

# ADVANEX INC.

## Flash Report (Consolidated Basis)

Results for FY2023 third quarter(Nine months ended December 31, 2022)



February 13, 2023

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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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 February 14, 2023  
 Yes  
 No

1. Performance (April 1, 2022 through December 31, 2022) (Figures less than ¥1 million have been omitted.)

(1) Consolidated operating results (For the Nine months ended December 31.).

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	%
Nine months ended December 31, 2022	18,192	12.4	(138)	-	327	(6.0)	(39)	-
Nine months ended December 31, 2021	16,181	16.6	221	-	348	116.3	(62)	-

[Note] Comprehensive income: Nine months ended December 31, 2022 91 million yen  
 Nine months ended December 31, 2021 117 million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Nine months ended December 31, 2022	(9.69)	-
Nine months ended December 31, 2021	(15.24)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	27,200	6,972	25.6
As of March 31, 2022	25,208	6,922	27.4

[Reference] Total shareholder's equity: ¥ 6,963 million yen at December 31, 2022 ¥ 6,913 million yen at March 31, 2022

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, 2022	--	--	--	10.00	10.00
Year ended March 31, 2023	--	--	--	--	--
Year ended March 31, 2023 (forecast)				10.00	10.00

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

### 3. Forecast of consolidated results for FY2023 (April 1, 2022 through March 31, 2023)

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, 2023	24,600	13.2	100	(32.5)	400	12.8	50	-	12.17

[Note] Revisions to the latest forecasts of consolidated results: Yes

### 4. Others

- (1) Significant changes in subsidiaries during the subject fiscal year: Yes  
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. Changes in accounting estimates: 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 December 31, 2022  
4,153,370 shares at March 31, 2022
  - b. Number of shares of treasury stock at end of period  
45,477 shares at December 31, 2022  
44,925 shares at March 31, 2022
  - c. Average number of shares issued and outstanding in each period:  
4,108,153 shares at December 31, 2022  
4,104,369 shares at December 31, 2021

#### [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

During the first three quarters of the fiscal year under review, the global economy continued to face uncertainties, including rising energy and logistics costs, accelerating inflation, and raising interest rates at central banks in various countries, despite the relaxation of restrictions on domestic and overseas activities, including the termination of China's zero-corona policy. In the automotive industry, our main market, demand is recovering, but the shortage of semiconductors has not been resolved and downward revisions to production plans have been made one after another, and conditions have remained difficult.

Under these circumstances, in the first three quarters of the fiscal year under review, net sales increased 12.4% year on year to ¥18,192 million, operating loss was ¥138 million (¥221 million of profit in the same quarter of the previous fiscal year), ordinary income decreased 6.0% year on year to ¥327 million, and net loss attributable to owners of parent was ¥39 million (¥62 million loss in the same quarter of the previous fiscal year).

Results by business segment are as follows.

#### [Japan]

Sales for automotive and OA equipment decreased due to a shortage of semiconductors, while sales for precision and industrial equipment increased. As a result, net sales increased 0.9% year on year to 6,411 million yen. Segment income decreased 87.6% to ¥36 million due to higher material and energy costs.

#### [Americas]

Despite delays in the operation of the new Tennessee plant, net sales increased 4.3% from the same quarter of the previous year to ¥2,087 million due in part to the impact of the weaker yen. Segment loss was 746 million yen, compared with a loss of 467 million yen in the same quarter of the previous fiscal year, due in part to delays in the operation of a new Tennessee factory and the impact of soaring material costs.

#### [Europe]

Net sales increased 26.6% year on year to ¥1.902 billion due to a recovery in sales for medical and aircraft applications and the depreciation of the yen. Segment income increased 179.5% year on year to ¥94 million due to progress in passing on costs, despite factors such as higher material and energy costs.

#### [Asia]

Net sales increased 23.2% compared with the same quarter of the previous year to 7,790 million yen and segment income increased 24.2% to 457 million yen due to the strong performance of products for automotive, OA equipment and healthcare and the depreciation of the yen.

### (2) Explanation of Financial Position

#### Financial position

##### Assets

Total assets at the end of the third quarter of the current fiscal year increased by 1,992 million yen from the end of the previous fiscal year to 27.2 billion yen.

In the Assets section, total current assets increased by 1.604 billion yen to 13,924 million yen. The main factors were increases of 915 million yen in cash and deposits, 699 million yen in notes and accounts receivable-trade, and 191 million yen in inventories. Total non-current assets increased 388 million yen to 13,276 million yen, while property, plant and equipment increased 435 million yen.

##### Liabilities

In the Liabilities section, total liabilities were 20,228 million yen, an increase of 1,942 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,580 million yen in borrowings.

(Net assets)

In net assets, total net assets were 6,972 million yen, an increase of 49 million yen from the end of the previous fiscal year. This was mainly due to an increase of 170 million yen in foreign currency translation adjustment, despite a decrease of 81 million yen in total shareholders' equity due to the occurrence of a quarterly loss attributable to owners of parent of 39 million yen.

As a result, the equity ratio was 25.6% (27.4% at the end of the previous fiscal year).

(3) Explanation of Consolidated Business Forecast and other Forecasts

Consolidated earnings forecasts for the fiscal year ending March 2023 have been revised from those announced on May 13, 2022. For details, please refer to the "Notice Concerning Revisions to Full-Year Financial Forecasts" announced today.

