



Company Information Material

I'll Inc.
(Securities Code: 3854)

01 Company Overview

Company Overview

Headquarters	Osaka Head Office Grand Front Osaka Tower B, 3-1, Ofuka-cho, Kita-ku, Osaka City, Osaka Tokyo Head Office The Front Tower Shiba-koen, 2-6-3, Shiba-koen, Minato-ku, Tokyo
Offices	Nagoya Branch, I'LL Matsue Laboratory
Representative	Tetsuo Iwamoto, Representative Director & President
Establishment	1991
Accounting closing	July
No. of employees	868 employees [Consolidated] (As of July 31, 2023)



Representative Director & President

Tetsuo Iwamoto

Founding wishes

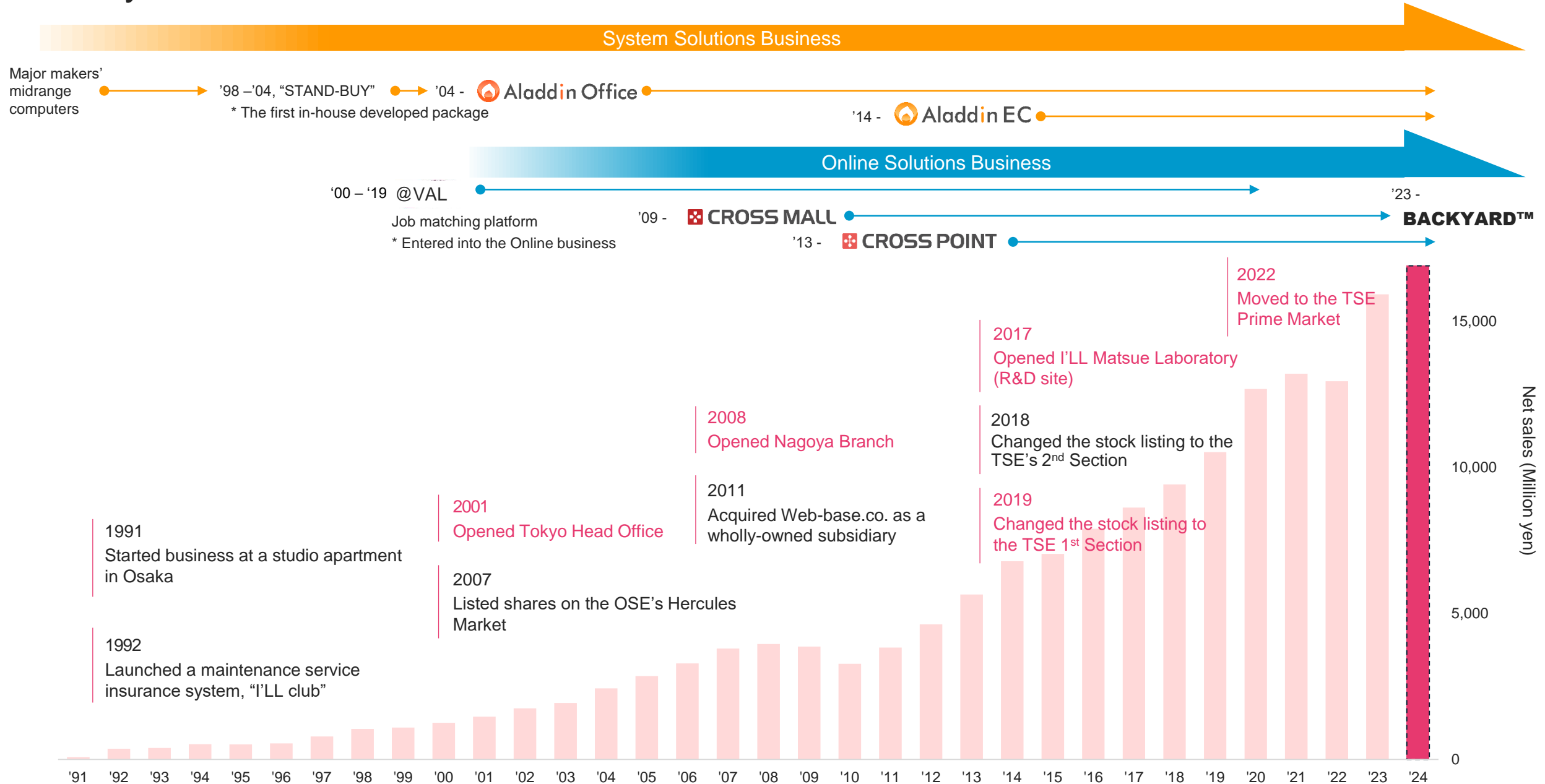
Started business at a studio apartment in Osaka

In 1991, I'll Inc. (or the “Company”) was started at a studio apartment in Osaka by just five founding members. Having great dream, the Company started from zero, using desks and chairs provided for free from clients and the office offered with no charge by an acquaintance.

Aimed to be a company providing continued support through IT to mid-tier and SMEs that bolster Japanese economy

Instead of just selling computers, I'll Inc. considered that if the Company provided all-inclusive services related to computers including after-sales cares and operational support, this would reduce the burden on clients. There was no company offering such services particularly for SMEs at that time. The Company believed that such services would definitely be necessary in the future.

