



Summary

Outline of Consolidated Financial Results for Q3 FY7/25

Note :
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I'LL INC. (3854.T)

June 6, 2025

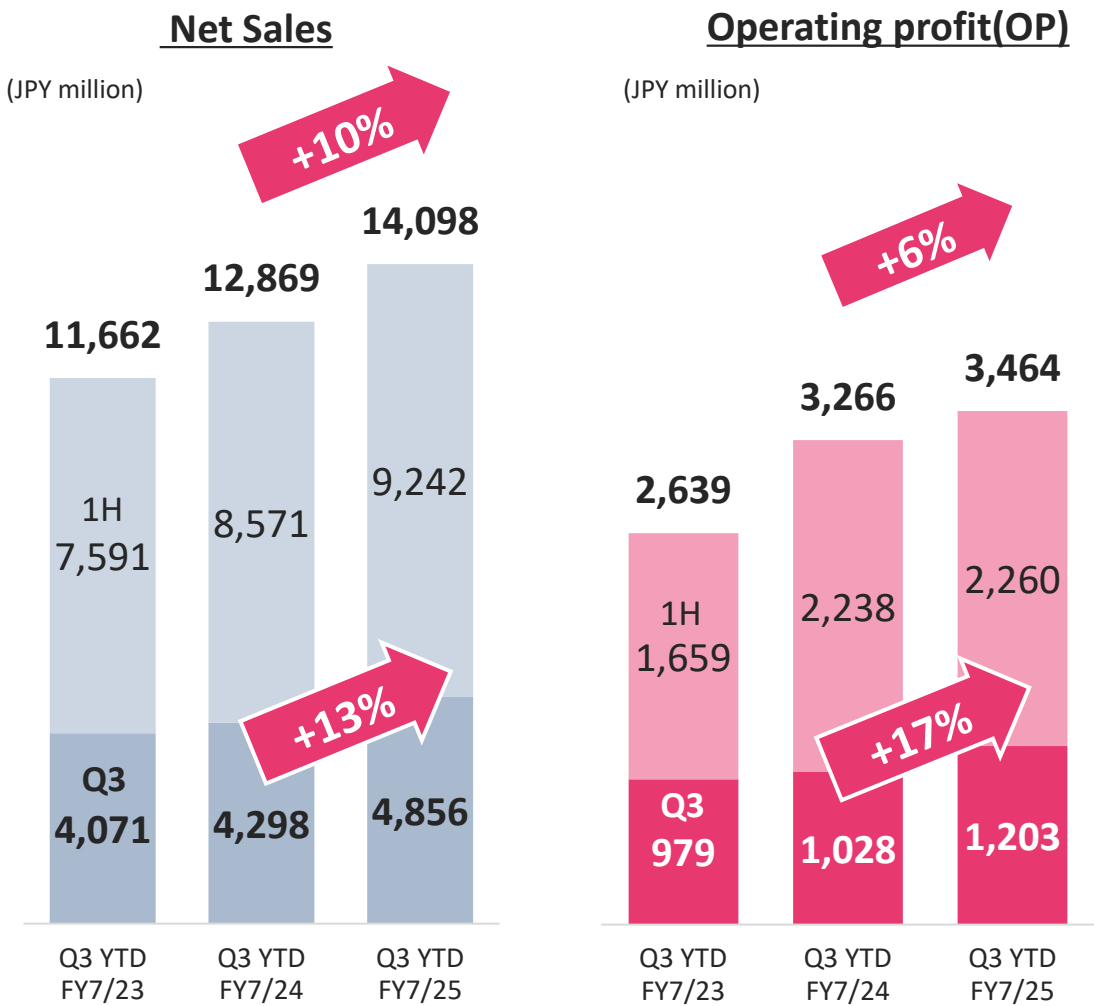
Caution concerning forward-looking statements

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

Net sales and OP reached record highs for both YTD and QTD.

Growth continues steadily, unaffected by macroeconomic fluctuations.



I. Review of Q1-3 FY7/25

System solutions business (p. 7)

- Net sales and gross profit (GP) both rose, supported by progress in upstream project phases and growth in recurring revenue.
- Order momentum remains strong, driven by new large-scale projects.
- Gross profit margin (GPM) declined due to the loss of service sales from last year’s server replacement demand, higher personnel costs, and a smaller proportion of net sales coming from the delivery phase.

Online solutions business (p. 10)

- Sales and GP increased in line with our plan, driven by continued new client acquisitions.
- Despite the price increase for CROSS MALL in Mar. 2025, GPM declined due to the cost of implementing third-party security verification.

II. Investment for Sustainable Growth

- Personnel expenses (COS + SG&A) rose ¥582M (+11.0%) YoY in 3Q YTD.
- 67 new grads joined in Apr. 2025. Plan to hire 25–35 mid-career professionals annually.

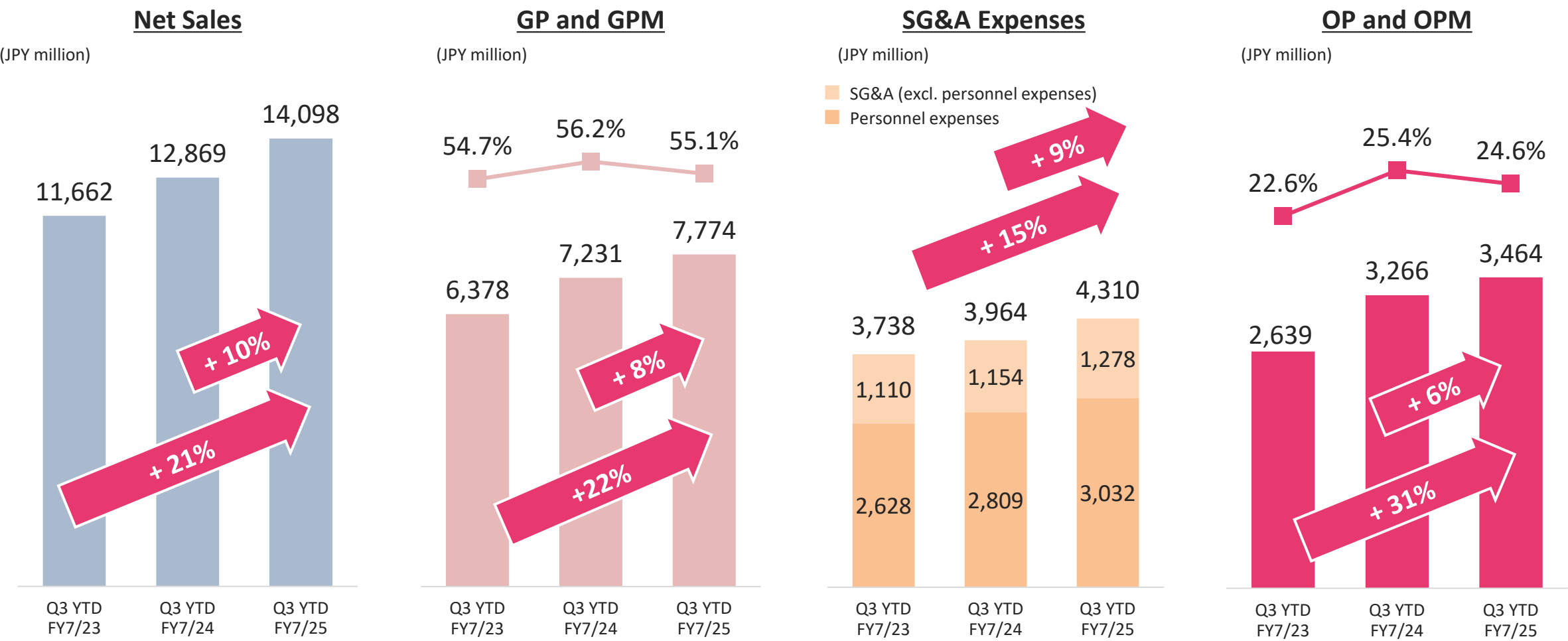
III. Impact of Macroeconomic Fluctuations on Our Business

- No impact on either business segment.
- We remain vigilant, as uncertainty may affect system investment, project progress, or customer continuity.

Financial Trends (Q3 YTD)

Personnel expenses rose due to strategic investment in salaries and recruitment.

Despite a decline in profit margins, net sales and profits reached record levels.



P/L Highlights (Q3 YTD)

The absence of special demand in Q3 FY7/24 and FY7/25 QTD enabled double-digit YoY growth.

