

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 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: November 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: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 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	%
Six months ended September 30, 2022	10,971	9.9	(410)	—	(165)	—	(176)	—
September 30, 2021	9,980	189.5	(1,092)	—	(920)	—	158	—

(Note) Comprehensive income: Six months ended September 30, 2022: ¥(197) million [—%]

Six months ended September 30, 2021: ¥152 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	(21.44)	—
September 30, 2021	3.37	3.37

(Note) Although potential dilutive shares existed, diluted earnings per share for the six months ended September 30, 2022 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, 2022	23,661	5,618	23.7
As of March 31, 2022	24,584	5,928	24.1

(Reference) Equity: As of September 30, 2022: ¥5,616 million

As of March 31, 2022: ¥5,926 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, 2022	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2023	—	0.00			
Fiscal year ending March 31, 2023 (Forecast)			—	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 (available only in Japanese version).

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

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
- (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: None
 - 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, 2022:	13,786,500 shares
March 31, 2022:	13,786,500 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	277,965 shares
March 31, 2022:	277,965 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2022:	13,508,535 shares
Six months ended September 30, 2021:	13,508,568 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 14, 2022.

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	6,124,998	5,319,236
Notes and accounts receivable - trade, and contract assets	274,460	601,288
Accounts receivable from completed construction contracts	429,263	119,289
Real estate for sale	364,610	337,685
Merchandise and finished goods	270,338	295,892
Raw materials and supplies	65,168	60,826
Costs on construction contracts in progress	33,019	198,906
Other	721,404	727,913
Allowance for doubtful accounts	(35,816)	(35,285)
Total current assets	8,247,448	7,625,753
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,338,772	5,942,965
Other	1,404,695	1,338,194
Total property, plant and equipment	7,743,468	7,281,159
Intangible assets	89,638	91,397
Investments and other assets		
Leasehold and guarantee deposits	3,603,901	3,758,560
Deferred tax assets	4,593,154	4,597,551
Other	345,152	350,708
Allowance for doubtful accounts	(38,211)	(43,701)
Total investments and other assets	8,503,997	8,663,118
Total non-current assets	16,337,103	16,035,676
Total assets	24,584,551	23,661,430

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	992,352	809,202
Short-term borrowings	5,041,500	5,004,000
Current portion of long-term borrowings	1,405,298	1,249,423
Accounts payable - other	702,854	768,204
Income taxes payable	31,693	16,605
Contract liabilities	1,606,727	2,016,272
Asset retirement obligations	138,783	78,370
Other	1,868,956	1,179,294
Total current liabilities	11,788,166	11,121,374
Non-current liabilities		
Bonds payable	210,000	180,000
Long-term borrowings	3,714,393	3,861,169
Asset retirement obligations	2,456,648	2,439,500
Other	486,759	441,298
Total non-current liabilities	6,867,801	6,921,967
Total liabilities	18,655,967	18,043,342
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,613,178	4,613,178
Retained earnings	1,483,871	1,194,606
Treasury shares	(192,505)	(192,505)
Total shareholders' equity	5,954,544	5,665,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	(732)
Foreign currency translation adjustment	(28,017)	(47,646)
Total accumulated other comprehensive income	(27,932)	(48,379)
Share acquisition rights	1,971	1,187
Total net assets	5,928,583	5,618,087
Total liabilities and net assets	24,584,551	23,661,430

(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, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Net sales	9,980,061	10,971,087
Cost of sales	4,545,457	4,530,180
Gross profit	5,434,604	6,440,906
Selling, general and administrative expenses	6,526,866	6,851,520
Operating profit (loss)	(1,092,261)	(410,613)
Non-operating income		
Subsidies for employment adjustment	202,176	110,876
Subsidy income	72,345	208,781
Other	18,536	38,129
Total non-operating income	293,058	357,787
Non-operating expenses		
Interest expenses	39,745	38,618
Commission expenses for financial services	71,689	69,546
Other	9,556	4,247
Total non-operating expenses	120,991	112,412
Ordinary loss	(920,195)	(165,239)
Extraordinary income		
Gain on reversal of share acquisition rights	18	784
Total extraordinary income	18	784
Loss before income taxes	(920,177)	(164,455)
Income taxes - current	45,056	16,380
Income taxes - deferred	(1,123,515)	(4,070)
Total income taxes	(1,078,459)	12,309
Profit (loss)	158,281	(176,764)
Profit (loss) attributable to owners of parent	158,281	(176,764)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Profit (loss)	158,281	(176,764)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,031)	(818)
Foreign currency translation adjustment	(3,558)	(19,628)
Total other comprehensive income	(5,590)	(20,447)
Comprehensive income	152,691	(197,211)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	152,691	(197,211)