

Translation

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**[Delayed] Summary of Consolidated Financial Results
for the Six Months Ended February 28, 2022
(Based on Japanese GAAP)**

April 14, 2022

Company name: WITZ Corporation
 Stock exchange listing: Tokyo
 Stock code: 4440 URL <https://www.witz-inc.co.jp/>
 Representative: President Hiroyuki Hattori
 Inquiries: Executive Director Shuji Wakita TEL 052-220-1218
 Scheduled date to file Quarterly Securities Report: April 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Six Months ended February 28, 2022 (from September 1, 2021 to February 28, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate 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 February 28, 2022	1,078	8.8	130	27.6	137	29.2	82	10.4
Six months ended February 28, 2021	991	(6.4)	102	(26.4)	106	(24.7)	74	(18.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2022	19.71		19.66	
Six months ended February 28, 2021	18.26		17.87	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of February 28, 2022	2,720		2,200		80.0	
As of August 31, 2021	2,651		2,123		79.2	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended August 31, 2021	–	0.00	–	6.00	6.00
Year ending August 31, 2022	–	0.00			
Year ending August 31, 2022 (Forecast)			–	8.00	8.00

3. Forecast of consolidated financial results for the year ending August 31, 2022 (from September 1, 2021 to August 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	
Full year	2,430	10.5	285	2.9	300	2.0	207	0.7		49.90

3. Notes

- (1) Changes in significant subsidiaries during the Six months ended February 28, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of February 28, 2022	4,169,000 shares	As of August 31, 2021	4,160,400 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	126 shares	As of August 31, 2021	126 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2022	4,162,477 shares	Six months ended February 28, 2021	4,070,576 shares
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Quarterly Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	2,046,548	2,031,017
Notes and accounts receivable - trade	166,559	–
Notes and accounts receivable - trade, and contract assets	–	199,375
Work in process	103,051	96,149
Other	39,989	57,026
Total current assets	2,356,149	2,383,569
Non-current assets		
Property, plant and equipment	26,924	27,517
Intangible assets	8,323	18,755
Investments and other assets		
Insurance funds	138,417	144,169
Other	121,464	146,595
Total investments and other assets	259,882	290,764
Total non-current assets	295,131	337,037
Total assets	2,651,280	2,720,606
Liabilities		
Current liabilities		
Accounts payable - trade	26,578	40,447
Current portion of long-term borrowings	632	128
Income taxes payable	55,064	58,915
Provision for bonuses	109,343	85,190
Provision for product warranties	1,190	1,198
Other	98,178	92,036
Total current liabilities	290,986	277,917
Non-current liabilities		
Retirement benefit liability	142,828	147,924
Long-term accounts payable - other	91,495	91,495
Other	2,668	2,668
Total non-current liabilities	236,991	242,087
Total liabilities	527,978	520,005
Net assets		
Shareholders' equity		
Share capital	606,925	611,176
Capital surplus	541,414	545,665
Retained earnings	951,760	1,018,911
Treasury shares	(325)	(325)
Total shareholders' equity	2,099,775	2,175,428
Non-controlling interests	23,526	25,172
Total net assets	2,123,302	2,200,601
Total liabilities and net assets	2,651,280	2,720,606

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Net sales	991,383	1,078,846
Cost of sales	646,490	642,099
Gross profit	344,892	436,747
Selling, general and administrative expenses	242,323	305,885
Operating profit	102,569	130,862
Non-operating income		
Surrender value of insurance policies	1,946	4,038
Commission income	41	26
Commission for insurance office work	521	532
Subsidy income	1,720	1,355
Other	58	1,139
Total non-operating income	4,287	7,093
Non-operating expenses		
Interest expenses	9	11
Foreign exchange losses	81	–
Other	5	0
Total non-operating expenses	96	12
Ordinary profit	106,760	137,943
Extraordinary income		
Gain on receipt of donated non-current assets	4,073	539
Total extraordinary income	4,073	539
Extraordinary losses		
Loss on valuation of investment securities	–	2,920
Loss on retirement of non-current assets	–	68
Total extraordinary losses	–	2,988
Profit before income taxes	110,834	135,493
Income taxes	35,521	51,462
Profit	75,312	84,031
Profit attributable to non-controlling interests	993	1,973
Profit attributable to owners of parent	74,318	82,057

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Profit	75,312	84,031
Comprehensive income	75,312	84,031
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	74,318	82,057
Comprehensive income attributable to non-controlling interests	993	1,973

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	110,834	135,493
Depreciation	7,753	10,080
Increase (decrease) in provision for bonuses	(25,527)	(24,152)
Increase (decrease) in provision for product warranties	912	8
Increase (decrease) in provision for loss on order received	3,271	–
Increase (decrease) in retirement benefit liability	7,662	5,095
Gain on receipt of donated non-current assets	(4,073)	(539)
Loss (gain) on valuation of investment securities	–	2,920
Decrease (increase) in trade receivables	26,828	–
Decrease (increase) in trade receivables and contract assets	–	11,313
Decrease (increase) in inventories	(37,079)	(22,739)
Increase (decrease) in trade payables	6,954	13,868
Other, net	(15,635)	(35,703)
Subtotal	81,902	95,647
Income taxes (paid) refund	(59,334)	(45,583)
Net cash provided by (used in) operating activities	22,567	50,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,270)	(5,735)
Purchase of intangible assets	(1,320)	(8,850)
Payments of guarantee deposits	–	(20,621)
Proceeds from refund of guarantee deposits	2,043	1,621
Purchase of insurance funds	(8,669)	(9,380)
Proceeds from cancellation of insurance funds	3,782	1,939
Net cash provided by (used in) investing activities	(6,433)	(41,025)
Cash flows from financing activities		
Repayments of long-term borrowings	(420)	(504)
Proceeds from issuance of shares	32,725	1,155
Dividends paid	(24,220)	(24,892)
Dividends paid to non-controlling interests	(434)	(328)
Purchase of treasury shares	(253)	–
Net cash provided by (used in) financing activities	7,396	(24,569)
Net increase (decrease) in cash and cash equivalents	23,530	(15,531)
Cash and cash equivalents at beginning of period	1,594,855	1,646,548
Cash and cash equivalents at end of period	1,618,385	1,631,017