

Note :
This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

I'LL INC. (3854.T)

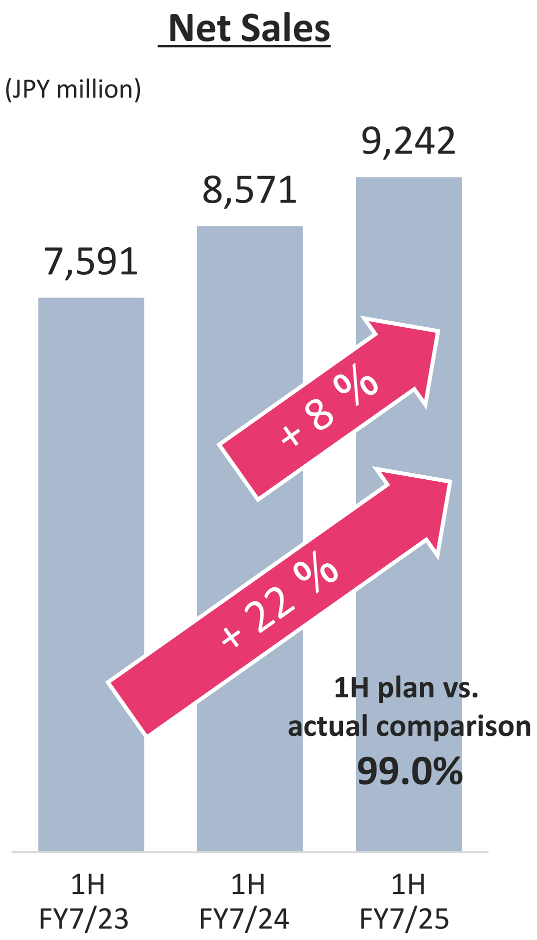
March 7, 2025

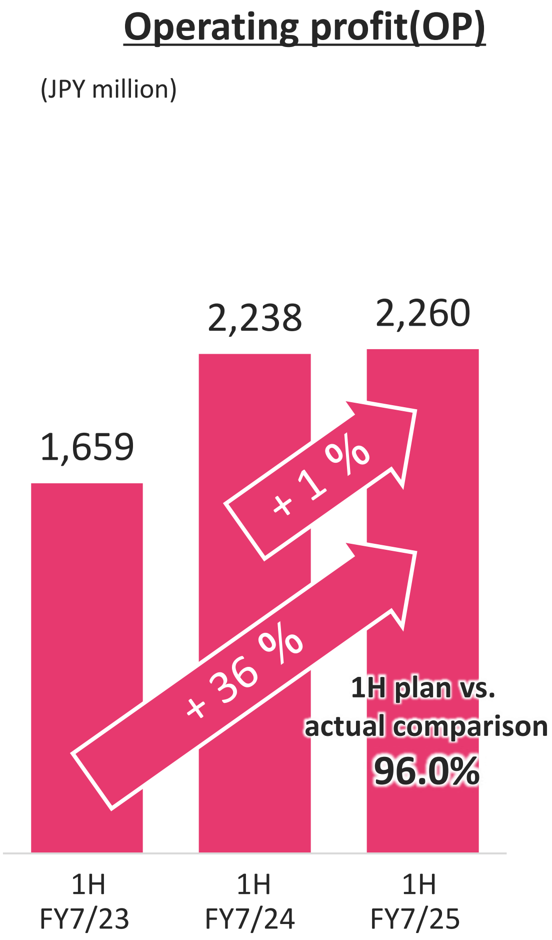
Caution concerning forward-looking statements

The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions(suppositions)judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Note that the Company will not always revise business forecasts, etc. upon every occurrence of new information or event.

Key Points (1H)

YTD and QTD net sales and OP reached record highs.
Q2 FY7/25 GPM improved by 1.5 percentage points compared to Q1 FY7/25.





I. Review of 1H FY7/25

System solutions business (p. 7)

- Hardware-related sales, including setup and other services, fell short of the target. This was due to higher than expected special demand for server replacements in FY7/23-24.
- System development-related sales are progressing as planned.
- Gross profit margin (GPM) increased by 2.0 percentage points QoQ. This was driven by the Aladdin Cloud price implemented in Oct. 2024 and ongoing profit improvement initiatives.
- Orders continue to be strong. We are receiving orders for new large-scale projects.

Online solutions business (p. 10)

- Sales and gross profit (GP) have shown consistent annual growth. Our strategy to expand our customer base is progressing according to plan.

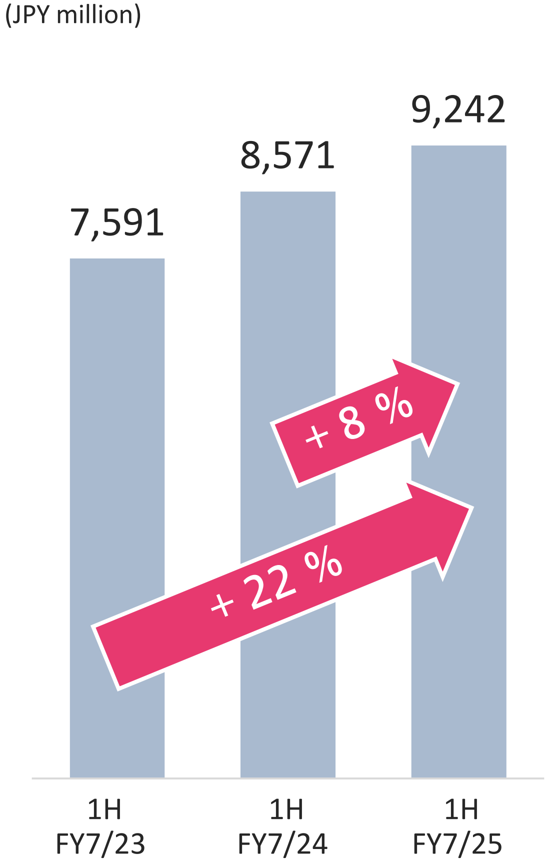
II. Investment for Sustainable Growth

- Continuing to actively recruit and review salaries to prevent employee turnover.
  - Total personnel expenses for 1H increased by ¥406 million (+10.3% YoY).
  - 67 new graduates are expected to join the company in April 2025 (+5 YoY).
  - 25-35 mid-career hires are expected annually (34 in FY7/24).
- Interdepartmental study sessions are held to strengthen organizational capabilities and increase cross-selling opportunities.
- Brand awareness initiatives such as trade shows and TV commercials.

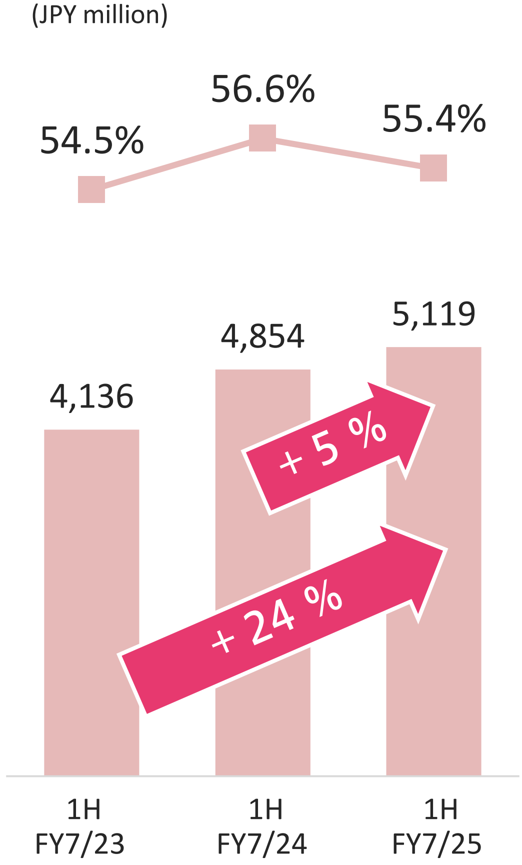
Financial Trends

Both net sales and OP reached record levels. However, OPM declined due to higher expenses from proactive investments in human resources, including salary increases and recruitment.

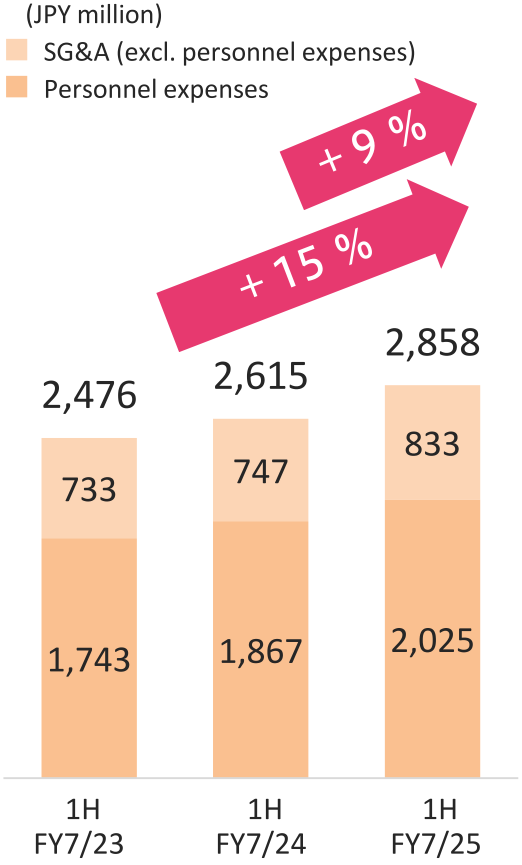
Net Sales



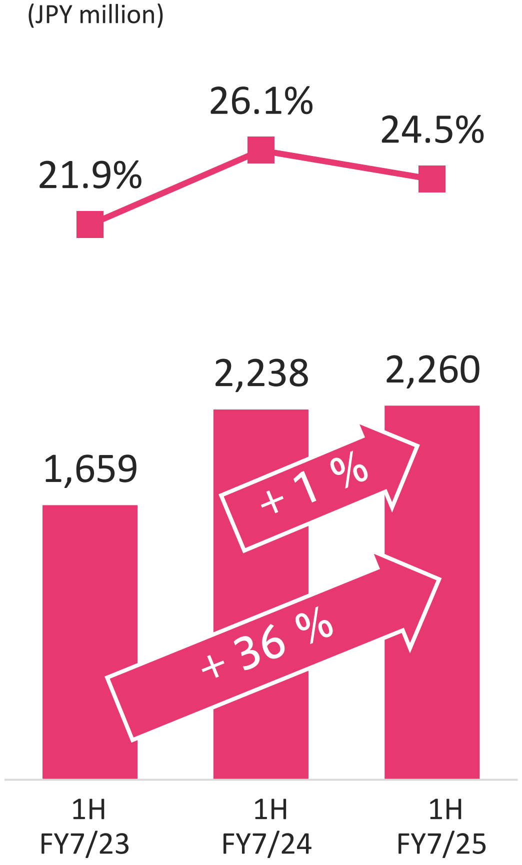
GP and GPM



SG&A Expenses



OP and OPM



P/L Highlights

Q2 sales results have shown a recovery in growth trends, reaching a steady pace.

YTD ordinary profit decreased YoY due to the impact of the establishment of the Impact Neutralization Trust* in Dec.2024. The establishment cost was recorded as non-operating expenses.

