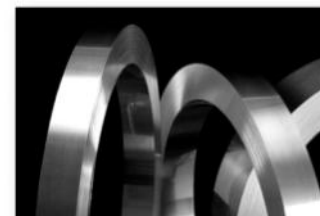


ALCONIX CORPORATION

(Listed on TSE First Section, Code 3036)

Company Overview / Appendix

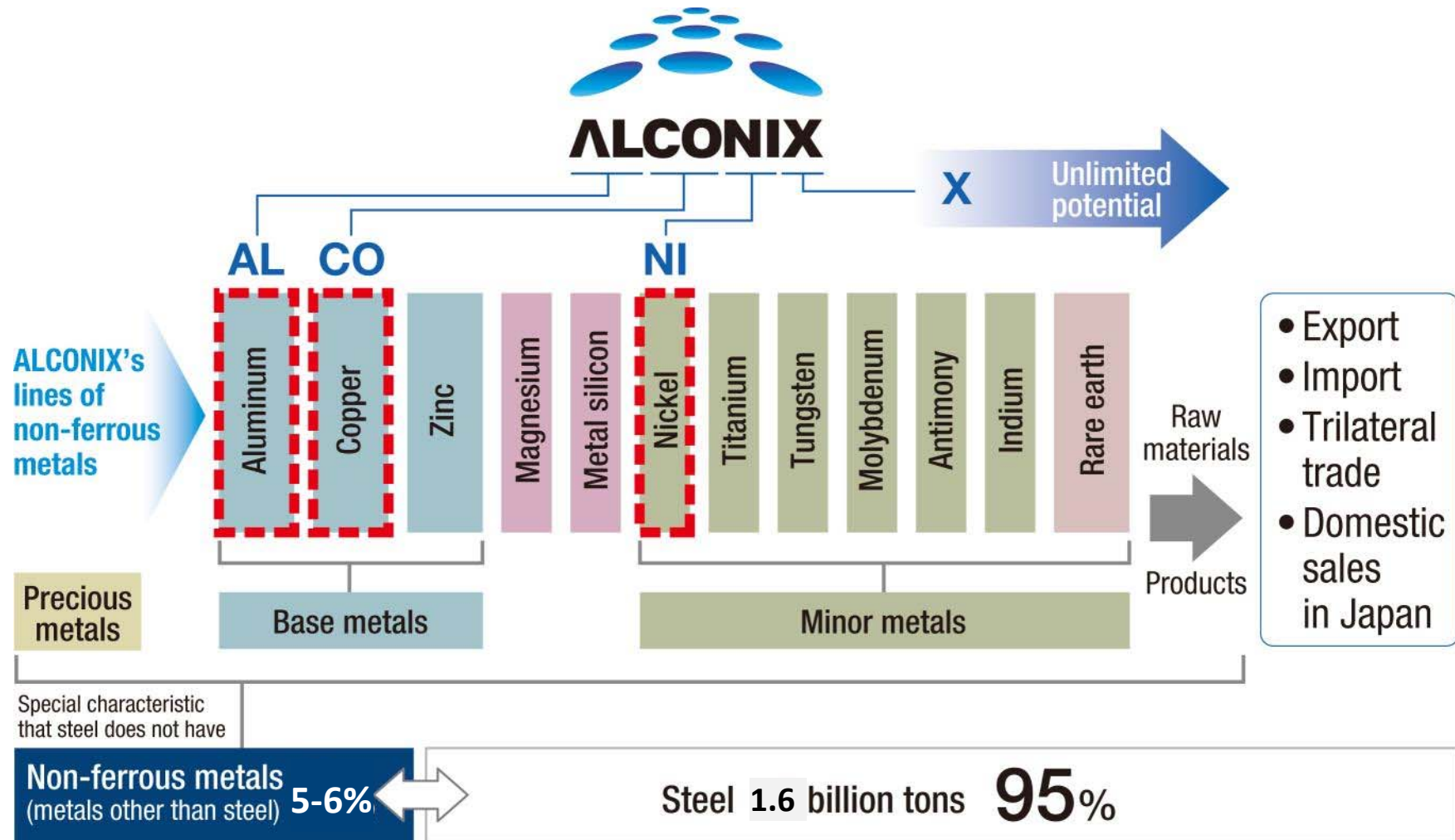
May 2017

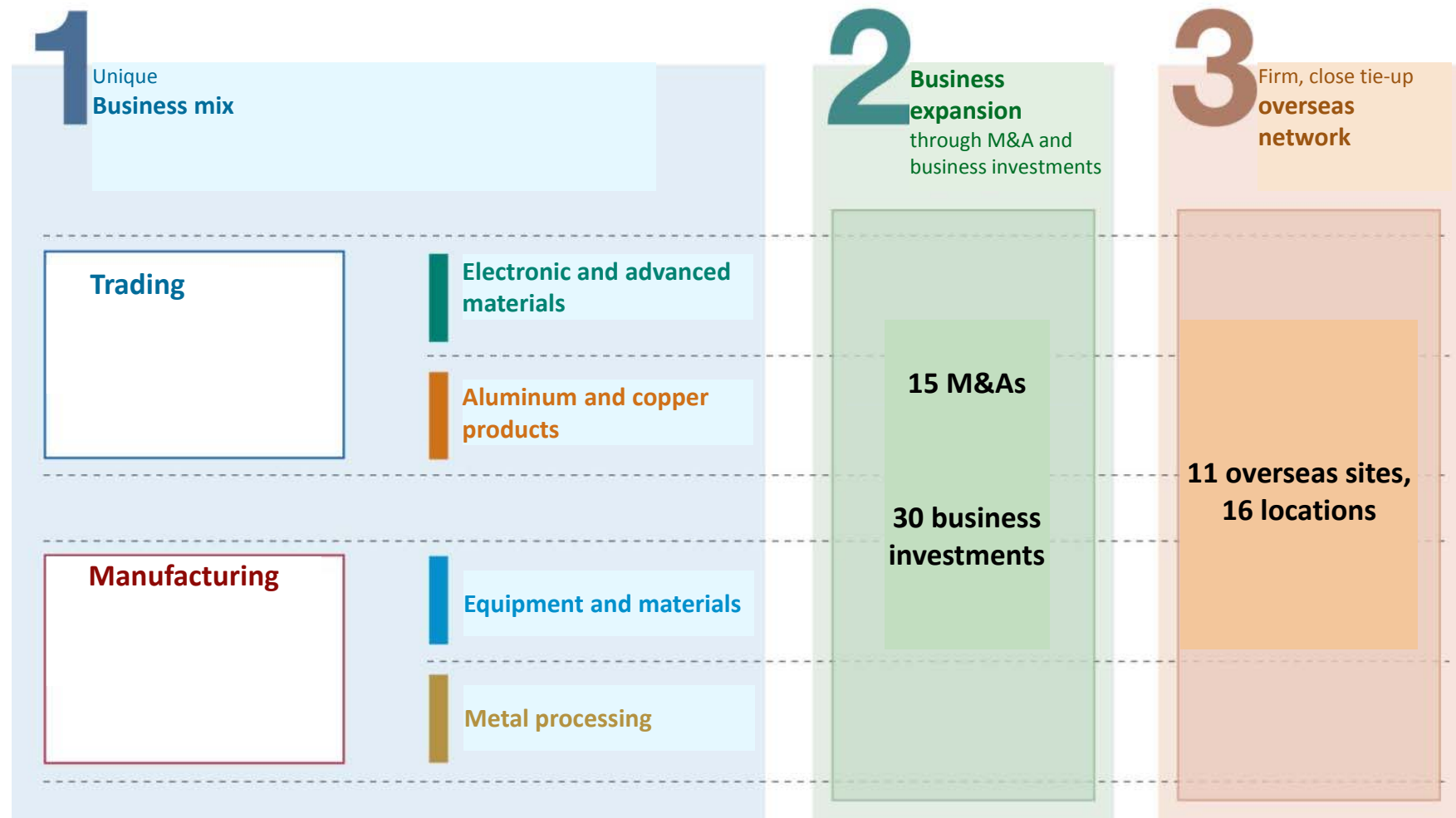


About ALCONIX

Business Summary

ALCONIX is a trading company group with comprehensive operations that encompass everything from the distribution and sale of non-ferrous metals to the manufacture of metal products.











