



May 12, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

Company name: ALCONIX CORPORATION Listing: Tokyo Stock Exchange
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Scheduled date of Annual General Meeting of Shareholders: June 21, 2023
 Scheduled date of filing of Annual Securities Report: June 22, 2023
 Scheduled date of payment of dividend: June 22, 2023
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 12, 2023 at 12:30 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	%
Fiscal year ended Mar. 31, 2023	178,333	14.1	8,393	(23.8)	8,176	(25.7)	5,488	(26.9)
Fiscal year ended Mar. 31, 2022	156,286	-	11,020	-	11,009	-	7,507	-

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2023: 7,318 (down 25.7%) Fiscal year ended Mar. 31, 2022: 9,855 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2023	182.40	-	9.2	4.4	4.7
Fiscal year ended Mar. 31, 2022	282.54	282.50	15.1	6.8	7.1

Reference: Share of profit (loss) of entities accounted for using equity method (million yen)

Fiscal year ended Mar. 31, 2023: 4 Fiscal year ended Mar. 31, 2022: 4

Note: 1. Diluted net income per share for the fiscal year ended March 31, 2023 is not stated because dilutive shares do not exist.

2. ALCONIX has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. The figures for the fiscal year ended March 31, 2022 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	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	191,890	63,047	32.6	2,075.25
As of Mar. 31, 2022	176,437	57,331	32.2	1,889.53

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 62,476 As of Mar. 31, 2022: 56,817

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2023	226	(7,045)	5,896	25,814
Fiscal year ended Mar. 31, 2022	(3,329)	(3,257)	5,760	25,944

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2022	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2022	-	24.00	-	28.00	52.00	1,450	18.4	2.9
Fiscal year ended Mar. 31, 2023	-	26.00	-	28.00	54.00	1,625	29.6	2.7
Fiscal year ending Mar. 31, 2024 (forecast)	-	27.00	-	27.00	54.00			

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	186,000	4.3	8,400	0.1	8,200	0.3	5,500	0.2	182.69

Note: 1. The first half of the fiscal year ending March 31, 2024 is not announced since it is currently difficult to reasonably

determine the forecasts; only the consolidated earnings forecasts for the fiscal year ending March 31, 2024 is announced. Please refer to “1. Overview of Results of Operations, etc., (1) Analysis of Results of Operations, Forecasts for the fiscal year ending March 31, 2024” on page 3 of the attachments for further information.

2. The ALCONIX Group's medium-term business plan through the fiscal year ending March 31, 2026 is scheduled to be disclosed on May 26, 2023.

*** Notes**

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

Newly added: 1 (SOODE NAGANO Co., Ltd.)

Excluded: -

- (2) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 19 of the attachments for further information.

- (3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2023: 31,012,500 shares As of Mar. 31, 2022: 30,977,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2023: 907,207 shares As of Mar. 31, 2022: 907,207 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 30,093,130 shares Fiscal year ended Mar. 31, 2022: 26,572,806 shares

Note: ALCONIX has a Board Benefit Trust for the distribution of stock to eligible individuals. Shares of ALCONIX 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. In addition, shares of ALCONIX remaining in this trust are included in treasury shares under shareholders' equity and deducted from the number of shares outstanding at the end of period that was used to calculate net assets per share.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	54,701	3.9	1,341	(54.7)	4,638	1.6	4,171	15.4
Fiscal year ended Mar. 31, 2022	52,648	-	2,963	-	4,563	-	3,615	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Mar. 31, 2023	138.61		-	
Fiscal year ended Mar. 31, 2022	136.05		136.03	

Note: Diluted net income per share for the fiscal year ended March 31, 2023 is not stated because dilutive shares do not exist.

- (2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Mar. 31, 2023	101,595		27,268		26.8		904.16	
As of Mar. 31, 2022	89,748		24,526		27.3		813.96	

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 27,219 As of Mar. 31, 2022: 24,475

* This summary of financial results is not subject to audit 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.

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1. Overview of Results of Operations, etc.

(1) Analysis of Results of Operations

Results for the fiscal year ended March 31, 2023

In the fiscal year ended March 31, 2023, the outlook for the Japanese and global economies remained generally uncertain due to slowing economic growth in China, the prolonged Ukraine crisis, soaring prices of energy and resources throughout the fiscal year, accelerating inflation caused by the yen's depreciation and other reasons, and rising interest rates..

Demand was generally sluggish in the business areas in which the ALCONIX Group operates. One reason was a pause in demand for semiconductors and electronic components, which had been increasing for a wide range of applications, starting in the second half of the current fiscal year. Another reason was a slowdown in sales of smartphones and other consumer electronics due mainly to lower consumer purchasing power caused by global inflation, which led to reduce orders for some types of semiconductor manufacturing equipment. In the automobile industry, expectations for an upturn in demand in the second half of the current fiscal year increased as automakers planned on raising production as problems involving shortages of parts declined. However, the recovery of this industry was still limited as a result of sluggish automobile production in Japan caused by occasional supply chain disruptions and the impact of typhoons and other natural disasters.

At the ALCONIX Group, shipments of processed metal parts for semiconductor manufacturing equipment and plating materials increased compared with the previous fiscal year, as did in the sales amount of nickel products for electronic components, semiconductor-related materials and aluminum rolled products. On the other hand, shipments of metal precision-stamped parts and related materials decreased from the previous fiscal year due to sluggish automobile production in Japan. In terms of profit and loss, operating profit and ordinary profit decreased from the previous fiscal year mainly because of the higher cost of purchasing materials, in part due to the yen's depreciation, high prices of energy and raw materials, and an increase in selling, general and administrative expenses resulting from the inclusion of a new consolidated subsidiary. Although there was extraordinary income for a bargain purchase gain (negative goodwill) resulting from the purchase of the shares of a manufacturing subsidiary, after the deduction of taxes, profit attributable to shareholders of parent was lower than in the previous fiscal year.