(JPY million)	QTD				YTD			
	Q2 FY7/24	Q2 FY7/25	YoY		1H FY7/24	1H FY7/25	YoY	
			Diff.	Change			Diff.	Change
Net Sales	4,285	4,691	+405	+9%	8,571	9,242	+670	+8%
Gross profit (GP)	2,418	2,633	+215	+9%	4,854	5,119	+265	+5%
Selling and general administrative(SG&A) expenses	1,321	1,447	+125	+9%	2,615	2,858	+243	+9%
Operating profit (OP)	1,096	1,186	+89	+8%	2,238	2,260	+21	+1%
Ordinary profit	1,102	1,155	+52	+5%	2,249	2,235	(14)	(1)%
Profit	743	792	+48	+7%	1,489	1,537	+47	+3%

*For more details about the Impact Neutralization Trust, refer to p. 18.

1H Drivers of OP (vs 2024)

(JPY million)

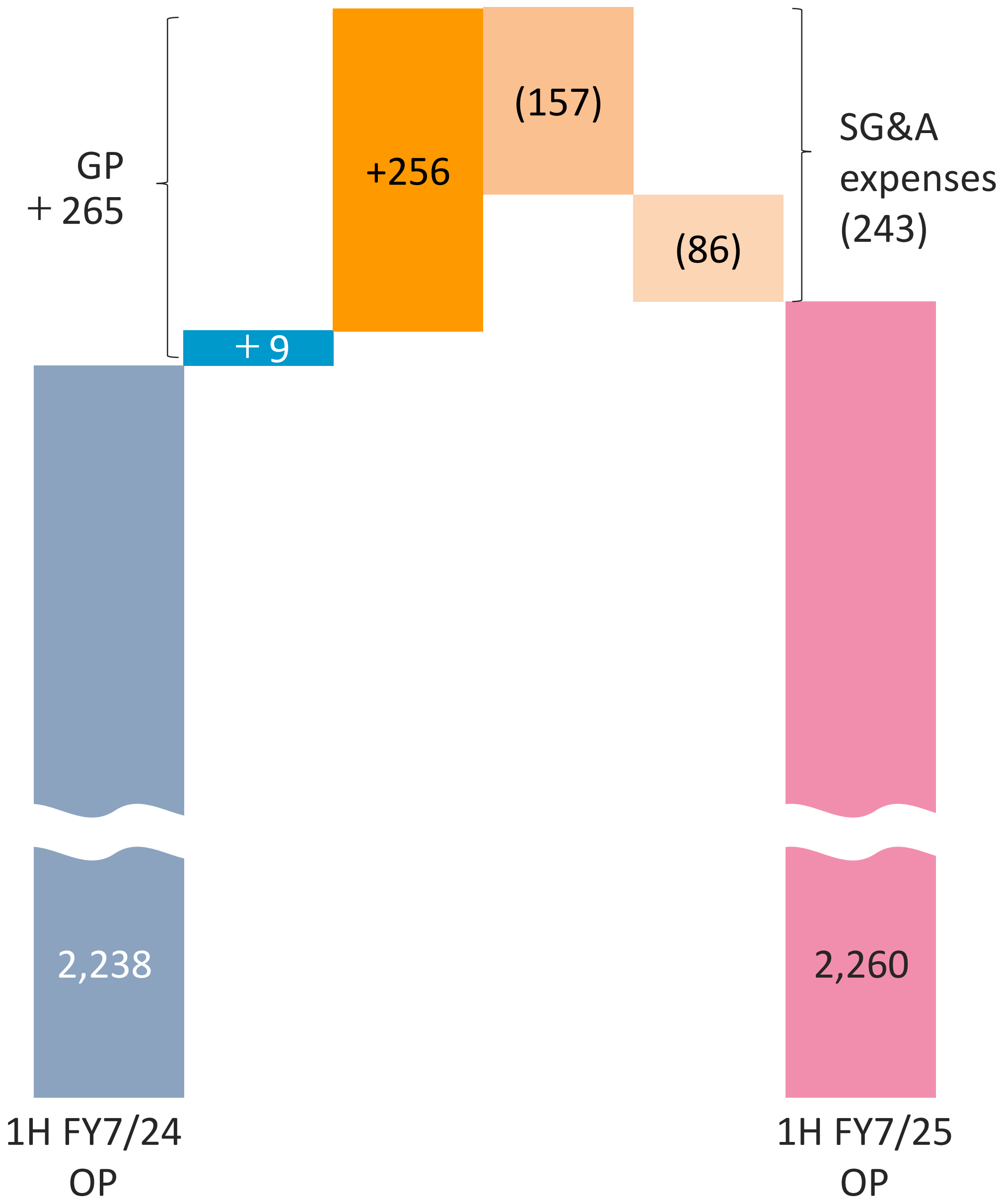
System Solutions Business

- Increased GP due to accumulation of recurring revenue. (+)
- Improved GPM through the integrated production and sales.* (+)
- Reduced cost of sales (COS) through efficient utilization of system development outsourcing. (+)
- Achieved competitive differentiation through CROSS-OVER synergy strategy. (+)
- The special demand for server replacements in FY7/24, along with sales from projects that were accelerated due to the concentration of system deliveries, ended. (-)
- Incurred an increase in expenses due to higher cloud-related procurement costs(-) and raised monthly cloud usage fees. (+)

* For more details about the integrated production and sales, refer to p. 9.

Online Solutions Business

- CROSS MALL recurring revenue up 6% YoY (+)
- CROSS POINT recurring revenue up 6% YoY (+)



Personnel expenses (SG&A expenses)

- +8.4% YoY due to continued salary increases and increased headcount.
  Note:
  Personnel expenses for COS: +¥249 million (+15.3% YoY).

SG&A (excl. personnel expenses)

- Increased costs for awareness initiatives, including TV commercials and exhibitions.
- Increased introduction fees due to more projects from partner companies (mainly banks).
- Increased costs for expanded recruitment activities.
- One-time cost increase for the company founding ceremony.

Results by business

Both businesses saw YoY growth in net sales and GP for 1H.

The System solutions business is performing well after overcoming the special demand of FY7/24.

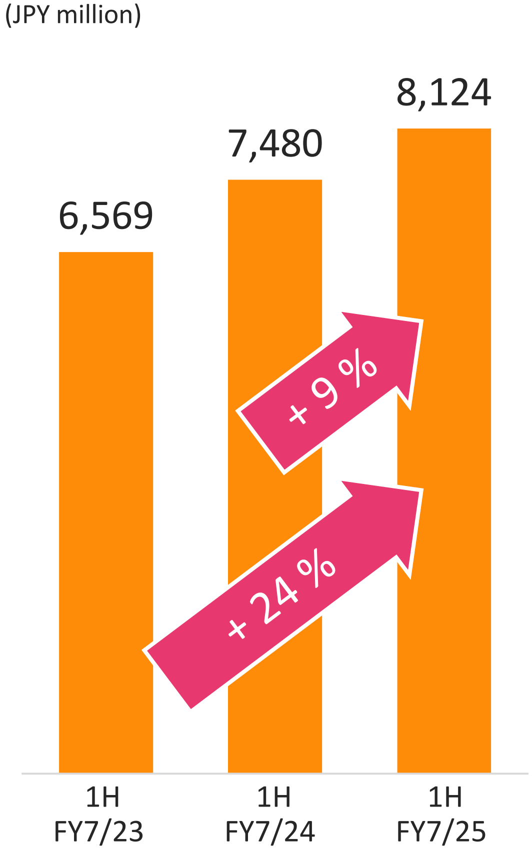
(JPY million)	QTD				YTD			
	Q2 FY 7/24	Q2 FY 7/25	YoY		1H FYE 7/24	1H FYE 7/25	YoY	
			Diff.	Change			Diff.	Change
Net Sales	4,285	4,691	+405	+9%	8,571	9,242	+670	+8%
System solutions business	3,737	4,130	+393	+11%	7,480	8,124	+643	+9%
Online solutions business	548	560	+12	+2%	1,090	1,117	+27	+2%
Gross profit (GP)	2,418	2,633	+215	+9%	4,854	5,119	+265	+5%
System solutions business	2,130	2,356	+225	+11%	4,298	4,554	+256	+6%
Online solutions business	288	277	(10)	(4)%	555	564	+9	+2%

System Solutions Business Results

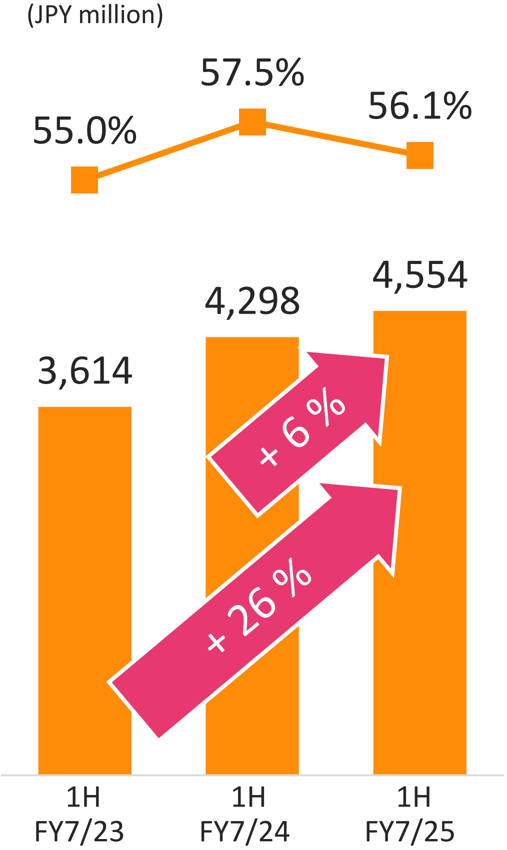
The project is progressing well and we have increased the monthly cloud fee.

Hardware-related sales did not reach the planned level due to a reaction to the surge in demand in FY7/24, but this is not expected to impact the business in the mid-to-long term.

Net Sales



GP and GPM



Overview

- The continued highly precise requirement definition contributed to the smooth progress of the project.
- Hardware-related sales, including services, were lower than expected. This was due to a decrease in short-term server replacements in reaction to the special demand for server replacements in FY7/24.
- GPM improved compared to Q1 FY7/25(QTD GPM increased by 2 points QoQ.). This is due to the contribution of the increase in monthly cloud usage fees since Oct. 2024, in addition to ongoing profit improvement measures.
- Orders remained strong. We acquired new customers, mainly for large projects. In addition, by shifting from functional proposals to consulting-based proposals, similar to those of traditional SIers, the volume of the requirements definition phase increased. This shift also helped us differentiate from competitors.