(JPY million)	QTD				YTD			
	Q3 QTD FY7/24	Q3 QTD FY7/25	YoY		Q3 YTD FY7/24	Q3 YTD FY7/25	YoY	
			Diff.	Change			Diff.	Change
Net Sales	4,298	4,856	+557	+13%	12,869	14,098	+1,228	+10%
Gross profit (GP)	2,377	2,655	+278	+12%	7,231	7,774	+543	+8%
Selling and general administrative(SG&A)	1,348	1,451	+103	+8%	3,964	4,310	+346	+9%
Operating profit (OP)	1,028	1,203	+175	+17%	3,266	3,464	+197	+6%
Ordinary profit	1,035	1,186	+150	+15%	3,284	3,421	+136	+4%
Profit	694	818	+124	+18%	2,184	2,356	+171	+8%

Q3 YTD Drivers of OP (vs 2024)

(JPY million)

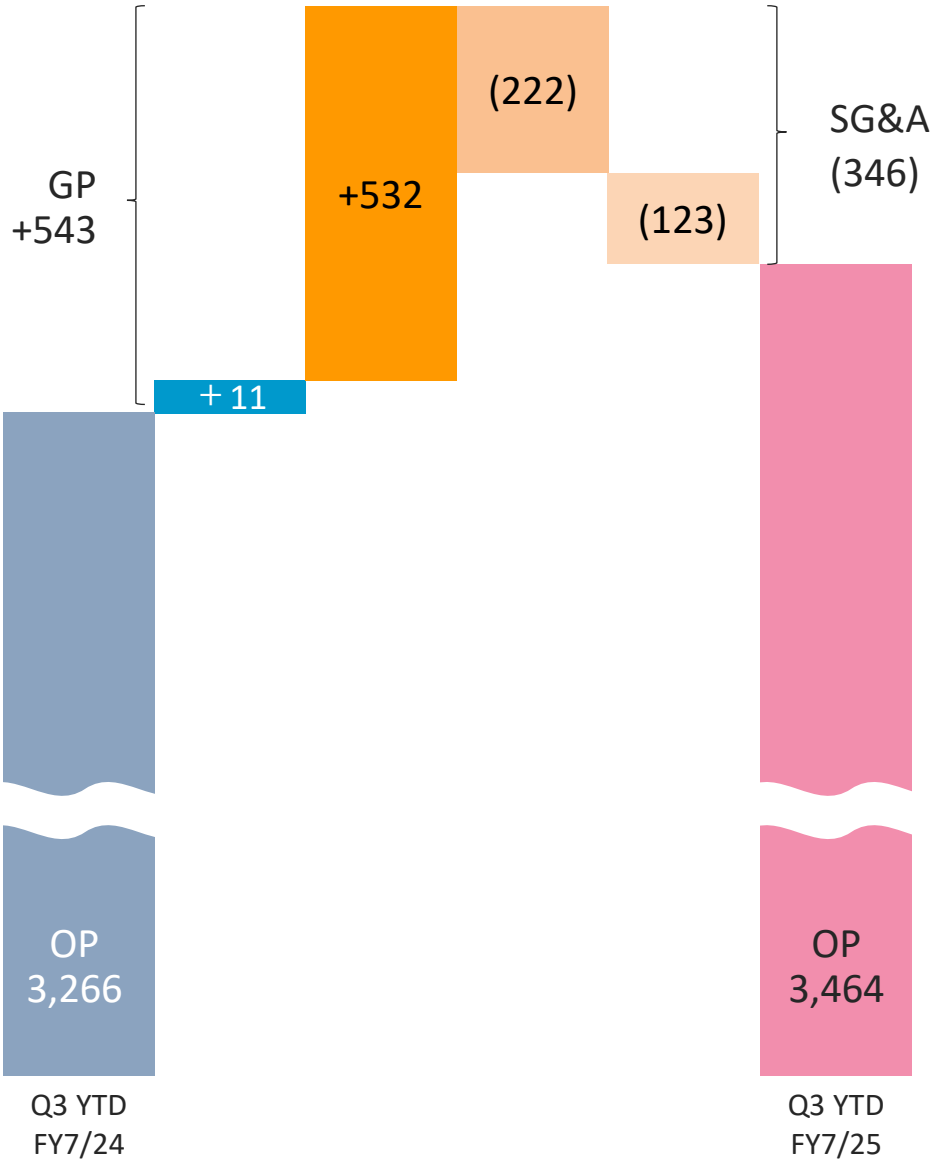
System Solutions Business

- 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. (+)
- End of special demand for server replacements in FY7/24 and completion of front-loaded projects due to concentrated system deliveries(-)
- 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 7% YoY (+)
- CROSS POINT recurring revenue up 7% YoY (+)



Personnel expenses (SG&A)

- +7.9% YoY due to continued salary increases and increased headcount.
Note:
Personnel expenses for COS: +¥360M (+14.4% YoY).

SG&A (excl. personnel expenses)

- Increased costs for awareness initiatives, including TV commercials and exhibitions.
- Referral fees rose as large projects from partner companies (mainly banks) increased.
- Increased costs for expanded recruitment activities.

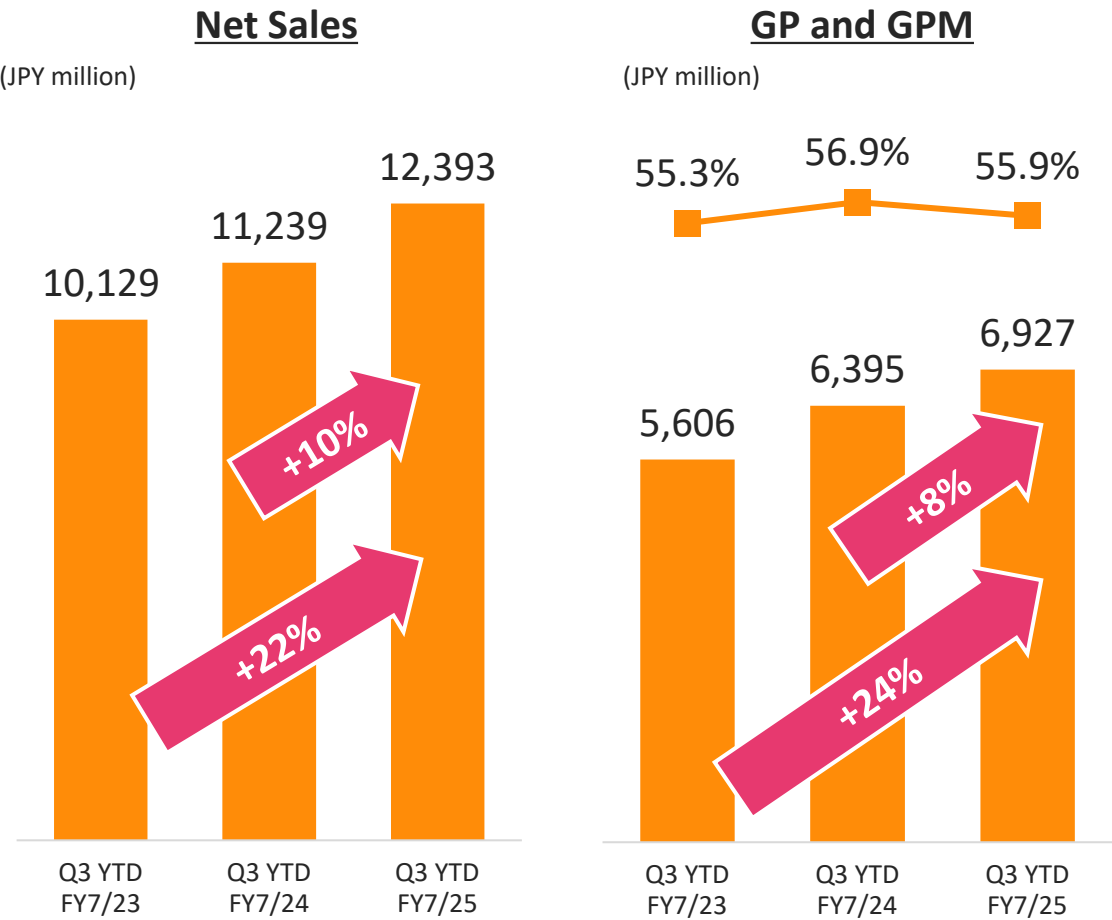
Results by business

Both businesses posted YTD and QTD growth in net sales and GP.

(JPY million)		QTD				YTD			
		Q3 QTD FY7/24	Q3 QTD FY7/25	YoY		Q3 YTD FY7/24	Q3 YTD FY7/25	YoY	
				Diff.	Change			Diff.	Change
Net Sales		4,298	4,856	+557	+13%	12,869	14,098	+1,228	+10%
	System solutions business	3,759	4,269	+510	+14%	11,239	12,393	+1,154	+10%
	Online solutions business	539	586	+47	+9%	1,629	1,704	+74	+5%
Gross profit (GP)		2,377	2,655	+278	+12%	7,231	7,774	+543	+8%
	System solutions business	2,096	2,372	+276	+13%	6,395	6,927	+532	+8%
	Online solutions business	280	282	+1	+1%	836	847	+11	+1%

System Solutions Business Results (Q3 YTD)

While GPM declined due to a smaller share of delivery-phase sales, net sales grew by double digits.