Financial highlights for the fiscal year ended March 31, 2023 were as follows.

	FY3/22 (Million yen)	FY3/23 (Million yen)	Change (Million yen)	Change (%)
Net sales	156,286	178,333	22,046	14.1
Operating profit	11,020	8,393	(2,627)	(23.8)
Ordinary profit	11,009	8,176	(2,832)	(25.7)
Profit attributable to shareholders of parent	7,507	5,488	(2,019)	(26.9)

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

		FY3/22 (Million yen)	FY3/23 (Million yen)	Change (Million yen)	Change (%)
Trading—Electronic and Advanced Materials	Sales	36,806	42,161	5,354	14.5
	Segment profit	4,273	3,601	(672)	(15.7)
Trading—Aluminum and Copper Products	Sales	60,848	66,804	5,956	9.8
	Segment profit	2,032	1,171	(861)	(42.4)
Manufacturing—Equipment and Materials	Sales	36,269	42,464	6,194	17.1
	Segment profit	1,245	998	(247)	(19.8)
Manufacturing—Metal Processing	Sales	27,532	29,715	2,182	7.9
	Segment profit	3,449	2,416	(1,033)	(30.0)

• Trading—Electronic and Advanced Materials

Although the sales amount of materials for electronic components and nickel products for semiconductor materials remained firm because of higher demand in a wide range of applications, the sales amount of rechargeable battery materials decreased significantly compared with the previous fiscal year because of the decline in smartphones-related demand on a global scale. On the other hand, sales and earnings of minor metals and rare earths increased compared with the previous fiscal year due to higher market prices and other factors, although the sales volume decreased due to sluggish production in the automobile industry.

• Trading—Aluminum and Copper Products

In the products category, the handling volume of rolled aluminum products, backed by solid construction demand in Japan, increased compared with the previous fiscal year. On the other hand, the handling volume of copper products, mainly for electronic components, decreased because of weakening demand for IT products. In the materials category, sales volumes of copper and aluminum scrap and recycled aluminum ingots were lower than in the previous fiscal year due to a downturn in automobile production.

• Manufacturing—Equipment and Materials

In the materials category, shipments were higher than in the previous fiscal year due to upturns in demand for plating materials and market prices in the United States and China. In the equipment sector, shipments of consumable materials including flaw detection agents and paints remained firm both in Japan and other countries. However, demand for equipment for non-destructive testing and marking applications decreased because companies mainly in the automobile industry lowered production due to a shortage of parts. Consequently, shipments of this equipment were down from the previous fiscal year.

• Manufacturing—Metal Processing

Shipments of precision cutting process parts remained high because of strong sales and shipments of processing equipment, one of the semiconductor manufacturing equipment and firm demand for these parts associated with capital expenditures for factory automation and activities that reduce carbon emissions, such as the production of electric vehicles. Shipments of precision grinding processing parts for semiconductor chip mounting equipment were sluggish because of the decline in demand for smartphones on a global scale. Shipments of metal precision stamped parts were lower because automobile production was sluggish, although there were a large number of inquiries from customers. SOODE NAGANO Co., Ltd. became a consolidated subsidiary in November 2022 and is included in the consolidated income statement beginning with the fourth quarter. Sales of this company's stamped parts for automotive lithium-ion batteries were generally as planned.

Forecasts for the fiscal year ending March 31, 2024

	FY3/23 (Million yen)	FY3/24 (Million yen)	Change (Million yen)	Change (%)
Net sales	178,333	186,000	7,666	4.3
Operating profit	8,393	8,400	6	0.1
Ordinary profit	8,176	8,200	23	0.3
Profit attributable to shareholders of parent	5,488	5,500	11	0.2

The outlook for the business climate of the ALCONIX Group is expected to become even more uncertain. The main reasons are concerns about financial instability in Europe and North America because of inflation and rising interest rates worldwide, intensifying U.S.-China trade friction, and geopolitical risk due to the Ukraine crisis and other events. On the other hand, in China, economic activity is returning to normal following the end of the zero-COVID policy, resulting in expectations for a recovery of the semiconductor market. In the automobile industry, although there is still a risk of production cuts due to ongoing parts shortages, new automotive-related demand is expected to increase as the pace of structural changes in the automobile industry accelerate, including the rapid growth of electric vehicle sales.

In this business environment, the ALCONIX Group expects the medium to long-term growth in shipments of electronic and battery materials, aluminum rolled products and copper products in the two trading segments and of precision processing parts, automotive materials, chemical products and other products in the two manufacturing segments as demand for semiconductors continues to rise and new processed components for electric vehicles are generated. We will continue to place priority on automobiles, semiconductors and electronic components as the three business areas for growth in our medium-term business plan, and aim to further improve the operating profitability of existing businesses in the trading and manufacturing categories, as well as to invest in facility expansion to improve production efficiency at manufacturing companies within the ALCONIX Group, and to invest in start-up companies and businesses with new business opportunities and good prospects for growth through M&A and corporate venture capital (CVC).

The ALCONIX Group's medium-term business plan through the fiscal year ending March 31, 2026 is scheduled to be disclosed on May 26, 2023.

(2) Analysis of Financial Position

1) Financial position

Changes in the financial position during the fiscal year ended March 31, 2023 are described as below.

The major changes in the assets category were a 5,736 million yen increase in inventories, a 3,067 million yen increase in notes and accounts receivable-trade, a 6,932 million yen increase in property, plant and equipment due to capital expenditures and an increase in consolidated subsidiaries, a 378 million yen increase in investments and other assets, a 303 million yen increase in cash and deposits and a 950 million yen decrease in intangible assets including amortization of goodwill. As a result, assets increased by 15,453 million yen from the end of the previous fiscal year to 191,890 million yen.

