

Translation

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## Summary of Consolidated Financial Results for the Year Ended August 31, 2021 (Based on Japanese GAAP)

October 11, 2021

Company name: AVANTIA CO.,LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 8904 URL <https://avantia-g.co.jp/>  
 Representative: Representative Director Yasunari Sawada  
 President  
 Inquiries: Senior Managing Director Takuya Miyazaki TEL 052-859-0034  
 Scheduled date of ordinary general meeting of shareholders: November 24, 2021  
 Scheduled date to file Securities Report: November 25, 2021  
 Scheduled date to commence dividend payments: November 8, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended August 31, 2021	45,327	11.6	1,740	50.2	1,937	45.6	1,352	56.9
Year ended August 31, 2020	40,626	5.6	1,159	(22.4)	1,330	(22.9)	862	(31.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended August 31, 2021	95.09	–	5.4	4.0	3.8
Year ended August 31, 2020	59.42	–	3.5	3.1	2.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2021	53,466	25,585	47.9	1,797.33
As of August 31, 2020	44,655	24,726	55.4	1,740.64

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2021	532	(496)	(1,301)	12,832
Year ended August 31, 2020	1,768	84	1,289	14,097

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2020	–	19.00	–	19.00	38.00	547	64.0	2.2
Year ended August 31, 2021	–	19.00	–	19.00	38.00	540	40.0	2.1
Year ending August 31, 2022 (Forecast)	–	19.00	–	19.00	38.00		36.1	

3. Forecast of consolidated financial results for the year ending August 31, 2022 (from September 1, 2021 to August 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 28, 2022	25,000	41.3	140	(52.1)	220	(39.7)	105	(54.3)	7.38
Full year	60,000	32.4	2,000	14.9	2,200	13.5	1,500	10.9	105.37

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2021	14,884,300 shares	As of August 31, 2020	14,884,300 shares
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Number of treasury shares at the end of the period

As of August 31, 2021	649,155 shares	As of August 31, 2020	679,055 shares
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Average number of shares during the period

Year ended August 31, 2021	14,225,724 shares	Year ended August 31, 2020	14,513,091 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of August 31, 2020	As of August 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,141,167	12,881,771
Notes receivable, accounts receivable from completed construction contracts and other	2,036,136	1,313,202
Real estate for sale	8,045,535	6,008,205
Costs on development business and other	13,612,366	22,974,924
Costs on construction contracts in progress	1,780,559	2,464,850
Raw materials and supplies	13,690	17,944
Other	660,822	625,381
Allowance for doubtful accounts	(1,310)	(1,597)
<b>Total current assets</b>	<b>40,288,968</b>	<b>46,284,682</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	2,403,581	3,741,529
Accumulated depreciation	(977,372)	(1,360,440)
Buildings and structures, net	1,426,209	2,381,089
Vehicles	113,906	128,635
Accumulated depreciation	(65,174)	(98,991)
Vehicles, net	48,731	29,644
Land	1,216,261	2,533,380
Other	467,670	541,096
Accumulated depreciation	(326,376)	(392,254)
Other, net	141,293	148,841
<b>Total property, plant and equipment</b>	<b>2,832,496</b>	<b>5,092,955</b>
<b>Intangible assets</b>		
Goodwill	99,665	563,414
Software	65,203	72,955
Other	26,623	26,421
<b>Total intangible assets</b>	<b>191,492</b>	<b>662,791</b>
<b>Investments and other assets</b>		
Investment securities	627,957	561,210
Deferred tax assets	244,224	249,604
Retirement benefit asset	12,556	14,680
Other	458,981	601,030
Allowance for doubtful accounts	(955)	–
<b>Total investments and other assets</b>	<b>1,342,764</b>	<b>1,426,526</b>
<b>Total non-current assets</b>	<b>4,366,753</b>	<b>7,182,273</b>
<b>Total assets</b>	<b>44,655,721</b>	<b>53,466,956</b>

(Thousands of yen)

