

Translation

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Summary of Consolidated Financial Results for the Year Ended August 31, 2020 (Based on Japanese GAAP)

October 12, 2020

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 25, 2020
 Scheduled date to file Securities Report: November 26, 2020
 Scheduled date to commence dividend payments: November 9, 2020
 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, 2020 (from September 1, 2019 to August 31, 2020)

(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, 2020	40,626	5.6	1,159	(22.4)	1,330	(22.9)	862	(31.1)
Year ended August 31, 2019	38,462	0.0	1,493	(19.8)	1,725	(17.1)	1,250	61.7

	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, 2020	59.42	–	3.5	3.1	2.9
Year ended August 31, 2019	85.78	–	5.1	4.2	3.9

(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, 2020	44,655	24,726	55.4	1,740.64
As of August 31, 2019	41,746	24,694	59.2	1,693.62

(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, 2020	1,768	84	1,289	14,097
Year ended August 31, 2019	(5,956)	548	2,133	10,956

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, 2019	–	19.00	–	19.00	38.00	554	44.3	2.3
Year ended August 31, 2020	–	19.00	–	19.00	38.00	547	64.0	2.2
Year ending August 31, 2021 (Forecast)	–	19.00	–	19.00	38.00		54.0	

3. Forecast of consolidated financial results for the year ending August 31, 2021 (from September 1, 2020 to August 31, 2021)

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, 2021	17,000	3.1	80	10.8	140	(35.9)	80	(36.4)	5.63
Full year	45,000	10.8	1,400	20.8	1,600	20.2	1,000	16.0	70.40

4. Notes

(1) Changes in significant subsidiaries during the year ended August 31, 2020

(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, 2020	14,884,300 shares	As of August 31, 2019	14,884,300 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	679,055 shares	As of August 31, 2019	303,555 shares
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Average number of shares during the period

Year ended August 31, 2020	14,513,091 shares	Year ended August 31, 2019	14,580,745 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	10,987,115	14,141,167
Notes receivable, accounts receivable from completed construction contracts and other	1,351,164	2,036,136
Real estate for sale	2,978,962	8,045,535
Costs on development business and other	19,393,856	13,612,366
Costs on construction contracts in progress	1,916,739	1,780,559
Raw materials and supplies	7,615	13,690
Other	883,420	660,822
Allowance for doubtful accounts	(898)	(1,310)
Total current assets	37,517,976	40,288,968
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,242,174	2,403,581
Accumulated depreciation	(847,622)	(977,372)
Buildings and structures, net	1,394,552	1,426,209
Vehicles	117,657	113,906
Accumulated depreciation	(63,420)	(65,174)
Vehicles, net	54,237	48,731
Land	1,159,611	1,216,261
Other	412,047	467,670
Accumulated depreciation	(279,956)	(326,376)
Other, net	132,090	141,293
Total property, plant and equipment	2,740,490	2,832,496
Intangible assets		
Goodwill	28,596	99,665
Software	80,773	65,203
Other	26,501	26,623
Total intangible assets	135,871	191,492
Investments and other assets		
Investment securities	790,849	627,957
Deferred tax assets	195,325	244,224
Retirement benefit asset	13,851	12,556
Other	352,980	458,981
Allowance for doubtful accounts	(955)	(955)
Total investments and other assets	1,352,051	1,342,764
Total non-current assets	4,228,414	4,366,753
Total assets	41,746,391	44,655,721

(Thousands of yen)

	As of August 31, 2019	As of August 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,391,595	3,422,802
Short-term borrowings	6,148,200	7,878,950
Current portion of long-term borrowings	584,508	342,090
Income taxes payable	118,418	520,007
Advances received on construction contracts in progress	666,543	485,534
Provision for bonuses	119,973	133,625
Provision for warranties for completed construction	15,470	17,841
Other	1,012,371	1,120,569
Total current liabilities	12,057,081	13,921,420
Non-current liabilities		
Long-term borrowings	4,270,573	5,276,987
Deferred tax liabilities	24,420	–
Provision for retirement benefits for directors (and other officers)	114,576	–
Retirement benefit liability	247,761	250,379
Other	337,692	480,740
Total non-current liabilities	4,995,023	6,008,106
Total liabilities	17,052,105	19,929,527
Net assets		
Shareholders' equity		
Share capital	3,732,673	3,732,673
Capital surplus	2,984,589	2,982,029
Retained earnings	18,283,089	18,590,865
Treasury shares	(346,801)	(629,792)
Total shareholders' equity	24,653,550	24,675,776
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,734	50,417
Total accumulated other comprehensive income	40,734	50,417
Total net assets	24,694,285	24,726,194
Total liabilities and net assets	41,746,391	44,655,721