The major changes in the liabilities category were a 7,175 million yen increase in short-term borrowings, a 2,129 million yen increase in long-term borrowings, a 1,997 million yen increase due to the issuance of commercial papers, a 2,497 million yen decrease in notes and accounts payable-trade, a 1,126 million yen decrease in current portion of long-term borrowings, a 1,474 million yen increase in long-term accounts payable and a 1,047 million yen decrease in income taxes payable. As a result, liabilities increased by 9,737 million yen from the end of the previous fiscal year to 128,843 million yen.

The major changes in the net assets category were a 3,834 million yen increase in retained earnings, a 2,210 million yen increase in foreign currency translation adjustment, a 341 million yen decrease in deferred gains or losses on hedges and a 103 million yen decrease in valuation difference on available-for-sale securities due to the market value evaluation of listed stock. As a result, net assets increased by 5,716 million yen from the end of the previous fiscal year to 63,047 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year ended on March 31, 2023 decreased by 129 million yen from the end of the previous fiscal year to 25,814 million yen.

The main changes in cash flows from operating, investing, and financing activities are described as below.

	Description
Cash flows from operating activities	Net cash provided by operating activities was 226 million yen. Main positive factors included profit before income taxes of 8,473 million yen and depreciation including amortization of goodwill of 4,851 million yen. Major negative factors included income taxes paid of 4,961 million yen, a decrease in trade payables of 4,537 million yen, an increase in inventories of 3,924 million yen and a gain on bargain purchase resulting from the purchase of shares in subsidiaries of 346 million yen.
Cash flows from investing activities	Net cash used in investing activities was 7,045 million yen. Main positive factors included proceeds from sales of investment securities of 157 million yen. Main negative factors included payments of 4,790 million yen for the purchase of property, plant and equipment and intangible assets in connection with the

	strengthening of facilities mainly at manufacturing subsidiaries, payments of 2,030 million yen for the purchase of shares of subsidiaries resulting in changes in the scope of consolidation, and payments of 476 million yen for the purchase of investment securities.
Cash flows from financing activities	Net cash provided by financing activities was 5,896 million yen. Main positive factors included a net increase in short-term borrowings of 5,383 million yen, an increase of 1,997 million yen due to the issuance of commercial papers and a net increase in long-term borrowings of 251 million yen. Main negative factors include cash dividends paid of 1,631 million yen, and redemption of bonds of 149 million yen.

Reference: Cash flow indicators

	FY3/22	FY3/23
Shareholders' equity ratio (%)	32.2	32.6
Shareholders' equity ratio based on market value (%)	23.8	21.4
Ratio of interest-bearing debt to cash flows (%)	-	317.0
Interest coverage ratio (times)	-	0.3

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization based on closing share price at the end of the period / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indicators are calculated based on consolidated figures.

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.

* Operating cash flow and interest payments are taken from "Net cash provided by (used in) operating activities" and "Interest expenses paid" on the consolidated statement of cash flows, respectively.

* Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.

* Years of debt redemption and interest coverage ratio for the fiscal year ended March 31, 2022 are not presented since operating cash flow was negative.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

ALCONIX's basic policy regarding dividends is to continuously provide stable dividends while securing adequate internal reserves for future business development and the bolstering of the management structure. Regarding internal reserves, ALCONIX will strengthen its business structure to meet the needs of the market as the business environment changes, will pursue M&A and business investment, and will invest in the improvement of human resources.

As was announced in the news release titled "Notice of Dividend" dated May 12, 2023, ALCONIX plans to pay a year-end dividend of 28 yen per share for the fiscal year that ended on March 31, 2023. With the interim dividend of 26 yen per share paid in the second quarter, this will result in an annual dividend of 54 yen per share.

2. Basic Approach to the Selection of Accounting Standards

The ALCONIX Group currently applies Japanese accounting standards for its consolidated financial statements to facilitate comparisons with prior-year performance and the performance of other companies in Japan.

The ALCONIX Group will consider adopting IFRS taking into consideration active discussion regarding IFRS and the upcoming adoption of IFRS by other companies in the same line of business.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	26,689	26,993
Notes and accounts receivable-trade	59,415	62,483
Merchandise and finished goods	35,974	41,050
Work in process	4,049	4,070
Raw materials and supplies	3,641	4,282
Other	5,989	6,137
Allowance for doubtful accounts	(642)	(804)
Total current assets	135,119	144,212
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,615	22,022
Accumulated depreciation	(9,832)	(11,478)
Buildings and structures, net	7,783	10,544
Machinery, equipment and vehicles	29,037	35,125
Accumulated depreciation	(22,486)	(26,170)
Machinery, equipment and vehicles, net	6,550	8,954
Tools, furniture and fixtures	8,410	9,226
Accumulated depreciation	(7,350)	(8,283)
Tools, furniture and fixtures, net	1,059	943
Land	7,577	9,529
Leased assets	2,066	3,172
Accumulated depreciation	(1,319)	(2,001)
Leased assets, net	747	1,170
Construction in progress	1,342	849
Total property, plant and equipment	25,061	31,993
Intangible assets		
Goodwill	1,887	1,357
Software	410	348
Other	2,406	2,046
Total intangible assets	4,703	3,753
Investments and other assets		
Investment securities	10,243	10,511
Long-term loans receivable	22	23
Deferred tax assets	346	423
Other	962	994
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	11,553	11,931
Total non-current assets	41,317	47,677
Total assets	176,437	191,890

	(Millions of yen)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	43,408	40,910
Short-term borrowings	31,590	38,766
Commercial papers	4,999	6,997
Current portion of long-term borrowings	6,208	5,081
Current portion of bonds payable	149	75
Income taxes payable	2,682	1,635
Provision for bonuses	1,244	1,265
Other	4,358	5,615
Total current liabilities	94,643	100,348
Non-current liabilities		
Bonds payable	325	250
Long-term borrowings	18,525	20,654
Deferred tax liabilities	2,900	3,229
Provision for retirement benefits for directors (and other officers)	447	293
Provision for share-based remuneration for directors (and other officers)	92	184
Retirement benefit liability	994	1,083
Long-term accounts payable-other	133	1,607
Other	1,042	1,191
Total non-current liabilities	24,462	28,494
Total liabilities	119,106	128,843
Net assets		
Shareholders' equity		
Share capital	5,787	5,810
Capital surplus	5,238	5,273
Retained earnings	40,563	44,398
Treasury shares	(1,157)	(1,157)
Total shareholders' equity	50,431	54,325
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,238	2,135
Deferred gains or losses on hedges	321	(20)
Foreign currency translation adjustment	3,825	6,035
Total accumulated other comprehensive income	6,386	8,150
Share acquisition rights	51	48
Non-controlling interests	462	523
Total net assets	57,331	63,047
Total liabilities and net assets	176,437	191,890

