



ADVANEX INC.

Flash Report (Consolidated Basis)

Results for FY2025 first half (six months ended September 30, 2024)

November 11, 2024

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 Code number: 5998
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 Filing date of quarterly securities report:
 Supplementary explanation material for quarterly financial results
 Holding of presentation meeting for quarterly financial results

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 November 13, 2024
 Yes
 Yes

1. Performance (April 1, 2024 through September 30, 2024) (Figures less than ¥1 million have been omitted.)

(1) Consolidated operating results (For the six months ended September 30.).

Percentages indicate year-on-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	13,837	4.5	336	160.3	(816)	-	(924)	-
Six months ended September 30, 2023	13,238	11.4	129	-	502	(15.0)	358	57.9

[Note] Comprehensive income: Six months ended September 30, 2024 (466) million yen

Six months ended September 30, 2023 1,037 million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Six months ended September 30, 2024	(225.03)	-
Six months ended September 30, 2023	87.18	87.06

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	28,191	7,740	27.4
As of March 31, 2024	28,457	8,289	29.1

[Reference] Total shareholder's equity: 7,731 million yen at September 30, 2024 8,281 million yen at March 31, 2024

2. Dividends

Record date	Dividends per share				
	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	--	--	--	20.00	20.00
Year ended March 31, 2024	--	--	--	--	--
Year ended March 31, 2025 (forecast)	--	--	--	20.00	20.00

[Note1] Revisions to the latest forecast of cash dividends: No

3. Forecast of consolidated results for FY2024 (April 1, 2023 through March 31, 2024)

Percentages indicate year-on-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ended March 31, 2025	26,000	(2.1)	300	(18.0)	200	(76.0)	300	11.6	73.05

[Note1] Revisions to the latest forecasts of consolidated results: No

4. Others

- (1) Significant changes in subsidiaries during the subject fiscal year: No
Additions: 0 Deletions: 0
- (2) Application of simplified accounting and specific accounting: No
- (3) Changes in accounting principles, procedures, presentations, etc.
 - a. Changes associated with revision of accounting standards, etc: Yes
 - b. Changes other than a.: No
 - c. Change in accounting estimate: No
 - d. Restatement: No
- (4) Number of shares outstanding (Common stock)
 - a. Number of shares outstanding at end of period (Including treasury stock)
 - 4,153,370 shares at September 30, 2024
 - 4,153,370 shares at March 31, 2024
 - b. Number of shares of treasury stock at end of period
 - 47,076 shares at September 30, 2024
 - 46,761 shares at March 31, 2024
 - c. Average number of shares issued and outstanding in each period:
 - 4,106,471 shares at September 30, 2024
 - 4,107,579 shares at September 30, 2023

[Notes]

1. Explanation for related to implementation of the quarterly review procedures
When disclosing this Brief Report of Financial Results, the review procedures for quarterly financial statements under the Financial Instruments and Exchange Law have not been brought to completion.
2. Explanation for appropriate use of financial forecasts and other special remarks
The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances. Our actual performance is likely to differ greatly from these estimates depending on various factors in the future.

(Attachment)

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1. Qualitative Information on Financial Results For This Quarter

(1) Explanation of Business Results

We have operations in 12 countries, including Japan, the Americas, Europe, and Asia. We manufacture and sell precision springs and other metalworking components primarily for automotive, healthcare, OA, and aerospace applications.

In the interim term under review, business conditions for automotive applications were sluggish due to the emergence of Chinese manufacturers and the impact of certification improprieties. However, sales for OA equipment were favorable, and the healthcare business continued to expand steadily, particularly in Europe and the United States.

Under these circumstances, for the same period, net sales increased 4.5% year on year to ¥13,837 million and operating income increased 160.3% to ¥336 million. On the other hand, ordinary loss was 816 million yen and interim loss attributable to owners of parent was 924 million yen, mainly due to foreign exchange losses (1,055 million yen) arising from revaluation of assets and liabilities held by us and our overseas consolidated subsidiaries associated with exchange rate fluctuations.

Segment results are as follows.

[Japan]

Net sales increased 1.8% year on year to 4,458 million yen due to favorable sales for OA equipment and price increases. Segment income was 55 million yen, compared with segment income of 9 million yen in the same period of the previous fiscal year.

