February 12, 2021

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2021 (Nine Months Ended December 31, 2020)

[Japanese GAAP]

Company name: ALCONIX CORPORATION
Listing: Tokyo Stock Exchange, First Section
Stock code: 3036
URL: http://www.alconix.com
Representative: Masato Takei, President and CEO
Contact: Hiroshi Teshirogi, Director, Senior Executive Officer, Corporate Planning Div.
Tel: +81-3-3596-7400

Scheduled date of filing of Quarterly Report: February 15, 2021
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 12, 2021 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, 2020 (April 1, 2020 – December 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2020	152,455	(13.2)	3,910	(3.4)	4,142	(4.4)	1,781	(45.2)
Nine months ended Dec. 31, 2019	175,574	(10.3)	4,048	(18.1)	4,335	(14.0)	3,253	(9.9)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2020: 3,129 (down 4.2%)
Nine months ended Dec. 31, 2019: 3,266 (up 42.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2020	70.62	-
Nine months ended Dec. 31, 2019	128.81	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2020	139,060	41,613	29.5
As of Mar. 31, 2020	134,463	41,277	30.1

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 41,044 As of Mar. 31, 2020: 40,481

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	21.00	-	21.00	42.00
Fiscal year ending Mar. 31, 2021	-	21.00	-		
Fiscal year ending Mar. 31, 2021 (forecast)				21.00	42.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	190,000	(18.2)	4,500	(13.1)	4,600	(15.1)	2,400	(33.7)	95.86

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

*** Notes**

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

Newly added: - Excluded: -

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

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

2) Number of treasury shares at the end of period

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

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2020:	25,231,349 shares	Nine months ended Dec. 31, 2019:	25,256,909 shares

* 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 4
(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
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, there was a worldwide resumption of economic activity following the temporary downturn caused by the COVID-19 pandemic. The U.S. and Chinese economies were strong because of government economic stimulus measures. In Europe, a new wave of infections is restricting economic activity. As a result, the outlook for the economy remains unclear.

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

In the automobile industry, where the ALCONIX Group operates, there is rapid growth in the number and diversity of materials and parts involving the use of electronic components, reduction of vehicle weight and technologies for self-driving vehicles. Furthermore, automobile sales have recovered quickly from the temporary decline caused by COVID-19. As a result, demand for automotive parts increased. In the semiconductor and electronic components industries, most markets are growing along with the increasing volume of data transmissions because of the IoT, AI and other reasons, the increasing use of electronic automobile components, the full-scale launch of 5G mobile telecommunications, and other events. Furthermore, the demand for parts and materials used in IT equipment and semiconductor devices was consistently strong because of the growth of online economic activities and the number of people working from home and other remote locations.

At the ALCONIX Group, shipments of metal processing parts for semiconductor manufacturing equipment increased as demand was higher in market sectors involving semiconductors and data communications. In the Trading sector for electronic and advanced materials, the transaction volumes of electronic and battery materials used in smartphones and other IT products were higher than one year earlier. Shipments were up for metal precision stamped parts, carbon brushes for small motors and other products because of the rapid worldwide recovery in automobile demand in the third quarter. In the Trading sector for aluminum and copper products, transaction volumes of non-ferrous materials, aluminum rolled products and copper products were also increased. However, transaction volume in the first nine months was down from one year earlier because of the downturn in demand in the automobile industry at the beginning of the fiscal year. Earnings of electronic and advanced materials were higher than one year earlier when there was a valuation loss on inventories of minor metals, which is an issue that has largely ended. Earnings were negatively affected by the factors that held down sales, a loss caused by an improper accounting procedure at a consolidated subsidiary, and a loss on the sale of stock of equity method affiliate. Overall, operating profit, ordinary profit and profit attributable to owners of parent were all lower than one year earlier.

ALCONIX reported consolidated net sales of 152,455 million yen (down 13.2% year on year), operating profit of 3,910 million yen (down 3.4%), ordinary profit of 4,142 million yen (down 4.4%) and profit attributable to owners of parent of 1,781 million yen (down 45.2%).

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

・Trading—Electronic and Advanced Materials

Sales and earnings for materials used in smartphones and tablets increased because of the end of inventory adjustments by customers due to the global COVID-19 pandemic. Sales and earnings for secondary battery and environmental applications also increased. There was a rapid recovery in demand following the first quarter downturn caused by COVID-19 and demand associated with remote work and teleworking also contributed to sales and earnings. Sales and earnings for exports of titanium and nickel products to Europe decreased because of COVID-19.

