



November 8, 2022

**Summary of Consolidated Financial Results for the Second Quarter  
of Fiscal Year Ending March 31, 2023  
(Six Months Ended September 30, 2022)**

**[Japanese GAAP]**

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Scheduled date of filing of Quarterly Report: November 11, 2022  
 Scheduled date of payment of dividend: November 29, 2022  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

Note: The original disclosure in Japanese was released on November 8, 2022 at 12:30 (GMT +9).

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2022**

(April 1, 2022 – September 30, 2022)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2022	92,214	23.7	5,682	1.1	6,105	0.7	4,141	(8.5)
Six months ended Sep. 30, 2021	74,572	-	5,621	-	6,060	-	4,525	-

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 7,163 (up 11.4%)  
 Six months ended Sep. 30, 2021: 6,429 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	137.66	-
Six months ended Sep. 30, 2021	180.70	180.65

Note: Diluted net income per share for the six months ended Sep. 30, 2022 is not stated because dilutive shares do not exist.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2022	183,195	63,688	34.4
As of Mar. 31, 2022	176,437	57,331	32.2

Reference: Shareholders' equity (million yen) As of Sep. 30, 2022: 63,052 As of Mar. 31, 2022: 56,817

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	24.00	-	28.00	52.00
Fiscal year ending Mar. 31, 2023	-	26.00	-	-	-
Fiscal year ending Mar. 31, 2023 (forecast)	-	-	-	26.00	52.00

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	170,000	8.8	9,100	(17.4)	9,000	(18.3)	6,800	(9.4)	226.14

Note: Revisions to the most recently announced consolidated earnings forecasts: None

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2023, 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 further information.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

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, (4) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)” on page 12 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

(4) Number of outstanding shares (common stock)

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

As of Sep. 30, 2022:	31,012,500 shares	As of Mar. 31, 2022:	30,977,000 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2022:	907,207 shares	As of Mar. 31, 2022:	907,207 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	30,081,034 shares	Six months ended Sep. 30, 2021:	25,044,534 shares
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Note: ALCONIX has a Board Benefit Trust for the distribution of stock to eligible individuals. Shares of ALCONIX stock remaining in this trust are included in treasury shares under shareholders' equity and deducted from the average number of shares outstanding during the period that was used to calculate net income per share and diluted net income per share.

\* 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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, Japanese economy and global economy remained generally uncertain due to slowing economic growth in China, the prolonged Ukraine crisis, the rapid increase in the prices of energy and resources, and the yen's depreciation.

In the business sectors where the ALCONIX Group operates, a downturn in purchasing power of users caused by worldwide inflation during the first half of this fiscal year slowed down sales of smartphones and other consumer electronics, and as a result, demand for semiconductors and electronic components, a sector where demand was increasing for many applications, have peaked out. In the automobile industry, although there were signs of a recovery from restrictions on productions due to shortages of parts, demand for automotive parts decreased because of unplanned suspensions of production by some automakers due to typhoons and other natural disasters and automakers' decisions to adjust their output.

Under these economic conditions, in the first half of the current fiscal year, compared to the same period of the previous fiscal year, shipments of processed metal parts for semiconductor manufacturing equipment and plating materials and the transaction volumes of nickel products for electronic components and semiconductor-related materials, copper products, and aluminum rolled products increased, while shipments of metal precision-stamped parts and of carbon brush and other materials decreased primarily due to lower demand in the automobile industry in Japan and other countries. In terms of profit and loss, operating profit and ordinary profit increased slightly mainly due to the higher cost of purchasing items because of the yen's depreciation and an increase in selling, general and administrative expenses resulting from the inclusion of a new consolidated subsidiary. After the deduction of taxes, profit attributable to shareholders of parent decreased compared to the same period of the previous fiscal year.

Financial highlights for the first half of fiscal year ending March 31, 2023 were as follows.

