



August 6, 2021

**Summary of Consolidated Financial Results for the First Quarter
of Fiscal Year Ending March 31, 2022
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 3036

URL: <http://www.alconix.com>

Representative: Masato Takei, President and CEO

Contact: Hiroshi Teshirogi, Director, & Senior Managing Executive Officer, Corporate Div.

Tel: +81-3-3596-7400

Scheduled date of filing of Quarterly Report:

August 12, 2021

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

None

Note: The original disclosure in Japanese was released on August 6, 2021 at 12:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2021

(April 1, 2021 – June 30, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2021	36,944	-	3,046	-	3,487	-	2,435	-
Three months ended Jun. 30, 2020	48,095	(20.1)	1,157	(6.0)	1,243	(19.6)	555	(38.4)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 3,559 (-%)

Three months ended Jun. 30, 2020: 618 (down 38.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	97.26	97.23
Three months ended Jun. 30, 2020	21.82	-

Notes: 1. Diluted net income per share for the three months ended June 30, 2020 is not stated because dilutive shares do not exist.

2. ALCONIX has applied the Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), from the beginning of the first quarter of the fiscal year ending March 31, 2022. The figures for the three months ended June 30, 2021 are the amounts after the application of this accounting standard and percentages for year-on-year changes are not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2021	157,930	46,400	28.9
As of Mar. 31, 2021	147,917	43,372	28.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2021: 45,614 As of Mar. 31, 2021: 42,800

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	21.00	-	21.00	42.00
Fiscal year ending Mar. 31, 2022	-	-	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	21.00	-	21.00	42.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	68,000	-	5,000	-	5,400	-	3,700	-	147.79
Full year	128,000	-	8,500	-	8,800	-	6,000	-	239.66

Notes: 1. Revisions to the most recently announced consolidated earnings forecasts: Yes

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2022, please refer to "Notice of Revisions to Consolidated Earnings Forecast (Japanese version only)" that was announced today (August 6, 2021).

2. ALCONIX has applied the Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), from the beginning of the first quarter of the fiscal year ending March 31, 2022. The above forecasts are the amounts after the application of this accounting standard and percentages for year-on-year changes are not shown.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 2 (Hong Kong Andex Electronic Material Co.,Ltd., Ningde Andex Electronic Material Co.,Ltd.)

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)” on page 10 of the attachments for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 of the attachments for further information.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Jun. 30, 2021:	25,943,100 shares	As of Mar. 31, 2021:	25,943,100 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2021:	907,207 shares	As of Mar. 31, 2021:	907,207 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	25,035,893 shares	Three months ended Jun. 30, 2020:	25,453,057 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to ALCONIX's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	
For the Three-month Period	8
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-month Period	9
(3) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	10
Changes in Accounting Policies	10
Additional Information	10
Segment Information	11
Information Concerning Revenue Recognition	12

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, worries about another wave of COVID-19 infections emerged because of a new variant. Despite these concerns, economic activity is returning to normal in many countries as the economic recovery gains momentum in China, which was the first country to end the COVID-19 outbreak, and the economies of the United States and Europe benefit from government stimulus measures and progress with vaccinations.

In Japan, the start of COVID-19 vaccinations is creating expectations for broad-based recoveries of corporate earnings and consumer sentiment. Nevertheless, the outlook is unclear because of several declarations of a state of emergency.

In the automobile industry, where the ALCONIX Group operates, the speed of the diversification of demand is increasing for materials and parts involving the use of electronic components, the reduction of vehicle weight, and technologies for self-driving vehicles. In addition, automobile production and sales started to recover rapidly in the second half of the previous fiscal year. In the semiconductor and electronic component sectors, there is growth of markets associated with the increasing volume of data transmissions due to the IoT, AI and other reasons, the rising use of electronic automobile components, and the progress of 5G mobile telecommunications. The expansion of economic activity and widespread use of telework due to the digital shift is another reason for the consistently strong demand for parts and materials used in IT equipment and semiconductor devices.