	As of August 31, 2020	As of August 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	3,422,802	2,194,225
Short-term borrowings	7,878,950	12,530,780
Current portion of long-term borrowings	342,090	1,269,855
Income taxes payable	520,007	345,932
Advances received on construction contracts in progress	485,534	3,615,221
Provision for bonuses	133,625	129,271
Provision for warranties for completed construction	17,841	30,614
Other	1,120,569	1,150,455
<b>Total current liabilities</b>	<b>13,921,420</b>	<b>21,266,355</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,276,987	5,897,960
Deferred tax liabilities	–	4,001
Retirement benefit liability	250,379	253,542
Other	480,740	459,909
<b>Total non-current liabilities</b>	<b>6,008,106</b>	<b>6,615,413</b>
<b>Total liabilities</b>	<b>19,929,527</b>	<b>27,881,769</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,732,673	3,732,673
Capital surplus	2,982,029	2,980,013
Retained earnings	18,590,865	19,403,285
Treasury shares	(629,792)	(602,061)
<b>Total shareholders' equity</b>	<b>24,675,776</b>	<b>25,513,910</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	50,417	71,276
<b>Total accumulated other comprehensive income</b>	<b>50,417</b>	<b>71,276</b>
<b>Total net assets</b>	<b>24,726,194</b>	<b>25,585,186</b>
<b>Total liabilities and net assets</b>	<b>44,655,721</b>	<b>53,466,956</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Net sales	40,626,638	45,327,930
Cost of sales	34,653,999	38,243,322
Gross profit	5,972,638	7,084,608
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	277,950	297,493
Employees' salaries and allowances	1,773,235	2,025,879
Provision for bonuses	80,084	64,333
Retirement benefit expenses	32,575	33,817
Provision for retirement benefits for directors (and other officers)	5,021	–
Advertising expenses	547,943	599,707
Taxes and dues	433,708	424,325
Provision of allowance for doubtful accounts	–	219
Other	1,663,025	1,898,416
Total selling, general and administrative expenses	4,813,543	5,344,193
Operating profit	1,159,095	1,740,415
Non-operating income		
Interest income	3,148	1,287
Dividend income	7,577	7,471
Administrative service fee income	37,623	42,924
Refunded Real Estate Acquisition Tax	96,868	110,773
Miscellaneous income	137,682	192,374
Total non-operating income	282,900	354,830
Non-operating expenses		
Interest expenses	88,269	119,697
Miscellaneous losses	22,994	37,679
Total non-operating expenses	111,264	157,376
Ordinary profit	1,330,731	1,937,869
Extraordinary income		
Gain on sale of non-current assets	32,887	7,341
Gain on reversal of asset retirement obligations	–	3,375
Other	–	46
Total extraordinary income	32,887	10,763
Extraordinary losses		
Loss on sale of non-current assets	10	–
Loss on retirement of non-current assets	11,190	43,347
Other	–	453
Total extraordinary losses	11,201	43,800
Profit before income taxes	1,352,417	1,904,831

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Income taxes - current	540,545	562,580
Income taxes - deferred	(50,438)	(10,535)
Total income taxes	490,107	552,044
Profit	862,310	1,352,786
Profit attributable to owners of parent	862,310	1,352,786

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Profit	862,310	1,352,786
Other comprehensive income		
Valuation difference on available-for-sale securities	9,682	20,859
Total other comprehensive income	9,682	20,859
Comprehensive income	871,992	1,373,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	871,992	1,373,645
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended August 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,732,673	2,984,589	18,283,089	(346,801)	24,653,550
Changes during period					
Dividends of surplus			(554,533)		(554,533)
Profit attributable to owners of parent			862,310		862,310
Purchase of treasury shares				(310,981)	(310,981)
Disposal of treasury shares		(2,559)		27,990	25,431
Net changes in items other than shareholders' equity					
Total changes during period	–	(2,559)	307,776	(282,990)	22,226
Balance at end of period	3,732,673	2,982,029	18,590,865	(629,792)	24,675,776