	1H of FY3/22 (Million yen)	1H of FY3/23 (Million yen)	Change (Million yen)	Change (%)
Net sales	74,572	92,214	17,641	23.7
Operating profit	5,621	5,682	60	1.1
Ordinary profit	6,060	6,105	44	0.7
Profit attributable to shareholders of parent	4,525	4,141	(384)	(8.5)

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

		1H of FY3/22 (Million yen)	1H of FY3/23 (Million yen)	Change (Million yen)	Change (%)
Trading—Electronic and Advanced Materials	Sales	16,847	24,733	7,886	46.8
	Segment profit	1,939	2,569	630	32.5
Trading—Aluminum and Copper Products	Sales	29,553	34,641	5,088	17.2
	Segment profit	1,464	1,147	(317)	(21.7)
Manufacturing—Equipment and Materials	Sales	17,163	20,864	3,700	21.6
	Segment profit	738	1,021	283	38.3
Manufacturing—Metal Processing	Sales	13,912	14,034	122	0.9
	Segment profit	1,900	1,401	(499)	(26.3)

#### • Trading—Electronic and Advanced Materials

Although transaction volume of nickel products for electronic components and semiconductor materials remained firm with the backing of higher demand in a broad range of applications, the transaction volume of rechargeable battery materials decreased because of slower economic growth in China and the peak-out in demand involving smartphones. On the other hand, transaction volume of minor metals and rare earths decreased compared to the same period of the previous fiscal year due to a decline in automobile-related demand, but

higher market prices and other factors led to year-on-year increases in sales and profits.

• Trading—Aluminum and Copper Products

In the non-ferrous products category, the transaction volume of rolled aluminum products and copper products, backed by increased demand for semiconductors and electronic components and solid construction demand in Japan, was higher than the same period of the previous fiscal year. In the non-ferrous raw materials sector, handling volumes of copper and aluminum scrap and recycled aluminum ingots were lower, partly due to a decline in automobile demand. However, transaction volume of recycled aluminum ingots increased compared to the same period of the previous fiscal year due to rising non-ferrous metals prices and the sharp depreciation of the yen.

• Manufacturing—Equipment and Materials

In the materials category, shipments of plating materials increased significantly compared to the same period of the previous fiscal year due to increased demand in both the United States and China but shipments of carbon brushes decreased due to lower demand for consumer goods and slower economic growth in China. In the equipment sector, shipments of consumable materials increased as flaw detection agents and paints remained firm both in Japan and other countries. On the other hand, due to a decline in demand caused by a slowdown in the production of consumer durables such as automobiles, shipments of equipment for both non-destructive testing and marking applications decreased compared to the same period of the previous fiscal year.

• Manufacturing—Metal Processing

In the semiconductor manufacturing equipment category, shipments and sales of process equipment remained at a high level. In addition, shipments of precision machining processing parts remained firm due to strong demand for machine tools involving the automation of manufacturing processes and the large volume of capital expenditures concerning electric vehicles and other products for decarbonization. Shipments of precision grinding processing parts for semiconductor chip mounting equipment were sluggish due to the decline in demand for smartphones. In the automobile industry, signs of a recovery from production restrictions due to shortages of parts began to emerge. However, shipments of metal precision stamped parts remained low because many automakers reduced output because of unplanned suspensions of operations caused by typhoons and other natural disasters.

## **(2) Explanation of Financial Position**

### 1) Financial position

#### a. Current assets

At the end of the second quarter of the current fiscal year, current assets totaled 139,252 million yen, an increase of 4,132 million yen from the end of the previous fiscal year. The main factors were a 7,271 million yen increase in notes and accounts receivable-trade, a 4,924 million yen decrease in cash and deposits and a 2,789 million yen increase in inventories.

#### b. Non-current assets

Non-current assets totaled 43,942 million yen, an increase of 2,624 million yen. The main factors were a 3,020 million yen increase in property, plant and equipment resulting from the consolidation of Jupiter Industry Co., Ltd. and its overseas subsidiaries and capital expenditures, a 284 million yen decrease in amortization of goodwill and a 137 million yen decrease in investments and other assets.

#### c. Current liabilities

Current liabilities totaled 97,515 million yen, an increase of 2,871 million yen. The main factors include a 1,648 million yen increase in notes and accounts payable-trade, a 998 million yen increase in commercial papers, a 889 million yen decrease in income taxes payable, a 271 million yen decrease in current portion of long-term borrowings and a 67 million yen increase in short-term borrowings.

