

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022**
**[Japanese GAAP]**

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange

Stock code: 3036

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

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Scheduled date of Annual General Meeting of Shareholders: June 22, 2022

Scheduled date of filing of Annual Securities Report: June 23, 2022

Scheduled date of payment of dividend: June 23, 2022

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 13, 2022 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, 2022 (April 1, 2021 – March 31, 2022)**
**(1) Consolidated results of operations** (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2022	156,286	-	11,020	-	11,009	-	7,507	-
Fiscal year ended Mar. 31, 2021	214,987	(7.4)	5,621	8.6	5,718	5.6	2,860	(20.9)

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2022: 9,855 (-%)

Fiscal year ended Mar. 31, 2021: 4,880 (up 66.2%)

	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, 2022	282.54	282.50	15.1	6.8	7.1
Fiscal year ended Mar. 31, 2021	113.60	-	6.9	4.1	2.6

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

Fiscal year ended Mar. 31, 2022: 4

Fiscal year ended Mar. 31, 2021: 125

Notes: 1. Diluted net income per share for the fiscal year ended March 31, 2021 is not stated because dilutive shares do not exist.

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

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	176,437	57,331	32.2	1,889.53
As of Mar. 31, 2021	147,917	43,372	28.9	1,709.55

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 56,817 As of Mar. 31, 2021: 42,800

**(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, 2022	(3,329)	(3,257)	5,760	25,944
Fiscal year ended Mar. 31, 2021	4,098	(2,472)	2,849	26,002

**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, 2021	Yen -	Yen 21.00	Yen -	Yen 21.00	Yen 42.00	Million yen 1,053	% 37.0	% 2.6
Fiscal year ended Mar. 31, 2022	-	24.00	-	28.00	52.00	1,450	18.4	2.9
Fiscal year ending Mar. 31, 2023 (forecast)	-	26.00	-	26.00	52.00		23.0	

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	170,000	8.7	9,100	(17.4)	9,000	(18.3)	6,800	(9.4)	226.14

Note: Only the consolidated earnings forecasts for the fiscal year ending March 31, 2023 are announced since it is currently difficult to reasonably determine the forecasts for the first half of the fiscal year ending March 31, 2023. Please refer to “1. Overview of Results of Operations, etc., (1) Analysis of Results of Operations, Forecasts for the fiscal year ending March 31, 2023” on page 3 of the attachments for further information.

#### \* Notes

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

Newly added: -

Excluded: -

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 19 of the attachments for further information.

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2022: 30,977,000 shares As of Mar. 31, 2021: 25,943,100 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2022: 907,207 shares As of Mar. 31, 2021: 907,207 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022: 26,572,806 shares Fiscal year ended Mar. 31, 2021: 25,183,154 shares

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.

#### Reference: Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	52,648	-	2,963	-	4,563	-	3,615	-
Fiscal year ended Mar. 31, 2021	107,697	(2.6)	930	16.7	3,019	13.2	2,845	24.5

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

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	136.05	136.03
Fiscal year ended Mar. 31, 2021	112.99	-

Note: Diluted net income per share for the fiscal year ended March 31, 2021 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, 2022	89,748	24,526	27.3	813.96
As of Mar. 31, 2021	75,071	16,825	22.3	669.97

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 24,475 As of Mar. 31, 2021: 16,773

\* 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

Major results for the fiscal year ended March 31, 2022

In the fiscal year ended March 31, 2022, the pace of the recovery slowed late in the fiscal year because of an upturn in COVID-19 cases starting in 2022 due to the Omicron variant. Furthermore, the Ukraine crisis and associated increase in prices of crude oil and other resources are making the economic outlook increasingly uncertain.

As for the industries surrounding ALCONIX Group, in the automobile industry, demand is increasing for materials and parts required for the shift to electric vehicles, lighter vehicle weight and self-driving technologies. Production and sales of these materials and parts remained firm during the fiscal year. Demand was steady at a high level in the semiconductor and electronic component sectors, too. However, rapid recovery of demand and growth of production caused shortages of parts for manufacturing and other machinery and semiconductors and other components and raw materials. These shortages forced manufacturers to lower output and, along with disruptions of global logistics, continued throughout the fiscal year.

Under such economic circumstances, At the ALCONIX Group, shipments of processing parts for semiconductor manufacturing equipment, etc. and the transaction volumes of electronic and battery materials used in IT products such as smartphones were steady. There was a big increase in shipments of metal precision stamped parts and carbon brushes, etc. since the demand in the automotive sector in Japan and other countries remained firm. The transaction volumes increased for non-ferrous materials, aluminum rolled products and copper products, etc., which significantly contributed to an increase in earnings of the ALCONIX Group through the fiscal year.

Major results for the fiscal year ended March 31, 2022 were as follows.

