

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2021:	30,977,000 shares	As of Mar. 31, 2021:	25,943,100 shares
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2) Number of treasury shares at the end of period

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

Nine months ended Dec. 31, 2021:	25,428,337 shares	Nine months ended Dec. 31, 2020:	25,231,349 shares
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Note: ALCONIX has a Board Benefit Trust for the distribution of stock to eligible individuals. Shares of ALCONIX stock remaining in this trust are included in treasury shares under shareholders' equity and deducted from the average number of shares outstanding during the period that was used to calculate net income per share and diluted net income per share.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, there were concerns about a negative impact on the global economy of the pandemic, particularly the rapid increase in infections caused by the Omicron variant. Despite these concerns, there is progress toward returning economic activity to normal, looking ahead to the end of the pandemic, due to government economic stimulus measures and COVID-19 vaccinations in many countries.

In Japan, there were expectations for a significant recovery of corporate earnings and consumer spending following the end on September 30, 2021 of states of emergency that were declared during 2021, mainly in metropolitan areas. However, the outlook for the Japanese economy was unclear during the fiscal year's first nine months due to the pandemic and rapid increase in Omicron cases.

In the automobile industry, which is an important market for the ALCONIX Group, there was a large volume of shipments of materials and parts as the recovery in automobile demand that started in the previous fiscal year continues. In addition, growing production of electric and other types of cars is increasing the diversity of materials and parts required by automakers. In the semiconductor and electronic component sectors, production volume is increasing along with the growth of electric vehicle output and the launch of 5G. Demand in these sectors is also backed by the expansion of economic activity benefiting from the digital shift and by the widespread use of remote work. The result is consistently strong demand for materials in these market sectors and for semiconductors used in IT equipment. However, the recovery in demand has caused shortages of semiconductors and other components that has forced some companies to reduce output and created supply chain problems. There are also shortages of raw materials. These issues are preventing a full recovery of production to pre-pandemic levels.

At the ALCONIX Group, there was growth in shipments of processing parts for semiconductor manufacturing equipment and other applications because of the rising demand in market sectors involving semiconductors and data communications. In addition, the transaction volumes of electronic and battery materials used in smartphones and other IT products were high. There was growth of shipments of metal precision stamped parts in the automotive sector in Japan and carbon brushes for small motors. The transaction volumes increased for non-ferrous materials, aluminum rolled products and copper products, which significantly contributed to an increase in earnings of the ALCONIX Group.

ALCONIX reported consolidated net sales of 114,176 million yen compared with 152,455 million yen one year earlier, operating profit of 8,430 million yen compared with 3,910 million yen one year earlier, ordinary profit of 8,805 million yen compared with 4,142 million yen one year earlier, and profit attributable to owners of parent of 6,537 million yen compared with 1,781 million yen one year earlier.

The ALCONIX Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ending March 31, 2022. Due to the use of this new standard, explanations of results of operations are provided without stating the year-on-year percentage changes for consolidated sales and earnings. For more information, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

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

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

• Trading—Electronic and Advanced Materials

Sales of materials used in smartphones and tablets were stronger than in the same period of the previous year as economic activity restricted by the COVID-19 pandemic recovered gradually. Demand for materials for secondary batteries and environmental applications were negatively affected by temporary production cuts at some companies due to the shortage of semiconductors. Despite the uncertainty caused by this situation, orders in this segment remained high because of rising demand associated with remote work. In the minor metals and rare earths category, sales and earnings increased significantly as the demand associated with the automobile industry continued to recover. As a result, there was a big increase in segment profit because of the recovery in transaction volume as described above.

As a result, the segment recorded sales of 26,363 million yen compared with 40,199 million yen one year earlier and segment profit of 3,183 million yen compared with 1,204 million yen one year earlier.

• Trading—Aluminum and Copper Products

In the non-ferrous products category, the demand increased, mainly for aluminum and copper products, along with the increasing speed of the shift to electric vehicles and of making vehicles lighter. The demand for products in this category temporarily declined as production cuts by some companies caused by the semiconductor shortage forced manufacturers of parts and materials to reduce their output. The transaction volume of materials for construction was higher than one year earlier as demand for building construction was strong in Japan. As a result, the transaction volume of aluminum rolled products and copper products was higher than one year earlier. The transaction volume of titanium and new materials, which were added to this segment in the first nine months of the current fiscal year, was higher than one year earlier mainly because of an increase in exports of titanium products as the European economy recovered.

In the non-ferrous resources category, the price of copper has been high since the beginning of the current fiscal year. Demand for home appliances increased because of the need to stay home during the pandemic. In addition, there was an increase in demand for materials used in the automobile industry due to the shift to electric vehicles. As a result, there was a large transaction volume of copper, aluminum scrap and recycled aluminum ingots, the primary materials in this category.

