

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: ESCRIT INC.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2196

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

Representative: Morihiro Shibutani, Representative Director, CEO

Contact: Itaru Kichise, Director, CFO

Phone: +81-3-3539-7654

Annual general meeting of shareholders: June 22, 2022

Scheduled date of filing quarterly securities report: June 22, 2022

Scheduled date of commencing dividend payments: —

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

### (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	%
Fiscal year ended								
March 31, 2022	22,242	71.9	(1,376)	—	(458)	—	477	—
March 31, 2021	12,941	(58.8)	(6,401)	—	(6,684)	—	(5,416)	—

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥460 million [–%]

Fiscal year ended March 31, 2021: ¥(5,422) million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2022	18.70	18.70	8.3	(1.8)	(6.2)
March 31, 2021	(419.99)	—	(83.1)	(27.1)	(49.5)

(Note) Although potential dilutive shares existed, diluted earnings per share for the fiscal year ended March 31, 2021 are not stated herein because a net loss per share was recorded.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	24,584	5,928	24.1	208.32
As of March 31, 2021	26,142	5,565	21.3	189.69

(Reference) Equity: As of March 31, 2022: ¥5,926 million

As of March 31, 2021: ¥5,562 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2022	(247)	132	(486)	5,929
March 31, 2021	(4,493)	(400)	7,487	6,527

## 2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-End	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2023 (Forecast)	—	0.00	—	0.00	0.00		—	

(Note) Dividends noted above are on common shares. As for the status of dividends for Class Shares (unlisted) with different rights from those of common shares of the Company, see “(Reference) Dividends Payable for Class Shares” below.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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	25,741	15.7	500	—	500	—	300	(37.2)	5.55

**\* 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) 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
- (3) 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):  
     March 31, 2022: 13,786,500 shares  
     March 31, 2021: 13,786,500 shares  
 2) Total number of treasury shares at the end of the period:  
     March 31, 2022: 277,965 shares  
     March 31, 2021: 277,932 shares  
 3) Average number of shares during the period:  
     Fiscal year ended March 31, 2022: 13,508,552 shares  
     Fiscal year ended March 31, 2021: 12,897,061 shares

(Reference)

**1. Non-consolidated Financial Results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)**

(1) Non-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	%
Fiscal year ended March 31, 2022	18,627	130.9	(1,088)	—	(185)	—	664	—
March 31, 2021	8,066	(68.2)	(5,928)	—	(6,214)	—	(5,466)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2022	32.51	32.09
March 31, 2021	(423.86)	—

(Note) Although potential dilutive shares existed, diluted earnings per share for the fiscal year ended March 31, 2021 are not stated herein because a net loss per share was recorded.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	22,018	5,445	24.7	172.55
As of March 31, 2021	21,289	4,895	23.0	140.14

(Reference) Equity: As of March 31, 2022: ¥5,444 million  
 As of March 31, 2021: ¥4,893 million

\* These 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. For the conditions underlying the earnings forecast and notes on the use of the earnings forecast, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 3 of the Attachments.

(Access to supplementary explanatory materials on financial results)

Supplementary explanatory materials on financial results were posted on the Company’s website on May 13, 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	–	37,500.00	75,000.00
Fiscal year ending March 31, 2023 (Forecast)	–	37,500.00	–	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 fiscal year ended March 31, 2022, the breakdown of dividends paid out of capital surplus is as follows:

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

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

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

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,723,607	6,124,998
Notes and accounts receivable - trade	135,353	–
Notes receivable - trade	–	4,831
Accounts receivable-trade	–	93,170
Accounts receivable from completed construction contracts	724,319	429,263
Contract assets	–	176,458
Real estate for sale	420,645	364,610
Merchandise and finished goods	269,122	270,338
Raw materials and supplies	62,267	65,168
Costs on construction contracts in progress	57,958	33,019
Other	962,038	721,404
Allowance for doubtful accounts	(38,829)	(35,816)
Total current assets	9,316,483	8,247,448
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,186,774	6,338,772
Tools, Instruments and fixtures, net	621,358	425,446
Land	940,926	670,869
Leased assets, net	329,464	275,508
Construction in progress	10,843	10,926
Other	28,719	21,944
Total property, plant and equipment	9,118,087	7,743,468
Intangible assets		
Other	79,451	89,638
Total intangible assets	79,451	89,638
Investments and other assets		
Leasehold and guarantee deposits	3,639,927	3,603,901
Deferred tax assets	3,673,003	4,593,154
Other	344,847	345,152
Allowance for doubtful accounts	(28,999)	(38,211)
Total investments and other assets	7,628,780	8,503,997
Total non-current assets	16,826,319	16,337,103
Total assets	26,142,802	24,584,551