	FY3/21 (Million yen)	FY3/22 (Million yen)	Change (Million yen)	Change (%)
Net sales (Note)	214,987	156,286	-	-
Operating profit	5,621	11,020	5,398	96.0
Ordinary profit	5,718	11,009	5,290	92.5
Profit attributable to shareholders of parent	2,860	7,507	4,647	162.4

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.

		FY3/21 (Million yen)	FY3/22 (Million yen)	Change (Million yen)	Change (%)
Trading—Electronic and Advanced Materials	Sales (Note)	57,966	36,806	-	-
	Segment profit	1,567	4,273	2,706	172.6
Trading—Aluminum and Copper Products	Sales (Note)	116,325	60,848	-	-
	Segment profit	645	2,032	1,387	214.9
Manufacturing— Equipment and Materials	Sales (Note)	24,919	36,269	-	-
	Segment profit	333	1,245	912	273.6
Manufacturing—Metal Processing	Sales (Note)	22,123	27,532	-	-
	Segment profit	3,159	3,449	290	9.2

#### • Trading—Electronic and Advanced Materials

Orders for electronic components and materials for secondary batteries remained high because of rising demand although there was negative impact of temporary production cuts at some companies due to the shortage of supply of semiconductors. As for the minor metals, rare earths, etc., both of the sales and earnings increased significantly throughout the fiscal year as the demand associated with the automobile industry continued to recover. As a result,

there was a big increase in segment profit.

• Trading—Aluminum and Copper Products

In the non-ferrous products category, the transaction volume of aluminum rolled products and copper products was higher than the transaction volume in the previous year, along with the increasing speed of the shift to electric vehicles and of making vehicles lighter as well as strong demand for building construction in Japan. The transaction volume of titanium wrought materials remained firm and was higher than the transaction volume in the previous year mainly because of an increase in its exports.

In the non-ferrous resources category, the transaction volume of copper, aluminum scrap and recycled aluminum ingots, which are the primary materials in this category, remained firm due to the rise in prices of copper and aluminum and a recovery in automobile production.

• Manufacturing—Equipment and Materials

In the materials category, shipments of plating materials increased significantly because of very strong growth in demand in the United States and China. Shipments of carbon brushes and welding rods remained steady compared to the shipments in the previous fiscal year due to the recovery of demand for automobiles. In the equipment category, shipments of large marking equipment for applications involving steel and of paints and other consumables, etc. in Japan and other countries increased. Testing and other equipment in the construction industry also contributed to the performance of this segment.

• Manufacturing—Metal Processing

Shipments of precision grinding processing parts were down from the shipments in the previous year due to customers' adjustment in production. Shipments of precision cutting processing parts for semiconductor manufacturing equipment remained firm due to increasing demand for semiconductors. In the metal precision stamped parts category, shipments remained high in order to meet the vigorous demand worldwide in the automobile industry for these parts. Shipments of metal processed parts for air conditioning equipment remained firm in Japan.

Note: 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 ended March 31, 2022. Due to the use of this new standard, explanations of results of operations are provided without stating the amount of changes and the year-on-year percentage changes for consolidated sales and sales in each segment. For more information, please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies).”

**Forecasts for the fiscal year ending March 31, 2023**

	FY3/22 (Million yen)	FY3/23 (Million yen)	Change (Million yen)	Change (%)
Net sales	156,286	170,000	13,714	8.8
Operating profit	11,020	9,100	(1,920)	(17.4)
Ordinary profit	11,009	9,000	(2,009)	(18.2)
Profit attributable to shareholders of parent	7,507	6,800	(707)	(9.4)

There are concerns about the negative effect on the recovery of the global economy due to the rapid spread of the Omicron variant worldwide, increasing geopolitical risk caused by the Ukraine crisis and other events, and the big increase in the cost of many materials. As a result, the economic environment is expected to remain uncertain throughout the fiscal year ending in March 2023. The business climate for the ALCONIX Group is expected to benefit from a continuation of rising demand in the automotive and semiconductor sectors. However, logistics problems and shortages of raw materials are not likely to end soon. For these reasons, and the macroeconomic environment explained earlier, upcoming changes in the business climate will have to be monitored closely.

The outlook is for more growth of demand for semiconductors and the emergence of new processed components involving increasing production of electric vehicles. These trends are expected to result in the medium to long-term growth of shipments of many ALCONIX Group products, although there may be short interruptions or downturns in this growth. We expect higher shipments of electronic and battery materials, aluminum rolled products and copper products in the two trading segments and of precision processing parts, automotive materials, chemical products and other products in the two manufacturing segments. We will continue to place priority on electronic components, semiconductors and automobiles as the three business sectors for growth in our medium-term business plan. There will be activities to make current operations in the trading and manufacturing categories more profitable. At group manufacturing companies, we will make expenditures for more equipment in order to raise the efficiency of production activities. Plans also include M&A and, for creating new opportunities of growth, investments in and support for start-up companies by using corporate venture capital. All of these measures have the goal of more growth of corporate value.

