

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, 2024 (Based on Japanese GAAP)

August 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:

August 14, 2024

Scheduled date for commencing dividend payments:

September 17, 2024

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, 2024 (from January 1, 2024 to June 30, 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	%
Six months ended June 30, 2024	2,162	5.3	498	0.4	504	1.6	345	2.4
June 30, 2023	2,054	18.1	496	30.7	496	31.5	337	38.6

(Note) Comprehensive income: Six months ended June 30, 2024: 345 million yen 2.4%
Six months ended June 30, 2023: 337 million yen 38.6%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	16.70	—
June 30, 2023	16.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2024	4,035	2,078	51.4
December 31, 2023	3,662	1,853	50.5

Reference: Total shareholders' equity As of June 30, 2024: 2,072 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	—	5.50			
Fiscal year ending December 2024 (forecast)			—	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 June 30, 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 June 30, 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)

Six months ended June 30, 2024:	20,713,207 shares	Six months ended June 30, 2023:	20,831,566 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 June 30, 2024
Assets		
Current assets		
Cash and deposits	2,412,497	2,534,021
Notes receivable - trade	303,544	492,630
Electronically recorded monetary claims - operating	11,308	5,420
Merchandise	1,622	948
Work in process	20,095	19,783
Supplies	1,016	1,206
Other	45,896	53,913
Allowance for doubtful accounts	(601)	(608)
Total current assets	2,795,380	3,107,316
Non-current assets		
Property, plant and equipment	48,554	46,368
Intangible assets		
Software	217,369	208,614
Software in progress	122,522	186,030
Goodwill	215,668	204,139
Customer-related assets	25,377	24,159
Other	340	310
Total intangible assets	581,279	623,253
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,169	—
Other	237,520	258,778
Allowance for doubtful accounts	(2,169)	—
Total investments and other assets	237,520	258,778
Total non-current assets	867,354	928,400
Total assets	3,662,734	4,035,716

(Unit: thousand yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	333,156	506,522
Short-term borrowings	266,320	303,320
Current portion of long-term borrowings	23,280	22,130
Accounts payable - other	45,428	41,343
Income taxes payable	170,992	157,288
Contract liabilities	634,758	677,728
Provision for point card certificates	96,060	92,459
Provision for shareholder benefit program	39,976	33,461
Provision for bonuses	20,877	6,640
Provision for bonuses for directors	21,190	—
Other	117,769	86,944
Total current liabilities	1,769,809	1,927,840
Non-current liabilities		
Long-term borrowings	37,490	27,000
Asset retirement obligations	2,230	2,233
Total non-current liabilities	39,720	29,233
Total liabilities	1,809,530	1,957,073
Net assets		
Shareholders' equity		
Share capital	246,900	246,900
Capital surplus	246,447	246,447
Retained earnings	1,269,072	1,778,626
Treasury shares	(99,554)	(199,545)
Total shareholders' equity	1,662,865	2,072,427
Stock acquisition right	2,486	6,215
Total net assets	1,662,865	2,078,642
Total liabilities and net assets	3,261,158	4,035,716

(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, 2023	For the six months ended June 30, 2024
Net sales	2,054,607	2,162,451
Cost of sales	1,055,680	1,041,717
Gross profit	998,926	1,120,733
Selling, general and administrative expenses	502,308	622,276
Operating profit	496,618	498,457
Non-operating income		
Interest income	9	7,006
Subsidy income	3	2,577
Gain on forfeiture of unclaimed dividends	88	—
Refunded consumption taxes	3,305	—
Other	112	100
Total non-operating income	3,520	9,684
Non-operating expenses		
Interest expenses	2,456	2,471
Commission fee	153	—
Loss on investments in partnership	459	902
Other	867	417
Total non-operating expenses	3,936	3,790
Ordinary profit	496,202	504,350
Extraordinary losses		
Loss on retirement of non-current assets	18	—
Total extraordinary losses	18	—
Profit before income taxes	496,183	504,350
Income taxes	158,376	158,361
Net profit	337,807	345,989
Profit attributable to owners of parent	337,807	345,989

(Quarterly Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net profit	337,807	345,989
Comprehensive income	337,807	345,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	337,807	345,989
Comprehensive income attributable to non- controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	496,183	504,350
Depreciation	46,238	44,318
Amortization of goodwill	11,529	11,529
Increase (decrease) in allowance for doubtful accounts	22	7
Increase (decrease) in provision for point card certificates	(1,723)	(3,600)
Increase (decrease) in provision for shareholder benefit program	3,521	(6,514)
Increase (decrease) in provision for bonuses	(18,018)	(14,236)
Increase (decrease) in provision for bonuses for directors (and other officers)	(18,681)	(21,190)
Interest and dividend income	(9)	(7,006)
Interest expenses	2,456	2,471
Loss on retirement of non-current assets	18	—
Decrease (increase) in trade receivables	(150,299)	(183,197)
Decrease (increase) in inventories	(17,380)	795
Increase (decrease) in trade payables	161,665	172,297
Increase (decrease) in accounts payable - other	(48,476)	(3,141)
Increase (decrease) in advances received	73,727	42,970
Increase (decrease) in accrued consumption taxes	(11,124)	(24,330)
Other	(28,601)	(19,279)
Subtotal	501,046	496,243
Interest and dividends received	9	7,006
Interest paid	(2,456)	(2,531)
Income taxes paid	(163,233)	(160,508)
Net cash provided by (used in) operating activities	335,365	340,210
Cash flows from investing activities		
Payments into time deposits	(1,000,000)	—
Proceeds from withdrawal from time deposits	—	1,000,000
Purchase of investment securities	(30,000)	—
Purchase of property, plant and equipment	(507)	(1,777)
Purchase of intangible assets	(99,445)	(93,734)
Payments for investments in capital	(9,000)	—
Proceeds from refund of leasehold and guarantee deposits	14,932	—
Payments of leasehold and guarantee deposits	(360)	(105)
Purchase of golf club memberships	—	(24,150)
Net cash provided by (used in) investing activities	(1,124,380)	880,232
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(21,840)	37,000
Repayments of long-term borrowings	—	(11,640)
Purchase of treasury shares	(100,141)	—
Dividends paid	(146,255)	(124,279)
Net cash provided by (used in) financing activities	(282,292)	(98,919)
Net increase (decrease) in cash and cash equivalents	(1,071,307)	1,121,523
Cash and cash equivalents at beginning of period	2,065,368	1,412,497
Cash and cash equivalents at end of quarter	994,060	2,534,021