ADVANEX INC.
Flash Report (Consolidated Basis)

Results for FY2025 First quarter(three months ended June 30, 2024)

August 9, 2024

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Supplementary explanation material for quarterly financial results Yes
Holding of presentation meeting for quarterly financial results No

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

(1) Consolidated operating results (For the three months ended June 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	%
Three months ended June 30, 2024	6,834	8.3	110	(20.9)	(32)	-	66	(84.2)
Three months ended June 30, 2023	6,311	11.8	139	-	571	215.3	423	-

[Note] Comprehensive income: Three months ended June 30,2024 664 million yen
Three months ended June 30,2023 938 million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2024	16.26	16.24
Three months ended June 30, 2023	103.03	102.89

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	30,654	8,872	28.9
As of March 31,2024	28,457	8,289	29.1

[Reference] Total shareholder's equity: 8,863 million yen at June 30, 2024 8,281 million yen at March 31, 2024

2. Dividends

	Dividends per share				
Record date	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, 2024	--	--	--	20.00	20.00
Year ended March 31, 2025	--	--	--	--	--
Year ended March 31, 2025 (forecast)	--	--	--	20.00	20.00

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

3. Forecast of consolidated results for FY2025 (April 1, 2024 through March 31, 2025)

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

[Note] 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 June 30, 2024
4,153,370 shares at March 31, 2024
b. Number of shares of treasury stock at end of period
46,867 shares at June 30, 2024
46,761 shares at March 31, 2024
c. Average number of shares issued and outstanding in each period:
4,106,543 shares at June 30, 2024
4,107,736 shares at June 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

In the first quarter of the fiscal year under review, the global economy remained on a moderate recovery trend, but the outlook remained uncertain as policy interest rates remained high in each region and concerns over geopolitical risks remained high. In addition, the Japanese economy also faced a burden of increased costs due to the depreciation of the yen and increased labor costs, and the economy continued to face severe conditions, coupled with stagnant consumer spending.

Against this backdrop, our business for automotive applications in major markets struggled due to the emergence of Chinese manufacturers and the impact of certification fraud issues. However, sales for OA and industrial equipment were favorable, and the medical business continued to expand steadily, particularly in Europe and the United States.

Under these circumstances, net sales for the first quarter of the current fiscal year increased 8.3% from the same quarter of the previous fiscal year to ¥6,834 million, but operating income decreased 20.9% to ¥110 million due to a decrease in sales on a local currency basis. Ordinary income was 571 million yen in the first quarter of the previous fiscal year, mainly due to foreign exchange gains (472 million yen). However, in the first quarter of the fiscal year under review, ordinary income was 32 million yen, mainly due to foreign exchange losses (115 million yen) between the U.S. dollar and the Mexican peso, and quarterly net income attributable to owners of the parent was 66 million yen, partly due to an increase in deferred tax assets.

Results by business segment are as follows.

[Japan]

Net sales increased 4.5% compared with the same quarter of the previous fiscal year to ¥2,240 million due mainly to favorable sales for OA and industrial equipment and the effects of price increases. Segment income decreased 72.3% to ¥20 million due mainly to increases in personnel expenses and energy-related costs.

[Americas]

Net sales increased 22.8% from the same quarter of the previous year to 1,236 million yen due to a significant increase in production for medical use at the U.S. factory. The segment loss was 75 million yen (compared with a loss of 84 million yen in the same quarter of the previous year) due to the increase in the U.S. plant, although the improvement in profitability at the Mexico plant was sluggish, and the extent of the loss was slightly reduced.

[Europe]

Net sales increased 13.0% year on year to ¥854 million due to the effect of the depreciation of the yen. However, segment income decreased 57.9% year on year to ¥22 million due to a decrease in sales on a local currency basis and increases in personnel and energy costs.

[Asia]

Net sales increased 4.1% compared with the same quarter of the previous fiscal year to ¥2.503 billion due mainly to strong sales for OA and industrial equipment. Segment income increased 42.3% to ¥135 million.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter of the current fiscal year increased by 2,196 million yen from the end of the previous fiscal year to 30,654 million yen.

In the Assets section, total current assets increased ¥1,895 million to ¥16,872 million. The main factors were increases of 1,083 million yen in cash and deposits, 599 million yen in notes and accounts receivable-trade, and 192 million yen in inventories. Total non-current assets increased 300 million to 13,781 million. This was mainly due to an increase in investments and other assets.

(Liabilities)

In the Liabilities section, total liabilities were 21,781 million yen, up 1,613 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,569 million yen in borrowings.

(Net assets)

Net assets totaled 8,872 million yen, an increase of 582 million yen from the end of the previous fiscal year. This was mainly due to an increase of 618 million yen in foreign currency translation adjustments.

As a result, the equity ratio was 28.9% (29.1% at the end of the previous fiscal year).