History

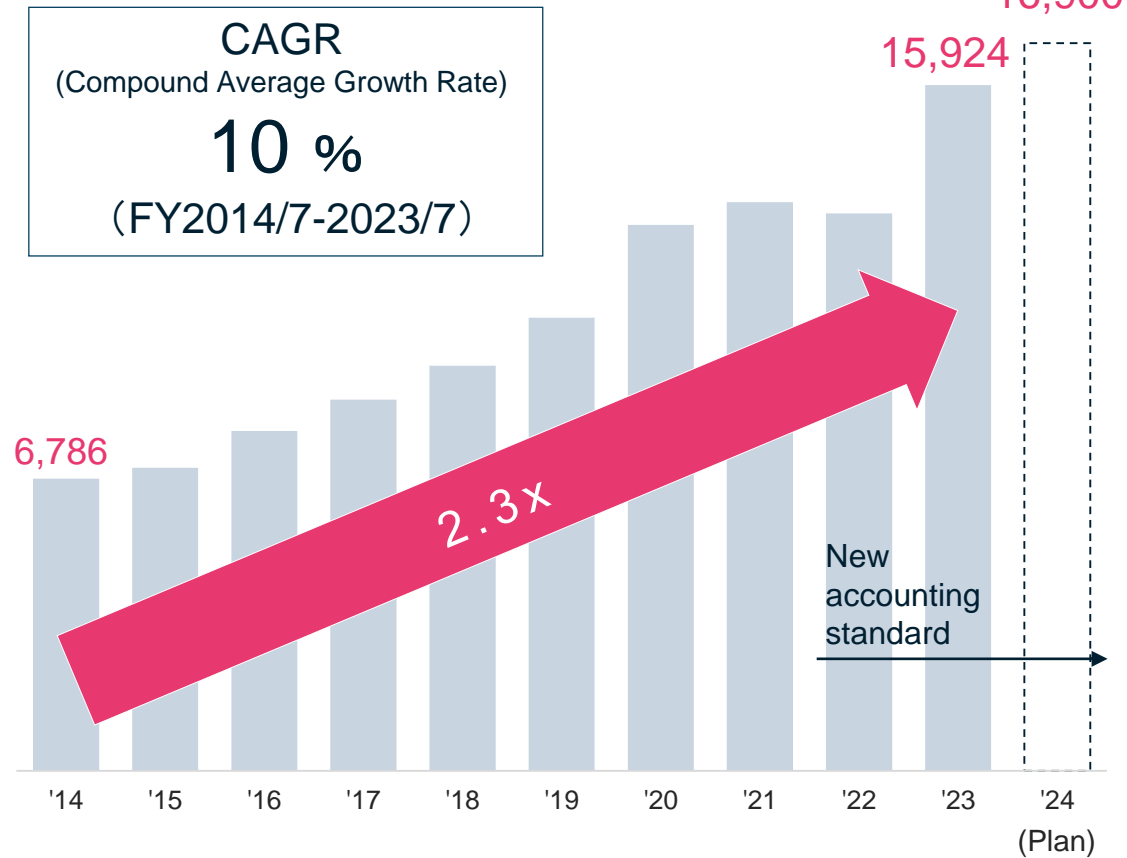


10-Year Historical Net Sales and Operating Profit

Net sales have increased 2.3 times and operating profit 5.8 times over the past 10 years.

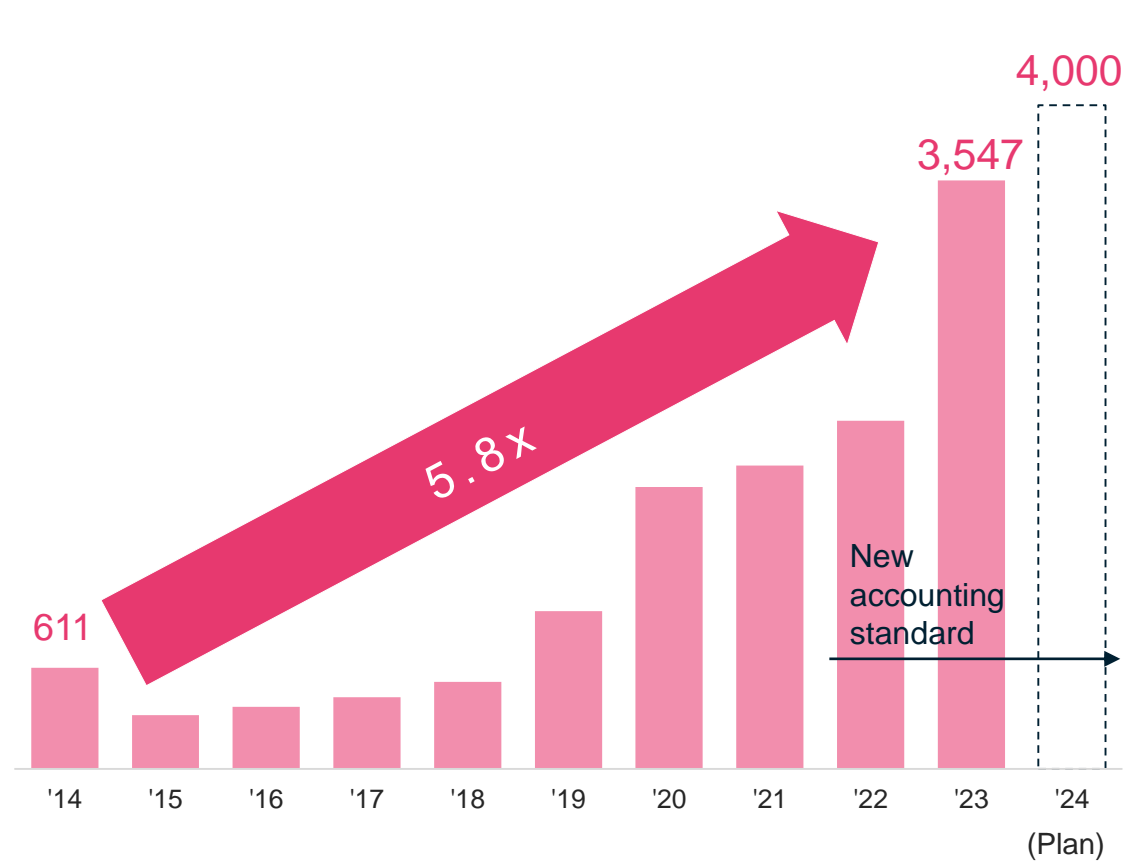
Net sales

(Million yen)



Operating profit

(Million yen)



Major Solution Products/Services by Business

I'll Inc. promotes DX* through IT-driven convergence of Real-world (Back office) and Online-world (E-Commerce backend operations). The Company transforms client companies' business processes through consulting leveraging its know-how.

