



November 5, 2020

**Summary of Consolidated Financial Results for the Second Quarter  
of Fiscal Year Ending March 31, 2021  
(Six Months Ended September 30, 2020)**

**[Japanese GAAP]**

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 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

Note: The original disclosure in Japanese was released on November 5, 2020 at 12:30 (GMT +9).

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

**1. Consolidated Financial Results for the Second Quarter Ended September 30, 2020  
(April 1, 2020 – September 30, 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	%
Six months ended Sep. 30, 2020	96,147	(18.8)	2,459	(8.9)	2,495	(15.9)	1,212	(36.6)
Six months ended Sep. 30, 2019	118,432	(8.7)	2,699	(29.6)	2,968	(20.8)	1,912	(30.9)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 1,496 (up 8.3%)  
 Six months ended Sep. 30, 2019: 1,381 (down 37.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2020	47.89	-
Six months ended Sep. 30, 2019	75.71	-

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 Sep. 30, 2020	129,495	41,292	31.5
As of Mar. 31, 2020	134,463	41,277	30.1

Reference: Shareholders' equity (million yen) As of Sep. 30, 2020: 40,756 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)	95.58

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

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2021, please refer to "Notice of Revisions to Consolidated Earnings Forecast" that was announced on October 27, 2020 (Japanese version only).

**\* 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, (4) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)” on page 12 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 Sep. 30, 2020:	25,943,100 shares	As of Mar. 31, 2020:	25,915,700 shares
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2) Number of treasury shares at the end of period

As of Sep. 30, 2020:	834,407 shares	As of Mar. 31, 2020:	272,071 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	25,323,385 shares	Six months ended Sep. 30, 2019:	25,258,405 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

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

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, the global economy fell sharply during the first quarter because of the COVID-19 pandemic but then began to recover during the second quarter. However, the pace of the recovery is slow and the outlook remains unclear. In China, the economy recovered rapidly with the backing of government economic stimulus measures, and in Europe internal demand has been weak due to the impact of infections.

In Japan, there were recoveries in consumer spending, manufacturing and exports following the end of the state of emergency and associated requests for people to stay home. But there is still no broad-based economic recovery because of the low level of capital expenditures, falling corporate earnings and other reasons.

In the automobile industry, where the ALCONIX Group operates, demand continues to become more diverse along with the increasing use of electronic components, measures to reduce vehicle weight and technologies for self-driving vehicles. Automobile production and sales worldwide have been weak because of a sharp drop in automobile demand and supply chain disruptions caused by COVID-19. 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, demand for parts and materials used in IT equipment and semiconductor devices is climbing 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 chip mounting equipment, and 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. However, shipments were down for metal precision stamped parts, carbon brushes for small motors and other products because of the worldwide decline in automobile demand. In the Trading sector for aluminum and copper products, transaction volumes of non-ferrous materials, aluminum rolled products and copper products were down from one year earlier. Earnings of electronic and advanced materials were higher than in the first half of the previous fiscal year when there was a valuation loss on inventories of minor metals, which is an issue that has largely ended. Overall, first half operating profit, ordinary profit and profit attributable to owners of parent were all lower than one year earlier.

ALCONIX reported consolidated net sales of 96,147 million yen (down 18.8% year on year), operating profit of 2,459 million yen (down 8.9%), ordinary profit of 2,495 million yen (down 15.9%) and profit attributable to owners of parent of 1,212 million yen (down 36.6%).

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 decreased slightly because of inventory reductions caused by the global COVID-19 pandemic. Demand for secondary battery and environmental applications remained weak until about the middle of the first quarter because of COVID-19 but subsequently started recovering rapidly. Demand associated with remote work and teleworking also supported demand for these materials, resulting in increases in sales and earnings in this category. 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 but sales of tungsten and other minor metals were down from one year earlier because of sluggish demand in the automobile industry.

There was a big increase in segment profit 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 28,162 million yen (down 24.5% year on year) and segment profit of 830 million yen (up 833.9%).

