



May 25, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 3036

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2021

Scheduled date of filing of Annual Securities Report: June 24, 2021

Scheduled date of payment of dividend: June 24, 2021

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 25, 2021 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, 2021 (April 1, 2020 – March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	214,987	(7.4)	5,621	8.6	5,718	5.6	2,860	(20.9)
Fiscal year ended Mar. 31, 2020	232,242	(9.8)	5,176	(17.3)	5,416	(13.4)	3,617	(9.8)

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2021: 4,880 (up 66.1%) Fiscal year ended Mar. 31, 2020: 2,936 (up 14.3%)

	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, 2021	113.60	-	6.9	4.1	2.6
Fiscal year ended Mar. 31, 2020	143.25	-	9.2	3.9	2.2

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

Fiscal year ended Mar. 31, 2021: 125 Fiscal year ended Mar. 31, 2020: 270

Note: Diluted net income per share is not stated because dilutive shares do not exist.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	147,917	43,372	28.9	1,709.55
As of Mar. 31, 2020	134,463	41,277	30.1	1,578.62

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 42,800 As of Mar. 31, 2020: 40,481

(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, 2021	4,098	(2,472)	2,849	26,002
Fiscal year ended Mar. 31, 2020	9,091	(3,171)	(7,993)	21,595

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, 2020	Yen -	Yen 21.00	Yen -	Yen 21.00	Yen 42.00	Million yen 1,068	% 29.3	% 2.7
Fiscal year ended Mar. 31, 2021	Yen -	Yen 21.00	Yen -	Yen 21.00	Yen 42.00	Million yen 1,053	% 37.0	% 2.6
Fiscal year ending Mar. 31, 2022 (forecast)	Yen -	Yen 21.00	Yen -	Yen 21.00	Yen 42.00		% 23.9	

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	57,300	-	3,200	-	3,600	-	2,700	-	105.29
Full year	120,000	-	6,400	-	6,400	-	4,500	-	175.48

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

*** Notes**

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

Newly added: -

Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2021: 25,943,100 shares As of Mar. 31, 2020: 25,915,700 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2021: 907,207 shares As of Mar. 31, 2020: 272,071 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 25,183,154 shares Fiscal year ended Mar. 31, 2020: 25,257,233 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	107,697	(2.6)	930	16.7	3,019	13.2	2,845	24.5
Fiscal year ended Mar. 31, 2020	110,595	(10.3)	797	2.0	2,667	(18.6)	2,285	(23.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	112.99	-
Fiscal year ended Mar. 31, 2020	90.49	-

Note: Diluted net income per share 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, 2021	75,071	16,825	22.3	669.97
As of Mar. 31, 2020	66,936	15,027	22.4	584.66

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 16,773 As of Mar. 31, 2020: 14,992

* The current financial report 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

In the fiscal year ended March 31, 2021, economic activity worldwide began to resume in the second half of the fiscal year and the global economy started to recover, although there are still negative effects of the COVID-19 pandemic. The U.S. and Chinese economies were strong because of government economic stimulus measures. In Europe, the British economy is recovering because of progress with vaccinations but overall there is still uncertainty about the economic outlook.

In Japan, consumer spending, manufacturing and exports recovered rapidly along with the resumption of economic activity worldwide. However, there is still no broad-based recovery in corporate earnings.

In the automobile industry, where the ALCONIX Group operates, there is growth in the number and diversity of materials and parts involving the use of electronic components, reduction of vehicle weight and technologies for self-driving vehicles. Although automobile sales temporarily declined because of COVID-19, there was a rapid recovery in automobile sales in the second half of the fiscal year. As a result, demand for automotive parts increased. In the semiconductor and electronic components industries, most markets are growing along with the increasing volume of data transmissions because of the IoT, AI and other reasons, the increasing use of electronic automobile components, the full-scale launch of 5G mobile telecommunications, and other events. Furthermore, the demand for parts and materials used in IT equipment and semiconductor devices was consistently strong because of the growth of online economic activities and the penetration of remote work and telework.

At the ALCONIX Group, metal processing parts for semiconductor manufacturing equipment contributed to earnings as demand was up in market sectors involving semiconductors and data communications. In the Trading sector for electronic and advanced materials, the transaction volumes of electronic and battery materials used in smartphones and other IT products were higher than one year earlier. Earnings from metal precision stamped parts and carbon brushes for small motors improved as shipments surged from the second half onward because of the rapid worldwide recovery in automobile demand. In the Trading sector, transaction volumes of non-ferrous materials, aluminum rolled products and copper products did not reach the previous fiscal year's level, as these sales were unable to cover the downturn in automobile demand in the second half of the fiscal year. Operating profit and ordinary profit were higher than in the previous fiscal year due to the improvement in earnings as was just explained and the elimination of a valuation loss on inventories of minor metals in the electronic and advanced materials business recorded in the previous fiscal year, though there was a loss caused by an improper accounting procedure at a consolidated subsidiary. Profit attributable to owners of parent decreased because of a loss on the sale of the stock of an equity-method affiliate.

