

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 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 annual general meeting of shareholders: June 22, 2023

Scheduled date of filing securities report: June 22, 2023

Scheduled date of commencing dividend payments: —

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual 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, 2023 (April 1, 2022 – March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	24,129	8.5	210	—	452	—	168	(64.8)
March 31, 2022	22,242	71.9	(1,376)	—	(458)	—	477	—

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥167 million [(63.6)%]

Fiscal year ended March 31, 2022: ¥460 million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	(4.21)	—	2.9	1.9	0.9
March 31, 2022	18.70	18.70	8.3	(1.8)	(6.2)

(Note) Although potential dilutive shares existed, diluted earnings per share for the fiscal year ended March 31, 2023 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, 2023	22,985	5,870	25.5	204.04
As of March 31, 2022	24,584	5,928	24.1	208.32

(Reference) Equity: As of March 31, 2023: ¥5,868 million

As of March 31, 2022: ¥5,926 million

(3) Consolidated Cash Flows

Fiscal year ended	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
March 31, 2023	1,100	(502)	(1,316)	5,210
March 31, 2022	(247)	132	(486)	5,929

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, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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	26,780	11.0	800	279.3	650	43.6	400	138.0	7.40

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) 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
- (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, 2023: 13,786,500 shares
 March 31, 2022: 13,786,500 shares
 2) Total number of treasury shares at the end of the period:
 March 31, 2023: 277,965 shares
 March 31, 2022: 277,965 shares
 3) Average number of shares during the period:
 Fiscal year ended March 31, 2023: 13,508,535 shares
 Fiscal year ended March 31, 2022: 13,508,552 shares

(Reference)

1. Non-consolidated Financial Results for the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	21,233	14.0	478	–	708	–	379	(42.9)
March 31, 2022	18,627	130.9	(1,088)	–	(185)	–	664	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	11.40	–
March 31, 2022	32.51	32.09

(Note) Diluted earnings per share for the fiscal year ended March 31, 2023 are not stated herein because there are no potentially dilutive shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	20,702	5,598	27.0	183.97
As of March 31, 2022	22,018	5,445	24.7	172.55

(Reference) Equity: As of March 31, 2023: ¥5,597 million
 As of March 31, 2022: ¥5,444 million

* These consolidated financial results are outside the scope of 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 (available in Japanese only).

(Access to supplementary explanatory materials on financial results)

Supplementary explanatory materials on financial results were posted on the Company’s website on May 12, 2023.

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,124,998	5,406,693
Notes receivable - trade	4,831	1,929
Accounts receivable - trade	93,170	151,020
Accounts receivable from completed construction contracts	429,263	430,354
Contract assets	176,458	62,216
Real estate for sale	364,610	354,748
Merchandise and finished goods	270,338	323,323
Raw materials and supplies	65,168	58,247
Costs on construction contracts in progress	33,019	109,005
Other	721,404	828,939
Allowance for doubtful accounts	(35,816)	(39,806)
Total current assets	8,247,448	7,686,671
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,338,772	5,374,282
Tools, furniture and fixtures, net	425,446	342,309
Land	670,869	671,169
Leased assets, net	275,508	223,448
Construction in progress	10,926	69,864
Other	21,944	16,112
Total property, plant and equipment	7,743,468	6,697,187
Intangible assets		
Other	89,638	97,375
Total intangible assets	89,638	97,375
Investments and other assets		
Leasehold and guarantee deposits	3,603,901	3,665,000
Deferred tax assets	4,593,154	4,573,725
Other	345,152	308,705
Allowance for doubtful accounts	(38,211)	(43,548)
Total investments and other assets	8,503,997	8,503,883
Total non-current assets	16,337,103	15,298,445
Total assets	24,584,551	22,985,116

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	992,352	928,096
Short-term borrowings	5,041,500	4,854,000
Current portion of long-term borrowings	1,405,298	1,135,841
Accounts payable - other	702,854	740,583
Advances received	4,184	26,971
Income taxes payable	31,693	30,878
Contract liabilities	1,606,727	1,448,991
Asset retirement obligations	138,783	118,266
Other	1,864,771	1,567,131
Total current liabilities	11,788,166	10,850,761
Non-current liabilities		
Bonds payable	210,000	150,000
Long-term borrowings	3,714,393	3,303,573
Lease liabilities	373,455	287,670
Asset retirement obligations	2,456,648	2,355,753
Other	113,303	167,333
Total non-current liabilities	6,867,801	6,264,330
Total liabilities	18,655,967	17,115,091
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,613,178	4,613,178
Retained earnings	1,483,871	1,426,965
Treasury shares	(192,505)	(192,505)
Total shareholders' equity	5,954,544	5,897,638
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	(920)
Foreign currency translation adjustment	(28,017)	(27,880)
Total accumulated other comprehensive income	(27,932)	(28,800)
Share acquisition rights	1,971	1,187
Total net assets	5,928,583	5,870,025
Total liabilities and net assets	24,584,551	22,985,116