Overview

- Net sales grew by double digits, supported by progress in upstream project phases and growth in recurring revenue.
- GPM declined due to the loss of service sales from last year’s server replacement demand, higher personnel costs, and a smaller proportion of net sales coming from the delivery phase. Deliveries are expected to be concentrated in Q4.
- Order momentum remains strong, driven by new large-scale projects.
- As in Q2, hardware sales were still impacted by the recoil from last year’s special demand, but the continued growth in software sales is helping to offset the decline.

Enhancement Plan

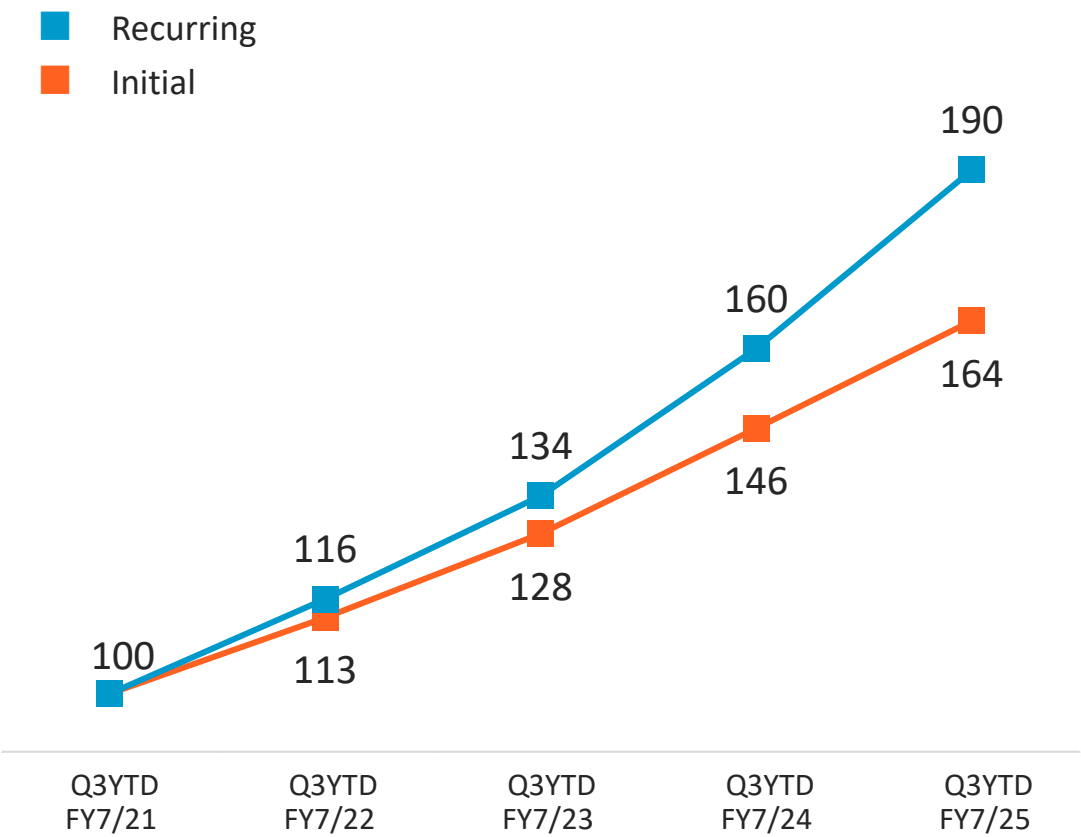
- Accept orders with consideration for engineer availability (SEs/programmers) to balance workload and enhance productivity.
- Strengthen risk management as the customer base expands, to prevent project delays and inspection issues stemming from more complex approval processes.
- Expanding the use of generative AI across more phases of system development to enhance efficiency.

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.

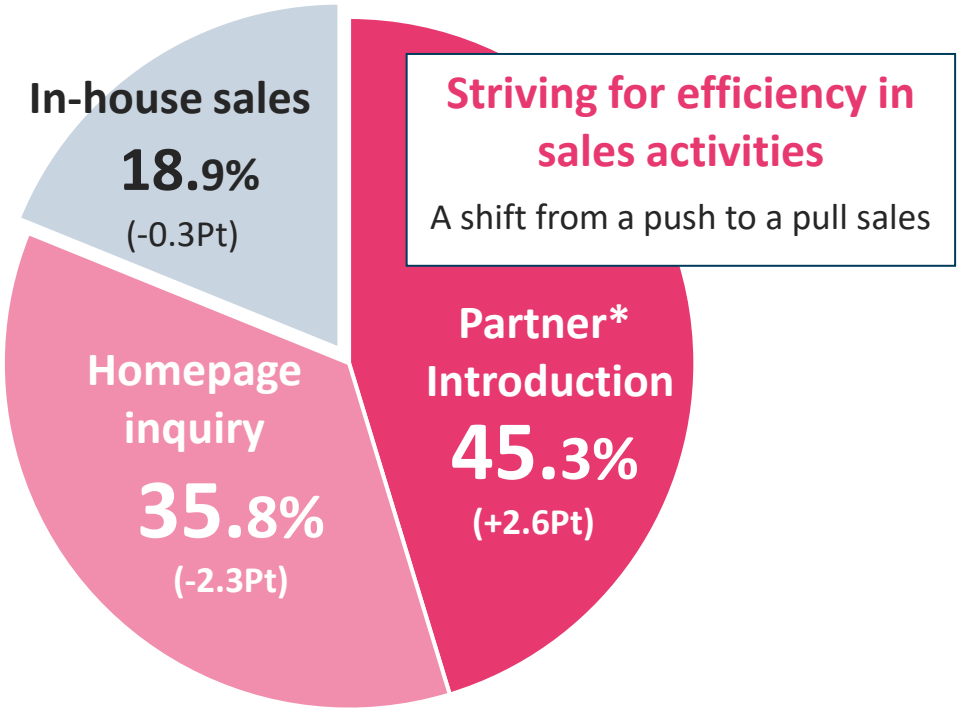
Trends in Orders Received (index*)

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



Sales Channel Composition (Order Value)

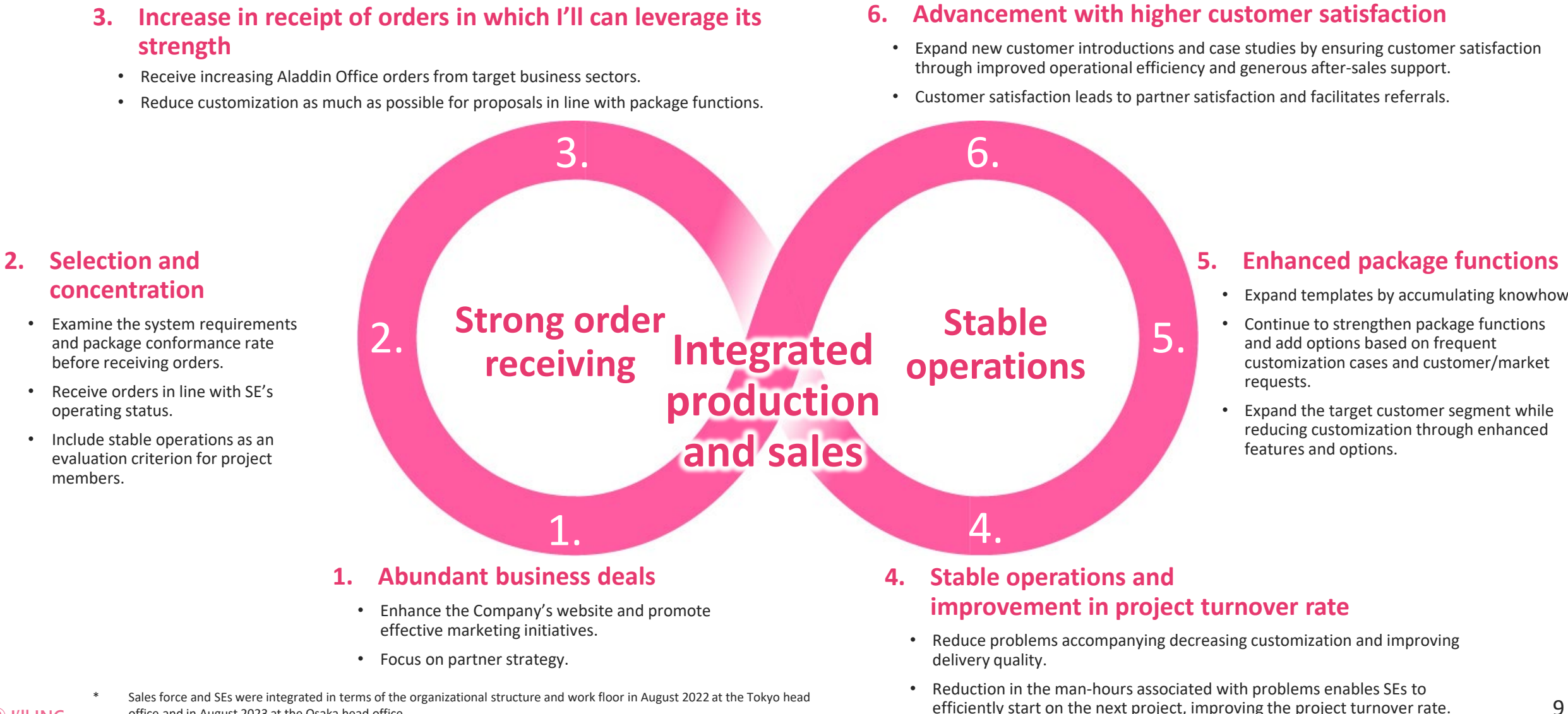
*FY7/24 Results
*Figures in parentheses show YoY changes.



