



February 8, 2023

**Summary of Consolidated Financial Results for the Third Quarter
of Fiscal Year Ending March 31, 2023
(Nine Months Ended December 31, 2022)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: February 13, 2023
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 8, 2023 at 12:30 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2022

(April 1, 2022 – December 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	%
Nine months ended Dec. 31, 2022	135,712	18.9	7,255	(13.9)	7,650	(13.1)	5,092	(22.1)
Nine months ended Dec. 31, 2021	114,176	-	8,430	-	8,805	-	6,537	-

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 8,399 (down 0.9%)
 Nine months ended Dec. 31, 2021: 8,473 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	169.26	-
Nine months ended Dec. 31, 2021	257.11	257.05

Note: Diluted net income per share for the nine months ended Dec. 31, 2022 is not stated because dilutive shares do not exist.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Dec. 31, 2022	198,133		64,122		32.1	
As of Mar. 31, 2022	176,437		57,331		32.2	

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 63,506 As of Mar. 31, 2022: 56,817

2. Dividends

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

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

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to shareholders of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	170,000	8.8	9,100	(17.4)	9,000	(18.3)	6,800	(9.4)	225.87

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

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2023, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 5 of the attachments for further information.

*** Notes**

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

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

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

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

(4) Number of outstanding shares (common stock)

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

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

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

Nine months ended Dec. 31, 2022:	30,089,150 shares	Nine months ended Dec. 31, 2021:	25,428,337 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	
For the Nine-month Period	8
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	9
(3) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	10
Changes in Accounting Policies	10
Additional Information	10
Segment Information	11

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

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

In the business sectors where the ALCONIX Group operates, a downturn in purchasing power of users caused by worldwide inflation since the beginning of this fiscal year slowed down sales of smartphones and other consumer electronics, which led to a decline in orders in some categories of the semiconductor manufacturing equipment industry, and as a result, demand for semiconductors and electronic components, a sector where demand was increasing for many applications, has been generally lackluster. In the automobile industry, there were signs of a pickup in the third quarter of the current fiscal year due to an improvement in shortage of parts and automakers' plans to increase production. However, the recovery of this industry is still limited as a result of sluggish automobile production in Japan due to the impact of typhoons and other natural disasters and occasional supply chain disruptions.

Under these economic conditions, in terms of the ALCONIX Group's sales in the first nine months of the current fiscal year, compared to the same period of the previous fiscal year, we saw an increase in shipments of processed metal parts for semiconductor manufacturing equipment and plating materials, and in the transaction volumes of nickel products for electronic components, semiconductor-related materials and aluminum rolled products. On the other hand, shipments of metal precision-stamped parts and related materials decreased compared to the same period of the previous fiscal year due to sluggish automobile production in Japan. In terms of profit and loss, operating profit and ordinary profit decreased mainly due to an increase in purchasing cost led by the yen's depreciation and an increase in selling, general and administrative expenses resulting from the inclusion of a new consolidated subsidiary. Although there was extraordinary income for a bargain purchase gain (negative goodwill) resulting from the purchase of the stock of a manufacturing subsidiary, after the deduction of taxes, profit attributable to shareholders of parent decreased compared to the same period of the previous fiscal year.

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

	First nine months of FY3/22 (Million yen)	First nine months of FY3/23 (Million yen)	Change (Million yen)	Change (%)
Net sales	114,176	135,712	21,535	18.9
Operating profit	8,430	7,255	(1,174)	(13.9)
Ordinary profit	8,805	7,650	(1,155)	(13.1)
Profit attributable to shareholders of parent	6,537	5,092	(1,445)	(22.1)

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

		First nine months of FY3/22 (Million yen)	First nine months of FY3/23 (Million yen)	Change (Million yen)	Change (%)
Trading—Electronic and Advanced Materials	Sales	26,363	35,317	8,954	34.0
	Segment profit	3,183	3,374	190	6.0
Trading—Aluminum and Copper Products	Sales	45,497	49,803	4,306	9.5
	Segment profit	1,631	1,301	(330)	(20.2)
Manufacturing— Equipment and Materials	Sales	26,761	31,559	4,797	17.9
	Segment profit	1,233	1,106	(126)	(10.3)
Manufacturing—Metal Processing	Sales	20,753	21,478	724	3.5
	Segment profit	2,754	1,883	(870)	(31.6)

· Trading—Electronic and Advanced Materials

Although transaction volume of materials for electronic components and nickel products for semiconductor materials remained firm with the backing of higher demand in a broad range of applications, the transaction volume of rechargeable battery materials decreased because of China's economic slowdown and the decline in smartphones-related demand. On the other hand, sales and profits of minor metals and rare earths increased compared to the same period of the previous fiscal year due to higher market prices and other factors though the transaction volume decreased due to sluggish automobile-related production.

· Trading—Aluminum and Copper Products

In the non-ferrous products category, the transaction volume of rolled aluminum products and copper products including copper tube, backed by solid construction demand in Japan, increased compared to the same period of the previous fiscal year. On the other hand, the transaction volume of copper products for electronic components decreased because of weakening demand for IT products. In the non-ferrous raw materials category, handling volumes of copper and aluminum scrap and recycled aluminum ingots was lower, due to downturn in automobile production. However, transaction volume of recycled aluminum ingots increased compared to the same period of the previous fiscal year due to rising non-ferrous metals prices and the depreciation of the yen.