ALCONIX reported consolidated net sales of 214,987 million yen (down 7.4% year on year), operating profit of 5,621 million yen (up 8.6%), ordinary profit of 5,718 million yen (up 5.6%) and profit attributable to owners of parent of 2,860 million yen (down 20.9%).

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

• Trading—Electronic and Advanced Materials

Sales and earnings for materials used in smartphones and tablets increased because of the end of inventory adjustments due to the global COVID-19 pandemic. Sales and earnings for secondary battery and environmental applications also increased. There was a rapid recovery in demand following the temporary downturn in the first quarter caused by COVID-19 and demand associated with remote work and telework contributed to sales and earnings. On the other hand, sales and earnings for exports of titanium and nickel products to Europe were lower because of the impact of COVID-19 throughout the fiscal year.

In the minor metals and rare earths category, the transaction volume of rare earths used in magnetic materials increased. However, the transaction volume of tungsten and other minor metals were down from one year earlier because of the temporary downturn in demand in the automobile industry early in the fiscal year. There was a big increase in segment profit because of the recovery in transaction volume in several categories of this segment and because earnings one year earlier were reduced by a valuation loss on minor metal inventories, an issue that has largely ended.

As a result, the segment recorded sales of 63,195 million yen (down 11.9% year on year) and segment profit of 1,636 million yen (up 1,928.5%).

• Trading—Aluminum and Copper Products

In the non-ferrous products category, shipments of parts used in commercial air conditioning systems and other construction materials for large buildings were sluggish because of COVID-19. In the automobile industry, the demand for non-ferrous products recovered, mainly in China, as automakers continue to use more electronic components and reduce vehicle weight. In addition, the volume of imported aluminum foil for general applications increased along with the rising production of lithium-ion batteries for electric cars. Demand for semiconductors used in devices such as PCs and tablets increased because of more spending associated with staying home for safety, the growth of remote work, and the advancement of 5G mobile communications. As a result, the transaction volume of materials for semiconductor applications recovered to the prior-year level.

In the non-ferrous resources category, the demand for materials used in the automobile industry recovered rapidly in the second half of the fiscal year following the temporary downturn caused by COVID-19. The transaction volume of aluminum scrap and recycled aluminum ingots, the primary business of this category, increased but was still below the prior-year level. The transaction volume of copper scrap was higher than in the previous fiscal year because the price of copper increased steadily during the current fiscal year.

Earnings were lower because of the decline in sales and a loss caused by an improper accounting procedure at a consolidated subsidiary.

As a result, the segment recorded sales of 108,910 million yen (down 8.2% year on year) and segment profit of 408 million yen (down 41.2%).

• Manufacturing—Equipment and Materials

In the United States, shipments of plating materials decreased, mainly in the automotive sector, because of COVID-19. In China, where the economy recovered quickly from the impact of COVID-19, shipments of materials in the automotive and semiconductor sectors were higher than in the previous fiscal year. In the non-destructive testing equipment and marking devices category, sales benefited from an increase in shipments of large non-destructive testing equipment involving industrial plants and energy. Shipments of cashew resin products for brake friction materials, carbon brushes for small motors and welding rods started to recover. Demand for these products in Japan and other countries was down in the fiscal year's first half but automotive sector demand recovered rapidly in the second half.

As a result, the segment recorded sales of 24,919 million yen (down 3.6% year on year) and segment profit of 518 million yen (up 28.5%).

• Manufacturing—Metal Processing

Shipments of precision grinding processing parts for semiconductor chip mounting equipment decreased mainly due to the impact of adjustments to the production levels of some materials, even though demand for this equipment remained firm as the demand for semiconductors increased. Shipments of precision machining processing parts for semiconductor manufacturing equipment increased as a result of higher demand for data telecommunications devices and semiconductors resulting from the full-scale launch of 5G mobile communications and the growth of remote work. Shipments of metal precision stamped parts increased along with the rapid recovery in automotive sector demand following the temporary downturn due to COVID-19. However, shipments were lower than one year earlier. In Mexico, where operations are in the start-up phase, earnings were held down by up-front expenditures. Fujine Sangyo Co., Ltd., a manufacturer of metal processed components used in air conditioning equipment and freezers, became a consolidated subsidiary on December 3, 2020, and is included in this segment. The results of operations of Fujine Sangyo are included in this segment's sales and earnings beginning in January 2021.

As a result, the segment recorded sales of 22,123 million yen (down 1.4% year on year) and segment profit of 3,159 million yen (down 25.1%).