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

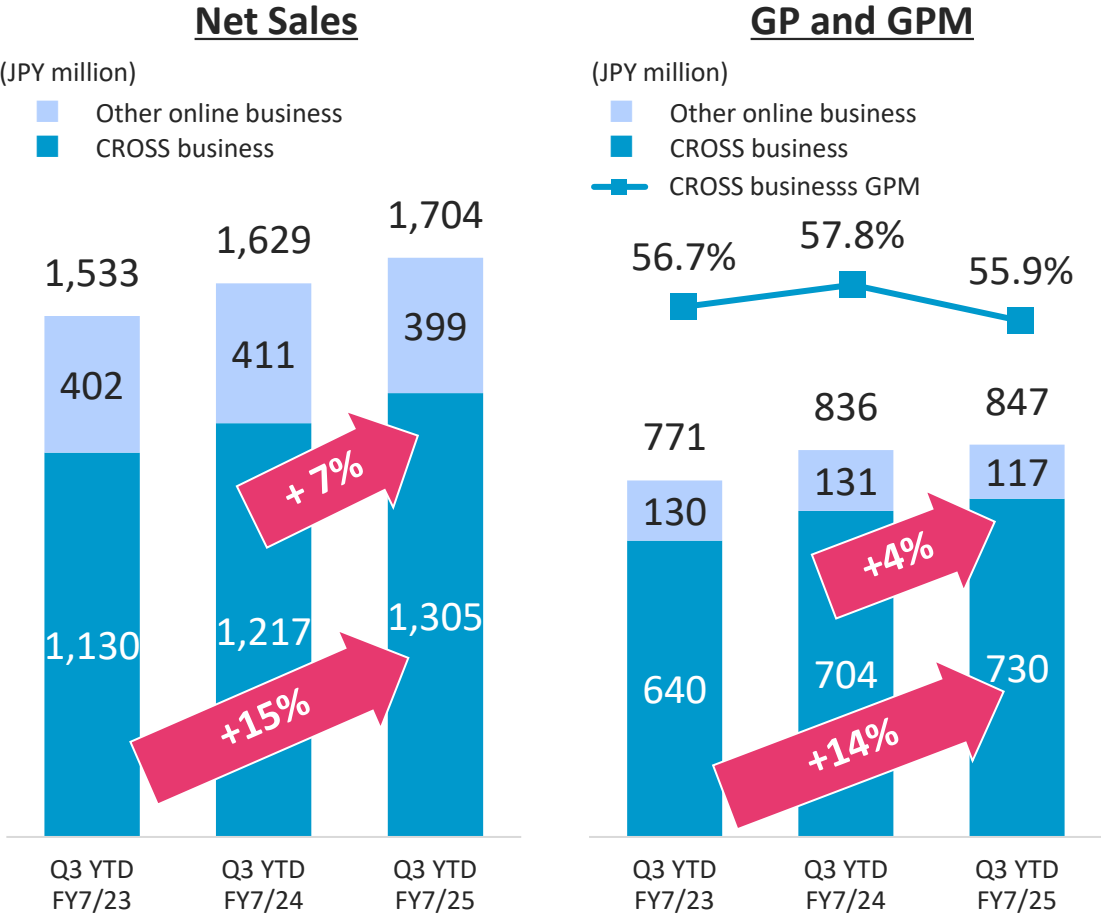
Stronger Profits and Positive Spiral for Sustained Growth

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



Online Solutions Business Results(Q3 YTD)

Both net sales and GP increased. The CROSS business continues to steadily expand its customer base. To ensure service security, third-party vulnerability assessments are conducted.



- ### Overview

 - Online solutions business achieved net sales and GP growth, with results largely in line with plans.
 - Despite a monthly usage fee increase at CROSS MALL, GPM declined due to higher security verification costs.

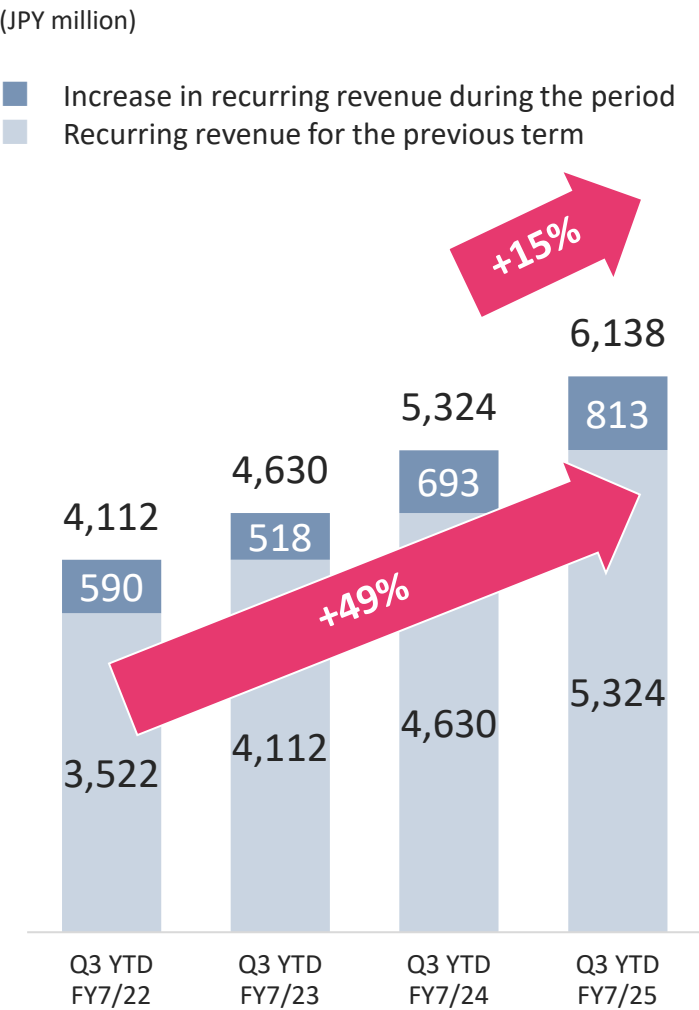
- ### Enhancement Plan

 - 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 19 orders in Q3 YTD
 - 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 revised pricing for existing customers in March in order to strengthen support services.