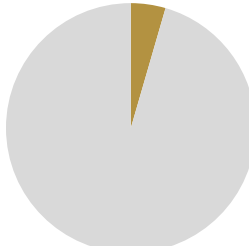











(As of March 31, 2017)

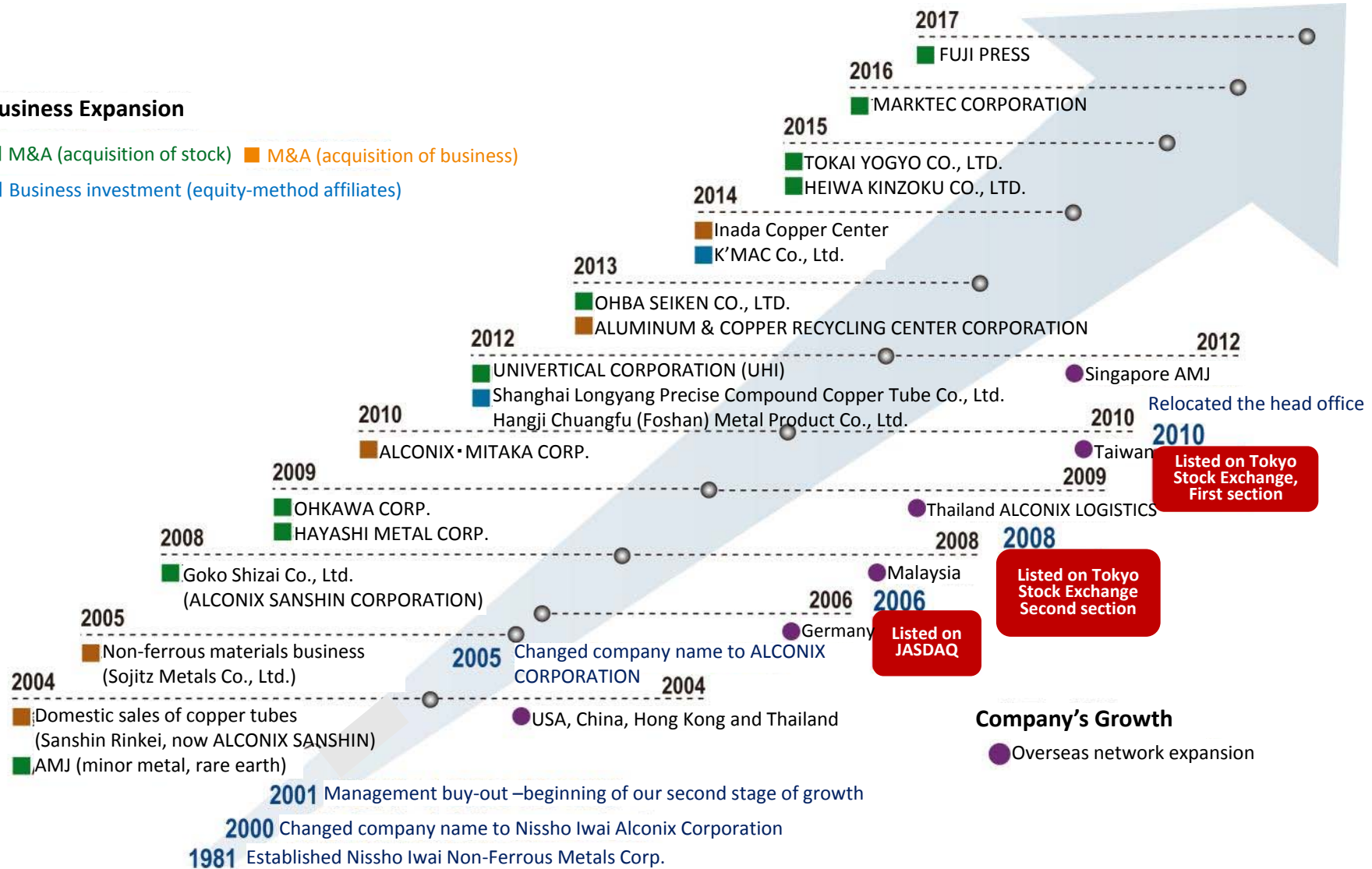
Businesses	Our trading products	End products	Main business areas
<p>Electronic and advanced materials</p> <div data-bbox="322 405 546 464"> <p>Segment weighting (sales)</p> </div> <div data-bbox="300 475 757 727"> <p>28.0%</p> </div> <div data-bbox="322 778 546 837"> <p>Segment weighting (profits)</p> </div> <div data-bbox="300 751 716 837"> <p>26.7%</p> </div>	<div data-bbox="902 320 1066 451"> <p>Titanium coils</p> </div> <div data-bbox="1115 320 1279 451"> <p>Compound semiconductors and other electronic materials</p> </div> <div data-bbox="902 563 1066 655"> <p>Rare earth strips</p> </div> <div data-bbox="1115 563 1279 655"> <p>Titanium sponge</p> </div> <div data-bbox="902 707 1066 799"> <p>Rare earth compounds</p> </div> <div data-bbox="1115 707 1279 799"> <p>Rare earth ingots</p> </div>	<div data-bbox="1335 304 1520 419"> <p>Automobiles (magnetic and battery materials for various motors)</p> </div> <div data-bbox="1570 320 1756 435"> <p>Tablet PCs, smartphones (battery materials, etc.)</p> </div> <div data-bbox="1368 531 1509 646"> <p>LCD panels</p> </div> <div data-bbox="1559 531 1744 646"> <p>Wind power generation (turbines)</p> </div> <div data-bbox="1368 699 1509 798"> <p>Titanium products (heat exchangers)</p> </div> <div data-bbox="1559 707 1744 805"> <p>Window materials (coating agents)</p> </div>	<div data-bbox="1778 523 2013 592"> <p>Consolidated subsidiaries</p> </div> <div data-bbox="1778 659 2013 786"> <p>ADVANCED MATERIAL JAPAN CORPORATION, etc.</p> </div>
<p>Aluminum and copper products</p> <div data-bbox="322 970 546 1029"> <p>Segment weighting (sales)</p> </div> <div data-bbox="300 1040 757 1292"> <p>59.3%</p> </div> <div data-bbox="322 1327 546 1386"> <p>Segment weighting (profits)</p> </div> <div data-bbox="300 1316 716 1386"> <p>20.4%</p> </div>	<div data-bbox="902 890 1066 989"> <p>Aluminum coils</p> </div> <div data-bbox="1115 890 1279 989"> <p>Copper products</p> </div> <div data-bbox="902 1042 1066 1141"> <p>Metal scraps</p> </div> <div data-bbox="1115 1042 1279 1141"> <p>Aluminum alloy ingots</p> </div> <div data-bbox="902 1241 1066 1340"> <p>Brass copper rod</p> </div>	<div data-bbox="1368 874 1554 989"> <p>Aircrafts (used in structural parts)</p> </div> <div data-bbox="1570 890 1756 989"> <p>Motorcycles (aluminum frames, etc.)</p> </div> <div data-bbox="1346 1058 1554 1173"> <p>Automobiles (bodies)</p> </div> <div data-bbox="1570 1058 1756 1173"> <p>Air conditioners (copper tubes)</p> </div> <div data-bbox="1368 1241 1554 1340"> <p>Lead frames (for semiconductor)</p> </div> <div data-bbox="1570 1241 1756 1340"> <p>Aluminum cans</p> </div>	<div data-bbox="1778 874 2013 911"> <p>Main business areas</p> </div> <div data-bbox="1778 1010 2013 1106"> <p>Japan, China, Asia, Europe, Latin America</p> </div> <div data-bbox="1778 1177 2013 1246"> <p>Consolidated subsidiaries</p> </div> <div data-bbox="1778 1273 2013 1417"> <p>ALCONIX SANSHIN HAYASHI METAL ALCONIX•MITAKA HEIWA KINZOKU</p> </div>

(As of March 31, 2017)

