



August 7, 2018

**Summary of Consolidated Financial Results for the First Quarter  
of Fiscal Year Ending March 31, 2019  
(Three Months Ended June 30, 2018)**

**[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

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Scheduled date of filing of Quarterly Report:

August 9, 2018

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

None

Note: The original disclosure in Japanese was released on August 7, 2018 at 16 : 30 (GMT +9).

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

**1. Consolidated Financial Results for the First Quarter Ended June 30, 2018 (April 1, 2018 – June 30, 2018)**

(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	%
Three months ended Jun. 30, 2018	66,671	13.8	2,018	18.9	2,071	6.3	1,635	13.9
Three months ended Jun. 30, 2017	58,601	22.6	1,697	90.0	1,948	79.8	1,436	72.8

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 721 (down 38.6%)

Three months ended Jun. 30, 2017: 1,176 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	63.25	-
Three months ended Jun. 30, 2017	55.65	55.59

ALCONIX conducted a 2-for-1 stock split on September 1, 2017. Net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	130,475	38,819	28.4
As of Mar. 31, 2018	130,197	38,626	28.3

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 37,040 As of Mar. 31, 2018: 36,826

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	13.00	-	19.00	32.00
Fiscal year ending Mar. 31, 2019	-				
Fiscal year ending Mar. 31, 2019 (forecast)		19.00	-	19.00	38.00

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

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)**

(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
First half	135,000	12.8	3,500	0.9	3,850	1.6	2,750	(1.1)	106.30
Full year	270,000	8.9	7,000	(4.4)	7,700	(3.0)	5,500	3.1	212.60

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

Regarding consolidated earnings forecasts for the fiscal year ending March 31, 2019, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 4 of the attachments.

**\* 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 9 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 Jun. 30, 2018:	25,871,200 shares	As of Mar. 31, 2018:	25,864,800 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2018:	961 shares	As of Mar. 31, 2018:	961 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	25,866,934 shares	Three months ended Jun. 30, 2017:	25,803,050 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 4 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 quarter of the current fiscal year, the U.S. economy continued to grow backed by solid corporate earnings and a favorable job market. But there are concerns about trade friction between countries caused by protectionist trade policies and about U.S. monetary policies. The economy continued to gradually recover in Europe, too. In China, there was an economic recovery, backed primarily by consumer spending.

In Japan, the economy continued to recover gradually. Exports are slowly recovering, consumer spending is rebounding and capital expenditures continue to climb with the support of strong corporate earnings.

In the non-ferrous metals industry, where the ALCONIX Group operates, the business climate improved as non-ferrous metal prices increased. Non-ferrous metal demand continued to grow for automotive applications as automakers rapidly increase the use of electronic components and reduce the weight of vehicles. There was also strong demand for non-ferrous metals in the semiconductor industry where active capital expenditure continues. However, growth in production had slowed slightly in the smartphone sector.

The ALCONIX Group's manufacturing subsidiaries in Japan and overseas, especially companies in the semiconductor manufacturing and mounting equipment, automobile, and plating materials sectors, made big contributions to consolidated results of operations. Furthermore, sales and earnings increased because of growth in the volume of products in the Trading segment, including copper, aluminum, metal silicon, electronic and other materials.

In the first quarter, ALCONIX reported consolidated net sales of 66,671 million yen (up 13.8% year on year), operating profit of 2,018 million yen (up 18.9%), ordinary profit of 2,071 million yen (up 6.3%) and profit attributable to owners of parent of 1,635 million yen (up 13.9%).

Results by business segment were as follows, with sales in each segment including inter-segment sales.

#### · Trading—Electronic and Advanced Materials

Demand for materials used in smartphones and tablets was generally steady, although there were inventory reductions for some materials. Demand for materials used in secondary batteries and in environmental applications was firm, too. Sales of titanium and nickel products was high, mainly for exports to Europe. Sales of minor metals and rare earths increased as demand for these materials used for electronic materials grew and prices of these materials rose.

As a result, the segment recorded sales of 22,548 million yen (up 34.1% year on year) and segment profit of 301 million yen (up 6.5%).

#### · Trading—Aluminum and Copper Products

The transaction volume for aluminum and copper products used for construction and homebuilding materials and in air conditioning equipment was high as companies prepare for summer, when demand is highest. Demand for aluminum and copper used in automobile components is expected to increase due to increasing output of electric vehicles and growing use of the Internet of things. However, shipments of these materials briefly slowed as automakers prepare to start producing new models. Earnings were negatively affected by a decline in the transaction volume of aluminum, in part due to the shift from aluminum cans to PET beverage containers, and sluggish demand for materials used in some organic EL displays. In the non-ferrous resources category, there was an increase in the transaction volume of recycled aluminum ingots, copper scrap and metal silicon, which are the primary products in this category. Growth was supported by high prices of aluminum, copper and other non-ferrous metals.