Forecast and measures for 2H FY7/25

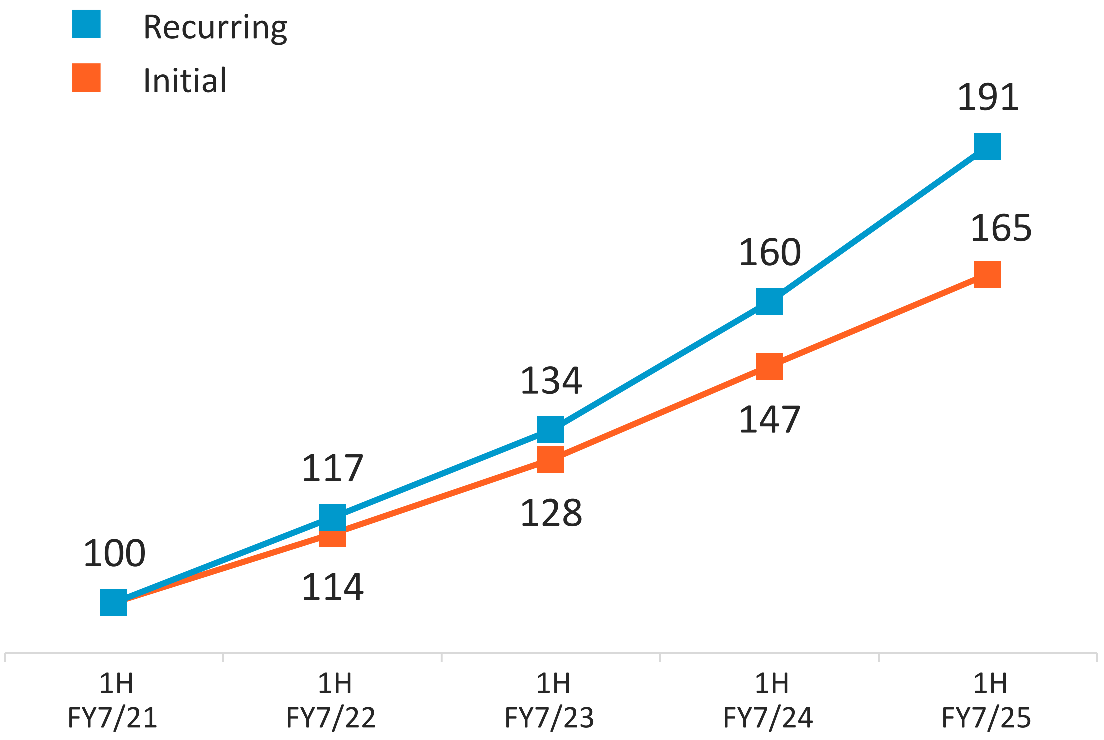
- Shortfalls in the 1H plan will be covered by increasing the turnover rate of system development projects.
- To address workload imbalances, we will manage projects while considering the operating status of all engineers (SEs/programmers).
- We will consider using generative AI in programming and testing processes.

System Solutions Business Orders & Sales Channel

While continuing to select projects with a focus on maximizing customer value, order volume has reached a record high.

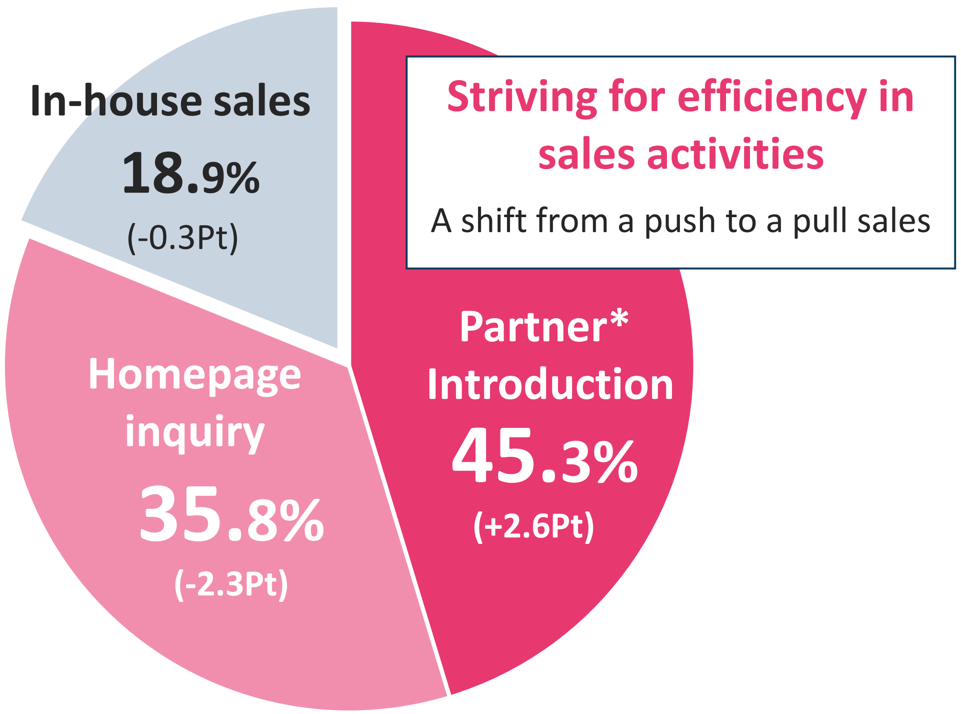
Trends in Orders Received (index*)

This index sets the order results for the 1H FY7/21 at 100.



Sales Channel Composition (Order Value)

*FY7/24 Results
*Figures in parentheses show YoY changes.



*Partners:
Banks, SIers, office equipment manufacturers, consulting firms, accounting firms, etc. – Sources of new business.

Stronger Profits and Positive Spiral for Sustained Growth

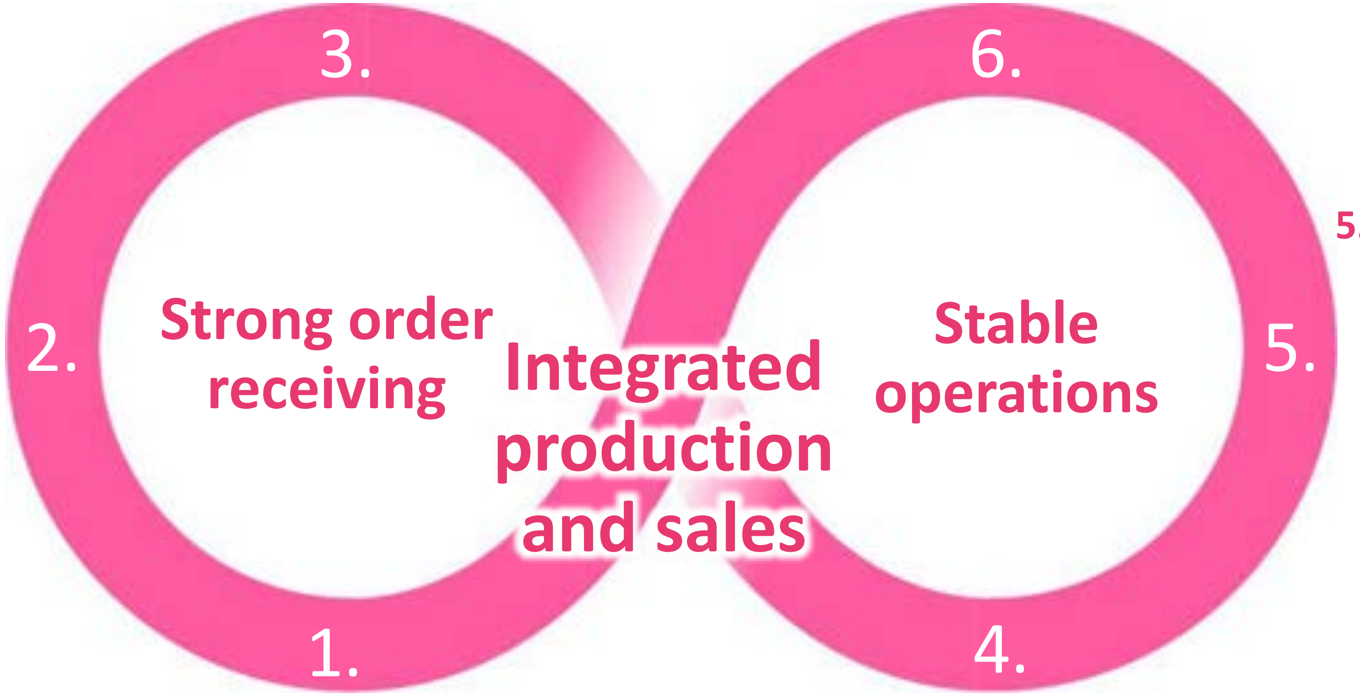
Sales force and SEs have been integrated*, leading to enhanced collaboration and positive spiral

3. Increase in receipt of orders in which I'll can leverage its strength

- Receive increasing Aladdin Office orders from target business sectors.
- Reduce customization as much as possible for proposals in line with package functions.

6. Advancement with higher customer satisfaction

- Expand new customer introductions and case studies by ensuring customer satisfaction through improved operational efficiency and generous after-sales support.
- Customer satisfaction leads to partner satisfaction and facilitates referrals.



2. Selection and concentration

- Examine the system requirements and package conformance rate before receiving orders.
- Receive orders in line with SE's operating status.
- Include stable operations as an evaluation criterion for project members.

5. Enhanced package functions

- Expand templates by accumulating knowhow.
- Continue to strengthen package functions and add options based on frequent customization cases and customer/market requests.
- Expand the target customer segment while reducing customization through enhanced features and options.

1. Abundant business deals

- Enhance the Company's website and promote effective marketing initiatives.
- Focus on partner strategy.

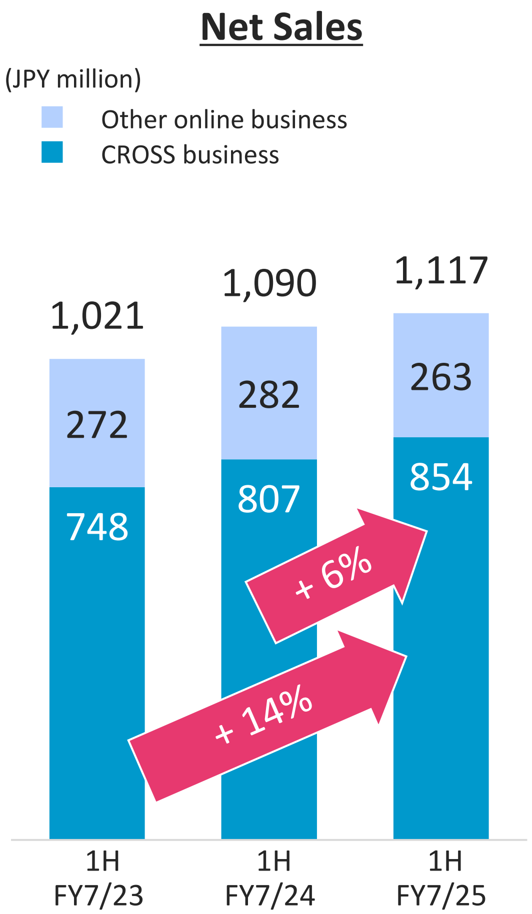
4. Stable operations and improvement in project turnover rate

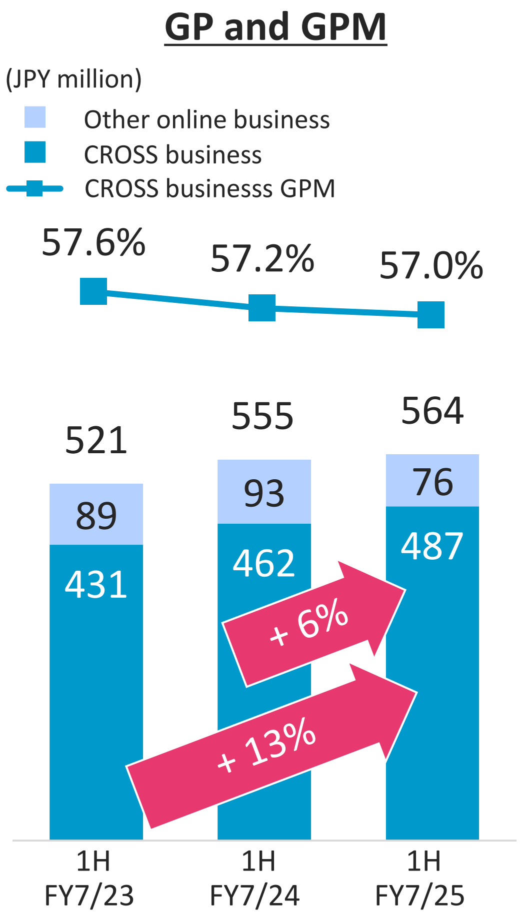
- Reduce problems accompanying decreasing customization and improving delivery quality.
- Reduction in the man-hours associated with problems enables SEs to efficiently start on the next project, improving the project turnover rate.