(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, 2022 (From April 1, 2021 to March 31, 2022)	For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Net sales	22,242,375	24,129,054
Cost of sales	10,594,510	10,217,024
Gross profit	11,647,865	13,912,030
Selling, general and administrative expenses	13,023,867	13,701,110
Operating profit (loss)	(1,376,001)	210,920
Non-operating income		
Foreign exchange gains	18,313	14,574
Subsidy income	700,298	218,194
Subsidies for employment adjustment	359,617	149,050
Other	20,899	22,067
Total non-operating income	1,099,128	403,886
Non-operating expenses		
Interest expenses	80,622	76,781
Commission expenses	14,362	7,661
Commission expenses for financial services	75,653	73,019
Other	11,101	4,534
Total non-operating expenses	181,739	161,996
Ordinary profit (loss)	(458,613)	452,810
Extraordinary income		
Gain on sale of non-current assets	43,750	–
Gain on reversal of share acquisition rights	643	784
Total extraordinary income	44,393	784
Extraordinary losses		
Loss on sale of non-current assets	–	2,976
Impairment losses	–	140,985
Loss on valuation of shares of subsidiaries and associates	–	75,102
Total extraordinary losses	–	219,065
Profit (loss) before income taxes	(414,219)	234,529
Income taxes - current	35,950	32,378
Income taxes - deferred	(927,847)	34,056
Total income taxes	(891,896)	66,434
Profit	477,676	168,094
Profit attributable to owners of parent	477,676	168,094

Consolidated Statements of Comprehensive Income

Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit	477,676	168,094
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,499)	(1,005)
Foreign currency translation adjustment	(15,141)	137
Total other comprehensive income	(17,640)	(868)
Comprehensive income	460,036	167,225
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	460,036	167,225

(3) Consolidated Statements of Changes in Net Assets
 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					
Dividends of surplus		(112,500)			(112,500)
Profit 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 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 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					
Dividends of surplus					(112,500)
Profit 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 period	85	(28,017)	(27,932)	1,971	5,928,583

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	4,613,178	1,483,871	(192,505)	5,954,544
Cumulative effects of changes in accounting policies					—
Restated balance	50,000	4,613,178	1,483,871	(192,505)	5,954,544
Changes of items during period					
Dividends of surplus			(225,000)		(225,000)
Profit attributable to owners of parent			168,094		168,094
Purchase of treasury shares					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	(56,905)	—	(56,905)
Balance at end of period	50,000	4,613,178	1,426,965	(192,505)	5,897,638

	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 period	85	(28,017)	(27,932)	1,971	5,928,583
Cumulative effects of changes in accounting policies					—
Restated balance	85	(28,017)	(27,932)	1,971	5,928,583
Changes of items during period					
Dividends of surplus					(225,000)
Profit attributable to owners of parent					168,094
Purchase of treasury shares					—
Net changes of items other than shareholders' equity	(1,005)	137	(868)	(784)	(1,652)
Total changes of items during period	(1,005)	137	(868)	(784)	(58,558)
Balance at end of period	(920)	(27,880)	(28,800)	1,187	5,870,025

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(414,219)	234,529
Depreciation	1,318,652	1,269,654
Impairment losses	–	140,985
Increase (decrease) in allowance for doubtful accounts	6,198	9,327
Interest and dividend income	(1,014)	(916)
Gain on reversal of share acquisition rights	(643)	(784)
Subsidies for employment adjustment	(359,617)	(149,050)
Subsidy income	(700,298)	(218,194)
Loss on valuation of shares of subsidiaries and associates	–	75,102
Interest expenses	80,622	76,781
Commission expenses	14,362	7,661
Commission expenses for financial services	75,653	73,019
Decrease (increase) in trade receivables	332,274	52,911
Decrease (increase) in inventories	52,131	(35,960)
Decrease (increase) in costs on construction contracts in progress	(135,340)	(75,985)
Increase (decrease) in trade payables	57,883	(102,439)
Increase (decrease) in advances received	(2,861,051)	22,787
Increase (decrease) in contract liabilities	1,606,727	(157,735)
Increase (decrease) in accounts payable - other	(115,243)	26,469
Other, net	(409,412)	(442,950)
Subtotal	(1,452,336)	805,212
Interest and dividends received	934	912
Interest paid	(78,097)	(76,420)
Income taxes refund (paid)	155,082	(27,181)
Subsidies for employment adjustment received	426,300	179,918
Subsidies received	700,298	218,194
Net cash provided by (used in) operating activities	(247,817)	1,100,635
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	354,767	22,000
Purchase of property, plant and equipment	(223,845)	(335,163)
Payments for asset retirement obligations	(3,500)	(103,625)
Purchase of intangible assets	(37,842)	(36,090)
Payments of leasehold and guarantee deposits	(1,210)	(175,890)
Proceeds from refund of leasehold and guarantee deposits	37,516	114,269
Other, net	6,639	12,353
Net cash provided by (used in) investing activities	132,524	(502,145)

(Thousand yen)

	For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,898,000	(187,500)
Proceeds from long-term borrowings	–	800,000
Repayments of long-term borrowings	(2,039,344)	(1,480,277)
Redemption of bonds	(60,000)	(60,000)
Repayment of lease liabilities	(96,431)	(90,976)
Dividends paid	(112,580)	(225,003)
Other, net	(76,419)	(73,019)
Net cash provided by (used in) financing activities	(486,776)	(1,316,776)
Effect of exchange rate change on cash and cash equivalents	3,452	(19)
Net increase (decrease) in cash and cash equivalents	(598,615)	(718,306)
Cash and cash equivalents at beginning of period	6,527,640	5,929,025
Cash and cash equivalents at end of period	5,929,025	5,210,718