

Translation

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

## Summary of Consolidated Financial Result for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 14, 2023

Company name: WILLs Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4482

URL: <https://www.wills-net.co.jp/>

Representative: Mitsuo Sugimoto, President and CEO

Inquiries: Yasuyuki Hasumoto, Senior Managing Director and CFO

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Scheduled date for first quarter report:

August 14, 2023

Scheduled date for commencing dividend payments:

September 13, 2023

Preparation of supplementary materials on financial results:

Yes

Holding of financial results briefing session:

Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended June 30, 2023	2,054	18.1	496	30.7	496	31.5	337	38.6
June 30, 2022	1,740	6.5	379	29.0	377	29.0	243	22.6

(Note) Comprehensive income: Six months ended June 30, 2023: 337 million yen 38.6%  
Six months ended June 30, 2022: 243 million yen 26.6%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	16.22	—
June 30, 2022	12.29	11.68

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2023	3,436	1,754	51.0
December 31, 2022	3,261	1,662	51.0

Reference: Total shareholders' equity As of June 30, 2023: 1,754 million yen  
As of December 31, 2022: 1,662 million yen

## 2. Cash Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Fiscal year ended December 31, 2022	Yen —	Yen 0.00	Yen —	Yen 7.00	Yen 7.00
Fiscal year ended December 31, 2023	—	3.50			
Fiscal year ending December 2023 (forecast)			—	3.50	7.00

(Note) Revisions to the forecast of dividends most recently announced: None

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023

(from January 1, 2023 to December 31, 2023)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Fiscal year ending December 2023	4,049	6.1	750	6.8	745	7.5	497	19.2	23.83

(Note) Revisions to the forecast most recently announced: None

### \*Explanatory notes

(1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to amendment of accounting standards, etc.: Yes

(ii) Changes in accounting policies other than those in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at end of period (including treasury shares)

As of June 30, 2023:	21,054,400 shares	As of December 31, 2022:	21,054,400 shares
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(ii) Number of treasury shares at end of period

As of June 30, 2023:	341,193 shares	As of December 31, 2022:	160,793 shares
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(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023:	20,831,566 shares	Six months ended June 30, 2022:	19,896,386 shares
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\* This summary of financial results is not subject to audit procedures by a public accountant or audit corporation.

\* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual business performance and other results may differ materially due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc.

Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Unit: thousand yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,065,368	1,994,060
Notes receivable - trade	259,383	420,602
Electronically recorded monetary claims - operating	11,198	278
Merchandise	1,927	1,205
Work in process	6,191	23,920
Supplies	710	1,084
Other	25,494	35,053
Allowance for doubtful accounts	(2,911)	(2,934)
Total current assets	2,367,362	2,473,271
Non-current assets		
Property, plant and equipment	55,613	52,253
Intangible assets		
Software	216,121	226,161
Software in progress	188,481	241,501
Goodwill	238,728	227,198
Customer-related assets	27,813	26,595
Other	399	369
Total intangible assets	671,544	721,827
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,169	2,169
Other	166,638	189,394
Allowance for doubtful accounts	(2,169)	(2,169)
Total investments and other assets	166,638	189,394
Total non-current assets	893,796	963,475
Total assets	3,261,158	3,436,747

(Unit: thousand yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	272,737	439,159
Short-term borrowings	276,487	254,647
Current portion of long-term borrowings	25,192	23,526
Accounts payable - other	87,849	39,372
Income taxes payable	168,765	153,830
Contract liabilities	459,292	533,019
Provision for point card certificates	103,157	101,433
Provision for shareholder benefit program	23,320	26,841
Provision for bonuses	18,018	—
Provision for bonuses for directors	18,681	—
Other	81,797	59,882
Total current liabilities	1,535,298	1,631,712
Non-current liabilities		
Long-term borrowings	60,770	48,380
Asset retirement obligations	2,224	2,227
Total non-current liabilities	62,994	50,607
<b>Total liabilities</b>	<b>1,598,293</b>	<b>1,682,320</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	246,900	246,900
Capital surplus	246,447	246,447
Retained earnings	1,269,072	1,460,625
Treasury shares	(99,554)	(199,545)
Total shareholders' equity	1,662,865	1,754,426
<b>Total net assets</b>	<b>1,662,865</b>	<b>1,754,426</b>
<b>Total liabilities and net assets</b>	<b>3,261,158</b>	<b>3,436,747</b>