* Sales force and SEs were integrated in terms of the organizational structure and work floor in August 2022 at the Tokyo head office and in August 2023 at the Osaka head office.

Online Solutions Business Results

Both net sales and GP increased YoY. The CROSS business achieved stable growth in the number of customers and a shift toward the medium-sized and major markets.





Overview

- Online solutions business continued to increase net sales and GP as planned.
- CROSS business saw a YoY increase in sales and gross profit, driven by the sustained acquisition of new customers and higher unit prices.
- Other online businesses saw a YoY decrease in net sales and GP. Due to a reduction in the production of e-commerce websites.

Forecast and measures for 2H FY7/25

- With e-commerce expanding across industries and business categories, we plan to strengthen our approach to Aladdin Office users.
  *Including branding support services, we received 11 orders in 1H FY7/25
- By expanding our partner network, we aim for market leadership in the e-commerce support services sector.
- Other online business will expand beyond e-commerce-related services and strengthen its value-added services, such as analysis support and branding support, with a view to the customer's overall business.
- CROSS MALL will revise prices for existing customers starting in March to enhance support services.

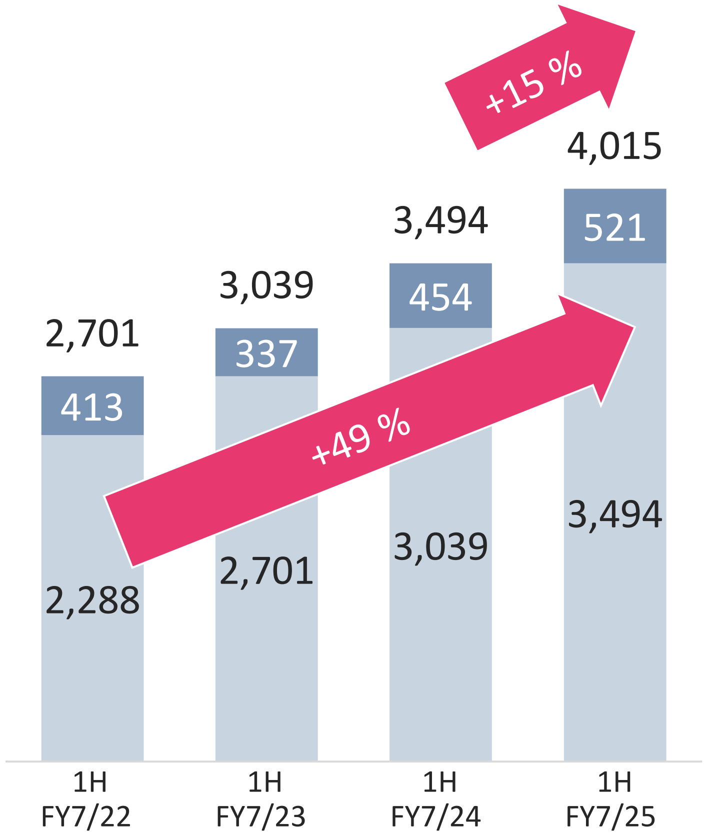
Recurring Revenue and GP

Both Recurring revenue and recurring GP grew by double digits YoY.

Recurring Revenue

(JPY million)

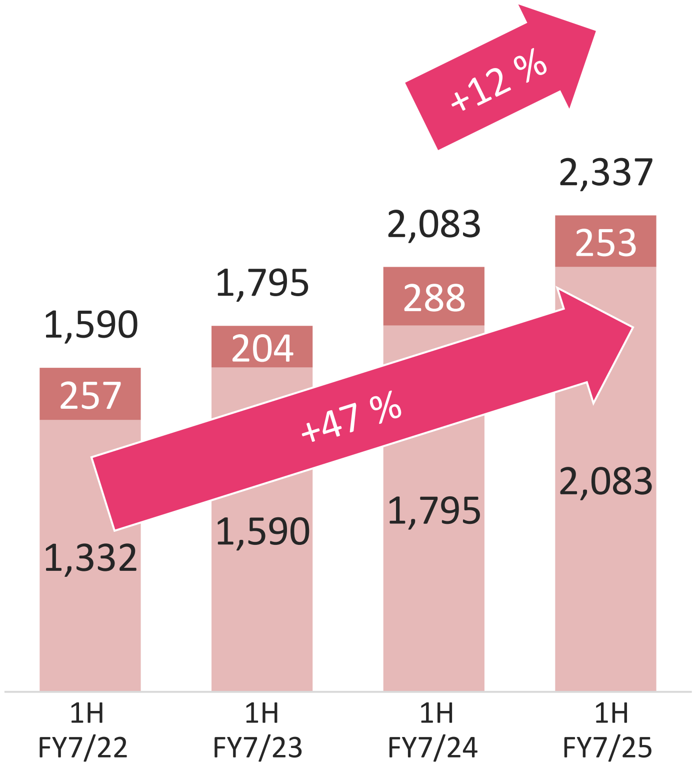
- Increase in recurring revenue during the period
- Recurring revenue for the previous term



Recurring GP

(JPY million)

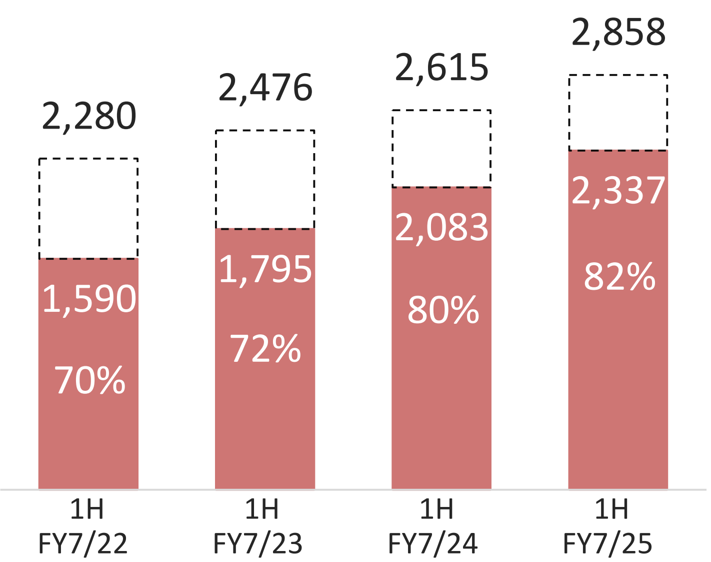
- Increase in recurring GP during the period
- Recurring GP for the previous term



- Recurring revenue is increasing due to higher monthly maintenance fees from project expansion, greater adoption of cloud products, and continued growth of the CROSS Business.
- Recurring profit covers at least 80% of SG&A expenses

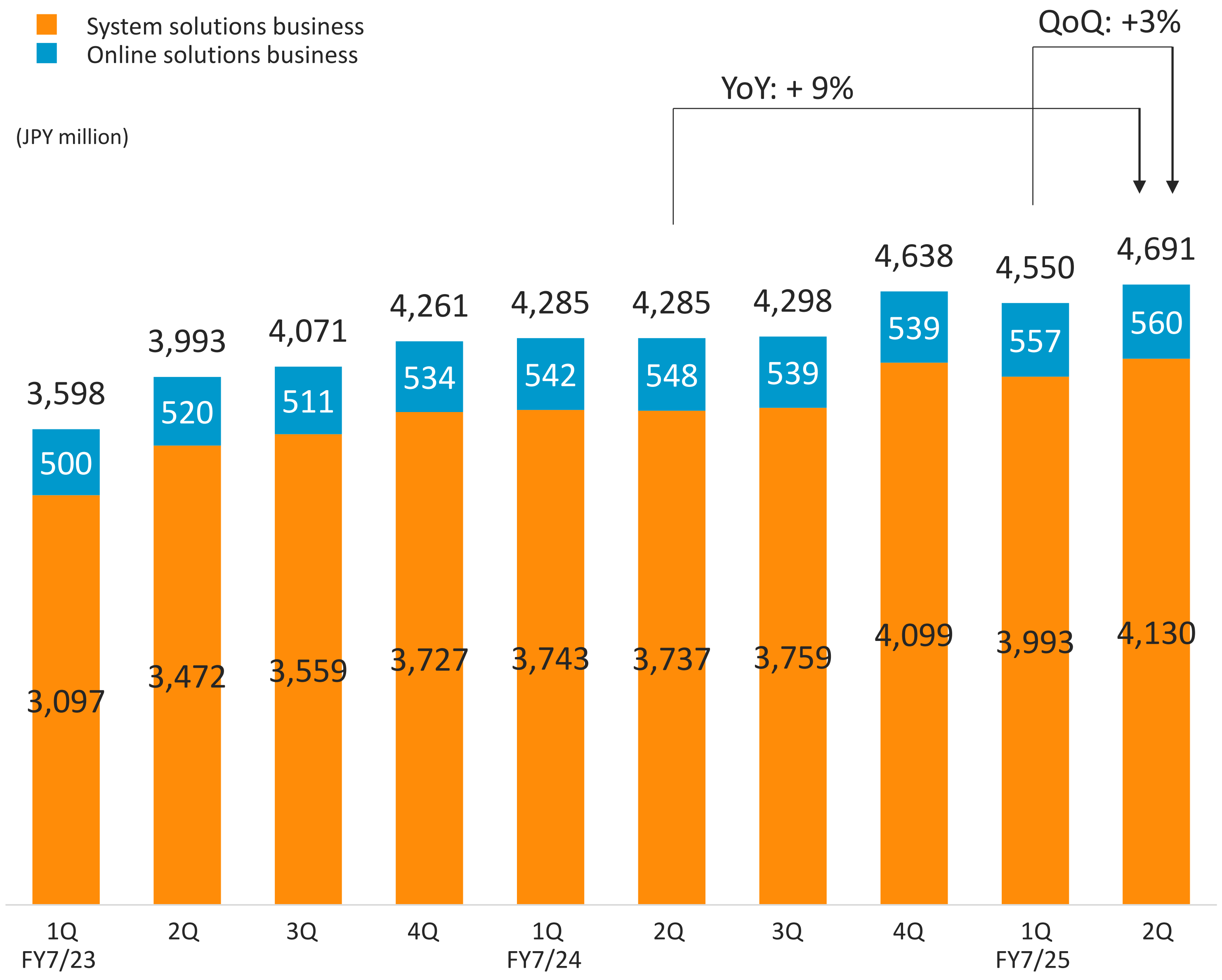
Recurring gross profit coverage of SG&A expenses

(JPY million)



Note:
From Q3 FY7/22, consolidated offsetting between parent and subsidiary has also been applied to recurring-related results, with past results retrospectively adjusted.

