

Translation

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## Summary of Consolidated Financial Results for the Year Ended August 31, 2022 (Based on Japanese GAAP)

October 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 of ordinary general meeting of shareholders: November 29, 2022  
 Scheduled date to file Securities Report: November 30, 2022  
 Scheduled date to commence dividend payments: November 11, 2022  
 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, 2022 (from September 1, 2021 to August 31, 2022)

#### (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, 2022	58,753	29.6	2,325	33.6	2,420	24.9	1,870	38.3
Year ended August 31, 2021	45,327	11.6	1,740	50.2	1,937	45.6	1,352	56.9

	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, 2022	131.21	–	7.1	4.2	4.0
Year ended August 31, 2021	95.09	–	5.4	4.0	3.8

#### (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, 2022	60,683	26,887	44.3	1,884.98
As of August 31, 2021	53,466	25,585	47.9	1,797.33

#### (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, 2022	(6,099)	(189)	7,198	13,741
Year ended August 31, 2021	532	(496)	(1,301)	12,832

### 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, 2021	–	19.00	–	19.00	38.00	540	40.0	2.1
Year ended August 31, 2022	–	19.00	–	19.00	38.00	541	29.0	2.1
Year ending August 31, 2023 (Forecast)	–	19.00	–	19.00	38.00		41.7	

3. Forecast of consolidated financial results for the year ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

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, 2023	27,000	20.8	600	259.0	600	168.9	400	297.3	28.04
Full year	62,000	5.5	1,900	(18.3)	1,900	(21.5)	1,300	(30.5)	91.14

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2022

(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: Yes

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, 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 August 31, 2022	620,455 shares	As of August 31, 2021	649,155 shares
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Average number of shares during the period

Year ended August 31, 2022	14,254,960 shares	Year ended August 31, 2021	14,225,724 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,881,771	13,792,559
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	–	1,615,504
Real estate for sale	6,008,205	9,458,472
Costs on development business and other	22,974,924	24,242,458
Costs on construction contracts in progress	2,464,850	4,209,562
Raw materials and supplies	17,944	15,913
Other	625,381	610,323
Allowance for doubtful accounts	(1,597)	(882)
<b>Total current assets</b>	<b>46,284,682</b>	<b>53,943,911</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	3,741,529	3,669,193
Accumulated depreciation	(1,360,440)	(1,531,703)
Buildings and structures, net	2,381,089	2,137,490
Vehicles	128,635	110,958
Accumulated depreciation	(98,991)	(90,198)
Vehicles, net	29,644	20,760
Land	2,533,380	2,317,979
Other	541,096	511,575
Accumulated depreciation	(392,254)	(425,273)
Other, net	148,841	86,302
<b>Total property, plant and equipment</b>	<b>5,092,955</b>	<b>4,562,532</b>
<b>Intangible assets</b>		
Goodwill	563,414	636,390
Software	72,955	87,734
Other	26,421	23,820
<b>Total intangible assets</b>	<b>662,791</b>	<b>747,945</b>
<b>Investments and other assets</b>		
Investment securities	561,210	429,096
Deferred tax assets	249,604	328,833
Retirement benefit asset	14,680	400
Other	601,030	670,842
<b>Total investments and other assets</b>	<b>1,426,526</b>	<b>1,429,171</b>
<b>Total non-current assets</b>	<b>7,182,273</b>	<b>6,739,650</b>
<b>Total assets</b>	<b>53,466,956</b>	<b>60,683,562</b>

(Thousands of yen)

	As of August 31, 2021	As of August 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	2,194,225	2,709,920
Short-term borrowings	12,530,780	19,472,703
Current portion of long-term borrowings	1,269,855	4,325,611
Income taxes payable	345,932	431,409
Advances received on construction contracts in progress	3,615,221	–
Contract liabilities	–	1,261,087
Provision for bonuses	129,271	124,580
Provision for warranties for completed construction	30,614	18,694
Other	1,150,455	1,108,603
<b>Total current liabilities</b>	<b>21,266,355</b>	<b>29,452,609</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,897,960	3,639,845
Deferred tax liabilities	4,001	–
Retirement benefit liability	253,542	281,712
Other	459,909	422,360
<b>Total non-current liabilities</b>	<b>6,615,413</b>	<b>4,343,918</b>
<b>Total liabilities</b>	<b>27,881,769</b>	<b>33,796,528</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,732,673	3,732,673
Capital surplus	2,980,013	2,978,249
Retained earnings	19,403,285	20,732,264
Treasury shares	(602,061)	(575,443)
<b>Total shareholders' equity</b>	<b>25,513,910</b>	<b>26,867,743</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	71,276	19,289
<b>Total accumulated other comprehensive income</b>	<b>71,276</b>	<b>19,289</b>
<b>Total net assets</b>	<b>25,585,186</b>	<b>26,887,033</b>
<b>Total liabilities and net assets</b>	<b>53,466,956</b>	<b>60,683,562</b>