As a result, the segment recorded sales of 34,751 million yen (up 5.3% year on year) and segment profit of 401 million yen (down 1.2%).

· Manufacturing—Equipment and Materials

Shipments of plating materials were strong at operations in both North America and China and first quarter plating materials earnings were much higher than one year earlier. In addition, growth in demand in the automobile industry resulted in a large volume of welding rod shipments and thermal spraying orders. In the non-destructive testing equipment category, earnings were steady because of a large amount of shipments of equipment and replacement supplies to companies in the automobile and steel industries in Japan and other countries.

As a result, the segment recorded sales of 5,524 million yen (up 19.0% year on year) and segment profit of 332 million yen (up 114.1%).

· Manufacturing—Metal Processing

Shipments of grinding processing parts for semiconductor chip mounting equipment remained strong because of robust demand fueled by the high level of semiconductor industry capital expenditures. However, a number of factors caused a small decrease in earnings. Orders for prototypes for automotive applications were slightly down from one year earlier, depreciation expenses started at a factory completed in February 2018, and the cost of sales increased mainly because of higher labor and outsourcing expenses due to the large volume of work. Sales of precision machining processing parts were strong, mainly for parts used in aircraft and semiconductor manufacturing equipment. There was also growth in shipments of metal precision stamped parts compared with one year earlier as demand increased in Japan's automobile industry.

As a result, the segment recorded sales of 5,219 million yen (up 3.6% year on year) and segment profit of 1,038 million yen (down 5.6%).

## (2) Explanation of Financial Position

### 1) Financial position

#### a. Current assets

At the end of the first quarter of the current fiscal year, current assets totaled 96,356 million yen, an increase of 1,327 million yen from the end of the previous fiscal year. The main factors were a 1,541 million yen increase in notes and accounts receivable-trade, an 848 million yen increase in inventories, and a 1,186 million yen decrease in cash and deposits.

#### b. Non-current assets

Non-current assets totaled 34,118 million yen, a decrease of 1,049 million yen. The main factors include a 529 million yen decrease in depreciation of property, plant and equipment and amortization of intangible assets including goodwill, and a 520 million yen decrease in investments and other assets.

#### c. Current liabilities

Current liabilities totaled 73,181 million yen, an increase of 787 million yen. The main factors include a 425 million yen increase in notes and accounts payable-trade, a 1,785 million yen increase in short-term loans payable, and a 19 million yen increase in current portion of long-term loans payable.

#### d. Non-current liabilities

Non-current liabilities totaled 18,474 million yen, a decrease of 703 million yen. The main factors include a 563 million yen decrease in long-term loans payable.

#### e. Net assets

Net assets totaled 38,819 million yen, an increase of 193 million yen. The main factors include a 1,144 million yen

increase in retained earnings, a 255 million yen decrease in valuation difference on available-for-sale securities, and a 741 million yen decrease in foreign currency translation adjustment.

## 2) Results of operations

### a. Net sales

Net sales increased mainly due to the growth in overall group sales. In the Trading segment, there was growth in the transaction volume of recycled aluminum ingots, copper and aluminum scrap and other non-ferrous materials, electronic materials used in smartphones and tablets, automotive applications, and metal silicon. In the Manufacturing segment, there was growth in shipments of plating materials, precision machining processing parts, grinding processing parts and precision stamped parts.

As a result, net sales increased 13.8% year on year to 66,671 million yen in the first quarter of the current fiscal year.

### b. Gross profit

Gross profit increased 14.8% to 5,199 million yen because of higher sales at manufacturing subsidiaries and of electronic and advanced materials in the Trading segment.

### c. Selling, general and administrative expenses

Selling, general and administrative expenses increased 12.3% to 3,181 million yen due to an increase in expenditures for establishing a solid business foundation of ALCONIX and its group companies.

### d. Operating profit

Due to these changes in sales, gross profit and expenses, operating profit increased 18.9% to 2,018 million yen.

### e. Non-operating income, non-operating expenses

Major changes were an increase in dividend and interest income, a decrease in the share of profit of entities accounted for using the equity method because of the sale of stock of an equity-method affiliate, and foreign exchange losses. As a result, net non-operating income (non-operating income - non-operating expenses) was 53 million yen compared with 251 million yen one year earlier.

### f. Ordinary profit

Ordinary profit increased 6.3% to 2,071 million yen.

### g. Extraordinary income, extraordinary losses

There was extraordinary income of 196 million yen mainly for subsidy income, and an extraordinary loss of 2 million yen mainly for a loss on sales of investment securities.

