

# Translation

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## [Delayed]Summary of Consolidated Financial Results for the Year Ended August 31, 2020 (Based on Japanese GAAP)

October 13, 2020

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 26, 2020  
Scheduled date to file Securities Report: November 26, 2020  
Scheduled date to commence dividend payments: November 27, 2020  
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, 2020 (from September 1, 2019 to August 31, 2020)

#### (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, 2020	2,222	(3.4)	336	33.7	331	8.8	221	(3.8)
Year ended August 31, 2019	2,300	(3.2)	251	13.9	304	36.1	230	70.2

	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, 2020	54.76	53.49	12.5	14.2	15.2
Year ended August 31, 2019	69.76	67.50	21.8	18.3	11.0

#### (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, 2020	2,439	1,893	76.7	461.75
As of August 31, 2019	2,233	1,683	74.6	411.01

#### (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, 2020	220	(214)	(39)	1,594
Year ended August 31, 2019	244	62	953	1,628

### 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, 2019	—	0.00	—	8.00	8.00	16	5.7	1.4
Year ended August 31, 2020	—	0.00	—	6.00	6.00	24	11.0	1.4
Year ending August 31, 2021 (Forecast)	—	—	—	—	—	—	—	—

### 3. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2020

(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: 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 August 31, 2020	4,054,000 shares	As of August 31, 2019	4,054,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	30 shares	As of August 31, 2019	– shares
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Average number of shares during the period

Year ended August 31, 2020	4,053,978 shares	Year ended August 31, 2019	3,306,384 shares
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# Consolidated financial statements

## Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	1,628,916	1,794,855
Notes and accounts receivable - trade	148,574	197,135
Merchandise and finished goods	68	68
Work in process	146,747	133,832
Raw materials and supplies	359	308
Prepaid expenses	28,851	32,120
Other	17,936	3,278
Allowance for doubtful accounts	(690)	—
Total current assets	1,970,764	2,161,599
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,919	38,850
Accumulated depreciation	(13,467)	(17,460)
Buildings and structures, net	15,452	21,389
Other	53,116	57,061
Accumulated depreciation	(45,025)	(48,647)
Other, net	8,090	8,413
Total property, plant and equipment	23,543	29,803
Intangible assets	13,966	10,276
Investments and other assets		
Investment securities	12,082	5,551
Deferred tax assets	78,853	85,287
Insurance funds	104,780	121,924
Other	29,027	24,722
Total investments and other assets	224,744	237,485
Total non-current assets	262,254	277,565
Total assets	2,233,018	2,439,164

(Thousands of yen)

	As of August 31, 2019	As of August 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	62,414	50,554
Current portion of long-term borrowings	1,008	1,008
Income taxes payable	62,169	68,901
Accrued consumption taxes	34,667	48,342
Provision for bonuses	90,219	102,079
Provision for product warranties	10,475	2,960
Provision for loss on order received	–	2,155
Other	82,065	49,617
Total current liabilities	343,018	325,619
Non-current liabilities		
Long-term borrowings	1,640	632
Deferred tax liabilities	1,820	1,449
Provision for retirement benefits for directors (and other officers)	5,287	–
Retirement benefit liability	113,098	126,500
Long-term accounts payable - other	84,767	91,495
Total non-current liabilities	206,614	220,077
Total liabilities	549,633	545,697
Net assets		
Shareholders' equity		
Share capital	583,789	583,789
Capital surplus	518,278	518,278
Retained earnings	564,153	769,914
Treasury shares	–	(71)
Total shareholders' equity	1,666,220	1,871,910
Non-controlling interests	17,163	21,556
Total net assets	1,683,384	1,893,467
Total liabilities and net assets	2,233,018	2,439,164

