

Results Presentation for FY25/7 Q1



December 13, 2024 INTLOOP Inc. (Stock Code: 9556; TSE Growth Market)

- 1. Executive Summary**
- 2. FY25/7 Q1 Earnings Highlights**
- 3. APPENDIX**

1. Executive Summary

1 FY25/7 Q1 Earnings

- Showing steady progress toward full-year target with net sales of ¥7,962 million (+63.3% year on year) and operating profit of ¥506 million (+186.5% year on year), the highest quarterly earnings ever.
- One of the reasons is the continued steady progress in acquiring high-margin projects, as in the previous quarter, as outlined in “strengthening the freelancer business and expanding consulting areas,” one of the initiatives of our INTLOOP “VISION2030” medium-term management plan announced on September 13, 2024. Another is the resulting improvement in gross margins compared to the previous year and the previous quarter.
- The DICS Group, which became a consolidated subsidiary in September 2023, contributed to earnings due to its strong order intake in FY25/7 Q1.
- In expenses, we performed early depreciation of office-related non-current assets (¥10 million) associated with the relocation of INTLOOP’s head office (within Minato-ku, Tokyo, for the purpose of centralizing offices in Tokyo) scheduled for February 2025, and recorded extraordinary losses related to the renewal of INTLOOP’s existing systems (¥28 million).
- The increase in rent associated with the head office relocation is minor and is included in our forecasts for this year and in our medium-term management plan.

2 Expansion of New Business Areas

- In an effort to expand new business areas, a key strategy of “VISION2030,” we formed alliances with three companies in Q1, including a capital and business alliance with ITOCHU Corporation.
- The alliances are beginning to contribute to net sales.
- In Q2, we will continue to work proactively to expand new business areas, with a focus on alliances.

3 Outlook for Q2 and Beyond

- We will maintain a growth path in Q2 as in Q4 last year and in Q1.
- In the second half, we expect an increase in projects across all client segments, thanks to the strengthening of our sales structure that we have been working on since last year.
- In terms of expenses in Q2, we expect to continue to incur costs for hiring high-level mid-career talent, as well as one-time expenses related to the relocation of INTLOOP’s head office. However, these are already included in our forecast for this year and in “VISION2030.”

October 24, 2024

ITOCHU Corporation

- ❑ Concluded a capital/business alliance agreement, with ITOCHU Corporation acquiring a 1% stake in INTLOOP. Strengthening collaboration with ITOCHU Corporation as a part of its “digital business group,” supporting companies’ digital transformation (DX).
- ❑ Contributing to the expansion of business with the ITOCHU Group (Q1 sales increased 200% year on year).

October 4, 2024

al+ Inc.

«Digital clones, personal AI»

- ❑ Announced business alliance.
- ❑ Aiming to create HR/consulting solutions using AI cloning technology.



September 24, 2024

Idein Inc.

«Edge AI»

- ❑ Concluded a capital/business alliance agreement, with INTLOOP investing ¥300 million.
- ❑ Promoting the provision of DX consulting services using Idein’s edge AI.



2. FY25/7 Q1 Earnings Highlights



1 Earnings Highlights ① (Consolidated)

Net sales, operating profit and profit showing steady progress toward full-year target,
with significant year-on-year growth



As in the previous quarter, we made progress in increasing the number of high-margin projects, as outlined in “strengthening the freelancer business and expanding consulting areas,” one of the initiatives of our INTLOOP “VISION2030” medium-term management plan.

The DICS Group, which became a consolidated subsidiary in September 2023, contributed to earnings due to its strong order intake in FY25/7 Q1.

1 Earnings Highlights ② (Consolidated)

Gross profit margin improved compared to previous year and quarter due to steady acquisition of high-margin projects

(million yen)

	FY25 Q1	FY24 Q1		FY24 Q4		Forecast (FY24 full year)	Progress (FY24 full year)
		Actual	% change	Actual	% change		
Net sales	7,962	4,876	63.3%	7,475	6.5%	34,550	23.0%
Gross profit	2,146	1,193	79.9%	1,954	9.8%	8,742	24.6%
Gross profit margin	27.0%	24.5%	+ 2.5pt	26.2%	+0.8pt	—	—
Operating profit	506	176	186.5%	540	-6.4%	1,969	25.7%
Operating margin	6.4%	3.6%	+ 2.8pt	7.2%	-0.8pt	—	—
Ordinary profit	503	180	178.8%	544	-7.5%	2,000	25.2%
Profit before income taxes	458	115	296.0%	534	-14.3%	—	—
Profit attributable to owners of parent	240	75	217.5%	366	-34.4%	1,211	19.8%

1 Earnings Highlights ③ (INTLOOP Non-Consolidated; Reference)

(million yen)

	FY25 Q1	FY24 Q1		FY24 Q4	
		Actual	% change	Actual	% change
Net sales	5,982	4,876	22.7%	5,741	4.2%
Gross profit	1,662	1,193	39.3%	1,588	4.7%
Gross profit margin	27.8%	24.5%	+ 3.3pt	27.7%	+ 0.1pt
Operating profit	A 365	191	90.6%	465	-21.4%
Operating margin	6.1%	3.9%	+ 2.2pt	8.1%	-2.0pt
Ordinary profit	366	195	87.2%	465	-21.2%
Profit before income taxes	B 320	130	145.4%	455	-29.5%
Profit	198	85	132.9%	370	-46.2%

A

- Early depreciation (¥10 million) of office-related non-current assets associated with head office relocation; ¥31 million in allowance for doubtful accounts (neither of which will be incurred in the future).

- Mid-career hiring costs (¥60 million) were recorded in Q1 instead of Q4 last year due to the delayed start date of the hire. Mid-career hiring, especially of high-level talent, will continue in Q2 onward as upfront investment.