At the ALCONIX Group, metal processing parts for semiconductor manufacturing equipment contributed to earnings as demand was up in market sectors involving semiconductors and data communications. In the Trading sector for electronic and advanced materials, the transaction volumes of electronic and battery materials used in smartphones and other IT products were steady. Due to the rapid recovery in worldwide demand in the automobile industry, there was rapid growth of shipments of metal precision stamped parts and carbon brushes for small motors, which contributed to an improvement in earnings. In the Trading sector, demand involving the automobile industry increased for non-ferrous materials, aluminum rolled products and copper products. As a result, the transaction volume in this sector started recovering from the downturn in the first quarter of the previous fiscal year.

ALCONIX reported consolidated net sales of 36,944 million yen compared with 48,095 million yen one year earlier, operating profit of 3,046 million yen compared with 1,157 million yen one year earlier, ordinary profit of 3,487 million yen compared with 1,243 million yen one year earlier, and profit attributable to owners of parent of 2,435 million yen compared with 555 million yen one year earlier.

The ALCONIX Group has applied the Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29, March 31, 2020), from the beginning of the fiscal year ending March 31, 2022. Due to the use of this new standard, explanations of results of operations are provided without stating the year-on-year changes for consolidated sales and earnings. For more information, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

Business segment performance was as follows, with sales in each segment including inter-segment sales.

Reportable segments were reclassified in the first quarter of the fiscal year. Segment information in the previous fiscal year has been revised to facilitate direct comparisons.

• Trading—Electronic and Advanced Materials

Sales of materials used in smartphones and tablets were stronger than in the same period of the previous year as economic activity restricted by the COVID-19 pandemic recovered gradually. There was a temporary downturn in sales of materials for secondary batteries and environmental applications. While orders associated with remote work and telework were strong, demand slowed down at some customers due to shortages of semiconductors. In the minor metals and rare earths category sales and earnings increased as the demand associated with the automobile industry started to recover. As a result, there was a big increase in segment profit because of the recovery in transaction volume as described above.

As a result, the segment recorded sales of 8,697 million yen compared with 12,635 million yen one year earlier and segment profit of 1,031 million yen compared with 239 million yen one year earlier.

• Trading—Aluminum and Copper Products

In the non-ferrous products category, the pace of the growth of demand for non-ferrous metals for automotive electronic components and lighter vehicle weight is increasing along with the rising speed of the shift to electric vehicles. However, forecasting demand for these metals is becoming difficult as automakers reduce output because of the semiconductor shortage. The transaction volume of materials for construction increased as demand for building construction recovers. The transaction volume of titanium and new materials, which were newly added to this segment in the first quarter of the current fiscal year, was sluggish because of the low level of aircraft production. In the non-ferrous resources category, prices in key markets rose sharply and the price of copper reached an all-time high in May 2021. Demand for home appliances increased because of the need to stay home during the pandemic. In addition, there was a rapid recovery in demand for materials used in the automobile industry. As a result, there was a large transaction volume of copper scrap, aluminum scrap and recycled aluminum ingots, the primary materials in this category.

As a result, the segment recorded sales of 14,267 million yen compared with 25,610 million yen one year earlier and segment profit of 1,008 million yen compared with 245 million yen one year earlier.

• Manufacturing—Equipment and Materials

There was a large volume of shipments of plating materials in the United States and China, where the economies are recovering quickly, because of very strong growth in demand for these materials used for electronic materials and in the automotive sector. First quarter shipments of cashew resin products for brake friction materials, carbon brushes for small motors and welding rods were strong in relation to the first quarter of the previous fiscal year, when these businesses were severely impacted by the pandemic. The main reason is the rapid recovery of worldwide demand for automobiles. In the non-destructive testing equipment and marking devices category, shipments of large marking equipment for applications involving steel contributed to first quarter performance.

As a result, the segment recorded sales of 8,080 million yen compared with 5,980 million yen one year earlier and segment profit of 352 million yen compared with a loss of 7 million yen one year earlier.

• Manufacturing—Metal Processing

There are concerns about the negative effect of the limited supply of semiconductors in the precision grinding processing parts category. However, shipments of these parts were about the same as one year earlier as demand for semiconductor chip mounting equipment remained firm. Shipments of precision machining processing parts for semiconductor manufacturing equipment were firm as the growth of remote work and steady demand in the automobile industry raise the demand for semiconductors. The metal precision stamped parts category has recovered quickly from the pandemic downturn in the first quarter of the previous fiscal year. During the first quarter, shipments remained high in order to meet the enormous demand worldwide in the automobile industry for these parts. Shipments of metal processed parts for air conditioning equipment were firm in Japan.