· Trading—Aluminum and Copper Products

In the non-ferrous products category, there is no change in the trend of increasing demand for non-ferrous metals as automakers expand the use of electronic components and reduce the weight of vehicles. However, sales and earnings of products for automotive applications fell sharply because of the global downturn in automobile production and sales volume caused by COVID-19. The transaction volume of aluminum for beverage cans was steady due to consumer spending associated with staying home and the transaction volume of IT materials was firm because remote work and teleworking raised sales of PCs, tablets and other devices. However, sales and earnings in this category were lower than one year earlier even though these sectors performed well. In the non-ferrous resources category, prices of aluminum, copper and other metals rose during the first half. There was a big drop from one year earlier in sales of aluminum scrap and recycled aluminum ingots, which are a major component of this category, because of the decline in aluminum demand in the automobile industry due to COVID-19.

As a result, the segment recorded sales of 48,073 million yen (down 22.1% year on year) and segment profit of 326 million yen (down 25.2%).

· Manufacturing—Equipment and Materials

In the United States, demand increased for plating materials used for semiconductors and electronic components but decreased in the automotive sector. In China, shipments of plating materials were lower than one year earlier because COVID-19 lowered demand for these materials and reduced the number of days businesses operated. 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 because of weak demand for automobiles in Japan and other countries.

As a result, the segment recorded sales of 11,314 million yen (down 8.5% year on year) and segment loss of 118 million yen (segment profit of 69 million yen one year earlier).

· Manufacturing—Metal Processing

Demand for precision grinding processing parts for semiconductor chip mounting equipment remained firm in the first half and shipments were higher than one year earlier. However, earnings declined due to higher cost of manufacturing. 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 to major customers have started to rise as automobile industry demand for these parts in Japan and other countries recovered during the first half following the big downturn caused by COVID-19 during the first quarter. However, the recovery is still in an early stage. In addition, operations in Mexico held down segment profit due to weak demand for automobiles and up-front expenditures because this business is in the start-up phase.

As a result, the segment recorded sales of 10,458 million yen (down 3.7% year on year) and segment profit of 1,460 million yen (down 38.2%).

## (2) Explanation of Financial Position

### 1) Financial position

#### a. Current assets

At the end of the second quarter of the current fiscal year, current assets totaled 89,821 million yen, a decrease of 5,604 million yen from the end of the previous fiscal year. The main factors were a 5,922 million yen decrease in notes and accounts receivable-trade, a 1,756 million yen decrease in inventories and a 1,935 million yen increase in cash and deposits.

#### b. Non-current assets

Non-current assets totaled 39,673 million yen, an increase of 636 million yen. The main factors include a 527 million yen decrease in property, plant and equipment and intangible assets including goodwill due to amortization,

and a 1,164 million yen increase in investments and other assets.

c. Current liabilities

Current liabilities totaled 61,519 million yen, a decrease of 4,014 million yen. The main factors include a 4,427 million yen decrease in notes and accounts payable-trade, a 417 million yen decrease in short-term borrowings, a 999 million yen increase in commercial papers and a 369 million yen increase in current portion of long-term borrowings.

d. Non-current liabilities

Non-current liabilities totaled 26,683 million yen, a decrease of 968 million yen. The main factors include a 724 million yen decrease in long-term borrowings, a 377 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 74 million yen decrease in bonds payable.

e. Net assets

Net assets totaled 41,292 million yen, an increase of 14 million yen. The main factors include a 674 million yen increase in retained earnings, a 687 million yen decrease due to purchase of treasury shares, an 813 million yen increase in valuation difference on available-for-sale securities and a 447 million yen decrease in foreign currency translation adjustment.

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 and of rare earths used in magnetic materials. However, the transaction volume of aluminum rolled products, copper products, lead ingots for batteries, 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 grinding process parts for semiconductor chip mounting equipment, 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 plating materials, metal precision stamped parts, carbon brushes for small motors, cashew resin products and welding rods decreased.

As a result, net sales decreased 18.8% year on year to 96,147 million yen in the first half of the current fiscal year.

b. Gross profit

Gross profit decreased 7.2% to 8,616 million yen. Earnings were held down by the decline in sales but benefited from 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 6.5% to 6,156 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 8.9% to 2,459 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 35 million yen compared with net non-operating income of 268 million yen one year earlier.

f. Ordinary profit

Ordinary profit decreased 15.9% to 2,495 million yen.

g. Extraordinary income, extraordinary losses

There was an extraordinary income of 41 million yen, including subsidy income, and an extraordinary loss of 35 million yen mainly for a loss on valuation of investment securities.

h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 2,502 million yen. From this amount, 1,254 million yen and 34 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 36.6% to 1,212 million yen.

3) Cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased 1,914 million yen from the end of the previous fiscal year to 23,509 million yen (compared with 22,812 million yen in the same period of the previous fiscal year). The main changes in cash flows from operating, investing, and financing activities are described as below.

a. Cash flows from operating activities

Net cash provided by operating activities was 5,378 million yen (compared with 5,212 million yen provided in the same period of the previous fiscal year). Main positive factors include profit before income taxes of 2,502 million yen, depreciation including goodwill of 1,896 million yen, a 5,569 million yen decrease in trade receivables, and a 1,687 million yen decrease in inventories. Meanwhile, major negative factors include a 4,249 million yen decrease in trade payables, income taxes paid of 1,298 million yen, and share of profit of entities accounted for using equity method of 66 million yen.

b. Cash flows from investing activities

Net cash used in investing activities was 2,126 million yen (compared with 813 million yen used in the same period of the previous fiscal year). Main negative factors include the payments of 1,357 million yen for the purchase of property, plant and equipment mainly associated with capital expenditures, 249 million yen for the purchase of shares of subsidiaries and 300 million yen for loan advances.

c. Cash flows from financing activities

Net cash used in financing activities was 1,157 million yen (compared with 3,753 million yen used in the same period of the previous fiscal year). Main negative factors include net decrease in short-term borrowings of 165 million yen, net decrease in long-term borrowings of 350 million yen, cash dividends paid to owners of parent of 538 million yen, and payments of 687 million yen for the purchase of treasury shares.

**(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)	Second quarter of FY3/21 (As of Sep. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	22,754	24,690
Notes and accounts receivable-trade	44,162	38,239
Merchandise and finished goods	20,810	19,252
Work in process	3,353	3,291
Raw materials and supplies	1,936	1,800
Other	3,031	3,145
Allowance for doubtful accounts	(622)	(598)
Total current assets	95,426	89,821
Non-current assets		
Property, plant and equipment	20,905	20,762
Intangible assets		
Goodwill	3,120	2,892
Other	3,576	3,420
Total intangible assets	6,697	6,312
Investments and other assets	11,433	12,598
Total non-current assets	39,036	39,673
Total assets	134,463	129,495
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	30,920	26,493
Short-term borrowings	24,782	24,364
Commercial papers	-	999
Current portion of long-term borrowings	4,027	4,397
Current portion of bonds payable	149	149
Income taxes payable	1,056	992
Provision for bonuses	968	898
Other	3,627	3,223
Total current liabilities	65,533	61,519
Non-current liabilities		
Bonds payable	375	300
Long-term borrowings	22,313	21,589
Provision for retirement benefits for directors (and other officers)	780	403
Retirement benefit liability	821	848
Long-term accounts payable-other	338	174
Other	3,023	3,368
Total non-current liabilities	27,652	26,683
Total liabilities	93,185	88,202

	(Millions of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Net assets		
Shareholders' equity		
Share capital	2,989	3,006
Capital surplus	2,401	2,416
Retained earnings	33,258	33,932
Treasury shares	(329)	(1,017)
Total shareholders' equity	38,320	38,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	191	1,005
Deferred gains or losses on hedges	103	(6)
Foreign currency translation adjustment	1,865	1,418
Total accumulated other comprehensive income	2,161	2,417
Share acquisition rights	34	45
Non-controlling interests	761	490
Total net assets	41,277	41,292
Total liabilities and net assets	134,463	129,495

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

(Millions of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	118,432	96,147
Cost of sales	109,145	87,531
Gross profit	9,286	8,616
Selling, general and administrative expenses	6,587	6,156
Operating profit	2,699	2,459
Non-operating income		
Interest income	85	32
Purchase discounts	9	6
Dividend income	268	188
Real estate rental income	40	39
Share of profit of entities accounted for using equity method	146	66
Gain on sales of scraps	109	16
Subsidies for employment adjustment	-	69
Other	167	47
Total non-operating income	826	467
Non-operating expenses		
Interest expenses	360	246
Sales discounts	3	2
Foreign exchange losses	107	41
Loss on sales of notes receivable-trade	12	8
Rental costs on real estate	8	8
Other	65	124
Total non-operating expenses	558	431
Ordinary profit	2,968	2,495
Extraordinary income		
Gain on sales of non-current assets	3	3
Gain on reversal of share acquisition rights	-	0
Gain on sales of investment securities	0	0
Subsidy income	3	37
Subsidy income	8	-
Total extraordinary income	14	41
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	6	2
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	-	31
Other	-	0
Total extraordinary losses	6	35
Profit before income taxes	2,976	2,502
Income taxes	1,045	1,254
Profit	1,930	1,247
Profit attributable to non-controlling interests	18	34
Profit attributable to owners of parent	1,912	1,212