As a result, the segment recorded sales of 45,497 million yen compared with 82,971 million yen one year earlier and segment profit of 1,631 million yen compared with 554 million yen one year earlier.

• Manufacturing—Equipment and Materials

In the materials category, shipments of plating materials increased significantly in the United States and China, where the economies are recovering quickly, because of very strong growth in demand for these materials used for electronic materials and in the automotive sector. Shipments of carbon brushes for small motors, cashew resin products for brake friction materials, and welding rods were strong in relation to the first nine months of the previous fiscal year. The main reason is the rapid recovery of worldwide demand for automobiles. In the non-destructive testing equipment and marking devices category, shipments of large marking equipment for applications involving steel and of paints and other consumables in Japan and other countries increased. Overhauling of testing equipment in the construction industry also contributed to the performance of this segment.

As a result, the segment recorded sales of 26,761 million yen compared with 17,699 million yen one year earlier and segment profit of 1,233 million yen compared with profit of 24 million yen one year earlier.

• Manufacturing—Metal Processing

Shipments of precision grinding processing parts were down from one year earlier. The demand for semiconductor chip mounting equipment remains firm but customers reduced output because of the semiconductor shortage. Shipments of precision machining processing parts for semiconductor manufacturing equipment were firm as the growth of remote work raise the demand for semiconductors. In the metal precision stamped parts category, shipments remained high in order to meet the enormous demand worldwide in the automobile industry for these parts. Shipments of metal processed parts for air conditioning equipment were firm in Japan.

As a result, the segment recorded sales of 20,753 million yen compared with 15,909 million yen one year earlier and segment profit of 2,754 million yen compared with 2,359 million yen one year earlier.

(2) Explanation of Financial Position

1) Financial position

a. Current assets

At the end of the third quarter of the current fiscal year, current assets totaled 131,512 million yen, an increase of 24,908 million yen from the end of the previous fiscal year. The main factors were a 15,368 million yen increase in inventories, a 9,145 million yen increase in notes and accounts receivable-trade and a 188 million yen increase in cash and deposits.

b. Non-current assets

Non-current assets totaled 42,340 million yen, an increase of 1,027 million yen. The main factors were the purchase of property, plant and equipment by a consolidated subsidiary, an increase of 1,983 million yen in property, plant and equipment due to an expansion of the scope of consolidation, and decreases of 686 million yen in intangible assets due to amortization and 269 million yen in investments and other assets.

c. Current liabilities

Current liabilities totaled 91,020 million yen, an increase of 13,008 million yen. The main factors include a 7,572 million yen increase in notes and accounts payable-trade, a 2,737 million yen increase in short-term borrowings, a 1,999 million yen increase in commercial papers and a 77 million yen decrease in current portion of long-term borrowings.

d. Non-current liabilities

Non-current liabilities totaled 26,884 million yen, an increase of 350 million yen. The main factors include a 331 million yen increase in long-term borrowings and a 149 million yen decrease in bonds payable.

e. Net assets

Net assets totaled 55,948 million yen, an increase of 12,576 million yen. The main factors include a 5,240 million yen increase in retained earnings, a 2,780 million yen increase in each in capital stock and capital surplus mainly due to public offering in December 2021, a 1,658 million yen increase in foreign currency translation adjustment, a 107 million yen increase in valuation difference on available-for-sale securities and a 62 million yen increase in deferred gains or losses on hedges.

2) Results of operations

a. Net sales

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

In the Manufacturing segment, shipments of precision grinding processing parts for semiconductor chip mounting equipment were lower than one year earlier mainly because customers reduced output. Shipments of precision machining processing parts to companies in the telecommunications and IT sectors remained strong. Shipments of plating materials, metal precision stamped parts and carbon brushes for small motors were higher than one year earlier when these shipments fell sharply. Growth was attributable mainly to the rapid recovery in the demand for automobiles as the economy recovers.

As a result, net sales were 114,176 million yen compared with 152,455 million yen one year earlier.

b. Gross profit

Gross profit was 19,368 million yen compared with 13,270 million yen one year earlier because both Trading and Manufacturing earnings were strong.

c. Selling, general and administrative expenses

Selling, general and administrative expenses were 10,938 million yen compared with 9,360 million yen one year earlier because operating expenses were much higher due to an increase in transactions.

d. Operating profit

Due to these changes, operating profit was 8,430 million yen compared with 3,910 million yen one year earlier.

e. Non-operating income, non-operating expenses

Major changes were an increase in dividend income and foreign exchange gains. As a result, there was a net non-operating income (non-operating income – non-operating expenses) of 375 million yen compared with net non-operating income of 232 million yen one year earlier.

f. Ordinary profit

Ordinary profit was 8,805 million yen compared with 4,142 million yen one year earlier.

g. Extraordinary income, extraordinary losses

There was an extraordinary income of 308 million yen, including gain on sales of investment securities, and an extraordinary loss of 61 million yen mainly for loss on valuation of investment securities.

h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 9,052 million yen. From this amount, 2,423 million yen and 91 million yen were deducted for income taxes and profit attributable to non-controlling interests of 15 consolidated subsidiaries, respectively. As a result, profit attributable to owners of parent was 6,537 million yen compared with 1,781 million yen one year earlier.

