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 Fiscal Year Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

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 next ordinary general meeting of shareholders: March 28, 2025

Scheduled date for filing annual securities report: March 28, 2025

Scheduled date for commencing dividend payments: March 31, 2025

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (from January 1, 2024 to December 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	%
Fiscal year ended December 31, 2024	5,072	13.2	1,035	13.2	1,040	14.2	670	32.4
Fiscal year ended December 31, 2023	4,480	17.4	914	30.2	911	31.5	506	21.3

(Note) Comprehensive income: Fiscal year ended December 31, 2024: 670 million yen (32.4%)
Fiscal year ended December 31, 2023: 506 million yen (21.3%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	32.45	—	33.7	26.2	20.4
Fiscal year ended December 31, 2023	24.39	—	28.8	26.3	20.4

Reference: Equity gains (losses) of affiliated companies Fiscal year ended December 31, 2024: — million yen
Fiscal year ended December 31, 2023: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
Fiscal year ended December 31, 2024	4,264	2,140	50.0	104.12
Fiscal year ended December 31, 2023	3,662	1,853	50.5	89.35

Reference: Total shareholders' equity Fiscal year ended December 31, 2024: 2,130 million yen
Fiscal year ended December 31, 2023: 1,850 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
Fiscal year ended December 31, 2024	1,071	753	(355)	2,885
Fiscal year ended December 31, 2023	947	(1,246)	(354)	1,412

2. Cash Dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Net assets to dividend ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	millions of yen	%	%
Fiscal year ended December 31, 2023	—	3.50	—	6.00	9.50	196	39.0	11.2
Fiscal year ended December 31, 2024	—	5.50	—	5.50	11.00	225	33.9	10.5
Fiscal year ending December 2025 (forecast)	—	6.50	—	6.50	13.00		35.8	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025
(from January 1, 2025 to December 31, 2025) (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
Full year	5,580	10.0	1,155	11.6	1,150	10.6	750	11.9	36.31

*Explanatory notes

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

(2) 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

(3) Number of issued shares (common shares)

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

Fiscal year ended December 31, 2024:	21,054,400 shares	Fiscal year ended December 31, 2023:	21,054,400 shares

(ii) Number of treasury shares at end of period

Fiscal year ended December 31, 2024:	596,193 shares	Fiscal year ended December 31, 2023:	341,193 shares

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

Fiscal year ended December 31, 2024:	20,666,207 shares	Fiscal year ended December 31, 2023:	20,771,900 shares

(Reference) Overview of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2024
(from January 1, 2024 to December 31, 2024)

(1) Non-Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal year ended December 31, 2024	4,818	24.2	1,154	24.4	1,132	22.4	669	31.1
Fiscal year ended December 31, 2023	3,879	14.0	927	19.6	925	19.7	510	2.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2024	32.41	—
Fiscal year ended December 31, 2023	24.59	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
Fiscal year ended December 31, 2024	4,079	2,272	55.5	110.60
Fiscal year ended December 31, 2023	3,352	1,986	59.2	95.79

Reference: Total shareholders' equity Fiscal year ended December 31, 2024: 2,262 million yen
Fiscal year ended December 31, 2023: 1,984 million yen

2. Forecast of Non-Consolidated Financial Results for the Fiscal Year Ending December 31, 2025
(from January 1, 2025 to December 31, 2025) (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	5,324	10.5	1,270	10.0	1,271	12.2	842	25.9	40.79

* 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.

(How to obtain supplementary materials on financial results and the details of the financial results briefing session)

The Company will hold a briefing session for securities analysts and institutional investors on March 4, 2025 (Tuesday).

The appearance and content of the briefing (video) will be posted on the Company's website along with the briefing materials used on the day promptly after the briefing session is held.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: thousand yen)

	Previous fiscal year (December 31, 2023)	Current fiscal year (December 31, 2024)
Assets		
Current assets		
Cash and deposits	2,412,497	2,885,461
Notes receivable - trade	8,599	—
Electronically recorded monetary claims - operating	11,308	11,570
Accounts receivable - trade	294,944	378,460
Merchandise	1,622	2,234
Work in process	20,095	4,698
Supplies	1,016	496
Prepaid expenses	40,615	38,388
Other	5,281	9,106
Allowance for doubtful accounts	(601)	—
Total current assets	2,795,380	3,330,415
Non-current assets		
Property, plant and equipment		
Buildings, net	35,487	33,713
Vehicles, net	—	6,123
Tools, furniture and fixtures, net	12,990	9,878
Land	76	76
Total property, plant and equipment	48,554	49,791
Intangible assets		
Telephone subscription right	163	163
Trademark right	176	118
Software	217,369	217,352
Software in progress	122,522	233,520
Goodwill	215,668	192,609
Customer-related assets	25,377	22,941
Total intangible assets	581,279	666,706
Investments and other assets		
Investment securities	30,000	30,000
Distressed receivables	2,169	—
Deferred tax assets	86,938	48,661
Leasehold and guarantee deposits	89,756	88,055
Other	30,824	50,581
Allowance for doubtful accounts	(2,169)	—
Total investments and other assets	237,520	217,298
Total non-current assets	867,354	933,796
Total assets	3,662,734	4,264,211

(Unit: thousand yen)