## (2) Analysis of Financial Position

### 1) Financial position

Changes in financial position in the fiscal year ended March 31, 2022 are described as below.

The major changes in the assets category were a 17,397 million yen increase in inventories, a 9,663 million yen increase in notes and accounts receivable-trade, a 2,216 million yen increase in property, plant and equipment due to capital expenditures, a 1,243 million yen decrease in investments and other assets, a 968 million yen decrease in intangible assets including amortization of goodwill, and a 358 million yen decrease in cash and deposits. The result was a 28,520 million yen increase in assets over the end of the previous fiscal year to 176,437 million yen.

The major changes in the liabilities category were an 8,990 million yen increase in notes and accounts payable-trade, a 2,480 million yen increase in short-term borrowings, a 1,999 million yen increase due to issuance of commercial papers, an 1,815 million yen increase in income taxes payable, a 330 million yen increase in current portion of long-term borrowings, a 1,984 million yen decrease in long-term borrowings. The net result was a 14,560 million yen increase in liabilities over the end of the previous fiscal year to 119,106 million yen.

The major changes in the net assets category were a 6,210 million yen increase in retained earnings, a 2,780 million yen increase in share capital and legal capital surplus due to public offering, a 2,387 million yen increase in foreign currency translation adjustment, and a 522 million yen decrease in valuation difference on available-for-sale securities due to the market value evaluation of listed stock. As a result, net assets increased 13,959 million yen over the end of the previous fiscal year to 57,331 million yen.

### 2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the fiscal year ended on March 31, 2022 decreased by 58 million yen from the end of the previous fiscal year to 25,944 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 used in operating activities was 3,329 million yen. Main positive factors include profit before income taxes of 11,165 million yen, a 7,327 million yen increase in trade payables and depreciation including amortization of goodwill of 4,135 million yen. Meanwhile, major negative factors include a 16,276 million yen increase in inventories, a 7,570 million yen increase in trade receivables, and income taxes paid of 2,063 million yen.
Cash flows from investing activities	Net cash used in investing activities was 3,257 million yen. Main positive factors include proceeds from sales of investment securities of 528 million yen. Main negative factors include the payment of 4,261 million yen for the purchase of property, plant and equipment and intangible assets in connection with the strengthening of facilities mainly at manufacturing subsidiaries, and 41 million yen for the purchase of investment securities.

Cash flows from financing activities	Net cash provided by financing activities was 5,760 million yen. Main positive factors include a 5,486 million yen increase due to issuance of new common stock by public offering in the end of 2021, a 1,999 million yen increase due to issuance of commercial papers and net increase in short-term borrowings of 1,434 million yen. Main negative factors include net decrease in long-term borrowings of 1,709 million yen, cash dividends paid of 1,135 million yen, and redemption of bonds of 149 million yen.
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Reference: Cash flow indicators

	FY3/21	FY3/22
Shareholders' equity ratio (%)	28.9	32.2
Shareholders' equity ratio based on market value (%)	28.0	23.8
Ratio of interest-bearing debt to cash flows (%)	14.4	-
Interest coverage ratio (times)	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.

\* Cash flow-to-total debt ratio and interest coverage ratio for the fiscal year ended March 31, 2022 are not presented since operating cash flow was negative.

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

ALCONIX's basic policy regarding dividends is to continuously provide stable dividends while securing adequate internal reserves for future business development and the bolstering of the management structure.

Regarding internal reserves, ALCONIX will effectively utilize such reserves in order to strengthen its business structure to meet the needs of the market as the business environment changes, to pursue M&A and business investment, and to invest in the development of its overseas strategy.

With respect to the annual dividend for the fiscal year that ended on March 31, 2022, ALCONIX has already made the interim dividend of 24 yen per share in the second quarter. As was announced in the news release titled "Notice of Revisions to Dividend Forecast" dated February 25, 2022, ALCONIX plans to pay a year-end dividend of 28 yen per share.. This will result in an annual dividend of 52 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 trends in the adoption of IFRS by other companies in the same line of business.



### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	27,048	26,689
Notes and accounts receivable-trade	49,752	59,415
Merchandise and finished goods	20,818	35,974
Work in process	3,362	4,049
Raw materials and supplies	2,088	3,641
Other	4,174	5,989
Allowance for doubtful accounts	(640)	(642)
Total current assets	106,604	135,119
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,332	17,615
Accumulated depreciation	(9,125)	(9,832)
Buildings and structures, net	6,206	7,783
Machinery, equipment and vehicles	27,078	29,037
Accumulated depreciation	(20,798)	(22,486)
Machinery, equipment and vehicles, net	6,279	6,550
Tools, furniture and fixtures	8,229	8,410
Accumulated depreciation	(6,738)	(7,350)
Tools, furniture and fixtures, net	1,490	1,059
Land	7,266	7,577
Leased assets	1,744	2,066
Accumulated depreciation	(1,190)	(1,319)
Leased assets, net	554	747
Construction in progress	1,047	1,342
Total property, plant and equipment	22,845	25,061
Intangible assets		
Goodwill	2,548	1,887
Software	331	410
Other	2,791	2,406
Total intangible assets	5,671	4,703
Investments and other assets		
Investment securities	11,524	10,243
Long-term loans receivable	123	22
Deferred tax assets	246	346
Other	1,004	962
Allowance for doubtful accounts	(103)	(21)
Total investments and other assets	12,796	11,553
Total non-current assets	41,313	41,317
Total assets	147,917	176,437

	(Millions of yen)	
	FY3/21	FY3/22
	(As of Mar. 31, 2021)	(As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	34,418	43,408
Short-term borrowings	29,109	31,590
Commercial papers	2,999	4,999
Current portion of long-term borrowings	5,878	6,208
Current portion of bonds payable	149	149
Income taxes payable	866	2,682
Provision for bonuses	1,038	1,244
Other	3,549	4,358
<b>Total current liabilities</b>	<b>78,011</b>	<b>94,643</b>
<b>Non-current liabilities</b>		
Bonds payable	475	325
Long-term borrowings	20,509	18,525
Deferred tax liabilities	3,029	2,900
Provision for retirement benefits for directors (and other officers)	537	447
Provision for share awards for directors (and other officers)	-	92
Retirement benefit liability	917	994
Long-term accounts payable-other	174	133
Other	889	1,042
<b>Total non-current liabilities</b>	<b>26,533</b>	<b>24,462</b>
<b>Total liabilities</b>	<b>104,545</b>	<b>119,106</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,006	5,787
Capital surplus	2,416	5,238
Retained earnings	34,352	40,563
Treasury shares	(1,129)	(1,157)
<b>Total shareholders' equity</b>	<b>38,646</b>	<b>50,431</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,761	2,238
Deferred gains or losses on hedges	(46)	321
Foreign currency translation adjustment	1,438	3,825
<b>Total accumulated other comprehensive income</b>	<b>4,153</b>	<b>6,386</b>
Share acquisition rights	51	51
Non-controlling interests	520	462
<b>Total net assets</b>	<b>43,372</b>	<b>57,331</b>
<b>Total liabilities and net assets</b>	<b>147,917</b>	<b>176,437</b>

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

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	214,987	156,286
Cost of sales	196,415	130,519
Gross profit	18,571	25,767
Selling, general and administrative expenses	12,949	14,746
Operating profit	5,621	11,020
Non-operating income		
Interest income	63	44
Purchase discounts	13	14
Dividend income	313	445
Outsourcing service income	12	9
Real estate rental income	82	84
Share of profit of entities accounted for using equity method	125	4
Subsidies for employment adjustment	143	15
Surrender value of insurance policies	106	-
Other	170	232
Total non-operating income	1,030	851
Non-operating expenses		
Interest expenses	472	519
Sales discounts	5	6
Foreign exchange losses	257	87
Loss on sales of notes receivable-trade	20	33
Rental costs on real estate	18	17
Other	158	197
Total non-operating expenses	933	863
Ordinary profit	5,718	11,009
Extraordinary income		
Gain on sales of non-current assets	4	8
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	1	24
Total extraordinary income	126	323
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	21	29
Loss on sales of investment securities	18	-
Loss on valuation of investment securities	31	49
Loss on sales of shares of subsidiaries and associates	759	-
Loss on valuation of shares of subsidiaries and associates	5	-
Impairment loss	-	76
Other	17	11
Total extraordinary losses	856	167
Profit before income taxes	4,989	11,165
Income taxes-current	2,048	3,864
Income taxes-deferred	42	(295)
Total income taxes	2,091	3,568
Profit	2,898	7,596
Profit attributable to non-controlling interests	37	88
Profit attributable to shareholders of parent	2,860	7,507

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Profit	2,898	7,596
Other comprehensive income		
Valuation difference on available-for-sale securities	2,560	(522)
Deferred gains or losses on hedges	(150)	367
Foreign currency translation adjustment	(463)	2,348
Share of other comprehensive income of entities accounted for using equity method	36	64
Total other comprehensive income	1,982	2,259
Comprehensive income	4,880	9,855
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	4,852	9,741
Comprehensive income attributable to non-controlling interests	27	114

**(3) Consolidated Statement of Changes in Equity**

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 shareholders 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					-
Gain on 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 shareholders 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				-			-
Gain on 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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