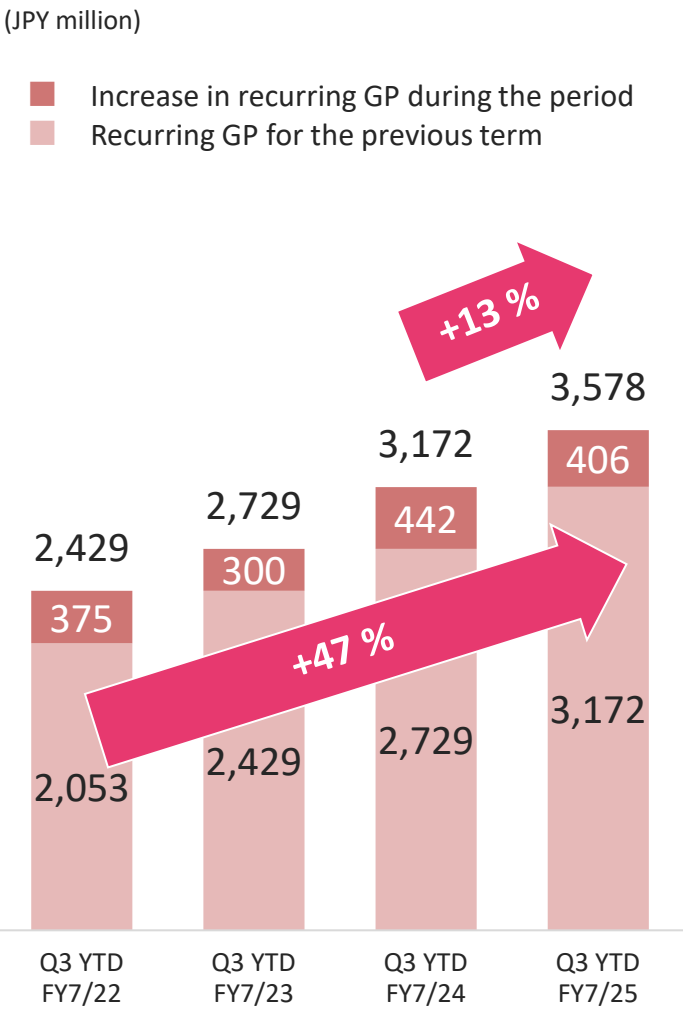
Recurring Revenue and GP

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

Recurring Revenue

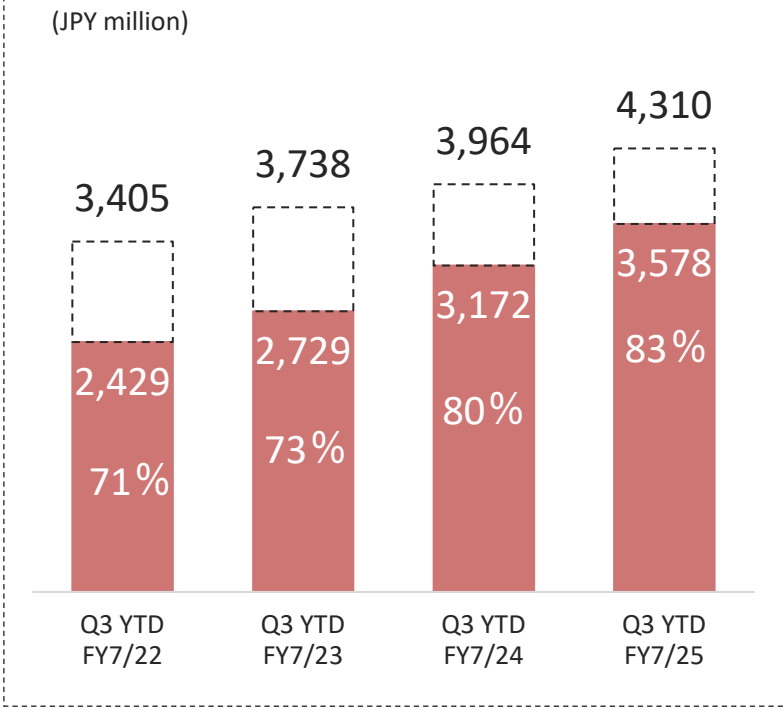


Recurring GP

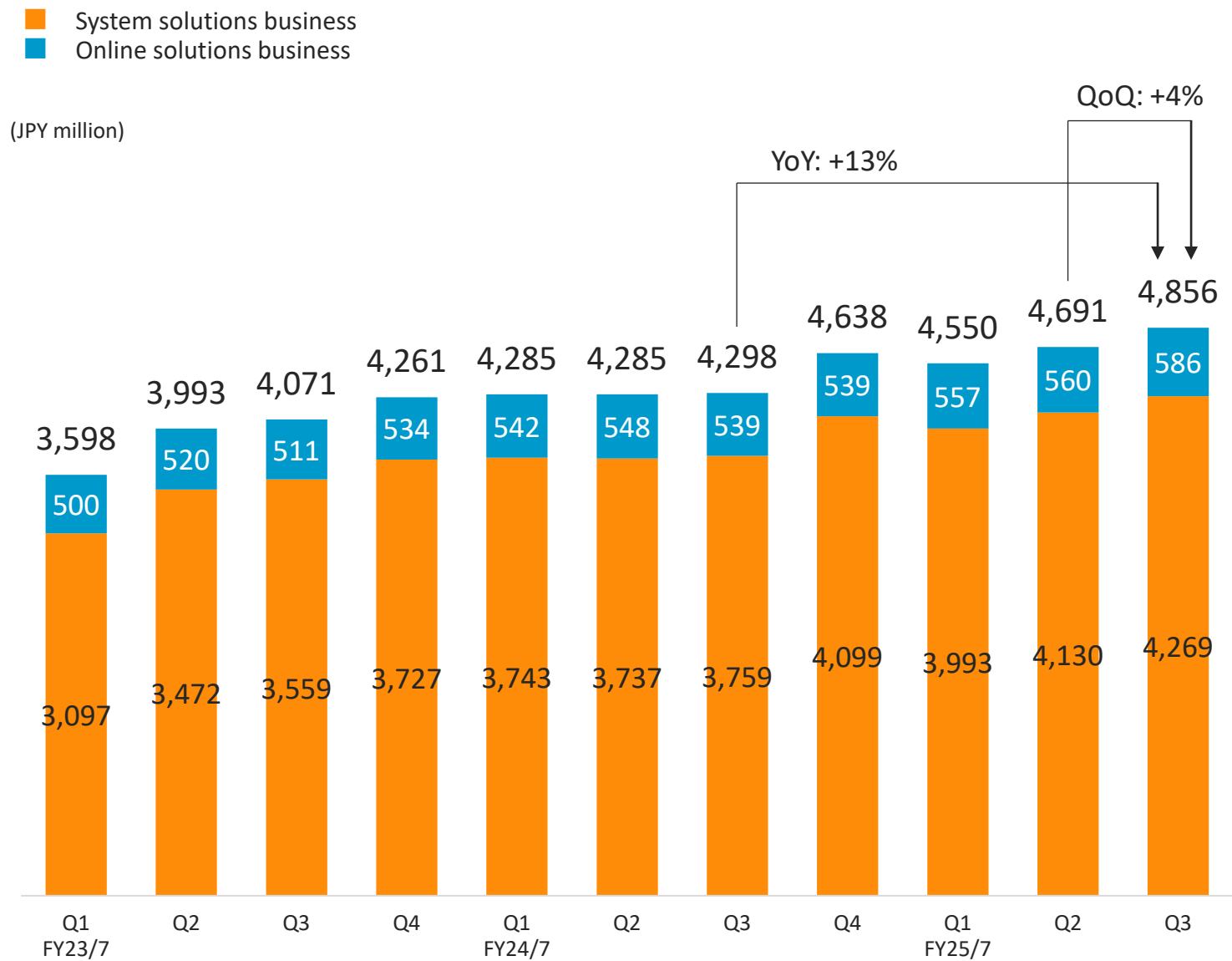


- Recurring revenue is increasing due to higher monthly maintenance fees from project expansion, greater adoption of cloud products, and continued growth of the CROSS Business.
- Recurring profit covers at least 80% of SG&A expenses

Recurring gross profit coverage of SG&A expenses



Trends in Net sales (QTD)



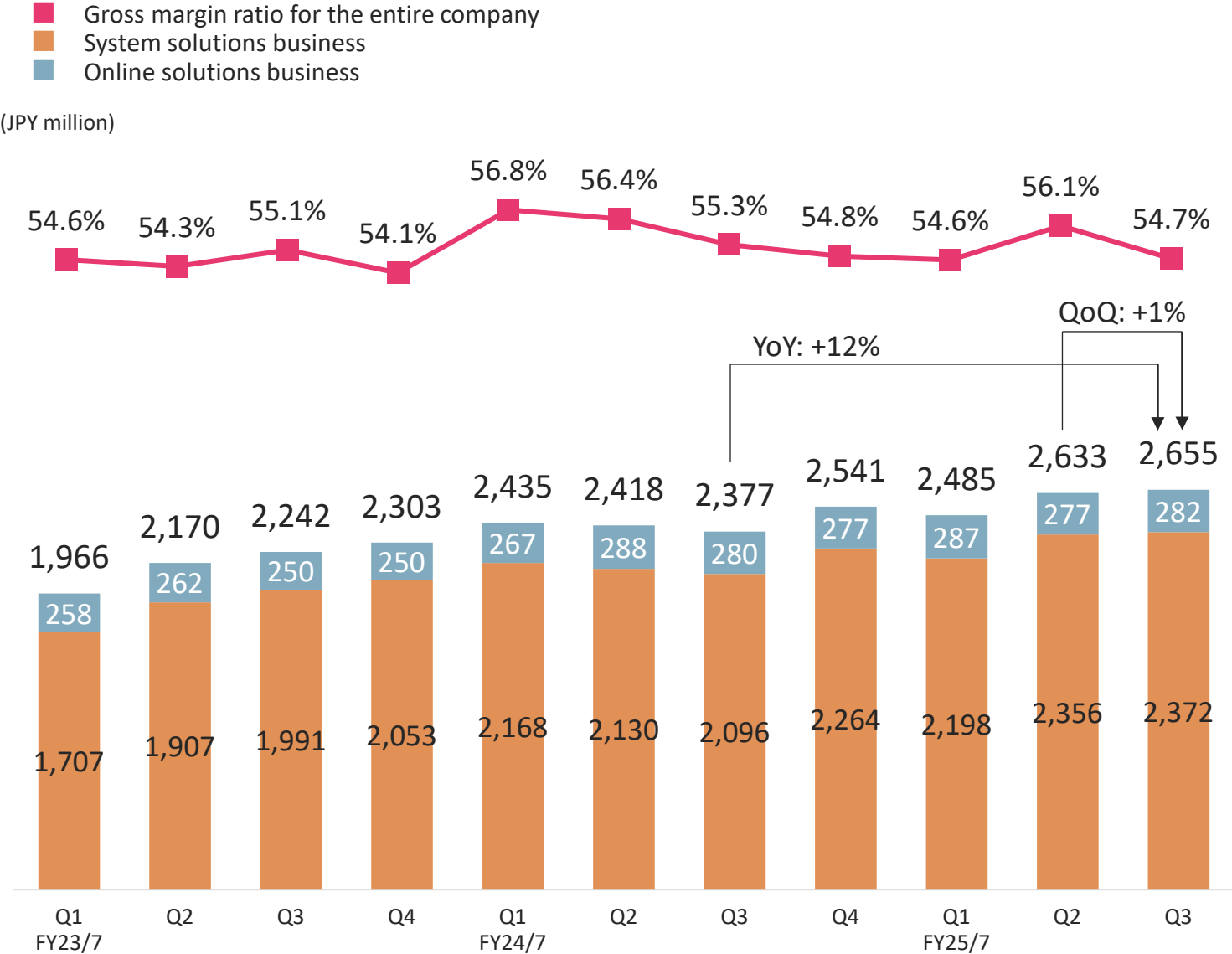
■ YoY

- Progress in upstream project phases and recurring revenue growth.
- Production volume increased due to:
 - Increased headcount
 - Improved employee skills
 - Enhanced packaged software functionality
- The absence of extraordinary demand in Q3 FY7/24 and FY7/25 QTD

■ QoQ

- Progress in upstream project phases and recurring revenue growth.
- Increased productivity as last year's new graduates began contributing to projects.
- Growing internal recognition that software sales offset hardware sales decline.

