



NEWS RELEASE
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Notice of Agreement for Stock Exchange
Making HEIWA KINZOKU a Wholly Owned Subsidiary

Note: The original announcement in Japanese was released on January 28, 2020.

The Board of Directors of ALCONIX CORPORATION approved a resolution on January 28, 2020 to conduct a stock exchange for the purpose of making consolidated subsidiary HEIWA KINZOKU CO., LTD. a wholly owned subsidiary. Some items concerning this transaction are not disclosed because this is a simple stock exchange to convert a consolidated subsidiary into a wholly owned subsidiary.

1. Purpose of conversion to wholly owned subsidiary using a stock exchange

HEIWA KINZOKU is a consolidated subsidiary that is part of the Trading segment of the ALCONIX Group. A stock exchange will be used to make this company a wholly owned subsidiary owned directly by ALCONIX in order to further improve the efficiency of the management of the ALCONIX Group.

2. Outline of the stock exchange

(1) Schedule

Resolution of the Board of Directors (HEIWA KINZOKU)	January 24, 2020
Resolution of the Board of Directors (ALCONIX)	January 28, 2020
Signing of stock exchange agreement	January 28, 2020
Resolution of extraordinary Shareholders Special Meeting (HEIWA KINZOKU)	March 10, 2020
Planned date of the stock exchange (effective date)	March 11, 2020

Note: ALCONIX plans to conduct this stock exchange without the approval of a resolution at a shareholders meeting by using the simple stock exchange procedure prescribed in Paragraph 2, Article 796 of the Companies Act.

(2) Method of the stock exchange

A stock exchange to make ALCONIX the sole parent company and HEIWA KINZOKU a wholly owned subsidiary of ALCONIX.

(3) Allotment in the stock exchange

	ALCONIX (Sole parent company)	HEIWA KINZOKU (Wholly owned subsidiary)
Exchange ratio	1	0.9

Notes: 1. ALCONIX will allocate 389,700 shares for this stock exchange by using treasury shares. No new stock will be issued.

2. ALCONIX will exchange 0.9 share of its stock for every one share of HEIWA KINZOKU common stock.

However, ALCONIX will not allot any shares to HEIWA KINZOKU on the day this stock exchange is effective.

(4) Treatment of share acquisition rights and bonds with share acquisition rights in association with the stock exchange

Not applicable.

3. Basis of the allotment in the stock exchange, etc.

Because HEIWA KINZOKU is a privately owned company, the following two methods were used to calculate the value of its stock based on the company's financial condition as of September 30, 2019: the book value method and the peer company comparison method. The average of the results of these two methods was then taken into consideration, resulting in a value of 1,109 yen per share. ALCONIX stock is listed on the Tokyo Stock Exchange and there are no particular abnormalities concerning the determination of the stock price on this exchange. Consequently, the value of ALCONIX stock was determined to be 1,257 yen, which is the closing price on September 30, 2019, the same day as the date used for the basis of calculating the value of HEIWA KINZOKU stock. These values were then used to determine the ratio for the stock exchange.

4. Prospects and reasons for delisting

This item is not applicable because, in this stock exchange, ALCONIX will become the sole parent company and HEIWA KINZOKU, which will become a wholly owned subsidiary, is a privately owned company.

5. Overview of the companies involved

	Sole parent company	Wholly owned subsidiary
(1) Company name	ALCONIX CORPORATION	HEIWA KINZOKU CO., LTD.
(2) Location	2-11-1, Nagata-cho, Chiyoda-ku, Tokyo	2-6-18, Kitahama, Chuo-ku, Osaka
(3) Representative	Masato Takei, President and CEO	Hiroaki Inoue, Representative Director
(4) Main business	Import/export and domestic sales of non-ferrous metal products or resources including minor metals and rare earths	Domestic sales and export trading of non-ferrous metal products such as light metal and copper products
(5) Capital stock	2,968 million yen	97.5 million yen
(6) Established	July 1981	June 1939
(7) Number of outstanding shares	25,915,700 shares	2,000,000 shares
(8) Fiscal year	March 31	March 31
(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (Trust Account) 9.02% BBH FOR FIDELITY LOW-PRICED STOCK FUND 8.31% Kobe Steel, Ltd. 4.90% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.23% FUJI CORPORATION 3.75% Mizuho Bank, Ltd. 3.14%	ALCONIX 78.35% Founding family (6 persons) 21.65%
(10) Financial position and operating results for the most-recent fiscal year		
	FY3/19 (Consolidated)	FY3/19 (Non-consolidated)
Total assets	143,851 million yen	14,031 million yen
Net assets	39,673 million yen	4,178 million yen
Net asset per share (Yen)	1,489.59 yen	2,089.07 yen
Net sales	257,437 million yen	15,957 million yen
Operating profit	6,257 million yen	107 million yen
Ordinary profit	6,254 million yen	256 million yen
Profit attributable to owners of parent	4,009 million yen	258 million yen
Net income per share (Yen)	155.20 yen	129.11 yen

6. Overview of corporate group after the stock exchange

At ALCONIX, there will be no change in the company name, location, representative, main business, capital stock or fiscal year.

7. Outlook

As HEIWA KINZOKU is already a consolidated subsidiary, this stock exchange is expected to have only a negligible effect on results of operations.

(Reference) Forecasts for the fiscal year ending March 31, 2020 (Announced on October 29, 2019)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Forecasts for the fiscal year ending March 31, 2020	Million yen 232,000	Million yen 5,300	Million yen 6,000	Million yen 4,400	Yen 174.23