As a result, the segment recorded sales of 7,415 million yen compared with 5,054 million yen one year earlier and segment profit of 1,078 million yen compared with 751 million yen one year earlier.

(2) Explanation of Financial Position

1) Financial position

a. Current assets

At the end of the first quarter of the current fiscal year, current assets totaled 116,147 million yen, an increase of 9,543 million yen from the end of the previous fiscal year. The main factors were a 4,221 million yen increase in notes and accounts receivable-trade, a 3,514 million yen increase in inventories and a 1,856 million yen increase in cash and deposits.

b. Non-current assets

Non-current assets totaled 41,782 million yen, an increase of 469 million yen. The main factors were the purchase of property, plant and equipment by a consolidated subsidiary, an increase of 1,359 million yen in property, plant

and equipment due to an expansion of the scope of consolidation and intangible assets including goodwill, and a decrease of 890 million yen in investments and other assets.

c. Current liabilities

Current liabilities totaled 85,884 million yen, an increase of 7,872 million yen. The main factors include a 3,584 million yen increase in notes and accounts payable-trade, a 2,525 million yen increase in short-term borrowings, a 999 million yen increase in commercial papers and a 309 million yen decrease in current portion of long-term borrowings.

d. Non-current liabilities

Non-current liabilities totaled 25,644 million yen, a decrease of 888 million yen. The main factors include a 623 million yen decrease in long-term borrowings and a 74 million yen decrease in bonds payable.

e. Net assets

Net assets totaled 46,400 million yen, an increase of 3,028 million yen. The main factors include a 1,742 million yen increase in retained earnings, a 1,371 million yen increase in foreign currency translation adjustment, a 348 million yen decrease in valuation difference on available-for-sale securities and a 48 million yen increase in deferred gains or losses on hedges.

2) Results of operations

Beginning with the first quarter of the current fiscal year, the Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29, March 31, 2020) has been applied. As a result, net sales for the first quarter of the current fiscal year decreased significantly compared to the first quarter of the previous fiscal year. For this reason, explanations of results of operations for the first quarter of the current fiscal year are provided without stating the amount of changes compared to the first quarter of the previous fiscal year or the year-on-year changes.

a. Net sales

Sales were strong in all businesses of the ALCONIX Group as the growth of economic activity due to telework and other online work fueled demand for semiconductors and electronic materials and demand for many products, particularly automobiles, increased on a global scale. In the Trading segment, there were increases in the transaction volume of battery and electronic materials for smartphones and tablets and rare earths used in magnetic materials. The transaction volume of non-ferrous metals recovered following the steep downturn in demand one year earlier for aluminum rolled products, copper products, recycled aluminum ingots and copper scrap.

In the Manufacturing segment, there was a large volume of shipments of precision grinding processing parts for semiconductor chip mounting equipment and of precision machining processing parts for the telecommunication and IT sectors. Shipments of plating materials, metal precision stamped parts and carbon brushes for small motors were strong in relation to the big downturn one year earlier caused by the pandemic. The main reason is the rapid increase in automobile demand as the global economy recovers.

As a result, net sales were 36,944 million yen compared with 48,095 million yen one year earlier.

b. Gross profit

Gross profit was 6,535 million yen compared with 4,243 million yen one year earlier because both Trading and Manufacturing earnings were strong.

c. Selling, general and administrative expenses

Selling, general and administrative expenses was 3,468 million yen compared with 3,085 million yen one year earlier because operating expenses were much higher due to an increase in transactions.

d. Operating profit

Due to these changes, operating profit was 3,046 million yen compared with 1,157 million yen one year earlier.

e. Non-operating income, non-operating expenses

Major changes were an increase in dividend income and foreign exchange gains. As a result, there was a net non-operating income (non-operating income – non-operating expenses) of 441 million yen compared with net non-operating income of 85 million yen one year earlier.

f. Ordinary profit

Ordinary profit was 3,487 million yen compared with 1,243 million yen one year earlier.

g. Extraordinary income, extraordinary losses

There was an extraordinary income of 39 million yen, including gain on sales of investment securities, and an extraordinary loss of 2 million yen mainly for loss on retirement of non-current assets.