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

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Net sales	2,300,593	2,222,802
Cost of sales	1,564,729	1,477,066
Gross profit	735,864	745,736
Selling, general and administrative expenses	483,948	408,975
Operating profit	251,915	336,760
Non-operating income		
Surrender value of insurance policies	68,173	12,422
Commission for insurance office work	890	947
Commission income	994	731
Consumption tax gain	2,584	2,077
Other	71	403
Total non-operating income	72,713	16,583
Non-operating expenses		
Interest expenses	64	31
Foreign exchange losses	208	36
Share issuance costs	11,024	—
Listing expenses	8,882	—
Market change expenses	—	22,157
Other	—	27
Total non-operating expenses	20,180	22,252
Ordinary profit	304,449	331,091
Extraordinary income		
Gain on sales of non-current assets	—	127
Reversal of retirement benefits for directors (and other officers)	30,000	—
Total extraordinary income	30,000	127
Extraordinary losses		
Loss on valuation of investment securities	—	6,530
Loss on retirement of non-current assets	52	—
Total extraordinary losses	52	6,530
Profit before income taxes	334,396	324,687
Income taxes - current	97,613	104,630
Income taxes - deferred	1,236	(6,805)
Total income taxes	98,850	97,825
Profit	235,546	226,861
Profit attributable to non-controlling interests	4,886	4,884
Profit attributable to owners of parent	230,659	221,977

**Consolidated statements of comprehensive income**

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Profit	235,546	226,861
Comprehensive income	235,546	226,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	230,659	221,977
Comprehensive income attributable to non-controlling interests	4,886	4,884

## Consolidated statements of changes in equity

Fiscal year ended August 31, 2019

(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	88,589	23,078	342,295	—	453,962	12,834	466,797
Changes during period							
Issuance of new shares	495,200	495,200			990,400		990,400
Dividends of surplus			(8,802)		(8,802)		(8,802)
Profit attributable to owners of parent			230,659		230,659		230,659
Purchase of treasury shares					—		—
Net changes in items other than shareholders' equity						4,329	4,329
Total changes during period	495,200	495,200	221,857	—	1,212,257	4,329	1,216,587
Balance at end of period	583,789	518,278	564,153	—	1,666,220	17,163	1,683,384

Fiscal year ended August 31, 2020

(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	564,153	—	1,666,220	17,163	1,683,384
Changes during period							
Issuance of new shares					—		—
Dividends of surplus			(16,216)		(16,216)		(16,216)
Profit attributable to owners of parent			221,977		221,977		221,977
Purchase of treasury shares				(71)	(71)		(71)
Net changes in items other than shareholders' equity						4,392	4,392
Total changes during period	—	—	205,761	(71)	205,689	4,392	210,082
Balance at end of period	583,789	518,278	769,914	(71)	1,871,910	21,556	1,893,467

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	334,396	324,687
Depreciation	20,573	18,111
Increase (decrease) in retirement benefit liability	13,968	13,401
Increase (decrease) in provision for bonuses	16,582	11,860
Increase (decrease) in provision for product warranties	(797)	(7,515)
Increase (decrease) in provision for loss on order received	(21,261)	2,155
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(108,620)	(5,287)
Surrender value of insurance policies	(68,173)	(12,395)
Interest expenses	64	31
Share issuance costs	11,024	—
Listing related expenses	8,882	—
Market change expenses	—	22,157
Loss (gain) on valuation of investment securities	—	6,530
Decrease (increase) in trade receivables	(18,840)	(48,560)
Decrease (increase) in inventories	101,101	12,965
Increase (decrease) in trade payables	(73,095)	(11,859)
Increase (decrease) in long-term accounts payable - other	84,767	6,728
Other, net	63,726	(23,835)
Subtotal	364,300	309,176
Interest paid	(64)	(31)
Income taxes (paid) refund	(119,664)	(88,573)
Net cash provided by (used in) operating activities	244,570	220,571
Cash flows from investing activities		
Payments into time deposits	—	(200,000)
Purchase of property, plant and equipment	(6,648)	(14,631)
Purchase of intangible assets	(800)	(2,895)
Payments of guarantee deposits	(6,314)	—
Purchase of insurance funds	(18,505)	(22,610)
Proceeds from cancellation of insurance funds	96,178	25,283
Other, net	(964)	139
Net cash provided by (used in) investing activities	62,946	(214,714)
Cash flows from financing activities		
Repayments of long-term borrowings	(7,658)	(1,008)
Proceeds from issuance of shares	979,375	—
Listing related expenses paid	(8,882)	—
Market change expenses paid	—	(22,157)
Purchase of treasury shares	—	(71)
Dividends paid	(8,802)	(16,189)
Dividends paid to non-controlling interests	(557)	(492)
Net cash provided by (used in) financing activities	953,475	(39,918)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	1,260,992	(34,061)
Cash and cash equivalents at beginning of period	367,923	1,628,916
Cash and cash equivalents at end of period	1,628,916	1,594,855