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

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



**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	4,989	11,165
Depreciation	3,283	3,494
Impairment loss	-	76
Amortization of goodwill	631	640
Gain on bargain purchase	(82)	-
Increase (decrease) in allowance for doubtful accounts	1	(124)
Increase (decrease) in provision for bonuses	41	191
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(359)	(92)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	-	92
Increase (decrease) in retirement benefit liability	48	74
Interest and dividend income	(376)	(489)
Interest expenses	472	519
Share of loss (profit) of entities accounted for using equity method	(125)	(4)
Loss (gain) on sale of investment securities	18	(274)
Loss on valuation of investment securities	31	49
Loss (gain) on sales of shares of subsidiaries and associates	759	-
Loss on valuation of shares of subsidiaries and associates	5	-
Decrease (increase) in trade receivables	(5,088)	(7,570)
Decrease (increase) in inventories	204	(16,276)
Increase (decrease) in trade payables	3,062	7,327
Decrease (increase) in consumption taxes refund receivable	(560)	(463)
Increase (decrease) in income taxes payable-factor based tax	13	43
Decrease (increase) in advance payments-trade	(179)	(590)
Decrease (increase) in accounts receivable-other	(198)	(378)
Increase (decrease) in accounts payable-other	(298)	(215)
Increase (decrease) in advances received	(142)	205
Other, net	435	1,333
Subtotal	6,588	(1,265)
Interest and dividend received	378	458
Interest paid	(505)	(512)
Compensation for damage paid	(104)	-
Income taxes paid	(2,371)	(2,063)
Income taxes refund	113	53
Net cash provided by (used in) operating activities	4,098	(3,329)
Cash flows from investing activities		
Payments into time deposits	(1,053)	(637)
Proceeds from withdrawal of time deposits	1,318	1,032
Purchase of property, plant and equipment	(2,836)	(4,135)
Purchase of intangible assets	(217)	(125)
Purchase of investment securities	(250)	(41)
Proceeds from sales of investment securities	10	528
Proceeds from sale of shares of subsidiaries and associates	665	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(374)	-
Loan advances	(131)	(82)
Collection of loans receivable	398	102
Purchase of insurance funds	(36)	(21)
Proceeds from cancellation of insurance funds	22	62
Other, net	12	60
Net cash provided by (used in) investing activities	(2,472)	(3,257)

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,948	1,434
Net increase (decrease) in commercial papers	2,999	1,999
Proceeds from long-term borrowings	2,697	4,191
Repayments of long-term borrowings	(4,432)	(5,901)
Redemption of bonds	(149)	(149)
Proceeds from issuance of shares	36	5,486
Purchase of treasury shares	(800)	-
Dividends paid	(1,067)	(1,135)
Dividends paid to non-controlling interests	(22)	(16)
Repayments of finance lease obligations	(90)	(138)
Proceeds from sale and leaseback	-	296
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(270)	(306)
Net cash provided by (used in) financing activities	2,849	5,760
Effect of exchange rate change on cash and cash equivalents	(68)	87
Net increase (decrease) in cash and cash equivalents	4,407	(737)
Cash and cash equivalents at beginning of period	21,595	26,002
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	679
Cash and cash equivalents at end of period	26,002	25,944

**(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: 54

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, non-consolidated subsidiary Hong Kong Andex Electronic Material Co.,Ltd and its subsidiary Ningde Andex Electronic Material Co.,Ltd, and ALCONIX CASTLE METALS AND CHEMICALS SDN.BHD. and its subsidiary ALCONIX CASTLE METALS AND CHEMICALS VIETNAM CO.,LTD. were included in the scope of consolidation due to increased materiality. In addition, newly established Alconix Ventures, Inc. and newly formed Alconix Global Innovation Fund Limited Partnership were included in the scope of consolidation.

From the current fiscal year, ALCONIX SANSHIN CORPORATION, consolidated subsidiary of ALCONIX, was excluded from the scope of consolidation since this company was absorbed into ALCONIX · MITAKA CORPORATION, which is the surviving company. In addition, HONDA DYNAMICS Corporation (sub-subsidiary) was excluded from the scope of consolidation since this company was absorbed into Wind Engineering Center Co., Ltd. (sub-subsidiary).

(2) Number of non-consolidated subsidiaries: 4

Names of major non-consolidated subsidiaries

Heiwa Thai Corporation

Reason for exclusion from the scope of consolidation

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

## 2. Application of equity method

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

Names of major affiliates:

Guandon Chuangfu Metal Product Co., Ltd.

(2) Number of affiliates not accounted for under the equity method: 7

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 33 overseas consolidated subsidiaries is December 31.

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

#### 4. Accounting standards

##### (1) Valuation standards and methods for principal assets

###### 1) Marketable securities

###### Available-for-sale securities

###### a. Securities other than shares without market quotations

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

###### b. Shares without market quotations, etc.

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

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

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

###### 2) Derivatives

Stated at fair value.