Trends in Net sales (QTD)



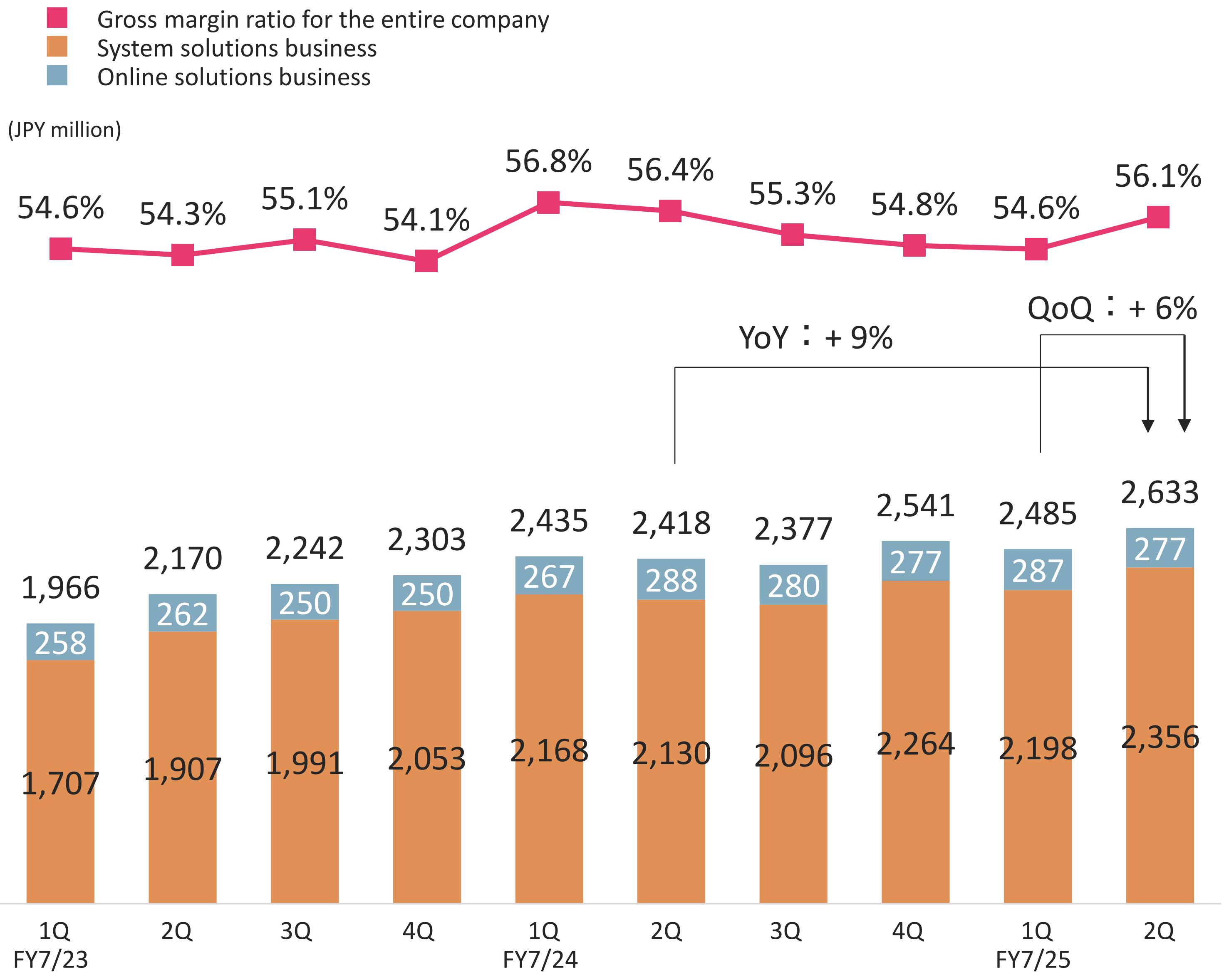
YoY

- Net sales increased due to continued new customer acquisition, progress in projects, and the accumulation of recurring revenue.
- Q2 FY7/24 reflected a reaction to the special demand in Q1 FY7/24, with project progress slower than usual.

QoQ

- Net sales increased due to continued new customer acquisition, progress in projects, and the accumulation of recurring revenue.
- In Q2, net sales increased as more projects in the latter half of the project cycle that were progressing quickly, such as deliveries. In Q1, the ratio of projects in the first half of the project cycle that were progressing slowly was high.
- Recurring net sales increased due to an increase in monthly cloud usage fees.

Trends in GP and GPM (QTD)



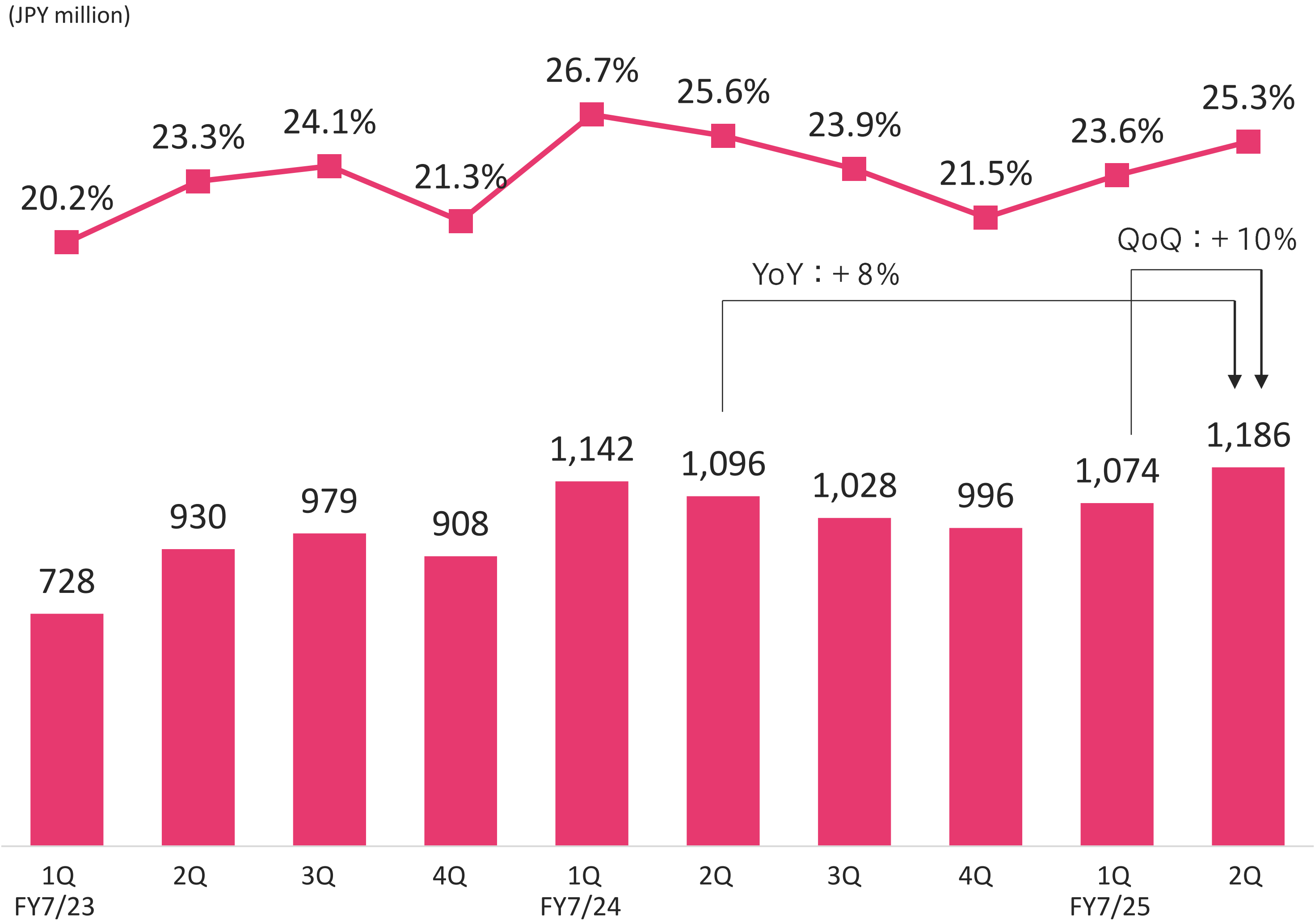
■ YoY

- GP increased with higher net sales.
- GPM declined due to higher COS from increased personnel expenses.
- Q2 FY7/24 reflected a reaction to the special demand in Q1 FY7/24, with project progress slower than usual.

■ QoQ

- The increase in monthly cloud usage fees was completed and both GP and GPM increased.
- In Q2, GP and GPM increased as more projects in the latter half of the project cycle that were progressing quickly, such as deliveries. In Q1, the ratio of projects in the first half of the project cycle that were progressing slowly was high.

Trends in OP and OPM (QTD)



■ YoY

- OP has also increased due to the increase in GP.
- Increase in SG&A expenses as follows:
  1. Increase in personnel expenses.
     a. Increase in employee count.
     b. Total personnel expenses (COS + SG&A expenses) increased by ¥229 million YoY.
  2. Introduction fees increased due to an increase in projects from partner companies (mainly banks)
  3. Increased expenses due to strengthening of measures to improve recognition, such as TV commercials, and strengthening of recruitment activities
  4. Higher expenses as the anniversary ceremony, usually held in Q1, was postponed to Q2 in FY25/7.

■ QoQ

- OP has also increased due to the increase in GP.
- Increased expenses due to the holding of the anniversary ceremony.

