

# Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 12, 2021

Company name: ESCRIT INC.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2196

URL: <http://www.escrit.jp/>

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Scheduled date of filing quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: —

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	9,980	189.5	(1,092)	—	(920)	—	158	—
September 30, 2020	3,447	(79.0)	(3,781)	—	(3,888)	—	(3,244)	—

(Note) Comprehensive income: Six months ended September 30, 2021: ¥152 million [—%]

Six months ended September 30, 2020: ¥(3,243) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	3.37	3.37
September 30, 2020	(264.06)	—

(Note) Although potential dilutive shares existed, diluted earnings per share for the six months ended September 30, 2020 are not stated herein because a net loss per share was recorded.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	24,621	5,734	23.3
As of March 31, 2021	26,142	5,565	21.3

(Reference) Equity: As of September 30, 2021: ¥5,731 million

As of March 31, 2021: ¥5,562 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2022	—	0.00			
Fiscal year ending March 31, 2022 (Forecast)			—	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	22,406	73.1	(1,174)	—	(1,006)	—	100	—	(9.25)

(Note) Revision to the financial results forecast announced most recently: Yes

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: Yes  
(Changes in specified subsidiaries resulting in changes in scope of consolidation):  
Newly included: —, Excluded: One (1) (ESCRIT Management Partners KK)  
(Note) On April 1, 2021, the Company conducted an absorption-type merger, in which the Company was the surviving company while ESCRIT Management Partners KK was the absorbed company.
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

Notes on changes in accounting policies

- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2021:	13,786,500 shares
March 31, 2021:	13,786,500 shares
  - 2) Total number of treasury shares at the end of the period:

September 30, 2021:	277,932 shares
March 31, 2021:	277,932 shares
  - 3) Average number of shares during the period:

Six months ended September 30, 2021:	13,508,568 shares
Six months ended September 30, 2020:	12,288,896 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

(Notes on forward-looking statements)

Earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and do not represent a commitment from the Company that they will be achieved. Actual results may differ significantly from the forecasts due to various factors.

(Access to supplementary explanatory materials on financial results)

Supplementary explanatory materials on financial results were posted on the Company's website on November 12, 2021.

### Dividends Payable for Class Shares

The breakdown of dividend per share for the class shares with different rights from those of the Company's common share is as follows:

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Class A shares	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2022	—	37,500.00			
Fiscal year ending March 31, 2022 (Forecast)			—	37,500.00	75,000.00

(Note) Class A shares hereinabove were issued on March 31, 2021.

### Breakdown of Dividends Paid Out of Capital Surplus

Of the class A shares for the second quarter of the fiscal year ending March 31, 2022, the breakdown of dividends paid out of capital surplus is as follows:

Base date	2nd quarter-end
Dividend per share	Yen 37,500
Total dividends	112,500 thousand

(Note) Rate of decrease in net assets: 0.015 (rounded up to the third decimal place)

2. Quarterly Consolidated Financial Statements and Principal Notes  
(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,723,607	4,940,653
Notes and accounts receivable - trade	135,353	–
Notes and accounts receivable - trade, and contract assets	–	346,150
Accounts receivable from completed construction contracts	724,319	10,986
Real estate for sale	420,645	367,699
Merchandise and finished goods	269,122	274,590
Raw materials and supplies	62,267	69,534
Costs on construction contracts in progress	57,958	522,182
Other	962,038	807,806
Allowance for doubtful accounts	(38,829)	(40,020)
Total current assets	9,316,483	7,299,584
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,186,774	6,746,681
Other	1,931,312	1,786,646
Total property, plant and equipment	9,118,087	8,533,327
Intangible assets	79,451	90,541
Investments and other assets		
Leasehold and guarantee deposits	3,639,927	3,605,311
Deferred tax assets	3,673,003	4,788,633
Other	344,847	333,498
Allowance for doubtful accounts	(28,999)	(29,807)
Total investments and other assets	7,628,780	8,697,636
Total non-current assets	16,826,319	17,321,504
<b>Total assets</b>	<b>26,142,802</b>	<b>24,621,089</b>

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	803,846	668,016
Short-term borrowings	3,143,500	4,114,500
Current portion of long-term borrowings	2,039,344	1,861,190
Accounts payable - other	850,523	640,299
Advances received	2,865,079	16,058
Contract liabilities	–	2,812,616
Income taxes payable	8,844	42,589
Other	2,343,659	1,171,309
<b>Total current liabilities</b>	<b>12,054,799</b>	<b>11,326,581</b>
Non-current liabilities		
Bonds payable	270,000	240,000
Long-term borrowings	5,119,692	4,226,545
Asset retirement obligations	2,562,926	2,569,850
Other	570,366	523,729
<b>Total non-current liabilities</b>	<b>8,522,984</b>	<b>7,560,124</b>
<b>Total liabilities</b>	<b>20,577,784</b>	<b>18,886,705</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,725,678	4,725,678
Retained earnings	989,502	1,164,476
Treasury shares	(192,485)	(192,485)
<b>Total shareholders' equity</b>	<b>5,572,695</b>	<b>5,747,668</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,584	553
Foreign currency translation adjustment	(12,876)	(16,434)
<b>Total accumulated other comprehensive income</b>	<b>(10,291)</b>	<b>(15,881)</b>
Share acquisition rights	2,614	2,596
<b>Total net assets</b>	<b>5,565,018</b>	<b>5,734,384</b>
<b>Total liabilities and net assets</b>	<b>26,142,802</b>	<b>24,621,089</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net sales	3,447,318	9,980,061
Cost of sales	2,212,718	4,545,457
Gross profit	1,234,599	5,434,604
Selling, general and administrative expenses	5,016,304	6,526,866
Operating profit (loss)	(3,781,705)	(1,092,261)
Non-operating income		
Outsourcing service income	4,264	4,264
Subsidies for employment adjustment	–	202,176
Subsidy income	–	72,345
Gain on forgiveness of lease obligations	6,966	–
Other	5,492	14,272
Total non-operating income	16,722	293,058
Non-operating expenses		
Interest expenses	35,728	39,745
Commission expenses for financial services	74,173	71,689
Other	13,896	9,556
Total non-operating expenses	123,797	120,991
Ordinary profit (loss)	(3,888,780)	(920,195)
Extraordinary income		
Gain on reversal of share acquisition rights	–	18
Subsidies for employment adjustment	905,108	–
Other	16,000	–
Total extraordinary income	921,108	18
Extraordinary losses		
Loss related to COVID-19	1,652,134	–
Total extraordinary losses	1,652,134	–
Profit (loss) before income taxes	(4,619,806)	(920,177)
Income taxes - current	21,466	45,056
Income taxes - deferred	(1,396,304)	(1,123,515)
Total income taxes	(1,374,838)	(1,078,459)
Profit (loss)	(3,244,968)	158,281
Profit (loss) attributable to owners of parent	(3,244,968)	158,281

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Profit (loss)	(3,244,968)	158,281
Other comprehensive income		
Valuation difference on available-for-sale securities	2,067	(2,031)
Foreign currency translation adjustment	(650)	(3,558)
Total other comprehensive income	1,417	(5,590)
Comprehensive income	(3,243,551)	152,691
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,243,551)	152,691