System Solutions Business

System integration × Consulting

Operating efficiency and business management assistance

Back office

Real-world



Aladdin Office

Mission-critical operation management system

Initial

Recurring

Real-world



Aladdin Shop

Store management system

Initial

Recurring

Online



Aladdin EC

B2B E-commerce platform

Initial

Recurring


Online Solutions Business

Cloud services × Consulting

Operation assistance directly leading to higher sales and profits

E-Commerce backend operations

Online




CROSS MALL

Management system for multiple online shops

Recurring

Online



CROSS POINT

Omni-channel, smartphone app

Recurring

Online

CROSS STAFF

Staff management system for human resource service companies

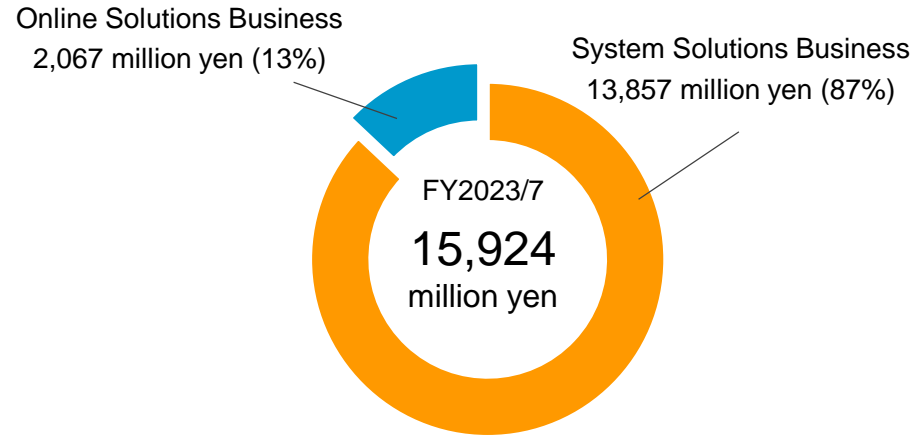
Recurring

*DX is an abbreviation of digital transformation, and represents the idea that "wider IT usage changes people's lives in a more positive direction in all aspects" and that the conversion of existing business models and business methods through digital technology creates new value.

Consolidated Net Sales

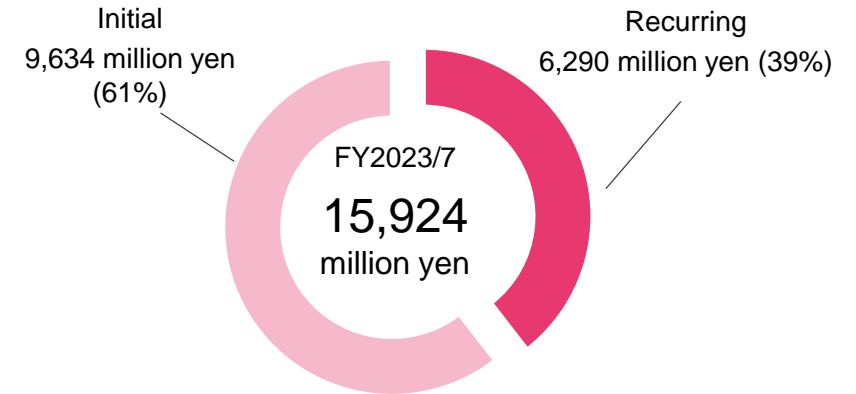
Net sales by business

* The figures in parentheses indicate the percentage to total



Net sales by revenue type (Initial/Recurring)

* The figures in parentheses indicate the percentage to total

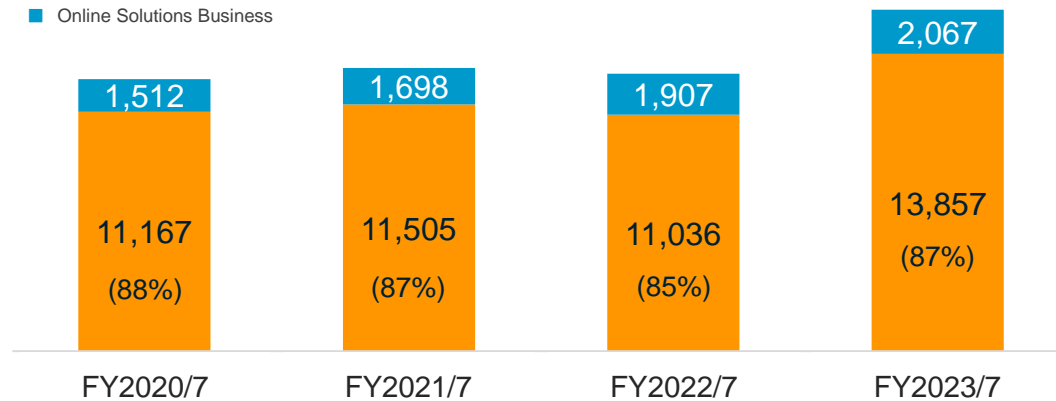


Net sales trend by business

(Million yen)

* The figures in parentheses indicate the percentage to total

■ System Solutions Business
■ Online Solutions Business

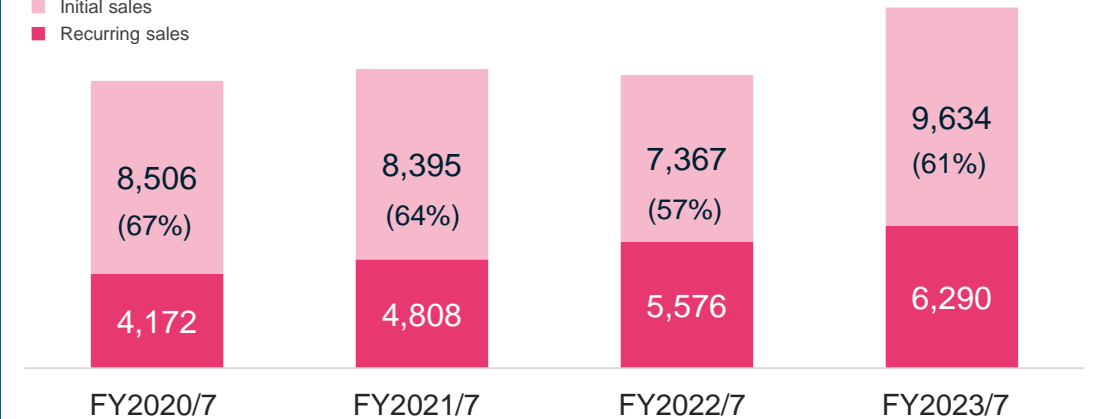


Net sales trend by revenue type (Initial/Recurring)