### h. Profit attributable to owners of parent

ALCONIX recorded profit before income taxes of 2,265 million yen. From this amount, 570 million yen and 59 million yen were deducted respectively for income taxes and profit attributable to non-controlling interests of ten consolidated subsidiaries. As a result, profit attributable to owners of parent increased 13.9% to 1,635 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 “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]” on May 15, 2018.

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

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	18,698	17,512
Notes and accounts receivable-trade	47,495	49,037
Merchandise and finished goods	20,718	21,502
Work in process	2,222	2,171
Raw materials and supplies	1,128	1,245
Other	4,935	5,078
Allowance for doubtful accounts	(171)	(191)
Total current assets	95,028	96,356
Non-current assets		
Property, plant and equipment	14,811	14,777
Intangible assets		
Goodwill	3,478	3,247
Other	4,232	3,968
Total intangible assets	7,710	7,216
Investments and other assets	12,646	12,125
Total non-current assets	35,168	34,118
Total assets	130,197	130,475
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	33,922	34,347
Short-term loans payable	26,635	28,420
Current portion of long-term loans payable	4,442	4,462
Current portion of bonds	149	149
Income taxes payable	2,054	768
Provision for bonuses	947	1,103
Other	4,241	3,929
Total current liabilities	72,393	73,181
Non-current liabilities		
Bonds payable	675	600
Long-term loans payable	14,150	13,586
Provision for directors' retirement benefits	823	823
Net defined benefit liability	565	591
Long-term accounts payable-other	30	30
Other	2,932	2,841
Total non-current liabilities	19,178	18,474
Total liabilities	91,571	91,655

	(Millions of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	2,956	2,958
Capital surplus	1,978	1,981
Retained earnings	27,698	28,843
Treasury shares	(0)	(0)
Total shareholders' equity	32,633	33,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,366	1,110
Deferred gains or losses on hedges	(31)	30
Foreign currency translation adjustment	2,858	2,117
Total accumulated other comprehensive income	4,193	3,258
Share acquisition rights	1	-
Non-controlling interests	1,797	1,778
Total net assets	38,626	38,819
Total liabilities and net assets	130,197	130,475



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

(Millions of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	58,601	66,671
Cost of sales	54,071	61,471
Gross profit	4,530	5,199
Selling, general and administrative expenses	2,833	3,181
Operating profit	1,697	2,018
Non-operating income		
Interest income	7	58
Purchase discounts	3	4
Dividend income	178	195
Foreign exchange gains	14	-
Rent income of real estate	22	20
Share of profit of entities accounted for using equity method	102	46
Gain on sales of scraps	57	63
Other	29	59
Total non-operating income	415	447
Non-operating expenses		
Interest expenses	117	157
Sales discounts	2	2
Foreign exchange losses	-	190
Loss on sales of notes receivable-trade	6	7
Rent cost of real estate	4	4
Other	33	32
Total non-operating expenses	164	394
Ordinary profit	1,948	2,071
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of share acquisition rights	-	1
Gain on sales of investment securities	-	36
Subsidy income	3	3
Subsidy income	-	154
Total extraordinary income	3	196
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	0	0
Loss on sales of investment securities	-	1
Loss on sales of membership	6	-
Total extraordinary losses	10	2
Profit before income taxes	1,941	2,265
Income taxes	454	570
Profit	1,486	1,695
Profit attributable to non-controlling interests	50	59
Profit attributable to owners of parent	1,436	1,635

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

(Millions of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	1,486	1,695
Other comprehensive income		
Valuation difference on available-for-sale securities	200	(277)
Deferred gains or losses on hedges	(3)	65
Foreign currency translation adjustment	(426)	(719)
Share of other comprehensive income of entities accounted for using equity method	(81)	(42)
Total other comprehensive income	(310)	(974)
Comprehensive income	1,176	721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,125	700
Comprehensive income attributable to non-controlling interests	50	20

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

**Calculation of tax expense**

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

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

**Additional Information**

ALCONIX has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

**Segment and Other Information**

## Segment information

## I. First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)

## 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	16,299	32,732	4,626	4,942	58,601
Inter-segment sales and transfers	515	272	15	97	900
Total	16,814	33,005	4,641	5,039	59,501
Segment profit	283	406	155	1,099	1,945

## 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	1,945
Eliminations for inter-segment transactions	3
Ordinary profit on the quarterly consolidated statement of income	1,948

## II. First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

## 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	21,436	34,605	5,488	5,141	66,671
Inter-segment sales and transfers	1,111	146	36	77	1,371
Total	22,548	34,751	5,524	5,219	68,043
Segment profit	301	401	332	1,038	2,075

## 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	2,075
Eliminations for inter-segment transactions	(3)
Ordinary profit on the quarterly consolidated statement of income	2,071

## Subsequent Events

### Acquisition of Fuji Carbon Manufacturing Co. Stock

On August 7, 2018, the Board of Directors of ALCONIX CORPORATION approved a resolution to acquire all outstanding shares of Fuji Carbon Manufacturing Co. and to establish a wholly owned intermediate holding company for the acquisition of shares of Fuji Carbon stock. The intermediate holding company will acquire all outstanding shares of Fuji Carbon and make it a subsidiary.