Forecasts for the fiscal year ending March 31, 2022

The increasing use of telework and other forms of online economic activities due to the global COVID-19 pandemic has further raised the pace of the growing utilization of smartphones and other IT products. One result is strong demand for semiconductors and electronic components. This demand is expected to remain strong in the next fiscal year and afterward. We also anticipate a continuation of the firm demand for our products in the automotive sector, where production has been recovering rapidly since the second half of the current fiscal year. Growth of the demand for electronic components and semiconductors is becoming even faster as automobiles use more electric and electronic components, self-driving technologies emerge, and a global shift to electric vehicles advances as one way to become carbon neutral. As a result, demand for materials used in automobiles is expected to continue to grow while expanding to even more industries. The outlook for the impact of COVID-19 is mixed. Economies are recovering in North America and the U.K., where vaccinations are progressing, and in China, where early efforts to contain the spread of infections are underway. However, restrictions on economic activity and travel are still in place in the European Union, India and other countries and regions where the number of infections is still high.

The ALCONIX Group forecasts consolidated net sales of 120,000 million yen, operating profit of 6,400 million yen, ordinary profit of 6,400 million yen, and profit attributable to owners of parent of 4,500 million yen for the fiscal year ending March 31, 2022.

Note: ALCONIX is applying the Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29), from the beginning of the fiscal year ending March 31, 2022. The forecasts for the fiscal year ending March 31, 2022 are the amounts after the application of this accounting standard and percentages for year-on-year changes are not shown. Although net sales are expected to decrease, there is no impact on operating profit, ordinary profit and profit attributable to owners of parent.

(2) Analysis of Financial Position

1) Financial position

Changes in financial position in the fiscal year ended March 31, 2021 are described as below.

The major changes in the assets category were a 5,590 million yen increase in notes and accounts receivable-trade, a 4,294 million yen increase in cash and deposits, a 1,362 million yen increase in investments and other assets, a 1,939 million yen increase in property, plant and equipment due to capital expenditures and an increase in consolidated subsidiaries, a 1,026 million yen decrease in intangible assets including amortization of goodwill, and a 168 million yen increase in inventories. The result was a 13,454 million yen increase in assets over the end of the previous fiscal year to 147,917 million yen.

The major changes in the liabilities category were a 4,327 million yen increase in short-term borrowings, a 3,497 million yen increase in notes and accounts payable-trade, a 2,999 million yen increase due to issuance of commercial papers, a 1,850 million yen increase in current portion of long-term borrowings, a 1,803 million yen decrease in long-term borrowings, and a 189 million yen decrease in income taxes payable. The net result was a 11,359 million yen increase in liabilities over the end of the previous fiscal year to 104,545 million yen.

The major changes in the net assets category were a 2,569 million yen increase in valuation difference on available-for-sale securities due to the market value evaluation of listed stock, a 1,094 million yen increase in retained earnings, a 800 million yen decrease due to purchase of treasury shares, a 427 million yen decrease in foreign currency translation adjustment, and a 17 million yen increase in share capital due to the issuance of new shares as restricted stock compensation. As a result, net assets increased 2,094 million yen over the end of the previous fiscal year to 43,372 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year ended on March 31, 2021 increased 4,407 million yen from the end of the previous fiscal year to 26,002 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 4,098 million yen. Main positive factors include profit before income taxes of 4,989 million yen, depreciation including amortization of goodwill of 3,915 million yen, a 3,062 million yen increase in trade payables, and a 204 million yen decrease in inventories. Meanwhile, major negative factors include a 5,088 million yen increase in trade receivables, and income taxes paid of 2,371 million yen.
Cash flows from investing activities	Net cash used in investing activities was 2,472 million yen. Main positive factors include proceeds from sales of shares of subsidiaries and associates of 665 million yen due to the sales of shares of subsidiaries and associates. Main negative factors include the payment of 3,054 million yen for the purchase of property, plant and equipment and intangible assets in connection with the acquisition of Fujine Sangyo Co., Ltd to make it a consolidated subsidiary in the current fiscal year and the strengthening of facilities mainly at other manufacturing subsidiaries, and 374 million yen for the purchase of shares of subsidiaries and 250 million yen for the purchase of investment securities.
Cash flows from financing activities	Net cash provided by financing activities was 2,849 million yen. Main positive factors include net increase in short-term borrowings of 3,948 million yen, and a 2,999 million yen increase due to issuance of commercial papers. Main negative factors include net decrease in long-term borrowings of 1,735 million yen, cash dividends paid of 1,067 million yen, payment of 800 million yen for the purchase of treasury shares, and redemption of bonds of 149 million yen.

Reference: Cash flow indicators

	FY3/20	FY3/21
Shareholders' equity ratio (%)	30.1	28.9
Shareholders' equity ratio based on market value (%)	20.6	28.0
Ratio of interest-bearing debt to cash flows (%)	5.7	14.4
Interest coverage ratio (times)	13.6	6.1

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.

(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 development of its overseas strategy.