h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 3,525 million yen. From this amount, 1,057 million yen and 33 million yen were deducted for income taxes and profit attributable to non-controlling interests of 15 consolidated subsidiaries, respectively. As a result, profit attributable to owners of parent was 2,435 million yen compared with 555 million yen one year earlier.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

Regarding the first-half and full-year consolidated forecast for the fiscal year ending March 31, 2022, ALCONIX has revised the net sales, operating profit, ordinary profit, and profit attributable to owners of parent (net profit for the first half) forecasts announced on May 25, 2021 based on the results of operations in the first quarter of the current fiscal year. For more details, please refer to the press release “Notice of Revisions to Consolidated Earnings Forecast (Japanese version only)” that was announced today. (August 6, 2021)

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	27,048	28,904
Notes and accounts receivable-trade	49,752	53,973
Merchandise and finished goods	20,818	23,647
Work in process	3,362	3,765
Raw materials and supplies	2,088	2,371
Other	4,174	4,188
Allowance for doubtful accounts	(640)	(702)
Total current assets	106,604	116,147
Non-current assets		
Property, plant and equipment	22,845	24,313
Intangible assets		
Goodwill	2,548	2,432
Other	3,122	3,129
Total intangible assets	5,671	5,562
Investments and other assets	12,796	11,905
Total non-current assets	41,313	41,782
Total assets	147,917	157,930
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,418	38,002
Short-term borrowings	29,109	31,635
Commercial papers	2,999	3,999
Current portion of long-term borrowings	5,878	5,569
Current portion of bonds payable	149	149
Income taxes payable	866	1,005
Provision for bonuses	1,038	1,205
Other	3,549	4,316
Total current liabilities	78,011	85,884
Non-current liabilities		
Bonds payable	475	400
Long-term borrowings	20,509	19,885
Provision for retirement benefits for directors (and other officers)	537	431
Retirement benefit liability	917	936
Long-term accounts payable-other	174	133
Other	3,918	3,857
Total non-current liabilities	26,533	25,644
Total liabilities	104,545	111,529

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	3,006	3,006
Capital surplus	2,416	2,416
Retained earnings	34,352	36,095
Treasury shares	(1,129)	(1,129)
Total shareholders' equity	38,646	40,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,761	2,412
Deferred gains or losses on hedges	(46)	1
Foreign currency translation adjustment	1,438	2,810
Total accumulated other comprehensive income	4,153	5,224
Share acquisition rights	51	54
Non-controlling interests	520	731
Total net assets	43,372	46,400
Total liabilities and net assets	147,917	157,930

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	48,095	36,944
Cost of sales	43,852	30,409
Gross profit	4,243	6,535
Selling, general and administrative expenses	3,085	3,488
Operating profit	1,157	3,046
Non-operating income		
Interest income	16	11
Purchase discounts	3	3
Dividend income	181	304
Foreign exchange gains	-	153
Real estate rental income	19	21
Share of profit of entities accounted for using equity method	8	-
Other	82	133
Total non-operating income	312	628
Non-operating expenses		
Interest expenses	131	120
Sales discounts	0	1
Foreign exchange losses	50	-
Loss on sales of notes receivable-trade	4	7
Rental costs on real estate	4	4
Share of loss of entities accounted for using equity method	-	3
Other	35	50
Total non-operating expenses	227	187
Ordinary profit	1,243	3,487
Extraordinary income		
Gain on sales of non-current assets	0	3
Gain on reversal of share acquisition rights	0	-
Gain on sales of investment securities	-	24
Subsidy income	12	11
Other	-	0
Total extraordinary income	12	39
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	0	1
Loss on valuation of investment securities	44	-
Other	0	0
Total extraordinary losses	45	2
Profit before income taxes	1,210	3,525
Income taxes	637	1,057
Profit	573	2,468
Profit attributable to non-controlling interests	18	33
Profit attributable to owners of parent	555	2,435

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Millions of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Profit	573	2,468
Other comprehensive income		
Valuation difference on available-for-sale securities	522	(348)
Deferred gains or losses on hedges	(104)	48
Foreign currency translation adjustment	(369)	1,358
Share of other comprehensive income of entities accounted for using equity method	(3)	32
Total other comprehensive income	45	1,090
Comprehensive income	618	3,559
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	610	3,506
Comprehensive income attributable to non-controlling interests	8	53

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit (loss) before income taxes.