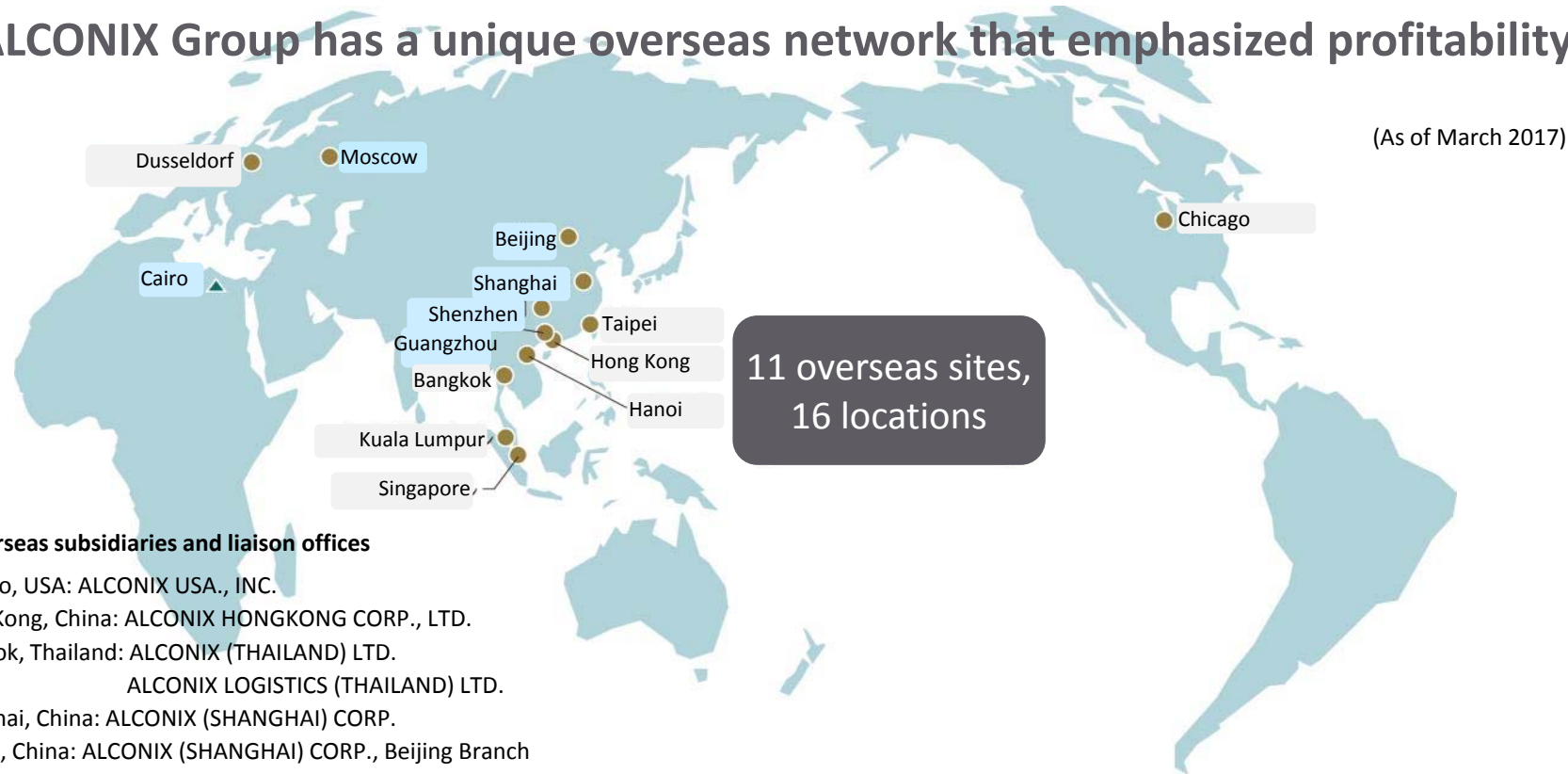
Businesses	Our trading products	End products	Main business areas
<p>Equipment and materials</p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Segment weighting (sales)</div>  <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">8.2%</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Segment weighting (profits)</div> <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">4.9%</div> </div>	<p>Our trading products</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 5px;">  <p>Plating materials</p> </div> <div style="text-align: center; margin: 5px;">  <p>Welding rods</p> </div> <div style="text-align: center; margin: 5px;">  <p>Non-destructive testing (equipment)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Non-destructive testing (detection materials)</p> </div> </div>	<p>End products</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 5px;">  <p>Vehicle (plating, metal mold building-up, welding rods, non-destructive testing)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Steel (marking)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Semiconductor (PWB plating)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Construction materials (plating)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Power generation plant (non-destructive testing)</p> </div> </div>	<p>Consolidated subsidiaries</p> <p>OHKAWA CORP. OHBA SEIKEN CO., LTD.</p>
<p>Metal processing</p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Segment weighting (sales)</div>  <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">4.5%</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Segment weighting (profits)</div> <div style="font-size: 2em; font-weight: bold; margin: 10px 0;">48.2%</div> </div>	<p>Our trading products</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 5px;">  <p>Precision fabricated parts</p> </div> <div style="text-align: center; margin: 5px;">  <p>Precision grinding processing parts</p> </div> </div>	<p>End products</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 5px;">  <p>Aircrafts (engine parts)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Artificial satellite (communication parts)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Automobiles (driving parts, trial parts)</p> </div> <div style="text-align: center; margin: 5px;">  <p>Chip mounters</p> </div> <div style="text-align: center; margin: 5px;">  <p>Tablet PCs, smartphones (PWBs)</p> </div> </div>	<p>Main business areas</p> <p>Japan, China, North America, Europe, Asia</p> <p>Consolidated subsidiaries</p> <p>UNIVERETICAL TOKAI YOGYO MARKTEC</p>

Business Expansion

- M&A (acquisition of stock)
- M&A (acquisition of business)
- Business investment (equity-method affiliates)



The ALCONIX Group has a unique overseas network that emphasized profitability



● **Overseas subsidiaries and liaison offices**

- Chicago, USA: ALCONIX USA., INC.
- Hong Kong, China: ALCONIX HONGKONG CORP., LTD.
- Bangkok, Thailand: ALCONIX (THAILAND) LTD.
ALCONIX LOGISTICS (THAILAND) LTD.
- Shanghai, China: ALCONIX (SHANGHAI) CORP.
- Beijing, China: ALCONIX (SHANGHAI) CORP., Beijing Branch
- Shenzhen, China: ALCONIX (SHANGHAI) CORP., Shenzhen Branch
- Guangzhou, China: ALCONIX (SHANGHAI) CORP., Guangzhou Branch
- Dusseldorf, Germany: ALCONIX EUROPE GMBH
- Kuala Lumpur, Malaysia: ALCONIX (MALAYSIA) SDN. BHD.
- Taipei, Taiwan: ALCONIX (TAIWAN) CORPORATION
- Hanoi, Vietnam: ALCONIX VIETNAM CO.,LTD.

