



ADVANEX INC.

Flash Report (Consolidated Basis)

Results for FY2022 First quarter(three months ended June 30, 2021)

August 10, 2021

Company name: ADVANEX INC.
 Code number: 5998
 Representative: Seiya Kato, President & CEO
 Inquiries: Tetsuya Yoshihara, Director & CFO
 Filing date of quarterly securities report:
 Supplementary explanation material for quarterly financial results
 Holding of presentation meeting for quarterly financial results

Stock listings: Tokyo Stock Exchange
 URL <https://www.advanex.co.jp>
 Telephone: +81-3-3822-5865
 August 13, 2021
 Yes
 No

1. Performance (April 1, 2021 through June 30, 2021) (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, 2021	5,330	42.7	104	-	158	-	40	-
Three months ended June 30, 2020	3,736	(29.8)	(329)	-	(293)	-	(377)	-

[Note] Comprehensive income: Three months ended June 30, 2021 45 million yen
 Three months ended June 30, 2020 (283) million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2021	9.95	9.90
Three months ended June 30, 2020	(92.35)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	24,085	6,320	26.1
As of March 31, 2021	23,730	6,323	26.5

[Reference] Total shareholder's equity: 6,296million yen at June 30, 2021 6,299 million yen at March 31, 2020

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, 2021	--	--	--	10.00	10.00
Year ended March 31, 2022	--	--	--	--	--
Year ended March 31, 2022 (forecast)	--	--	--	10.00	10.00

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

3. Forecast of consolidated results for FY2022 (April 1, 2021 through March 31, 2022)

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, 2021	20,500	4.9	300	70.3	200	(44.3)	100	(84.2)	24.40

[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, 2021
 - 4,153,370 shares at March 31, 2021
 - b. Number of shares of treasury stock at end of period
 - 55,531 shares at June 30, 2021
 - 55,446 shares at March 31, 2021
 - c. Average number of shares issued and outstanding in each period:
 - 4,097,879 shares at June 30, 2021
 - 4,092,467 shares at June 30, 2020

[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)

Index

1. Qualitative Information and Financial Statements	
(1) Explanation of Business Results	4
(2) Explanation of Financial Position.....	4,5
(3) Explanation of Consolidated Business Forecast and other Forecasts.....	5
2. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheets.....	6, 7
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	8, 9
(3) Notes Concerning Quarterly Consolidated Financial Statements.....	10
(4) Segment Information, etc.....	11,12

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 showed signs of recovery, particularly in the manufacturing industry, as economic activities resumed in earnest due to progress in vaccination in major European and U.S. countries and China, despite growing concerns over the shortage of semiconductors and raw materials and the resurgence of infectious diseases in the Asian region.

Under these circumstances, for the first quarter of the fiscal year under review, net sales increased 42.7% year on year to ¥5,330 million. Operating income was ¥104 million (compared with a loss of ¥329 million in the same quarter of the previous fiscal year), ordinary income was ¥158 million (compared with a loss of ¥293 million in the same quarter of the previous fiscal year), and profit attributable to owners of parent was ¥40 million (compared with a loss of ¥377 million in the same quarter of the previous fiscal year).

Results by business segment are as follows.

[Japan]

Overall demand recovered, including for automobiles and OA equipment. As a result, net sales increased 36.2% from the same quarter of the previous year to ¥2,152 million, and segment income was ¥121 million (compared to a loss of ¥131 million in the same quarter of the previous year).

[Americas]

Demand for automotive and medical applications recovered, and net sales increased 76.7% from the same quarter of the previous year to 597 million yen. However, segment loss was 222 million yen (loss of 151 million yen in the same quarter of the previous year) due to the recording of expenses associated with the relocation of the U.S. factory and the incurrence of project start-up costs at the Mexican factory.

[Europe]

Net sales increased 12.7% from the same quarter of the previous year to 535 million yen due to strong sales for medical applications and standardized products. Segment profit increased 18.7% year on year to ¥67 million.

[Asia]

Demand recovered, mainly for automobile applications. As a result, net sales increased 52.4% from the same quarter of the previous year to ¥2,043 million, and segment income was ¥135 million (compared to a loss of ¥117 million in the same quarter of the previous year).

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the first quarter under review increased 315 million yen from the end of the previous fiscal year, to 24,046 million yen.

Total current assets increased by ¥88 million to ¥12,232 million. The main factors were increases of 39 million yen in notes and accounts receivable-trade and 296 million yen in inventories, despite a decrease of 307 million yen in cash and deposits. Total non-current assets increased ¥227

million to ¥11,814 million. This was mainly due to an increase in property, plant and equipment and investments and other assets.

(Liabilities)

In the Liabilities section, total liabilities were 17,765 million yen, an increase of 357 million yen from the end of the previous fiscal year. The main factors were increases of 149 million yen in notes and accounts payable-trade and 315 million yen in loans payable.

(Net assets)

In net assets, total net assets decreased by 42 million yen from the end of the previous fiscal year to 6,281 million yen. The main factors were decreases of ¥16 million in valuation difference on available-for-sale securities and ¥29 million in foreign currency translation adjustments.

As a result, the equity ratio was 26.0% (26.5% 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 2022 from the forecast released on May 14, 2021.