(3) Explanation of Consolidated Business Forecast and other Forecasts

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

3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2025 first quarter (As of June 30,2024)	FY2024 (As of March 31,2024)
ASSETS		
Current assets:		
Cash and time deposits	6,309,490	5,225,710
Trade notes and accounts receivable	5,405,992	4,806,095
Finished goods	2,035,380	1,960,173
Work in process	885,539	833,902
Raw materials and stored items	1,570,656	1,504,821
Other current assets	698,140	677,945
Allowance for doubtful accounts	(33,118)	(32,023)
Total current assets	16,872,081	14,976,625
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	4,348,398	4,307,638
Machinery and equipment	4,673,502	4,726,518
Land	1,753,984	1,715,825
Others	1,727,598	1,749,459
Total tangible noncurrent assets	12,503,484	12,499,441
Intangible noncurrent assets	208,105	183,957
Investments and other assets	1,070,353	797,921
Total noncurrent assets	13,781,943	13,481,321
Total assets	30,654,025	28,457,946

(Amount: thousands of yen)

	FY2025 first quarter (As of June 30,2024)	FY2024 (As of March 31,2024)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	1,953,090	1,921,021
Electronically Recorded Monetary Claims	1,575,411	1,578,728
Short-term borrowings	6,789,531	4,739,303
Long-term borrowings due within one year	2,622,254	2,480,699
Lease obligations	214,442	229,441
Income taxes payable	144,704	109,730
contract liability	113,708	99,674
Allowance for bonus	383,067	285,753
Other current liabilities	1,476,823	1,527,495
Total current liabilities	15,273,034	12,971,847
Noncurrent liabilities		
Long-term borrowings	3,922,490	4,544,507
Lease obligations	976,200	1,021,551
Deferred tax liabilities	292,260	364,396
Asset retirement obligations	57,382	56,445
Liabilities for retirement benefits	1,161,559	1,121,267
Other noncurrent liabilities	98,701	88,226
Total noncurrent liabilities	6,508,594	7,196,395
Total liabilities	21,781,629	20,168,243
NET ASSETS		
Shareholder’s equity		
Common stock	100,000	100,000
Capital surplus	1,067,815	1,150,000
Retained earnings	5,369,770	5,302,982
Treasury stock	(79,845)	(79,773)
Total shareholder’ equity	6,457,740	6,473,208
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(29,940)	(21,050)
Foreign exchange adjustment	2,342,892	1,724,740
Cumulative amount for retirement benefits	93,108	104,210
Total accumulated other comprehensive income	2,406,061	1,807,900
Subscription rights to shares	8,594	8,594
Total net assets	8,872,396	8,289,703
Total liabilities and net assets	30,654,025	28,457,946

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2025 first quarter (April 1, 2024 through June 30, 2024)	FY2024 first quarter (April 1, 2023 through June 30, 2023)
NET sales	6,834,690	6,311,297
Cost of sales	5,242,420	4,846,438
Gross profit	1,592,270	1,464,859
Selling, general and administrative expenses	1,481,559	1,324,937
Operating income	110,710	139,922
Non-operating revenues		
Interest income	17,104	13,269
Dividends income	-	513
Rent income	31,253	28,016
Foreign exchange gains	-	472,806
Subsidy income	1,202	2,947
Others	33,623	6,989
Total non-operating revenues	83,182	524,541
Non-operating expenses		
Interest expenses	89,178	82,673
Foreign exchange loss	115,962	
Other	21,527	10,343
Total non-operating expenses	226,668	93,017
Ordinary income(loss)	(32,775)	571,446
Extraordinary gain		
Gain on sales of noncurrent assets	694	22
Total extraordinary gain	694	22
Extraordinary loss		
Loss on sales of noncurrent assets	13	30
Loss on disposal of noncurrent assets	1,069	764
Loss on litigation	-	18,589
Total extraordinary loss	1,083	19,384
Net Income (or loss) before income taxes	(33,164)	552,083
Corporate, inhabitant and enterprise taxes	71,709	134,712
Corporate tax adjustments	(171,662)	(5,862)
Total income taxes	(99,952)	128,850
Net income(loss)	66,788	423,233
Net income (loss) Attributable to Owners of the Parent	66,788	423,233

QUARTERLY CONSOLIDAED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2025 first quarter (April 1, 2024 through June 30, 2024)	FY2024 first quarter (April 1, 2023 through June 30, 2023)
Income (or loss) before minority interests	66,788	423,233
Other comprehensive income		
Valuation gain(loss) on other securities	(8,889)	(2,064)
Foreign currency translation adjustment	618,151	507,566
Remeasurements of defined benefit plans	(11,102)	9,609
Accumulated other comprehensive income	598,160	515,111
Comprehensive income	664,948	938,345
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	664,948	938,345

(3) 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

(4)Segment Information etc.
【Segment Information】

Ⅰ FY2025 first quarter (April 1, 2024 through June 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	2,240,247	1,236,942	854,239	2,503,260	6,834,690
(2) Intra-group Net sales and transfers	236,971	-	11,037	56,444	304,453
Total sales	2,477,219	1,236,942	865,277	2,559,704	7,139,143
Operating income (loss)	20,423	(75,702)	22,080	135,549	102,350

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	102,350
Elimination of inter-segment transactions	8,359
Consolidated Quarterly Operating Income	110,710

Ⅱ FY2024 first quarter (April 1, 2023 through June 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	2,143,064	1,007,626	755,908	2,404,699	6,311,297
(2) Intra-group Net sales and transfers	276,873	-	45,873	48,763	371,510
Total sales	2,419,937	1,007,626	801,781	2,453,462	6,682,808
Operating income (loss)	73,826	(84,873)	52,438	95,225	136,617

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	136,617
Elimination of inter-segment transactions	3,304
Consolidated Quarterly Operating Income	139,922