[Americas]

Net sales increased 18.0% year on year to ¥2,550 million due to a significant increase in production for medical use at our U.S. plant. Segment loss was 23 million yen (compared with a loss of 163 million yen in the same period of the previous fiscal year), largely due to an increase in profits at the U.S. plant.

[Europe]

Net sales increased 5.4% year on year to 1,618 million yen, but segment income decreased 74.1% year on year to 18 million yen due to a decrease in sales on a local currency basis and increases in personnel and energy costs.

[Asia]

Net sales increased 0.9% year on year to ¥5,210 million due mainly to strong sales for OA equipment. Segment income increased 21.5% year on year to ¥273 million.

(2) Explanation of Financial Position

① Financial position

Assets

Total assets at the end of the current interim consolidated accounting period were 28,191 million yen, a decrease of 266 million yen from the end of the previous consolidated accounting year.

In the Assets section, total current assets increased 85 million to 15,062 million. This was mainly due to an increase of 317 million yen in notes and accounts receivable-trade, despite decreases of 232 million

yen in cash and deposits and 39 million yen in inventories. Total non-current assets decreased ¥351 million to ¥13,129 million. This was mainly due to a decrease in property, plant and equipment.

Liabilities

In the Liabilities section, total liabilities increased 282 million yen from the end of the previous fiscal year to 20,451 million yen. This was mainly due to an increase of 1,244 million yen in borrowings despite decreases of 820 million yen in electronically recorded obligations-operating and 230 million yen in other current liabilities.

Net assets

In net assets, total net assets decreased by 549 million yen from the end of the previous fiscal year to 7,740 million yen. This was mainly due to a decrease of ¥1.006 billion in total shareholders' equity due to the occurrence of an interim net loss attributable to owners of the parent company, despite an increase of ¥495 million in foreign currency translation adjustment due to exchange rate fluctuations.

② Analysis of Cash Flows

Cash and cash equivalents at the end of the current interim consolidated accounting period were 4,295 million yen, an increase of 314 million yen from the end of the previous consolidated accounting year. Cash flows for each category and factors affecting cash flows are as follows.

Cash flows from operating activities

Net cash provided by operating activities decreased by 456 million yen (an increase of 60 million yen in the same period of the previous fiscal year).

Major inflows included cash reserves of ¥791 million for depreciation and amortization.

The main cash outflow factors were a 777 million yen decrease in funds due to loss before income taxes and minority interests and a 464 million yen decrease in funds due to an increase in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities decreased ¥367 million (compared with net cash provided of ¥25 million in the same period of the previous fiscal year).

Major inflows included proceeds from sales of property, plant and equipment of 283 million yen and proceeds from withdrawal of time deposits of 447 million yen.

The main cash outflow factors were capital expenditures of 937 million yen by us and our group companies and expenditures of 40 million yen for the acquisition of shares in affiliated companies.

Cash flows from financing activities

Net cash provided by financing activities increased ¥1,217 million (compared with net cash provided by financing activities of ¥1,013 million in the previous fiscal year).

The main cash inflow factor was an increase of ¥1,421 million in interest-bearing debt.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

We have not changed the forecast for the fiscal year ending March 2025 from the forecast released on May 10, 2024.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2025 first half (As of September 30,2024)	FY2024 (As of March 31,2024)
ASSETS		
Current assets:		
Cash and time deposits	4,992,856	5,225,710
Trade notes and accounts receivable	5,123,750	4,806,095
Finished goods	1,953,251	1,960,173
Work in process	872,172	833,902
Raw materials and stored items	1,433,827	1,504,821
Other current assets	718,079	677,945
Allowance for doubtful accounts	(31,642)	(32,023)
Total current assets	15,062,294	14,976,625
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	4,092,302	4,307,638
Machinery and equipment	4,146,927	4,726,518
Land	1,566,886	1,715,825
Others	2,198,017	1,749,459
Total tangible noncurrent assets	12,004,133	12,499,441
Intangible noncurrent assets	233,541	183,957
Investments and other assets	891,749	797,921
Total noncurrent assets	13,129,424	13,481,321
Total assets	28,191,718	28,457,946

(Amount: thousands of yen)