In the minor metals and rare earths category, the transaction volume of rare earths used in magnetic materials increased. However, transaction volume of tungsten and other minor metals were down from one year earlier because of the temporary downturn in demand in the automobile industry early in the fiscal year.

There was a big increase in segment profit because of the recovery in transaction volume, primarily for electronic materials, and because earnings one year earlier were reduced by a valuation loss on minor metal inventories, an issue that has largely ended.

As a result, the segment recorded sales of 44,481 million yen (down 19.1% year on year) and segment profit of 1,315 million yen (up 861.9%).

・Trading—Aluminum and Copper Products

In the non-ferrous products category, shipments of parts used in commercial air conditioning systems and other construction materials for large buildings remained sluggish because of COVID-19. There was a rapid recovery in production in the automobile industry, mainly in China, as automakers continue to use more electronic components and reduce vehicle weight. Demand for semiconductors used in devices such as PCs and tablets increased because of more spending associated with staying home for safety, the growth of remote work, and the advancement of 5G mobile communications. Although the transaction volume of materials associated with these trends is improving, the total volume in the first nine months was less than one year earlier.

In the non-ferrous resources category, the transaction volumes of our core aluminum scrap and recycled aluminum ingots were higher but did not reach the level of the same period one year earlier. On the other hand, transaction volumes of copper scrap and lead ingots increased. The main reasons are an increase in the prices of aluminum and copper during the first nine months and a rapid recovery in demand in the automobile industry following the temporary downturn caused by COVID-19.

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

As a result, the segment recorded sales of 77,267 million yen (down 14.7% year on year) and segment profit of 448 million yen (down 26.2%).

・Manufacturing—Equipment and Materials

In the United States, shipments of plating materials decreased, mainly in the automotive sector, because of COVID-19. In China, where the economy remained firm, shipments of these materials were higher than one year earlier in the automotive and semiconductor sectors. In the non-destructive testing equipment and marking devices category, sales benefited from an increase in shipments of large non-destructive testing equipment involving industrial plants and energy. Shipments of cashew resin products for brake friction materials, carbon brushes for small motors and welding rods all decreased. Although demand in Japan and other countries recovered rapidly in the automotive sector, shipments in the first nine months were lower than one year earlier because of the temporary decline early in the fiscal year.

As a result, the segment recorded sales of 17,699 million yen (down 6.2% year on year) and segment profit of 24 million yen (down 89.6% year on year).

・Manufacturing—Metal Processing

Shipments of precision grinding processing parts for semiconductor chip mounting equipment decreased even though demand for this equipment remained firm as the demand for semiconductors increased. The decrease was caused mainly by adjustments to the production of some materials. Shipments of precision machining processing parts for semiconductor manufacturing equipment increased as a result of higher demand for data telecommunications devices and semiconductors resulting from the full-scale launch of 5G mobile communications and the growth of remote work. Shipments of metal precision stamped parts increased along with the rapid recovery in automotive sector demand following the temporary downturn due to COVID-19. However, shipments in the first nine months were lower than one year earlier. In Mexico, where operations are in the start-up phase, earnings were held down by up-front expenditures.

As a result, the segment recorded sales of 15,909 million yen (down 4.9% year on year) and segment profit of 2,359 million yen (down 29.4%).

(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 98,361 million yen, an increase of 2,935 million yen from the end of the previous fiscal year. The main factors were an 875 million yen increase in notes and accounts receivable-trade, a 4,318 million yen increase in cash and deposits and a 2,938 million yen decrease in inventories.

b. Non-current assets

Non-current assets totaled 40,698 million yen, an increase of 1,661 million yen. The main factors include a 1,813 million yen increase in property, plant and equipment due to the inclusion of Fujine Sangyo Co., Ltd. as a consolidated subsidiary and capital expenditures of other consolidated subsidiaries, a 681 million yen decrease in intangible assets due to amortization and a 528 million yen increase in investments and other assets.

c. Current liabilities

Current liabilities totaled 69,549 million yen, an increase of 4,016 million yen. The main factors include a 308 million yen decrease in notes and accounts payable-trade, an 893 million yen increase in short-term borrowings, a 1,050 million yen increase in current portion of long-term borrowings and a 2,999 million yen increase in commercial papers.

d. Non-current liabilities

Non-current liabilities totaled 27,897 million yen, an increase of 244 million yen. The main factors include a 21 million yen decrease in long-term borrowings, a 254 million yen decrease in provision for retirement benefits for directors (and other officers), a 163 million yen decrease in long-term accounts payable-other and a 100 million yen increase in bonds payable.

e. Net assets

Net assets totaled 41,613 million yen, an increase of 335 million yen. The main factors include a 15 million yen increase in retained earnings, a 1,897 million yen increase in valuation difference on available-for-sale securities and a 419 million yen decrease in foreign currency translation adjustment and an 800 million yen decrease due to purchase of treasury shares.

