

Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 14, 2023

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, 2023

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, 2022 (April 1, 2022 - December 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	%
Nine months ended December 31, 2022	17,867	10.5	375	—	625	—	382	(47.9)
December 31, 2021	16,162	103.3	(730)	—	(46)	—	733	—

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥365 million [(49.4)%]

Nine months ended December 31, 2021: ¥722 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	15.73	—
December 31, 2021	41.73	34.86

(Note) Diluted earnings per share for the nine months ended December 31, 2022 are not stated herein because there are no potentially dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	22,758	6,068	26.7
As of March 31, 2022	24,584	5,928	24.1

(Reference) Equity: As of December 31, 2022: ¥6,067 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.

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
- (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, 2022:	13,786,500 shares
March 31, 2022:	13,786,500 shares
 - 2) Total number of treasury shares at the end of the period:

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

Nine months ended December 31, 2022:	13,508,535 shares
Nine months ended December 31, 2021:	13,508,558 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, 2023.

(Reference)

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, 2022	—	37,500.00	—	37,500.00	75,000.00
Fiscal year ending March 31, 2023	—	37,500.00	—		
Fiscal year ending March 31, 2023 (Forecast)				37,500.00	75,000.00

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

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

(Thousand yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	6,124,998	4,967,598
Notes and accounts receivable - trade, and contract assets	274,460	465,865
Accounts receivable from completed construction contracts	429,263	257,673
Real estate for sale	364,610	350,632
Merchandise and finished goods	270,338	287,850
Raw materials and supplies	65,168	65,161
Costs on construction contracts in progress	33,019	237,081
Other	721,404	688,649
Allowance for doubtful accounts	(35,816)	(37,356)
Total current assets	8,247,448	7,283,157
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,338,772	5,596,387
Other	1,404,695	1,292,717
Total property, plant and equipment	7,743,468	6,889,104
Intangible assets	89,638	94,776
Investments and other assets		
Leasehold and guarantee deposits	3,603,901	3,667,802
Deferred tax assets	4,593,154	4,514,846
Other	345,152	353,636
Allowance for doubtful accounts	(38,211)	(44,957)
Total investments and other assets	8,503,997	8,491,328
Total non-current assets	16,337,103	15,475,209
Total assets	24,584,551	22,758,366

(Thousand yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	992,352	619,724
Short-term borrowings	5,041,500	4,929,000
Current portion of long-term borrowings	1,405,298	1,247,551
Accounts payable - other	702,854	709,729
Income taxes payable	31,693	22,719
Contract liabilities	1,606,727	1,284,311
Asset retirement obligations	138,783	118,258
Other	1,868,956	1,239,538
Total current liabilities	11,788,166	10,170,834
Non-current liabilities		
Bonds payable	210,000	180,000
Long-term borrowings	3,714,393	3,562,839
Asset retirement obligations	2,456,648	2,349,826
Other	486,759	426,631
Total non-current liabilities	6,867,801	6,519,297
Total liabilities	18,655,967	16,690,131
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,613,178	4,613,178
Retained earnings	1,483,871	1,640,878
Treasury shares	(192,505)	(192,505)
Total shareholders' equity	5,954,544	6,111,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	(523)
Foreign currency translation adjustment	(28,017)	(43,980)
Total accumulated other comprehensive income	(27,932)	(44,503)
Share acquisition rights	1,971	1,187
Total net assets	5,928,583	6,068,235
Total liabilities and net assets	24,584,551	22,758,366

(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, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net sales	16,162,667	17,867,702
Cost of sales	7,202,040	7,231,340
Gross profit	8,960,627	10,636,362
Selling, general and administrative expenses	9,691,003	10,261,328
Operating profit (loss)	(730,375)	375,033
Non-operating income		
Subsidies for employment adjustment	279,918	134,819
Subsidy income	529,399	216,679
Other	29,795	34,652
Total non-operating income	839,112	386,151
Non-operating expenses		
Interest expenses	59,763	58,216
Commission expenses for financial services	73,917	71,111
Other	21,493	6,767
Total non-operating expenses	155,174	136,095
Ordinary profit (loss)	(46,437)	625,089
Extraordinary income		
Gain on reversal of share acquisition rights	18	784
Total extraordinary income	18	784
Extraordinary losses		
Impairment losses	–	140,985
Total extraordinary losses	–	140,985
Profit (loss) before income taxes	(46,418)	484,887
Income taxes - current	46,783	24,149
Income taxes - deferred	(826,374)	78,730
Total income taxes	(779,590)	102,880
Profit	733,171	382,006
Profit attributable to owners of parent	733,171	382,006

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Profit	733,171	382,006
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,670)	(608)
Foreign currency translation adjustment	(8,235)	(15,962)
Total other comprehensive income	(10,905)	(16,571)
Comprehensive income	722,265	365,435
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	722,265	365,435