· Manufacturing—Equipment and Materials

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

· Manufacturing—Metal Processing

In the semiconductor manufacturing equipment category, shipments and sales of process equipment remained at a high level. In addition, shipments of precision machining processing parts remained firm due to strong demand for machine tools involving the automation of manufacturing processes and the large volume of capital expenditures concerning electric vehicles and other products for decarbonization. Shipments of precision grinding processing parts for semiconductor chip mounting equipment were sluggish due to the decline in demand for smartphones. Shipments of metal precision stamped parts were lower compared to the same period of the previous fiscal year because automobile production in Japan and other countries was sluggish, though inquiries from customers were favorable.

(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 150,993 million yen, an increase of 15,873 million yen from the end of the previous fiscal year. The main factors include a 7,610 million yen increase in cash and deposits, a 5,195 million yen increase in notes and accounts receivable-trade and a 3,376 million yen increase in inventories.

b. Non-current assets

Non-current assets totaled 47,140 million yen, an increase of 5,822 million yen. The main factors include a 6,712 million yen increase in property, plant and equipment resulting from the consolidation of Jupiter Industry Co., Ltd., its overseas subsidiaries and SOODE NAGANO Co., Ltd., and capital expenditures from manufacturing companies, a 528 million yen decrease in intangible assets due to amortization and a 362 million yen decrease in investments and other assets.

c. Current liabilities

Current liabilities totaled 106,041 million yen, an increase of 11,397 million yen. The main factors include a 11,798 million yen increase in short-term borrowings, a 1,999 million yen increase in commercial papers, a 729 million yen decrease in current portion of long-term borrowings, a 1,482 million yen decrease in income taxes payable and 1,084 million yen decrease in notes and accounts payable-trade.

d. Non-current liabilities

Non-current liabilities totaled 27,970 million yen, an increase of 3,507 million yen. The main factors include an 1,880 million yen increase in long-term borrowings, a 1,471 million yen increase in long-term accounts payable-other and a 75 million yen decrease in bonds payable.

e. Net assets

Net assets totaled 64,122 million yen, an increase of 6,790 million yen. The main factors include a 4,500 million yen increase in foreign currency translation adjustment, a 3,451 million yen increase in retained earnings, an 823 million yen decrease in valuation difference on available-for-sale securities and a 486 million yen decrease in deferred gains or losses on hedges.

2) Results of operations

a. Net sales

Sales were higher than in the first nine months of the previous fiscal year but the economic conditions surrounding ALCONIX Group is becoming more uncertain due to slowing economic growth in China, worldwide inflation driven by the increasing cost of resources, the yen's rapid depreciation and rising interest rates. In terms of commodities handled and products, in the two trading segments, the transaction volumes of nickel products for semiconductor materials and of aluminum rolled products were higher than in the same period of the previous fiscal year. There were decreases in the transaction volumes of copper products used in electronic materials, the result of decreasing demand for smartphones and other IT products, aluminum resources, copper scrap and other non-ferrous materials, the result of declining automobile demand.

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

As a result, net sales increased 18.9% to 135,712 million yen.

b. Gross profit

Gross profit increased 0.2% compared to the same period of the previous fiscal year to 19,410 million yen, due to sales growth in the trading and manufacturing segments.

c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 11.1% to 12,154 million yen because of the inclusion of the profit and loss of Jupiter Industry which was acquired and an increase in the use of operating expenses compared to the same period of the previous fiscal year.

d. Operating profit

Due to these changes, operating profit decreased 13.9% to 7,255 million yen.

e. Non-operating income, non-operating expenses

There was a net non-operating income (non-operating income – non-operating expenses) of 394 million yen

compared with net non-operating income of 375 million yen compared to the same period of the previous fiscal year mainly due to increases in dividend income and foreign exchange gains.

f. Ordinary profit

As a result of the above, ordinary profit decreased 13.1% to 7,650 million yen.

g. Extraordinary income, extraordinary losses

There was extraordinary income of 558 million yen, including a bargain purchase gain (negative goodwill) resulting from the purchase of the stock of a manufacturing subsidiary and a gain on sales of investment securities, and an extraordinary loss of 245 million yen, including the amortization of all goodwill associated with a consolidated subsidiary and a loss on retirement of non-current assets.

h. Profit attributable to shareholders of parent

Profit before income taxes was 7,963 million yen. From this amount, 2,789 million yen and 81 million yen were deducted for income taxes and profit attributable to non-controlling interests of 12 consolidated subsidiaries, respectively. As a result, profit attributable to shareholders of parent decreased 22.1% to 5,092 million yen.