B/S Highlights

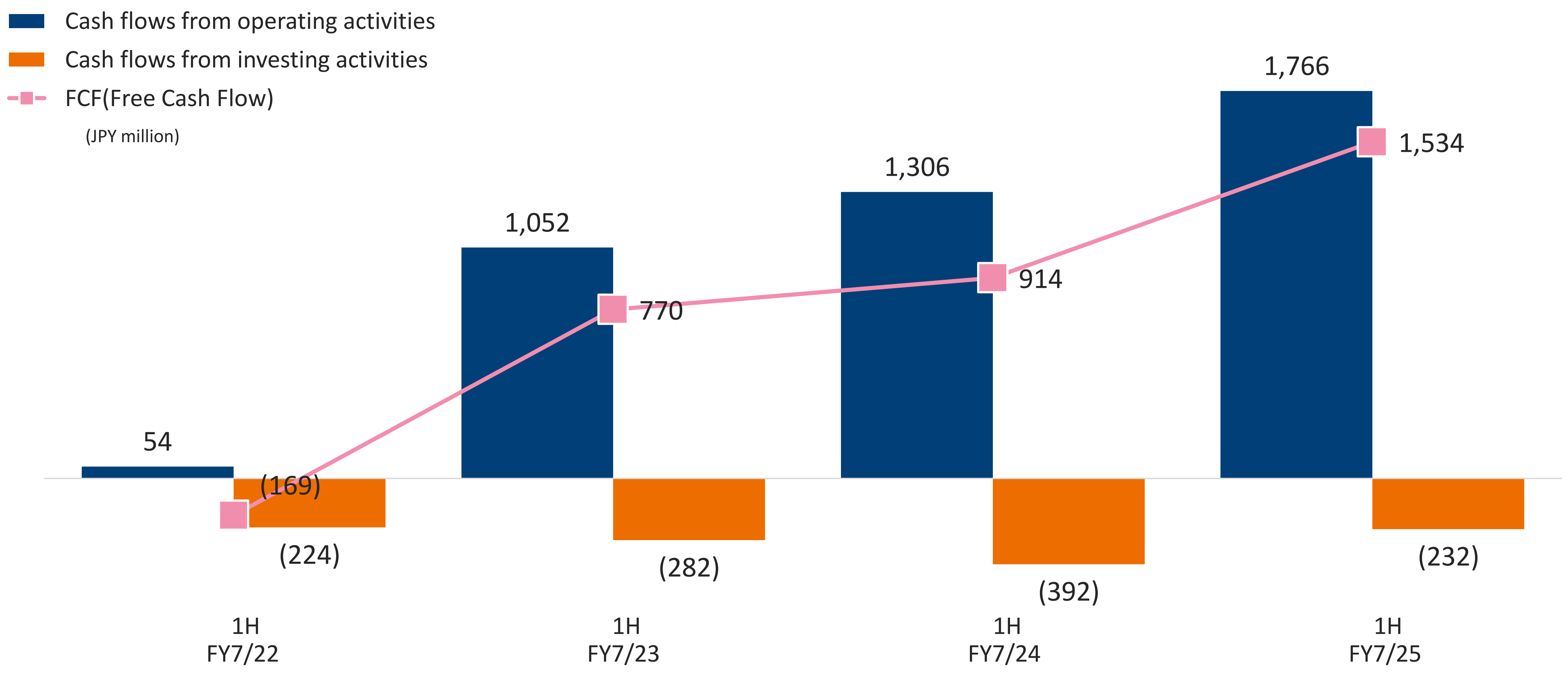
Current liabilities increased due to an increase in short-term borrowings as a result of the establishment of the Impact Neutralization Trust. Net assets and the equity ratio also decreased as the shares held by the trust are treated as treasury shares. These are temporary and will be reversed as treasury shares are sold in the market (trust period: until the end of July 2025).

(JPY million)	FY7/24 (As of July 31, 2024)	Q2 FY7/25 (As of January 31, 2025)	Change
Current assets	11,567	11,313	(254)
Non-current assets	2,585	2,504	(81)
Total assets	14,153	13,818	(335)
Current liabilities	2,555	4,463	+1,908
Non-current liabilities	1,918	2,000	+82
Total liabilities	4,473	6,463	+1,990
Total net assets	9,680	7,354	(2,326)
Current ratio	453%	253%	(199)Pt
Fixed ratio	27%	34%	+7Pt
Equity ratio	68%	53%	(15)Pt

C/F Highlights

Cash flows from operating activities increased YoY due to an increase in net sales.

We will continue investing in R&D and human capital, with M&A as an option.



Dividend Policy

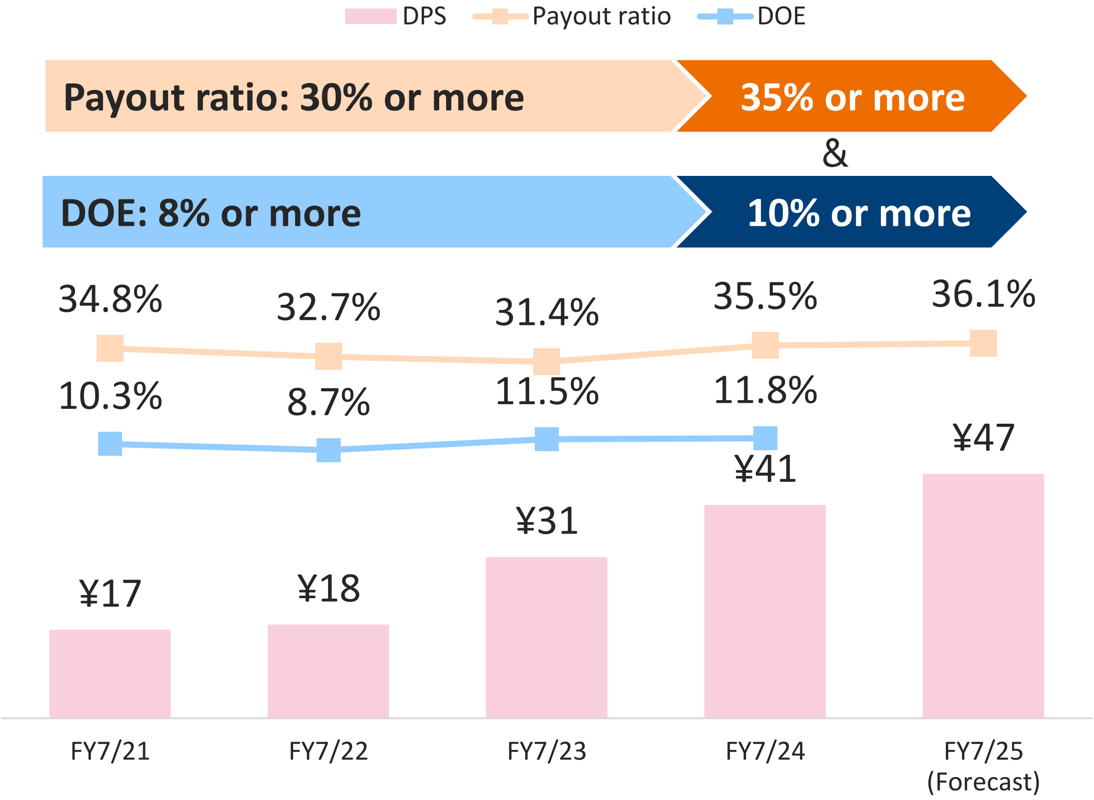
We plan to pay a dividend of ¥47 per share in FY7/25.

- Aiming to maintain a payout ratio of 35% or more.
- Aiming for a dividend on equity (DOE) of 10% or more.

Net Sales

		FY7/23	FY7/24	FY7/25 (Forecast)
1H	DPS	¥11.00	¥16.00	¥20.00 YoY +¥4.00
2H	DPS	¥20.00	¥25.00	¥27.00 YoY +¥2.00
YTD	DPS	¥31.00	¥41.00	¥47.00
	YoY	+72.2 %	+32.3 %	+14.6 %
	Payout Ratio	31.4 %	35.5 %	36.1 %
	DOE	11.5 %	11.8 %	—

Dividend policy and trends in DPS and payout ratio



Establishment of Impact Neutralization Trust for the Expansion of Circulating Shares

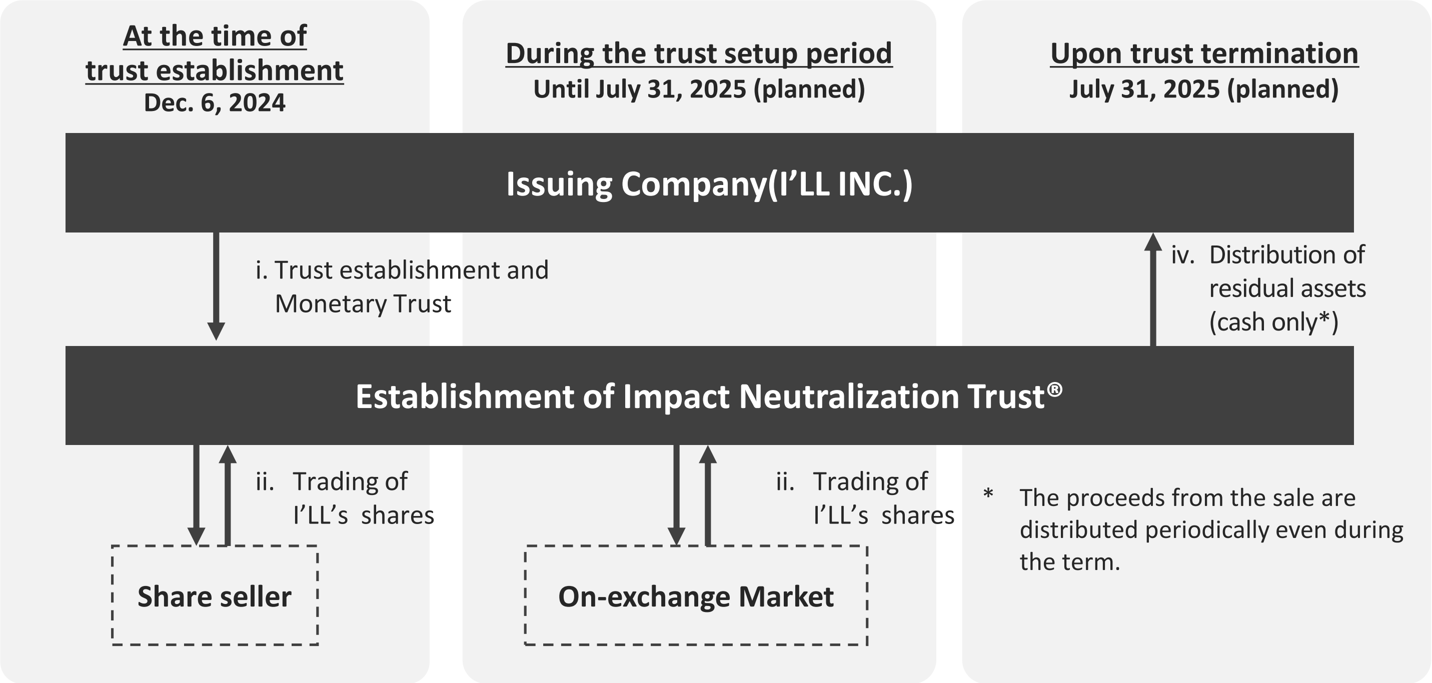
To continuously meet the criteria for maintaining our listing on the TSE Prime Market and in light of the upcoming revision of the TSE TOPIX, we aim to enhance the liquidity of our shares and improve market supply and demand.

Overview of the Impact Neutralization Trust

Seller: Founder (individual)
Number of shares acquired: 1,250,000 shares
Trustor/beneficiary: I'LL INC.
Trustee: The Nomura Trust and Banking

Ratio of shares in circulation (estimate)

As of July 31, 2024	As of July 31,2025 (Estimated)
42.26%	47.25%



Status of impact neutralization trust sales

500,400 shares (progress rate 40.0%)
As of February 28, 2025

Benefits and features

1. Increase in shares in circulation through market sale of acquired shares.
2. Enhancing market liquidity and minimizing the impact on supply and demand by selling shares gradually.
3. Ensuring equal sale opportunities for other shareholders.
4. Potential disposal profit if the share price rises.

Disadvantages and considerations

1. Until the sale through this trust is completed, there will be an impact on the market supply and demand for our shares.
2. There is a possibility of a capital loss due to a decline in the share price.

Other Important Notes

- The shares held by the trust are accounted for as treasury shares.
- The impact on business performance due to the implementation of the trust was minimal as of Q2 FY7/25.

Policy from FY25/7 onwards

By making effective use of cash and stepping up investment in future growth, we aim to achieve OP ¥10B by 2030.