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

(Millions of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit	1,930	1,247
Other comprehensive income		
Valuation difference on available-for-sale securities	37	791
Deferred gains or losses on hedges	7	(111)
Foreign currency translation adjustment	(550)	(426)
Share of other comprehensive income of entities accounted for using equity method	(43)	(4)
Total other comprehensive income	(549)	248
Comprehensive income	1,381	1,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,378	1,468
Comprehensive income attributable to non-controlling interests	3	27

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	2,976	2,502
Depreciation	1,439	1,578
Amortization of goodwill	313	318
Increase (decrease) in allowance for doubtful accounts	(113)	(7)
Increase (decrease) in provision for bonuses	1	(76)
Increase (decrease) in retirement benefit liability	(77)	27
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(174)	(377)
Interest and dividend income	(353)	(220)
Interest expenses	360	246
Share of loss (profit) of entities accounted for using equity method	(146)	(66)
Loss (gain) on valuation of investment securities	-	31
Decrease (increase) in trade receivables	2,505	5,569
Decrease (increase) in inventories	2,155	1,687
Increase (decrease) in trade payables	(3,154)	(4,249)
Decrease (increase) in consumption taxes refund receivable	51	(14)
Increase (decrease) in income taxes payable-factor based tax	9	(1)
Decrease (increase) in advance payments-trade	43	285
Decrease (increase) in accounts receivable-other	24	(73)
Increase (decrease) in accounts payable-other	249	(405)
Increase (decrease) in advances received	46	99
Other, net	(125)	(143)
Subtotal	6,031	6,709
Interest and dividend received	432	219
Interest paid	(345)	(253)
Compensation for damage paid	-	(104)
Income taxes paid	(1,168)	(1,298)
Income taxes refund	263	106
Net cash provided by (used in) operating activities	5,212	5,378
Cash flows from investing activities		
Payments into time deposits	(259)	(749)
Proceeds from withdrawal of time deposits	85	785
Purchase of property, plant and equipment	(1,160)	(1,357)
Purchase of intangible assets	(56)	(161)
Purchase of investment securities	(677)	(103)
Proceeds from sales of investment securities	1,360	1
Proceeds from redemption of investment securities	54	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(249)
Loan advances	(449)	(300)
Collection of loans receivable	285	7
Purchase of insurance funds	(12)	(26)
Other, net	16	27
Net cash provided by (used in) investing activities	(813)	(2,126)

(Millions of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,183)	(165)
Net increase (decrease) in commercial papers	-	999
Proceeds from long-term borrowings	920	1,722
Repayments of long-term borrowings	(2,547)	(2,073)
Redemption of bonds	(74)	(74)
Purchase of treasury shares	(283)	(687)
Dividends paid	(503)	(538)
Dividends paid to non-controlling interests	(25)	(22)
Repayments of finance lease obligations	(53)	(46)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(270)
Net cash provided by (used in) financing activities	(3,753)	(1,157)
Effect of exchange rate change on cash and cash equivalents	(237)	(180)
Net increase (decrease) in cash and cash equivalents	408	1,914
Cash and cash equivalents at beginning of period	22,404	21,595
Cash and cash equivalents at end of period	22,812	23,509

**(4) 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 and Other Information**

## Segment information

## I. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 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	35,908	59,478	12,306	10,738	118,432
Inter-segment sales and transfers	1,413	2,233	60	121	3,829
Total	37,322	61,712	12,367	10,860	122,262
Segment profit	88	435	69	2,363	2,957

## 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	2,957
Eliminations for inter-segment transactions	10
Ordinary profit on the quarterly consolidated statement of income	2,968

## II. First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 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	26,763	47,764	11,219	10,399	96,147
Inter-segment sales and transfers	1,398	308	94	58	1,860
Total	28,162	48,073	11,314	10,458	98,007
Segment profit (loss)	830	326	(118)	1,460	2,498

## 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	2,498
Eliminations for inter-segment transactions	(2)
Ordinary profit on the quarterly consolidated statement of income	2,495

*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.*