(Million yen)

* The figures in parentheses indicate the percentage to total

■ Initial sales
■ Recurring sales



*In 4Q of the fiscal year ended 2022, the Company changed the consolidated accounting policy for offsetting transactions between the parent and subsidiary from lump-sum offsetting for the System Solutions Business to the offsetting for each business according to transaction type. The results by business have been retroactively adjusted.

*In 3Q of the fiscal year ended July 2022, the Company applied the consolidated offsetting accounting treatment between the parent and the subsidiary for recurring revenue-type sales. The results by revenue type have been retroactively adjusted.

02 I'll's Strengths

I'll's Strengths

✓ **Focusing on sales/inventory management**

The requirements for sales/inventory management vary from company to company, which should be tailored to the needs of each company. From this standpoint, I'll focuses on the areas of sales and inventory management, which require high technical capabilities in system construction not only in the implementation of functions but also in maintenance.

✓ **Industry-specific systems, with teams of experts specialized in each industry**

I'll offers specialized packages for the five industries that are particularly difficult to deal with by standard sales management packages, along with teams of sales / SE experts with profound business knowledge of each industry, thereby realizing a high level of customer satisfaction.

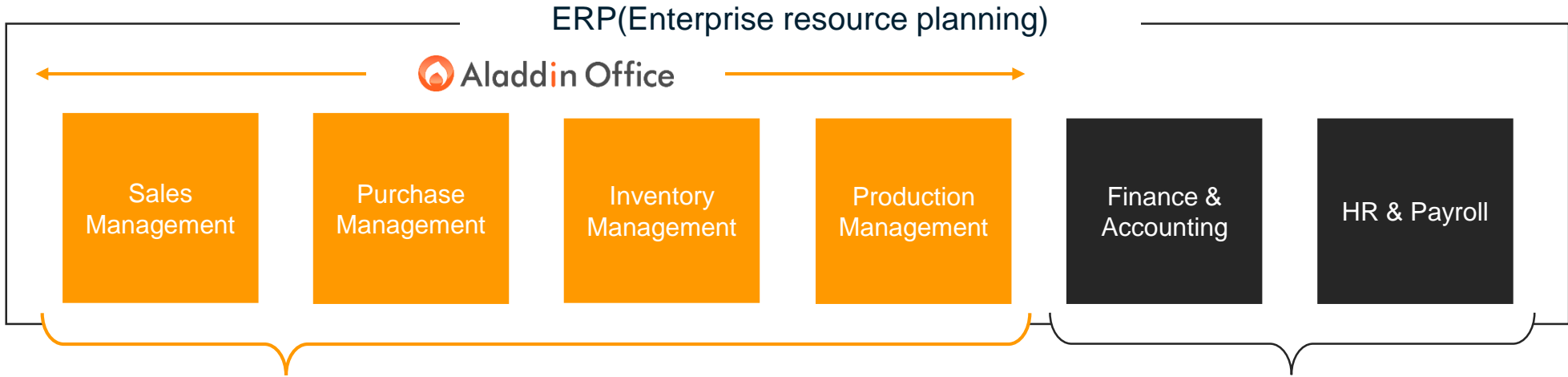
✓ **Business consulting capabilities created through focused strategies**

I'll leverages its business consulting capabilities underpinned by its know-how accumulated through focused strategies, thereby significantly differentiating itself from competitors.

✓ **Corporate culture and climate**

I'll is committed to fostering a good working environment, corporate culture and climate so that each employee can fully demonstrate their performance. With a high retention rate of human resources, know-how is accumulated within the company, leading to further corporate growth.

I'll's Strengths ~Focusing on sales/inventory management~



- Glitches and bugs are more likely to occur in these processes as each company has different requirements. This differs from accounting and HR (payroll) areas, which are mostly processed in accordance with the laws and regulations.
- Expertise and customization capabilities specific to each industry, segment and business are required when making proposals to customers.
- As the level of customization also differs from company to company, support personnel after the opening of call centers etc. are required to provide a high level of support.

- There are many players, each with their own customer base and strengths.
- Less customization, more shifts to SaaS.

Involves a high degree of difficulty in system construction

Further differentiating itself by offering a wide array of products centered on sales and inventory management



I'll's Strengths ~Industry-specific systems, with teams of experts specialized in each industry~

Operations based on industry-specific strategies




I'll has packaged the above five industries which are particularly difficult to manage sales processes.

The Company differentiates itself not only by its industry-specialized packages, but also by sales /SE experts specialized in each industry, with accumulated know-how that surpasses other companies.

