

Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]



February 14, 2022

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: February 14, 2022

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 Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 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	%
Nine months ended								
December 31, 2021	16,162	103.3	(730)	—	(46)	—	733	—
December 31, 2020	7,950	(67.9)	(4,858)	—	(4,985)	—	(4,074)	—

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥722 million [—%]

Nine months ended December 31, 2020: ¥(4,071) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2021	41.73	34.86
December 31, 2020	(320.87)	—

(Note) Although potential dilutive shares existed, diluted earnings per share for the nine months ended December 31, 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 December 31, 2021	25,313	6,191	24.4
As of March 31, 2021	26,142	5,565	21.3

(Reference) Equity: As of December 31, 2021: ¥6,188 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: None

*** 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
- (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):

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

December 31, 2021:	277,965 shares
March 31, 2021:	277,932 shares
 - 3) Average number of shares during the period:

Nine months ended December 31, 2021:	13,508,558 shares
Nine months ended December 31, 2020:	12,696,932 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 February 14, 2022.

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 December 31, 2021
Assets		
Current assets		
Cash and deposits	6,723,607	5,903,781
Notes and accounts receivable - trade	135,353	–
Notes and accounts receivable - trade, and contract assets	–	683,641
Accounts receivable from completed construction contracts	724,319	19,679
Real estate for sale	420,645	405,656
Merchandise and finished goods	269,122	272,329
Raw materials and supplies	62,267	69,949
Costs on construction contracts in progress	57,958	552,756
Other	962,038	657,976
Allowance for doubtful accounts	(38,829)	(40,786)
Total current assets	9,316,483	8,524,983
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,186,774	6,566,177
Other	1,931,312	1,731,184
Total property, plant and equipment	9,118,087	8,297,362
Intangible assets	79,451	87,292
Investments and other assets		
Leasehold and guarantee deposits	3,639,927	3,604,087
Deferred tax assets	3,673,003	4,491,612
Other	344,847	336,250
Allowance for doubtful accounts	(28,999)	(28,222)
Total investments and other assets	7,628,780	8,403,727
Total non-current assets	16,826,319	16,788,382
Total assets	26,142,802	25,313,366

(Thousand yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	803,846	637,437
Short-term borrowings	3,143,500	5,079,000
Current portion of long-term borrowings	2,039,344	1,581,908
Accounts payable - other	850,523	609,862
Advances received	2,865,079	7,959
Contract liabilities	–	2,215,735
Income taxes payable	8,844	37,257
Other	2,343,659	1,572,504
Total current liabilities	12,054,799	11,741,665
Non-current liabilities		
Bonds payable	270,000	240,000
Long-term borrowings	5,119,692	4,055,377
Asset retirement obligations	2,562,926	2,575,882
Other	570,366	509,002
Total non-current liabilities	8,522,984	7,380,262
Total liabilities	20,577,784	19,121,927
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,725,678	4,613,178
Retained earnings	989,502	1,739,365
Treasury shares	(192,485)	(192,505)
Total shareholders' equity	5,572,695	6,210,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,584	(85)
Foreign currency translation adjustment	(12,876)	(21,111)
Total accumulated other comprehensive income	(10,291)	(21,196)
Share acquisition rights	2,614	2,596
Total net assets	5,565,018	6,191,438
Total liabilities and net assets	26,142,802	25,313,366

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net sales	7,950,992	16,162,667
Cost of sales	4,554,647	7,202,040
Gross profit	3,396,345	8,960,627
Selling, general and administrative expenses	8,254,989	9,691,003
Operating profit (loss)	(4,858,644)	(730,375)
Non-operating income		
Outsourcing service income	4,264	4,264
Subsidies for employment adjustment	–	279,918
Subsidy income	11,804	529,399
Gain on forgiveness of lease obligations	13,932	–
Other	176	25,531
Total non-operating income	30,176	839,112
Non-operating expenses		
Interest expenses	58,028	59,763
Commission expenses for financial services	77,938	73,917
Other	20,846	21,493
Total non-operating expenses	156,812	155,174
Ordinary profit (loss)	(4,985,280)	(46,437)
Extraordinary income		
Gain on reversal of share acquisition rights	95	18
Subsidies for employment adjustment	1,118,923	–
Other	18,204	–
Total extraordinary income	1,137,222	18
Extraordinary losses		
Loss related to COVID-19	1,657,117	–
Total extraordinary losses	1,657,117	–
Profit (loss) before income taxes	(5,505,175)	(46,418)
Income taxes - current	30,851	46,783
Income taxes - deferred	(1,462,017)	(826,374)
Total income taxes	(1,431,165)	(779,590)
Profit (loss)	(4,074,009)	733,171
Profit (loss) attributable to owners of parent	(4,074,009)	733,171

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Profit (loss)	(4,074,009)	733,171
Other comprehensive income		
Valuation difference on available-for-sale securities	2,405	(2,670)
Foreign currency translation adjustment	43	(8,235)
Total other comprehensive income	2,449	(10,905)
Comprehensive income	(4,071,560)	722,265
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,071,560)	722,265