

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2020 (Based on Japanese GAAP)

July 13, 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 to file Quarterly Securities Report: July 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended May 31, 2020 (from September 1, 2019 to May 31, 2020)

(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	%
Nine months ended May 31, 2020	24,518	2.6	(74)	–	111	(70.6)	38	(87.4)
Nine months ended May 31, 2019	23,894	(6.4)	219	(74.9)	379	(63.7)	301	(56.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended May 31, 2020	2.61		–	
Nine months ended May 31, 2019	20.70		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2020	47,127	24,120	51.2
As of August 31, 2019	41,746	24,694	59.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2019	–	19.00	–	19.00	38.00
Year ending August 31, 2020	–	19.00	–		
Year ending August 31, 2020 (Forecast)				19.00	38.00

3. Forecast of consolidated financial results for the year ending August 31, 2020 (from September 1, 2019 to August 31, 2020)

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	41,789	8.6	1,675	12.2	1,884	9.2	1,263	1.0	86.83

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended May 31, 2020
(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: No
- 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 May 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 May 31, 2020	421,555 shares	As of August 31, 2019	303,555 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended May 31, 2020	14,576,809 shares	Nine months ended May 31, 2019	14,580,745 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2019	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	10,987,115	10,388,731
Notes receivable, accounts receivable from completed construction contracts and other	1,351,164	1,644,217
Real estate for sale	2,978,962	8,539,686
Development projects in progress	19,393,856	18,252,637
Costs on construction contracts in progress	1,916,739	3,130,466
Raw materials and supplies	7,615	14,411
Other	883,420	764,213
Allowance for doubtful accounts	(898)	(2,703)
Total current assets	37,517,976	42,731,662
Non-current assets		
Property, plant and equipment	2,740,490	2,842,428
Intangible assets	135,871	206,079
Investments and other assets		
Investment securities	790,849	811,602
Other	562,157	535,999
Allowance for doubtful accounts	(955)	—
Total investments and other assets	1,352,051	1,347,602
Total non-current assets	4,228,414	4,396,110
Total assets	41,746,391	47,127,772
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,391,595	3,167,156
Short-term borrowings	6,148,200	11,406,800
Current portion of long-term borrowings	584,508	701,324
Income taxes payable	118,418	101,983
Advances received on construction contracts in progress	666,543	694,190
Provision for bonuses	119,973	170,526
Provision for warranties for completed construction	15,470	18,200
Other	1,012,371	837,203
Total current liabilities	12,057,081	17,097,384
Non-current liabilities		
Long-term borrowings	4,270,573	5,165,533
Provision for retirement benefits for directors (and other officers)	114,576	—
Retirement benefit liability	247,761	248,715
Other	362,112	495,425
Total non-current liabilities	4,995,023	5,909,673
Total liabilities	17,052,105	23,007,057

	(Thousands of yen)	
	As of August 31, 2019	As of May 31, 2020
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	17,766,644
Treasury shares	(346,801)	(412,479)
Total shareholders' equity	24,653,550	24,068,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,734	51,846
Total accumulated other comprehensive income	40,734	51,846
Total net assets	24,694,285	24,120,714
Total liabilities and net assets	41,746,391	47,127,772

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2019	Nine months ended May 31, 2020
Net sales	23,894,219	24,518,256
Cost of sales	20,161,078	20,993,056
Gross profit	3,733,141	3,525,199
Selling, general and administrative expenses	3,513,272	3,599,306
Operating profit (loss)	219,869	(74,106)
Non-operating income		
Interest income	3,322	2,578
Dividend income	2,964	2,895
Administrative service fee income	27,610	28,484
Refunded Real Estate Acquisition Tax	66,642	73,927
Income From Safety Cooperating Association	31,041	9,555
Other	74,968	144,533
Total non-operating income	206,550	261,974
Non-operating expenses		
Interest expenses	36,840	64,324
Other	10,332	11,990
Total non-operating expenses	47,173	76,314
Ordinary profit	379,246	111,553
Extraordinary income		
Gain on sales of non-current assets	—	32,742
Gain on sales of investment securities	67,291	—
Insurance claim income	44,423	—
Total extraordinary income	111,715	32,742
Extraordinary losses		
Loss on sales of non-current assets	—	10
Loss on retirement of non-current assets	5,019	11,190
Loss on valuation of investment securities	15,185	—
Total extraordinary losses	20,205	11,201
Profit before income taxes	470,756	133,094
Income taxes	168,997	95,006
Profit	301,758	38,088
Profit attributable to owners of parent	301,758	38,088

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2019	Nine months ended May 31, 2020
Profit	301,758	38,088
Other comprehensive income		
Valuation difference on available-for-sale securities	(47,751)	11,112
Total other comprehensive income	(47,751)	11,112
Comprehensive income	254,007	49,200
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	254,007	49,200
Comprehensive income attributable to non-controlling interests	—	—