As was announced in the news release titled "Notice of Dividends of Surplus (Interim dividend)" dated October 27, 2020, ALCONIX plans to pay a year-end dividend of 21 yen per share for the fiscal year that ended on March 31, 2021. With the interim dividend of 21 yen per share, this will result in an annual dividend of 42 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 use of IFRS by other companies in the same line of business.

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

	(Millions of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	22,754	27,048
Notes and accounts receivable-trade	44,162	49,752
Merchandise and finished goods	20,810	20,818
Work in process	3,353	3,362
Raw materials and supplies	1,936	2,088
Other	3,031	4,174
Allowance for doubtful accounts	(622)	(640)
Total current assets	95,426	106,604
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,023	15,332
Accumulated depreciation	(7,651)	(9,125)
Buildings and structures, net	6,371	6,206
Machinery, equipment and vehicles	22,410	27,078
Accumulated depreciation	(16,113)	(20,798)
Machinery, equipment and vehicles, net	6,296	6,279
Tools, furniture and fixtures	7,496	8,229
Accumulated depreciation	(5,918)	(6,738)
Tools, furniture and fixtures, net	1,578	1,490
Land	5,794	7,266
Leased assets	1,463	1,744
Accumulated depreciation	(977)	(1,190)
Leased assets, net	486	554
Construction in progress	378	1,047
Total property, plant and equipment	20,905	22,845
Intangible assets		
Goodwill	3,120	2,548
Software	362	331
Other	3,214	2,791
Total intangible assets	6,697	5,671
Investments and other assets		
Investment securities	9,586	11,524
Long-term loans receivable	223	123
Deferred tax assets	585	246
Other	1,177	1,004
Allowance for doubtful accounts	(138)	(103)
Total investments and other assets	11,433	12,796
Total non-current assets	39,036	41,313
Total assets	134,463	147,917

	(Millions of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,920	34,418
Short-term borrowings	24,782	29,109
Commercial papers	-	2,999
Current portion of long-term borrowings	4,027	5,878
Current portion of bonds payable	149	149
Income taxes payable	1,056	866
Provision for bonuses	968	1,038
Other	3,627	3,547
Total current liabilities	65,533	78,009
Non-current liabilities		
Bonds payable	375	475
Long-term borrowings	22,313	20,509
Deferred tax liabilities	2,211	3,029
Provision for retirement benefits for directors (and other officers)	780	537
Retirement benefit liability	821	917
Long-term accounts payable-other	338	174
Other	811	891
Total non-current liabilities	27,652	26,535
Total liabilities	93,185	104,545
Net assets		
Shareholders' equity		
Share capital	2,989	3,006
Capital surplus	2,401	2,416
Retained earnings	33,258	34,352
Treasury shares	(329)	(1,129)
Total shareholders' equity	38,320	38,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	191	2,761
Deferred gains or losses on hedges	103	(46)
Foreign currency translation adjustment	1,865	1,438
Total accumulated other comprehensive income	2,161	4,153
Share acquisition rights	34	51
Non-controlling interests	761	520
Total net assets	41,277	43,372
Total liabilities and net assets	134,463	147,917

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

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	232,242	214,987
Cost of sales	213,620	196,415
Gross profit	18,622	18,571
Selling, general and administrative expenses	13,445	12,949
Operating profit	5,176	5,621
Non-operating income		
Interest income	105	63
Purchase discounts	18	13
Dividend income	344	313
Outsourcing service income	33	12
Real estate rental income	80	82
Share of profit of entities accounted for using equity	270	125
Gain on sales of scraps	200	39
Subsidies for employment adjustment	-	143
Surrender value of insurance policies	-	106
Other	168	130
Total non-operating income	1,223	1,030
Non-operating expenses		
Interest expenses	713	472
Sales discounts	6	5
Foreign exchange losses	151	257
Loss on sales of notes receivable-trade	23	20
Rental costs on real estate	17	18
Other	71	158
Total non-operating expenses	983	933
Ordinary profit	5,416	5,718
Extraordinary income		
Gain on sales of non-current assets	4	4
Gain on reversal of share acquisition rights	0	0
Gain on sales of investment securities	16	0
Gain on bargain purchase	-	82
Gain on sales of shares of subsidiaries and associates	421	-
Gain on liquidation of subsidiaries and associates	36	-
Subsidy income	3	37
Subsidy income	104	-
Other	0	1
Total extraordinary income	588	126
Extraordinary losses		
Loss on sales of non-current assets	3	3
Loss on retirement of non-current assets	17	21
Loss on sales of investment securities	-	18
Loss on valuation of investment securities	29	31
Loss on sales of shares of subsidiaries and associates	-	759
Loss on valuation of shares of subsidiaries and associates	27	5
Compensation for damage	104	-
Other	9	17
Total extraordinary losses	191	856
Profit before income taxes	5,813	4,989
Income taxes-current	2,261	2,048
Income taxes-deferred	2	42
Refund of income taxes for prior periods	(40)	-
Total income taxes	2,223	2,091
Profit	3,590	2,898
Profit (loss) attributable to non-controlling interests	(27)	37
Profit attributable to owners of parent	3,617	2,860