3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2022 first quarter (As of June 30,2021)	FY2021 (As of March 31,2021)
ASSETS		
Current assets:		
Cash and time deposits	3,591,809	3,899,489
Trade notes and accounts receivable	4,759,913	4,720,132
Finished goods	1,410,225	1,250,147
Work in process	756,854	697,541
Raw materials and stored items	1,014,857	937,769
Other current assets	737,154	683,091
Allowance for doubtful accounts	(38,787)	(44,512)
Total current assets	12,232,028	12,143,659
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	3,795,384	3,851,288
Machinery and equipment	3,773,012	3,709,048
Land	992,658	997,270
Others	2,432,517	2,301,640
Total tangible noncurrent assets	10,993,572	10,859,246
Intangible noncurrent assets	75,045	62,311
Investments and other assets	745,564	665,601
Total noncurrent assets	11,814,182	11,587,159
Total assets	24,046,210	23,730,818

(Amount: thousands of yen)

	FY2022 first quarter (As of June 30,2021)	FY2021 (As of March 31,2021)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,437,373	3,287,463
Short-term borrowings	2,238,408	1,868,510
Long-term borrowings due within one year	2,953,807	2,905,859
Lease obligations	185,718	168,697
Income taxes payable	157,071	193,134
Allowance for bonus	199,220	151,075
Provision for product warranties	78,111	77,637
Other current liabilities	1,141,134	1,318,307
Total current liabilities	10,390,845	9,970,684
Noncurrent liabilities		
Long-term borrowings	4,861,194	4,963,115
Lease obligations	972,082	933,352
Deferred tax liabilities	271,237	254,450
Asset retirement obligations	52,090	52,275
Liabilities for retirement benefits	1,192,238	1,207,178
Other noncurrent liabilities	25,358	26,394
Total noncurrent liabilities	7,374,201	7,436,767
Total liabilities	17,765,047	17,407,451
NET ASSETS		
Shareholder's equity		
Common stock	1,000,000	1,000,000
Capital surplus	250,000	250,000
Retained earnings	5,194,002	5,201,273
Treasury stock	(96,332)	(96,212)
Total shareholder' equity	6,347,669	6,355,060
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(11,281)	5,091
Foreign exchange adjustment	(114,720)	(85,504)
Cumulative amount for retirement benefits	35,260	24,483
Total accumulated other comprehensive income	(90,741)	(55,929)
Subscription rights to shares	24,235	24,235
Total net assets	6,281,163	6,323,366
Total liabilities and net assets	24,046,210	23,730,818

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2022 first quarter (April 1, 2021 through June 30, 2021)	FY2021 first quarter (April 1, 2020 through June 30, 2020)
NET sales	5,330,117	3,736,080
Cost of sales	4,103,208	3,053,695
Gross profit	1,226,909	682,384
Selling, general and administrative expenses	1,122,407	1,011,787
Operating income	104,502	(329,402)
Non-operating revenues		
Interest income	4,164	1,975
Dividends income	1	1
Rent income	17,795	15,772
Foreign exchange gains	101,527	34,271
Subsidy income	282	29,110
Others	8,031	22,623
Total non-operating revenues	131,802	103,755
Non-operating expenses		
Interest expenses	53,918	50,747
Other	24,069	17,33
Total non-operating expenses	77,988	68,081
Ordinary income(loss)	158,316	(293,728)
Extraordinary gain		
Gain on sales of noncurrent assets	62	5
Total extraordinary gain	62	5
Extraordinary loss		
Loss on sales of noncurrent assets	474	—
Loss on disposal of noncurrent assets	7,671	439
Loss on litigation	31,026	10,199
Loss on Covid-19 related	—	38,054
Total extraordinary loss	39,171	48,694
Net Income (or loss) before income taxes	119,206	(342,417)
Corporate, inhabitant and enterprise taxes	74,685	36,033
Corporate tax adjustments	3,767	(528)
Total income taxes	78,452	35,504
Net income(loss)	40,753	(377,922)
Net income (loss) Attributable to Owners of the Parent	40,753	(377,922)

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2022 first quarter (April 1, 2021 through June 30, 2021)	FY2021 first quarter (April 1, 2020 through June 30, 2020)
Income (or loss) before minority interests	40,753	(377,922)
Other comprehensive income		
Valuation gain(loss) on other securities	(16,373)	292
Foreign currency translation adjustment	(29,215)	84,088
Remeasurements of defined benefit plans	10,777	9,599
Accumulated other comprehensive income	(34,811)	93,980
Comprehensive income	5,942	(283,942)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,942	(283,942)

(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 FY2022 first quarter (April 1, 2021 through June 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	2,152,869	597,449	535,800	2,043,998	5,330,117
(2) Intra-group Net sales and transfers	278,718	-	7,455	33,504	319,678
Total sales	2,431,587	597,449	543,256	2,077,503	5,649,796
Operating income (loss)	121,835	(222,835)	67,999	135,780	102,780

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	102,780
Elimination of inter-segment transactions	1,721
Consolidated Quarterly Operating Income	104,502

II FY2021 first quarter (April 1, 2020 through June 30, 2020)

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	1,581,045	338,057	475,602	1,341,374	3,736,080
(2) Intra-group Net sales and transfers	101,571	515	25,630	68,116	195,833
Total sales	1,682,617	338,572	501,233	1,409,490	3,931,913
Operating income (loss)	(131,804)	(151,379)	57,290	(117,338)	(343,231)

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	(343,231)
Elimination of inter-segment transactions	13,828
Consolidated Quarterly Operating Income	(329,402)