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

Regarding the consolidated forecast for the fiscal year ending March 31, 2022, ALCONIX has revised the forecasts for net sales, operating profit, ordinary profit and profit attributable to owners of parent, which were announced on November 5, 2021 based on the results of operations in the first nine months of the fiscal year. For more details, please refer to the press release “Notice of Revisions to Consolidated Earnings Forecast” that was announced today (February 9, 2022, English translation of this release to be announced shortly.)

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

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	27,048	27,237
Notes and accounts receivable-trade	49,752	58,897
Merchandise and finished goods	20,818	34,618
Work in process	3,362	4,106
Raw materials and supplies	2,088	2,912
Other	4,174	4,772
Allowance for doubtful accounts	(640)	(1,032)
Total current assets	106,604	131,512
Non-current assets		
Property, plant and equipment	22,845	24,828
Intangible assets		
Goodwill	2,548	2,115
Other	3,122	2,869
Total intangible assets	5,671	4,985
Investments and other assets	12,796	12,526
Total non-current assets	41,313	42,340
Total assets	147,917	173,852
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,418	41,990
Short-term borrowings	29,109	31,847
Commercial papers	2,999	4,999
Current portion of long-term borrowings	5,878	5,801
Current portion of bonds payable	149	149
Income taxes payable	866	1,595
Provision for bonuses	1,038	694
Other	3,549	3,942
Total current liabilities	78,011	91,020
Non-current liabilities		
Bonds payable	475	325
Long-term borrowings	20,509	20,840
Provision for retirement benefits for directors (and other officers)	537	434
Retirement benefit liability	917	1,002
Long-term accounts payable-other	174	133
Other	3,918	4,147
Total non-current liabilities	26,533	26,884
Total liabilities	104,545	117,904

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	Third quarter of FY3/22 (As of Dec. 31, 2021)
Net assets		
Shareholders' equity		
Share capital	3,006	5,787
Capital surplus	2,416	5,238
Retained earnings	34,352	39,593
Treasury shares	(1,129)	(1,157)
Total shareholders' equity	38,646	49,461
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,761	2,869
Deferred gains or losses on hedges	(46)	16
Foreign currency translation adjustment	1,438	3,096
Total accumulated other comprehensive income	4,153	5,982
Share acquisition rights	51	51
Non-controlling interests	520	453
Total net assets	43,372	55,948
Total liabilities and net assets	147,917	173,852

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

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Net sales	152,455	114,176
Cost of sales	139,185	94,807
Gross profit	13,270	19,368
Selling, general and administrative expenses	9,360	10,938
Operating profit	3,910	8,430
Non-operating income		
Interest income	46	34
Purchase discounts	10	11
Dividend income	264	410
Foreign exchange gains	-	65
Real estate rental income	59	63
Share of profit of entities accounted for using equity method	122	2
Subsidies for employment adjustment	120	9
Other	192	342
Total non-operating income	816	939
Non-operating expenses		
Interest expenses	356	385
Sales discounts	2	4
Foreign exchange losses	29	-
Loss on sales of notes receivable-trade	14	25
Rental costs on real estate	12	13
Other	167	134
Total non-operating expenses	583	563
Ordinary profit	4,142	8,805
Extraordinary income		
Gain on sales of non-current assets	4	5
Gain on reversal of share acquisition rights	0	1
Gain on sales of investment securities	0	274
Gain on bargain purchase	82	-
Subsidy income	37	13
Other	-	13
Total extraordinary income	125	308
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	12	13
Loss on sales of investment securities	18	-
Loss on valuation of investment securities	31	45
Loss on sales of shares of subsidiaries and associates	759	-
Other	0	2
Total extraordinary losses	823	61
Profit before income taxes	3,444	9,052
Income taxes	1,618	2,423
Profit	1,826	6,629
Profit attributable to non-controlling interests	44	91
Profit attributable to owners of parent	1,781	6,537

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

(Millions of yen)

	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Profit	1,826	6,629
Other comprehensive income		
Valuation difference on available-for-sale securities	1,887	108
Deferred gains or losses on hedges	(163)	62
Foreign currency translation adjustment	(448)	1,629
Share of other comprehensive income of entities accounted for using equity method	27	44
Total other comprehensive income	1,303	1,844
Comprehensive income	3,129	8,473
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,096	8,367
Comprehensive income attributable to non-controlling interests	32	106

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

In accordance with a resolution approved on November 24, 2021 by the ALCONIX Board of Directors, a public offering of newly issued stock and a third-party allotment of stock (overallotment) were conducted in the third quarter of the current fiscal year. On the public offering payment date of December 9, 2021, 4,348,000 shares of common stock were issued due to this offering, resulting in increases of 2,394 million yen each in capital stock and capital surplus. On December 27, 2021, the payment date for the third-party allotment (overallotment), 652,000 shares of common stock were issued, resulting in increases of 359 million yen each in capital stock and capital surplus.