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	156,286	178,333
Cost of sales	130,519	153,257
Gross profit	25,767	25,075
Selling, general and administrative expenses	14,746	16,682
Operating profit	11,020	8,393
Non-operating income		
Interest income	44	64
Dividend income	445	445
Foreign exchange gains	-	55
Other	362	359
Total non-operating income	851	924
Non-operating expenses		
Interest expenses	519	840
Foreign exchange losses	87	-
Other	255	300
Total non-operating expenses	863	1,141
Ordinary profit	11,009	8,176
Extraordinary income		
Gain on sales of non-current assets	8	86
Gain on sales of investment securities	274	87
Gain on bargain purchase	-	346
Other	40	60
Total extraordinary income	323	581
Extraordinary losses		
Loss on sales of non-current assets	0	5
Loss on retirement of non-current assets	29	73
Loss on valuation of investment securities	49	3
Impairment loss	76	-
Amortization of goodwill	-	170
Other	11	29
Total extraordinary losses	167	284
Profit before income taxes	11,165	8,473
Income taxes-current	3,864	2,727
Income taxes-deferred	(295)	206
Total income taxes	3,568	2,934
Profit	7,596	5,539
Profit attributable to non-controlling interests	88	50
Profit attributable to shareholders of parent	7,507	5,488

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	7,596	5,539
Other comprehensive income		
Valuation difference on available-for-sale securities	(522)	(103)
Deferred gains or losses on hedges	367	(341)
Foreign currency translation adjustment	2,348	2,369
Share of other comprehensive income of entities accounted for using equity method	64	(145)
Total other comprehensive income	2,259	1,779
Comprehensive income	9,855	7,318
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	9,741	7,253
Comprehensive income attributable to non-controlling interests	114	64

(3) Consolidated Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,006	2,416	34,352	(1,129)	38,646
Changes during period					
Issuance of new shares	2,780	2,780			5,560
Dividends of surplus			(1,130)		(1,130)
Profit attributable to shareholders of parent			7,507		7,507
Change in scope of consolidation			(166)		(166)
Change in scope of equity method					-
Transfer to capital surplus from retained earnings					-
Purchase of treasury shares				(189)	(189)
Disposal of treasury shares				161	161
Gain on disposal of treasury shares		27			27
Change in ownership interest of parent due to transactions with non-controlling interests		13			13
Net changes in items other than shareholders' equity					
Total changes during period	2,780	2,821	6,210	(27)	11,784
Balance at end of period	5,787	5,238	40,563	(1,157)	50,431

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2,761	(46)	1,438	4,153	51	520	43,372
Changes during period							
Issuance of new shares				-			5,560
Dividends of surplus				-			(1,130)
Profit attributable to shareholders of parent				-			7,507
Change in scope of consolidation				-			(166)
Change in scope of equity method				-			-
Transfer to capital surplus from retained earnings							-
Purchase of treasury shares				-			(189)
Disposal of treasury shares				-			161
Gain on disposal of treasury shares				-			27
Change in ownership interest of parent due to transactions with non-controlling interests				-			13
Net changes in items other than shareholders' equity	(522)	368	2,387	2,233	(0)	(57)	2,174
Total changes during period	(522)	368	2,387	2,233	(0)	(57)	13,959
Balance at end of period	2,238	321	3,825	6,386	51	462	57,331

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,787	5,238	40,563	(1,157)	50,431
Changes during period					
Issuance of new shares	23	23			46
Dividends of surplus			(1,631)		(1,631)
Profit attributable to shareholders of parent			5,488		5,488
Change in scope of consolidation					-
Change in scope of equity method			(9)		(9)
Transfer to capital surplus from retained earnings		12	(12)		(0)
Purchase of treasury shares					-
Disposal of treasury shares					-
Gain on disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	23	35	3,834	-	3,893
Balance at end of period	5,810	5,273	44,398	(1,157)	54,325

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2,238	321	3,825	6,386	51	462	57,331
Changes during period							
Issuance of new shares							46
Dividends of surplus							(1,631)
Profit attributable to shareholders of parent							5,488
Change in scope of consolidation							-
Change in scope of equity method							(9)
Transfer to capital surplus from retained earnings							(0)
Purchase of treasury shares							-
Disposal of treasury shares							-
Gain on disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	(103)	(341)	2,210	1,764	(2)	60	1,822
Total changes during period	(103)	(341)	2,210	1,764	(2)	60	5,716
Balance at end of period	2,135	(20)	6,035	8,150	48	523	63,047

