



November 6, 2024

Consolidated Financial Results for the Second Quarter (First Half) of the Fiscal Year Ending March 31, 2025

(April 1, 2024 – September 30, 2024)

[Japanese GAAP]

Company name: ALCONIX CORPORATION

Listing: Tokyo Stock Exchange

Stock code: 3036

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Scheduled date of filing of Semi-annual Securities Report:

November 11, 2024

Scheduled commencement date of payment of dividends:

November 26, 2024

Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

Yes

Note: The original disclosure in Japanese was released on November 6, 2024 at 12:30 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter (First Half) of the Fiscal Year Ending March 31, 2025(April 1, 2024 – September 30, 2024)

(1) Consolidated results of operations (cumulative)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2024	95,651	14.2	3,451	14.8	4,030	32.9	2,661	38.9
Six months ended Sep. 30, 2023	83,757	(9.2)	3,005	(47.1)	3,033	(50.3)	1,916	(53.7)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 5,368 (down 0.2%)

Six months ended Sep. 30, 2023: 5,380 (down 24.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	88.21	-
Six months ended Sep. 30, 2023	63.62	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	196,374	70,978	35.8
As of Mar. 31, 2024	182,890	66,350	35.9

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 70,301 As of Mar. 31, 2024: 65,702

2. Dividends

	Annual dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	27.00	-	28.00	55.00
Fiscal year ending Mar. 31, 2025	-	32.00			
Fiscal year ending Mar. 31, 2025 (forecast)			-	32.00	64.00

Note: Revisions to the most-recently announced dividend forecast: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	5.8	7,200	31.8	7,200	32.2	4,500	181.6	148.85

Notes: 1. Revisions to the most-recently announced earnings forecasts: None

2. On July 12, 2024, the Board of Directors approved the issuance of new shares as restricted stock compensation, which was announced on the same date. The net income per share forecast for the fiscal year ending March 31, 2025 is adjusted to reflect the issuance of new shares.

* Notes

(1) Material changes in the scope of consolidation during the first half: Yes

Newly added: 1 (Sakamoto Electric MFG Co., Ltd.)

Removed: 1 (ALCONIX TOHOKU CHEMICAL INDUSTRIES CORPORATION)

(2) Application of special accounting methods for preparing the consolidated financial statements for the first half:

Yes

Note: For the details, please refer to “2. Consolidated Financial Statements for the First Half and Notes, (3) Notes to Consolidated Financial Statements for the First Half (Special Accounting Methods for Preparing Consolidated Financial Statements for the First Half)” on page 9 of the attachments.

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For the details, please refer to “2. Consolidated Financial Statements for the First Half and Notes, (3) Notes to Consolidated Financial Statements for the First Half (Changes in Accounting Policies)” on page 9 of the attachments.

(4) Number of issued shares (common stock)

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

As of Sep. 30, 2024:	31,070,000 shares	As of Mar. 31, 2024:	31,042,900 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2024:	837,501 shares	As of Mar. 31, 2024:	905,007 shares
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3) Average number of shares during the period (first half of fiscal year)

Six months ended Sep. 30, 2024:	30,173,611 shares	Six months ended Sep. 30, 2023:	30,115,656 shares
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Note: ALCONIX has a Board Benefit Trust and an employee stock distribution trust for the distribution of stock to eligible individuals. Shares of ALCONIX remaining in these trusts recorded as treasury shares in shareholders' equity are included in the treasury shares that will be deducted when calculating the average number of shares during the period that was used to calculate net income per share and diluted net income per share.

* This financial results for the second quarter (first half) is not subject to review by certified public accountants or auditing firms.

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

The consolidated earnings forecasts set forth above are based on the information currently available to ALCONIX and certain assumptions that ALCONIX determines to be reasonable, and are not intended to be a promise by ALCONIX that such forecasts and projections will be achieved. Actual results may vary significantly due to various factors.

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1. Overview of Results of Operations, etc.

