

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 Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 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

Phone: +81-3-6435-8151

Scheduled date for first quarter report:

May 15, 2023

Scheduled date for commencing dividend payments:

—

Preparation of supplementary materials on financial results:

Yes

Holding of financial results briefing session:

No

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

1. Consolidated Financial Results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 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 | % |
| Three months ended March 31, 2023 | 788 | 27.5 | 122 | 81.6 | 123 | 87.2 | 85 | 116.4 |
| March 31, 2022 | 618 | (4.9) | 67 | 3.3 | 66 | 3.2 | 39 | 5.3 |

(Note) Comprehensive income: Three months ended March 31, 2023: 85 million yen 116.4%
Three months ended March 31, 2022: 39 million yen 5.3%

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended March 31, 2023 | 4.11 | — |
| March 31, 2022 | 2.00 | 1.90 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | millions of yen | millions of yen | % |
| As of March 31, 2023 | 3,102 | 1,602 | 51.7 |
| December 31, 2022 | 3,261 | 1,662 | 51.0 |

Reference: Total shareholders' equity As of March 31, 2023: 1,602 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 | — | | | | |
| Fiscal year ending December 2023 (forecast) | | 3.50 | — | 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 March 31, 2023: | 21,054,400 shares | As of December 31, 2022: | 21,054,400 shares |
|-----------------------|-------------------|--------------------------|-------------------|

(ii) Number of treasury shares at end of period

| | | | |
|-----------------------|----------------|--------------------------|----------------|
| As of March 31, 2023: | 160,793 shares | As of December 31, 2022: | 160,793 shares |
|-----------------------|----------------|--------------------------|----------------|

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|---------------------------------------|-------------------|---------------------------------------|-------------------|
| Three months ended March 31, 2023: | 20,893,607 shares | Three months ended March 31, 2022: | 19,896,386 shares |
|---------------------------------------|-------------------|---------------------------------------|-------------------|

* 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 March 31, 2023 |
|---|----------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,065,368 | 1,833,159 |
| Notes receivable - trade | 259,383 | 265,967 |
| Electronically recorded monetary claims - operating | 11,198 | 16,750 |
| Merchandise | 1,927 | 1,750 |
| Work in process | 6,191 | 6,578 |
| Supplies | 710 | 1,614 |
| Other | 25,494 | 36,094 |
| Allowance for doubtful accounts | (2,911) | (2,767) |
| Total current assets | 2,367,362 | 2,159,146 |
| Non-current assets | | |
| Property, plant and equipment | 55,613 | 53,942 |
| Intangible assets | | |
| Software | 216,121 | 196,844 |
| Software in progress | 188,481 | 241,055 |
| Goodwill | 238,728 | 232,963 |
| Customer-related assets | 27,813 | 27,204 |
| Other | 399 | 384 |
| Total intangible assets | 671,544 | 698,452 |
| Investments and other assets | | |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 2,169 | 2,169 |
| Other | 166,638 | 190,460 |
| Allowance for doubtful accounts | (2,169) | (2,169) |
| Total investments and other assets | 166,638 | 190,460 |
| Total non-current assets | 893,796 | 942,855 |
| Total assets | 3,261,158 | 3,102,002 |

(Unit: thousand yen)

| | As of December 31, 2022 | As of March 31, 2023 |
|---|----------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 272,737 | 258,051 |
| Short-term borrowings | 276,487 | 319,835 |
| Current portion of long-term borrowings | 25,192 | 24,240 |
| Accounts payable - other | 87,849 | 177,705 |
| Income taxes payable | 168,765 | 38,003 |
| Contract liabilities | 459,292 | 439,725 |
| Provision for point card certificates | 103,157 | 103,484 |
| Provision for shareholder benefit program | 23,320 | 23,071 |
| Provision for bonuses | 18,018 | — |
| Provision for bonuses for directors | 18,681 | — |
| Other | 81,797 | 59,080 |
| Total current liabilities | 1,535,298 | 1,443,196 |
| Non-current liabilities | | |
| Long-term borrowings | 60,770 | 54,200 |
| Asset retirement obligations | 2,224 | 2,226 |
| Total non-current liabilities | 62,994 | 56,426 |
| Total liabilities | 1,598,293 | 1,499,622 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 246,900 | 246,900 |
| Capital surplus | 246,447 | 246,447 |
| Retained earnings | 1,269,072 | 1,208,587 |
| Treasury shares | (99,554) | (99,554) |
| Total shareholders' equity | 1,662,865 | 1,602,380 |
| Total net assets | 1,662,865 | 1,602,380 |
| Total liabilities and net assets | 3,261,158 | 3,102,002 |

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

(Unit: thousand yen)

| | For the three months ended March 31, 2022 | For the three months ended March 31, 2023 |
|--|--|--|
| Net sales | 618,947 | 788,895 |
| Cost of sales | 327,452 | 417,811 |
| Gross profit | 291,494 | 371,084 |
| Selling, general and administrative expenses | 224,204 | 248,852 |
| Operating profit | 67,290 | 122,231 |
| Non-operating income | | |
| Interest income | 7 | 8 |
| Subsidy income | 8 | 2 |
| Gain on forfeiture of unclaimed dividends | — | 88 |
| Refunded consumption taxes | — | 3,305 |
| Other | 298 | 112 |
| Total non-operating income | 314 | 3,518 |
| Non-operating expenses | | |
| Interest expenses | 1,148 | 1,221 |
| Commission fee | 174 | 616 |
| Other | 149 | 118 |
| Total non-operating expenses | 1,472 | 1,956 |
| Ordinary profit | 66,131 | 123,792 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 61 | 18 |
| Total extraordinary losses | 61 | 18 |
| Profit before income taxes | 66,070 | 123,774 |
| Income taxes | 26,428 | 38,004 |
| Net profit | 39,642 | 85,770 |
| Profit attributable to owners of parent | 39,642 | 85,770 |

(Quarterly Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

| | For the three months ended March 31, 2022 | For the three months ended March 31, 2023 |
|--|--|--|
| Net profit | 39,642 | 85,770 |
| Comprehensive income | 39,642 | 85,770 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 39,642 | 85,770 |
| Comprehensive income attributable to non- controlling interests | — | — |