	FY2025 first half (As of September 30,2024)	FY2024 (As of March 31,2024)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	2,159,059	1,921,021
Electronically Recorded Monetary Claims	757,785	1,578,728
Short-term borrowings	6,113,859	4,739,303
Long-term borrowings due within one year	2,965,178	2,480,699
Lease obligations	214,878	229,441
Income taxes payable	42,321	109,730
Contract liability	96,945	99,674
Allowance for bonus	288,932	285,753
Other current liabilities	1,297,254	1,527,495
Total current liabilities	13,936,214	12,971,847
Noncurrent liabilities		
Long-term borrowings	3,930,456	4,544,507
Lease obligations	882,322	1,021,551
Deferred tax liabilities	395,292	364,396
Asset retirement obligations	57,414	56,445
Liabilities for retirement benefits	1,140,581	1,121,267
Other noncurrent liabilities	108,880	88,226
Total noncurrent liabilities	6,514,948	7,196,395
Total liabilities	20,451,163	20,168,243
NET ASSETS		
Shareholder's equity		
Common stock	100,000	100,000
Capital surplus	1,067,759	1,150,000
Retained earnings	4,378,915	5,302,982
Treasury stock	(79,993)	(79,773)
Total shareholder' equity	5,466,681	6,473,208
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(36,018)	(21,050)
Foreign exchange adjustment	2,220,685	1,724,740
cumulative amount for retirement benefits	80,614	104,210
Total accumulated other comprehensive income	2,265,280	1,807,900
Subscription rights to shares	8,594	8,594
Total net assets	7,740,555	8,289,703
Total liabilities and net assets	28,191,718	28,457,946

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2025 first half (April 1, 2024 through September 30, 2024)	FY2024 first half (April 1, 2023 through September 30, 2023)
NET sales	13,837,582	13,238,583
Cost of sales	10,600,235	10,393,072
Gross profit	3,237,347	2,845,511
Selling, general and administrative expenses	2,901,130	2,716,350
Operating income	336,217	129,160
Non-operating revenues		
Interest income	38,308	20,892
Dividends income	-	513
Rent income	60,411	57,738
Foreign exchange gains	-	488,415
Subsidy income	2,110	3,628
forgiveness of debts	-	-
Others	30,292	21,855
Total non-operating revenues	131,122	593,043
Non-operating expenses		
Interest expenses	187,835	175,214
foreign exchange loss	1,055,944	
Others	40,534	44,353
Total non-operating expenses	1,284,314	219,567
Ordinary income(loss)	(816,974)	502,636
Extraordinary gain		
Gain on sales of noncurrent assets	41,173	570
Gain on bad debts recovered	-	21,196
Total extraordinary gain	41,173	21,767
Extraordinary loss		
Loss on sales of noncurrent assets	969	1,336
Loss on disposal of noncurrent assets	594	1,485
Loss on business restructuring	-	-
A special severance payment	-	22,006
Loss on Covid-19 related	-	-
Total extraordinary loss	1,563	24,828
Net Income (or loss) before income taxes	(777,365)	499,574
Corporate, inhabitant and enterprise taxes	113,999	196,096
Corporate tax adjustments	32,701	(54,620)
Total income taxes	146,701	141,475
Net income(loss)	(924,067)	358,099
Net income (loss) Attributable to Owners of the Parent	(924,067)	358,099

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2025 first half (April 1, 2024 through September 30, 2024)	FY2024 first half (April 1, 2023 through September 30, 2023)
Income (or loss) before minority interests	(924,067)	358,099
Other comprehensive income		
Valuation gain(loss) on other securities	(14,967)	(6,426)
Foreign currency translation adjustment	495,944	668,250
Remeasurements of defined benefit plans	(23,596)	17,121
Total other comprehensive income	457,379	678,944
Comprehensive income	(466,687)	1,037,044
Comprehensive income attributable to owners of the parent	(466,687)	1,037,044