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	803,846	992,352
Short-term borrowings	3,143,500	5,041,500
Current portion of long-term borrowings	2,039,344	1,405,298
Accounts payable - other	850,523	702,854
Advances received	2,865,079	4,184
Income taxes payable	8,844	31,693
Contract liabilities	–	1,606,727
Asset retirement obligations	–	138,783
Other	2,343,659	1,864,771
Total current liabilities	12,054,799	11,788,166
Non-current liabilities		
Bonds payable	270,000	210,000
Long-term borrowings	5,119,692	3,714,393
Lease liabilities	464,432	373,455
Asset retirement obligations	2,562,926	2,456,648
Other	105,934	113,303
Total non-current liabilities	8,522,984	6,867,801
Total liabilities	20,577,784	18,655,967
<b>Net assets</b>		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,725,678	4,613,178
Retained earnings	989,502	1,483,871
Treasury shares	(192,485)	(192,505)
Total shareholders' equity	5,572,695	5,954,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,584	85
Foreign currency translation adjustment	(12,876)	(28,017)
Total accumulated other comprehensive income	(10,291)	(27,932)
Share acquisition rights	2,614	1,971
Total net assets	5,565,018	5,928,583
Total liabilities and net assets	26,142,802	24,584,551

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

### Consolidated Statements of Income

Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Net sales	12,941,549	22,242,375
Cost of sales	7,709,754	10,594,510
Gross profit	5,231,795	11,647,865
Selling, general and administrative expenses	11,632,839	13,023,867
Operating profit (loss)	(6,401,044)	(1,376,001)
Non-operating income		
Foreign exchange gains	7,039	18,313
Gain on forgiveness of lease obligations	13,932	–
Subsidy income	22,887	700,298
Subsidies for employment adjustment	–	359,617
Other	19,427	20,899
Total non-operating income	63,286	1,099,128
Non-operating expenses		
Interest expenses	79,518	80,622
Commission expenses	7,928	14,362
Commission expenses for financial services	83,255	75,653
Share issuance costs	144,886	–
Other	30,811	11,101
Total non-operating expenses	346,399	181,739
Ordinary profit (loss)	(6,684,158)	(458,613)
Extraordinary income		
Gain on sale of non-current assets	–	43,750
Gain on reversal of share acquisition rights	148	643
Subsidies for employment adjustment	1,350,474	–
Total extraordinary income	1,350,623	44,393
Extraordinary losses		
Impairment losses	854,547	–
Loss related to COVID-19	1,657,179	–
Total extraordinary losses	2,511,726	–
Profit (loss) before income taxes	(7,845,261)	(414,219)
Income taxes - current	(324,121)	35,950
Income taxes - deferred	(2,104,565)	(927,847)
Total income taxes	(2,428,687)	(891,896)
Profit (loss)	(5,416,574)	477,676
Profit (loss) attributable to owners of parent	(5,416,574)	477,676



Consolidated Statements of Comprehensive Income

Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
Profit (loss)	(5,416,574)	477,676
Other comprehensive income		
Valuation difference on available-for-sale securities	2,712	(2,499)
Foreign currency translation adjustment	(8,194)	(15,141)
Total other comprehensive income	(5,481)	(17,640)
Comprehensive income	(5,422,056)	460,036
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,422,056)	460,036

## (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	607,879	565,879	6,499,745	(192,485)	7,481,017
Changes of items during period					
Issuance of new shares (exercise of share subscription rights)	1,800,960	1,800,960			3,601,920
Dividends of surplus			(93,668)		(93,668)
Profit (loss) attributable to owners of parent			(5,416,574)		(5,416,574)
Capital reduction	(2,358,839)	2,358,839			—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	(557,879)	4,159,799	(5,510,242)	—	(1,908,322)
Balance at end of current period	50,000	4,725,678	989,502	(192,485)	5,572,695

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(127)	(4,681)	(4,809)	2,763	7,478,971
Changes of items during period					
Issuance of new shares (exercise of share subscription rights)					3,601,920
Dividends of surplus					(93,668)
Profit (loss) attributable to owners of parent					(5,416,574)
Capital reduction					—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity	2,712	(8,194)	(5,481)	(148)	(5,630)
Total changes of items during period	2,712	(8,194)	(5,481)	(148)	(1,913,953)
Balance at end of current period	2,584	(12,876)	(10,291)	2,614	5,565,018

