

Translation

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Summary of Consolidated Financial Results for the Six Months Ended February 28, 2022 (Based on Japanese GAAP)

April 11, 2022

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
 Director and Department
 Inquiries: Manager of Administration Shoji Higuchi TEL 052-859-0034
 Scheduled date to file Quarterly Securities Report: April 11, 2022
 Scheduled date to commence dividend payments: May 20, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended February 28, 2022 (from September 1, 2021 to February 28, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended February 28, 2022	22,359	26.4	167	(42.8)	223	(38.8)	100	(56.2)
Six months ended February 28, 2021	17,690	7.3	292	304.9	364	67.0	229	82.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2022	7.07		-	
Six months ended February 28, 2021	16.17		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2022	58,413	25,397	43.5
As of August 31, 2021	53,466	25,585	47.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended August 31, 2021	-	19.00	-	19.00	38.00
Year ending August 31, 2022	-	19.00	-	-	-
Year ending August 31, 2022 (Forecast)	-	-	-	19.00	38.00

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
Full year	60,000	32.4	2,000	14.9	2,200	13.5	1,500	10.9	105.23

4. Notes

- (1) Changes in significant subsidiaries during the six months ended February 28, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of February 28, 2022	14,884,300 shares	As of August 31, 2021	14,884,300 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	620,455 shares	As of August 31, 2021	649,155 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2022	14,245,927 shares	Six months ended February 28, 2021	14,216,148 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	12,881,771	10,568,193
Notes receivable, accounts receivable from completed construction contracts and other	1,313,202	–
Notes receivable, accounts receivable from completed construction contracts and other, contract assets	–	1,934,527
Real estate for sale	6,008,205	4,635,212
Costs on development business and other	22,974,924	29,335,903
Costs on construction contracts in progress	2,464,850	4,563,081
Raw materials and supplies	17,944	19,802
Other	625,381	662,646
Allowance for doubtful accounts	(1,597)	(273)
Total current assets	46,284,682	51,719,093
Non-current assets		
Property, plant and equipment	5,092,955	4,703,798
Intangible assets	662,791	617,341
Investments and other assets		
Investment securities	561,210	468,634
Other	865,315	904,919
Total investments and other assets	1,426,526	1,373,554
Total non-current assets	7,182,273	6,694,694
Total assets	53,466,956	58,413,788
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,194,225	2,266,050
Short-term borrowings	12,530,780	18,349,460
Current portion of long-term borrowings	1,269,855	2,964,475
Income taxes payable	345,932	130,638
Advances received on construction contracts in progress	3,615,221	–
Contract liabilities	–	2,317,264
Provision for bonuses	129,271	109,160
Provision for warranties for completed construction	30,614	20,027
Other	1,150,455	875,532
Total current liabilities	21,266,355	27,032,610
Non-current liabilities		
Long-term borrowings	5,897,960	5,290,367
Retirement benefit liability	253,542	256,843
Other	463,910	436,403
Total non-current liabilities	6,615,413	5,983,614
Total liabilities	27,881,769	33,016,224

(Thousands of yen)

	As of August 31, 2021	As of February 28, 2022
Net assets		
Shareholders' equity		
Share capital	3,732,673	3,732,673
Capital surplus	2,980,013	2,978,249
Retained earnings	19,403,285	19,233,490
Treasury shares	(602,061)	(575,443)
Total shareholders' equity	25,513,910	25,368,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,276	28,594
Total accumulated other comprehensive income	71,276	28,594
Total net assets	25,585,186	25,397,563
Total liabilities and net assets	53,466,956	58,413,788

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Net sales	17,690,369	22,359,102
Cost of sales	14,981,215	19,063,089
Gross profit	2,709,153	3,296,012
Selling, general and administrative expenses	2,416,722	3,128,880
Operating profit	292,430	167,132
Non-operating income		
Interest income	753	392
Dividend income	2,913	3,085
Administrative service fee income	23,705	28,824
Refunded real-estate acquisition tax	57,302	49,744
Other	39,435	47,976
Total non-operating income	124,111	130,022
Non-operating expenses		
Interest expenses	38,615	51,810
Other	13,049	22,172
Total non-operating expenses	51,664	73,983
Ordinary profit	364,877	223,171
Extraordinary income		
Gain on sale of non-current assets	–	14
Gain on reversal of asset retirement obligations	2,083	–
Total extraordinary income	2,083	14
Extraordinary losses		
Loss on sale of non-current assets	–	29,966
Loss on retirement of non-current assets	25,023	9,862
Total extraordinary losses	25,023	39,828
Profit before income taxes	341,937	183,357
Income taxes	112,031	82,683
Profit	229,906	100,673
Profit attributable to owners of parent	229,906	100,673

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Profit	229,906	100,673
Other comprehensive income		
Valuation difference on available-for-sale securities	29,955	(42,682)
Total other comprehensive income	29,955	(42,682)
Comprehensive income	259,862	57,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	259,862	57,990
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	341,937	183,357
Depreciation	105,907	161,759
Amortization of goodwill	16,634	34,973
Gain on reversal of asset retirement obligations	(2,083)	–
Increase (decrease) in allowance for doubtful accounts	(201)	(1,323)
Increase (decrease) in provision for bonuses	(44,315)	(20,110)
Increase (decrease) in provision for warranties for completed construction	956	(10,587)
Increase (decrease) in retirement benefit liability	6,954	3,301
Interest and dividend income	(3,667)	(3,477)
Interest expenses	38,615	51,810
Loss (gain) on sale of non-current assets	–	29,951
Loss on retirement of non-current assets	25,023	9,862
Decrease (increase) in trade receivables	714,671	(621,325)
Decrease (increase) in inventories	(1,111,388)	(7,088,074)
Increase (decrease) in trade payables	(717,837)	71,824
Increase (decrease) in advances received on construction contracts in progress	36,669	–
Increase (decrease) in contract liabilities	–	(1,297,957)
Other, net	(47,213)	(10,381)
Subtotal	(639,335)	(8,506,396)
Interest and dividends received	2,967	3,130
Interest paid	(37,563)	(52,108)
Income taxes refund (paid)	(475,747)	(366,939)
Net cash provided by (used in) operating activities	(1,149,679)	(8,922,314)
Cash flows from investing activities		
Payments into time deposits	(78,076)	(65,282)
Proceeds from withdrawal of time deposits	60,114	69,344
Purchase of property, plant and equipment	(32,701)	(26,970)
Proceeds from sale of property, plant and equipment	–	1,878
Purchase of intangible assets	(37,353)	(5,726)
Purchase of investment securities	(1,527)	(1,538)
Proceeds from redemption of investment securities	61,000	33,000
Other, net	(54,659)	(27,186)
Net cash provided by (used in) investing activities	(83,203)	(22,482)
Cash flows from financing activities		
Proceeds from short-term borrowings	7,050,500	21,990,705
Repayments of short-term borrowings	(7,703,500)	(16,172,025)
Proceeds from long-term borrowings	505,000	1,755,000
Repayments of long-term borrowings	(154,105)	(667,972)
Dividends paid	(270,214)	(270,426)
Net cash provided by (used in) financing activities	(572,319)	6,635,280
Net increase (decrease) in cash and cash equivalents	(1,805,202)	(2,309,516)
Cash and cash equivalents at beginning of period	14,097,824	12,832,707
Cash and cash equivalents at end of period	12,292,621	10,523,190