	Previous fiscal year (December 31, 2023)	Current fiscal year (December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	333,156	414,080
Short-term borrowings	266,320	324,152
Current portion of long-term borrowings	23,280	14,990
Accounts payable - other	45,428	42,129
Accrued expenses	27,387	25,449
Income taxes payable	170,992	210,957
Accrued consumption taxes	75,796	80,237
Contract liabilities	634,758	780,492
Deposits received	14,585	18,622
Provision for point card certificates	96,060	86,416
Provision for shareholder benefit program	39,976	49,203
Provision for bonuses	20,877	30,076
Provision for bonuses for directors (and other officers)	21,190	22,585
Total current liabilities	1,769,809	2,099,394
Non-current liabilities		
Long-term borrowings	37,490	22,500
Asset retirement obligations	2,230	2,236
Total non-current liabilities	39,720	24,736
Total liabilities	1,809,530	2,124,130
Net assets		
Shareholders' equity		
Share capital	246,900	246,900
Capital surplus	246,447	246,447
Retained earnings	1,556,916	1,989,421
Treasury shares	(199,545)	(352,631)
Total shareholders' equity	1,850,717	2,130,136
Share acquisition rights	2,486	9,944
Total net assets	1,853,203	2,140,081
Total liabilities and net assets	3,662,734	4,264,211

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

(Consolidated Statements of Income)

(Unit: thousand yen)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Current fiscal year (from January 1, 2024 to December 31, 2024)
Net sales	4,480,592	5,072,384
Cost of sales	2,392,895	2,606,806
Gross profit	2,087,697	2,465,578
Selling, general and administrative expenses	1,172,936	1,429,971
Operating profit	914,761	1,035,606
Non-operating income		
Interest income	17	7,173
Subsidy income	3	7,009
Subsidy income	247	—
Gain on forfeiture of unclaimed dividends	3,305	—
Other	193	683
Total non-operating income	3,767	14,865
Non-operating expenses		
Interest expenses	4,673	5,191
Loss on investments in investment partnerships	1,348	3,376
Other	1,316	1,524
Total non-operating expenses	7,338	10,092
Ordinary profit	911,189	1,040,379
Extraordinary losses		
Loss on retirement of non-current assets	11,893	8,860
Loss on extinguishment of tie-in shares	—	14,978
Impairment loss	154,867	—
Total extraordinary losses	166,760	23,838
Profit before income taxes	744,429	1,016,540
Income taxes - current	287,856	307,556
Income taxes - deferred	(50,022)	38,277
Total income taxes	237,833	345,833
Net profit	506,595	670,706
Profit attributable to owners of parent	506,595	670,706

(Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Current fiscal year (from January 1, 2024 to December 31, 2024)
Net profit	506,595	670,706
Comprehensive income	506,595	670,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	506,595	670,706
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Current fiscal year (from January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	744,429	1,016,540
Depreciation	94,262	90,435
Amortization of goodwill	23,059	23,059
Increase (decrease) in allowance for doubtful accounts	(2,310)	(601)
Increase (decrease) in provision for point card certificates	(7,097)	(9,644)
Increase (decrease) in provision for shareholder benefit program	16,655	9,227
Increase (decrease) in provision for bonuses	2,858	9,198
Increase (decrease) in provision for bonuses for Directors (and other officers)	2,508	1,395
Interest and dividend income	(17)	(7,173)
Loss on extinguishment of tie-in shares	(3)	(7,009)
Interest expenses	4,673	5,191
Loss on retirement of non-current assets	11,893	8,860
Loss on extinguishment of tie-in shares	—	14,978
Impairment loss	154,867	—
Decrease (increase) in trade receivables	(44,271)	(75,177)
Decrease (increase) in inventories	(13,905)	15,305
Increase (decrease) in trade payables	56,947	80,924
Increase (decrease) in accounts payable - other	(2,221)	(12,581)
Increase (decrease) in advances received	175,466	145,734
Increase (decrease) in accrued consumption taxes	23,340	4,441
Other	(1,521)	23,246
Subtotal	1,239,613	1,336,350
Interest and dividends received	17	7,173
Interest paid	(4,644)	(5,074)
Settlement paid	—	2,577
Income taxes paid	(287,109)	(269,188)
Net cash provided by (used in) operating activities	947,877	1,071,838
Cash flows from investing activities		
Payments into time deposits	(1,000,000)	—
Proceeds from sale of investment securities	—	1,000,000
Purchase of investment securities	(30,000)	—
Purchase of property, plant and equipment	(40,957)	(8,643)
Purchase of intangible assets	(182,527)	(192,367)
Proceeds from withdrawal of investments in silent partnership	1,265	—
Payments for investments in silent partnership	(9,000)	—
Proceeds from refund of leasehold and guarantee deposits	14,932	—
Payments of leasehold and guarantee deposits	(360)	(465)
Purchase of memberships	—	(24,150)
Purchase of shares of subsidiaries and associates	—	(21,001)
Net cash provided by (used in) investing activities	(1,246,647)	753,372
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,167)	57,832
Repayments of long-term borrowings	(25,192)	(23,280)
Purchase of treasury shares	(99,991)	(153,085)

Dividends paid	(218,751)	(236,926)
Net cash provided by (used in) financing activities	(354,101)	(355,460)
Net increase (decrease) in cash and cash equivalents	(652,871)	1,469,750
Cash and cash equivalents at beginning of period	2,065,368	1,412,497
Increase in cash and cash equivalents resulting from merger	—	3,213
Cash and cash equivalents at end of quarter	1,412,497	2,885,461