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2025 first half (April 1, 2024 through September 30, 2024)	FY2024 first half (April 1, 2023 through September 30, 2023)
Cash flows from operating activities		
Gain (Loss) before income taxes and minority interests	(777,365)	499,574
Depreciation and amortization	791,022	800,732
Impairment loss	518	(3,803)
Increase (decrease) in allowance for doubtful accounts	2,674	122,657
Increase (decrease) in retirement benefits	(60,513)	27,993
Interest and dividend income	(38,308)	(21,406)
Interest payable	187,835	175,214
(Gain) loss on differences of foreign exchange	925,627	(476,417)
(Gain) loss on sale of fixed assets	(40,203)	765
(Gain) loss on disposal of fixed assets	594	1,485
Decrease (increase) in notes and accounts receivable	(464,229)	(1,168,433)
Decrease (increase) in inventories	(94,390)	139,131
Increase (decrease) in notes and accounts payable	(387,781)	227,449
Others	(106,096)	118,756
Subtotal	(60,617)	443,699
Proceeds from interest and dividend receivable	38,127	23,685
Payment of interests	(189,167)	(172,344)
Payment of income taxes	(244,376)	(234,923)
Others	-	-
Net cash provided by operating activities	(456,033)	60,115

	FY2025 first half (April 1, 2024 through September 30, 2024)	FY2024 first half (April 1, 2023 through September 30, 2023)
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(266,000)	(937,016)
Proceeds from sales of tangible fixed assets	4,717	283,368
Payments on purchase of intangible fixed assets	(21,482)	(50,705)
Proceeds from sales of intangible fixed assets	81	124
Payments on purchase of investment securities	(300)	(300)
Expenditures from the acquisition of shares of affiliated companies	40,000	
Payments into time deposits	(63,450)	(138,517)
Proceeds from withdrawal of time deposits	447,044	442,723
Others	(6,245)	4,682
Net cash used in investing activities	(367,179)	25,905
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,450,000	655,486
Proceeds from long-term borrowings	1,598,410	2,649,580
Repayments on long-term borrowings	(1,626,422)	(2,086,709)
Decrease (increase) in treasury stock	(219)	(572)
Cash dividends paid	(82,132)	(48,818)
Others	(121,868)	(155,329)
Net cash used in financing activities	1,217,767	1,013,636
Effect of exchange rate changes on cash and cash equivalents	(80,138)	204,367
Net increase (decrease) in cash and cash equivalents	314,415	1,304,025
Cash and cash equivalents at the beginning of quarter	3,981,533	2,773,951
Cash and cash equivalents at the end of quarter	4,295,949	4,077,977

(4) Notes Concerning Quarterly Consolidated Financial Statements
 (Notes on Going Concern Assumptions)
 Not applicable

(Notes Concerning Significant Changes in the Amount of Shareholders' Equity)
 Not applicable

Segment Information etc.
 【Segment Information】

I FY2025 first half (April 1, 2024 through September 30, 2024)

1, Information related to sales and income or loss amounts by reporting segments (Amount: thousands of yen)

	Japan	Americas	Europe	Asia	Total
Net sales					
(1) Net sales to third parties	4,458,324	2,550,192	1,618,506	5,210,558	13,837,582
(2) Intra-group Net sales and transfers	521,394	-	26,450	126,822	674,667
Total sales	4,979,718	2,550,192	1,644,957	5,337,381	14,512,250
Operating income (loss)	55,006	(23,056)	18,272	273,028	323,251

2, Reconciliation of Reported Consolidated Quarterly Net Sales and Operating Income with Operating Income or Loss of Reporting Segments

Reconciliation of Operating Income	Amount
Total of Reporting Segments	323,251
Elimination of inter-segment transactions	12,965
Consolidated Quarterly Operating Income	336,217

3, Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment
 Not applicable

II FY2024 first half (April 1, 2023 through September 30, 2023)

1, Information related to sales and income or loss amounts by reporting segments (Amount: thousands of yen)

	Japan	Americas	Europe	Asia	Total
Net sales					
(1) Net sales to third parties	4,378,114	2,162,096	1,535,992	5,162,380	13,238,583
(2) Intra-group Net sales and transfers	589,432	-	78,819	94,074	762,326
Total sales	4,967,546	2,162,096	1,614,812	5,256,454	14,000,909
Operating income (loss)	(9,027)	(163,639)	70,577	224,759	122,670

2, Reconciliation of Reported Consolidated Quarterly Net Sales and Operating Income with Operating Income or Loss of Reporting Segments

Reconciliation of Operating Income	Amount
Total of Reporting Segments	122,670
Elimination of inter-segment transactions	6,490
Consolidated Quarterly Operating Income	129,160

3, Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment
Not applicable