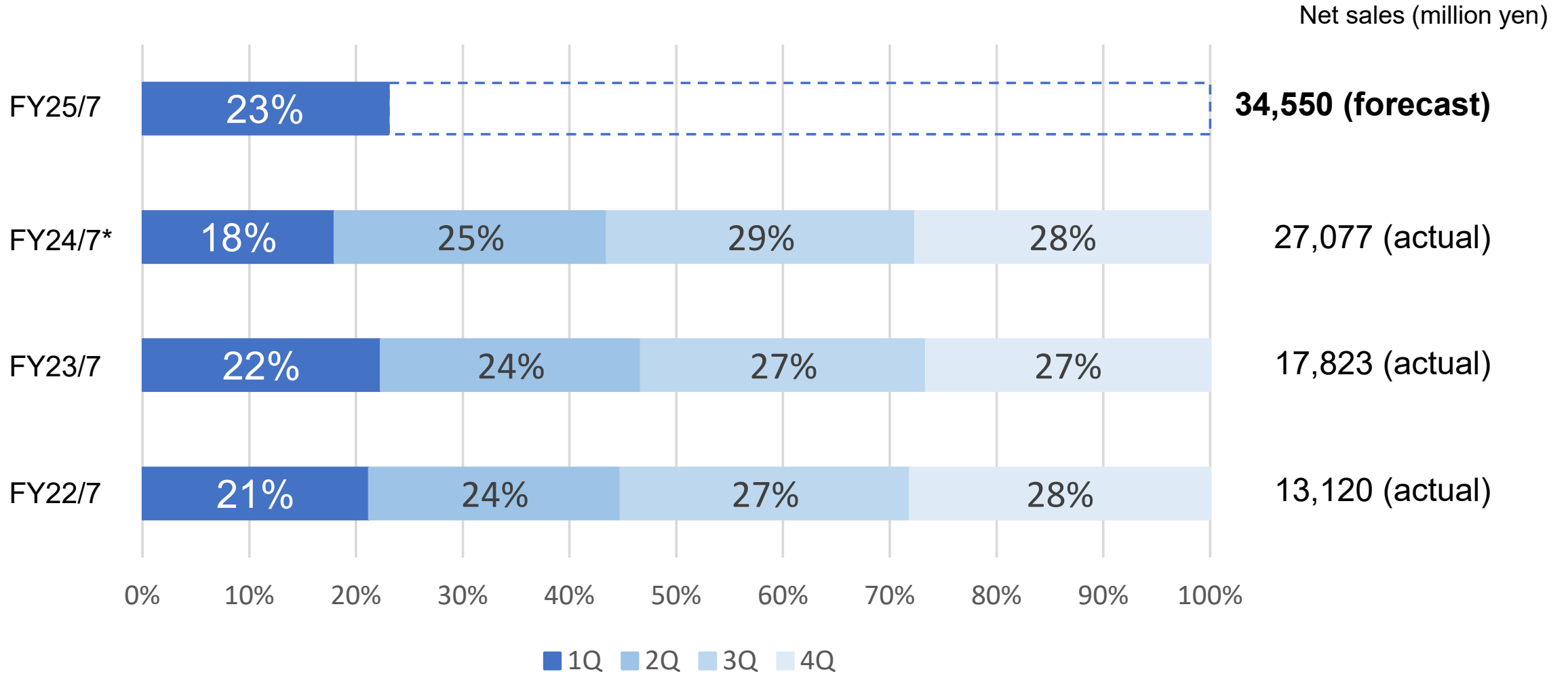
- Rationalization of advertising spending to continue from Q4 last year to Q1 this year onward, with a focus on cost performance.

B

- Extraordinary losses of ¥45 million in total due to loss on valuation of investment securities (¥17 million) and extraordinary loss on existing system renewal costs (¥28 million).

2 Progress Toward Consolidated Full-Year Target (Net Sales)

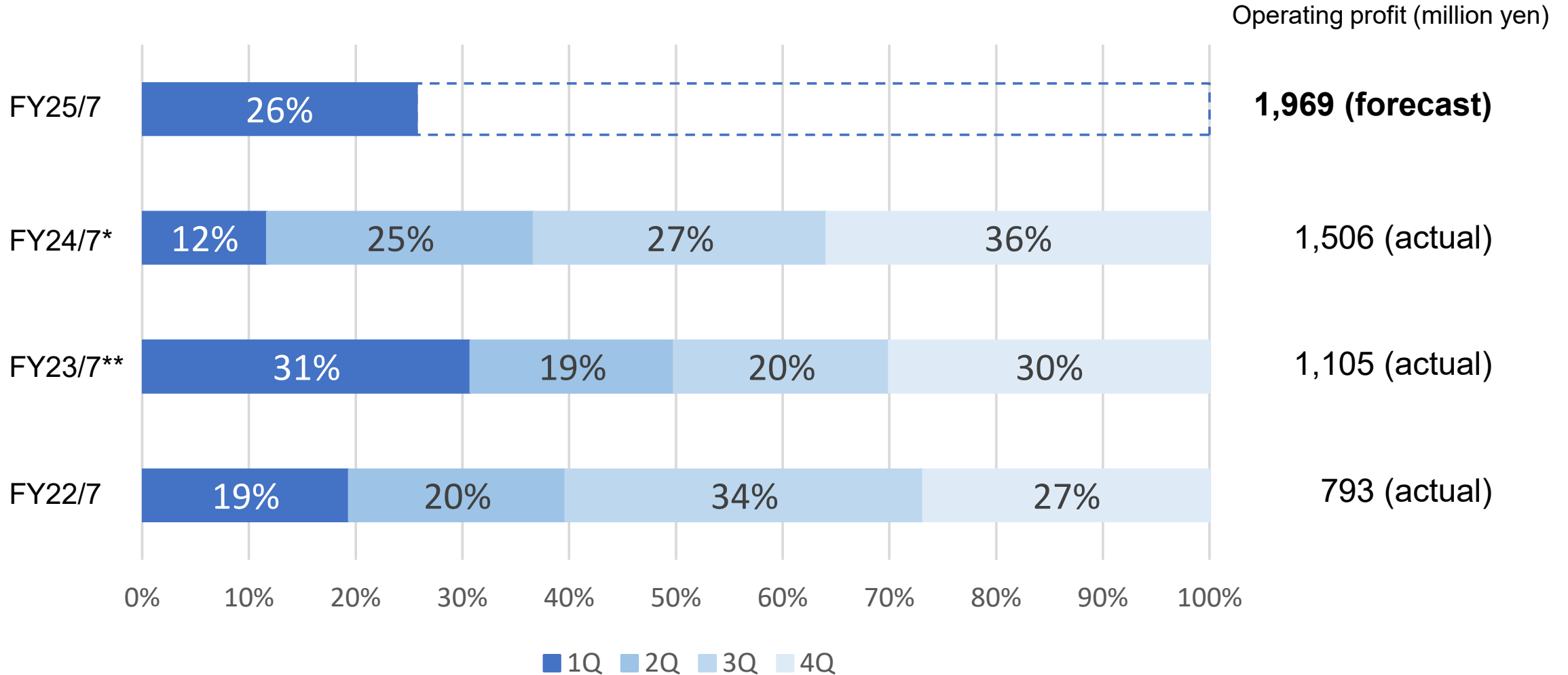
Consolidated net sales showing steady progress toward full-year target



*DICS Group became a consolidated subsidiary in FY24/7 Q2.

