

Translation

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**[Delayed] Summary of Consolidated Financial Results
for the Year Ended August 31, 2022
(Based on Japanese GAAP)**

October 13, 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 of ordinary general meeting of shareholders: November 29, 2022
 Scheduled date to file Securities Report: November 29, 2022
 Scheduled date to commence dividend payments: November 30, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

(1) Consolidated operating results

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	%
Year ended August 31, 2022	2,345	6.7	236	(14.6)	265	(9.8)	175	(14.7)
Year ended August 31, 2021	2,198	(1.1)	276	(11.7)	294	(11.2)	206	(7.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended August 31, 2022	42.21	42.11	8.0	9.6	10.1
Year ended August 31, 2021	50.19	49.51	10.4	11.6	12.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2022	2,855	2,295	79.5	544.24
As of August 31, 2021	2,651	2,123	79.2	504.72

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2022	206	(136)	(58)	1,658
Year ended August 31, 2021	257	(219)	14	1,646

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2021	—	0.00	—	6.00	6.00	24	12.0	1.2
Year ended August 31, 2022	—	0.00	—	8.00	8.00	33	19.0	1.5
Year ending August 31, 2023 (Forecast)	—	0.00	—	8.00	8.00		26.7	

3. Forecast of consolidated financial results for the year ending August 31, 2023(from September 1, 2022 to August 31, 2023)

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	2,500	6.6	160	(32.4)	190	(28.4)	125	(28.9)	29.97

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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 August 31, 2022	4,171,000 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 August 31, 2022	126 shares	As of August 31, 2021	126 shares
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Average number of shares during the period

Year ended August 31, 2022	4,165,932 shares	Year ended August 31, 2021	4,108,141 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	2,046,548	2,058,795
Notes and accounts receivable - trade	166,559	–
Notes and accounts receivable - trade, and contract assets	–	202,348
Work in process	103,051	78,452
Raw materials and supplies	67	–
Prepaid expenses	36,631	42,967
Other	3,291	6,719
Total current assets	2,356,149	2,389,283
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,540	45,360
Accumulated depreciation	(19,715)	(18,698)
Buildings and structures, net	17,825	26,661
Other	43,791	49,407
Accumulated depreciation	(34,692)	(34,317)
Other, net	9,098	15,089
Total property, plant and equipment	26,924	41,751
Intangible assets		
Goodwill	–	96,853
Other	8,323	26,885
Total intangible assets	8,323	123,738
Investments and other assets		
Investment securities	5,551	2,631
Deferred tax assets	91,670	100,414
Insurance funds	138,417	146,909
Other	24,242	50,656
Total investments and other assets	259,882	300,611
Total non-current assets	295,131	466,101
Total assets	2,651,280	2,855,385

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	26,578	36,888
Current portion of long-term borrowings	632	–
Income taxes payable	55,064	52,010
Accrued consumption taxes	36,881	24,970
Provision for bonuses	109,343	116,207
Provision for product warranties	1,190	958
Other	61,296	84,174
Total current liabilities	290,986	315,209
Non-current liabilities		
Deferred tax liabilities	2,668	2,094
Retirement benefit liability	142,828	150,640
Long-term accounts payable - other	91,495	91,495
Total non-current liabilities	236,991	244,230
Total liabilities	527,978	559,440
Net assets		
Shareholders' equity		
Share capital	606,925	611,561
Capital surplus	541,414	546,050
Retained earnings	951,760	1,112,681
Treasury shares	(325)	(325)
Total shareholders' equity	2,099,775	2,269,968
Non-controlling interests	23,526	25,975
Total net assets	2,123,302	2,295,944
Total liabilities and net assets	2,651,280	2,855,385

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Net sales	2,198,912	2,345,368
Cost of sales	1,428,871	1,458,306
Gross profit	770,040	887,062
Selling, general and administrative expenses	493,100	650,520
Operating profit	276,940	236,541
Non-operating income		
Surrender value of insurance policies	2,954	10,513
Commission for insurance office work	1,053	1,060
Commission income	128	113
Subsidy income - subsidy for research and development	9,508	13,260
Subsidy income - other	2,890	2,509
Other	802	1,405
Total non-operating income	17,336	28,863
Non-operating expenses		
Interest expenses	22	99
Foreign exchange losses	96	0
Loss on cancellation of insurance policies	17	-
Commission expenses	0	60
Total non-operating expenses	137	160
Ordinary profit	294,139	265,244
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	923	2,357
Total extraordinary losses	923	5,278
Profit before income taxes	297,289	260,505
Income taxes - current	93,880	91,600
Income taxes - deferred	(5,164)	(9,698)
Total income taxes	88,715	81,901
Profit	208,574	178,604
Profit attributable to non-controlling interests	2,404	2,776
Profit attributable to owners of parent	206,169	175,827