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	3,590	2,898
Other comprehensive income		
Valuation difference on available-for-sale securities	(387)	2,560
Deferred gains or losses on hedges	128	(150)
Foreign currency translation adjustment	(347)	(463)
Share of other comprehensive income of entities accounted for using equity method	(46)	36
Total other comprehensive income	(653)	1,982
Comprehensive income	2,936	4,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,044	4,852
Comprehensive income attributable to non-controlling interests	(107)	27

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,968	1,990	30,725	(516)	35,166
Changes during period					
Issuance of new shares	21	21			42
Dividends of surplus			(1,039)		(1,039)
Profit attributable to owners of parent			3,617		3,617
Change in scope of consolidation			(45)		(45)
Change in scope of equity method					-
Purchase of treasury shares				(283)	(283)
Disposal of treasury shares		(51)		471	420
Change in ownership interest of parent due to transactions with non-controlling interests		441			441
Net changes in items other than shareholders' equity					-
Total changes during period	21	411	2,532	187	3,153
Balance at end of period	2,989	2,401	33,258	(329)	38,320

	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	513	(23)	2,244	2,734	10	1,761	39,673
Changes during period							
Issuance of new shares				-			42
Dividends of surplus				-			(1,039)
Profit attributable to owners of parent				-			3,617
Change in scope of consolidation				-			(45)
Change in scope of equity method				-			-
Purchase of treasury shares				-			(283)
Disposal of treasury shares				-			420
Change in ownership interest of parent due to transactions with non-controlling interests				-			441
Net changes in items other than shareholders' equity	(322)	126	(378)	(573)	23	(1,000)	(1,550)
Total changes during period	(322)	126	(378)	(573)	23	(1,000)	1,603
Balance at end of period	191	103	1,865	2,161	34	761	41,277

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,989	2,401	33,258	(329)	38,320
Changes during period					
Issuance of new shares	17	17			34
Dividends of surplus			(1,065)		(1,065)
Profit attributable to owners of parent			2,860		2,860
Change in scope of consolidation					-
Change in scope of equity method			(700)		(700)
Purchase of treasury shares				(800)	(800)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Net changes in items other than shareholders' equity					-
Total changes during period	17	14	1,094	(800)	326
Balance at end of period	3,006	2,416	34,352	(1,129)	38,646

	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	191	103	1,865	2,161	34	761	41,277
Changes during period							
Issuance of new shares				-			34
Dividends of surplus				-			(1,065)
Profit attributable to owners of parent				-			2,860
Change in scope of consolidation				-			-
Change in scope of equity method				-			(700)
Purchase of treasury shares				-			(800)
Disposal of treasury shares				-			-
Change in ownership interest of parent due to transactions with non-controlling interests				-			(2)
Net changes in items other than shareholders' equity	2,569	(150)	(427)	1,992	17	(240)	1,768
Total changes during period	2,569	(150)	(427)	1,992	17	(240)	2,094
Balance at end of period	2,761	(46)	1,438	4,153	51	520	43,372

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	5,813	4,989
Depreciation	3,048	3,283
Amortization of goodwill	625	631
Gain on bargain purchase	-	(82)
Increase (decrease) in allowance for doubtful accounts	(110)	1
Increase (decrease) in provision for bonuses	(87)	41
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(151)	(359)
Increase (decrease) in retirement benefit liability	(32)	48
Interest and dividend income	(450)	(376)
Interest expenses	713	472
Share of loss (profit) of entities accounted for using equity method	(270)	(125)
Loss (gain) on sale of investment securities	-	18
Loss on valuation of investment securities	29	31
Loss (gain) on liquidation of subsidiaries and associates	(36)	-
Loss (gain) on sales of shares of subsidiaries and associates	(421)	759
Loss on valuation of shares of subsidiaries and associates	27	5
Decrease (increase) in trade receivables	2,666	(5,088)
Decrease (increase) in inventories	3,504	204
Increase (decrease) in trade payables	(3,743)	3,062
Decrease (increase) in consumption taxes refund receivable	(450)	(560)
Increase (decrease) in income taxes payable-factor based tax	2	13
Decrease (increase) in advance payments-trade	(86)	(179)
Decrease (increase) in accounts receivable-other	99	(198)
Increase (decrease) in accounts payable-other	330	(298)
Increase (decrease) in advances received	(133)	(142)
Other, net	238	435
Subtotal	11,124	6,588
Interest and dividend received	608	378
Interest paid	(668)	(505)
Compensation for damage paid	-	(104)
Income taxes paid	(2,242)	(2,371)
Income taxes refund	269	113
Net cash provided by (used in) operating activities	9,091	4,098
Cash flows from investing activities		
Payments into time deposits	(607)	(1,053)
Proceeds from withdrawal of time deposits	541	1,318
Purchase of property, plant and equipment	(3,131)	(2,836)
Purchase of intangible assets	(185)	(217)
Purchase of investment securities	(1,014)	(250)
Proceeds from sales of investment securities	1,803	10
Proceeds from redemption of investment securities	87	-
Proceeds from sale of shares of subsidiaries and associates	-	665
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(374)
Payments for acquisition of businesses	(477)	-
Loan advances	(449)	(131)
Collection of loans receivable	290	398
Purchase of insurance funds	(24)	(36)
Proceeds from cancellation of insurance funds	1	22
Other, net	(5)	12
Net cash provided by (used in) investing activities	(3,171)	(2,472)

