

Translation

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Summary of Consolidated Financial Results for the Year Ended August 31, 2023 (Based on Japanese GAAP)

October 13, 2023

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, 2023
 Scheduled date to file Securities Report: November 30, 2023
 Scheduled date to commence dividend payments: November 13, 2023
 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, 2023 (from September 1, 2022 to August 31, 2023)

(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, 2023	58,161	(1.0)	1,921	(17.4)	1,962	(18.9)	1,234	(34.0)
Year ended August 31, 2022	58,753	29.6	2,325	33.6	2,420	24.9	1,870	38.3

	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, 2023	86.43	–	4.5	3.0	3.3
Year ended August 31, 2022	131.21	–	7.1	4.2	4.0

(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, 2023	70,863	27,623	39.0	1,932.02
As of August 31, 2022	60,683	26,887	44.3	1,884.98

(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, 2023	(4,125)	(708)	4,237	13,042
Year ended August 31, 2022	(6,099)	(189)	7,198	13,741

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, 2022	–	19.00	–	19.00	38.00	541	29.0	2.1
Year ended August 31, 2023	–	19.00	–	19.00	38.00	543	44.0	2.0
Year ending August 31, 2024 (Forecast)	–	19.00	–	19.00	38.00		35.1	

3. Forecast of consolidated financial results for the year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

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 29, 2024	30,000	24.4	800	39.0	800	33.9	520	46.8	36.37
Full year	70,000	20.4	2,400	24.9	2,400	22.3	1,550	25.5	108.41

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2023

(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, 2023	14,884,300 shares	As of August 31, 2022	14,884,300 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	586,455 shares	As of August 31, 2022	620,455 shares
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Average number of shares during the period

Year ended August 31, 2023	14,287,319 shares	Year ended August 31, 2022	14,254,960 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	13,792,559	13,097,491
Notes receivable, accounts receivable from completed construction contracts and other, contract assets	1,615,504	1,639,258
Real estate for sale	9,458,472	20,947,143
Costs on development business and other	24,242,458	24,017,224
Costs on construction contracts in progress	4,209,562	3,864,850
Raw materials and supplies	15,913	15,282
Other	610,323	429,183
Allowance for doubtful accounts	(882)	(702)
Total current assets	53,943,911	64,009,731
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,669,193	3,153,473
Accumulated depreciation	(1,531,703)	(1,382,085)
Buildings and structures, net	2,137,490	1,771,388
Vehicles	110,958	81,120
Accumulated depreciation	(90,198)	(57,172)
Vehicles, net	20,760	23,947
Land	2,317,979	1,980,591
Other	511,575	483,445
Accumulated depreciation	(425,273)	(409,433)
Other, net	86,302	74,012
Total property, plant and equipment	4,562,532	3,849,939
Intangible assets		
Goodwill	636,390	1,174,551
Software	87,734	74,685
Other	23,820	146,487
Total intangible assets	747,945	1,395,725
Investments and other assets		
Investment securities	429,096	416,531
Deferred tax assets	328,833	394,662
Retirement benefit asset	400	–
Other	670,842	796,890
Total investments and other assets	1,429,171	1,608,085
Total non-current assets	6,739,650	6,853,750
Total assets	60,683,562	70,863,482

(Thousands of yen)

	As of August 31, 2022	As of August 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,709,920	2,269,294
Short-term borrowings	19,472,703	24,495,441
Current portion of bonds payable	–	20,000
Current portion of long-term borrowings	4,325,611	950,389
Income taxes payable	431,409	220,263
Contract liabilities	1,261,087	2,489,369
Provision for bonuses	124,580	160,243
Provision for warranties for completed construction	18,694	19,157
Other	1,108,603	1,337,412
Total current liabilities	29,452,609	31,961,572
Non-current liabilities		
Bonds payable	–	115,000
Long-term borrowings	3,639,845	10,626,930
Retirement benefit liability	281,712	–
Other	422,360	536,258
Total non-current liabilities	4,343,918	11,278,188
Total liabilities	33,796,528	43,239,760
Net assets		
Shareholders' equity		
Share capital	3,732,673	3,732,673
Capital surplus	2,978,249	2,973,813
Retained earnings	20,732,264	21,419,560
Treasury shares	(575,443)	(543,910)
Total shareholders' equity	26,867,743	27,582,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,289	41,583
Total accumulated other comprehensive income	19,289	41,583
Total net assets	26,887,033	27,623,721
Total liabilities and net assets	60,683,562	70,863,482