## 2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

### (1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2023 third quarter (As of December 31,2022)	FY2022 (As of March 31,2022)
ASSETS		
Current assets:		
Cash and time deposits	4,090,429	3,175,062
Trade notes and accounts receivable	5,059,869	4,360,590
Finished goods	1,470,043	1,462,752
Work in process	911,160	835,012
Raw materials and stored items	1,802,163	1,693,896
Other current assets	622,802	824,332
Allowance for doubtful accounts	(31,860)	(31,090)
Total current assets	13,924,608	12,320,556
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	4,318,991	4,359,678
Machinery and equipment	4,501,128	4,252,836
Land	1,614,446	1,428,985
Others	1,957,140	1,914,852
Total tangible noncurrent assets	12,391,707	11,956,352
Intangible noncurrent assets	124,663	107,426
Investments and other assets	759,805	823,983
Total noncurrent assets	13,276,176	12,887,763
Total assets	27,200,784	25,208,319

(Amount: thousands of yen)

	FY2023 third quarter (As of December 31,2022)	FY2022 (As of March 31,2022)
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	3,257,753	3,660,399
Short-term borrowings	4,444,310	1,442,302
Long-term borrowings due within one year	3,394,386	3,124,881
Lease obligations	240,282	216,004
Income taxes payable	122,939	160,618
Allowance for bonus	155,030	283,980
Other current liabilities	1,385,090	1,470,269
Total current liabilities	12,999,791	10,358,456
Noncurrent liabilities		
Long-term borrowings	4,707,707	5,398,400
Lease obligations	995,356	1,012,725
Deferred tax liabilities	258,286	251,339
Asset retirement obligations	54,741	54,244
Liabilities for retirement benefits	1,114,929	1,159,114
Other noncurrent liabilities	97,730	51,700
Total noncurrent liabilities	7,228,752	7,927,524
Total liabilities	20,228,544	18,285,981
<b>NET ASSETS</b>		
Shareholder's equity		
Common stock	1,000,000	1,000,000
Capital surplus	250,000	250,000
Retained earnings	4,983,440	5,064,348
Treasury stock	(78,467)	(77,765)
Total shareholder' equity	6,154,972	6,236,582
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(18,772)	25,720
Foreign exchange adjustment	802,773	632,086
cumulative amount for retirement benefits	24,673	19,354
Total accumulated other comprehensive income	808,673	677,161
Subscription rights to shares	8,594	8,594
Total net assets	6,972,240	6,922,338
Total liabilities and net assets	27,200,784	25,208,319

## (2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2023 third quarter (April 1, 2022 through December 31, 2022)	FY2022 third quarter (April 1, 2021 through December 31, 2021)
NET sales	18,192,633	16,181,792
Cost of sales	14,528,796	12,593,911
Gross profit	3,663,836	3,587,880
Selling, general and administrative expenses	3,802,623	3,366,640
Operating income	(138,786)	221,240
Non-operating revenues		
Interest income	26,223	15,926
Dividends income	1	1
Rent income	79,638	58,830
Foreign exchange gains	285,957	187,972
Subsidy income	37,110	4,696
gain on forgiveness of debts	188,409	
Others	63,669	59,777
Total non-operating revenues	681,009	327,205
Non-operating expenses		
Interest expenses	180,640	160,474
Others	34,511	39,851
Total non-operating expenses	215,151	200,326
Ordinary income(loss)	327,070	348,118
Extraordinary gain		
Gain on sales of noncurrent assets	19,859	1,764
Total extraordinary gain	19,859	1,764
Extraordinary loss		
Loss on sales of noncurrent assets	1,796	818
Loss on disposal of noncurrent assets	2,404	9,371
Loss on litigation	—	43,442
Loss on business reorganization	61,319	
Loss on transfer of business	—	57,021
Special retirement expense	—	75,275
Coronavirus infection-related loss	44,323	—
Others	—	—
Total extraordinary loss	109,843	185,931
Net Income (or loss) before income taxes	237,086	163,952
Corporate, inhabitant and enterprise taxes	248,173	213,278
Corporate tax adjustments	28,736	13,238
Total income taxes	276,910	226,516
Net income(loss)	(39,823)	(62,564)
Net income (loss) Attributable to Owners of the Parent	(39,823)	(62,564)



QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2023 third quarter (April 1, 2022 through December 31, 2022)	FY2022 third quarter (April 1, 2021 through December 31, 2021)
Income (or loss) before minority interests	(39,823)	(62,564)
Other comprehensive income		
Valuation gain(loss) on other securities	(44,493)	(4,531)
Foreign currency translation adjustment	170,686	180,091
Remeasurements of defined benefit plans	5,319	4,165
Total other comprehensive income	131,512	179,725
Comprehensive income	91,688	117,161
Comprehensive income attributable to owners of the parent	91,688	117,161

(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

Segment Information etc.  
**【Segment Information】**

I FY2023 third quarter (April 1, 2022 through December 31, 2022)

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	6,411,821	2,087,363	1,902,840	7,790,607	18,192,633
(2) Intra-group Net sales and transfers	870,275	-	232,481	155,618	1,258,376
Total sales	7,282,097	2,087,363	2,135,322	7,946,226	19,451,009
Operating income (loss)	36,386	(746,699)	94,747	457,020	(158,545)

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	(158,545)
Elimination of inter-segment transactions	19,758
Consolidated Quarterly Operating Income	(138,786)

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

II FY2022 third quarter (April 1, 2021 through December 30, 2021)

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	6,351,905	2,002,055	1,503,144	6,324,686	16,181,792
(2) Intra-group Net sales and transfers	821,952	6,125	34,285	107,713	970,076
Total sales	7,173,858	2,008,180	1,537,430	6,432,400	17,151,869
Operating income (loss)	292,608	(467,674)	33,896	368,081	226,911

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	226,911
Elimination of inter-segment transactions	(5,671)
Consolidated Quarterly Operating Income	221,240

3, Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment

Not applicable