3 Progress Toward of Consolidated Full-Year Target (Operating Profit)

Operating profit showing steady progress toward full-year target



* DICS Group became a consolidated subsidiary in FY24/7 Q2.
 ** Change in payroll system resulted in a one-time increase in operating income due to no provision for bonuses in FY23/7 Q1.

【Reference】 FY25/7 Full Year Forecast

(Million yen)	FY24/7 (Actual Results)	FY25/7 (Forecast)	Change Ratio
Consolidated Net Sales	27,077	34,550	+27.6%
Consolidated Gross Profit	6,660	8,742	+31.2%
Consolidated Operating Profit	1,506	1,969	+30.7%
Consolidated Ordinary Profit	1,535	2,000	+30.3%
Net Income Attributable to Owners of the Parent	902	1,211	+34.3%

3. APPENDIX

1 Company Profile

Company Name	INTLOOP Inc.
Chief Executive Officer	Hirofumi Hayashi
Headquarters	2-9-11, Akasaka, Minato-ku, Tokyo, Japan
Foundation	2005/02/25
Capital	2,002 million yen (included capital surplus)
Fiscal Year	From August 1st to July 31th
Consolidated Net Sales	27,077 million yen (July, 24)
Consolidated Employees	1,159 (July, 24)

Contents of Business	Business Strategy and BPR Consulting
	IT Consulting
	Project Management Support
	Professional Consultant Staffing and Placement
	New Business Development and Sales Promotion Support

Groups	DICS HOLDINGS *
	Nihon DICS *
	iT Partners *
	N-Stage *
	Vita *
	INTLOOP Strategy(unconsolidated)

*DICS HOLDINGS is a pure holding company of NIHON DICS, iT Partners, N-Stage, and Vita, a group of IT service companies mainly engaged in the core businesses of SI, IT infrastructure, BPO, and facilities.

2 Management Structure



CEO

Hirofumi Hayashi

96 Accenture
In charge of consulting for the manufacturing industry
Corporate Planning at a Venture Company
05 INTLOOP(established)



General Manager

Chikara Uchino

96 Accenture
GM in Several Operating Companies
17 INTLOOP (joined)
19 INTLOOP (inaugurated GM)

- Company with Audit Committee/
- Five executive directors from Accenture Two executive directors from Accenture and three audit committee members (outside), for a total of five.
- The majority of directors are outside directors. Governance is ensured by at least a majority of outside directors



Outside Director(ACM)

Akio Kawabata

67 Toshiba (joined)
00 Accenture (Advisor)
21 INTLOOP (inaugurated Outside Director(ACM))



Outside Director(ACM)

Fumio Koyama

79 Accenture (joined)
21 INTLOOP (inaugurated Outside Director(ACM))



Outside Director(ACM)

Koji Shimoinaba

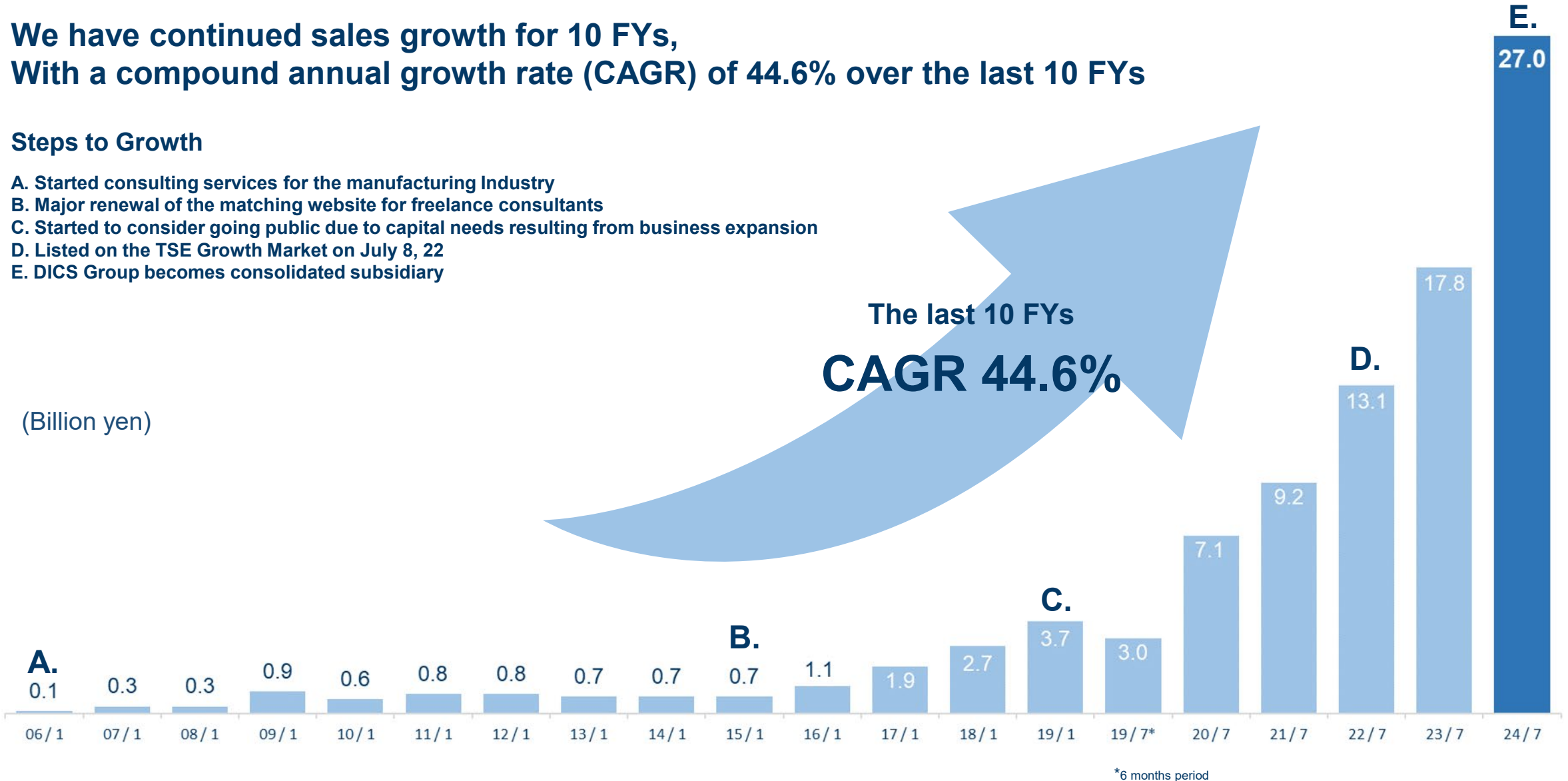
77 Sumitomo Bank (joined)
21 INTLOOP (inaugurated Outside Director(ACM))