2) Results of operations

a. Net sales

Consolidated sales decreased. In the Trading segment, there were increases in the transaction volume of battery and electronic materials for smartphones and tablets, lead ingots for batteries, and of rare earths used in magnetic materials. However, the transaction volume of aluminum rolled products, copper products, recycled aluminum ingots, exports of titanium products, aluminum scrap and other non-ferrous materials was lower than one year earlier.

In the Manufacturing segment, there was growth from one year earlier in shipments of precision machining processing parts for the telecommunication and IT sectors, equipment for non-destructive testing and marking systems, and equipment used for testing. On the other hand, shipments of grinding process parts for semiconductor chip mounting equipment, metal precision stamped parts, plating materials, carbon brushes for small motors, cashew resin products and welding rods decreased.

As a result, net sales decreased 13.2% year on year to 152,455 million yen in the first nine months of the current fiscal year.

b. Gross profit

Gross profit decreased 4.9% to 13,270 million yen. Earnings were held down by lower consolidated sales and a loss caused by an improper accounting procedure at a consolidated subsidiary, but there was an improvement in electronic materials and manufacturing earnings resulting from an increase in demand in the semiconductor and IT sectors. In addition, there was a valuation loss on minor metal inventories in the previous fiscal year, an issue that has largely ended.

c. Selling, general and administrative expenses

Selling, general and administrative expenses decreased 5.5% to 9,360 million yen because of lower travel and other expenses due to COVID-19 and a decline in expenses at consolidated subsidiaries.

d. Operating profit

Due to these changes, operating profit decreased 3.4% to 3,910 million yen.

e. Non-operating income, non-operating expenses

Major changes were decreases in dividend income and the share of profit of entities accounted for using the equity method. As a result, there was a net non-operating income (non-operating income – non-operating expenses) of 232 million yen compared with net non-operating income of 286 million yen one year earlier.

f. Ordinary profit

Ordinary profit decreased 4.4% to 4,142 million yen.

g. Extraordinary income, extraordinary losses

There was an extraordinary income of 125 million yen, including a gain on bargain purchase resulting from the acquisition of two manufacturing subsidiaries and subsidy income, and an extraordinary loss of 823 million yen mainly for a loss on sales of shares of subsidiaries and associates due to the sales of shares of equity method affiliate.

h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 3,444 million yen. From this amount, 1,618 million yen and 44 million yen were deducted for income taxes and profit attributable to non-controlling interests of 9 consolidated subsidiaries, respectively. As a result, profit attributable to owners of parent decreased 45.2% to 1,781 million yen.

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

ALCONIX currently maintains the full-year consolidated earnings forecasts that we disclosed in the “Notice of Revisions to Consolidated Earnings Forecast” on October 27, 2020 (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	22,754	27,072
Notes and accounts receivable-trade	44,162	45,037
Merchandise and finished goods	20,810	17,966
Work in process	3,353	3,131
Raw materials and supplies	1,936	2,063
Other	3,031	3,714
Allowance for doubtful accounts	(622)	(625)
Total current assets	95,426	98,361
Non-current assets		
Property, plant and equipment	20,905	22,719
Intangible assets		
Goodwill	3,120	2,720
Other	3,576	3,296
Total intangible assets	6,697	6,016
Investments and other assets	11,433	11,962
Total non-current assets	39,036	40,698
Total assets	134,463	139,060
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,920	30,611
Short-term borrowings	24,782	25,675
Commercial papers	-	2,999
Current portion of long-term borrowings	4,027	5,078
Current portion of bonds payable	149	149
Income taxes payable	1,056	741
Provision for bonuses	968	572
Other	3,627	3,720
Total current liabilities	65,533	69,549
Non-current liabilities		
Bonds payable	375	475
Long-term borrowings	22,313	22,291
Provision for retirement benefits for directors (and other officers)	780	526
Retirement benefit liability	821	916
Long-term accounts payable-other	338	174
Other	3,023	3,511
Total non-current liabilities	27,652	27,897
Total liabilities	93,185	97,447

(Millions of yen)