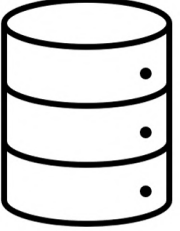
I'll's Strengths ~Business consulting capabilities created through focused strategies~

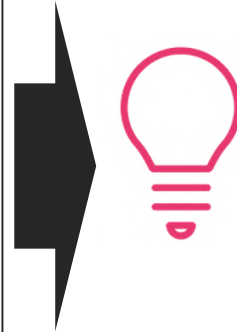
Providing added values by offering "systems and business consulting services " by leveraging I'll's know-how accumulated by specializing in sales management and industry



Accumulated know-how/expertise

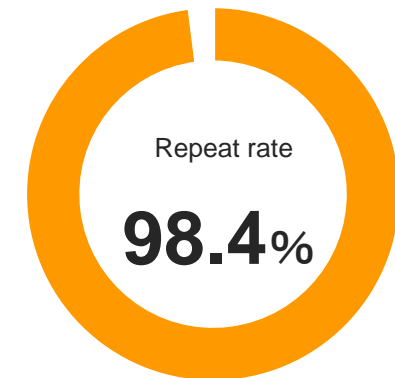
- Knowledge of sales and inventory management systems
- Knowledge required for customer's industry and type of business
- Boasting ~5,000 track records
- Providing in-house education and building a corporate culture in which each employee develops their ability to see through the essence of things
- After-sales support and call center with expertise in sales and inventory management systems





Adopts a consulting approach that provides "solutions" for issues based on a thorough understanding of each customer's business, rather than simply "taking orders"

I'll realizes an overwhelming "attack" and "defense" approach by providing insightful solutions and high-quality systems using its know-how accumulated through the focused strategy.



*Data for both pie charts as of the end of July 2023

I'll's Strengths ~Corporate culture and climate~

Creating an environment in which each employee can fully demonstrate their abilities (creating a corporate culture)

Promoting glass (transparent) management

- Through "Monthly Report Meetings*" and "President's Views*," I'll representative shares with employees not only the company's current state and future visions, but also his personal views, including his insights and perspectives.
- To enable employees to work with the awareness that each employee runs the company, the Company ensures an environment in which the management team and frontline employees can make timely decisions and implement swift actions.

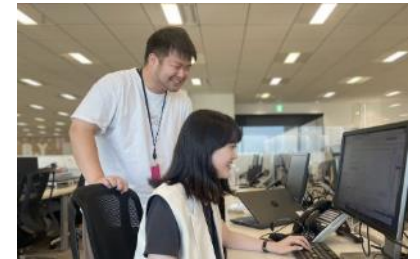
* *Monthly Report Meeting: A reporting session held for all employees every month, where the management explains to all employees about the current state of the company. This allows all employees to be on the same page about the company's goals and developments in other departments in a timely manner.*

* *President's Views: Written by President himself, covering the latest market trends, social and economic conditions, etc., while informing employees of President's own basic stance to business.*



Culture that does not blame failures but appreciates each challenge

- Places importance on ideas of frontline employees and encourages their willingness to take on challenges.
- Highlights the importance of taking on challenges and highly values people who make the most of their failures by turning them into tips for success.



Diverse working styles tailored to each employee

- I'll believes that its corporate value will be further enhanced by providing a work environment in which employees can perform at their fullest potential without "managing" them.
- Even after the COVID-19 crisis, I'll offers its employees with a diverse choice of working styles, including telecommuting, shorter working hours, and flexible working hours, thereby creating a work environment in which child-rearing generations and those who cannot leave home for a sick or ageing family member can fully demonstrate their performance.
- Since the fiscal year ending July 2021, I'll has also been promoting the hiring of talented local engineers with a full remote work style.



New employee training conducted by the Representative himself

- At I'll, which values the individuality of each employee, training for new employees is conducted by the representative himself, where lectures are given on how to look at things from different perspectives, and the direction I'll is aiming for.
- By enhancing their individuality through training programs, employees can work toward the same goals and continue working toward the same objectives after their assignment.



I'll's Strengths ~Corporate culture and climate~

Creating an environment in which each employee can fully demonstrate their abilities (internal systems)

Dinner meetings with the president and executive officers and annual prizes

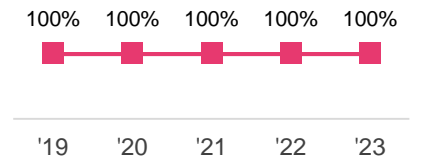
- Every month, employees with outstanding contributions are invited to dinner meetings with President and executive officers for the recognition of their hard work and dedication.
**During the COVID-19 crisis, the Company temporarily suspended face-to-face dining and switched to delivering luxury box lunches (steaks) to employees' homes, but at present, it has resumed face-to-face dining with a wider selection of gifts*
- I'll presents annual awards to employees, teams, and projects having made outstanding achievements for the year. Employees are highly motivated to work toward the winning of annual awards.



Systems in which women can work with peace of mind

- I'll believes that women's participation is essential to its future growth.
- Provides paid menstrual leave, telecommuting that makes it easy for child-rearing generations to work, shorter working hours, a flexible working system, and other facilities that make it easy for women to work.
- With a maternity leave return rate of 100%, I'll will continue to pursue a more comfortable working environment.

% of women returning to work after their maternity leave (on a standalone basis)



Fair evaluation systems

- I'll emphasizes that “employees who have worked well should be evaluated accordingly“, regardless of race, gender, age, status, etc.
- Has overhauled its HR system in order to recruit and train highly-skilled personnel, and enhanced its compensation system, etc., better aligned with each employee's performance to encourage employees to pursue their career development.
- Adopts a point system to make ratings easy to understand.
- Has introduced an evaluation system and internal SNS “Unipos” to reflect the opinions of its employees so that the company can fairly evaluate work of employees that is difficult to quantify actual results