3 Sales since inception

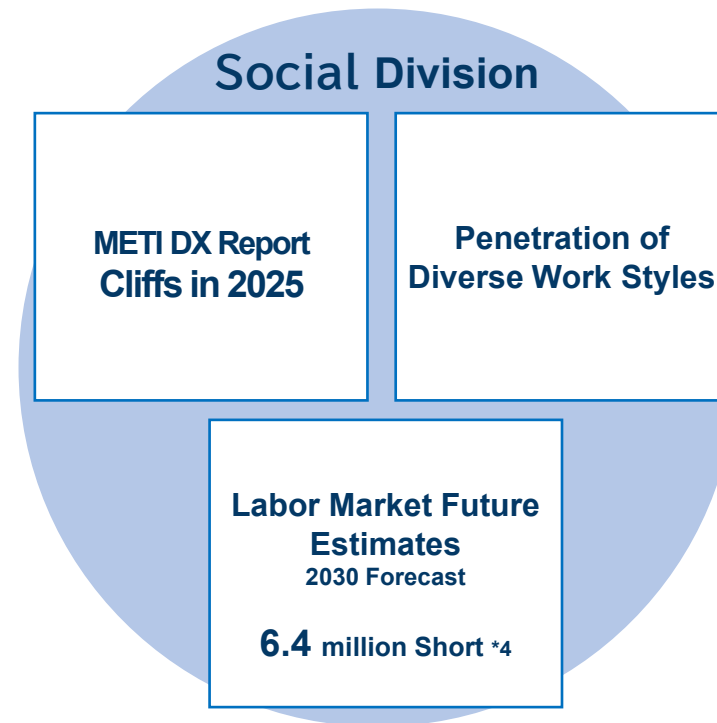
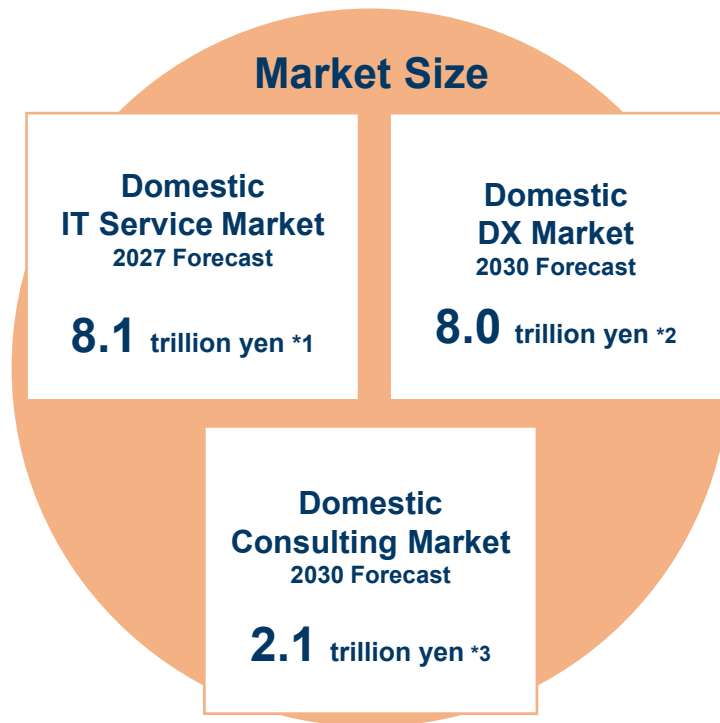
**We have continued sales growth for 10 FYs,
With a compound annual growth rate (CAGR) of 44.6% over the last 10 FYs**

Steps to Growth

- A. Started consulting services for the manufacturing Industry
- B. Major renewal of the matching website for freelance consultants
- C. Started to consider going public due to capital needs resulting from business expansion
- D. Listed on the TSE Growth Market on July 8, 22
- E. DICS Group becomes consolidated subsidiary