###### 3) Inventories

Merchandise, finished goods and work in process

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

###### a. Copper tubes, etc. for small-lot sales:

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

###### b. Other inventories:

Mainly stated at cost determined by the specific identification method.

###### c. Raw materials and supplies:

Stated at cost determined by the moving-average method.

##### (2) Depreciation and amortization of significant depreciable assets

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

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

Overseas consolidated subsidiaries mainly apply the straight-line method.

Useful life of principle assets is as follows:

Buildings and structures:	1-60 years
Machinery, equipment and vehicles:	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) Provision for share awards for directors (and other officers)

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

## (4) The accounting treatment methods for retirement benefits

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

## (5) Recognition of significant income and expenses

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

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

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

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

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

## (7) Methods for material accounting for hedges

### 1) Hedging method

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

### 2) Hedging instruments and risks hedged

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

### 3) Hedging policy

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

#### 4) Evaluation method for the effectiveness of hedges

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

#### (8) Method and period of goodwill amortization

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

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

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

### **Changes in Accounting Policies**

#### Application of the Accounting Standard for Revenue Recognition

Beginning with 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 ALCONIX Group has changed its method of recognizing revenue from inventory transactions, in which the ALCONIX 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 ALCONIX 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 current fiscal year, is added to or subtracted from retained earnings at the beginning 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 current fiscal year each decreased by 153,733 million yen. There is no cumulative effect of the application of this standard on retained earnings at the beginning of the current fiscal year.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Accounting Standard, notes to Revenue Recognition for the previous fiscal year is not presented.

#### 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 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 consolidated financial statements.

### **Additional Information**

#### Reclassification

##### Consolidated Statement of Income

“Gain on sales of scraps” under “Non-operating income” presented as a separate item in the previous fiscal year, is included in “Other,” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified. As a result, “Gain on sales of scraps” (39 million yen) and “Other” (130 million yen) under “Non-operating

income” shown in the previous fiscal year’s consolidated statement of income are reclassified to “Other” (170 million yen).

## 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 copper, 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 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.

From the current fiscal year, 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 previous fiscal year has been retrospectively revised based on the revised composition of reportable segments after changes in the organizational structure.

### 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.

As stated in the “Changes in Accounting Policies” section, ALCONIX has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the current fiscal year 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 54,252 million yen, 99,132 million yen and 348 million yen in the “Electronic and Advanced Materials,” “Aluminum and Copper Products” and “Equipment and Materials” segments, respectively, for the current fiscal year.

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

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	52,874	115,448	24,664	22,000	214,987
Inter-segment sales and transfers	5,092	877	255	122	6,348
Total	57,966	116,325	24,919	22,123	221,335
Segment profit	1,567	645	333	3,159	5,706
Segment assets	27,371	57,313	40,911	29,943	155,540
Other items					
Depreciation	61	113	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	57	98	943	2,105	3,205

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

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



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

(Millions of yen)

Net sales	FY3/21	FY3/22
Total for reportable segments	221,335	161,457
Eliminations for inter-segment transactions	(6,348)	(5,170)
Net sales on the consolidated financial statements	214,987	156,286

(Millions of yen)

Profit	FY3/21	FY3/22
Total for reportable segments	5,706	11,001
Eliminations for inter-segment transactions	12	7
Ordinary profit on the consolidated financial statements	5,718	11,009

(Millions of yen)

Assets	FY3/21	FY3/22
Total for reportable segments	155,540	184,302
Corporate assets (Note)	-	72
Eliminations for inter-segment transactions	(7,622)	(7,937)
Total assets on the consolidated financial statements	147,917	176,437

Note: Corporate assets are deferred tax assets at ALCONIX.

## [Related information]

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.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

## 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
95,285	15,669	25,516	15,851	3,691	272	156,286

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

2. Asia does not include China.

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

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

Note: Asia does not include China.

## 3. Information by major client

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

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

FY3/22 (Apr. 1, 2021– Mar. 31, 2022)

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

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

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.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

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

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

For FY3/22, impairment loss on goodwill of 76 million yen was recorded in the “Equipment and Materials” segment.

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

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 92.0% 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.

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

Not applicable.

**Per Share Information**

(Yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	1,709.55	1,889.53
Net income per share	113.60	282.54
Diluted net income per share	-	282.50

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

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to shareholders of parent	2,860	7,507
Amounts not available to common stock shareholders	-	-
Profit attributable to shareholders of parent available to common stock	2,860	7,507
Average number of shares outstanding during the period (Thousand shares)	25,183	26,572
Diluted net income per share		
Adjusted profit attributable to shareholders of parent	-	-
[of which, adjusted profit attributable to shareholders of parent related to the potential stock of consolidated subsidiaries]	[-]	[-]
Increase in the number of shares of common stock (Thousand shares)	-	4
[of which, stock acquisition rights]	[-]	[4]
Summary of potential stock not included in the calculation of “Diluted net income per share” since there was no dilutive effect	Share acquisition rights No. 7 (Number of share acquisition rights: 751) Share acquisition rights No. 8 (Number of share acquisition rights: 792)	Share acquisition rights No.7 (Number of share acquisition rights: 724)

Notes: 1. Diluted net income per share for FY3/21 is not stated because dilutive shares do not exist.

