

Translation

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**[Delayed]Summary of Consolidated Financial Results
for the Six Months Ended February 29, 2024
(Based on Japanese GAAP)**

April 12, 2024

Company name: WITZ Corporation
 Stock exchange listing: Tokyo
 Stock code: 4440 URL <https://www.witz-inc.co.jp/>
 Representative: President Hiroyuki Hattori
 Inquiries: Director Shuji Wakita TEL 052-220-1218
 Scheduled date to file Quarterly Securities Report: April 12, 2024
 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 29, 2024 (from September 1, 2023 to February 29, 2024)

(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 29, 2024	1,487	16.5	124	(21.8)	138	(23.0)	85	(32.0)
Six months ended February 28, 2023	1,276	18.4	159	22.0	179	30.1	126	54.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 29, 2024	21.05		21.03	
Six months ended February 28, 2023	30.51		30.47	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of February 29, 2024	3,060		2,373		76.2	
As of August 31, 2023	2,923		2,311		78.1	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended August 31, 2023	–	0.00	–	8.00	8.00
Year ending August 31, 2024	–	0.00			
Year ending August 31, 2024 (Forecast)			–	8.00	8.00

3. Forecast of consolidated financial results for the year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

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	2,880	15.1	190	1.5	210	(6.6)	145	8.6	35.51

4. Notes

- (1) Changes in significant subsidiaries during the Six months ended February 29, 2024
(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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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 29, 2024	4,176,000 shares	As of August 31, 2023	4,176,000 shares
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Number of treasury shares at the end of the period

As of February 29, 2024	96,064 shares	As of August 31, 2023	92,464 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 29, 2024	4,081,311 shares	Six months ended February 28, 2023	4,141,599 shares
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Quarterly Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	1,918,611	1,620,768
Notes and accounts receivable - trade, and contract assets	179,612	267,465
Work in process	101,518	107,404
Other	56,988	75,782
Total current assets	2,256,730	2,071,421
Non-current assets		
Property, plant and equipment	42,098	42,147
Intangible assets		
Goodwill	86,658	154,248
Other	13,309	39,688
Total intangible assets	99,967	193,936
Investments and other assets		
Investment securities	201,652	301,372
Insurance funds	158,781	171,814
Other	163,983	280,214
Total investments and other assets	524,417	753,401
Total non-current assets	666,483	989,485
Total assets	2,923,214	3,060,907
Liabilities		
Current liabilities		
Accounts payable - trade	44,897	57,721
Income taxes payable	31,309	58,228
Provision for bonuses	132,949	132,685
Asset retirement obligations	—	30,870
Provision for product warranties	105	94
Other	141,683	132,645
Total current liabilities	350,944	412,244
Non-current liabilities		
Retirement benefit liability	165,516	180,651
Long-term accounts payable - other	91,495	91,495
Other	3,474	3,474
Total non-current liabilities	260,486	275,621
Total liabilities	611,431	687,866
Net assets		
Shareholders' equity		
Share capital	612,524	612,524
Capital surplus	547,159	547,013
Retained earnings	1,212,801	1,264,281
Treasury shares	(88,879)	(91,151)
Total shareholders' equity	2,283,605	2,332,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(305)	(499)
Total accumulated other comprehensive income	(305)	(499)
Non-controlling interests	28,483	40,872
Total net assets	2,311,783	2,373,040
Total liabilities and net assets	2,923,214	3,060,907

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, 2023	Six months ended February 29, 2024
Net sales	1,276,976	1,487,572
Cost of sales	786,688	982,598
Gross profit	490,287	504,973
Selling, general and administrative expenses	330,584	380,148
Operating profit	159,702	124,824
Non-operating income		
Subsidy income - subsidy for research and development	13,034	9,904
Subsidy income - other	4,026	18
Surrender value of insurance policies	1,685	875
Commission for insurance office work	510	484
Commission income	26	26
Other	1,307	3,412
Total non-operating income	20,591	14,722
Non-operating expenses		
Commission for purchase of treasury shares	773	132
Interest expenses	12	1,093
Other	86	94
Total non-operating expenses	873	1,321
Ordinary profit	179,421	138,225
Extraordinary losses		
Loss on valuation of investment securities	325	—
Total extraordinary losses	325	—
Profit before income taxes	179,095	138,225
Income taxes	50,027	48,509
Profit	129,067	89,716
Profit attributable to non-controlling interests	2,701	3,799
Profit attributable to owners of parent	126,366	85,917

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Profit	129,067	89,716
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,150)	(194)
Total other comprehensive income	(2,150)	(194)
Comprehensive income	126,917	89,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	124,215	85,722
Comprehensive income attributable to non-controlling interests	2,701	3,799

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	179,095	138,225
Depreciation	6,758	15,389
Amortization of goodwill	5,097	6,961
Depreciation and amortization on other	931	6,201
Increase (decrease) in provision for bonuses	(11,613)	(11,012)
Increase (decrease) in provision for product warranties	(74)	(10)
Increase (decrease) in retirement benefit liability	7,097	9,470
Surrender value of insurance policies	(1,685)	(869)
Loss (gain) on valuation of investment securities	325	—
Decrease (increase) in trade receivables and contract assets	(45,458)	(65,146)
Decrease (increase) in inventories	11,155	(5,886)
Increase (decrease) in trade payables	1,290	11,471
Other, net	(5,285)	(45,015)
Subtotal	147,634	59,779
Income taxes (paid) refund	(42,595)	(20,836)
Net cash provided by (used in) operating activities	105,039	38,942
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,337)	(2,957)
Purchase of intangible assets	(14,886)	(26,654)
Payments of guarantee deposits	(2,100)	(83,184)
Proceeds from refund of guarantee deposits	2,335	794
Purchase of insurance funds	(9,287)	(9,311)
Proceeds from cancellation of insurance funds	3,967	4,993
Purchase of investment securities	(200,000)	(100,000)
Net decrease (increase) in time deposits	—	119,629
Purchase of long-term prepaid expenses	(2,739)	(2,646)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	38,152
Other, net	52	—
Net cash provided by (used in) investing activities	(227,996)	(61,185)
Cash flows from financing activities		
Repayments of long-term borrowings	—	(138,760)
Proceeds from issuance of shares	1,925	—
Dividends paid	(33,308)	(32,632)
Dividends paid to non-controlling interests	(442)	(410)
Proceeds from share issuance to non-controlling shareholders	—	9,000
Purchase of treasury shares	(96,967)	(13,566)
Proceeds from disposal of treasury shares	—	770
Net cash provided by (used in) financing activities	(128,794)	(175,599)
Net increase (decrease) in cash and cash equivalents	(251,751)	(197,842)
Cash and cash equivalents at beginning of period	1,658,795	1,318,611
Cash and cash equivalents at end of period	1,407,044	1,120,768