(1) Overview of Results of Operations for the First Half

In terms of the global economic conditions during the first half of the current fiscal year, events that affected the operations of the ALCONIX Group included the slow economic growth in China as the real estate sector downturn impacted consumer spending and, in Japan, the yen's rapid appreciation starting in the middle of July following depreciation of the yen since the beginning of the current fiscal year.

In the industries and markets in which the ALCONIX Group is deeply involved, there was growth in global semiconductor sales because of large data center investments. In the automobile industry, worldwide production by Japanese automakers was down about 5% year-on-year between April and August mainly due to slow sales in Asian countries. As for non-ferrous metal products, shipments of rolled aluminum products in Japan and production of copper products in Japan were higher year-on-year for the first time in more than two years. After August, there were month-on-month increases and decreases depending on the month, so the outlook for these products is uncertain. Non-ferrous metal prices increased early in 2024 but started to fall in May and then began to recover somewhat in September. As a result, the average prices of aluminum and copper during the first half were higher year-on-year and the average price of nickel was lower.

Under such an environment, first-half sales of the ALCONIX Group increased year-on-year in all four segments: Electronic and Advanced Materials, Aluminum and Copper Products, Equipment and Materials, and Metal Processing segments. This was due to strong sales of aluminum and copper products, plating materials, and other reasons. First-half earnings increased year-on-year in three segments: the Electronic and Advanced Materials, Aluminum and Copper Products, and Equipment and Materials segments. The main reasons were the larger volume of copper sheet and strip sales, higher profit margins, and the growth of sales of testing equipment and replacement supplies. In the Metal Processing segment, segment earnings decreased year-on-year because of a change in the composition of the items sold. The result was a year-on-year increase in overall earnings.

Financial highlights for the first half of the fiscal year ending March 31, 2025 are as follows:

	First half of FY3/24 (Million yen)	First half of FY3/25 (Million yen)	Year-on-year change (Million yen)	Year-on-year change (%)
Net sales	83,757	95,651	11,894	14.2
Operating profit	3,005	3,451	445	14.8
Ordinary profit	3,033	4,030	997	32.9
Profit attributable to owners of parent	1,916	2,661	745	38.9

Business segment performance for the first half of the fiscal year ending March 31, 2025 is as follows, with sales in each segment including inter-segment sales:

		First half of FY3/24 (Million yen)	First half of FY3/25 (Million yen)	Year-on-year change (Million yen)	Year-on- year change (%)
Trading—Electronic and Advanced Materials	Sales	15,793	16,197	403	2.6
	Segment profit	1,175	1,455	279	23.8
Trading—Aluminum and Copper Products	Sales	34,003	41,554	7,550	22.2
	Segment profit	151	670	519	342.1
Manufacturing— Equipment and Materials	Sales	20,290	22,939	2,648	13.1
	Segment profit	260	488	227	87.5
Manufacturing—Metal Processing	Sales	15,786	17,305	1,518	9.6
	Segment profit	1,442	1,419	(23)	(1.6)

(Note) Segment profit is the ordinary profit for each segment.

• Trading—Electronic and Advanced Materials

Sales increased year-on-year due to strong sales of minor metals and minor metal scrap as well as higher sales volume (despite a lower sales price) in nickel raw material transactions. Segment profit increased year-on-year mainly because of an improvement in profit margin on nickel raw material transactions.

• Trading—Aluminum and Copper Products

Sales increased year-on-year because sales volumes and prices for aluminum ingots and copper scrap were higher year-on-year. Segment profit increased year-on-year due to a significant increase in the sales volume of copper sheets and strips used in semiconductors and an improvement in profitability.

• Manufacturing—Equipment and Materials

Sales increased year-on-year due to strong sales of plating materials, marking equipment and testing replacement supplies outside Japan. Segment profit increased year-on-year due to sales growth and higher prices of the products of this segment to reflect the increased cost of manufacturing carbon brushes and other items.

