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For Immediate Release

Company: INTLOOP Inc.
Representative: Hirofumi Hayashi,
Representative Director
Stock code: (9556, TSE Growth Market)
Contact: Chikara Uchino, Director and
General Manager of Management
Headquarters
(E-mail: ir@intloop.com)

Answers to Frequently Asked Questions (For Q2 2025)

Thank you for your interest in INTLOOP. We would like to disclose below our answers to the main questions we have received from investors since the announcement of our second quarter results until today.

The purpose of this disclosure is to strengthen our information dissemination to investors and to ensure fair disclosure. Although there may be some discrepancies in our responses due to the difference in time, these are our most recent policies and responses.

Our answers to other questions can be found on our website below.

“Investor Q&A” URL: <https://www.intloop.com/ir/question/> (in Japanese)

[Q2 2025 results]

1. Management environment

<<Question ①>>

There are concerns about the impact of recent U.S. tariff measures on the Japanese economy, but do you expect corporate IT investment to continue?

<<Answer>>

We are keeping a close eye on the U.S. tariff measures, but at this point we expect corporate IT investment to continue due to the extremely strong demand for digital transformation (DX) to solve the various challenges facing Japanese society, such as labor shortages and productivity improvement. Therefore, we do not expect a significant impact on the demand for our services.

In terms of implementing DX, the use of cutting-edge technology that is generative AI is indispensable, and we provide consulting services using this technology in collaboration with our alliance partners, which include Idein Inc. and alt Inc. We are also striving to improve productivity by using generative AI for some of our internal operations (e.g., sales administration).

<<Question ②>>

How did you perform in the first half compared to your internal plans?

<<Answer>>

Net sales were in line with the plan. Operating profit was slightly above plan, partly due to an improvement in gross margin.

<<Question ③>>

Net sales in the second quarter were roughly the same level as the first quarter, but the result may have been weak given the seasonality of the quarter in the past.

<<Answer>>

Since the previous term, we have been focusing on acquiring high-margin projects based on an emphasis on profitability, which has led to steady progress in operating profit. On the other hand, we are also aware of the sales concerns that you mentioned, but this is due to changes in our sales structure to focus on winning high-margin projects, which we described on page 13 of our Q2 results presentation materialⁱ.

As per our answer to question ①, demand is currently strong, and we will continue to work on acquiring high-margin projects.

<<Question ④>>

What exactly are high-margin projects? Also, please tell us the status of your acceptance of high-margin projects.

<<Answer>>

High-margin projects are enterprise projects and certain projects for SIs and consulting firms that are highly profitable.

While we continue to accept client projects as before, we are gradually moving to a sales structure that prioritizes the acquisition of high-margin projects.

<<Question ⑤>>

You mentioned that “major projects were temporarily terminated at the end of December 2024,” but is there a possibility of a similar case occurring in the future?

<<Answer>>

When a project is terminated, there is usually a notice from the client two to three months in advance. However, for these three projects in December 2024, the termination notice came one month in advance. These cases are rare and are not expected to occur in the future.

The delivery employee responsible for the terminated projects was immediately reassigned to another project.

2. Human resources (employees, freelance personnel)

<<Question ①>>

Why did the number of delivery employees (consultants, PMOs, engineers) increase only slightly in the second quarter?

<<Answer>>

We have generally been able to hire delivery employees as planned. However, some of the mid-career inexperienced staff and new graduates hired several years ago for consulting positions left the company in the second quarter. As a result, the number of delivery employees increased only slightly. However, there is no impact on earnings since the recruitment of experienced personnel, such as PMO consultants, has been steady.

We strive to reduce turnover through retention efforts, especially for younger employees.

The number of delivery employees will increase significantly, as 83 new employees (59 of whom are delivery employees), including new graduates and mid-career hires, joined the company on April 1 of this year.

<<Question ②>>

Please give us the details about the number of active freelancers and the number of newly registered freelancers at the end of the second quarter.

<<Answer>>

We managed to increase the number of active freelancers in the first quarter. We believe that the number grew as expected in the second quarter.

We also managed to attract new registered freelancers as expected, as we have been advertising efficiently using the brand strength of our existing service sites, including High Performer Consultant, our project referral site for freelance consultants.

We will continue to work to attract freelancers and improve utilization rates.

3. Hiring

<<Question ①>>

What actions do you take to recruit high-level personnel, and how successful do you expect to be?

<<Answer>>

We recruit high-level personnel to acquire personnel who will contribute to future growth in the medium to long term.

When recruiting, we offer salaries comparable to those in the person's previous position and ensure that the person understands our attractiveness by communicating our attractiveness (e.g., our growth potential, an environment where employees can take on various challenges, such as initiatives in new business areas as outlined in our mid- to long-term management plan) in our recruiting activities.

In terms of hiring, we have generally been able to hire as planned, although we are experiencing difficulties in some positions.