OP ¥10B

Phase 1 (up to FY7/19)

Pursuit of net sales

- Most of our customers were small businesses.
- The main method of acquiring new customers was through our own sales force.
- Our key performance indicators (KPIs) included sales and new customer acquisition.

Phase 2 (up to FY7/24)

Transitioning to a profit-driven organization

- Achieved ¥10 billion in net sales for FY7/19 and shifted focus to improving OPM.
- Alongside the integration of production and sales, we also reviewed organizational systems and order-taking methods while enhancing packaged system capabilities.
- Launched recurring revenue products such as Aladdin Cloud.
- With the expansion of our target market, we have seen an increase in partner orders and website inquiries.
- Initial gross profit and recurring revenue were the KPIs.

Phase 3 (from FY7/25)

Increase investment in growth

- To achieve further growth, we will continue to increase revenue and profits while accelerating strategic growth investments..
- To attract and retain top talent, we will continue to increase our investment in people.
- We aim to enhance our advertising strategy to increase brand visibility.
- Accelerate product development and reorganize the organization to increase cross-selling between the two businesses.
- M&A of companies that offer synergies in business and human resources is also an option.
- We have intensified our capital allocation discussions. Surplus funds will be used for shareholder returns.

FY7/25-27 Three-year Rolling Plan

We will invest in human capital and raise brand awareness over the next three years.

Three-year plan (consolidated)

(JPY million)	FY 7/24 Actual	FY 7/25 Plan	FY 7/26 Plan	FY 7/27 Plan	CAGR (FY7/24-27)
Net sales	17,508	19,150	21,200	23,500	10.3%
Gross profit	9,773	10,783	12,085	13,587	11.6%
(margin)	(55.8%)	(56.3%)	(57.0%)	(57.8%)	
Operating profit	4,263	4,800	5,600	6,600	15.7%
(margin)	(24.4%)	(25.1%)	(26.4%)	(28.1%)	
Net profit	2,887	3,257	3,798	4,473	15.7%

The premise of the plan

Orders

- Growing demand for digital transformation.
- The demand to replace legacy systems will continue to accelerate.
- We believe it is the right time to switch systems. This is because many companies upgraded their systems in 2020 due to the end of server OS maintenance and the introduction of a reduced tax rate.

Development project

- Ongoing expansion of the project scale.
- Ensuring smooth deliveries to customers helps shorten delivery times.

Purchasing cost

- Considering passing on the cost of rising purchase prices to customers.
- While there is a possibility that purchasing costs may increase in the future, we expect the impact on our business performance to be minimal.

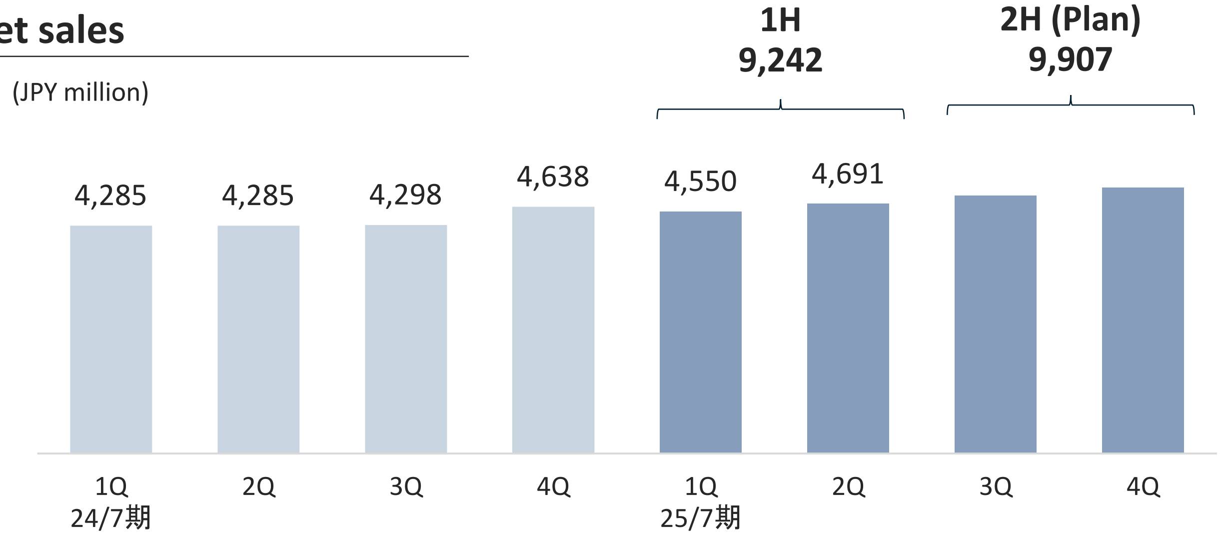
Investments and others

- Continue to develop the Aladdin Office and other systems.
- Implementation of TV commercials.
- Expect to hire 70-80 new graduates and 25-35 mid-career hires each year.

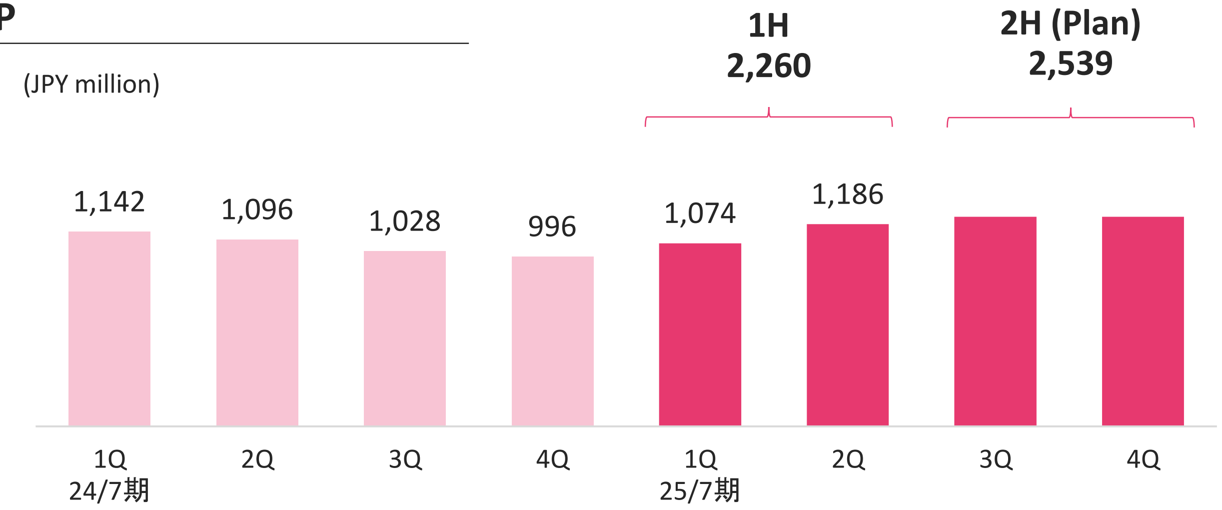
FY7/25 Quarterly Plan Overview

Assuming a stable year with no special factors.

Net sales



OP



The premise of the plan

- Net sales are expected to increase QoQ. This is due to the accumulation of recurring revenue and the growth of engineers.
- In Q1 FY7/25, net sales were boosted by special demand for server maintenance and a concentration of system deliveries due to legal revisions. As a result, the YoY growth rate appears to have slowed in Q1 FY7/25, but there is no change in the business momentum.
- We expect net sales to be boosted by special factors in Q4 FY7/25. This is because there is a possibility that existing customers will replace their PCs due to the end of Windows 10 maintenance.

Uncertainties causing plan variances

- If productivity improvements progress and the project turnover rate rises more than expected (+)
- If there is more demand for hardware replacement than expected due to the expiration of Windows 10 maintenance (+)

The premise of the plan

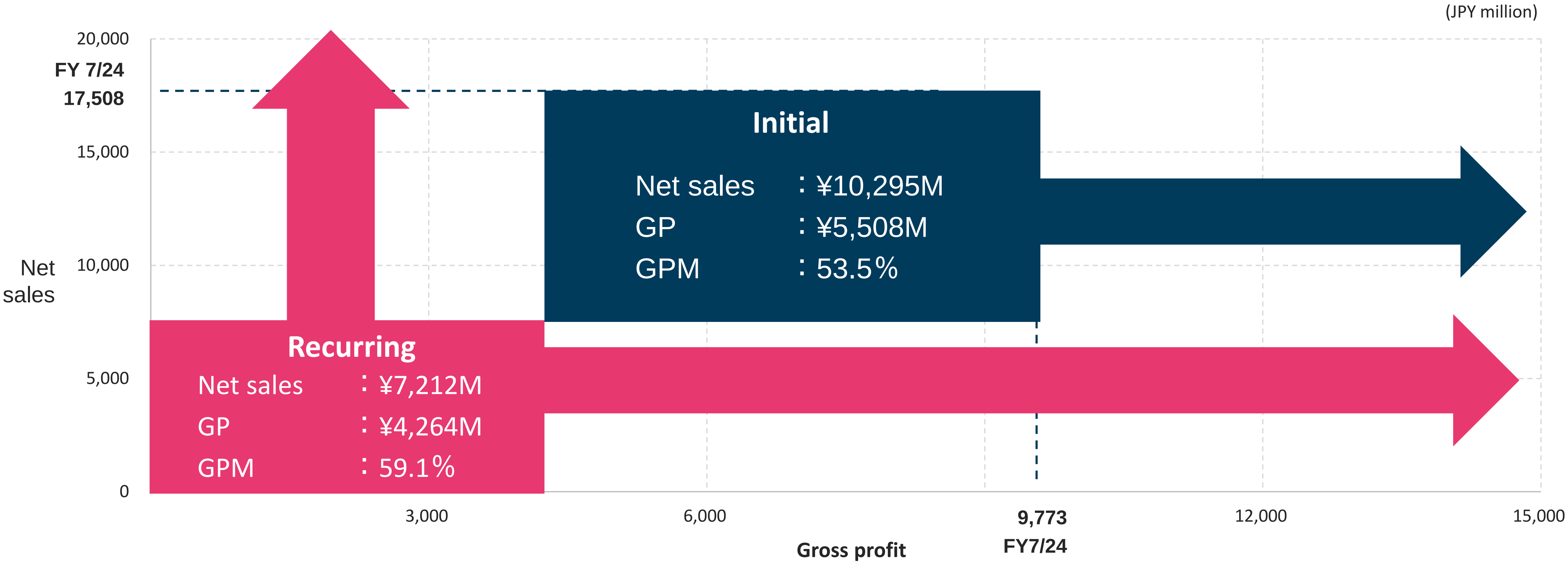
- Q1 FY7/25 is planned to be the same as the previous year. This is because, as with net sales, Q1 FY7/24 results were boosted by special demand. From Q2 onwards, we expect to exceed the previous year's results on a YoY basis.
- We plan to continue investing in advertising and publicity, which we began in the second half of last year, throughout the year.

Uncertainties causing plan variances

- If the turnover rate of projects increases more than expected due to improved productivity (+)
- If COS increases due to a rise in the price of purchased goods (-)

Strategies for Increasing Profits

Increase recurring revenue, which has a higher profit margin than initial revenue.



Increase in recurring revenue

By actively developing cloud products, we will increase the proportion of recurring revenue, which has a relatively high gross profit margin compared to initial sales.