Message mail

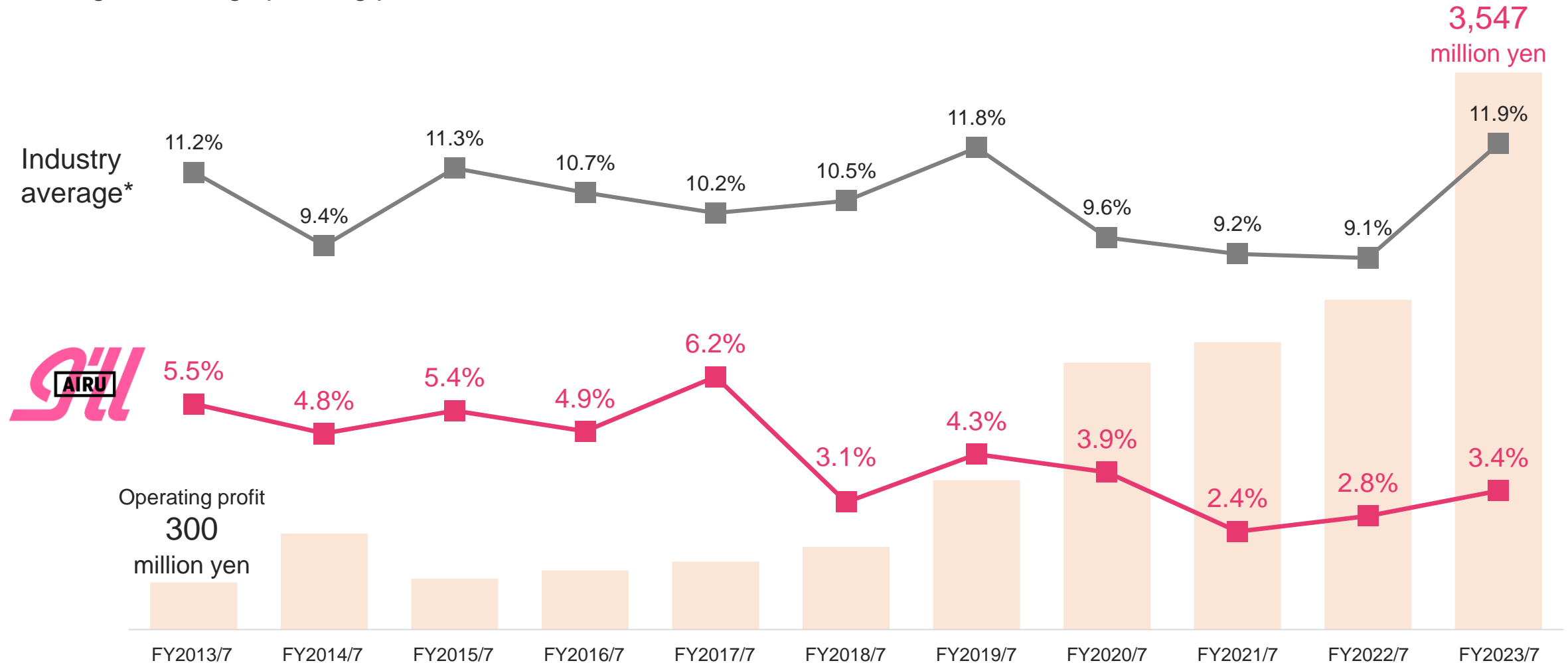
- Employees can send messages directly to the representative and executives, enabling them to smoothly deliver their ideas, suggestions/proposals for any improvement to the company's structure, customer feedback, and other feedback from frontline employees, to top management.
- Close communication between the management and frontline employees enables speedy information sharing, which help the management team grasp the status of frontline operations in a timely manner, allowing them to take appropriate actions for the next approaches.



I'll's Strengths ~Corporate culture and climate~

Maintaining a very low turnover rate in the industry, backed by I'll corporate culture that values the individuality of each employee.

Its higher retention rate has led to the accumulation of experience and know-how in-house, creating a even more virtuous cycle including increasing operating profits.



03 Mid-Term Management Plan and Sustainability

【FY2024/7 - FY2026/7】 Three-year Rolling Plan *announced on 2023/9/8

Targeting operating profit margin of over 25% for FY2026/7 based on the constant, stable growth

Three-year plan (consolidated)

	FY2023/7	FY2024/7	FY2025/7	FY2026/7	CAGR (2023-2026)
(Million yen)	Actual	Plan			
Net sales	15,924	16,900	18,500	20,400	+9%
Gross profit	8,682	9,464	10,497	11,728	+11%
(margin)	(54.5%)	(56.0%)	(56.7%)	(57.5%)	
Operating profit	3,547	4,000	4,600	5,400	+15%
(margin)	(22.3%)	(23.7%)	(24.9%)	(26.5%)	
Net profit	2,472	2,683	3,083	3,616	+14%

■ Market sentiment

- The Company does not expect the scheduled end of Windows OS support in 2025 to have as much of an impact as the special demand, in light of the increasingly larger projects.
- It sees that demand for business DX will grow further due to worsening labor shortages.