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

## Subsequent Events

### Acquisition of SOODE NAGANO Stock

The Board of Directors of ALCONIX CORPORATION approved a resolution on April 26, 2022 to acquire the shares of SOODE NAGANO Co., Ltd., which will make this company a consolidated subsidiary. ALCONIX plans to acquire this company's shares on November 30, 2022, during the first nine months of the fiscal year ending March 31, 2023.

#### 1. Objectives of the acquisition

SOODE NAGANO is a manufacturer of processed metal parts, including precision stamped parts, designs and fabricates plastic molding dies, and has other activities. The company is based in the city of Okaya in Nagano prefecture. The company has many patents involving the manufacture of lithium-ion battery structural parts, which are its main product. Another strength is technological expertise involving precision, high-speed stamping processes, which are used to manufacture these structural parts. In addition, there is a volume production capability backed by many advanced processing machines and backed by a rigorous quality assurance system. Due to these strengths, SOODE NAGANO has strong relationships with large battery manufacturers in Japan, which are its primary customers, and has earned a high reputation among customers for outstanding reliability and quality.

ALCONIX will acquire all of the shares of SOODE NAGANO except its treasury shares, making this company a consolidated subsidiary. This company manufactures processed parts used in lithium-ion batteries, the most critical component of electric vehicles, a market expected to grow rapidly, has an excellent reputation among its customers, and is one of the leading suppliers of parts at many customers. In addition, the ALXONIX Group has a subsidiaries in Japan and other countries that specialize in stamped products. Together, these companies create a comprehensive metal stamping group of companies within the ALCONIX Group. The technological superiority of these companies and mutually complementary strengths that cover skills other companies do not have make it possible to meet a broad spectrum of customers' needs. These strengths will be used to create new business relationships and sales channels. Furthermore, the sharing of technologies and other knowledge between ALCONIX Group companies and SOODE NAGANO is expected to produce synergies that make the entire group more cost competitive and raise the efficiency of production activities.

ALCONIX believes that the acquisition of AOOODE NAGANO will speed up progress toward achieving the medium-term business plan vision of becoming "an integrated company that combines trading and manufacturing capabilities." This acquisition is also expected to increase synergies within the ALCONIX Group. These benefits are expected to contribute to the growth of the group's consolidated corporate value as activities continue with the aim of creating a "new ALCONIX Group."

#### 2. Profile of SOODE NAGANO (As of March 31, 2022)

(1) Name	SOODE NAGANO Co., Ltd.
(2) Representative	Takayuki Hayade, Representative Director
(3) Location	2-5-21, Osachikatamacho, Okaya city, Nagano
(4) Establishment	December 1975
(5) Business	Manufacture of stamped metal parts for lithium-ion batteries, plastic molding dies, and machinery and equipment
(6) Main office	Okaya city, Nagano (Head office and factory), Matsumoto city, Nagano (Factory) Overseas bases (China, ASEAN region)
(7) Capital	80 million yen
(8) Major shareholders	Founding family members: 57.8%, Nihon Pisco Co., Ltd.: 33.3%, Tokyo Small and Medium Business Investment & Consultation CO., LTD.: 8.9%

#### 3. Name of sellers

Shares will be acquired from Takayuki Hayade, the founder of SOODE NAGANO. Mr. Hayade will make arrangements for all members of the founding family and other major shareholders to sell their stock to ALCONIX in a single transaction.

4. Number of shares of SOODE NAGANO stock to be acquired by ALCONIX, acquisition cost and share ownership before and after acquisition

(1) Ownership before acquisition	0 share (Percentage of voting rights: 0%)
(2) Number of shares to be acquired	1,440 shares (Percentage of voting rights: 100.0%) (Acquisition cost: 8,800 million yen)
(3) Ownership after acquisition	1,440 shares (Percentage of voting rights: 100.0%)

5. Methods for procuring funds and of payments in association with the acquisition of SOODE NAGANO stock

Acquisition of shares will be financed by cash on hand and bank loans.