• Manufacturing—Metal Processing

Sales increased year-on-year due to generally firm sales at all companies in this segment, including sales of semiconductor chip mounting equipment parts. Segment profit decreased year-on-year due to a lower profit margin caused by a change in the sales composition of semiconductor chip mounting equipment parts and automotive stamped parts.

(2) Overview of First-Half Financial Position

1) Financial position

a. Current assets

Current assets totaled 143,867 million yen, a year-on-year increase of 11,317 million yen. The main changes include a 6,207 million yen increase in notes and accounts receivable-trade, a 3,506 million yen increase in inventories, and a 1,860 million yen increase in cash and deposits.

b. Non-current assets

Non-current assets totaled 52,506 million yen, a year-on-year increase of 2,165 million yen. The main changes include a 3,295 million yen increase in property, plant and equipment, a 1,422 million yen decrease in investments and other assets, and a 293 million yen increase in intangible assets.

c. Current liabilities

Current liabilities totaled 99,112 million yen, a year-on-year increase of 9,418 million yen. The main changes include a 3,188 million yen increase in notes and accounts payable-trade, a 5,749 million yen increase in short-term borrowings, a 548 million yen increase in income taxes payable.

d. Non-current liabilities

Non-current liabilities totaled 26,284 million yen, a year-on-year decrease of 562 million yen. The main changes include a 607 million yen decrease in long-term borrowings.

e. Net assets

Net assets totaled 70,978 million yen, a year-on-year increase of 4,627 million yen. The main changes include a 3,548 million yen increase in foreign currency translation adjustment, a 1,814 million yen increase in retained earnings brought forward, and a 831 million yen decrease in valuation difference on available-for-sale securities.

2) Results of operations

a. Net sales

Net sales increased 14.2% year-on-year to 95,651 million yen, due to revenue growth in all segments.

b. Gross profit

Gross profit increased 10.% year-on-year to 12,589 million yen, mainly due to higher earnings in the Electronic and Advanced Materials and Aluminum and Copper Products segments.

c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 8.8% year-on-year to 9,138 million yen due to an increase in labor costs.

d. Operating profit

As a result of the above, operating profit increased 14.8% year-on-year to 3,451 million yen.

e. Non-operating income, non-operating expenses

There was a net non-operating income (non-operating income *minus* non-operating expenses) of 579 million yen compared with a net non-operating income of 27 million yen during the first half of the previous fiscal year, mainly due to foreign exchange gains.

f. Ordinary profit

As a result of the above, ordinary profit increased 32.9% year-on-year to 4,030 million yen.

g. Extraordinary income, extraordinary losses

There was extraordinary income of 413 million yen, including gain on sales of investment securities, and an extraordinary loss of 197 million yen, including business restructuring expenses.

h. First-half profit attributable to owners of parent

First-half profit before income taxes was 4,247million yen. From this amount, 1,559 million yen and 25 million yen were deducted for income taxes and first-half profit attributable to non-controlling interests, respectively. As a result, first-half profit attributable to owners of parent increased 38.9% year-on-year to 2,661 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 Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] dated May 15, 2024.

2. Consolidated Financial Statements and Notes for the First Half**(1) Consolidated Balance Sheet for the First Half**

	(Million yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	21,471	23,332
Notes and accounts receivable-trade	51,361	57,569
Electronically recorded monetary claims-operating	5,632	5,806
Merchandise and finished goods	40,679	43,379
Work in process	4,756	5,238
Raw materials and supplies	3,787	4,111
Other	5,699	5,350
Allowance for doubtful accounts	(838)	(920)
Total current assets	132,549	143,867
Non-current assets		
Property, plant and equipment	31,737	35,032
Intangible assets		
Goodwill	1,022	1,088
Other	2,065	2,293
Total intangible assets	3,088	3,381
Investment and other assets		
Investment securities	11,899	10,280
Other	4,857	5,231
Allowance for doubtful accounts	(1,241)	(1,420)
Investments and other assets	15,515	14,092
Total non-current assets	50,340	52,506
Total assets	182,890	196,374
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,542	39,731
Electronically recorded obligations-operating	8,225	7,476
Short-term borrowings	23,730	29,479
Commercial papers	6,994	6,994
Current portion of long-term borrowings	6,148	5,986
Income taxes payable	1,536	2,085
Provision for bonuses	1,381	1,400
Provision for share awards	-	28
Provision for share awards for directors (and other officers)	-	59
Provision for business restructuring	57	93
Other	5,077	5,777
Total current liabilities	89,693	99,112
Non-current liabilities		
Bonds payable	250	250
Long-term borrowings	18,077	17,469
Retirement benefit liability	1,126	1,215
Provision for retirement benefits for directors (and other officers)	331	318
Provision for share awards for directors (and other officers)	169	-
Provision for business restructuring	630	736
Long-term accounts payable-other	1,603	1,720
Other	4,658	4,573
Total non-current liabilities	26,846	26,284
Total liabilities	116,540	125,396