	(Millions of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,927)	3,948
Net increase (decrease) in commercial papers	-	2,999
Proceeds from long-term borrowings	1,046	2,697
Repayments of long-term borrowings	(3,509)	(4,432)
Redemption of bonds	(149)	(149)
Proceeds from issuance of shares	-	36
Purchase of treasury shares	(283)	(800)
Dividends paid	(1,037)	(1,067)
Dividends paid to non-controlling interests	(25)	(22)
Repayments of finance lease obligations	(106)	(90)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(270)
Net cash provided by (used in) financing activities	(7,993)	2,849
Effect of exchange rate change on cash and cash equivalents	(14)	(68)
Net increase (decrease) in cash and cash equivalents	(2,088)	4,407
Cash and cash equivalents at beginning of period	22,404	21,595
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,279	-
Cash and cash equivalents at end of period	21,595	26,002

(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: 50

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, Wind Engineering Center Co., Ltd. and Nicosu Corporation were included in the scope of consolidation because the shares of their stock were additionally acquired by MARKTEC CORPORATION, consolidated subsidiary of ALCONIX.

From the current fiscal year, Fujine Sangyo Co., Ltd. and its subsidiary FUJINE INDUSTRY (THAILAND) CO.,LTD. were included in the scope of consolidation because 92% of the shares of Fujine Sangyo stock were additionally acquired by ALOCONIX.

(2) Number of non-consolidated subsidiaries: 8

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: 1

Names of major affiliates:

Guandon Chuangfu Metal Product Co., Ltd.

From the current fiscal year, K'MAC Co., Ltd. is not accounted for under the equity method due to the sale of stock.

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

Names of major affiliates:

Winton International Industries 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 seven consolidated subsidiaries in Japan and 29 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.

Fujine Sangyo Co., Ltd., which became a consolidated subsidiary in the current fiscal year, changed its fiscal year-end from September 30 to March 31, which is the same as the consolidated fiscal year-end.

4. Accounting standards

(1) Valuation standards and methods for principal assets

1) Marketable securities

Available-for-sale securities

a. Securities with market quotations

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

b. Securities without market quotations

Stated at cost determined by the moving-average method.

2) Derivatives

Stated at fair value.

3) Inventories

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. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

Other inventories:

Mainly stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

Raw materials and supplies:

Stated at cost determined by the moving-average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(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:	2-20 years
Tools, furniture and fixtures:	1-20 years

2) Intangible 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) 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) 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.

(6) 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.

(7) Method and period of goodwill amortization

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

(8) 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.

(9) Other significant accounting policies in the preparation of the consolidated financial statements

Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

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.

The Electronic and Advanced Materials segment trades compound semiconductors, electronic materials, titanium products, nickel products, minor metals and other materials.

The Aluminum and Copper Products segment trades 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 and cast metals. It also oversees metal fitting works and renovation of commercial and residential buildings.

The Equipment and Materials segment trades cooper, nickel, plating materials and related chemicals, non-destructive testing equipment, marking devices and related consumables, metal mold building-up welding rods, 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, and oversees thermal spraying works.

The Metal Processing segment trades 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.

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

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 each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing	
Net sales					
External sales	68,950	115,283	25,728	22,279	232,242
Inter-segment sales and transfers	2,759	3,303	126	149	6,338
Total	71,710	118,586	25,855	22,428	238,581
Segment profit	80	694	403	4,220	5,398
Segment assets	26,796	47,880	41,188	25,777	141,642
Other items					
Depreciation	52	109	1,260	1,626	3,048
Amortization of goodwill	-	0	579	45	625
Interest income	33	12	47	12	105
Interest expenses	280	320	49	63	713
Equity in earnings of affiliates	-	-	-	270	270
Investment in equity-method affiliates	-	2,648	-	-	2,648
Increase in property, plant and equipment and intangible assets	48	277	715	2,487	3,528