■ Actions aimed at net sales growth

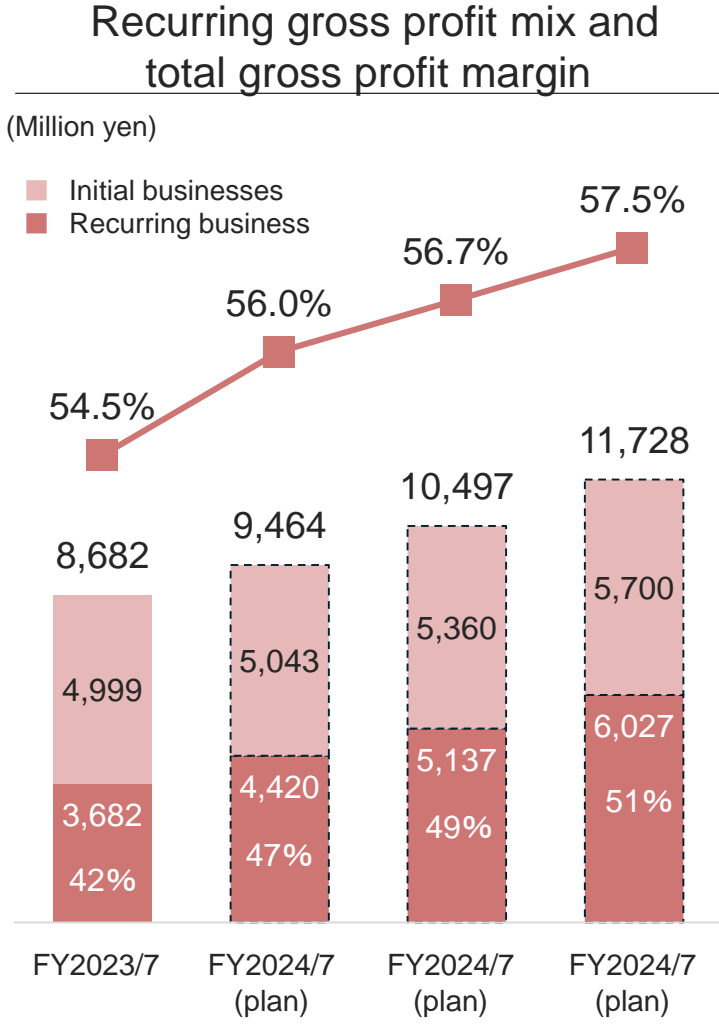
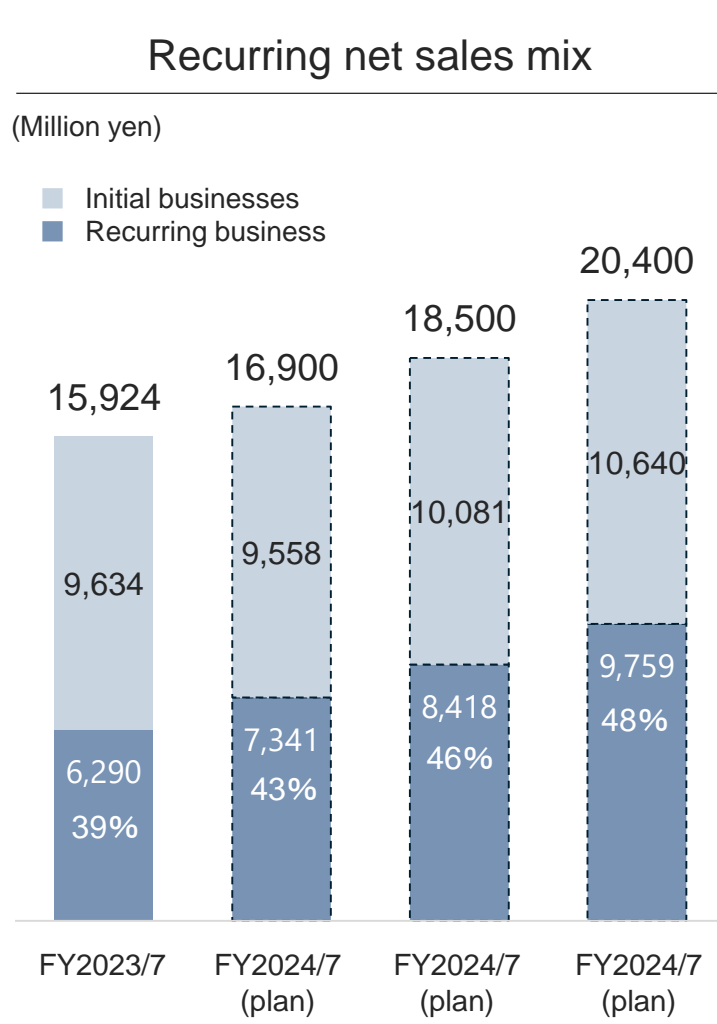
- The Company has set an internal goal of double-digit sales growth for both the System Solutions Business and the Online Solutions Business, supported by the promotion of DX as an important government policy.
- System Solutions Business: The Company will gradually expand the sales territory from the Tokyo-Nagoya-Osaka key metro areas to other part of the nation, based on the full remote supports.
- CROSS Business: The Company will migrate existing CROSS MALL customers to BACKYARD™ platform, and promote new customer cultivation after completing the migration.

■ Actions aimed at profit growth

- Having set an operating profit margin of 30% as a long-term goal, the Company will work to ensure over 20% in such margin during the three years.
- Constantly recruiting human resources (annual hiring: 15-25 experienced candidates and 55-65 new graduates), the Company seeks operating profit growth by achieving gross profit that exceeds the increasing labor cost.
- CROSS business cost will increase due to the parallel operation of the CROSS MALL and BACKYARD™ platforms until CROSS MALL users are completely mitigated to BACKYARD™.

Recurring Net Sales / Gross Profit Mix

Expanding proportion of recurring net sales and gross profit, aiming at higher profits



- Promote cloud-based services to join the existing hardware / package maintenance support contracts.
- Improve delivery quality and enhance call center functions to realize efficient after-sales supports, aimed at higher gross profit.

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

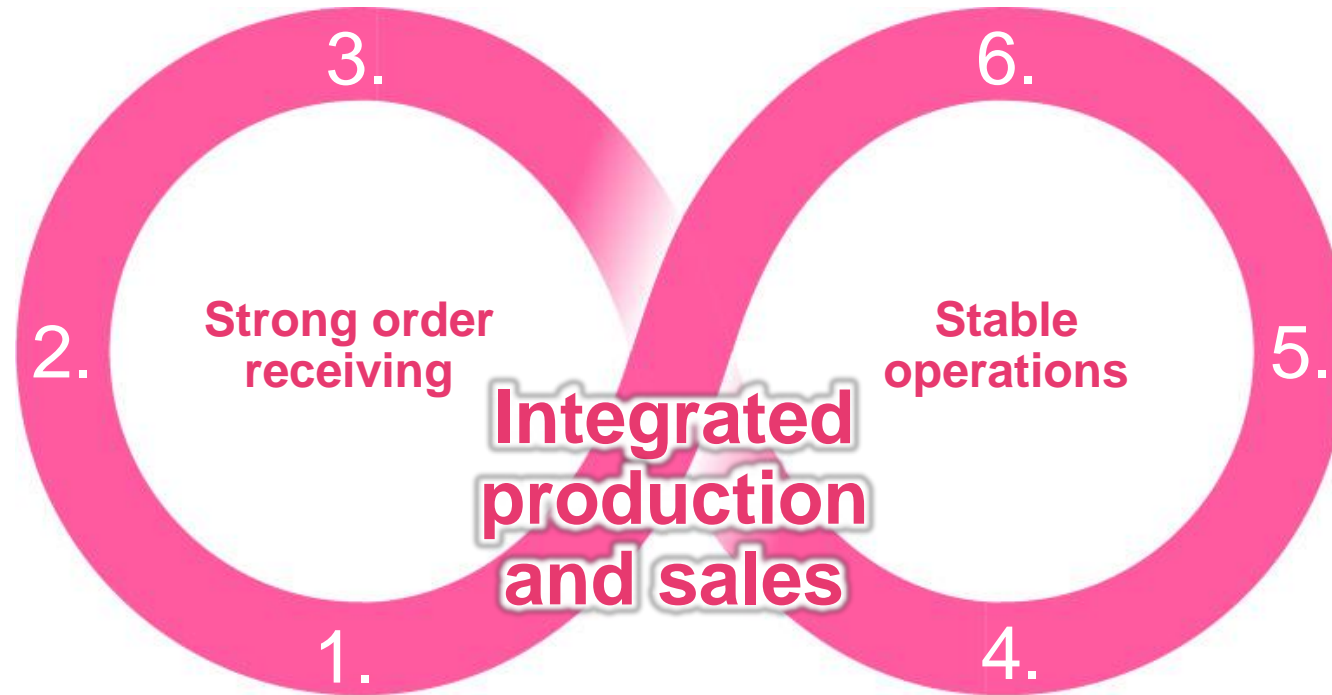
- Receive increasing Aladdin Office orders from target business sectors.
- Reduce customization as much as possible for proposals in line with package functions.