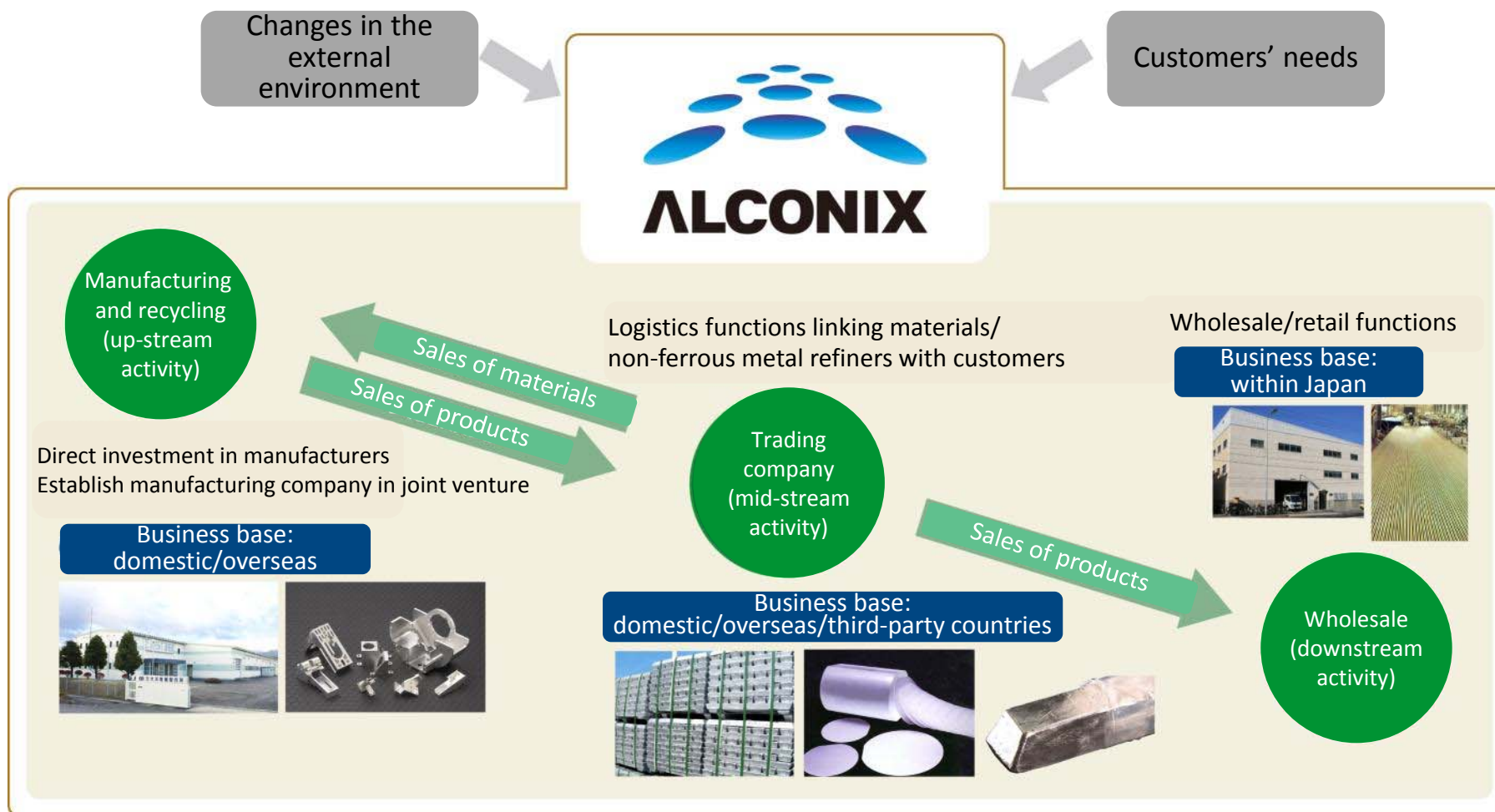
▲ **Overseas agents**

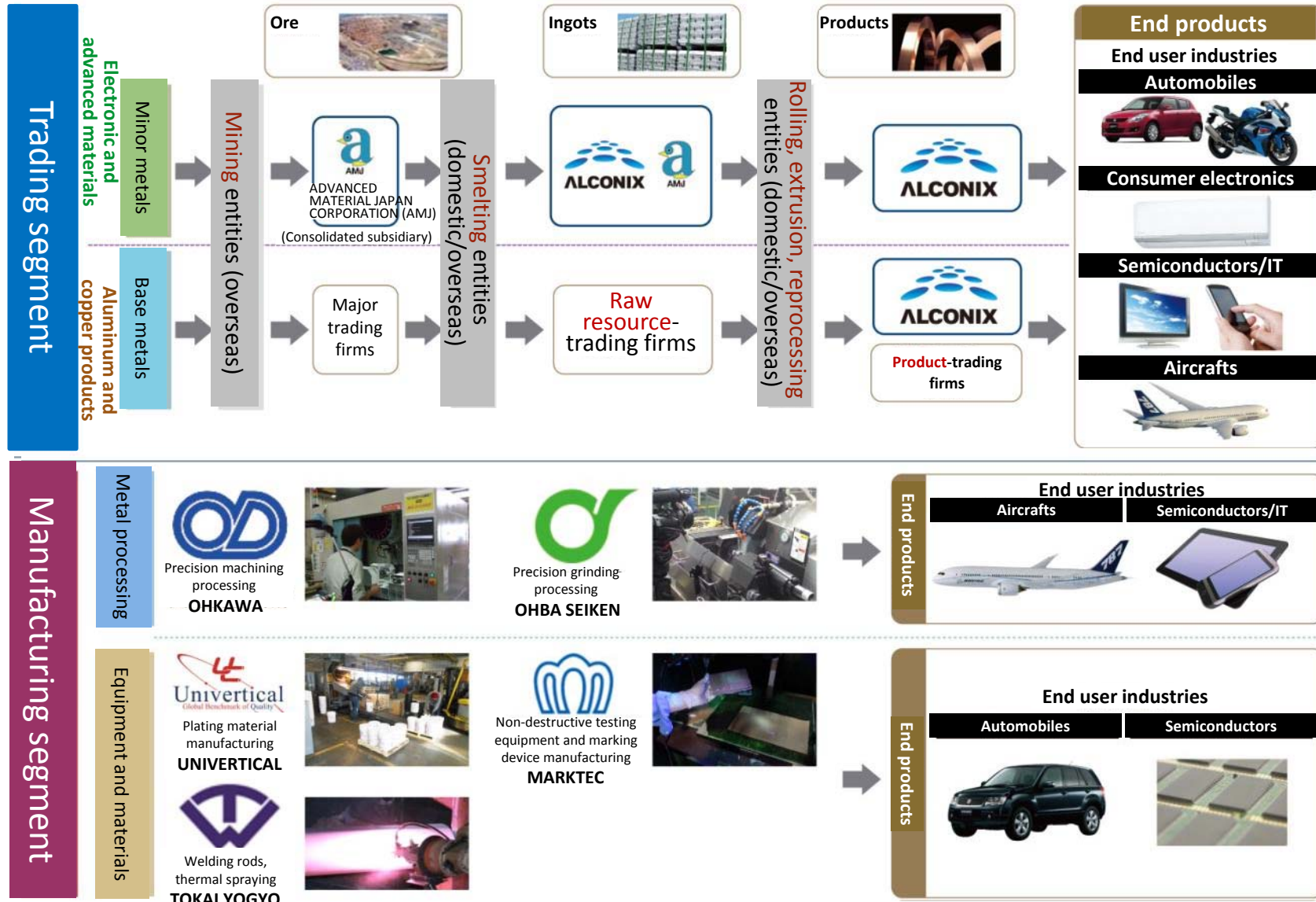
- Cairo, Egypt

- Moscow Liaison Office (Russia): ADVANCED MATERIAL JAPAN CORPORATION
- ADVANCED MATERIAL BEIJING CORPORATION (China): ADVANCED MATERIAL JAPAN CORPORATION
- ADVANCED MATERIAL TRADING PTE.LTD.(Singapore)

Business Model

Operations that unify manufacturing and sales by using synergies from trading company and manufacturing capabilities





Business style	Business flow	Inventory	Profitability	Profit source	When market prices rise	
					Amount of profit	Profit margin
Intermediary	<ul style="list-style-type: none"> ALCONIX concludes each contract with clients or supplier individually ALCONIX facilitates and control distribution 	No inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be relatively high 	Margin/ commission	○ (Eager to purchase)	○
Direct	<ul style="list-style-type: none"> Contract conditions (price, delivery date, amount) are concluded between our client and supplier Supplier deliver directly to our client 	No inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be low 	Commission (fixed amount) Commission (transaction price x fixed rate) Commission (processing costs x fixed rate)	○(Eager to purchase) ○(Eager to purchase) ○(Eager to purchase)	Slightly ○ - Slightly △
Inventory-1 (Already contracted)	<ul style="list-style-type: none"> ALCONIX takes an order from specific client, holds inventory and delivers just in time 	Hold inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be average 	Margin/ commission	○(Eager to purchase)	-
Inventory-2 (No sales contract)	<ul style="list-style-type: none"> ALCONIX controls, and holds inventory regardless of any clients order 	Hold inventory	<ul style="list-style-type: none"> Existence of inventory risk Profitability tends to be high 	Margin	○(Eager to purchase)	○

○: Positive △: Negative —: Neutral

- Market price rise → expansion of client demand; Market price drop → restraint in client demand
- Relatively small impact of market volatility on our transactions
 - Some "Intermediary" and "Inventory-2" transactions are directly impacted by the market.
 - "Inventory-2" transactions account for only 5% of total transactions. This limits the direct impact of market volatility on our profits.