As a result, capital stock and capital surplus increased to 5,787 million yen and 4,829 million yen, respectively, as of the end of the third quarter of the current fiscal year.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

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

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

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Beginning with the first quarter of the current fiscal year, the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied. Based on this standard, revenue expected to be received in exchange for the provision of promised goods and services is recognized when the control of the goods and services is transferred to customers. As a result, the Group has changed its method of recognizing revenue from inventory transactions, in which the Group has the performance obligation to procure goods and provide them to customers, as principal transactions on a gross basis, and from direct shipment transactions, in which the Group has the performance obligation to arrange for the smooth provision of goods from suppliers to customers, as agent transactions on a net basis.

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

As a result, net sales and cost of sales for the first nine months of the current fiscal year each decreased by 111,859 million yen. There is no cumulative effect of the application of this standard on retained earnings at the beginning of the first quarter.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), ALCONIX has not presented information on revenue from contracts with customers broken down for the first nine months of the previous fiscal year.

Application of the Accounting Standard for Fair Value Measurement

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

Additional Information

Reclassification

Quarterly Consolidated Statement of Income

“Gain on sales of scraps” under “Non-operating income” presented as a separate item in the first nine months of the previous fiscal year, is included in “Other,” in the first nine months of the current fiscal year given the reduced materiality of impact of the amount on the quarterly consolidated financial statements. To conform to this change, the quarterly consolidated financial statements for the first nine months of the previous fiscal year are reclassified. As a result, “Gain on sales of scraps” (27 million yen) and “Other” (165 million yen) under “Non-operating income” shown in the first nine months of the previous fiscal year’s consolidated statement of income are reclassified to “Other” (192 million yen).

Segment Information

I. First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	36,616	82,458	17,549	15,830	152,455
Inter-segment sales and transfers	3,582	512	149	79	4,324
Total	40,199	82,971	17,699	15,909	156,780
Segment profit	1,204	554	24	2,359	4,142

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

(Millions of yen)

Profit	Amount
Total for reportable segments	4,142
Eliminations for inter-segment transactions	0
Ordinary profit on the quarterly consolidated statement of income	4,142

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

Significant gain on bargain purchase

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 the first nine months of 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 the first nine months of FY3/21.

II. First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
Revenue from contracts with customers	22,755	44,513	26,409	20,497	114,176
External sales	22,755	44,513	26,409	20,497	114,176
Inter-segment sales and transfers	3,607	983	352	255	5,199
Total	26,363	45,497	26,761	20,753	119,375
Segment profit	3,183	1,631	1,233	2,754	8,802

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

(Millions of yen)

Profit	Amount
Total for reportable segments	8,802
Eliminations for inter-segment transactions	3
Ordinary profit on the quarterly consolidated statement of income	8,805

3. Information related to assets for each reportable segment

ALCONIX included the following companies in the scope of consolidation: Hong Kong An dex Electronic Material Co., Ltd., its subsidiary Ningde An dex Electronic Material Co.,Ltd., ALCONIX CASTLE METALS AND CHEMICALS SDN.BHD., and its subsidiary ALCONIX CASTLE METALS AND CHEMICALS VIETNAM CO.,LTD. in the first quarter of FY3/22, newly established ALCONIX VENTURES CORPORATION in the second quarter, and Alconix Global Innovation Investment Business Limited Partnership in the third quarter. Accordingly, segment assets in the “Electronic and Advanced Materials” segment increased by 3,104 million yen compared with the end of FY3/21.

4. Information related to revisions for reportable segments

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

The effect of this change was to decrease sales by 39,248 million yen, 72,333 million yen and 277 million yen in the “Electronic and Advanced Materials,” “Aluminum and Copper Products” and “Equipment and Materials” segments, respectively, for the first nine months of FY3/22.

From the first three months of FY3/22, certain business segments were reclassified for management purposes. In line with the aforementioned changes, our TITANIUM & NEW MATERIALS DEPT. and ALCONIX EUROPE GMBH were reclassified from the “Electronic and Advanced Materials” segment to the “Aluminum and Copper Products” segment.

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

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