IT services and DX markets continue to expand



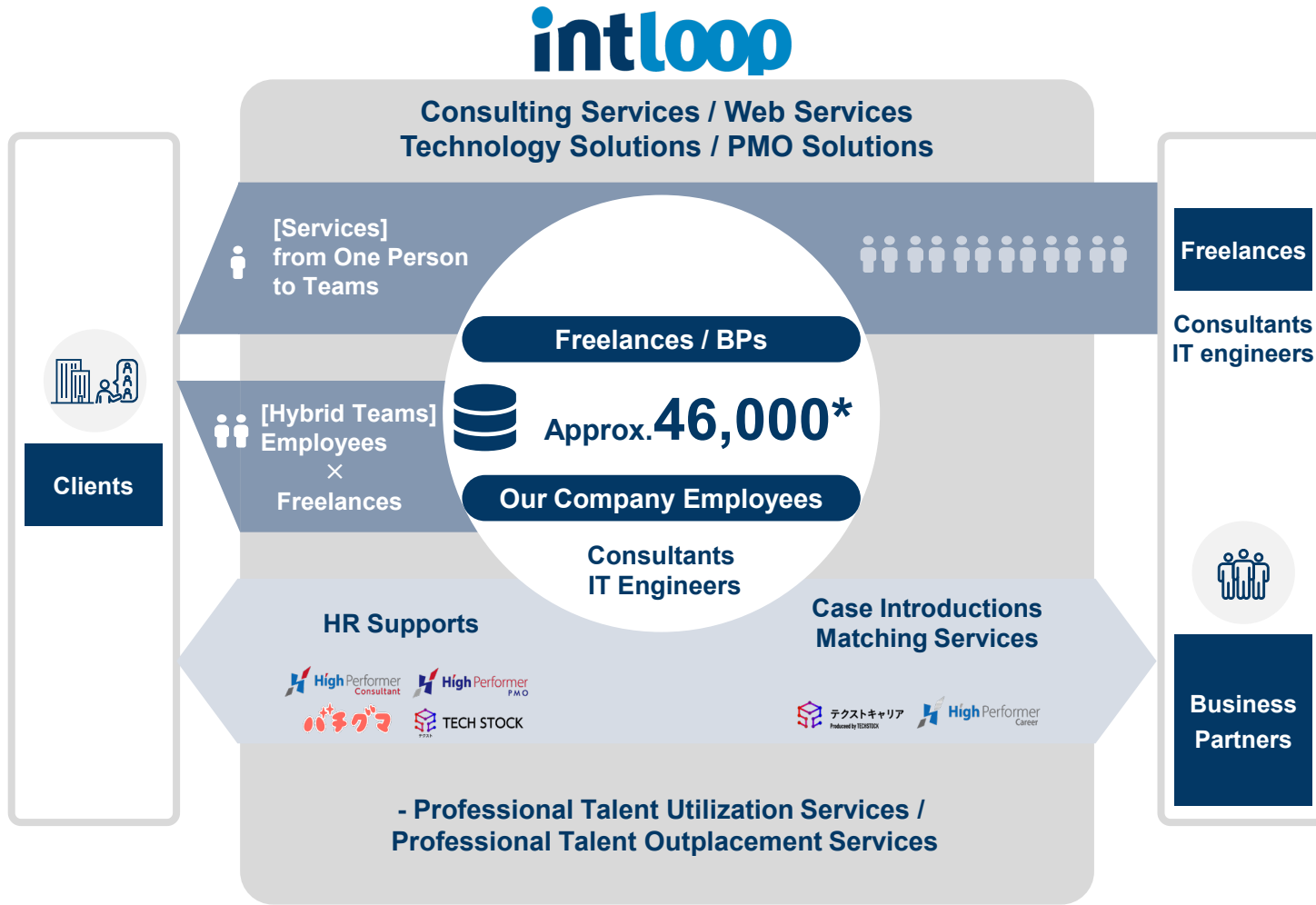
Market Environment

The domestic consulting, DX and IT services markets in which we operate are expected to continue to grow.

Social Issues

There is an urgent need to provide human resources, regardless of the form of employment, due to the shortage of workers, especially highly skilled workers mainly in the IT field, and the proliferation of diverse work styles.

*1 IDC Japan 2024
 *2 Fuji Chimera Research Institute, Inc. 2024
 *3 Codawari Business Consulting Inc.2024
 *4 PERSOL RESEARCH AND CONSULTING & Chuo Univ. 2018



Characteristics of our business model

- We introduce projects and provide matching services to freelancers we attract through web marketing.
- We stand between clients and freelancers, making proposals for projects of various sizes, from one person to teams.
- With a human resources database of approx. 46,000 people, we can help solve a wide variety of problems.
- We provide job change support and welfare services to freelancers.

Why Clients companies choose INTLOOP

- We help recruit, improve work performance and reduce fixed costs for companies that are struggling to find competent employees due to diversifying work styles and a shrinking workforce.
- We ensure a stable supply of highly skilled human resources through our ability to attract freelance human resources and support them in sales and welfare management after we acquire them.
- We offer high-quality services through hybrid teams comprising employees and freelancers.

* As of the end of October 2024

Number of Delivery Employee

334
25/Q1

Consulting Services

- Strategy Consulting (New Business Development / M&A / PMI)
- IT consulting (System Implementations / Pre-sales Support)
- Business consulting (SCM / CRM / ERP / BPR /BPM / RPA)

Technology Solutions

- System Development / Implementation Support (SE / PG)
- SES Support
- Implementation of Advanced Technologies Support (AI / IoT / Big Data)
- Nearshore / Lab Development

PMO Solutions

- Individual PMO/Divisional PMO/Companywide PMO/User PMO Support
- PMO x Industry Knowledge (financial, manufacturing, chemical, etc.)
- PMO x Designation of company of origin (e.g., major consulting firm)
- PMO x Package Knowledge (SAP, SFDC, etc.)
- PMO x Development Methodology Knowledge (Agile, etc.)
- PMO x Tech Knowledge (DX, Cloud, etc.)

Number of Non-Delivery Employee

308
25/Q1

Web Services

- Digital Strategy
- Digital Marketing
- Data Utilization
- New businesses / services utilizing digital technology, etc.

Professional Talent Utilization Services

- Professional Consultants (Freelance)
- Professional Engineers (Freelance)
- Professional Marketers (Freelance)



Professional Talent Outplacement Services

- Human Resource Agents
- Headhunting



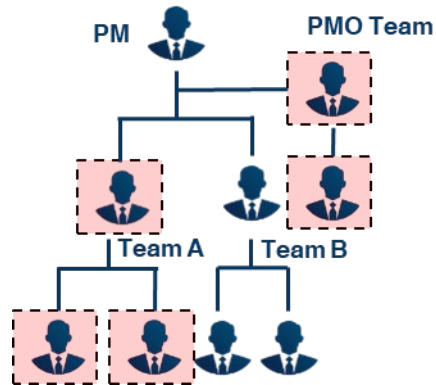
Hybrid Team

**Delivery Employees
(Consultants / IT Engineers)**

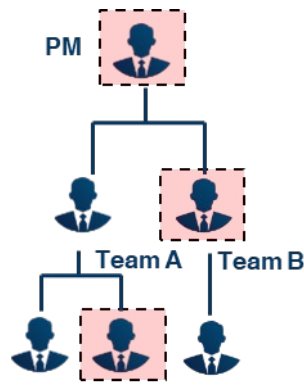


**Freelances / BPs
(Consultants / IT Engineers)**

Team Proposal



Spot Proposal



Our Proposal Personnel

Our Features

- Form hybrid team with freelances or BPs, led by our delivery employees.
- Resource management support to recognize risks from the inside and support resources in different positions.