#### d. Non-current liabilities

Non-current liabilities totaled 21,990 million yen, a decrease of 2,471 million yen. The main factors include a 2,253 million yen decrease in long-term borrowings and a 75 million yen decrease in bonds payable.

e. Net assets

Net assets totaled 63,688 million yen, an increase of 6,357 million yen. The main factors include a 3,848 million yen increase in foreign currency translation adjustment, a 3,295 million yen increase in retained earnings, a 655 million yen decrease in valuation difference on available-for-sale securities and a 299 million yen decrease in deferred gains or losses on hedges.

2) Results of operations

a. Net sales

Sales were higher than in the first half of the previous fiscal year but the economic conditions surrounding ALCONIX Group is rapidly becoming more uncertain due to slowing economic growth in China, worldwide inflation, another upturn in the cost of energy and resources, and the yen's rapid decline, which is beginning to affect the transaction volume and shipments of our group companies. In the two trading segments, the transaction volumes of nickel products for electronic components and semiconductor materials, copper products, and aluminum rolled products were higher than the same period of the previous fiscal year. However, the transaction volume of non-ferrous materials including aluminum resources, copper scrap and other materials decreased because of lower demand in the automobile industry.

In the two manufacturing segments, shipments of precision grinding process parts for semiconductor chip mounting equipment were lower than the same period of the previous fiscal year mainly because of a decline in demand for parts used in smartphones. There were large volumes of shipments of precision cutting processing parts for use in semiconductor manufacturing equipment and of plating materials. Due to lower demand in the automobile industry, shipments of metal precision stamped parts, carbon brushes, non-destructive testing and marketing equipment, and other products decreased.

As a result, net sales increased 23.7% to 92,214 million yen.

b. Gross profit

Gross profit increased 6.3% compared to the same period of the previous fiscal year to 13,512 million yen, mainly due to higher earnings in the trading and manufacturing segments.

c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 10.5% to 7,829 million yen because of the inclusion of the profit and loss of Jupiter Industry which joined our group in the first half of the current fiscal year and an increase in the use of operating expenses compared to the same period of the previous fiscal year.

d. Operating profit

Due to these changes, operating profit increased 1.1% to 5,682 million yen.

e. Non-operating income, non-operating expenses

There was a net non-operating income (non-operating income – non-operating expenses) of 422 million yen compared with net non-operating income of 439 million yen compared to the same period of the previous fiscal year mainly due to dividend income and gain on valuation of derivatives.

f. Ordinary profit

As a result of the above, ordinary profit increased 0.7% to 6,105 million yen.

g. Extraordinary income, extraordinary losses

There was an extraordinary income of 305 million yen, including a gain on negative goodwill and gain on sales of

investment securities, and an extraordinary loss of 15 million yen, including loss on retirement of non-current assets, etc.

h. Profit attributable to shareholders of parent

Profit before income taxes was 6,394 million yen. From this amount, 2,166 million yen and 87 million yen were deducted for income taxes and profit attributable to non-controlling interests of 12 consolidated subsidiaries, respectively. As a result, profit attributable to shareholders of parent decreased 8.5% to 4,141 million yen.

3) Cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year decreased 5,023million yen from the end of the previous fiscal year to 20,921 million yen. Cash and cash equivalents were 26,424 million yen at the end of the second quarter of the previous fiscal year. The main changes in cash flows from operating, investing, and financing activities are as follows.

a. Cash flows from operating activities

Net cash provided by operating activities was 375 million yen compared with 379 million yen provided in the same period of the previous fiscal year. Main positive factors include profit before income taxes of 6,394 million yen and depreciation including amortization of goodwill of 2,144 million yen. Major negative factors include a 3,644 million yen increase in trade receivables, an 897 million yen increase in inventories, a 755 million yen decrease in trade payables, and income taxes paid of 3,144 million yen.

b. Cash flows from investing activities

Net cash used in investing activities was 2,681 million yen compared with 1,471 million yen used in the same period of the previous fiscal year. Main negative factors include the payment of 1,601 million yen for the purchase of property, plant and equipment and intangible assets mainly for capital expenditures, 1,379 million yen for the purchase of shares of Jupiter Industry Co., Ltd. that was included in the scope of consolidation and 266 million yen for the purchase of investment securities.

c. Cash flows from financing activities

Net cash used in financing activities was 3,925 million yen compared with 1,078 million yen provided in the same period of the previous fiscal year. Main positive factors include proceeds of 998 million yen due to issuance of commercial papers. Main negative factors include a net decrease in long-term borrowings of 2,856 million yen, a net decrease in short-term borrowings of 1,175 million yen, and cash dividends paid of 844 million yen.