Income taxes-deferred were included in and displayed with income taxes.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Beginning with the first quarter of the current fiscal year, the Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29, March 31, 2020) has been applied. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

For the application of the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied at the beginning of the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales and cost of sales for the first quarter of the current fiscal year each decreased by 34,332 million yen. There is no cumulative effect of the application of this standard on retained earnings at the beginning of the fiscal year.

Application of the Accounting Standard for Measurement of Fair Value, etc.

ALCONIX has applied the Accounting Standard for Measurement of Fair Value, etc. (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Additional Information

Effect of COVID-19 on accounting estimates

There are no significant changes in the assumptions, including assumptions about the effect of COVID-19 on the ALCONIX Group, in the supplementary information section of the Securities Report for the fiscal year that ended on March 31, 2021.

Reclassification

Quarterly Consolidated Statement of Income

“Gain on sales of scraps” under “Non-operating income” presented as a separate item in the first quarter of the previous fiscal year, is included in “Other,” in the first quarter of the current fiscal year given the reduced

materiality of impact of the amount on the quarterly consolidated financial statements. To conform to this change, the quarterly consolidated financial statements for the first quarter of the previous fiscal year are reclassified.

As a result, “Gain on sales of scraps” (6 million yen) and “Other” (75 million yen) under “Non-operating income” shown in the first quarter of the previous fiscal year’s consolidated statement of income are reclassified to “Other” (82 million yen).

Segment Information

I. First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	11,727	25,422	5,927	5,017	48,095
Inter-segment sales and transfers	907	187	52	37	1,185
Total	12,635	25,610	5,980	5,054	49,280
Segment profit (loss)	239	245	(7)	751	1,228

2. Reconciliation of quarterly consolidated statement of income with total profit or loss for reportable segments

(Millions of yen)

Profit	Amount
Total for reportable segments	1,228
Eliminations for inter-segment transactions	14
Ordinary profit on the quarterly consolidated statement of income	1,243

II. First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

1. Information related to net sales, profit or loss and breakdown of revenue for each reportable segment

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	7,665	13,969	7,965	7,343	36,944
Inter-segment sales and transfers	1,032	298	114	71	1,518
Total	8,697	14,267	8,080	7,415	38,462
Segment profit	1,031	1,008	352	1,078	3,471

2. Reconciliation of quarterly consolidated statement of income with total profit or loss for reportable segments

(Millions of yen)

Profit	Amount
Total for reportable segments	3,471
Eliminations for inter-segment transactions	16
Ordinary profit on the quarterly consolidated statement of income	3,487

3. Information related to assets for each reportable segment

In the first quarter of FY3/22, Hong Kong Anx Electronic Material Co.,Ltd. and its subsidiary Ningde Anx Electronic Material Co.,Ltd., ALCONIX CASTLE METALS AND CHEMICALS SDN.BHD. and its subsidiary ALCONIX CASTLE METALS AND CHEMICALS VIETNAM CO.,LTD. were included in the scope of consolidation. Accordingly, segment assets in the “Electronic and Advanced Materials” segment increased by 1,894 million yen compared with the end of FY3/21.

4. Information related to revisions for reportable segments

As stated in the “Changes in Accounting Policies” section, ALCONIX has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first three months of FY3/22 and changed the accounting method for revenue recognition, and therefore, the measurement method for profit or loss in the reportable segments has been changed as well.

The effect of this change was to decrease sales by 10,288 million yen, 23,944 million yen and 99 million yen in the “Electronic and Advanced Materials,” “Aluminum and Copper Products” and “Equipment and Materials” segments, respectively, for the first three months of FY3/22.

From the first three months of FY3/22, certain business segments were reclassified for management purposes.

In line with the aforementioned changes, TITANIUM & NEW MATERIALS DEPT. and ALCONIX EUROPE GMBH were reclassified from the “Electronic and Advanced Materials” segment to the “Aluminum and Copper Products” segment.

Segment information for the first three months of FY3/21 has been retrospectively revised based on the revised composition of reportable segments after changes in the organizational structure.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.