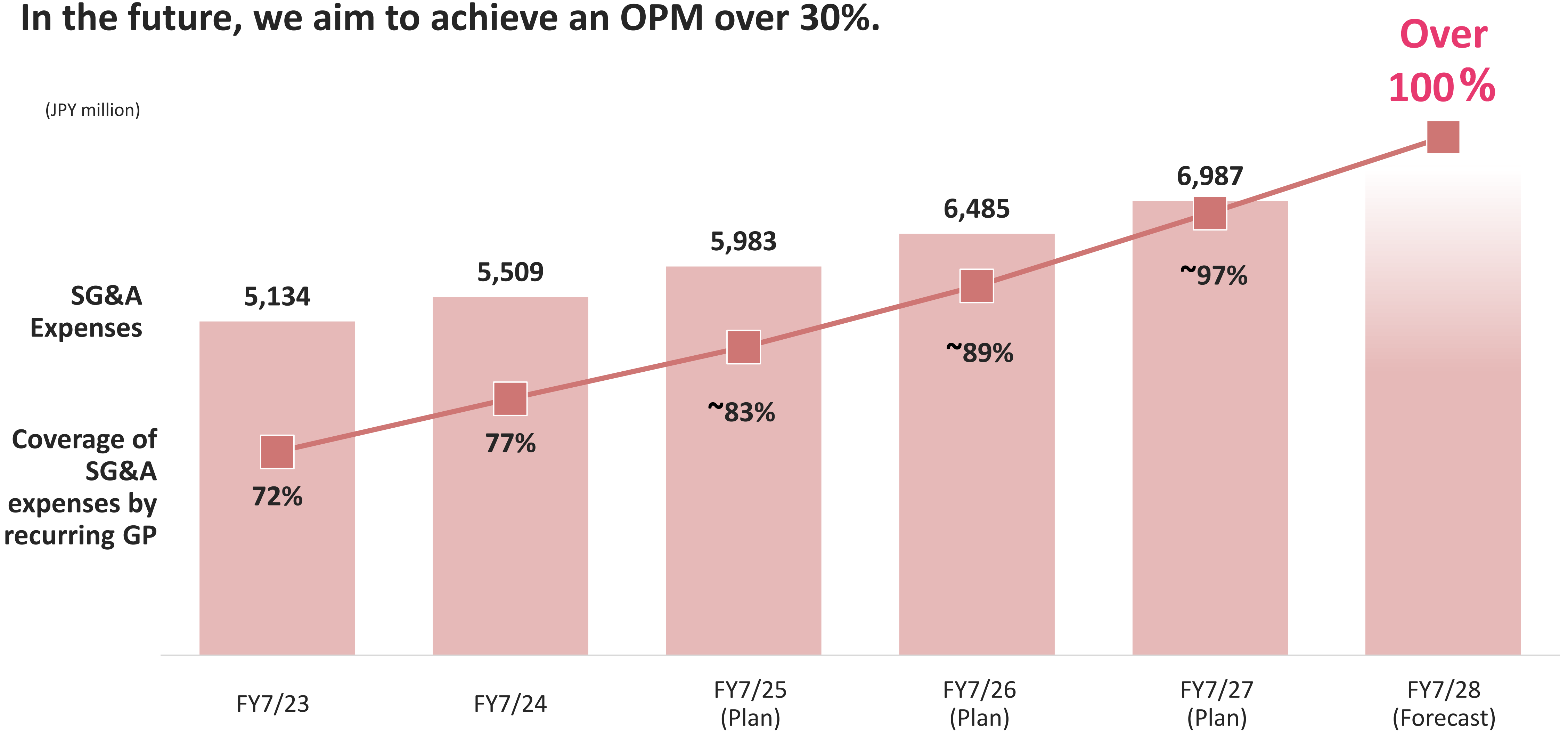
Further improvement in GPM

We will improve GPM by reducing customization through the enhancement of standard package functions and refining project management through integrated production and sales.

Aim for Recurring GP to Exceed SG&A Expenses

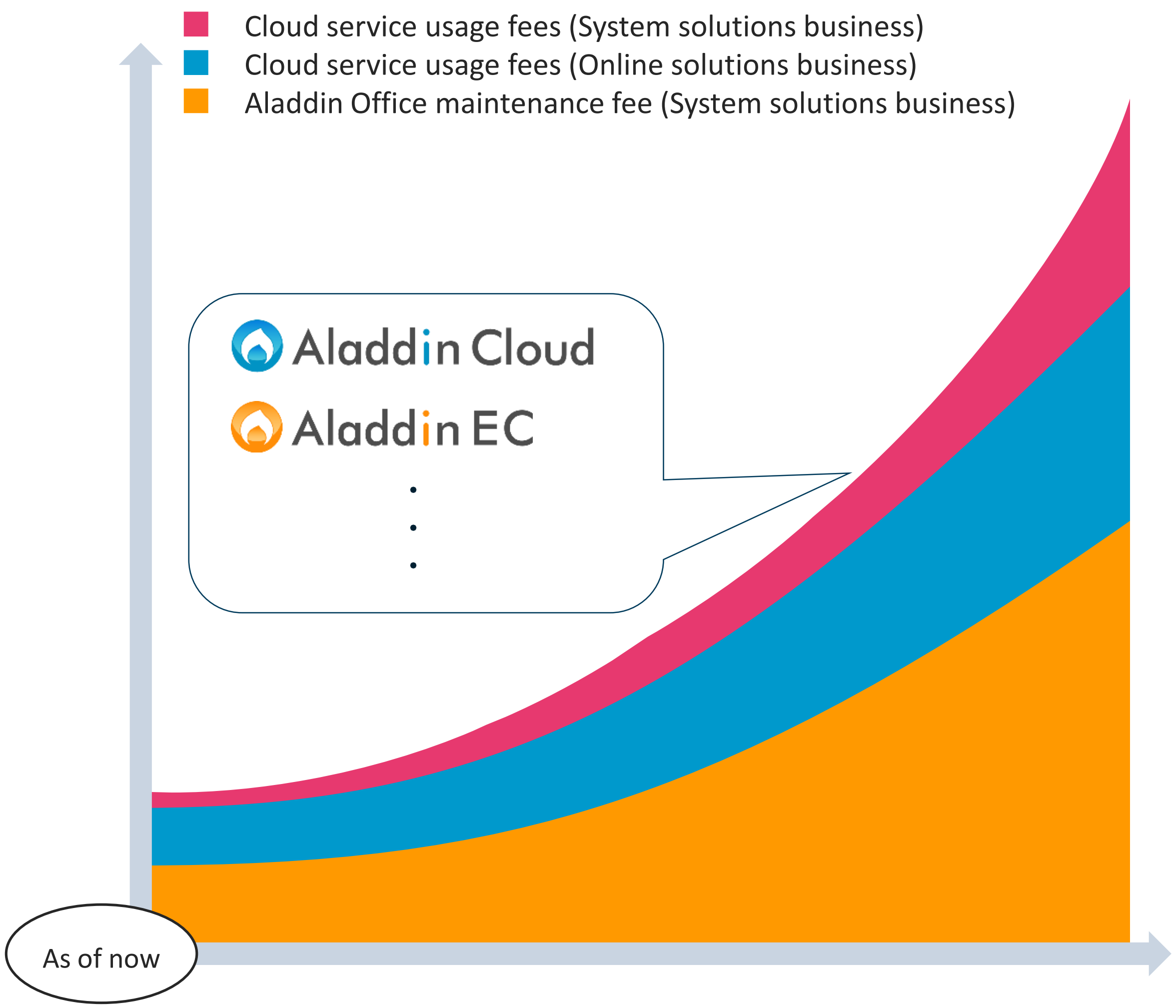
We are aiming to strengthen sales of cloud products and to create a system where SG&A expenses can be covered by recurring GP.

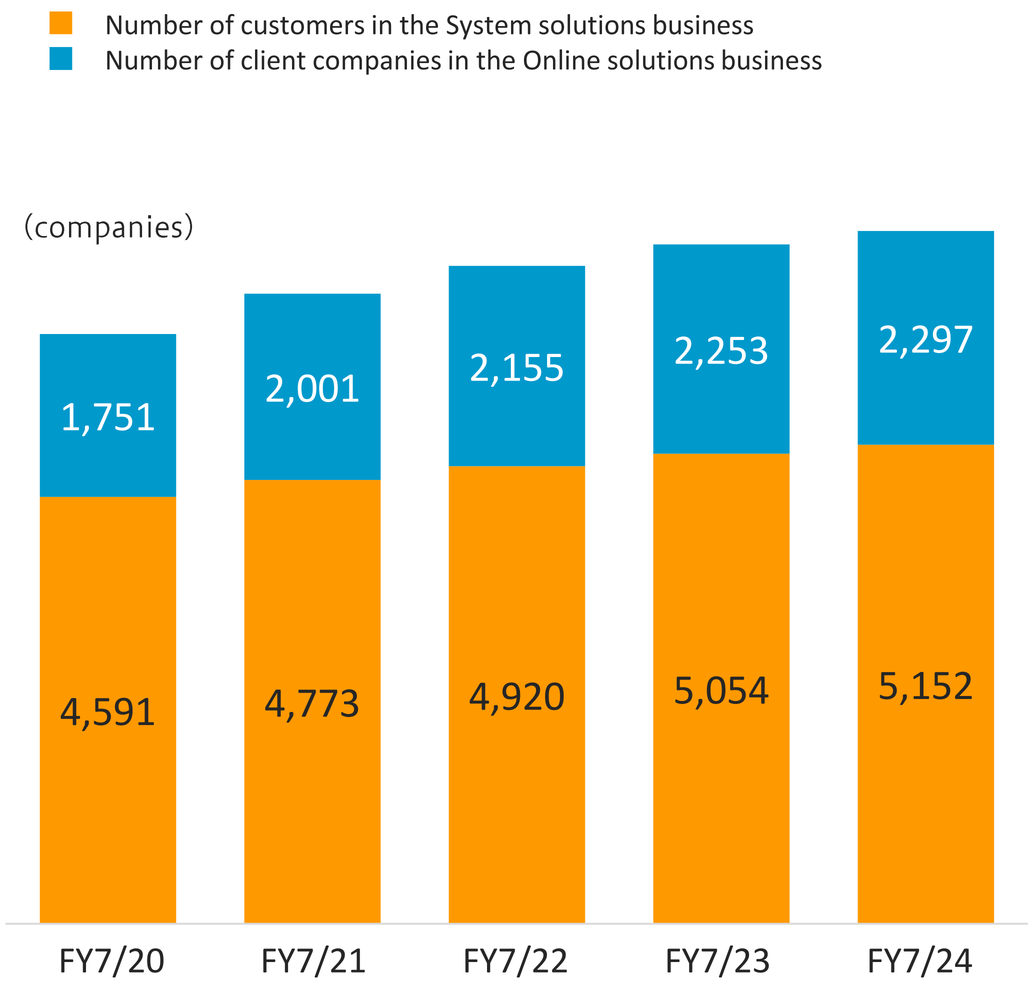
In the future, we aim to achieve an OPM over 30%.



Overview of Recurring Revenue Growth

Although the pace of customer growth is slowing, the size of the customer base is increasing, so recurring revenue is growing.





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