We will continue our recruiting activities for high-level personnel in the second half.

[Mid- to Long-Term Management Plan INTLOOP "VISION2030"]

4. FY26/7 plans

<<Question ①>>

Please reiterate your numerical plan for next year (FY26/7) as outlined in the mid- to long-term management plan "INTLOOP VISION2030."

<<Answer>>

Our FY26/7 plan (net sales of 43.8 billion yen) is mainly based on the growth of INTLOOP and our subsidiary (DICS Group), with 33.9 billion yen planned for INTLOOP and 8.8 billion yen for DICS Group. Net sales from M&A and new businesses are expected to be a small part of the total (1.1 billion yen).

With regard to our FY26/7 plan, INTLOOP in particular will seek to improve profitability and strengthen market competitiveness through growth focused on a shift to acquiring high-margin projects through sales structure reform and on price revisions as measures to "strengthen the freelance business and expand the consulting area" of our existing business.

We will continue to make efforts to achieve our plan in FY26/7.

5. Progress of alliances

<<Question ①>>

Please give us an overview of the capital and business alliance with ITOCHU Corporationⁱⁱ, which was announced in October 2024, and its progress since then.

<<Answer>>

ITOCHU Corporation has formed a “digital business group,” led by ITOCHU Techno-Solutions Corporation (“CTC”) and others, as a function required for the IT and digital utilization of companies, and provides optimal services according to various customer requests. As a member of the digital business group, we are also strengthening our collaboration with the ITOCHU Group.

Specifically, our business with the ITOCHU Group, especially CTC, has been expanding since this year, with transaction values increasing by 200% year on year in the first quarter and by approximately 300% year on year in the second quarter.

We will continue to help companies achieve DX by providing higher-quality IT services.

<<Question ②>>

Please give us an overview of the establishment of the joint venture with Asahi Shokuhin (Food Co-creation Partners Inc.)ⁱⁱⁱ, which was announced in January of this year, and the progress since then.

<<Answer>>

Food Co-creation Partners Inc. aims to solve the challenges of the companies it supports, with us providing consulting on all aspects of business and corporate management, and Asahi Shokuhin providing expertise, use of its marketing network, and logistical support.

We currently have several candidates for investment, but we are making a careful selection based on a detailed evaluation of their business content and growth potential.

<<Question ③>>

Please tell us the details of the logistics DX (*INTLOOP Develops a Berth Booking Management System That Will Accelerate Logistics DX*^v).

<<Answer>>

With MITSUI-SOKO Supply Chain Solutions, Inc., with whom we entered into a business alliance in 2020, we have begun to develop an original berth booking management system that promotes DX at logistics sites using AITRIOS™, an edge AI sensing platform from Sony Semiconductor Solution Corporation.

The system is designed to visualize truck arrivals and departures at distribution centers and significantly improve labor time management and work efficiency, and is a solution to the “2024 problem” in logistics (the implementation of the revised Labor Standards Act in April 2024, which limits truck drivers’ overtime to 960 hours per year, leading to the need to rethink the traditional logistics system that relies on long working hours and the urgent need to implement digitalization and other efficiency measures).

The reason why we are developing this berth booking management system ourselves is that our consulting expertise can be used to the fullest in understanding the issues at the sites and defining the requirements, which are the most important factors in developing this system.

This development is the first in our initiative to solve the 2024 problem and will be continued in the future.

Note: This document is a translation of the original Press Release in Japanese. It is provided for your reference and convenience only, without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the original Press Release in Japanese shall prevail.

ⁱ Financial Results for the Second Quarter (First Half) of the Fiscal Year Ending July 31, 2025
(Announced on March 14, 2025)

<https://contents.xj-storage.jp/xcontents/AS04982/3314c062/3702/4ccb/a24f/a1d80f81dc41/140120250313593537.pdf>

ii *Notice Concerning of Capital and Business Alliance with ITOCHU Corporation*

(Press release dated October 24, 2024)

<https://contents.xj-storage.jp/xcontents/AS04982/ef98692d/03e2/439d/924c/b3c1da560657/140120241024502204.pdf>

iii *INTLOOP Inc. and Asahi Shokuhin Co., Ltd. Agree to Establish Joint Venture Aimed at Becoming an Industry-Specific Buyout Fund*

(Press release dated January 30, 2025; in Japanese)

<https://contents.xj-storage.jp/xcontents/AS04982/0010d502/20c5/457f/a862/2d30fa6bff28/140120250130558091.pdf>

iv *INTLOOP Develops a Berth Booking Management System That Will Accelerate Logistics DX*

(Press release dated March 13, 2025; in Japanese)

<https://contents.xj-storage.jp/xcontents/AS04982/de272cc5/8100/4e2d/b8ac/390f03abbd10/140120250313592851.pdf>