	(Million yen)	
	FY3/24	Second quarter of FY3/25
	(As of Mar. 31, 2024)	(As of Sep. 30, 2024)
Net assets		
Shareholders' equity		
Share capital	5,830	5,851
Capital surplus	5,294	5,330
Retained earnings	44,332	46,146
Treasury shares	(1,154)	(1,070)
Total shareholders' equity	54,304	56,258
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,784	2,952
Deferred gains or losses on hedges	(3)	(76)
Foreign currency translation adjustment	7,617	11,166
Total accumulated other comprehensive income	11,398	14,042
Share acquisition rights	46	45
Non-controlling interests	601	631
Total net assets	66,350	70,978
Total liabilities and net assets	182,890	196,374

(2) Consolidated Statements of Income and Comprehensive Income for the First Half**Consolidated Statement of Income for the First Half**

	(Million yen)	
	First half of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First half of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	83,757	95,651
Cost of sales	72,349	83,062
Gross profit	11,408	12,589
Selling, general and administrative expenses	8,402	9,138
Operating profit	3,005	3,451
Non-operating income		
Interest income	70	80
Dividend income	309	446
Foreign exchange gains	-	381
Gain on valuation of derivatives	193	18
Other	152	254
Total non-operating income	725	1,181
Non-operating expenses		
Interest expenses	594	473
Foreign exchange losses	9	-
Other	94	128
Total non-operating expenses	698	602
Ordinary profit	3,033	4,030
Extraordinary income		
Gain on sale of non-current assets	7	11
Gain on sale of investment securities	291	393
Other	33	9
Total extraordinary income	331	413
Extraordinary losses		
Loss on retirement of non-current assets	13	15
Provision of allowance for doubtful accounts	-	68
Loss on valuation of investment securities	3	-
Business restructuring expenses	-	107
Other	1	5
Total extraordinary losses	18	197
Profit before income taxes	3,346	4,247
Income taxes	1,395	1,559
Profit	1,951	2,687
Profit attributable to non-controlling interests	35	25
Profit attributable to owners of parent	1,916	2,661

Consolidated Statement of Comprehensive Income for the First Half

(Million yen)

	First half of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First half of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	1,951	2,687
Other comprehensive income		
Valuation difference on available-for-sale securities	1,435	(831)
Deferred gains or losses on hedges	24	(72)
Foreign currency translation adjustment	1,968	3,585
Total other comprehensive income	3,429	2,680
Comprehensive income	5,380	5,368
Comprehensive income attributable to		
Owners of parent	5,316	5,305
Non-controlling interests	63	62

(3) Notes to Consolidated Financial Statements for the First Half**Changes in Accounting Policies****Application of Revised Accounting Standard for Current Income Taxes**

Beginning with the first half of the current fiscal year, ALCONIX is applying the Revised Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022).

This revised accounting standard includes a revision to the category used to recognize income and other taxes (taxation of other comprehensive income). This revision is applied in accordance with the transitional treatment specified in the proviso to paragraph 20-3 of the Revised Accounting Standard and the transitional treatment specified in the proviso to paragraph 65-2(2) of the Revised Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). This will have no effect on the consolidated financial statements for the first half.