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and Advanced Materials	Aluminum and Copper Products	Equipment and Materials	Metal Processing	
Net sales					
External sales	60,315	108,007	24,664	22,000	214,987
Inter-segment sales and transfers	2,879	903	255	122	4,161
Total	63,195	108,910	24,919	22,123	219,148
Segment profit	1,636	408	518	3,159	5,722
Segment assets	30,124	54,005	40,911	29,943	154,984
Other items					
Depreciation	62	112	1,252	1,856	3,283
Amortization of goodwill	-	-	583	47	631
Interest income	14	10	36	0	63
Interest expenses	106	305	17	43	472
Equity in earnings of affiliates	-	-	-	125	125
Investment in equity-method affiliates	-	411	-	-	411
Increase in property, plant and equipment and intangible assets	422	98	577	2,105	3,205

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

(Millions of yen)

Net sales	FY3/20	FY3/21
Total for reportable segments	238,581	219,148
Eliminations for inter-segment transactions	(6,338)	(4,161)
Net sales on the consolidated financial statements	232,242	214,987

(Millions of yen)

Profit	FY3/20	FY3/21
Total for reportable segments	5,398	5,722
Eliminations for inter-segment transactions	18	(3)
Ordinary profit on the consolidated financial statements	5,416	5,718

(Millions of yen)

Assets	FY3/20	FY3/21
Total for reportable segments	141,642	154,984
Corporate assets (Note)	161	-
Eliminations for inter-segment transactions	(7,341)	(7,067)
Total assets on the consolidated financial statements	134,463	147,917

Note: Corporate assets are deferred tax assets at ALCONIX.

[Related information]

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

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

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	China	North America	Europe	Other regions	Total
142,590	23,464	35,487	18,345	11,891	463	232,242

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
15,317	1,194	1,979	2,412	1	20,905

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.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Information by product or service

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

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	China	North America	Europe	Other regions	Total
126,911	26,092	36,395	15,478	9,679	429	214,987

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
16,983	1,856	1,511	2,492	1	22,845

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 each reportable segment]

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

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

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020) (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	2,771	348	3,120	-	3,120

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) (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	2,250	298	2,548	-	2,548

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

[Information related to gain on bargain purchase for each reportable segment]

FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)

In the “Equipment and materials” segment, Nicosu Corporation was included in the scope of consolidation because the shares of its stock were additionally acquired by MARKTEC CORPORATION, consolidated subsidiary of ALCONIX. Accordingly, gain on bargain purchase of 19 million yen was recorded in FY3/21.

In the “Metal processing” segment, Fujine Sangyo Co., Ltd. and its subsidiary FUJINE INDUSTRY (THAILAND) CO.,LTD. were included in the scope of consolidation because 92% of the shares of Fujine Sangyo stock were additionally acquired by ALOCONIX. Accordingly, gain on bargain purchase of 63 million yen was recorded in FY3/21.

Per Share Information

(Yen)

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)		FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	
Net assets per share	1,578.62	Net assets per share	1,709.55
Net income per share	143.25	Net income per share	113.60

Note: The following is a reconciliation of net income per share.

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent	3,617	2,860
Amounts not available to common stock shareholders	-	-
Profit attributable to owners of parent available to common stock	3,617	2,860
Average number of shares outstanding during the period (Thousand shares)	25,257	25,183
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: 754) Share acquisition rights No.8 (Number of share acquisition rights: 800)	Share acquisition rights No.7 (Number of share acquisition rights: 751) Share acquisition rights No.8 (Number of share acquisition rights: 792)

Note: Diluted net income per share is not stated because dilutive shares do not exist.

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

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	4,285	4,645
Notes receivable-trade	635	1,777
Electronically recorded monetary claims- operating	889	923
Accounts receivable-trade	17,566	21,599
Merchandise and finished goods	8,810	8,594
Advance payments-trade	5	10
Prepaid expenses	114	135
Short-term loans receivable	20,140	20,685
Accounts receivable-other	484	394
Consumption taxes receivable	701	930
Other	249	83
Allowance for doubtful accounts	(205)	(248)
Total current assets	53,677	59,533
Non-current assets		
Property, plant and equipment		
Buildings	51	49
Vehicles	0	5
Tools, furniture and fixtures	38	28
Assets for lease	95	76
Total property, plant and equipment	185	159
Intangible assets		
Software	52	69
Telephone subscription right	5	5
Total intangible assets	58	75
Investments and other assets		
Investment securities	1,899	3,338
Shares of subsidiaries and associates	10,590	11,579
Investments in capital of subsidiaries and associates	173	173
Long-term prepaid expenses	1	15
Insurance funds	21	24
Long-term guarantee deposits	135	140
Deferred tax assets	161	-
Other	30	32
Total investments and other assets	13,015	15,303
Total non-current assets	13,259	15,538
Total assets	66,936	75,071