**(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
(Quarterly Consolidated Statements of Income)

(Unit: thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	1,740,366	2,054,607
Cost of sales	911,351	1,055,680
Gross profit	829,014	998,926
Selling, general and administrative expenses	449,057	502,308
Operating profit	379,956	496,618
Non-operating income		
Interest income	7	9
Subsidy income	14	3
Gain on forfeiture of unclaimed dividends	—	88
Refunded consumption taxes	—	3,305
Other	313	112
Total non-operating income	335	3,520
Non-operating expenses		
Interest expenses	2,306	2,456
Commission fee	213	153
Loss on investments in partnership	—	459
Other	219	867
Total non-operating expenses	2,811	3,936
Ordinary profit	377,480	496,202
Extraordinary losses		
Loss on retirement of non-current assets	61	18
Total extraordinary losses	61	18
Profit before income taxes	377,419	496,183
Income taxes	133,607	158,376
Net profit	243,812	337,807
Profit attributable to owners of parent	243,812	337,807

(Quarterly Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net profit	243,812	337,807
Comprehensive income	243,812	337,807
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	243,812	337,807
Comprehensive income attributable to non- controlling interests	—	—

**(3) Consolidated Statement of Cash Flows**

(Unit: thousand yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	377,419	496,183
Depreciation	37,986	46,238
Amortization of goodwill	11,529	11,529
Increase (decrease) in allowance for doubtful accounts	1,009	22
Increase (decrease) in provision for point card certificates	(1,216)	(1,723)
Increase (decrease) in provision for shareholder benefit program	3,307	3,521
Increase (decrease) in provision for bonuses	—	(18,018)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	(18,681)
Interest and dividend income	(7)	(9)
Interest expenses	2,306	2,456
Loss on retirement of non-current assets	61	18
Decrease (increase) in trade receivables	(158,891)	(150,299)
Decrease (increase) in inventories	(21,733)	(17,380)
Increase (decrease) in trade payables	173,613	161,665
Increase (decrease) in accounts payable - other	(24,590)	(48,476)
Increase (decrease) in advances received	61,991	73,727
Increase (decrease) in accrued consumption taxes	(7,468)	(11,124)
Other	(36,394)	(28,601)
Subtotal	418,924	501,046
Interest and dividends received	7	9
Interest paid	(2,519)	(2,456)
Income taxes paid	(109,784)	(163,233)
Net cash provided by (used in) operating activities	306,628	335,365
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	(1,000,000)
Proceeds from sale of investment securities	20,000	—
Purchase of investment securities	—	(30,000)
Purchase of property, plant and equipment	(1,365)	(507)
Purchase of intangible assets	(96,724)	(99,445)
Payments for investments in capital	(12,000)	(9,000)
Proceeds from refund of leasehold and guarantee deposits	—	14,932
Payments of leasehold and guarantee deposits	(80,638)	(360)
Net cash provided by (used in) investing activities	(170,729)	(1,124,380)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(29,273)	(21,840)
Repayments of long-term borrowings	(14,056)	(14,056)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	9,525	—
Purchase of treasury shares	(99,106)	(100,141)
Dividends paid	(49,102)	(146,255)
Net cash provided by (used in) financing activities	(182,012)	(282,292)
Net increase (decrease) in cash and cash equivalents	(46,112)	(1,071,307)
Cash and cash equivalents at beginning of period	1,642,316	2,065,368
Cash and cash equivalents at end of quarter	1,596,203	994,060