Trends in GP and GPM (QTD)



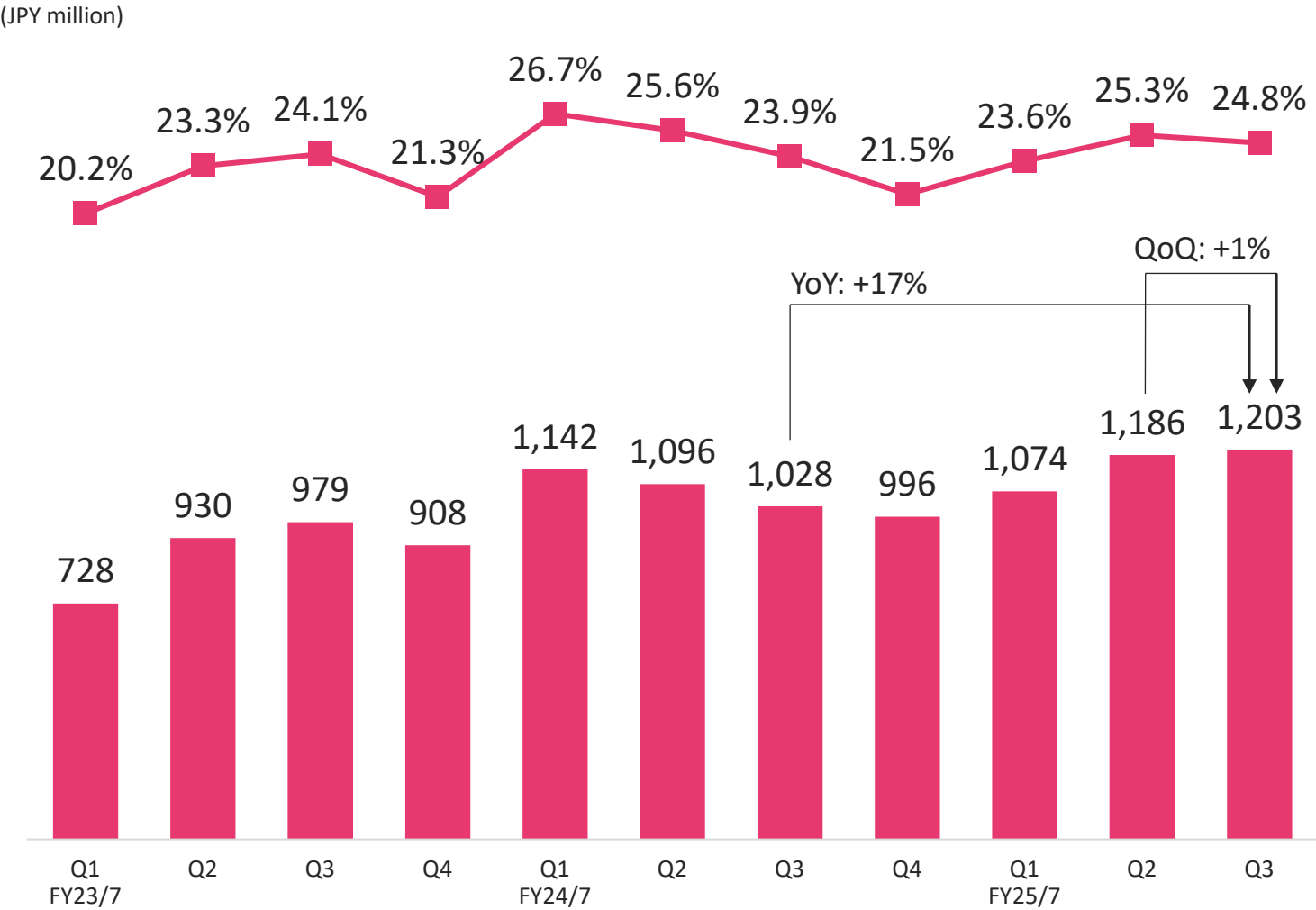
YoY

- GPM declined due to higher COS from higher personnel expenses.

QoQ

- GPM decreased due to:
 - Lower sales mix in the high-margin delivery phase (System solutions business).
 - Costs associated with third-party certification for service security(Online solutions business)

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) increased by ¥582M YoY.
 2. Introduction fees increased due to an increase in projects from partner companies (mainly banks)
 3. Increased expenses due to intensified recruitment activities

■ QoQ

- Despite increased personnel expenses from hiring new graduates, OP rose thanks to higher GP and reduced ad and promotion costs, including TV commercials.

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)	Q3 FY7/25 (As of April 30, 2025)	Change
Current assets	11,567	12,094	+526
Non-current assets	2,585	2,595	+9
Total assets	14,153	14,689	+536
Current liabilities	2,555	3,454	+899
Non-current liabilities	1,918	2,044	+126
Total liabilities	4,473	5,498	+1,025
Total net assets	9,680	9,191	(489)
Current ratio	453%	350%	(103)Pt
Fixed ratio	27%	28%	+2 Pt
Equity ratio	68%	63%	(6)Pt

Dividend Policy

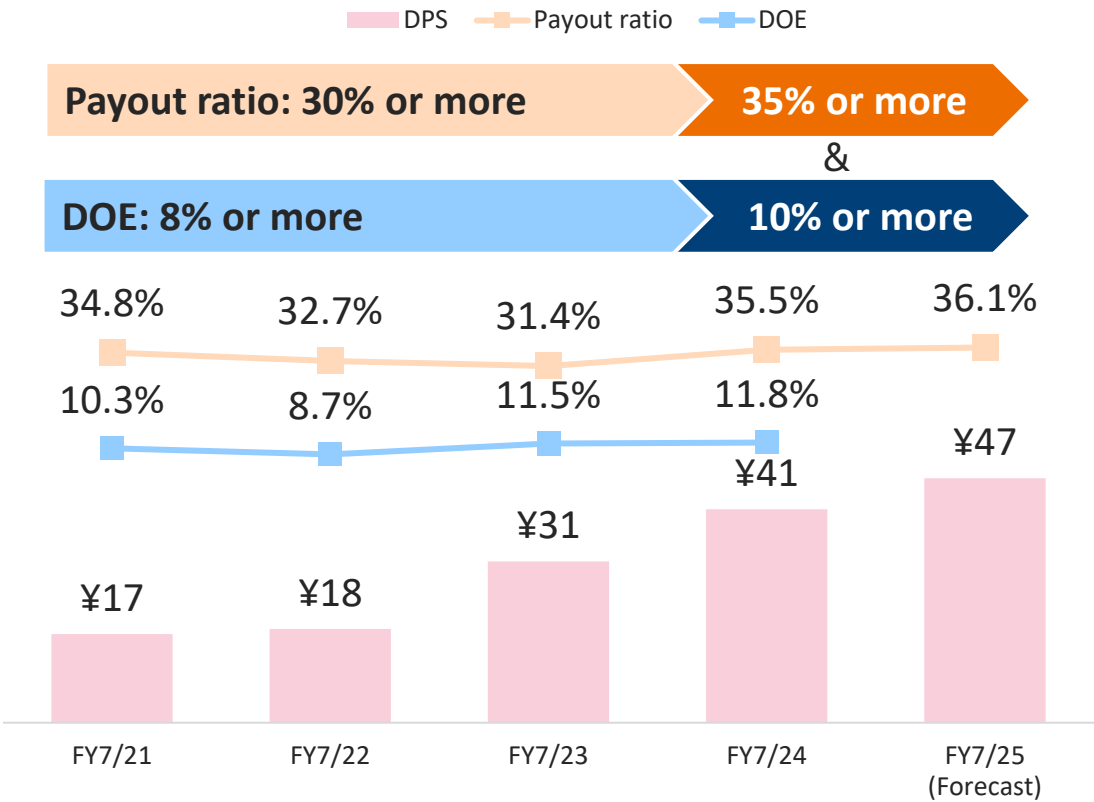
We plan to pay a dividend of ¥47 per share in FY7/25.