Corporate Data

(Unit: million yen)

	FY3/06	FY3/07	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Net sales	127,627	172,781	215,839	165,439	109,192	157,979	220,703	164,769	183,749	201,543	201,755	201,948
Cost of sales	122,968	166,668	208,571	159,582	103,259	149,710	210,060	156,010	172,754	189,452	189,574	187,472
Gross profit	4,659	6,112	7,268	5,857	5,932	8,268	10,642	8,759	10,995	12,091	12,181	14,476
SG&A expenses	3,175	3,631	4,195	4,212	4,395	5,191	5,955	5,473	7,510	7,506	8,388	10,307
Operating profit	1,483	2,480	3,072	1,645	1,537	3,077	4,687	3,286	3,484	4,584	3,792	4,168
Ordinary profit	1,214	1,910	2,452	1,577	1,402	2,963	4,499	2,892	3,600	5,205	4,281	4,352
Profit before income taxes	1,133	1,903	2,512	564	2,456	3,376	4,453	2,594	4,509	5,213	5,103	4,446
Profit	583	1,076	1,427	181	1,799	1,901	2,450	1,430	3,144	3,505	4,977	3,083
Total assets	36,660	49,973	54,290	39,137	40,219	64,561	68,600	70,382	85,664	89,848	111,570	113,647
Net assets	3,533	5,263	7,152	7,325	9,157	12,144	14,020	15,818	21,368	26,951	31,323	34,119
Interest-bearing debt	7,562	10,520	14,505	13,175	11,915	25,345	23,148	26,926	29,913	30,130	38,611	38,091

Listed on
JASDAQ

Listed on TSE
2nd Section









Designated for
listing on TSE
1st Section

	FY3/11 (Listed on TSE 1st sec.) (stock split in Aug. *note 1)	FY3/12	FY3/13	FY3/14	FY3/15 (stock split in Aug. *note 2)	FY3/16	FY3/17
Net assets per share (cons.)	1,867.97	2,143.39	2,414.98	3,276.42	2,053.83	2,311.32	2,511.23
Net income per share (cons.)	339.31	385.71	225.16	494.77	274.76	387.09	239.31
Dividend per share	50.00	60.00	60.00	65.00	40.00	44.00	44.00
(of which commemorative dividend)	(5.00)						
(of which interim dividend)	(0.00)	(25.00)	(30.00)	(30.00)	(18.00)	(22.00)	(22.00)
Dividend payout ratio	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%
Number of shares outstanding	6,347,800	6,353,200	6,355,200	6,358,800	12,813,200	12,875,600	12,894,000
Return on equity (cons.)	18.3%	19.2%	9.9%	17.4%	14.9%	17.8%	9.9%
Return on assets (cons.)	5.7%	6.8%	4.2%	4.6%	5.9%	4.3%	3.9%
Equity ratio (cons.)	18.4%	19.8%	21.8%	24.3%	29.3%	26.7%	28.5%
Net debt equity ratio	1.4	0.9	1.0	0.8	0.7	0.6	0.7
Number of employees (cons.)	402	411	511	752	797	1,132	1,148

Note 1: ALCONIX conducted a 2-for-1 stock split on August 1, 2010 and August 1, 2014. The net income per share in FY3/10 and FY3/15 were assumed that the stock split was previously conducted.

Note 2: ALCONIX paid a year-end dividend for FY3/11 of 50 yen per share, consisting of its original 45 yen dividend plus five yen to commemorate its designation for listing on the First Section of the Tokyo Stock Exchange.

- Net income per share: Not considered potential stock
- Return on Asset = Ordinary profit / (Average of year-start and year-end total assets of FY)
- Return on Equity = Profit / (Average of year-start and year-end net assets of FY, excluding non-controlling interests and subscription rights to share)
- Net debt equity ratio = (Interest-bearing debt - Cash and deposits) / Net assets
- Number of employees: Excludes directors of the Company and employees dispatched from temporary staff agencies, but includes seconded employees dispatched from the Company to other companies, contract staff, and staff dispatched from other companies. All figures are based on the securities report ("Yukashoken Hokokusho")

Main products		Share	Specification
Electronic and advanced materials			
Metal titanium (Titanium sponge)		50%+ of total import of Japan	Include titanium sponge or its ingot as the resource of titanium products
Nickel powder		50% of total import of Japan	Nickel powder or its flake (nickel powder calculated from corresponding figures in the customs tariff table)
Tungsten compound		30%+ of total import of Japan	Tungsten intermediate compound (not include metal tungsten)
Titanium products		20%- of total export of Japan	Titanium rolled products (including scrap)
Rare earths		20% of total import of Japan	Rare earth metals, inorganic/organic compounds of yttrium or scandium, or a composite of these inorganic/organic compounds with metals
Non-ferrous materials			
Recycled aluminum (alloy) ingots		10%- of total import of Japan	Aluminum ingots
Magnesium ingot		20%+ of total import of Japan	Magnesium ingot of 99.8% purity by weight costing 670 yen or less per kilogram
Metal silicon		10%- of total import of Japan	Silicon and others

Main shareholders

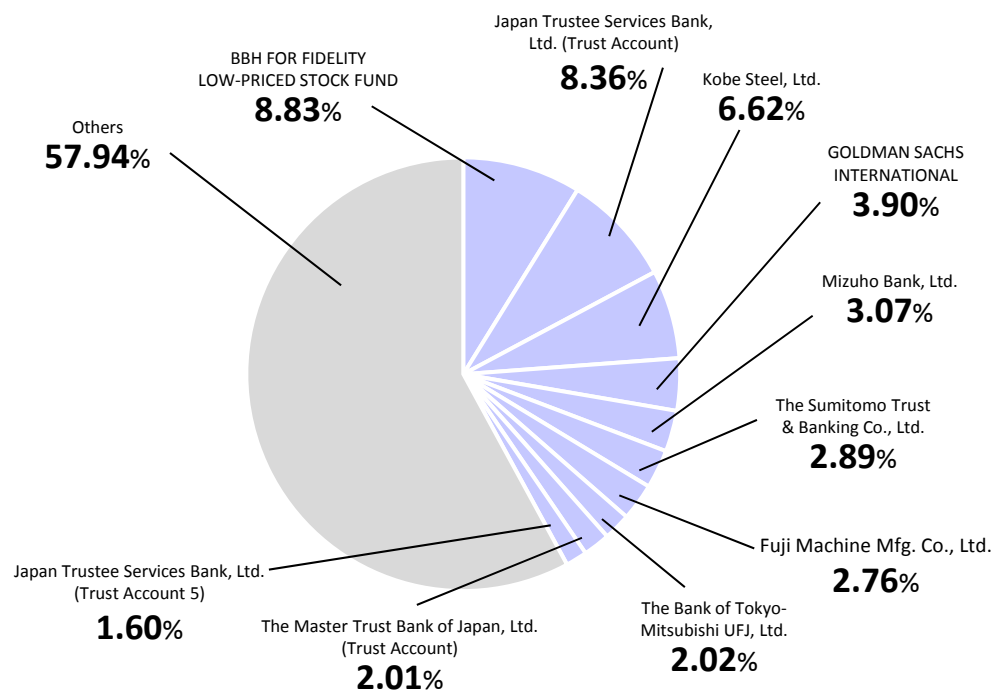
Corporate data

(As of March 31, 2017)

Category	Number of shares held	Shareholding ratios	Number of shareholders	Composition
Financial institutions	3,515,800	27.27%	27	1.02%
Financial instruments firms	539,707	4.19%	29	1.09%
Other Japanese entities	2,866,660	22.23%	59	2.22%
Overseas entities	2,735,992	21.22%	79	2.97%
Individual investors, others	3,235,428	25.09%	2,463	92.66%
Treasury shares	413	0.00%	1	0.04%
Total	12,894,000	100.00%	2,658	100.00%