#### (1) Objectives of acquisition

The vision of the ALCONIX medium-term plan is to become an integrated non-ferrous metals company that combines trading and manufacturing capabilities. To accomplish this goal, ALCONIX has been making acquisitions of primarily manufacturers in order to expand operations. Earnings of the six domestic and overseas manufacturing subsidiaries that have been acquired are now making a big contribution to consolidated earnings. ALCONIX will continue to strengthen manufacturing operations and take actions aimed at reinforcing its stable profit structure, which is a key strength of the manufacturing sector, and becoming even more competitive in niche markets in Japan and other countries.

ALCONIX plans to acquire all outstanding shares of Fuji Carbon Manufacturing Co., an Anjo City (Aichi Prefecture) based manufacturer of carbon brushes for small motors used in a variety of general industrial applications. Fuji Carbon's business model is based on earning the bulk of its profit from overseas facilities using its proprietary knowhow and technological prowess in carbon brushes, the core component of small motors used in a broad range of applications from electric power tools to automobiles.

The above acquisition of shares will enable ALCONIX to enter the automobile industry while at the same time help leverage Fuji Carbon's overseas manufacturing and marketing networks to build new distribution channels. Fuji Carbon expanded into foreign markets quite early after its founding. The company now has two manufacturing bases in China and one each in Taiwan and Vietnam. In addition, the company's plans call for entering the Indian market. ALCONIX believes that there are excellent prospects for capturing synergies with ALCONIX's plans for overseas expansion. ALCONIX expects the acquisition of Fuji Carbon to contribute to raising the Group's consolidated corporate value by expanding its manufacturing operations and overseas presence and realizing its goal of creating a new corporate group.

#### (2) Name of sellers

Shares will be acquired from Takehiko Sugiyama, the founder, relatives of Mr. Sugiyama and Fuji Carbon's employee shareholding association.

#### (3) Name, business and size of the company to be acquired as of July 31, 2018

1. Company name	Fuji Carbon Manufacturing Co.
2. Representative	Shizuya Taniguchi, President
3. Location	1-11, Nishiki-machi, Anjo, Aichi, Japan
4. Establishment	June 1973
5. Business	- Manufacturing and sales of carbon products - Manufacturing and sales of powder metallurgy products - Manufacturing and sales of electrical components and materials - Import and export of above products - All businesses related to the above items
6. Fiscal year end	December 20 (Note)
7. Employees	200 (900: group as a whole, including overseas subsidiaries)

8. Main offices	Anjo, Aichi (Head Office and plant) Hamamatsu, Shizuoka (Plant) Overseas sites (China, Taiwan and Vietnam)
9. Capital	76.8 million yen
10. Total number of shares to be issued	153,600 shares (no stock certificates)
11. Major shareholders	Founding family and employee shareholding association: 100%

Note: Fiscal year end will be changed to December 31.

(4) Name, business and size of the intermediate holding company to be established

1. Company name	FUJI CARBON MANUFACTURING CORPORATION (tentative name)
2. Representative	Hiroshi Teshirogi, President
3. Location	1-11, Nishiki-machi, Anjo, Aichi, Japan
4. Establishment	December 2018
5. Business	- Manufacturing and sales of carbon products - Manufacturing and sales of powder metallurgy products - Manufacturing and sales of electrical components and materials - Import and export of above products - All businesses related to the above items
6. Fiscal year end	December 31
7. Capital	76.8 million yen
8. Total number of shares to be issued	153,600 shares (no stock certificates)
9. Major shareholders	ALCONIX CORPORATION: 100%

(5) Date of acquisition

August 7, 2018	Resolution of the Board of Directors (Resolution on the establishment of intermediate holding company and acquisition of shares of Fuji Carbon by the intermediate holding company)
August 8, 2018	(tentative) Conclusion of agreement regarding share transfer
Early December 2018	(tentative) Establishment of the intermediate holding company
Early February 2019	(tentative) Acquisition of Fuji Carbon stock by the intermediate holding company

(6) Number of shares of Fuji Carbon stock to be acquired by the intermediate holding company, acquisition cost and share ownership after acquisition

1. Share ownership before acquisition	0 shares (Ownership ratio: 0%)
2. Number of shares to be acquired	153,600 shares (Acquisition cost: 8,000 million yen)
3. Share ownership after acquisition	153,600 shares (Ownership ratio: 100%)

(7) Methods for procuring funds and of payments in association with the stock acquisition

Acquisition of shares will be financed by cash on hand and bank loans.

*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.*