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	11,165	8,473
Depreciation	3,494	3,977
Impairment loss	76	-
Amortization of goodwill	640	874
Gain on bargain purchase	-	(346)
Increase (decrease) in allowance for doubtful accounts	(124)	60
Increase (decrease) in provision for bonuses	191	(7)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(92)	(168)
Provision for share-based remuneration for directors (and other officers)	92	91
Increase (decrease) in retirement benefit liability	74	17
Interest and dividend income	(489)	(509)
Interest expenses	519	840
Loss (gain) on sale of investment securities	(274)	(87)
Loss on valuation of investment securities	49	3
Decrease (increase) in trade receivables	(7,570)	(10)
Decrease (increase) in inventories	(16,276)	(3,924)
Increase (decrease) in trade payables	7,327	(4,537)
Other, net	(71)	825
Subtotal	(1,265)	5,573
Interest and dividend received	458	436
Interest paid	(512)	(838)
Income taxes paid	(2,063)	(4,961)
Income taxes refund	53	17
Net cash provided by (used in) operating activities	(3,329)	226
Cash flows from investing activities		
Payments into time deposits	(637)	(892)
Proceeds from withdrawal of time deposits	1,032	615
Purchase of property, plant and equipment	(4,135)	(4,704)
Purchase of intangible assets	(125)	(86)
Purchase of investment securities	(41)	(476)
Proceeds from sales of investment securities	528	157
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,030)
Payments for acquisition of businesses	-	(120)
Loan advances	(82)	(6)
Collection of loans receivable	102	2
Other, net	101	496
Net cash provided by (used in) investing activities	(3,257)	(7,045)

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,434	5,383
Net increase (decrease) in commercial papers	1,999	1,997
Proceeds from long-term borrowings	4,191	6,780
Repayments of long-term borrowings	(5,901)	(6,529)
Redemption of bonds	(149)	(149)
Proceeds from issuance of shares	5,486	0
Dividends paid	(1,135)	(1,631)
Dividends paid to non-controlling interests	(16)	(16)
Repayments of finance lease obligations	(138)	(288)
Proceeds from sale and leaseback transactions	296	350
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	5,760	5,896
Effect of exchange rate change on cash and cash equivalents	87	791
Net increase (decrease) in cash and cash equivalents	(737)	(129)
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	25,944	25,814

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 60

Names of major consolidated subsidiaries

ADVANCED MATERIAL JAPAN CORPORATION
OHKAWA CORPORATION
OHBA SEIKEN CO., LTD.
HEIWA KINZOKU CO., LTD.
MARKTEC CORPORATION
ALCONIX (SHANGHAI) CORP.
UNIVERTICAL HOLDINGS INC.

From the current fiscal year, newly established AC METALS CORPORATION was included in the scope of consolidation. In addition, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd. and Suzhou Jupiter Industry Co., Ltd. and SOODE NAGANO Co., Ltd. were included in the scope of consolidation because ALCONIX has acquired the shares of these companies.

KIMMON KOHA CO., LTD. (sub-subsidiary) was included in the scope of consolidation because the shares of its stock were acquired by MARKTEC CORPORATION, consolidated subsidiary of ALCONIX.

(2) Number of non-consolidated subsidiaries: 4

Names of major non-consolidated subsidiaries

Heiwa Thai Corporation

Reason for exclusion from the scope of consolidation

Non-consolidated subsidiaries are excluded from the scope of consolidation since they have a very minor effect on total assets, net sales and profit/loss (equity in earnings) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 0

In the current fiscal year, Guandon Chuangfu Metal Product Co., Ltd. is not accounted for under the equity method, since it is no longer an affiliate because ALCONIX has sold the shares of this company.

(2) Number of affiliates not accounted for under the equity method: 6

Names of major affiliates:

Guangdong Rixin Chuangfu Construction New Material Co., Ltd.

Non-equity method affiliates are not accounted for under the equity method, since they have a very minor effect on profit/loss (equity in earnings) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of the eight consolidated subsidiaries in Japan and 35 overseas consolidated subsidiaries is December 31.

The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31, and necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the consolidated balance sheet date.

4. Accounting standards

(1) Valuation standards and methods for principal assets

1) Marketable securities

Available-for-sale securities

a. Securities other than shares without market quotations

Stated at fair value. (Valuation differences are included in net assets. Cost of securities sold is determined by the moving-average method.)

b. Shares without market quotations, etc.

Mainly stated at cost determined by the moving-average method.

c. Investment in limited liability investment partnerships and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

The net amount of equity interest is included based on the most recent financial statements available in accordance with the date of financial reporting stipulated in the partnership agreement.

2) Derivatives

Stated at fair value.

3) Inventories

Inventories held for regular sales purpose

Valued by the cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

a) Merchandise, finished goods and work in process

Copper tubes, etc. for small-lot sales:

Stated at cost determined by the first-in first-out method and by the moving-average method.

Other inventories:

Mainly stated at cost determined by the specific identification method.

b) Raw materials and supplies:

Stated at cost determined by the moving-average method.

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment at ALCONIX and its domestic consolidated subsidiaries is calculated by the declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding attached facilities) and facilities attached to the buildings and structures acquired on or after April 1, 2016 on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries mainly apply the straight-line method.

Useful life of principle assets is as follows:

Buildings and structures:	1-60 years
Machinery, equipment and vehicles:	1-20 years
Tools, furniture and fixtures:	1-20 years

2) Intangible assets (excluding lease assets)

Amortization of intangible assets is calculated by the straight-line method.

Software for internal use is amortized over an expected useful life of five years by the straight-line method.

3) Lease assets

Lease assets associated with finance leases where there is transfer of ownership:

The same method as amortization method used for non-current assets held by ALCONIX is applied.

(3) Recognition of significant allowances

1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectability.

2) Provision for bonuses

To provide for employee bonus obligation at ALCONIX and certain consolidated subsidiaries, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.

3) Provision for retirement benefits for directors (and other officers)

To provide for directors' retirement benefits, ALCONIX and certain domestic consolidated subsidiaries provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to ALCONIX's rules on directors' retirement benefits.

4) Provision for share awards for directors (and other officers)

To provide for ALCONIX shares to be paid to directors in accordance with share issuance rules, ALCONIX provides an allowance for the estimated amount of obligations for share issuance at the end of the current fiscal year.

(4) The accounting treatment methods for retirement benefits

ALCONIX and its consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses by using a simplified method in which retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested benefits at the end of the fiscal year.