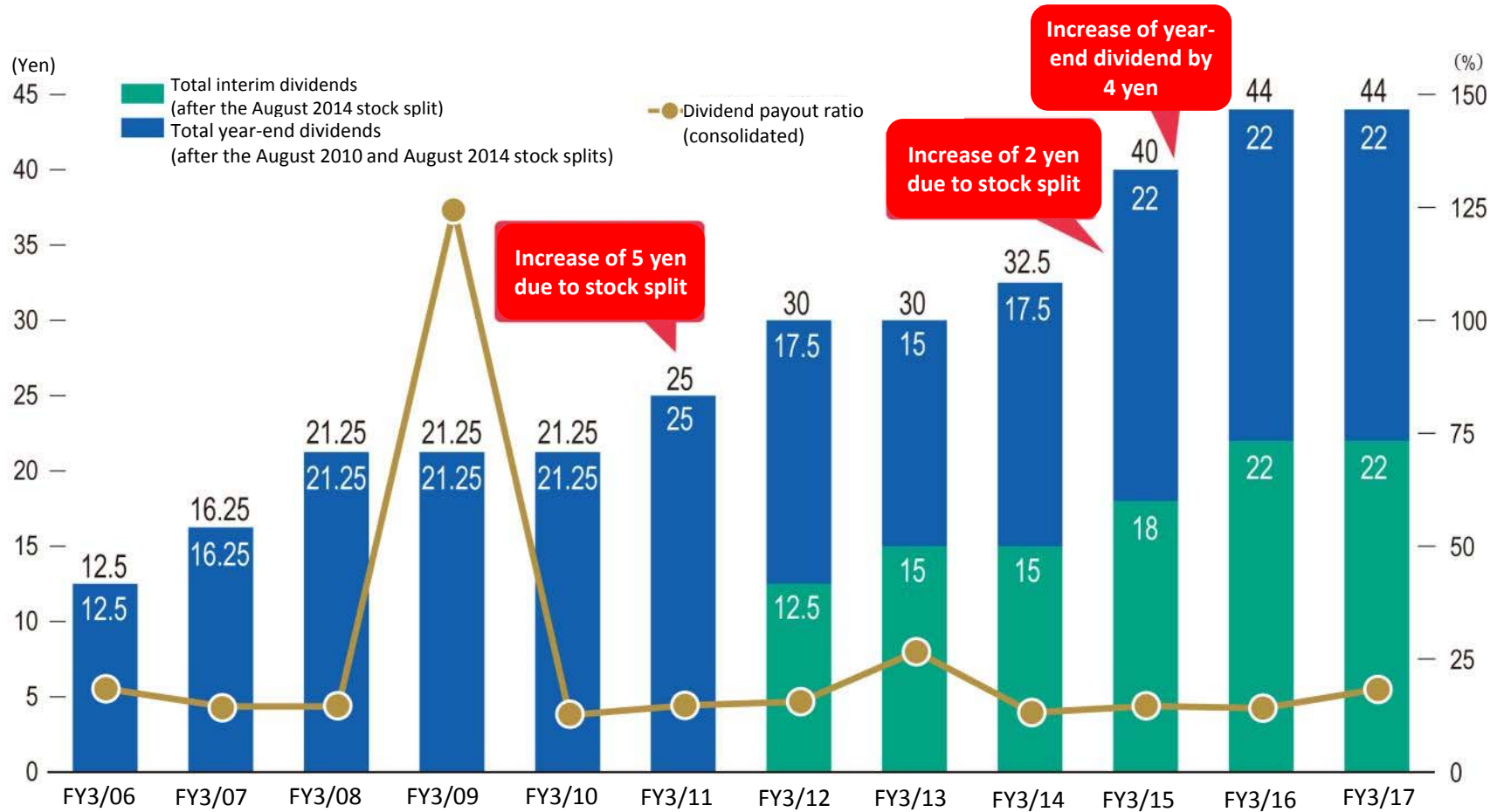
(As of March 31, 2017)

Name of shareholders	Number of shares held	Shareholding ratios
BBH FOR FIDELITY LOW-PRICED STOCK FUND	1,138,400	8.83%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,078,100	8.36%
Kobe Steel, Ltd.	853,600	6.62%
GOLDMAN SACHS INTERNATIONAL	502,620	3.90%
Mizuho Bank, Ltd.	396,000	3.07%
The Sumitomo Trust & Banking Co., Ltd.	372,000	2.89%
Fuji Machine Mfg. Co., Ltd.	356,400	2.76%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	260,000	2.02%
The Master Trust Bank of Japan, Ltd. (Trust Account)	259,600	2.01%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	206,100	1.60%
Others	7,471,180	57.94%
Total	12,894,000	100.00%



Shareholder returns: Trend in dividend per share and dividend payout ratio

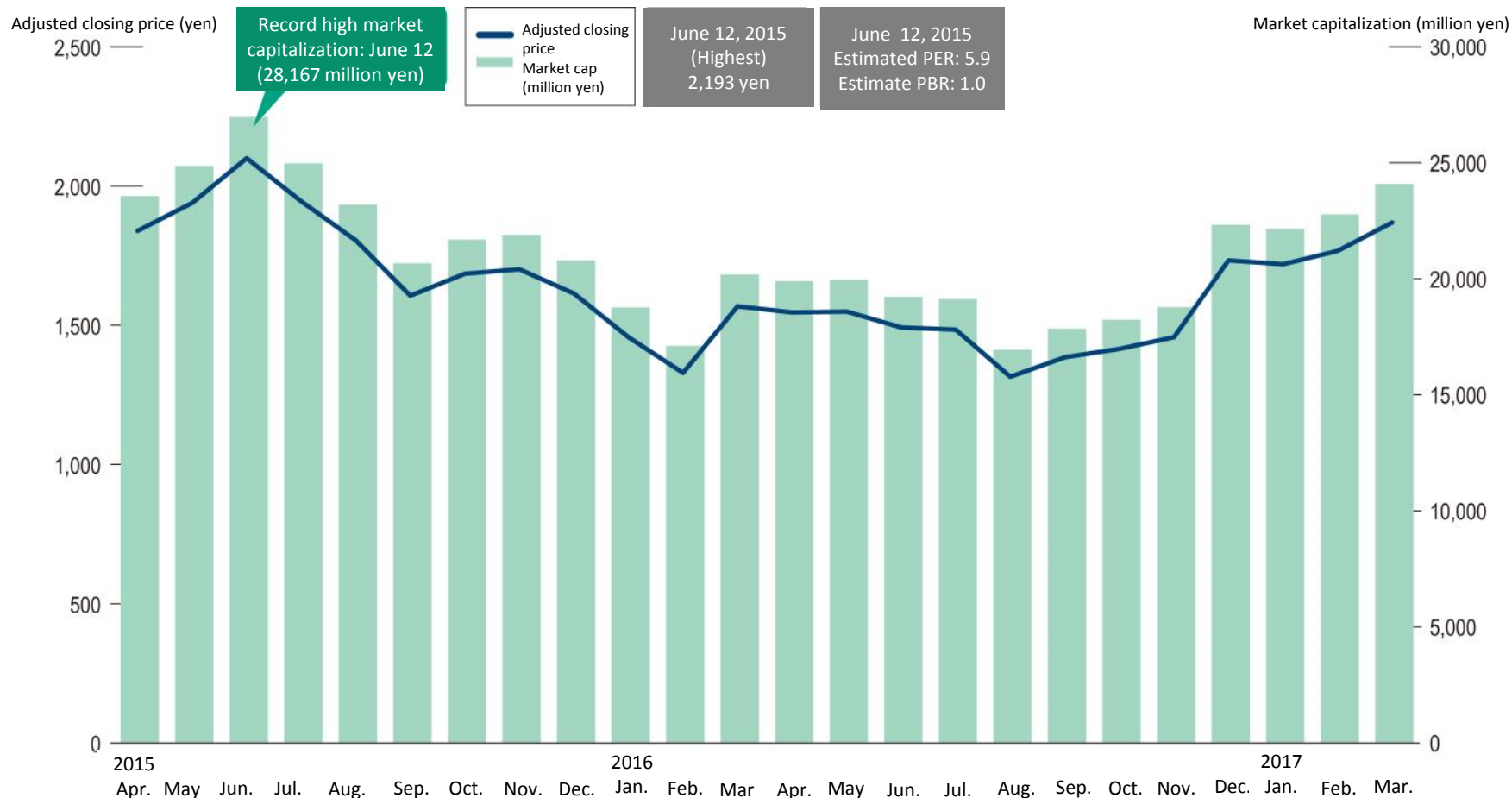
Corporate data



Dividend payout ratio (consolidated)

