

Translation

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[Delayed] Summary of Consolidated Financial Results for the Six Months Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 2023

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, 2023
 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, 2023 (from September 1, 2022 to February 28, 2023)

(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, 2023	1,276	18.4	159	22.0	179	30.1	126	54.0
Six months ended February 28, 2022	1,078	8.8	130	27.6	137	29.2	82	10.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2023	30.51	30.47
Six months ended February 28, 2022	19.71	19.66

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2023	2,867	2,302	79.3
As of August 31, 2022	2,855	2,295	79.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2022	–	0.00	–	8.00	8.00
Year ending August 31, 2023	–	0.00			
Year ending August 31, 2023 (Forecast)			–	8.00	8.00

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 Six months ended February 28, 2023
(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

(4) Number of issued shares (common shares)

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

As of February 28, 2023	4,176,000 shares	As of August 31, 2022	4,171,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	92,426 shares	As of August 31, 2022	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, 2023	4,141,599 shares	Six months ended February 28, 2022	4,162,477 shares
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Quarterly Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	2,058,795	1,807,044
Notes and accounts receivable - trade, and contract assets	202,348	247,806
Work in process	78,452	67,297
Other	49,687	62,264
Total current assets	2,389,283	2,184,412
Non-current assets		
Property, plant and equipment	41,751	46,444
Intangible assets		
Goodwill	96,853	91,755
Other	26,885	39,876
Total intangible assets	123,738	131,632
Investments and other assets		
Investment securities	2,631	198,993
Insurance funds	146,909	154,621
Other	151,070	151,264
Total investments and other assets	300,611	504,879
Total non-current assets	466,101	682,956
Total assets	2,855,385	2,867,369
Liabilities		
Current liabilities		
Accounts payable - trade	36,888	38,178
Income taxes payable	52,010	59,161
Provision for bonuses	116,207	104,593
Provision for product warranties	958	883
Other	109,145	110,609
Total current liabilities	315,209	313,427
Non-current liabilities		
Retirement benefit liability	150,640	157,738
Long-term accounts payable - other	91,495	91,495
Other	2,094	2,094
Total non-current liabilities	244,230	251,328
Total liabilities	559,440	564,755
Net assets		
Shareholders' equity		
Share capital	611,561	612,524
Capital surplus	546,050	547,159
Retained earnings	1,112,681	1,205,680
Treasury shares	(325)	(88,834)
Total shareholders' equity	2,269,968	2,276,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	(2,150)
Total accumulated other comprehensive income	—	(2,150)
Non-controlling interests	25,975	28,234
Total net assets	2,295,944	2,302,613
Total liabilities and net assets	2,855,385	2,867,369

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, 2022	Six months ended February 28, 2023
Net sales	1,078,846	1,276,976
Cost of sales	642,099	786,688
Gross profit	436,747	490,287
Selling, general and administrative expenses	305,885	330,584
Operating profit	130,862	159,702
Non-operating income		
Subsidy income - subsidy for research and development	—	13,034
Subsidy income - other	1,355	4,026
Surrender value of insurance policies	4,038	1,685
Commission for insurance office work	532	510
Commission income	26	26
Other	1,139	1,307
Total non-operating income	7,093	20,591
Non-operating expenses		
Commission for purchase of treasury shares	—	773
Interest expenses	11	12
Other	0	86
Total non-operating expenses	12	873
Ordinary profit	137,943	179,421
Extraordinary income		
Gain on receipt of donated non-current assets	539	—
Total extraordinary income	539	—
Extraordinary losses		
Loss on valuation of investment securities	2,920	325
Loss on retirement of non-current assets	68	—
Total extraordinary losses	2,988	325
Profit before income taxes	135,493	179,095
Income taxes	51,462	50,027
Profit	84,031	129,067
Profit attributable to non-controlling interests	1,973	2,701
Profit attributable to owners of parent	82,057	126,366

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Profit	84,031	129,067
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(2,150)
Total other comprehensive income	—	(2,150)
Comprehensive income	84,031	126,917
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	82,057	124,215
Comprehensive income attributable to non-controlling interests	1,973	2,701

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2022	Six months ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	135,493	179,095
Depreciation	7,842	6,758
Amortization of goodwill	—	5,097
Depreciation and amortization on other	2,238	931
Increase (decrease) in provision for bonuses	(24,152)	(11,613)
Increase (decrease) in provision for product warranties	8	(74)
Increase (decrease) in retirement benefit liability	5,095	7,097
Gain on receipt of donated non-current assets	(539)	—
Loss (gain) on valuation of investment securities	2,920	325
Decrease (increase) in trade receivables and contract assets	11,313	(45,458)
Decrease (increase) in inventories	(22,739)	11,155
Increase (decrease) in trade payables	13,868	1,290
Other, net	(35,703)	(6,971)
Subtotal	95,647	147,634
Income taxes (paid) refund	(45,583)	(42,595)
Net cash provided by (used in) operating activities	50,063	105,039
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,735)	(5,337)
Purchase of intangible assets	(8,850)	(14,886)
Payments of guarantee deposits	(20,621)	(2,100)
Proceeds from refund of guarantee deposits	1,621	2,335
Purchase of insurance funds	(9,380)	(9,287)
Proceeds from cancellation of insurance funds	1,939	3,967
Purchase of investment securities	—	(200,000)
Purchase of long-term prepaid expenses	—	(2,739)
Other, net	—	52
Net cash provided by (used in) investing activities	(41,025)	(227,996)
Cash flows from financing activities		
Repayments of long-term borrowings	(504)	—
Proceeds from issuance of shares	1,155	1,925
Dividends paid	(24,892)	(33,308)
Dividends paid to non-controlling interests	(328)	(442)
Purchase of treasury shares	—	(96,967)
Net cash provided by (used in) financing activities	(24,569)	(128,794)
Net increase (decrease) in cash and cash equivalents	(15,531)	(251,751)
Cash and cash equivalents at beginning of period	1,646,548	1,658,795
Cash and cash equivalents at end of period	1,631,017	1,407,044