(5) Recognition of significant income and expenses

ALCONIX and its consolidated subsidiaries sell parts and materials used mainly in smartphones and tablets, aluminum rolled products, copper products, non-ferrous scrap (aluminum, copper), minor metals and other products and manufacture and sell plating materials, carbon brushes for small motors, non-destructive testing equipment, marking devices, precision grinding processing parts, metal precision stamped parts and other products. Revenue for these products is recognized when control of the promised product or service is transferred to the customer because ALCONIX fulfills its obligations at that time.

ALCONIX receives the payment or other consideration for fulfilling an obligation generally within one year and this does not include a significant financial component.

Sales of products where a product purchased by ALCONIX or a consolidated subsidiary is sent directly from the external supplier to the customer for the efficient provision of the product, thereby resulting in the fulfillment by ALCONIX or a consolidated subsidiary of its obligation, are classified as an agent transaction and only the net amount is recognized as revenue.

(6) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the balance sheet date. Exchange gain or loss is accounted as profit or loss. The balance sheet accounts of overseas consolidated subsidiaries are also translated into yen at the spot exchange rate in effect on their balance sheet dates. The income statement accounts of overseas consolidated subsidiaries are translated into yen at the average exchange rate for their accounting periods. Translation adjustments are included in the foreign currency translation adjustment and non-controlling interests in net assets.

(7) Accounting for hedges

1) Hedging method

ALCONIX applies deferred hedge accounting. However, the short-cut method is applied for forward exchange rate contracts that meet hedge accounting criteria.

2) Hedging instruments and risks hedged

ALCONIX uses forward exchange rate contracts to hedge the risk of foreign exchange rate volatility for foreign currency-denominated transactions. ALCONIX uses commodity futures to hedge the risk of future price volatility of commodities handled (non-ferrous metals).

3) Hedging policy

ALCONIX's policy is to limit derivative transactions to within the scope of real demand. ALCONIX hedges in order to minimize risks from foreign exchange rate volatility and commodity market volatility in line with its internal guidelines (risk management policy).

4) Evaluation method for the effectiveness of hedges

Hedges are applied only after confirming beforehand that important criteria related to hedging instruments and risks hedged are generally met. The effectiveness of the hedge is confirmed afterward based on reports from the division that executes derivatives. However, the effectiveness of forward exchange rate contracts based on the short-cut method is not assessed.

(8) Method and period of goodwill amortization

Goodwill is amortized over 5 years or 10 years by the straight-line method.

(9) Scope of cash and cash equivalents on the consolidated statement of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

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 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 consolidated financial statements.

Segment and Other Information

[Segment information]

1. Overview of reportable segment

Segments used for financial reporting are ALCONIX's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

ALCONIX has individual business divisions at its headquarters that oversee specific products and merchandise categories. As part of their activities, each division conducts business in line with the comprehensive strategies they have devised for products and merchandise in both domestic and overseas markets.

ALCONIX's businesses are broadly divided as Trading and Manufacturing in order to clarify its business activities and earnings structure of each business division. Furthermore, the four reportable segments are used based on the products and merchandise. They include: Electronic and Advanced Materials, Aluminum and Copper Products, Equipment and Materials, and Metal Processing.

In the Electronic and Advanced Materials segment, we are engaged in compound semiconductors, electronic materials, nickel products, minor metals and rare earths, and other materials.

In the Aluminum and Copper Products segment, we are engaged in aluminum products (rolling products, extruded materials, forged and cast products, beverage cans, foil, etc.), copper products (sheets, strips, rods, and other fabricated products and parts, etc.), secondary aluminum alloy ingots, non-ferrous metal scraps (aluminum, copper, special metal, used home electronics, etc.), metal silicon, zinc alloy ingots, magnesium ingots, various piping equipment, forge/foundry materials, aluminum die cast products, metal molds, cast metal products, metal fitting work, commercial and residential building renovation, titanium and nickel products, and other products.

In the Equipment and Materials segment, we are engaged in cooper, nickel, plating materials and related chemicals, non-destructive testing equipment, marking devices and related consumables, metal mold building-up welding rods and thermal spraying work, cashew resin (brake friction materials and other products), products using cashew-based materials, radio wave absorbing materials, carbon brushes for small motors used for automobiles and general industrial applications.

In the Metal Processing segment, we are engaged in precision mechanical parts, made of aluminum, titanium and other light alloys, for use in telecommunications equipment and other devices, semiconductor surface mounting machines (chip mounters), precision grinding processing parts for manufacturing equipment in the automobile and industrial machinery industries, precision stamping dies and stamping parts for the automobile industry, and metal

processed components used in air conditioning equipment and automotive parts, stamping work for precision connector metal terminal parts, stamping and cutting work for lithium-ion batteries and HDD parts.

2. Calculation methods for net sales, profits/losses, assets, and other items for reportable segments

The accounting methods for reportable segments are the same as those listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable segments are generally ordinary profit figures.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profits/losses, assets, and other items for reportable segments and breakdown of revenue

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(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	33,712	59,614	35,775	27,184	156,286
External sales	33,712	59,614	35,775	27,184	156,286
Inter-segment sales and transfers	3,094	1,233	494	348	5,170
Total	36,806	60,848	36,269	27,532	161,457
Segment profit	4,273	2,032	1,245	3,449	11,001
Segment assets	38,302	74,125	43,755	28,119	184,302
Other items					
Depreciation	95	113	1,271	2,013	3,494
Amortization of goodwill	-	-	592	48	640
Interest income	3	10	30	0	44
Interest expenses	135	299	26	58	519
Equity in earnings of affiliates	-	-	-	4	4
Investment in equity-method affiliates	-	453	-	-	453
Increase in property, plant and equipment and intangible assets	230	154	1,253	2,893	4,531

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(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	41,418	65,861	41,783	29,269	178,333
External sales	41,418	65,861	41,783	29,269	178,333
Inter-segment sales and transfers	743	943	680	446	2,812
Total	42,161	66,804	42,464	29,715	181,145
Segment profit	3,601	1,171	998	2,416	8,187
Segment assets	35,778	74,541	45,830	43,951	200,101
Other items					
Depreciation	116	116	1,428	2,316	3,977
Amortization of goodwill (Note)	-	10	815	49	874
Interest income	14	10	36	3	64
Interest expenses	329	339	63	107	840
Equity in earnings of affiliates	-	-	-	4	4
Investment in equity-method affiliates	-	-	-	-	-

Increase in property, plant and equipment and intangible assets	305	947	1,378	3,169	5,800
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Note: Amortization of goodwill in the “Equipment and Materials” segment includes goodwill amortization of 170 million yen recorded as extraordinary losses.