	Accumulated other comprehensive income	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	40,734	24,694,285
Changes during period		
Dividends of surplus		(554,533)
Profit attributable to owners of parent		862,310
Purchase of treasury shares		(310,981)
Disposal of treasury shares		25,431
Net changes in items other than shareholders' equity	9,682	9,682
Total changes during period	9,682	31,909
Balance at end of period	50,417	24,726,194



Fiscal year ended August 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,732,673	2,982,029	18,590,865	(629,792)	24,675,776
Changes during period					
Dividends of surplus			(540,367)		(540,367)
Profit attributable to owners of parent			1,352,786		1,352,786
Purchase of treasury shares				–	–
Disposal of treasury shares		(2,016)		27,730	25,714
Net changes in items other than shareholders' equity					
Total changes during period	–	(2,016)	812,419	27,730	838,133
Balance at end of period	3,732,673	2,980,013	19,403,285	(602,061)	25,513,910

	Accumulated other comprehensive income	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	50,417	24,726,194
Changes during period		
Dividends of surplus		(540,367)
Profit attributable to owners of parent		1,352,786
Purchase of treasury shares		–
Disposal of treasury shares		25,714
Net changes in items other than shareholders' equity	20,859	20,859
Total changes during period	20,859	858,992
Balance at end of period	71,276	25,585,186

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,352,417	1,904,831
Depreciation	199,575	231,205
Amortization of goodwill	23,783	46,012
Gain on reversal of asset retirement obligations	–	(3,375)
Increase (decrease) in allowance for doubtful accounts	(306)	(668)
Increase (decrease) in provision for bonuses	13,652	(13,226)
Increase (decrease) in provision for warranties for completed construction	(592)	12,772
Increase (decrease) in retirement benefit liability	2,618	3,162
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(114,576)	–
Interest and dividend income	(10,726)	(8,759)
Interest expenses	88,269	119,697
Loss (gain) on sale of non-current assets	(32,876)	(7,341)
Loss on retirement of non-current assets	11,190	43,347
Decrease (increase) in trade receivables	(665,036)	722,934
Decrease (increase) in inventories	915,241	(265,359)
Increase (decrease) in trade payables	(48,962)	(1,425,889)
Increase (decrease) in advances received on construction contracts in progress	(222,174)	125,147
Other, net	88,525	(96,669)
Subtotal	1,600,023	1,387,823
Interest and dividends received	7,666	7,573
Interest paid	(88,961)	(122,564)
Income taxes refund (paid)	249,510	(740,356)
Net cash provided by (used in) operating activities	1,768,238	532,476

(Thousands of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from investing activities		
Payments into time deposits	(109,409)	(159,372)
Proceeds from withdrawal of time deposits	115,996	155,850
Purchase of property, plant and equipment	(122,083)	(131,507)
Proceeds from sale of property, plant and equipment	78,642	199,007
Purchase of intangible assets	(18,467)	(45,823)
Purchase of investment securities	(3,032)	(3,059)
Proceeds from redemption of investment securities	183,000	101,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(510,553)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	108,215	–
Other, net	(148,792)	(102,009)
Net cash provided by (used in) investing activities	84,067	(496,467)
Cash flows from financing activities		
Proceeds from short-term borrowings	22,734,900	20,627,549
Repayments of short-term borrowings	(21,004,150)	(20,155,056)
Proceeds from long-term borrowings	1,400,000	773,908
Repayments of long-term borrowings	(976,004)	(1,877,072)
Redemption of bonds	–	(130,000)
Purchase of treasury shares	(310,981)	–
Dividends paid	(554,545)	(540,455)
Net cash provided by (used in) financing activities	1,289,219	(1,301,126)
Net increase (decrease) in cash and cash equivalents	3,141,526	(1,265,117)
Cash and cash equivalents at beginning of period	10,956,297	14,097,824
Cash and cash equivalents at end of period	14,097,824	12,832,707