- 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

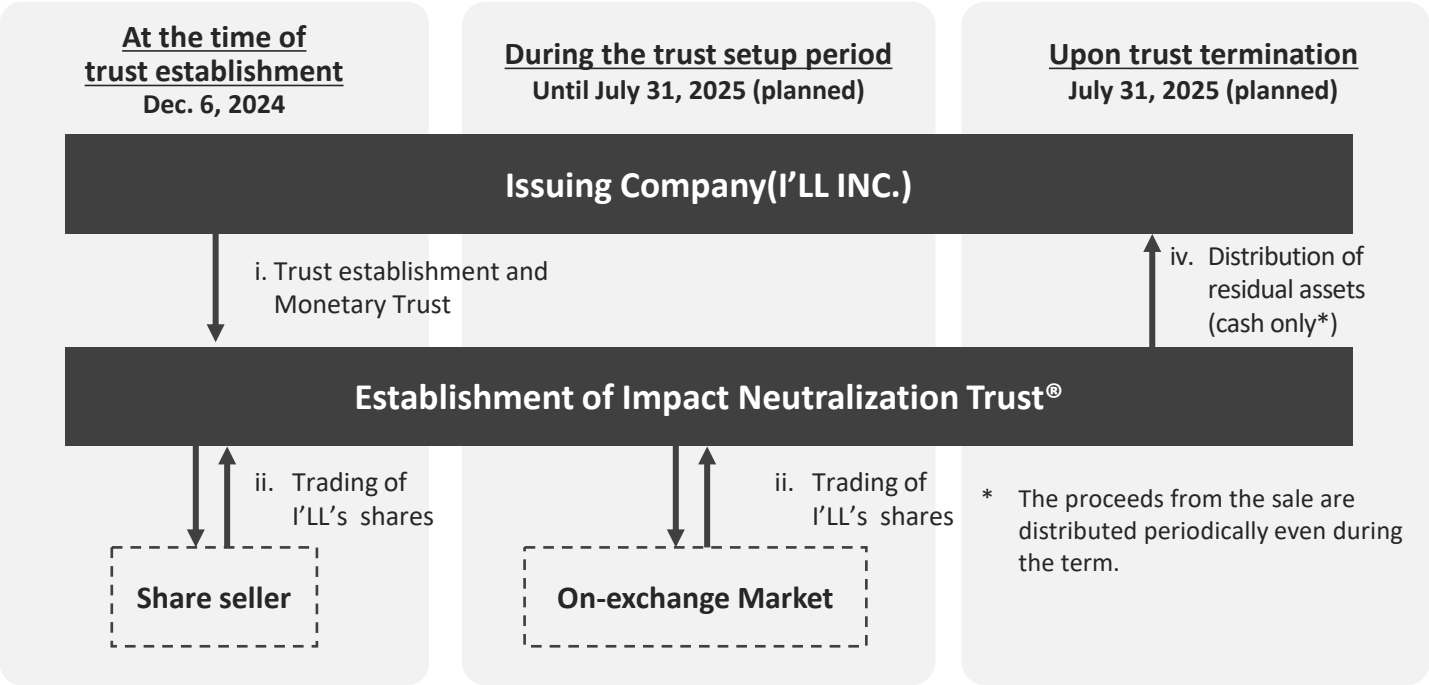


Establishment of Impact Neutralization Trust for the Expansion of Circulating Shares

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 42.26%	As of July 31, 2025 (Estimated) 47.25%
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Status of impact neutralization trust sales

1,152,600 shares (progress rate 96.1%)
As of May 31, 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 Q3 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..
- Invest in human capital to retain top talent and reward high performers.
- 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)

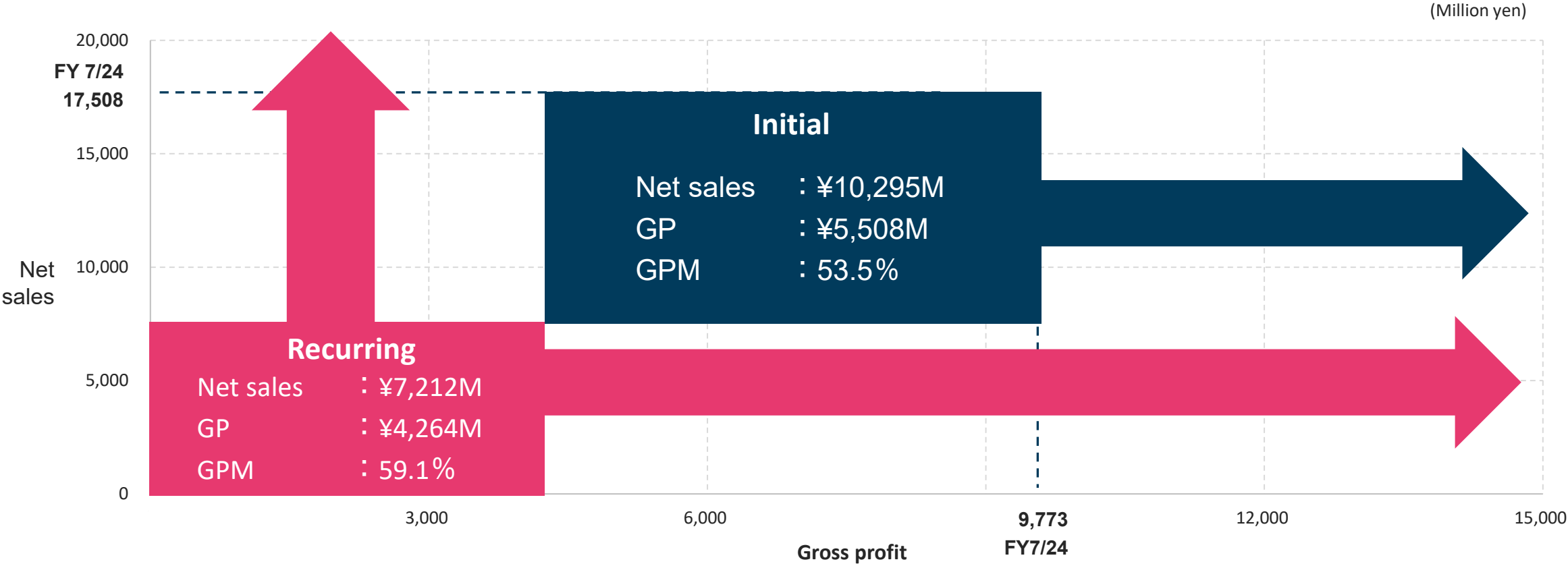
	FY 7/24	FY 7/25	FY 7/26	FY 7/27	
(Million yen)	Actual	Plan			CAGR (FY7/24-27)
Net sales	17,508	19,150	21,200	23,500	10.3%
Gross profit	9,773	10,783	12,085	13,587	11.6%
(margin)	(55.8%)	(56.3%)	(57.0%)	(57.8%)	
Operating profit	4,263	4,800	5,600	6,600	15.7%
(margin)	(24.4%)	(25.1%)	(26.4%)	(28.1%)	
Net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