	FY3/20 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Net assets		
Shareholders' equity		
Share capital	2,989	3,006
Capital surplus	2,401	2,416
Retained earnings	33,258	33,273
Treasury shares	(329)	(1,129)
Total shareholders' equity	38,320	37,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	191	2,088
Deferred gains or losses on hedges	103	(58)
Foreign currency translation adjustment	1,865	1,446
Total accumulated other comprehensive income	2,161	3,476
Share acquisition rights	34	48
Non-controlling interests	761	520
Total net assets	41,277	41,613
Total liabilities and net assets	134,463	139,060

(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 FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	175,574	152,455
Cost of sales	161,617	139,185
Gross profit	13,956	13,270
Selling, general and administrative expenses	9,907	9,360
Operating profit	4,048	3,910
Non-operating income		
Interest income	86	46
Purchase discounts	14	10
Dividend income	373	264
Real estate rental income	60	59
Share of profit of entities accounted for using equity method	235	122
Gain on sales of scraps	154	27
Subsidies for employment adjustment	-	120
Other	180	165
Total non-operating income	1,104	816
Non-operating expenses		
Interest expenses	531	356
Sales discounts	4	2
Foreign exchange losses	172	29
Loss on sales of notes receivable-trade	18	14
Rental costs on real estate	12	12
Other	77	167
Total non-operating expenses	817	583
Ordinary profit	4,335	4,142
Extraordinary income		
Gain on sales of non-current assets	6	4
Gain on reversal of share acquisition rights	0	0
Gain on sales of investment securities	0	0
Gain on bargain purchase	-	82
Gain on sales of shares of subsidiaries and associates	422	-
Gain on liquidation of subsidiaries and associates	36	-
Subsidy income	3	37
Subsidy income	9	-
Other	0	-
Total extraordinary income	476	125
Extraordinary losses		
Loss on sales of non-current assets	3	1
Loss on retirement of non-current assets	14	12
Loss on sales of investment securities	-	18
Loss on valuation of investment securities	-	31
Loss on sales of shares of subsidiaries and associates	-	759
Loss on valuation of shares of subsidiaries and associates	17	-
Other	-	0
Total extraordinary losses	35	823
Profit before income taxes	4,776	3,444
Income taxes	1,509	1,618
Profit	3,267	1,826
Profit attributable to non-controlling interests	13	44
Profit attributable to owners of parent	3,253	1,781

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

(Millions of yen)

	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Profit	3,267	1,826
Other comprehensive income		
Valuation difference on available-for-sale securities	910	1,887
Deferred gains or losses on hedges	21	(163)
Foreign currency translation adjustment	(872)	(448)
Share of other comprehensive income of entities accounted for using equity method	(61)	27
Total other comprehensive income	(0)	1,303
Comprehensive income	3,266	3,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,200	3,096
Comprehensive income attributable to non-controlling interests	66	32

(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 (loss) before income taxes.

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

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, 2020.

However, these assumptions may differ significantly from the actual business climate if the negative economic impact of COVID-19 becomes even more severe.

Segment Information

I. First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	52,730	87,480	18,774	16,589	175,574
Inter-segment sales and transfers	2,226	3,057	85	144	5,514
Total	54,957	90,537	18,859	16,733	181,088
Segment profit	136	607	233	3,342	4,320

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

(Millions of yen)

Profit	Amount
Total for reportable segments	4,320
Eliminations for inter-segment transactions	15
Ordinary profit on the quarterly consolidated statement of income	4,335

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

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

(Millions of yen)

	Reportable segment				Total
	Trading		Manufacturing		
	Electronic and advanced materials	Aluminum and copper products	Equipment and materials	Metal processing	
Net sales					
External sales	42,339	76,736	17,549	15,830	152,455
Inter-segment sales and transfers	2,141	531	149	79	2,901
Total	44,481	77,267	17,699	15,909	155,357
Segment profit	1,315	448	24	2,359	4,147

2. Information related to assets for each reportable segment

In the third quarter of FY3/21, Fujine Sangyo Co., Ltd. and its subsidiary FUJINE INDUSTRY (THAILAND) CO.,LTD. were included in the scope of consolidation because 92% of the shares of Fujine Sangyo stock were additionally acquired by ALOCONIX. Accordingly, segment assets in the “Metal processing” segment increased by 3,472 million yen at the end of the third quarter of FY3/21, compared with the end of FY3/20.

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

(Millions of yen)

Profit	Amount
Total for reportable segments	4,147
Eliminations for inter-segment transactions	(4)
Ordinary profit on the quarterly consolidated statement of income	4,142

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

Significant gain on bargain purchase

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

FY3/21.

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

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.