There is also a revision concerning a reexamination of the treatment in consolidated financial statements of the deferral for tax purposes of income from the sale of stock, etc. of subsidiaries between consolidated companies. Beginning with the first half of the current fiscal year, ALCONIX is applying this revision in the Revised Guidance. Furthermore, this change in accounting policies has been applied retroactively to the first-half and full-year consolidated financial statements for the fiscal year that ended in March 2024. This will have no effect on the first-half and full-year consolidated financial statements for the fiscal year that ended in March 2024.

Special Accounting Methods for Preparing Consolidated Financial Statements for the First Half**Calculation of tax expenses**

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

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

Segment and Other Information

[Segment information]

I. First half of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)**1. Information related to net sales and profit or loss for each reportable segment and breakdown of revenue**

(Million yen)

(million 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	14,741	33,394	20,021	15,600	83,757
External sales	14,741	33,394	20,021	15,600	83,757
Inter-segment sales or transfers	1,052	609	269	186	2,117
Total	15,793	34,003	20,290	15,786	85,874
Segment profit	1,175	151	260	1,442	3,030

2. Reconciliation of the amount in the consolidated statement of income for the first half with the total profit or loss for reportable segments

(Million yen)

Profit	Amount
Total for reportable segments	3,030
Eliminations for inter-segment transactions	2
Ordinary profit on the consolidated statement of income for the first half	3,033

II. First half of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)

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

(Million 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	14,875	40,932	22,677	17,166	95,651
External sales	14,875	40,932	22,677	17,166	95,651
Inter-segment sales or transfers	1,321	622	261	138	2,344
Total	16,197	41,554	22,939	17,305	97,996
Segment profit	1,455	670	488	1,419	4,034

2. Information related to assets for each reportable segment

In the first half of FY3/25, Sakamoto Electric MFG Co., Ltd. was included in the scope of consolidation because ALCONIX acquired shares of this company. Accordingly, segment assets in the “Metal Processing” segment increased by 2,491 million yen compared to the last day of FY3/24.

3. Reconciliation of the amount in the consolidated statement of income for the first half with total profit or loss for reportable segments

(Million yen)

Profit	Amount
Total for reportable segments	4,034
Eliminations for inter-segment transactions	(3)
Ordinary profit on the consolidated statement of income for the first half	4,030

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

Significant impairment losses on non-current assets

In the “Metal Processing” segment, an impairment loss of non-current assets of 82 million yen was recorded and included in business restructuring expenses under extraordinary losses.

Significant change in goodwill

In the “Metal Processing” segment, Sakamoto Electric MFG Co., Ltd. was included in the scope of consolidation because ALCONIX acquired shares of this company. Accordingly, goodwill increased by 217 million yen in the first half of FY3/25.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

Additional Information

Employee incentive plan

In accordance with a resolution approved on May 15, 2024 by its Board of Directors, ALCONIX introduced an employee incentive plan effective June 4, 2024.

(1) Overview of transaction

The incentive plan uses a trust established and funded by ALCONIX to purchase ALCONIX common stock. Employees who meet certain requirements will receive points granted in accordance with the stock distribution rules established by the directors of ALCONIX. The points are used to determine the number of shares of ALCONIX common stock to be received by employees from the trust. (However, such shares will be subject to transfer restrictions until separation of employment pursuant to a transfer restriction agreement that will be entered into between ALCONIX and each employee.)

There is no cost to employees because ALCONIX covers the entire cost of stock purchases made by the trust.

(2) Shares of ALCONIX stock remaining in the trust

The book value (excluding associated expenses) of shares of ALCONIX stock held by the trust is recognized as treasury shares in the Net Assets section of the consolidated balance sheet for the first half. As of the end of the first half of the current fiscal year, the number of such treasury shares were 145,000 shares with a book value of 195 million yen.

(3) Book value of borrowings recognized by using the gross price method

Not applicable.

This financial results is a translation of the ALCONIX'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 assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.