Team Proposals

- Sub-projects of larger projects.
- Highly specialized cross-functional areas.

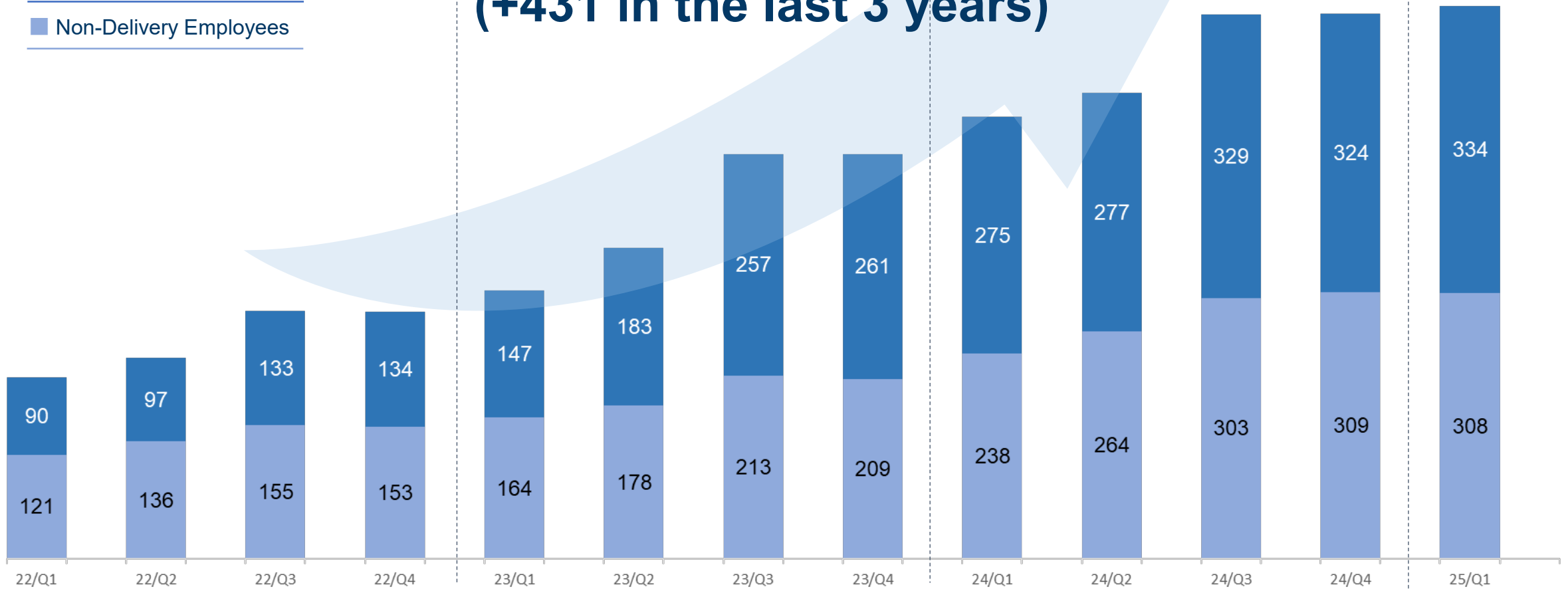
8 Number of employees (INTLOOP Inc. non-consolidated)

(Graph unit : people)