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

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Net sales	58,753,402	58,161,224
Cost of sales	49,865,661	49,406,500
Gross profit	8,887,740	8,754,723
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	308,918	317,444
Employees' salaries and allowances	2,328,823	2,236,999
Provision for bonuses	61,328	62,254
Retirement benefit expenses	46,328	35,063
Advertising expenses	783,718	863,832
Taxes and dues	576,814	644,931
Provision of allowance for doubtful accounts	(715)	469
Other	2,456,776	2,671,799
Total selling, general and administrative expenses	6,561,992	6,832,796
Operating profit	2,325,747	1,921,927
Non-operating income		
Interest income	719	1,383
Dividend income	8,291	8,724
Administrative service fee income	61,492	79,395
Refunded Real Estate Acquisition Tax	85,254	92,006
Miscellaneous income	116,865	92,104
Total non-operating income	272,624	273,614
Non-operating expenses		
Interest expenses	156,677	192,610
Commission for syndicated loans	–	27,850
Miscellaneous losses	21,611	12,598
Total non-operating expenses	178,288	233,059
Ordinary profit	2,420,082	1,962,482
Extraordinary income		
Gain on sale of non-current assets	2,564	5,648
Gain on reversal of asset retirement obligations	–	2,709
Total extraordinary income	2,564	8,358
Extraordinary losses		
Impairment losses	–	47,558
Loss on sale of non-current assets	29,966	–
Loss on retirement of non-current assets	12,069	29,119
Loss on valuation of golf club membership	–	18,830
Loss on revision of retirement benefit plan	12,951	–
Total extraordinary losses	54,986	95,507
Profit before income taxes	2,367,660	1,875,332

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Income taxes - current	721,663	699,711
Income taxes for prior periods	(164,094)	–
Income taxes - deferred	(60,368)	(59,292)
Total income taxes	497,200	640,419
Profit	1,870,460	1,234,913
Profit attributable to owners of parent	1,870,460	1,234,913

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Profit	1,870,460	1,234,913
Other comprehensive income		
Valuation difference on available-for-sale securities	(51,986)	22,293
Total other comprehensive income	(51,986)	22,293
Comprehensive income	1,818,473	1,257,206
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,818,473	1,257,206
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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

Fiscal year ended August 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,732,673	2,978,249	20,732,264	(575,443)	26,867,743
Changes during period					
Dividends of surplus			(542,672)		(542,672)
Profit attributable to owners of parent			1,234,913		1,234,913
Disposal of treasury shares		(4,435)		31,533	27,098
Effect of changes in accounting period of subsidiaries			(4,945)		(4,945)
Net changes in items other than shareholders' equity					
Total changes during period	–	(4,435)	687,296	31,533	714,394
Balance at end of period	3,732,673	2,973,813	21,419,560	(543,910)	27,582,138

	Accumulated other comprehensive income	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	19,289	26,887,033
Changes during period		
Dividends of surplus		(542,672)
Profit attributable to owners of parent		1,234,913
Disposal of treasury shares		27,098
Effect of changes in accounting period of subsidiaries		(4,945)
Net changes in items other than shareholders' equity	22,293	22,293
Total changes during period	22,293	736,687
Balance at end of period	41,583	27,623,721

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,367,660	1,875,332
Depreciation	323,262	267,424
Impairment losses	–	47,558
Amortization of goodwill	90,364	90,447
Gain on reversal of asset retirement obligations	–	(2,709)
Increase (decrease) in allowance for doubtful accounts	(715)	469
Increase (decrease) in provision for bonuses	(4,691)	(5,641)
Increase (decrease) in provision for warranties for completed construction	(11,919)	(4,679)
Increase (decrease) in retirement benefit liability	28,170	(281,712)
Interest and dividend income	(9,011)	(10,108)
Interest expenses	156,677	192,610
Loss (gain) on sale of non-current assets	27,401	(5,648)
Loss on retirement of non-current assets	12,069	29,119
Loss (gain) on valuation of investment securities	–	18,830
Decrease (increase) in trade receivables	(302,302)	(57,902)
Decrease (increase) in inventories	(6,460,481)	(6,350,243)
Increase (decrease) in trade payables	515,694	(557,746)
Increase (decrease) in contract liabilities	(2,354,134)	653,501
Transfer from fixed assets to inventories	247,258	599,244
Other, net	(49,682)	435,232
Subtotal	(5,424,379)	(3,066,620)
Interest and dividends received	8,391	9,209
Interest paid	(144,358)	(207,975)
Income taxes paid	(646,709)	(918,631)
Income taxes refund	107,321	58,988
Net cash provided by (used in) operating activities	(6,099,734)	(4,125,030)

(Thousands of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Cash flows from investing activities		
Payments into time deposits	(77,542)	(17,883)
Proceeds from withdrawal of time deposits	75,944	14,162
Purchase of property, plant and equipment	(45,498)	(93,866)
Proceeds from sale of property, plant and equipment	5,479	8,559
Purchase of intangible assets	(45,561)	(15,948)
Purchase of investment securities	(3,120)	(3,205)
Proceeds from redemption of investment securities	61,000	40,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(477,507)
Additional purchase of investments in consolidated subsidiaries	(104,131)	(77,730)
Other, net	(55,766)	(85,216)
Net cash provided by (used in) investing activities	(189,197)	(708,636)
Cash flows from financing activities		
Proceeds from short-term borrowings	44,560,135	36,154,010
Repayments of short-term borrowings	(37,618,211)	(34,305,483)
Proceeds from long-term borrowings	2,692,000	8,375,000
Repayments of long-term borrowings	(1,894,358)	(5,443,437)
Dividends paid	(541,442)	(542,514)
Net cash provided by (used in) financing activities	7,198,121	4,237,574
Net increase (decrease) in cash and cash equivalents	909,189	(596,092)
Cash and cash equivalents at beginning of period	12,832,707	13,741,896
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	–	(103,317)
Cash and cash equivalents at end of period	13,741,896	13,042,487