4. Reconciliation of amounts on consolidated financial statements with totals for reportable segments

(Millions of yen)

Net sales	FY3/22	FY3/23
Total for reportable segments	161,457	181,145
Eliminations for inter-segment transactions	(5,170)	(2,812)
Net sales on the consolidated financial statements	156,286	178,333

(Millions of yen)

Profit	FY3/22	FY3/23
Total for reportable segments	11,001	8,187
Eliminations for inter-segment transactions	7	(10)
Ordinary profit on the consolidated financial statements	11,009	8,176

(Millions of yen)

Assets	FY3/22	FY3/23
Total for reportable segments	184,302	200,101
Corporate assets (Note)	72	-
Eliminations for inter-segment transactions	(7,937)	(8,210)
Total assets on the consolidated financial statements	176,437	191,890

Note: Corporate assets are the deferred tax assets of ALCONIX.

[Related information]

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

1. Information by product or service

This information is omitted because the same information is in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	China	North America	Europe	Other regions	Total
95,285	15,669	25,516	15,851	3,691	272	156,286

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Asia does not include China.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	China	North America	Europe	Total
16,826	1,589	2,437	4,205	0	25,061

Note: Asia does not include China.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

1. Information by product or service

This information is omitted because the same information is in segment information.

2. Information by region

(1) Net sales (Millions of yen)

Japan	Asia	China	North America	Europe	Other regions	Total
104,199	19,890	28,827	22,006	2,914	494	178,333

Notes: 1. Classification of net sales is based on the location of the client and categorized by country or region.

2. Asia does not include China.

(2) Property, plant and equipment (Millions of yen)

Japan	Asia	China	North America	Europe	Total
22,829	1,710	2,532	4,919	1	31,993

Note: Asia does not include China.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

[Information related to impairment of non-current assets for reportable segments]

FY3/22 (Apr. 1, 2021– Mar. 31, 2022)

In the “Equipment and Materials” segment, an impairment loss of goodwill of 76 million yen was recorded.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

[Information related to goodwill amortization and the unamortized balance for reportable segments]

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) (Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Trading		Manufacturing		Subtotal		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing			
Balance at end of period	-	0	1,632	254	1,887	-	1,887

Note: Goodwill amortization is omitted because the same information is in segment information.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) (Millions of yen)

	Reportable segment					Elimination or corporate	Total
	Trading		Manufacturing		Subtotal		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing			
Balance at end of period	-	110	1,036	211	1,357	-	1,357

Note: Goodwill amortization is omitted because the same information is in segment information.

Unamortized goodwill in the Aluminum and Copper Products segment increased because of the acquisition of a business.

[Information related to gain on bargain purchase for reportable segments]

FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)

Not applicable.

FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)

In the “Metal processing” segment, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd. and Suzhou Jupiter Industry Co., Ltd., and SOODE NAGANO Co., Ltd. were included in the scope of consolidation because ALCONIX has acquired the shares of these companies. Accordingly, gain on bargain purchase of 346 million yen was recorded.

Per Share Information

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	1,889.53	2,075.25
Net income per share	282.54	182.40
Diluted net income per share	282.50	-

Note: The following are figures used to calculate net income per share and diluted net income per share.

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net income per share		
Profit attributable to shareholders of parent	7,507	5,488
Amounts not available to common stock shareholders	-	-
Profit attributable to shareholders of parent available to common stock	7,507	5,488
Average number of shares outstanding during the period (Thousand shares)	26,572	30,093
Diluted net income per share		
Adjusted profit attributable to shareholders of parent	-	-
[of which, adjusted profit attributable to shareholders of parent related to the potential stock of consolidated subsidiaries]	[-]	[-]
Increase in the number of shares of common stock (Thousand shares)	4	-
[of which, stock acquisition rights]	[4]	[-]
Summary of potential stock not included in the calculation of “Diluted net income per share” since there was no dilutive effect	Share acquisition rights No.7 (Number of share acquisition rights: 724)	

Notes: 1. Diluted net income per share for FY3/23 is not stated because dilutive shares do not exist.

- Shares of ALCONIX stock held by Custody Bank of Japan, Ltd. (Trust E account) as at trust property of the Board Benefit Trust are included in treasury shares under shareholders' equity and deducted from the number of shares outstanding at the end of period that was used to calculate net assets per share. (FY3/22: 130 thousand shares, FY3/23: 130 thousand shares)
- Shares of ALCONIX stock held by Custody Bank of Japan, Ltd. (Trust E account) as at trust property of the Board Benefit 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. (FY3/22: 78 thousand shares, FY3/23: 130 thousand shares)

4. Non-consolidated Financial Statements and Notes**(1) Balance Sheet**

(Millions of yen)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	5,361	799
Notes receivable-trade	448	864
Electronically recorded monetary claims- operating	1,634	2,223
Accounts receivable-trade	29,693	28,298
Merchandise and finished goods	14,595	17,806
Advance payments-trade	-	88
Prepaid expenses	162	165
Short-term loans receivable	20,778	20,928
Other	1,680	2,926
Allowance for doubtful accounts	(224)	(177)
Total current assets	74,130	73,924
Non-current assets		
Property, plant and equipment		
Buildings	43	33
Vehicles	3	5
Tools, furniture and fixtures	26	59
Assets for lease	63	50
Land	-	861
Total property, plant and equipment	137	1,010
Intangible assets		
Goodwill	-	110
Software	53	41
Telephone subscription right	5	5
Total intangible assets	58	157
Investments and other assets		
Investment securities	2,586	2,817
Shares of subsidiaries and associates	11,824	22,554
Investments in capital of subsidiaries and associates	694	893
Long-term prepaid expenses	11	9
Long-term guarantee deposits	147	162
Deferred tax assets	72	-
Other	84	65
Total investments and other assets	15,421	26,503
Total non-current assets	15,617	27,671
Total assets	89,748	101,595