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

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Net sales	38,462,600	40,626,638
Cost of sales	32,301,837	34,653,999
Gross profit	6,160,763	5,972,638
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	275,470	277,950
Employees' salaries and allowances	1,660,212	1,773,235
Provision for bonuses	65,070	80,084
Retirement benefit expenses	80,233	32,575
Provision for retirement benefits for directors (and other officers)	20,549	5,021
Advertising expenses	603,987	547,943
Taxes and dues	449,665	433,708
Provision of allowance for doubtful accounts	1,154	–
Other	1,511,089	1,663,025
Total selling, general and administrative expenses	4,667,433	4,813,543
Operating profit	1,493,329	1,159,095
Non-operating income		
Interest income	4,389	3,148
Dividend income	7,755	7,577
Administrative service fee income	37,393	37,623
RefundedRealEstateAcquisitionTax	93,434	96,868
Miscellaneous income	165,284	137,682
Total non-operating income	308,257	282,900
Non-operating expenses		
Interest expenses	52,853	88,269
Miscellaneous loss	22,935	22,994
Total non-operating expenses	75,788	111,264
Ordinary profit	1,725,798	1,330,731
Extraordinary income		
Gain on sales of non-current assets	29,786	32,887
Gain on sales of investment securities	67,291	–
Insurance claim income	44,423	–
Total extraordinary income	141,501	32,887
Extraordinary losses		
Loss on sales of non-current assets	–	10
Loss on retirement of non-current assets	4,177	11,190
Loss on valuation of investment securities	16,021	–
Total extraordinary losses	20,198	11,201
Profit before income taxes	1,847,101	1,352,417

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Income taxes - current	163,376	540,545
Income taxes - deferred	432,933	(50,438)
Total income taxes	596,310	490,107
Profit	1,250,791	862,310
Profit attributable to owners of parent	1,250,791	862,310

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Profit	1,250,791	862,310
Other comprehensive income		
Valuation difference on available-for-sale securities	(41,258)	9,682
Total other comprehensive income	(41,258)	9,682
Comprehensive income	1,209,532	871,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,209,532	871,992
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended August 31, 2019

(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	17,586,366	(346,800)	23,956,828
Changes during period					
Dividends of surplus			(554,068)		(554,068)
Profit attributable to owners of parent			1,250,791		1,250,791
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	696,722	(1)	696,721
Balance at end of period	3,732,673	2,984,589	18,283,089	(346,801)	24,653,550

	Accumulated other comprehensive income	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	81,993	24,038,822
Changes during period		
Dividends of surplus		(554,068)
Profit attributable to owners of parent		1,250,791
Purchase of treasury shares		(1)
Disposal of treasury shares		–
Net changes in items other than shareholders' equity	(41,258)	(41,258)
Total changes during period	(41,258)	655,463
Balance at end of period	40,734	24,694,285

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,847,101	1,352,417
Depreciation	181,772	199,575
Amortization of goodwill	16,895	23,783
Increase (decrease) in allowance for doubtful accounts	(4,604)	(306)
Increase (decrease) in provision for bonuses	3,454	13,652
Increase (decrease) in provision for warranties for completed construction	(3,945)	(592)
Increase (decrease) in retirement benefit liability	35,197	2,618
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1,378,198)	(114,576)
Interest and dividend income	(12,145)	(10,726)
Interest expenses	52,853	88,269
Loss (gain) on sales of non-current assets	(29,786)	(32,876)
Loss on retirement of non-current assets	4,177	11,190
Loss (gain) on sales of investment securities	(67,291)	–
Loss (gain) on valuation of investment securities	16,021	–
Insurance claim income	(44,423)	–
Decrease (increase) in trade receivables	393,179	(665,036)
Decrease (increase) in inventories	(6,670,051)	915,241
Increase (decrease) in trade payables	542,160	(48,962)
Increase (decrease) in advances received on construction contracts in progress	(59,797)	(222,174)
Other, net	(13,160)	88,525
Subtotal	(5,190,592)	1,600,023
Interest and dividends received	7,968	7,666
Interest paid	(52,760)	(88,961)
Proceeds from insurance income	60,820	–
Income taxes (paid) refund	(781,702)	249,510
Net cash provided by (used in) operating activities	(5,956,266)	1,768,238

(Thousands of yen)

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020
Cash flows from investing activities		
Payments into time deposits	(106,056)	(109,409)
Proceeds from withdrawal of time deposits	723,075	115,996
Purchase of property, plant and equipment	(118,461)	(122,083)
Proceeds from sales of property, plant and equipment	68,000	78,642
Purchase of intangible assets	(25,041)	(18,467)
Purchase of investment securities	(20,540)	(3,032)
Proceeds from sales of investment securities	88,196	–
Proceeds from redemption of investment securities	–	183,000
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	108,215
Other, net	(61,116)	(148,792)
Net cash provided by (used in) investing activities	548,057	84,067
Cash flows from financing activities		
Proceeds from short-term borrowings	15,253,700	22,734,900
Repayments of short-term borrowings	(13,034,200)	(21,004,150)
Proceeds from long-term borrowings	1,040,000	1,400,000
Repayments of long-term borrowings	(571,478)	(976,004)
Purchase of treasury shares	(1)	(310,981)
Dividends paid	(554,093)	(554,545)
Net cash provided by (used in) financing activities	2,133,927	1,289,219
Net increase (decrease) in cash and cash equivalents	(3,274,282)	3,141,526
Cash and cash equivalents at beginning of period	14,230,579	10,956,297
Cash and cash equivalents at end of period	10,956,297	14,097,824