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

ALCONIX currently maintains the full-year consolidated earnings forecasts that were announced in the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP] on May 13, 2022.

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

(Millions of yen)

	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,689	21,765
Notes and accounts receivable-trade	59,415	66,687
Merchandise and finished goods	35,974	37,349
Work in process	4,049	4,332
Raw materials and supplies	3,641	4,774
Other	5,989	5,116
Allowance for doubtful accounts	(642)	(772)
<b>Total current assets</b>	<b>135,119</b>	<b>139,252</b>
<b>Non-current assets</b>		
Property, plant and equipment	25,061	28,081
<b>Intangible assets</b>		
Goodwill	1,887	1,602
Other	2,816	2,842
<b>Total intangible assets</b>	<b>4,703</b>	<b>4,445</b>
Investments and other assets	11,553	11,415
<b>Total non-current assets</b>	<b>41,317</b>	<b>43,942</b>
<b>Total assets</b>	<b>176,437</b>	<b>183,195</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	43,408	45,057
Short-term borrowings	31,590	31,657
Commercial papers	4,999	5,998
Current portion of long-term borrowings	6,208	5,936
Current portion of bonds payable	149	150
Income taxes payable	2,682	1,793
Provision for bonuses	1,244	1,176
Other	4,358	5,745
<b>Total current liabilities</b>	<b>94,643</b>	<b>97,515</b>
<b>Non-current liabilities</b>		
Bonds payable	325	250
Long-term borrowings	18,525	16,272
Provision for retirement benefits for directors (and other officers)	447	371
Provision for share-based remuneration for directors (and other officers)	92	92
Retirement benefit liability	994	1,075
Long-term accounts payable-other	133	133
Other	3,943	3,795
<b>Total non-current liabilities</b>	<b>24,462</b>	<b>21,990</b>
<b>Total liabilities</b>	<b>119,106</b>	<b>119,506</b>



	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	5,787	5,810
Capital surplus	5,238	5,261
Retained earnings	40,563	43,858
Treasury shares	(1,157)	(1,157)
Total shareholders' equity	50,431	53,773
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,238	1,582
Deferred gains or losses on hedges	321	22
Foreign currency translation adjustment	3,825	7,673
Total accumulated other comprehensive income	6,386	9,278
Share acquisition rights	51	49
Non-controlling interests	462	587
Total net assets	57,331	63,688
Total liabilities and net assets	176,437	183,195

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

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Net sales	74,572	92,214
Cost of sales	61,863	78,702
Gross profit	12,708	13,512
Selling, general and administrative expenses	7,086	7,829
Operating profit	5,621	5,682
Non-operating income		
Interest income	22	24
Dividend income	325	304
Foreign exchange gains	117	32
Gain on valuation of derivatives	111	322
Other	207	176
Total non-operating income	784	861
Non-operating expenses		
Interest expenses	249	355
Other	96	82
Total non-operating expenses	345	438
Ordinary profit	6,060	6,105
Extraordinary income		
Gain on sales of non-current assets	4	6
Gain on bargain purchase	-	184
Gain on sales of investment securities	268	87
Other	14	26
Total extraordinary income	287	305
Extraordinary losses		
Loss on sales of non-current assets	0	4
Loss on retirement of non-current assets	7	11
Other	2	-
Total extraordinary losses	10	15
Profit before income taxes	6,337	6,394
Income taxes	1,745	2,166
Profit	4,592	4,228
Profit attributable to non-controlling interests	66	87
Profit attributable to shareholders of parent	4,525	4,141

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

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Profit	4,592	4,228
Other comprehensive income		
Valuation difference on available-for-sale securities	195	(656)
Deferred gains or losses on hedges	113	(299)
Foreign currency translation adjustment	1,488	3,829
Share of other comprehensive income of entities accounted for using equity method	39	61
Total other comprehensive income	1,837	2,935
Comprehensive income	6,429	7,163
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	6,343	7,033
Comprehensive income attributable to non-controlling interests	86	129