6. Schedule

April 26, 2022	Resolution of the Board of Directors (Acquisition of SOODE NAGANO stock)
	Conclusion of agreement for acquiring the stock
November 30, 2022 (tentative)	Acquisition of SOODE NAGANO stock by ALCONIX, making it a consolidated subsidiary

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

(Millions of yen)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	4,645	5,361
Notes receivable-trade	1,777	448
Electronically recorded monetary claims-operating	923	1,634
Accounts receivable-trade	21,599	29,693
Merchandise and finished goods	8,594	14,595
Advance payments-trade	10	-
Prepaid expenses	135	162
Short-term loans receivable	20,685	20,778
Accounts receivable-other	394	423
Consumption taxes receivable	930	1,006
Other	83	250
Allowance for doubtful accounts	(248)	(224)
Total current assets	59,533	74,130
Non-current assets		
Property, plant and equipment		
Buildings	49	43
Vehicles	5	3
Tools, furniture and fixtures	28	26
Assets for lease	76	63
Total property, plant and equipment	159	137
Intangible assets		
Software	69	53
Telephone subscription right	5	5
Total intangible assets	75	58
Investments and other assets		
Investment securities	3,338	2,586
Shares of subsidiaries and associates	11,579	11,824
Investments in capital of subsidiaries and associates	173	694
Long-term prepaid expenses	15	11
Insurance funds	24	26
Long-term guarantee deposits	140	147
Deferred tax assets	-	72
Other	32	58
Total investments and other assets	15,303	15,421
Total non-current assets	15,538	15,617
Total assets	75,071	89,748

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	6,178	7,966
Accounts payable-trade	14,033	17,179
Short-term borrowings	10,620	7,278
Commercial papers	2,999	4,999
Current portion of long-term borrowings	4,110	4,766
Current portion of bonds payable	149	149
Accounts payable-other	693	872
Accrued expenses	132	186
Income taxes payable	154	934
Advances received	192	428
Deposits received	1,539	4,868
Provision for bonuses	290	303
Other	289	401
<b>Total current liabilities</b>	41,383	50,337
<b>Non-current liabilities</b>		
Bonds payable	225	75
Long-term borrowings	16,145	14,378
Long-term accounts payable-other	174	129
Provision for retirement benefits	176	208
Provision for share awards for directors (and other officers)	-	92
Deferred tax liabilities	140	-
<b>Total non-current liabilities</b>	16,862	14,884
<b>Total liabilities</b>	58,246	65,221
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,006	5,787
<b>Capital surplus</b>		
Legal capital surplus	2,049	4,829
Other capital surplus	-	27
<b>Total capital surpluses</b>	2,049	4,857
<b>Retained earnings</b>		
Legal retained earnings	10	10
<b>Other retained earnings</b>		
General reserve	400	400
Retained earnings brought forward	11,431	13,916
<b>Total retained earnings</b>	11,842	14,327
Treasury shares	(1,129)	(1,157)
<b>Total shareholders' equity</b>	15,769	23,814
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	1,057	689
Deferred gains or losses on hedges	(53)	(28)
<b>Total valuation and translation adjustments</b>	1,003	661
Share acquisition rights	51	51
<b>Total net assets</b>	16,825	24,526
<b>Total liabilities and net assets</b>	75,071	89,748

**(2) Statement of Income**

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	107,697	52,648
Cost of sales	103,482	46,013
Gross profit	4,214	6,634
Selling, general and administrative expenses	3,284	3,671
Operating profit	930	2,963
Non-operating income		
Interest income	76	78
Purchase discounts	12	13
Dividend income	2,045	1,651
Outsourcing service income	334	357
Reversal of allowance for doubtful accounts	-	15
Other	25	51
Total non-operating income	2,494	2,168
Non-operating expenses		
Interest expenses	203	218
Sales discounts	1	1
Interest on bonds	1	1
Foreign exchange losses	61	130
Loss on sales of notes receivable-trade	20	31
Provision of allowance for doubtful accounts	33	-
Other	84	185
Total non-operating expenses	406	568
Ordinary profit	3,019	4,563
Extraordinary income		
Gain on sales of investment securities	380	263
Gain on reversal of share acquisition rights	0	1
Total extraordinary income	380	265
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	15	45
Loss on valuation of shares of subsidiaries and associates	76	91
Total extraordinary losses	93	136
Income before income taxes	3,306	4,692
Income taxes-current	456	1,153
Income taxes-deferred	5	(76)
Total income taxes	461	1,077
Profit	2,845	3,615



**(3) Statement of Changes in Equity**

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	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	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				-			-	-	-	-
Gain on 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					-
Gain on disposal of treasury shares					-
Net changes in items other than shareholders' equity	913	(147)	766	17	783
Total changes during period	913	(147)	766	17	1,797
Balance at end of period	1,057	(53)	1,003	51	16,825

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

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

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

## 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 22, 2022.

#### 1) Change in representative

Representative Director, President and COO          Hiroshi Teshirogi  
(Currently Director, President and COO)

#### 2) Changes in other directors

-Candidates for Directors

Director (outside):                                  Sachiko Imazu

-Retiring Director

Not applicable.

### (2) Others

Not applicable.

*This financial report is 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, solely for the convenience of readers who prefer an English translation.*