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

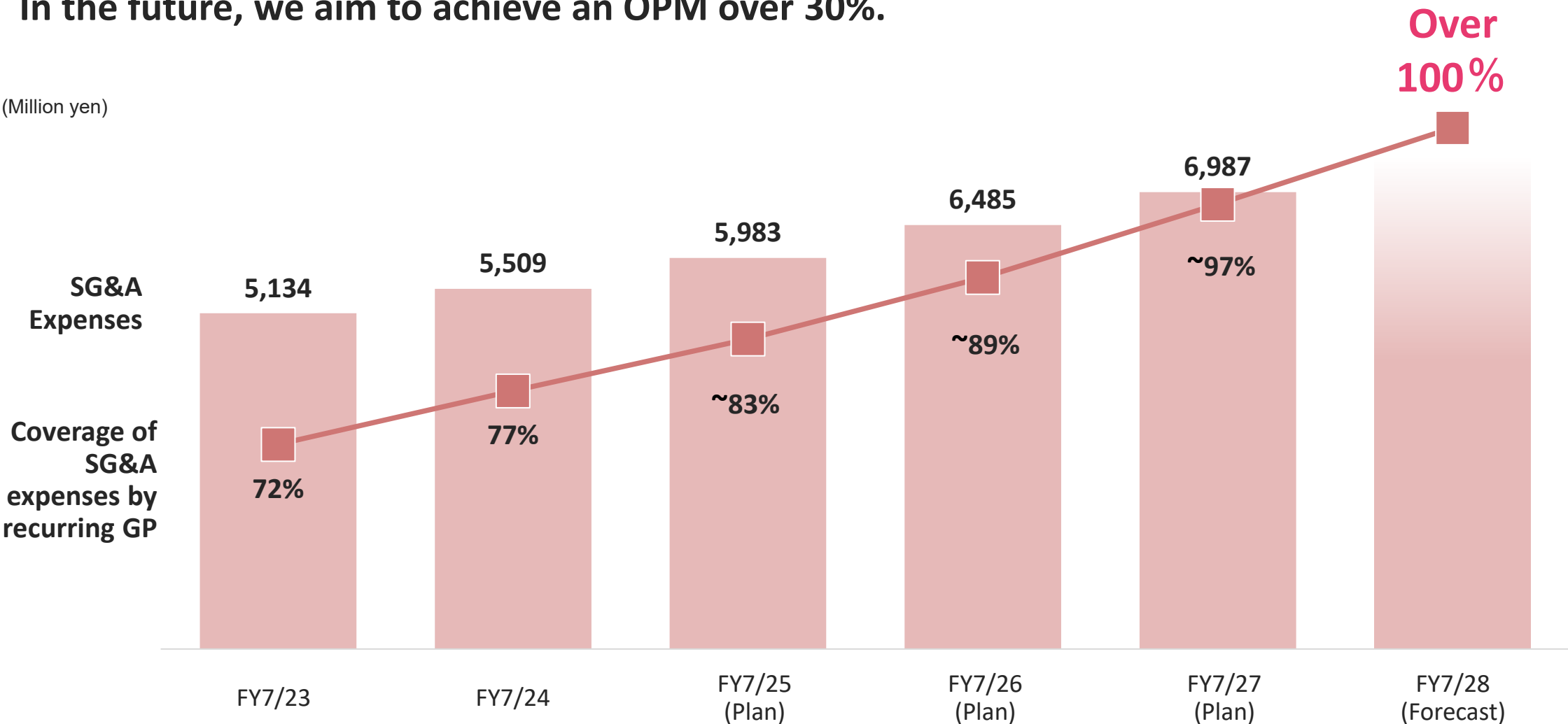
We will improve GPM by reducing customization through the enhancement of standard package functions and refining project management through integrated production and sales.

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.

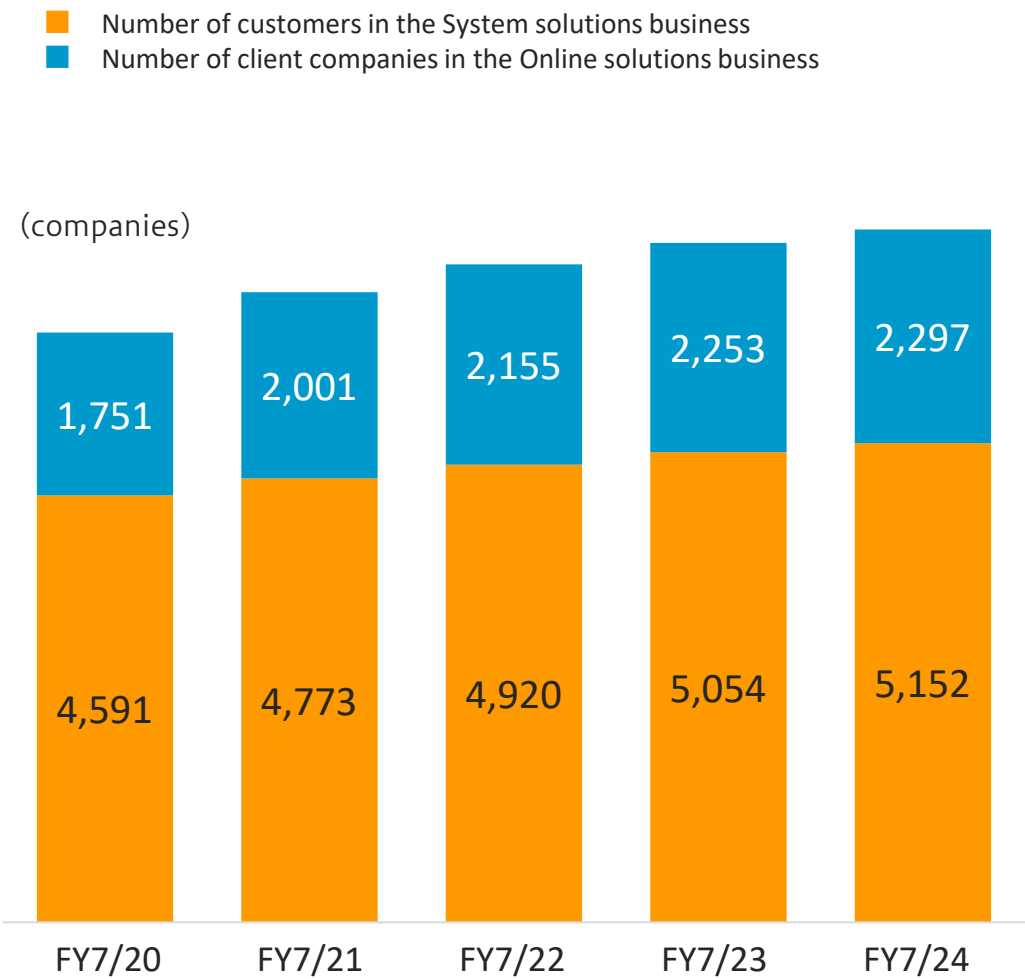
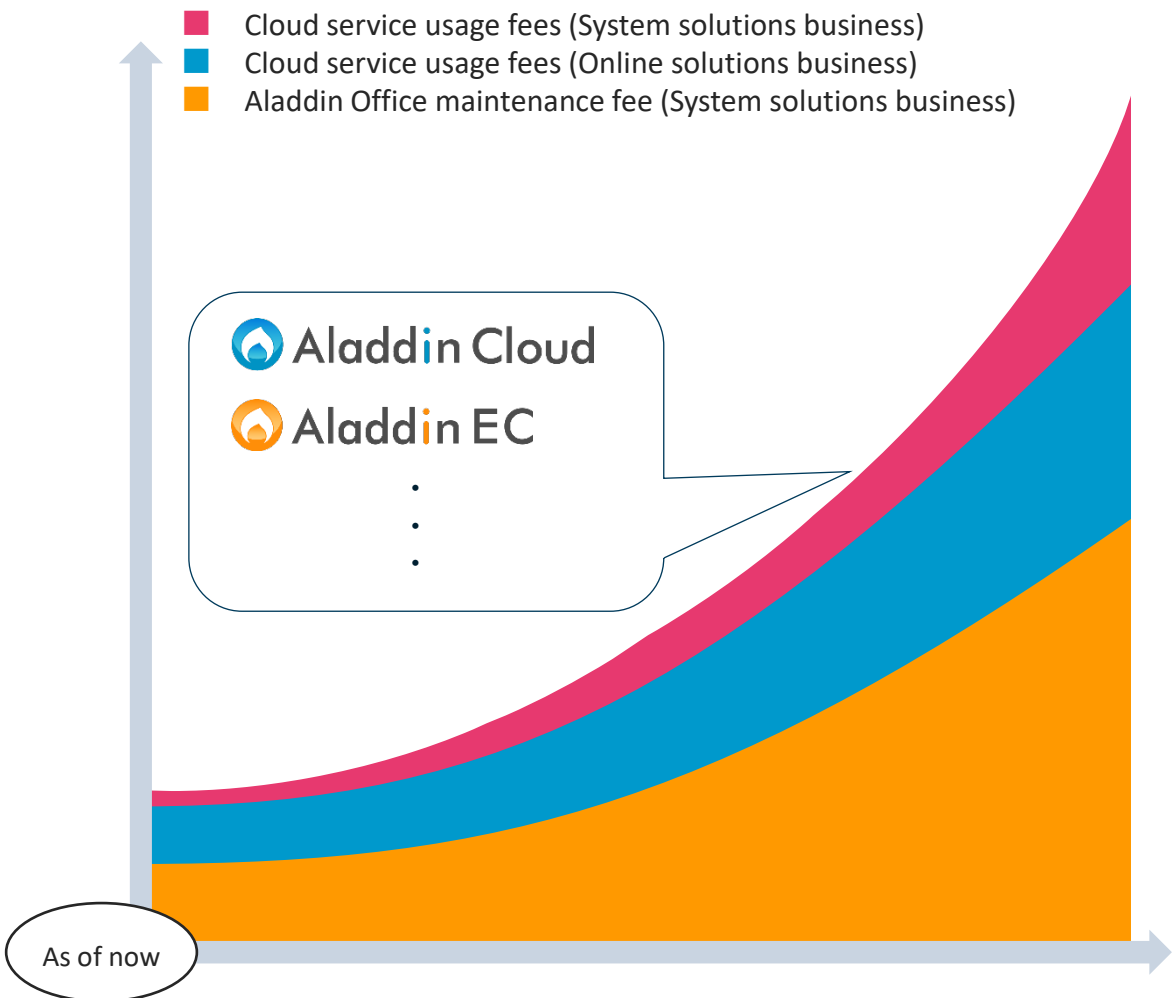
In the future, we aim to achieve an OPM over 30%.

(Million yen)



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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