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

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

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

(Millions of yen)

	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	26,689	34,300
Notes and accounts receivable-trade	59,415	64,611
Merchandise and finished goods	35,974	38,046
Work in process	4,049	4,460
Raw materials and supplies	3,641	4,536
Other	5,989	5,913
Allowance for doubtful accounts	(642)	(874)
Total current assets	135,119	150,993
Non-current assets		
Property, plant and equipment	25,061	31,774
Intangible assets		
Goodwill	1,887	1,550
Other	2,816	2,624
Total intangible assets	4,703	4,175
Investments and other assets	11,553	11,191
Total non-current assets	41,317	47,140
Total assets	176,437	198,133
Liabilities		
Current liabilities		
Notes and accounts payable-trade	43,408	42,324
Short-term borrowings	31,590	43,389
Commercial papers	4,999	6,998
Current portion of long-term borrowings	6,208	5,478
Current portion of bonds payable	149	75
Income taxes payable	2,682	1,200
Provision for bonuses	1,244	802
Other	4,358	5,772
Total current liabilities	94,643	106,041
Non-current liabilities		
Bonds payable	325	250
Long-term borrowings	18,525	20,405
Provision for retirement benefits for directors (and other officers)	447	281
Provision for share-based remuneration for directors (and other officers)	92	92
Retirement benefit liability	994	1,112
Long-term accounts payable-other	133	1,604
Other	3,943	4,222
Total non-current liabilities	24,462	27,970
Total liabilities	119,106	134,011

	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	5,787	5,810
Capital surplus	5,238	5,261
Retained earnings	40,563	44,014
Treasury shares	(1,157)	(1,157)
Total shareholders' equity	50,431	53,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,238	1,415
Deferred gains or losses on hedges	321	(164)
Foreign currency translation adjustment	3,825	8,326
Total accumulated other comprehensive income	6,386	9,577
Share acquisition rights	51	48
Non-controlling interests	462	567
Total net assets	57,331	64,122
Total liabilities and net assets	176,437	198,133

(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 FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	114,176	135,712
Cost of sales	94,807	116,302
Gross profit	19,368	19,410
Selling, general and administrative expenses	10,938	12,154
Operating profit	8,430	7,255
Non-operating income		
Interest income	34	38
Dividend income	410	411
Foreign exchange gains	65	324
Other	428	387
Total non-operating income	939	1,162
Non-operating expenses		
Interest expenses	385	574
Other	178	192
Total non-operating expenses	563	767
Ordinary profit	8,805	7,650
Extraordinary income		
Gain on sales of non-current assets	5	64
Gain on bargain purchase	-	346
Gain on sales of investment securities	274	87
Other	27	59
Total extraordinary income	308	558
Extraordinary losses		
Loss on sales of non-current assets	0	5
Loss on retirement of non-current assets	13	62
Loss on valuation of investment securities	45	-
Amortization of goodwill	-	170
Other	2	6
Total extraordinary losses	61	245
Profit before income taxes	9,052	7,963
Income taxes	2,423	2,789
Profit	6,629	5,174
Profit attributable to non-controlling interests	91	81
Profit attributable to shareholders of parent	6,537	5,092

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

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Profit	6,629	5,174
Other comprehensive income		
Valuation difference on available-for-sale securities	108	(823)
Deferred gains or losses on hedges	62	(486)
Foreign currency translation adjustment	1,629	4,680
Share of other comprehensive income of entities accounted for using equity method	44	(145)
Total other comprehensive income	1,844	3,225
Comprehensive income	8,473	8,399
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	8,367	8,283
Comprehensive income attributable to non-controlling interests	106	115

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

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

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

Changes in Accounting Policies

Application of the Guidance on Accounting Standard for Fair Value Measurement

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

Additional Information

Effect of COVID-19 on accounting estimates

There are no significant changes in the assumptions, including assumptions about the effect of COVID-19 on the ALCONIX Group, in the supplementary information section of the Securities Report for the fiscal year that ended on March 31, 2022.

Segment Information

I. First 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

II. First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
Revenue from contracts with customers	34,463	49,071	31,030	21,147	135,712
External sales	34,463	49,071	31,030	21,147	135,712
Inter-segment sales and transfers	853	731	528	331	2,445
Total	35,317	49,803	31,559	21,478	138,157
Segment profit	3,374	1,301	1,106	1,883	7,665

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	7,665
Eliminations for inter-segment transactions	(15)
Ordinary profit on the quarterly consolidated statement of income	7,650

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

In the “Metal processing” segment, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd., Suzhou Jupiter Industry Co., Ltd. and SOODE NAGANO Co., Ltd. were included in the scope of consolidation because ALCONIX has purchased the shares of these companies. Accordingly, gain on bargain purchase of 346 million yen was recorded in the first nine months of FY3/23.

4. Information related to assets for each reportable segment

In the first quarter of FY3/23, Jupiter Industry Co., Ltd. and its subsidiaries Qingdao Jupiter Industry Co., Ltd. and Suzhou Jupiter Industry Co., Ltd. were included in the scope of consolidation. In the third quarter of FY3/23, SOODE NAGANO Co., Ltd. was included in the scope of consolidation. Accordingly, segment assets in the “Metal processing” segment increased by 16,102 million yen compared with the end of FY3/22.

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. ALCONIX CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.