

Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 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: November 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 Six Months Ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(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, 2023	11,816	7.7	(285)	—	(343)	—	(306)	—
September 30, 2022	10,971	9.9	(410)	—	(165)	—	(176)	—

(Note) Comprehensive income: Six months ended September 30, 2023: ¥(290) million [–%]

Six months ended September 30, 2022: ¥(197) million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(33.79)	—
September 30, 2022	(21.44)	—

(Note) Although potential dilutive shares existed, diluted earnings per share 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, 2023	22,954	5,465	23.8
As of March 31, 2023	22,985	5,870	25.5

(Reference) Equity: As of September 30, 2023: ¥5,465 million

As of March 31, 2023: ¥5,868 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, 2023	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (Forecast)			—	0.00	0.00

- (Notes) 1. Revision to the forecast for dividends announced most recently: None
 2. 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, 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

(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: — (Company name: —)
 Excluded: 1 (Company name: ESCRIT HAWAII INC.)
 (Note) ESCRIT HAWAII INC., a consolidated subsidiary, was excluded from the scope of consolidation with the completion of liquidation on June 14, 2023.
- (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):
 September 30, 2023: 13,786,500 shares
 March 31, 2023: 13,786,500 shares
 2) Total number of treasury shares at the end of the period:
 September 30, 2023: 278,065 shares
 March 31, 2023: 277,965 shares
 3) Average number of shares during the period:
 Six months ended September 30, 2023: 13,508,469 shares
 Six months ended September 30, 2022: 13,508,535 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, 2023.

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

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	5,406,693	5,387,738
Notes and accounts receivable - trade, and contract assets	215,166	357,791
Accounts receivable from completed construction contracts	430,354	100,835
Real estate for sale	354,748	833,074
Merchandise and finished goods	323,323	306,793
Raw materials and supplies	58,247	55,468
Costs on construction contracts in progress	109,005	214,151
Other	828,939	645,073
Allowance for doubtful accounts	(39,806)	(38,750)
Total current assets	7,686,671	7,862,175
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,374,282	4,999,777
Other	1,322,904	1,087,464
Total property, plant and equipment	6,697,187	6,087,242
Intangible assets	97,375	254,994
Investments and other assets		
Leasehold and guarantee deposits	3,665,000	3,670,722
Deferred tax assets	4,573,725	4,709,316
Investment property	–	116,303
Other	308,705	298,691
Allowance for doubtful accounts	(43,548)	(45,222)
Total investments and other assets	8,503,883	8,749,810
Total non-current assets	15,298,445	15,092,046
Total assets	22,985,116	22,954,222

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	928,096	820,910
Short-term borrowings	4,854,000	–
Current portion of long-term borrowings	1,135,841	2,294,018
Accounts payable - other	740,583	821,822
Income taxes payable	30,878	16,048
Contract liabilities	1,448,991	1,826,496
Asset retirement obligations	118,266	42,208
Other	1,594,103	1,689,328
Total current liabilities	10,850,761	7,510,832
Non-current liabilities		
Bonds payable	150,000	120,000
Long-term borrowings	3,303,573	7,094,575
Asset retirement obligations	2,355,753	2,355,639
Other	455,004	407,504
Total non-current liabilities	6,264,330	9,977,720
Total liabilities	17,115,091	17,488,552
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,613,178	4,613,178
Retained earnings	1,426,965	1,007,974
Treasury shares	(192,505)	(192,543)
Total shareholders' equity	5,897,638	5,478,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(920)	2,572
Foreign currency translation adjustment	(27,880)	(15,512)
Total accumulated other comprehensive income	(28,800)	(12,940)
Share acquisition rights	1,187	–
Total net assets	5,870,025	5,465,669
Total liabilities and net assets	22,985,116	22,954,222

(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, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Net sales	10,971,087	11,816,137
Cost of sales	4,530,180	5,033,405
Gross profit	6,440,906	6,782,732
Selling, general and administrative expenses	6,851,520	7,068,121
Operating loss	(410,613)	(285,388)
Non-operating income		
Subsidies for employment adjustment	110,876	–
Subsidy income	208,781	61,987
Other	38,129	9,232
Total non-operating income	357,787	71,219
Non-operating expenses		
Interest expenses	38,618	38,701
Commission expenses for financial services	69,546	74,155
Other	4,247	16,426
Total non-operating expenses	112,412	129,283
Ordinary loss	(165,239)	(343,452)
Extraordinary income		
Gain on sale of non-current assets	–	814
Gain on reversal of share acquisition rights	784	1,187
Total extraordinary income	784	2,001
Extraordinary losses		
Impairment losses	–	72,340
Loss on reversal of foreign currency translation adjustment	–	18,676
Total extraordinary losses	–	91,017
Loss before income taxes	(164,455)	(432,467)
Income taxes - current	16,380	16,060
Income taxes - deferred	(4,070)	(142,036)
Total income taxes	12,309	(125,976)
Loss	(176,764)	(306,491)
Loss attributable to owners of parent	(176,764)	(306,491)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Loss	(176,764)	(306,491)
Other comprehensive income		
Valuation difference on available-for-sale securities	(818)	3,492
Foreign currency translation adjustment	(19,628)	12,367
Total other comprehensive income	(20,447)	15,860
Comprehensive income	(197,211)	(290,630)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(197,211)	(290,630)