18.4%	14.5%	14.5%	124.5%	12.6%	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%
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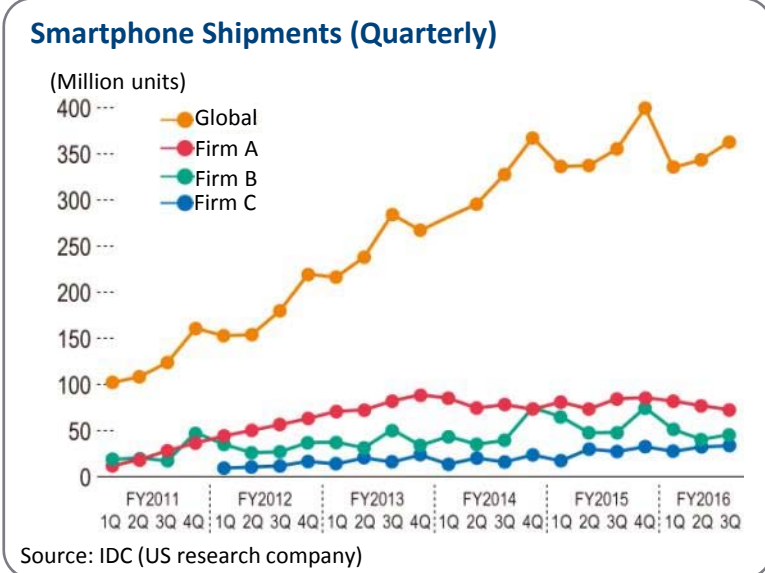
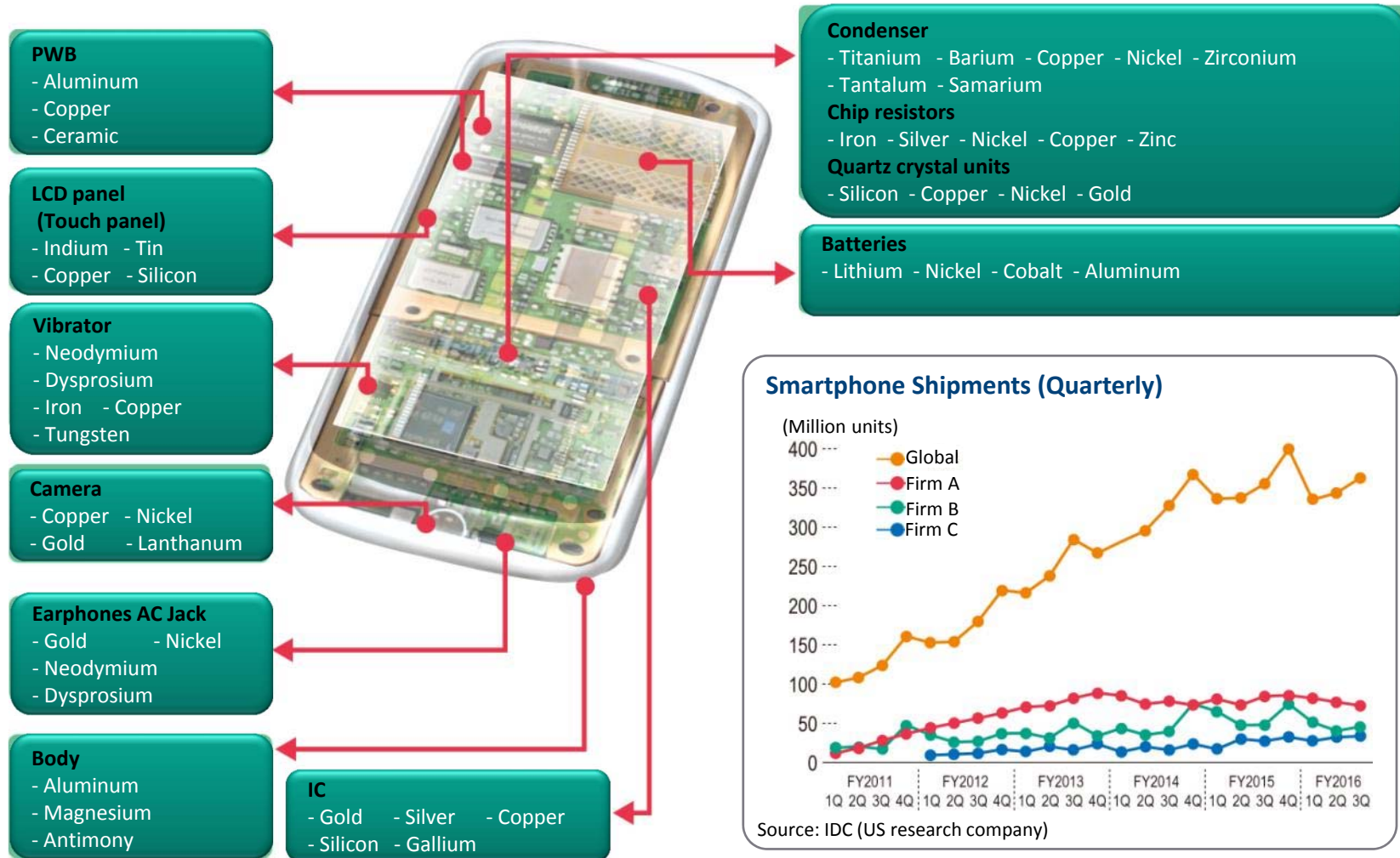
Stock price April 1, 2015 – March 31, 2017