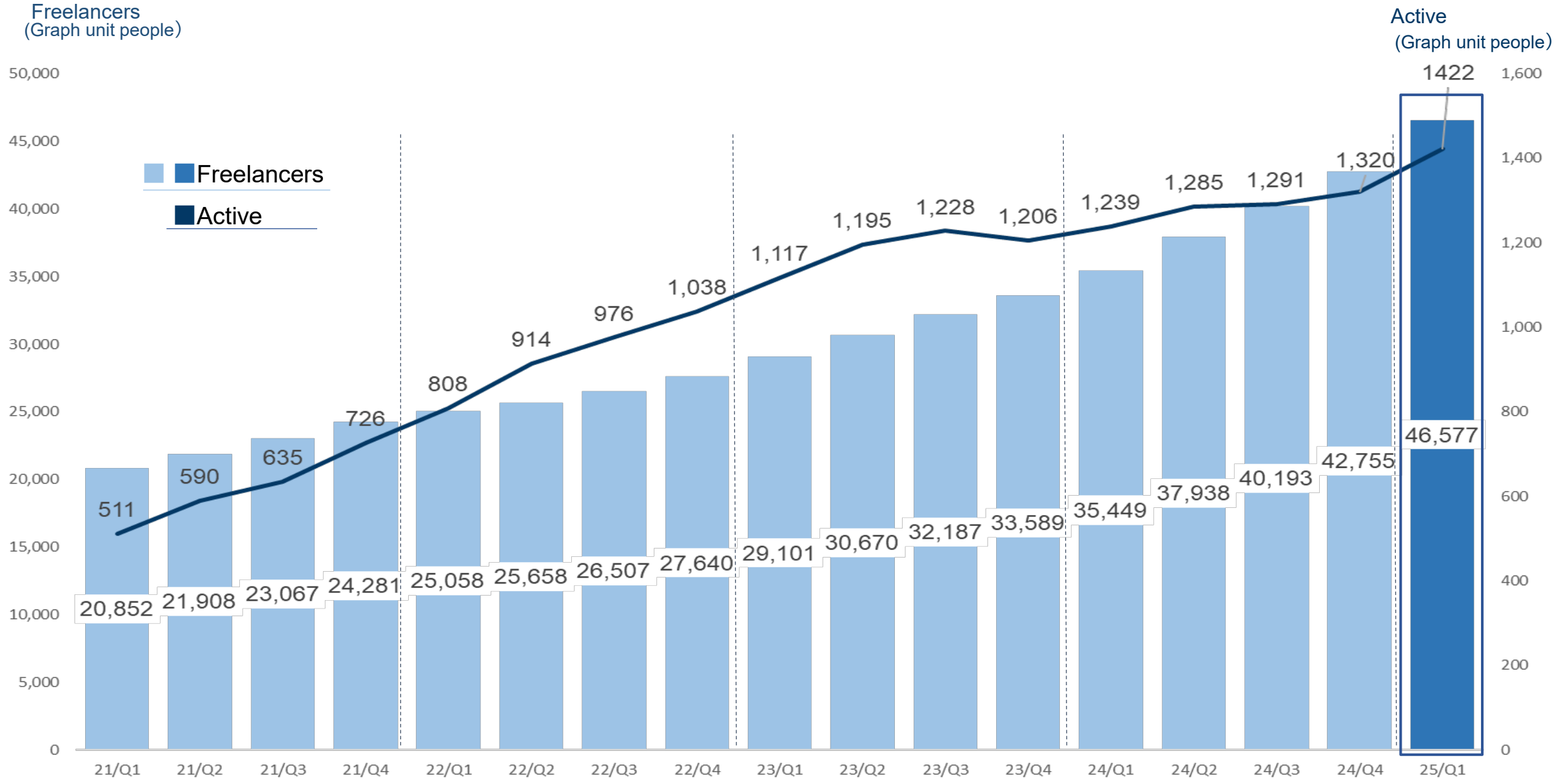


- Delivery Employees
- Non-Delivery Employees

Number of employees at FY25/Q1:642
(+431 in the last 3 years)



9 Number of registered freelancers and number of active freelancers (INTLOOP Inc. non-consolidated)



FY30/7 Target:

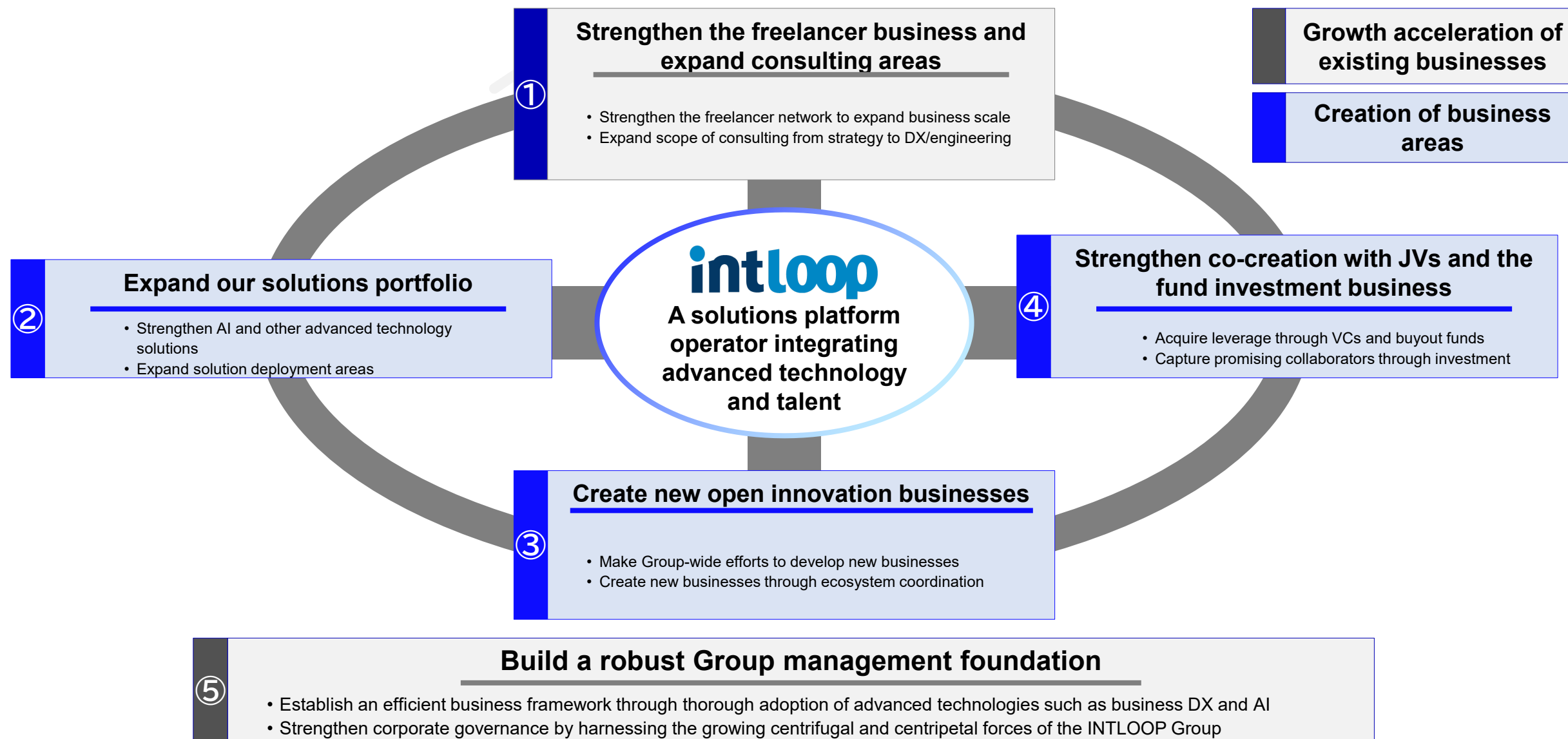
Net sales ¥100 billion, operating profit ¥15 billion

We have established INTLOOP “VISION 2030,” in which we aim to achieve net sales of ¥100 billion and operating profit of ¥15 billion between FY25/7 and FY30/7.

To achieve our target, we will focus on the following activities for “growth acceleration of existing businesses” and “creation of business areas.”

