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Listing: Tokyo Stock Exchange, First Section
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Notice of Disposal of Treasury Shares through Third Party Allotment in Connection with the Introduction of Performance-linked Stock Compensation Plan

Note: The original announcement in Japanese was released on August 6, 2021.

In connection with the introduction of the “Stock Benefit Trust (BBT = Board Benefit Trust)” (the “Plan”) announced on May 25, 2021, ALCONIX CORPORATION hereby announces that it has resolved to dispose of its own shares through a third party allotment (the “Disposal of Treasury Shares”), pursuant to Article 370 of the Companies Act and Article 23 of the ALCONIX Articles of Incorporation (a written resolution in lieu of a resolution by the Board of Directors).

1. Summary of disposal of treasury shares

(1) Deadline	Monday, August 23, 2021
(2) Type and number of shares	Common stock of ALCONIX 130,000 shares
(3) Price	1,460 yen per share
(4) Total proceeds	189,800,000 yen
(5) Scheduled recipient of the disposal	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	ALCONIX has submitted the Securities Registration Statement regarding this disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

2. Reasons for the disposal of treasury shares

ALCONIX announced the introduction of the Plan on May 25, 2021, and the resolution was subsequently passed as remuneration for Directors at the 40th Ordinary General Meeting of Shareholders held on June 23, 2021. (For an overview of the Plan, please refer to the “Announcement of the Introduction of a Performance-Linked Stock Compensation Plan” dated May 25, 2021.

The disposal of treasury shares will be carried out by Japan Custody Bank, Ltd. (a trust established under a trust agreement with Mizuho Trust & Banking Co., Ltd. in relation to the Plan (the “Trust”)) for the purposes of holding and disposing of ALCONIX’s shares in the operation of the Plan, and ALCONIX will dispose of its own shares by way of a third party allotment to Trust Account E, which will be set up by Mizuho Trust & Banking Co. Ltd.

The number of shares to be disposed of is equivalent to the number of shares expected to be delivered to Directors, etc. of ALCONIX during the trust period in accordance with the Share Benefit Regulations for Directors (for the three fiscal years from the fiscal year ending March 31, 2022, to the fiscal year ending March 2024). This is equivalent to 0.50% of the total number of shares issued and outstanding as of March 31, 2021, of 25,943,100 (0.52%, rounded to the nearest third decimal place of the total number of voting rights of 250,293 as of March 31, 2021).

Outline of the Trust

- a. Name of trust: Board Benefit Trust (BBT)
- b. Trustor: ALCONIX CORPORATION
- c. Trustee: Mizuho Trust & Banking Co., Ltd. (re-entrusted by: Custody Bank of Japan, Ltd.)
- d. Beneficiaries: Directors, etc. who satisfy the requirements for beneficiaries set out in the Stock Benefit Regulations for Directors
- e. Trust administrator: Select third party who has no special interests with ALCONIX
- f. Type of trust: Monetary trust other than monetary trust (third party benefit trust)
- g. Date of conclusion of the Trust Agreement: August 23, 2021 (tentative)
- h. Date on which money is placed in trust: August 23, 2021 (tentative)
- i. Trust period: August 23, 2021 (tentative) to the termination of the Trust
(No specific termination date is set. The Trust will continue for as long as the Plan continues)

3. Basis for calculation of disposal price and details thereof

The disposal price has been set at 1,460 yen (rounded down to the nearest yen), which is the average closing price of ALCONIX's common stock on the Tokyo Stock Exchange during the one-month period (from July 6, 2021, to August 5, 2021) up to and including the business day immediately preceding the date of the Board of Directors' resolution on the disposal of the treasury shares.

The reason for using the average closing price for the one-month period up to the business day immediately preceding the date of the Board of Directors' resolution as the basis for the calculation is that it is more objective and reasonable to use the average share price for a certain period, rather than using a specific point in time, as it eliminates special factors such as the effects of temporary share price fluctuations. Furthermore, the calculation period was set to the most recent one month because, compared with the latest three months and the latest six months, it was judged more reasonable to adopt a fixed period that was closest to the most recent market price.

The disposal price of 1,460 yen is equivalent to 99.46% of the closing price of 1,468 yen on the business day immediately prior to the date of the Board of Directors' resolution, 97.20% of the average closing price of 1,502 yen (rounded down to the nearest yen) for the last three months prior to the business day immediately prior to the date of the Board of Directors' resolution, and 92.82% of the average closing price of 1,573 yen (rounded down to the nearest yen) for the last six months prior to the date of the Board of Directors' resolution. Taking the above considerations into account, the disposal price for this disposal of treasury shares is considered not to be particularly advantageous and is therefore adjudged to be reasonable.

Furthermore, the four Audit & Supervisory Board Members who attended the meeting of the Board of Directors (three of whom are outside members) expressed the opinion that the above-mentioned disposal price does not constitute a particularly advantageous disposal price.

4. Item concerning procedure with regard to corporate code of conduct

The disposal of treasury shares does not require the receipt of an opinion from an independent third party or the confirmation of the wishes of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange. The reason is that this transaction 1) has a dilution ratio of less than 25% and 2) does not involve a change in the controlling shareholder.