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

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Net sales	45,327,930	58,753,402
Cost of sales	38,243,322	49,865,661
Gross profit	7,084,608	8,887,740
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	297,493	308,918
Employees' salaries and allowances	2,025,879	2,328,823
Provision for bonuses	64,333	61,328
Retirement benefit expenses	33,817	46,328
Advertising expenses	599,707	783,718
Taxes and dues	424,325	576,814
Provision of allowance for doubtful accounts	219	(715)
Other	1,898,416	2,456,776
Total selling, general and administrative expenses	5,344,193	6,561,992
Operating profit	1,740,415	2,325,747
Non-operating income		
Interest income	1,287	719
Dividend income	7,471	8,291
Administrative service fee income	42,924	61,492
Refunded Real Estate Acquisition Tax	110,773	85,254
Miscellaneous income	192,374	116,865
Total non-operating income	354,830	272,624
Non-operating expenses		
Interest expenses	119,697	156,677
Miscellaneous losses	37,679	21,611
Total non-operating expenses	157,376	178,288
Ordinary profit	1,937,869	2,420,082
Extraordinary income		
Gain on sale of non-current assets	7,341	2,564
Gain on reversal of asset retirement obligations	3,375	–
Other	46	–
Total extraordinary income	10,763	2,564
Extraordinary losses		
Loss on sale of non-current assets	–	29,966
Loss on retirement of non-current assets	43,347	12,069
Loss on revision of retirement benefit plan	–	12,951
Other	453	–
Total extraordinary losses	43,800	54,986
Profit before income taxes	1,904,831	2,367,660

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Income taxes - current	562,580	721,663
Income taxes for prior periods	–	(164,094)
Income taxes - deferred	(10,535)	(60,368)
Total income taxes	552,044	497,200
Profit	1,352,786	1,870,460
Profit attributable to owners of parent	1,352,786	1,870,460

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Profit	1,352,786	1,870,460
Other comprehensive income		
Valuation difference on available-for-sale securities	20,859	(51,986)
Total other comprehensive income	20,859	(51,986)
Comprehensive income	1,373,645	1,818,473
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,373,645	1,818,473
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

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
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
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



Fiscal year ended August 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,732,673	2,980,013	19,403,285	(602,061)	25,513,910
Changes during period					
Dividends of surplus			(541,480)		(541,480)
Profit attributable to owners of parent			1,870,460		1,870,460
Disposal of treasury shares		(1,763)		26,617	24,854
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,763)	1,328,979	26,617	1,353,833
Balance at end of period	3,732,673	2,978,249	20,732,264	(575,443)	26,867,743

	Accumulated other comprehensive income	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	71,276	25,585,186
Changes during period		
Dividends of surplus		(541,480)
Profit attributable to owners of parent		1,870,460
Disposal of treasury shares		24,854
Net changes in items other than shareholders' equity	(51,986)	(51,986)
Total changes during period	(51,986)	1,301,846
Balance at end of period	19,289	26,887,033

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,904,831	2,367,660
Depreciation	231,205	323,262
Amortization of goodwill	46,012	90,364
Gain on reversal of asset retirement obligations	(3,375)	–
Increase (decrease) in allowance for doubtful accounts	(668)	(715)
Increase (decrease) in provision for bonuses	(13,226)	(4,691)
Increase (decrease) in provision for warranties for completed construction	12,772	(11,919)
Increase (decrease) in retirement benefit liability	3,162	28,170
Interest and dividend income	(8,759)	(9,011)
Interest expenses	119,697	156,677
Loss (gain) on sale of non-current assets	(7,341)	27,401
Loss on retirement of non-current assets	43,347	12,069
Decrease (increase) in trade receivables	722,934	(302,302)
Decrease (increase) in inventories	(265,359)	(6,460,481)
Increase (decrease) in trade payables	(1,425,889)	515,694
Increase (decrease) in advances received on construction contracts in progress	125,147	–
Increase (decrease) in contract liabilities	–	(2,354,134)
Transfer from fixed assets to inventories	–	247,258
Other, net	(96,669)	(49,682)
Subtotal	1,387,823	(5,424,379)
Interest and dividends received	7,573	8,391
Interest paid	(122,564)	(144,358)
Income taxes paid	(752,910)	(646,709)
Income taxes refund	12,553	107,321
Net cash provided by (used in) operating activities	532,476	(6,099,734)

(Thousands of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from investing activities		
Payments into time deposits	(159,372)	(77,542)
Proceeds from withdrawal of time deposits	155,850	75,944
Purchase of property, plant and equipment	(131,507)	(45,498)
Proceeds from sale of property, plant and equipment	199,007	5,479
Purchase of intangible assets	(45,823)	(45,561)
Purchase of investment securities	(3,059)	(3,120)
Proceeds from redemption of investment securities	101,000	61,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(510,553)	–
Additional purchase of investments in consolidated subsidiaries	–	(104,131)
Other, net	(102,009)	(55,766)
Net cash provided by (used in) investing activities	(496,467)	(189,197)
Cash flows from financing activities		
Proceeds from short-term borrowings	20,627,549	44,560,135
Repayments of short-term borrowings	(20,155,056)	(37,618,211)
Proceeds from long-term borrowings	773,908	2,692,000
Repayments of long-term borrowings	(1,877,072)	(1,894,358)
Redemption of bonds	(130,000)	–
Dividends paid	(540,455)	(541,442)
Net cash provided by (used in) financing activities	(1,301,126)	7,198,121
Net increase (decrease) in cash and cash equivalents	(1,265,117)	909,189
Cash and cash equivalents at beginning of period	14,097,824	12,832,707
Cash and cash equivalents at end of period	12,832,707	13,741,896