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Profit	208,574	178,604
Comprehensive income	208,574	178,604
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	206,169	175,827
Comprehensive income attributable to non-controlling interests	2,404	2,776

Consolidated statements of changes in equity

Fiscal year ended August 31, 2021

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	583,789	518,278	769,914	(71)	1,871,910	21,556	1,893,467
Cumulative effects of changes in accounting policies					-		-
Restated balance	583,789	518,278	769,914	(71)	1,871,910	21,556	1,893,467
Changes during period							
Issuance of new shares - exercise of share acquisition rights	20,020	20,020			40,040		40,040
Issuance of new shares -Restricted Stock	3,116	3,116			6,232		6,232
Dividends of surplus			(24,323)		(24,323)		(24,323)
Profit attributable to owners of parent			206,169		206,169		206,169
Purchase of treasury shares				(253)	(253)		(253)
Net changes in items other than shareholders' equity						1,970	1,970
Total changes during period	23,136	23,136	181,845	(253)	227,865	1,970	229,835
Balance at end of period	606,925	541,414	951,760	(325)	2,099,775	23,526	2,123,302

Fiscal year ended August 31, 2022

(Thousands of yen)

	Shareholders' equity					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	606,925	541,414	951,760	(325)	2,099,775	23,526	2,123,302
Cumulative effects of changes in accounting policies			10,055		10,055		10,055
Restated balance	606,925	541,414	961,815	(325)	2,109,830	23,526	2,133,357
Changes during period							
Issuance of new shares - exercise of share acquisition rights	962	962			1,925		1,925
Issuance of new shares -Restricted Stock	3,673	3,673			7,347		7,347
Dividends of surplus			(24,961)		(24,961)		(24,961)
Profit attributable to owners of parent			175,827		175,827		175,827
Purchase of treasury shares							-
Net changes in items other than shareholders' equity						2,448	2,448
Total changes during period	4,636	4,636	150,865	-	160,138	2,448	162,587
Balance at end of period	611,561	546,050	1,112,681	(325)	2,269,968	25,975	2,295,944

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	297,289	260,505
Depreciation	16,146	22,424
Amortization of goodwill	–	5,097
Increase (decrease) in retirement benefit liability	16,327	7,812
Increase (decrease) in provision for bonuses	7,264	3,310
Increase (decrease) in provision for product warranties	(1,769)	(231)
Increase (decrease) in provision for loss on order received	(2,155)	–
Gain on receipt of donated non-current assets	(4,073)	(539)
Loss on retirement of non-current assets	923	2,357
Surrender value of insurance policies	(2,937)	(10,513)
Interest expenses	22	99
Loss (gain) on valuation of investment securities	–	2,920
Decrease (increase) in trade receivables	30,575	–
Decrease (increase) in trade receivables and contract assets	–	29,490
Decrease (increase) in inventories	31,091	(4,974)
Increase (decrease) in trade payables	(23,976)	9,236
Other, net	1,743	(27,099)
Subtotal	366,472	299,895
Interest paid	(22)	(99)
Income taxes (paid) refund	(109,079)	(93,011)
Net cash provided by (used in) operating activities	257,370	206,784
Cash flows from investing activities		
Net decrease (increase) in time deposits	(200,000)	450
Purchase of property, plant and equipment	(3,023)	(28,536)
Purchase of intangible assets	(2,080)	(21,332)
Payments of guarantee deposits	(2,840)	(20,937)
Proceeds from refund of guarantee deposits	2,043	7,213
Purchase of insurance funds	(21,036)	(20,223)
Proceeds from cancellation of insurance funds	7,142	24,024
Proceeds from collection of long-term loans receivable	–	24,268
Payments for asset retirement obligations	–	(6,561)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(94,958)
Other, net	–	60
Net cash provided by (used in) investing activities	(219,793)	(136,533)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	10,000
Repayments of long-term borrowings	(1,008)	(44,687)
Proceeds from issuance of shares	40,040	1,925
Purchase of treasury shares	(253)	–
Dividends paid	(24,226)	(24,914)
Dividends paid to non-controlling interests	(434)	(328)
Net cash provided by (used in) financing activities	14,117	(58,004)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	51,693	12,247
Cash and cash equivalents at beginning of period	1,594,855	1,646,548
Cash and cash equivalents at end of period	1,646,548	1,658,795