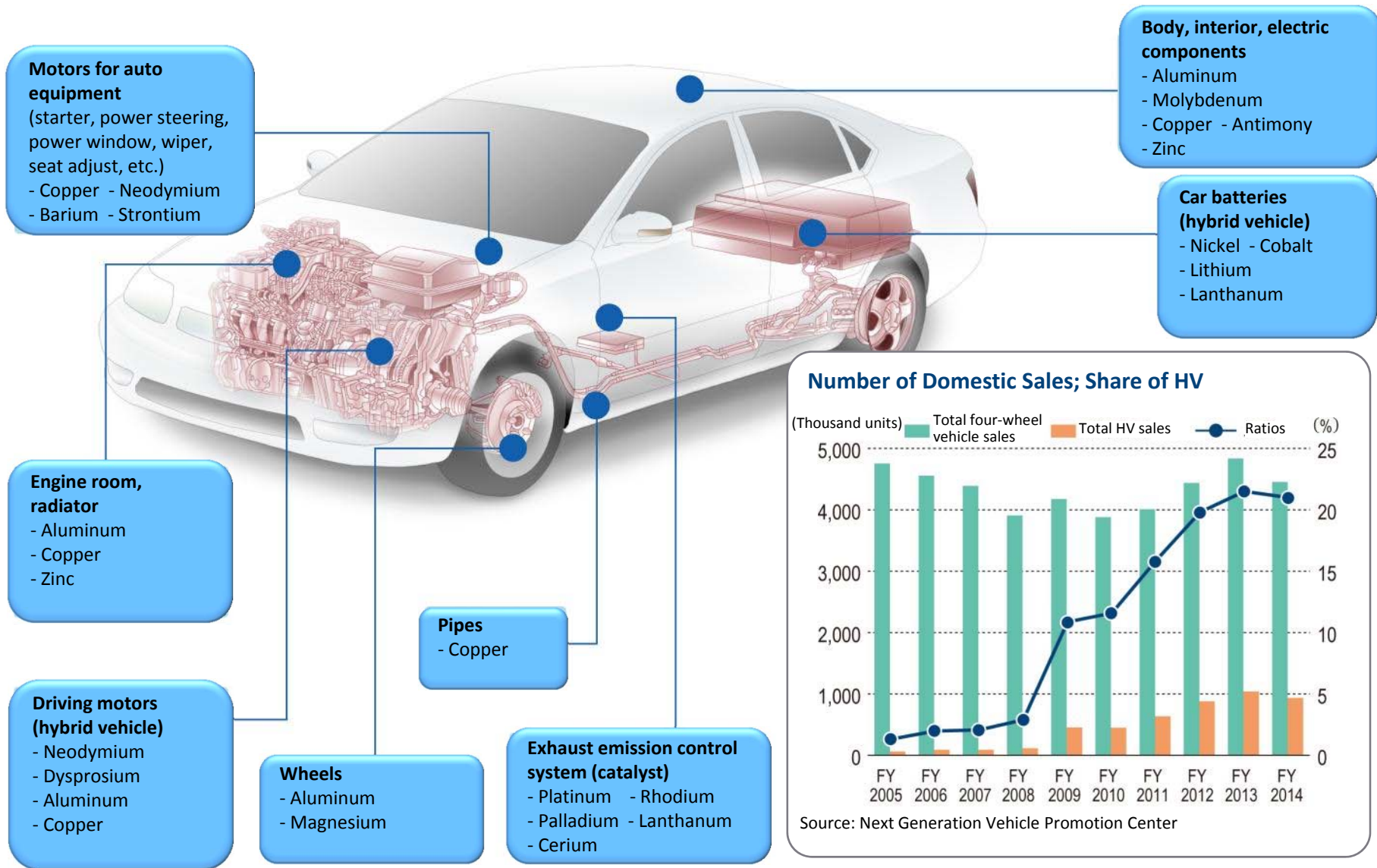


Note: Market capitalization represents monthly average

Market Chart (Reference Materials)

Smartphone shipments have peaked worldwide and demand is declining, but high-quality, high-performance models are accounting for a larger share of sales

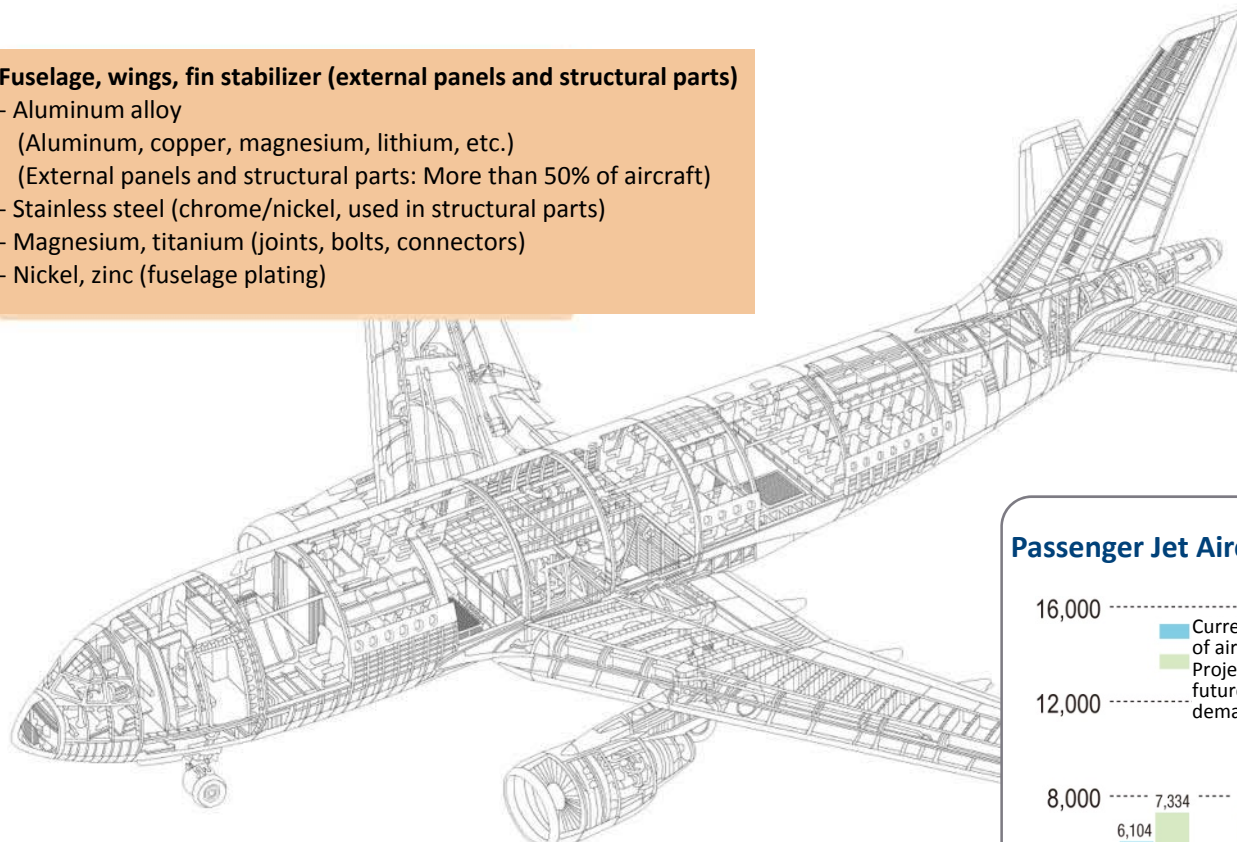




Global private-sector aircraft demand is forecast to double over the next 20 years.

Fuselage, wings, fin stabilizer (external panels and structural parts)

- Aluminum alloy
(Aluminum, copper, magnesium, lithium, etc.)
(External panels and structural parts: More than 50% of aircraft)
- Stainless steel (chrome/nickel, used in structural parts)
- Magnesium, titanium (joints, bolts, connectors)
- Nickel, zinc (fuselage plating)



Engines

Engines require many high-performance non-ferrous alloys in order to withstand temperatures that range from far below freezing to well over 1,000 degrees.

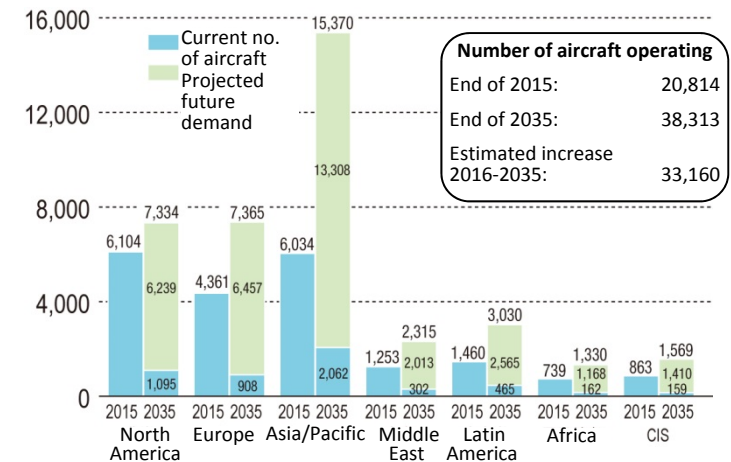
- Titanium alloys (fan, engine frame, case, blades, etc.)
(Alloy with vanadium, molybdenum, zircon, etc.)
 - Nickel alloys (turbine and especially the high-temperature section after the compressor)
(Alloy with chromium, tantalum, molybdenum, niobium, tungsten, etc.)
- * Titanium and nickel account for more than 40% of materials used to make jet engines.

Landing gear (leg parts)

- Nickel - Chrome - Molybdenum
- * Landing gear parts, which require the greatest strength, use nickel-chrome-molybdenum steel.

Aircraft use many types of non-ferrous metals, mainly aluminum and titanium, including minor metals and rare earths.

Passenger Jet Aircraft Worldwide and Projected Demand



Source: Japan Aircraft Development Corporation



These materials were prepared to help investors understand ALCONIX and were not intended as a solicitation for investment in ALCONIX. These materials were prepared carefully for accuracy, but the completeness of these materials cannot be guaranteed. ALCONIX will not be held responsible for any problems or damages that result from the information provided in these materials. Earnings forecasts and other future forecasts in these materials were made based on the judgment of ALCONIX using information available at the time these materials were prepared. These forecasts embody latent risk and uncertainty. Please understand that actual earnings may differ from these forecasts due to changes in the business environment and other factors.