

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, 2024 (Based on Japanese GAAP)

May 14, 2024

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

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Scheduled date for first quarter report:

May 14, 2024

Scheduled date for commencing dividend payments:

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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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	840	6.6	103	(15.4)	109	(11.2)	68	(20.4)
March 31, 2023	788	27.5	122	81.6	123	87.2	85	116.4

(Note) Comprehensive income: Three months ended March 31, 2024: 68 million yen (20.4)%

Three months ended March 31, 2023: 85 million yen 116.4%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	3.30	—
March 31, 2023	4.11	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of March 31, 2024	3,371	1,799	53.2
December 31, 2023	3,662	1,853	50.5

Reference: Total shareholders' equity

As of March 31, 2024:

1,794 million yen

As of December 31, 2023:

1,850 million yen

2. Cash Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Fiscal year ended December 31, 2023	Yen —	Yen 3.50	Yen —	Yen 6.00	Yen 9.50
Fiscal year ended December 31, 2024	—				
Fiscal year ending December 2024 (forecast)		5.50	—	5.50	11.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024

(from January 1, 2024 to December 31, 2024)

(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 2024	5,000	11.6	1,006	10.0	1,003	10.1	668	30.2	32.29

(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.: None

(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, 2024:	21,054,400 shares	As of December 31, 2023:	21,054,400 shares
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(ii) Number of treasury shares at end of period

As of March 31, 2024:	341,193 shares	As of December 31, 2023:	341,193 shares
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(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024:	20,713,207 shares	Three months ended March 31, 2023:	20,893,607 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,412,497	2,088,898
Notes receivable - trade	303,544	305,837
Electronically recorded monetary claims - operating	11,308	16,450
Merchandise	1,622	1,665
Work in process	20,095	3,524
Supplies	1,016	743
Other	45,896	71,551
Allowance for doubtful accounts	(601)	(678)
Total current assets	2,795,380	2,487,991
Non-current assets		
Property, plant and equipment	48,554	47,053
Intangible assets		
Software	217,369	189,848
Software in progress	122,522	175,321
Goodwill	215,668	209,904
Customer-related assets	25,377	24,768
Other	340	325
Total intangible assets	581,279	600,167
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,169	—
Other	237,520	236,577
Allowance for doubtful accounts	(2,169)	—
Total investments and other assets	237,520	236,577
Total non-current assets	867,354	883,798
Total assets	3,662,734	3,371,790

(Unit: thousand yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	333,156	297,485
Short-term borrowings	266,320	275,301
Current portion of long-term borrowings	23,280	23,280
Accounts payable - other	45,428	56,322
Income taxes payable	170,992	41,574
Contract liabilities	634,758	613,604
Provision for point card certificates	96,060	94,962
Provision for shareholder benefit program	39,976	39,343
Provision for bonuses	20,877	2,871
Provision for bonuses for directors	21,190	—
Other	117,769	94,055
Total current liabilities	1,769,809	1,538,800
Non-current liabilities		
Long-term borrowings	37,490	31,670
Asset retirement obligations	2,230	2,232
Total non-current liabilities	39,720	33,902
Total liabilities	1,809,530	1,572,702
Net assets		
Shareholders' equity		
Share capital	246,900	246,900
Capital surplus	246,447	246,447
Retained earnings	1,556,916	1,500,935
Treasury shares	(199,545)	(199,545)
Total shareholders' equity	1,850,717	1,794,736
Stock acquisition right	2,486	4,350
Total net assets	1,853,203	1,799,087
Total liabilities and net assets	3,662,734	3,371,790

(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, 2023	For the three months ended March 31, 2024
Net sales	788,895	840,565
Cost of sales	417,811	430,365
Gross profit	371,084	410,200
Selling, general and administrative expenses	248,852	306,814
Operating profit	122,231	103,386
Non-operating income		
Interest income	8	5,298
Subsidy income	2	1,158
Gain on forfeiture of unclaimed dividends	88	—
Refunded consumption taxes	3,305	—
Other	112	1,417
Total non-operating income	3,518	7,874
Non-operating expenses		
Interest expenses	1,221	1,188
Commission fee	616	—
Other	118	198
Total non-operating expenses	1,956	1,386
Ordinary profit	123,792	109,873
Extraordinary losses		
Loss on retirement of non-current assets	18	—
Total extraordinary losses	18	—
Profit before income taxes	123,774	109,873
Income taxes	38,004	41,575
Net profit	85,770	68,298
Profit attributable to owners of parent	85,770	68,298

(Quarterly Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Net profit	85,770	68,298
Comprehensive income	85,770	68,298
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	85,770	68,298
Comprehensive income attributable to non- controlling interests	—	—