

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 14, 2024

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, 2024
 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, 2023 (April 1, 2023 – December 31, 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	%
Nine months ended December 31, 2023	19,634	9.9	700	86.7	631	1.1	496	29.9
December 31, 2022	17,867	10.5	375	—	625	—	382	(47.9)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥512 million [40.2%]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	20.06	—
December 31, 2022	15.73	—

(Note) Although potential dilutive shares existed, diluted earnings per share 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, 2023	22,325	6,118	27.4
As of March 31, 2023	22,985	5,870	25.5

(Reference) Equity: As of December 31, 2023: ¥6,118 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	900	326.8	800	76.7	600	256.9	22.21

(Note) Revision to the financial results forecast announced most recently: Yes

* 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):
 December 31, 2023: 13,786,500 shares
 March 31, 2023: 13,786,500 shares
 2) Total number of treasury shares at the end of the period:
 December 31, 2023: 278,065 shares
 March 31, 2023: 277,965 shares
 3) Average number of shares during the period:
 Nine months ended December 31, 2023: 13,508,458 shares
 Nine months ended December 31, 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 February 14, 2024.

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

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	5,406,693	4,849,395
Notes and accounts receivable - trade, and contract assets	215,166	375,115
Accounts receivable from completed construction contracts	430,354	102,258
Real estate for sale	354,748	432,872
Merchandise and finished goods	323,323	317,234
Raw materials and supplies	58,247	59,375
Costs on construction contracts in progress	109,005	230,627
Investments in leases	-	584,590
Other	828,939	589,929
Allowance for doubtful accounts	(39,806)	(32,632)
Total current assets	7,686,671	7,508,767
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,374,282	4,827,790
Other	1,322,904	1,052,529
Total property, plant and equipment	6,697,187	5,880,319
Intangible assets	97,375	321,133
Investments and other assets		
Leasehold and guarantee deposits	3,665,000	3,787,178
Deferred tax assets	4,573,725	4,545,463
Investment property	-	116,303
Other	308,705	216,646
Allowance for doubtful accounts	(43,548)	(50,756)
Total investments and other assets	8,503,883	8,614,835
Total non-current assets	15,298,445	14,816,288
Total assets	22,985,116	22,325,056

(Thousand yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	928,096	755,486
Short-term borrowings	4,854,000	83,600
Current portion of long-term borrowings	1,135,841	2,201,953
Accounts payable - other	740,583	776,129
Income taxes payable	30,878	22,502
Contract liabilities	1,448,991	1,322,044
Asset retirement obligations	118,266	42,373
Other	1,594,103	1,439,480
Total current liabilities	10,850,761	6,643,568
Non-current liabilities		
Bonds payable	150,000	120,000
Long-term borrowings	3,303,573	6,590,260
Asset retirement obligations	2,355,753	2,420,207
Other	455,004	432,535
Total non-current liabilities	6,264,330	9,563,002
Total liabilities	17,115,091	16,206,571
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	4,613,178	4,613,178
Retained earnings	1,426,965	1,660,806
Treasury shares	(192,505)	(192,543)
Total shareholders' equity	5,897,638	6,131,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(920)	2,553
Foreign currency translation adjustment	(27,880)	(15,509)
Total accumulated other comprehensive income	(28,800)	(12,956)
Share acquisition rights	1,187	—
Total net assets	5,870,025	6,118,484
Total liabilities and net assets	22,985,116	22,325,056

(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, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	17,867,702	19,634,785
Cost of sales	7,231,340	8,410,423
Gross profit	10,636,362	11,224,361
Selling, general and administrative expenses	10,261,328	10,524,171
Operating profit	375,033	700,189
Non-operating income		
Insurance claim income	3,305	12,616
Subsidies for employment adjustment	134,819	–
Subsidy income	216,679	63,243
Other	31,346	13,057
Total non-operating income	386,151	88,917
Non-operating expenses		
Interest expenses	58,216	59,614
Commission expenses for financial services	71,111	74,155
Other	6,767	23,393
Total non-operating expenses	136,095	157,163
Ordinary profit	625,089	631,943
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	140,985	73,375
Loss on reversal of foreign currency translation adjustment	–	18,676
Total extraordinary losses	140,985	92,052
Profit before income taxes	484,887	541,892
Income taxes - current	24,149	23,727
Income taxes - deferred	78,730	21,824
Total income taxes	102,880	45,552
Profit	382,006	496,340
Profit attributable to owners of parent	382,006	496,340

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit	382,006	496,340
Other comprehensive income		
Valuation difference on available-for-sale securities	(608)	3,473
Foreign currency translation adjustment	(15,962)	12,370
Total other comprehensive income	(16,571)	15,844
Comprehensive income	365,435	512,184
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	365,435	512,184