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

Climate Change Initiatives

Seeking to reduce GHG emissions (Scope1+2) by FY2030 by 50% vs FY2021 and achieve net zero in FY2050

GHG emissions (Scope1+2)

(t-CO2)	FY2021	FY2022	FY2023	FY2030 target	FY2050 target
Total	291.78	286.71	220.73	145.00	0.00
Scope 1	25.28	29.46	26.38		
Scope 2*	266.50	257.25	194.35		

*Scope 2: market standard

GHG emissions (Scope3)

(t-CO2)	FY2022	FY2023
Scope 3	7,877.5	Being calculated
Category 1 - Purchased goods and services*1	3,084.3	
Category 2 - Capital goods	703.2	
Category 3 - Fuel- and energy-related activities (not included in scope 1 or scope 2)	39.8	
Category 4 - Upstream transportation and distribution*2	37.0	
Category 5 - Waste generated in operations	67.5	
Category 6 - Business travel	104.5	
Category 7 - Employee commuting	183.2	
Category 11 - Use of sold products	3,646.0	
Category 12 - End-of-life treatment of sold products	12.0	

Categories 8, 9, 10, 13 and 14: not relevant / Category 15: not yet calculated due to minor impact

*1 Including emissions involved in transportation of purchased goods and services

*2 Calculated only emissions involved in transportation of capital goods

Initiatives to reduce GHG emissions

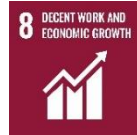
- Apr. 2022 Shifted to renewable energy-based electricity at Nagoya Branch.
- Sept. 2022 Shifted to renewable energy-based electricity at Osaka Head Office.
- Aug. 2023 Shifted to renewable energy-based electricity at Tokyo Head Office.

Sustainability-related information disclosure / governance

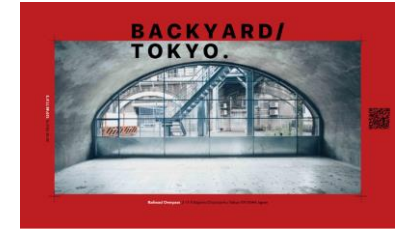
- July 2022 Supported the TCFD recommendations and disclosed information
Responded to the CDP questionnaire.
- Aug. 2022 Established a committee to promote sustainability.
- July 2023 Joined the Japan Climate Initiative.
Responded to the CDP questionnaire.
- Sept. 2024 Plans to respond to the CDP questionnaire.

Sustainability Initiatives

Activities to cast light on E-Commerce backend operations



I'll focuses spotlight on people working in online shop, so as to support creative e-commerce store operation. This service organizes and operates useful platforms and contents for online shop staff, based on "BACKYARD TOKYO" (event space for online shop staff members to make friends and exchange information), "BACKYARD FES.," "B.Y" (media focusing on online shop staff) and "BACKYARD AWARD" (the industry's first awards program for online shop staff).



Activities toward practical use of blockchain



With its partner SIVIRA Inc., which develops blockchain technology for zero downtime and prevention of data falsification leveraging advanced mathematical theory-based cryptography, consensus algorithm and dispersion technology, the Company is working for practical utilization of a next-generation platform which ensures safety and convenience for the rapidly expanding EC industry.



R&D activities in Matsue, Shimane



The Company opened "I'LL Matsue Laboratory" R&D center in 2017 in Matsue City (Shimane Prefecture), which supports IT industry. Along with constant local recruitment, the laboratory allows students and working people to gather in the IT Exchange Space on the first floor of its office to build up their skills for and interest in IT.



Activities to raise awareness for ALS



The Company sponsored "MOVE FES. 2023 Supported by AIRU," an event held by WITH ALS to raise awareness for ALS (amyotrophic lateral sclerosis), as it did in 2021. Under the "UNREAL REALITY" slogan, the project was organized to promote global support network for ALS patients and work to realize a future where the disease can be cured.



Support for Scholarship Programs



In October 2023, we invested in "Social Bond" issued by Japan Student Services Organization(JASSO). We have decided to invest in the organization, which is responsible for the largest scholarship program in Japan, in order to create a prosperous future for a wider range of students and connect it to corporate growth and economic development.



Osaka Head Office: Grand Front Osaka Tower B, 3-1, Ofuka-cho, Kita-ku, Osaka City, Osaka

Tokyo Head Office: The Front Tower Shiba-koen, 2-6-3, Shiba-koen, Minato-ku, Tokyo

Nagoya Branch: Urban net Fushimi Building, 1-10-20, Nishiki, Naka-ku, Nagoya City, Aichi

I'LL Matsue Laboratory: 201 Tonomachi, Matsue-City, Shimane

Contact

IR section

Corporate Planning Department

E-mail

ir@ill.co.jp