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,337	6,394
Depreciation	1,694	1,810
Amortization of goodwill	317	334
Gain on bargain purchase	-	(184)
Increase (decrease) in allowance for doubtful accounts	53	46
Increase (decrease) in provision for bonuses	46	(105)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(116)	(91)
Increase (decrease) in retirement benefit liability	40	11
Interest and dividend income	(347)	(329)
Interest expenses	249	355
Loss (gain) on sale of investment securities	(268)	(87)
Decrease (increase) in trade receivables	(3,537)	(3,644)
Decrease (increase) in inventories	(7,732)	(897)
Increase (decrease) in trade payables	4,666	(755)
Other, net	(147)	707
Subtotal	1,254	3,564
Interest and dividend received	305	282
Interest paid	(227)	(344)
Income taxes paid	(992)	(3,144)
Income taxes refund	39	17
Net cash provided by (used in) operating activities	379	375
<b>Cash flows from investing activities</b>		
Payments into time deposits	(515)	(388)
Proceeds from withdrawal of time deposits	622	428
Purchase of property, plant and equipment	(2,060)	(1,540)
Purchase of intangible assets	(41)	(60)
Purchase of investment securities	(19)	(266)
Proceeds from sales of investment securities	501	149
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,379)
Loan advances	(82)	(4)
Collection of loans receivable	71	0
Other, net	51	381
Net cash provided by (used in) investing activities	(1,471)	(2,681)

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,293)	(1,175)
Net increase (decrease) in commercial papers	1,999	998
Proceeds from long-term borrowings	3,969	290
Repayments of long-term borrowings	(2,624)	(3,146)
Redemption of bonds	(74)	(74)
Proceeds from issuance of shares	11	0
Dividends paid	(513)	(844)
Dividends paid to non-controlling interests	(16)	(16)
Repayments of finance lease obligations	(73)	(106)
Proceeds from sale and leaseback transactions	-	150
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(306)	-
Net cash provided by (used in) financing activities	1,078	(3,925)
Effect of exchange rate change on cash and cash equivalents	(244)	1,207
Net increase (decrease) in cash and cash equivalents	(258)	(5,023)
Cash and cash equivalents at beginning of period	26,002	25,944
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	679	-
Cash and cash equivalents at end of period	26,424	20,921

**(4) 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 before income taxes.

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

**Changes in Accounting Policies****Application of the Guidance on Accounting Standard for Fair Value Measurement**

ALCONIX has applied the Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement. 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, 2022.

**Segment Information****I. First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)****1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue**

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
Revenue from contracts with customers	15,105	28,774	16,940	13,752	74,572
External sales	15,105	28,774	16,940	13,752	74,572
Inter-segment sales and transfers	1,742	778	223	160	2,904
Total	16,847	29,553	17,163	13,912	77,477
Segment profit	1,939	1,464	738	1,900	6,043

**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	6,043
Eliminations for inter-segment transactions	17
Ordinary profit on the quarterly consolidated statement of income	6,060

## II. First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
Revenue from contracts with customers	23,608	34,249	20,545	13,810	92,214
External sales	23,608	34,249	20,545	13,810	92,214
Inter-segment sales and transfers	1,125	392	318	224	2,060
Total	24,733	34,641	20,864	14,034	94,274
Segment profit	2,569	1,147	1,021	1,401	6,140

## 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	6,140
Eliminations for inter-segment transactions	(35)
Ordinary profit on the quarterly consolidated statement of income	6,105

## 3. Information related to impairment of non-current assets or goodwill for each reportable segment

## Significant gain on bargain purchase

In the “Metal processing” segment, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd. and Suzhou Jupiter Industry Co., Ltd. were included in the scope of consolidation because ALCONIX has purchased the shares of these companies. Accordingly, gain on bargain purchase of 184 million yen was recorded in the first six months of FY3/23.

## 4. Information related to assets for each reportable segment

In the first quarter of FY3/23, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd. and Suzhou Jupiter Industry Co., Ltd. were included in the scope of consolidation. Accordingly, segment assets in the “Metal processing” segment increased by 2,889 million yen compared with the end of FY3/22.

*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. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. ALCONIX CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.*