	(Millions of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes payable-trade	5,517	6,178
Accounts payable-trade	11,591	14,033
Short-term borrowings	6,784	10,620
Commercial papers	-	2,999
Current portion of long-term borrowings	3,260	4,110
Current portion of bonds payable	149	149
Accounts payable-other	1,028	693
Accrued expenses	72	132
Income taxes payable	106	154
Advances received	263	192
Deposits received	1,472	1,539
Provision for bonuses	293	290
Other	237	289
Total current liabilities	30,777	41,383
Non-current liabilities		
Bonds payable	375	225
Long-term borrowings	20,255	16,145
Long-term accounts payable-other	338	174
Provision for retirement benefits	163	176
Deferred tax liabilities	-	140
Total non-current liabilities	21,132	16,862
Total liabilities	51,909	58,246
Net assets		
Shareholders' equity		
Share capital	2,989	3,006
Capital surplus		
Legal capital surplus	2,031	2,049
Total capital surpluses	2,031	2,049
Retained earnings		
Legal retained earnings	10	10
Other retained earnings		
General reserve	400	400
Retained earnings brought forward	9,652	11,431
Total retained earnings	10,062	11,842
Treasury shares	(329)	(1,129)
Total shareholders' equity	14,755	15,769
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	144	1,057
Deferred gains or losses on hedges	93	(53)
Total valuation and translation adjustments	237	1,003
Share acquisition rights	34	51
Total net assets	15,027	16,825
Total liabilities and net assets	66,936	75,071

(2) Statement of Income

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	110,595	107,697
Cost of sales	106,590	103,482
Gross profit	4,004	4,214
Selling, general and administrative expenses	3,207	3,284
Operating profit	797	930
Non-operating income		
Interest income	175	76
Purchase discounts	15	12
Dividend income	1,735	2,045
Outsourcing service income	325	334
Other	47	25
Total non-operating income	2,299	2,494
Non-operating expenses		
Interest expenses	214	203
Sales discounts	1	1
Interest on bonds	2	1
Foreign exchange losses	125	61
Loss on sales of notes receivable-trade	23	20
Provision of allowance for doubtful accounts	2	33
Other	59	84
Total non-operating expenses	429	406
Ordinary profit	2,667	3,019
Extraordinary income		
Gain on sales of investment securities	15	380
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	16	380
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	0	15
Loss on valuation of shares of subsidiaries and associates	-	76
Total extraordinary losses	0	93
Income before income taxes	2,683	3,306
Income taxes-current	397	456
Income taxes-deferred	1	5
Total income taxes	398	461
Profit	2,285	2,845

(3) Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal 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	2,968	2,010	2,010	10	400	8,456	8,867	(516)	13,329
Changes during period									
Issuance of new shares	21	21	21						42
Dividends of surplus						(1,039)	(1,039)		(1,039)
Profit						2,285	2,285		2,285
Purchase of treasury shares								(283)	(283)
Disposal of treasury shares						(51)	(51)	471	420
Net changes in items other than shareholders' equity									-
Total changes during period	21	21	21	-	-	1,195	1,195	187	1,426
Balance at end of period	2,989	2,031	2,031	10	400	9,652	10,062	(329)	14,755

	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	185	(17)	167	10	13,507
Changes during period					
Issuance of new shares					42
Dividends of surplus					(1,039)
Profit					2,285
Purchase of treasury shares					(283)
Disposal of treasury shares					420
Net changes in items other than shareholders' equity	(41)	111	70	23	93
Total changes during period	(41)	111	70	23	1,519
Balance at end of period	144	93	237	34	15,027

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal 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	2,989	2,031	2,031	10	400	9,652	10,062	(329)	14,755
Changes during period									
Issuance of new shares	17	17	17						34
Dividends of surplus						(1,065)	(1,065)		(1,065)
Profit						2,845	2,845		2,845
Purchase of treasury shares								(800)	(800)
Disposal of treasury shares									-
Net changes in items other than shareholders' equity									-
Total changes during period	17	17	17	-	-	1,779	1,779	(800)	1,014
Balance at end of period	3,006	2,049	2,049	10	400	11,431	11,842	(1,129)	15,769

	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	144	93	237	34	15,027
Changes during period					
Issuance of new shares					34
Dividends of surplus					(1,065)
Profit					2,845
Purchase of treasury shares					(800)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity	913	(147)	70	17	87
Total changes during period	913	(147)	766	17	1,797
Balance at end of period	1,057	(53)	1,003	51	16,825

5. Others**(1) Changes in Directors**

The appointment and resignation will be decided at the Annual General Meeting of Shareholders to be held on June 23, 2021.

1) Change in representative

Not applicable.

2) Changes in other directors

-Candidates for Directors

Director (full-time):	Toshiya Imagawa
Director (full-time):	Nobuhiko Takahashi
Director (outside):	Toshiya Tsugami

-Retiring Director

Director (full-time):	Yasushi Miyazaki
Director (outside):	Sakutaro Tanino

(2) Others

Not applicable.

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.