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	4,725,678	989,502	(192,485)	5,572,695
Cumulative effects of changes in accounting policies			16,692		16,692
Restated balance	50,000	4,725,678	1,006,194	(192,485)	5,589,387
Changes of items during period					
Issuance of new shares (exercise of share subscription rights)					–
Dividends of surplus		(112,500)			(112,500)
Profit (loss) attributable to owners of parent			477,676		477,676
Purchase of treasury shares				(19)	(19)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	(112,500)	477,676	(19)	365,157
Balance at end of current period	50,000	4,613,178	1,483,871	(192,505)	5,954,544

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	2,584	(12,876)	(10,291)	2,614	5,565,018
Cumulative effects of changes in accounting policies					16,692
Restated balance	2,584	(12,876)	(10,291)	2,614	5,581,710
Changes of items during period					
Issuance of new shares (exercise of share subscription rights)					–
Dividends of surplus					(112,500)
Profit (loss) attributable to owners of parent					477,676
Purchase of treasury shares					(19)
Net changes of items other than shareholders' equity	(2,499)	(15,141)	(17,640)	(643)	(18,284)
Total changes of items during period	(2,499)	(15,141)	(17,640)	(643)	346,872
Balance at end of current period	85	(28,017)	(27,932)	1,971	5,928,583

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(7,845,261)	(414,219)
Depreciation	1,364,379	1,318,652
Impairment losses	854,547	–
Loss related to COVID-19	1,657,179	–
Amortization of goodwill	125	–
Increase (decrease) in allowance for doubtful accounts	16,510	6,198
Interest and dividend income	(1,162)	(1,014)
Gain on reversal of share acquisition rights	(148)	(643)
Subsidies for employment adjustment	(1,350,474)	(359,617)
Subsidy income	(22,887)	(700,298)
Gain on forgiveness of lease obligations	(13,932)	–
Interest expenses	79,518	80,622
Commission expenses	7,928	14,362
Commission expenses for financial services	83,255	75,653
Share issuance costs	144,886	–
Decrease (increase) in trade receivables	(412,290)	144,346
Decrease (increase) in inventories	410,896	52,131
Decrease (increase) in costs on construction contract in progress	(32,887)	212,867
Increase (decrease) in trade payables	(23,485)	(102,396)
Increase (decrease) in advances received	508,151	(2,861,051)
Increase (decrease) in contract liabilities	–	1,606,727
Increase (decrease) in accounts payable-other	(153,962)	(115,243)
Other, net	535,779	(409,852)
Subtotal	(4,193,387)	(1,452,776)
Interest and dividends received	964	934
Interest paid	(80,399)	(78,097)
Income taxes refund (paid)	(31,490)	155,082
Subsidies for employment adjustment received	1,245,045	426,300
Subsidies received	22,887	700,298
Payment associated with loss related to COVID-19	(1,456,739)	440
Net cash provided by (used in ) operating activities	(4,493,066)	(247,817)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(378,862)	(223,845)
Payments for asset retirement obligations	(21,654)	(3,500)
Purchase of intangible assets	(51,070)	(37,842)
Payments of leasehold and guarantee deposits	(5,168))	(1,210)
Proceeds from refund of leasehold and guarantee deposits	7,250	37,516
Other, net	48,865	361,406
Net cash provided by (used in) investing activities	(400,640)	132,524
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,843,500	1,898,000
Proceeds from long-term borrowings	3,730,000	–
Proceeds from issuance of shares	3,457,033	–
Repayments of long-term borrowings	(2,226,956)	(2,039,344)
Redemption of bonds	(60,000)	(60,000)
Repayment of lease liabilities	(86,446)	(96,431)
Dividends paid	(93,699)	(112,580)
Other, net	(76,240)	(76,419)
Net cash provided by (used in) financing activities	7,487,191	(486,776)
Effect of exchange rate change on cash and cash equivalents	(108)	3,452
Net increase (decrease) in cash and cash equivalents	2,593,376	(598,615)

Cash and cash equivalents at beginning of period	<u>3,934,264</u>	<u>6,527,640</u>
Cash and cash equivalents at end of period	<u>6,527,640</u>	<u>5,929,025</u>