	(Millions of yen)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Notes payable-trade	7,966	2,520
Accounts payable-trade	17,179	18,855
Short-term borrowings	7,278	17,066
Commercial papers	4,999	6,997
Current portion of long-term borrowings	4,766	3,509
Current portion of bonds payable	149	75
Accounts payable-other	872	1,018
Accrued expenses	186	180
Income taxes payable	934	39
Advances received	428	497
Deposits received	4,868	5,662
Provision for bonuses	303	242
Other	401	210
Total current liabilities	50,337	56,878
Non-current liabilities		
Bonds payable	75	-
Long-term borrowings	14,378	16,868
Long-term accounts payable-other	129	129
Provision for retirement benefits	208	219
Provision for share awards for directors (and other officers)	92	184
Deferred tax liabilities	-	46
Total non-current liabilities	14,884	17,449
Total liabilities	65,221	74,327
Net assets		
Shareholders' equity		
Share capital	5,787	5,810
Capital surplus		
Legal capital surplus	4,829	4,852
Other capital surplus	27	27
Total capital surpluses	4,857	4,880
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	13,916	16,456
Total retained earnings	14,327	16,866
Treasury shares	(1,157)	(1,157)
Total shareholders' equity	23,814	26,400
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	689	834
Deferred gains or losses on hedges	(28)	(15)
Total valuation and translation adjustments	661	819
Share acquisition rights	51	48
Total net assets	24,526	27,268
Total liabilities and net assets	89,748	101,595

(2) Statement of Income

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	52,648	54,701
Cost of sales	46,013	49,392
Gross profit	6,634	5,308
Selling, general and administrative expenses	3,671	3,967
Operating profit	2,963	1,341
Non-operating income		
Interest income	78	88
Purchase discounts	13	17
Dividend income	1,651	3,349
Outsourcing service income	357	393
Other	66	104
Total non-operating income	2,168	3,953
Non-operating expenses		
Interest expenses	218	295
Foreign exchange losses	130	133
Loss on investments in capital	-	105
Other	219	121
Total non-operating expenses	568	656
Ordinary profit	4,563	4,638
Extraordinary income		
Gain on sales of investment securities	-	17
Gain on liquidation of subsidiaries and associates	-	4
Gain on sales of investment securities	263	-
Other	1	5
Total extraordinary income	265	28
Extraordinary losses		
Loss on retirement of non-current assets	0	12
Loss on valuation of shares of subsidiaries and associates	91	13
Loss on valuation of investment securities	45	-
Total extraordinary losses	136	26
Income before income taxes	4,692	4,640
Income taxes-current	1,153	361
Income taxes-deferred	(76)	107
Total income taxes	1,077	469
Profit	3,615	4,171

(3) Statement of Changes in Equity

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings				Total retained earnings
						General reserve	Retained earnings brought forward			
Balance at beginning of period	3,006	2,049	-	2,049	10	400	11,431	11,842	(1,129)	15,769
Changes during period										
Issuance of new shares	2,780	2,780		2,780				-		5,560
Dividends of surplus				-			(1,130)	(1,130)		(1,130)
Profit				-			3,615	3,615		3,615
Purchase of treasury shares				-				-	(189)	(189)
Disposal of treasury shares				-				-	161	161
Gain on disposal of treasury shares			27	27				-		27
Net changes in items other than shareholders' equity				-				-		-
Total changes during period	2,780	2,780	27	2,807	-	-	2,484	2,484	(27)	8,044
Balance at end of period	5,787	4,829	27	4,857	10	400	13,916	14,327	(1,157)	23,814

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	1,057	(53)	1,003	51	16,825
Changes during period					
Issuance of new shares					5,560
Dividends of surplus					(1,130)
Profit					3,615
Purchase of treasury shares					(189)
Disposal of treasury shares					161
Gain on disposal of treasury shares					27
Net changes in items other than shareholders' equity	(368)	25	(342)	(0)	(343)
Total changes during period	(368)	25	(342)	(0)	7,701
Balance at end of period	689	(28)	661	51	24,526

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	5,787	4,829	27	4,857	10	400	13,916	14,327	(1,157)	23,814
Changes during period										
Issuance of new shares	23	23		23				-		46
Dividends of surplus				-			(1,631)	(1,631)		(1,631)
Profit				-			4,171	4,171		4,171
Purchase of treasury shares				-				-		-
Disposal of treasury shares				-			-	-		-
Gain on disposal of treasury shares				-				-		-
Net changes in items other than shareholders' equity				-				-		-
Total changes during period	23	23	-	23	-	-	2,539	2,539	-	2,585
Balance at end of period	5,810	4,852	27	4,880	10	400	16,456	16,866	(1,157)	26,400

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	689	(28)	661	51	24,526
Changes during period					
Issuance of new shares					46
Dividends of surplus					(1,631)
Profit					4,171
Purchase of treasury shares					-
Disposal of treasury shares					-
Gain on disposal of treasury shares					-
Net changes in items other than shareholders' equity	145	12	158	(2)	155
Total changes during period	145	12	158	(2)	2,741
Balance at end of period	834	(15)	819	48	27,268

5. Others

(1) Changes in Directors

The appointment will be subject to a resolution at the Annual General Meeting of Shareholders to be held on June 21, 2023.

1) Change in representative

Not applicable.

2) Changes in other directors

-Candidates for Directors

Junichi Kitagaki

-Retiring Director

Masahiko Nishimura

(2) Others

Not applicable.

This summary of financial results 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.