[Key Strategy]

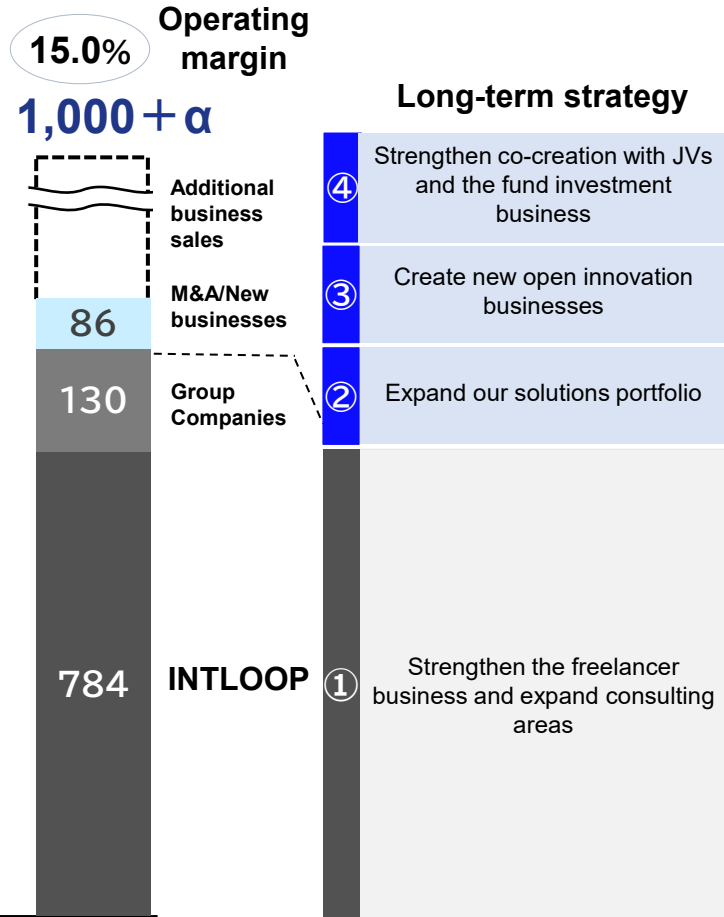
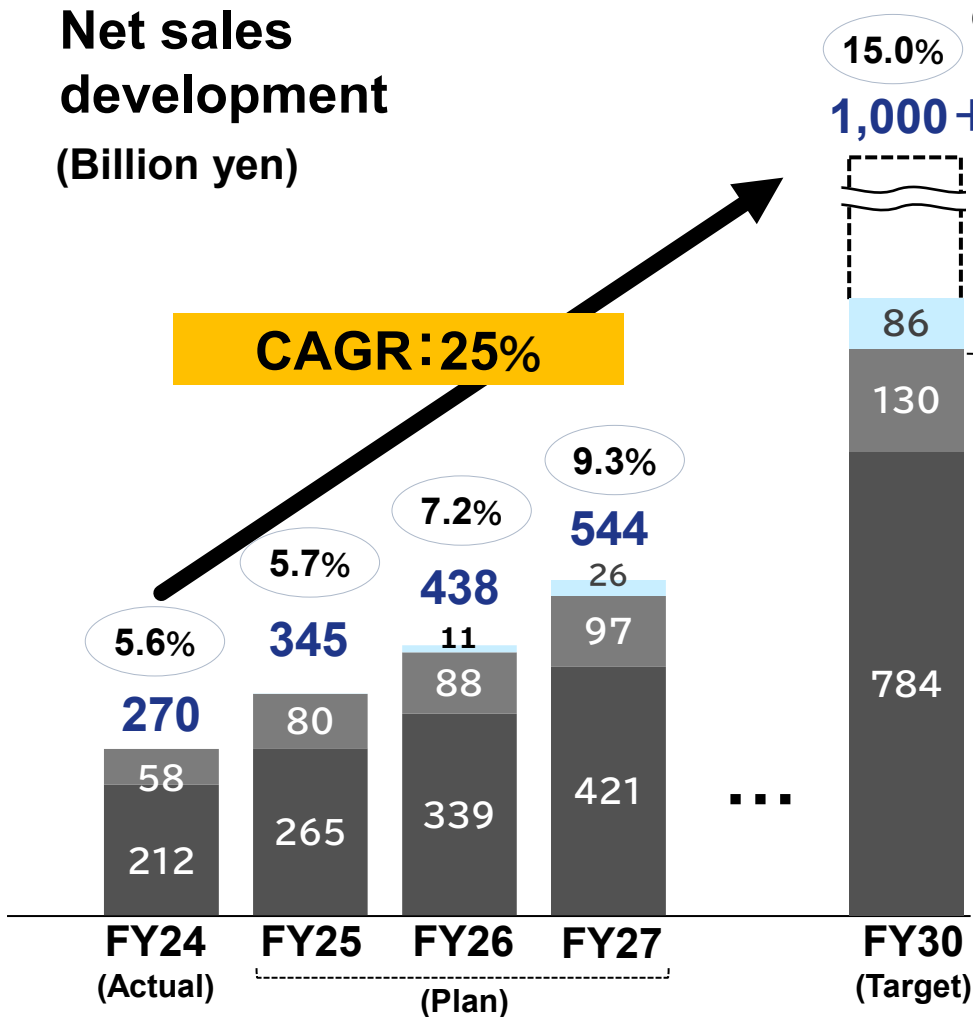
1. Strengthen the existing freelancer business and expand consulting business areas
2. Expand our solutions portfolio, especially in the DX domain that includes edge AI
3. Create new open innovation businesses through M&As and investments in VCs
4. Strengthen co-creation with JVs and the fund investment business
5. Build a robust Group management foundation to achieve 1 through 4 above



Gradually improve profitability of existing businesses in FY25-27 and achieve higher profitability through new businesses toward FY30

Net sales development (Billion yen)

CAGR: 25%



Financial indicators (Consolidated)	FY24 (Actual)	FY30
Net sales	¥27.7 bn	¥100 bn
Operating profit	¥1.5 bn	¥15 bn (¥ 2.5-3.5 bn by new business)
Operating margin	5.4% (FY24/7)	15%

Upcoming calendar

FY25/Q2 Financial Results Announcement and Presentation Mar. 14,2025

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