

Translation

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[Delayed]Summary of Consolidated Financial Results for the Six Months Ended February 28, 2021 (Based on Japanese GAAP)

April 12, 2021

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 12, 2021
 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, 2021 (from September 1, 2020 to February 28, 2021)

(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, 2021	991	(6.4)	102	(26.4)	106	(24.7)	74	(18.0)
Six months ended February 29, 2020	1,058	(8.9)	139	25.3	141	28.2	90	25.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2021	18.26	17.87
Six months ended February 29, 2020	22.34	21.82

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2021	2,482	1,982	79.0
As of August 31, 2020	2,439	1,893	76.7

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, 2020	–	0.00	–	6.00	6.00
Year ending August 31, 2021	–	0.00			
Year ending August 31, 2021 (Forecast)			–	4.00	4.00

3. Forecast of consolidated financial results for the year ending August 31, 2021 (from September 1, 2020 to August 31, 2021)

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	2,000 – 2,200	(10.0) – (1.0)	180 – 200	(46.5) – (40.6)	185 – 205	(44.1) – (38.1)	127 – 141	(42.8) – (36.5)	31.33 – 34.78

3. Notes

- (1) Changes in significant subsidiaries during the Six months ended February 28, 2021
(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: 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, 2021	4,141,400 shares	As of August 31, 2020	4,054,000 shares
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Number of treasury shares at the end of the period

As of February 28, 2021	126 shares	As of August 31, 2020	30 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, 2021	4,070,576 shares	Six months ended February 29, 2020	4,053,987 shares
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Quarterly Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	1,794,855	1,818,385
Notes and accounts receivable - trade	197,135	170,306
Work in process	133,832	169,453
Other	35,776	39,283
Total current assets	2,161,599	2,197,429
Non-current assets		
Property, plant and equipment	29,803	31,882
Intangible assets	10,276	9,651
Investments and other assets		
Insurance funds	121,924	129,616
Other	115,561	113,460
Total investments and other assets	237,485	243,077
Total non-current assets	277,565	284,611
Total assets	2,439,164	2,482,040
Liabilities		
Current liabilities		
Accounts payable - trade	50,554	57,509
Current portion of long-term borrowings	1,008	1,008
Income taxes payable	68,901	45,506
Provision for bonuses	102,079	76,551
Provision for product warranties	2,960	3,873
Provision for loss on order received	2,155	5,426
Other	97,960	82,394
Total current liabilities	325,619	272,269
Non-current liabilities		
Long-term borrowings	632	212
Retirement benefit liability	126,500	134,163
Long-term accounts payable - other	91,495	91,495
Other	1,449	1,173
Total non-current liabilities	220,077	227,044
Total liabilities	545,697	499,314
Net assets		
Shareholders' equity		
Share capital	583,789	603,267
Capital surplus	518,278	537,757
Retained earnings	769,914	819,909
Treasury shares	(71)	(325)
Total shareholders' equity	1,871,910	1,960,609
Non-controlling interests	21,556	22,155
Total net assets	1,893,467	1,982,725
Total liabilities and net assets	2,439,164	2,482,040

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended February 29, 2020	Six months ended February 28, 2021
Net sales	1,058,796	991,383
Cost of sales	700,354	646,490
Gross profit	358,442	344,892
Selling, general and administrative expenses	219,012	242,323
Operating profit	139,429	102,569
Non-operating income		
Surrender value of insurance policies	1,216	1,946
Commission income	476	41
Commission for insurance office work	443	521
Subsidy income	—	1,720
Other	155	58
Total non-operating income	2,291	4,287
Non-operating expenses		
Interest expenses	16	9
Foreign exchange losses	14	81
Other	—	5
Total non-operating expenses	30	96
Ordinary profit	141,690	106,760
Extraordinary income		
Gain on donation of non-current assets	—	4,073
Total extraordinary income	—	4,073
Extraordinary losses		
Loss on valuation of investment securities	6,530	—
Total extraordinary losses	6,530	—
Profit before income taxes	135,159	110,834
Income taxes	43,288	35,521
Profit	91,871	75,312
Profit (loss) attributable to non-controlling interests	1,293	993
Profit attributable to owners of parent	90,577	74,318
Commission income		

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 29, 2020	Six months ended February 28, 2021
Profit	91,871	75,312
Comprehensive income	91,871	75,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	90,577	74,318
Comprehensive income attributable to non-controlling interests	1,293	993

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 29, 2020	Six months ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	135,159	110,834
Depreciation	7,403	7,753
Increase (decrease) in provision for bonuses	(15,842)	(25,527)
Increase (decrease) in provision for product warranties	(6,081)	912
Increase (decrease) in provision for loss on order received	637	3,271
Increase (decrease) in retirement benefit liability	7,145	7,662
Increase (decrease) in provision for retirement benefits for directors (and other officers)	786	—
Gain on donation of non-current assets	—	(4,073)
Loss (gain) on valuation of investment securities	6,530	—
Decrease (increase) in trade receivables	(120,156)	26,828
Decrease (increase) in inventories	(23,137)	(37,079)
Increase (decrease) in trade payables	946	6,954
Other, net	(52,923)	(15,635)
Subtotal	(59,532)	81,902
Income taxes (paid) refund	(42,144)	(59,334)
Net cash provided by (used in) operating activities	(101,676)	22,567
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,132)	(2,270)
Purchase of intangible assets	(1,150)	(1,320)
Proceeds from refund of guarantee deposits	—	2,043
Purchase of insurance funds	(11,169)	(8,669)
Proceeds from cancellation of insurance funds	9,687	3,782
Net cash provided by (used in) investing activities	(13,764)	(6,433)
Cash flows from financing activities		
Repayments of long-term borrowings	(504)	(420)
Proceeds from issuance of shares	—	32,725
Dividends paid	(16,186)	(24,220)
Dividends paid to non-controlling interests	(492)	(434)
Purchase of treasury shares	(71)	(253)
Net cash provided by (used in) financing activities	(17,254)	7,396
Net increase (decrease) in cash and cash equivalents	(132,694)	23,530
Cash and cash equivalents at beginning of period	1,628,916	1,594,855
Cash and cash equivalents at end of period	1,496,221	1,618,385