



Become an integrated company that combines
trading and manufacturing capabilities

ALCONIX CORPORATION

Listed on TSE First Section

Code 3036

Financial Results Materials
The Second Quarter of the Fiscal Year
Ending March 31, 2022

November 2021

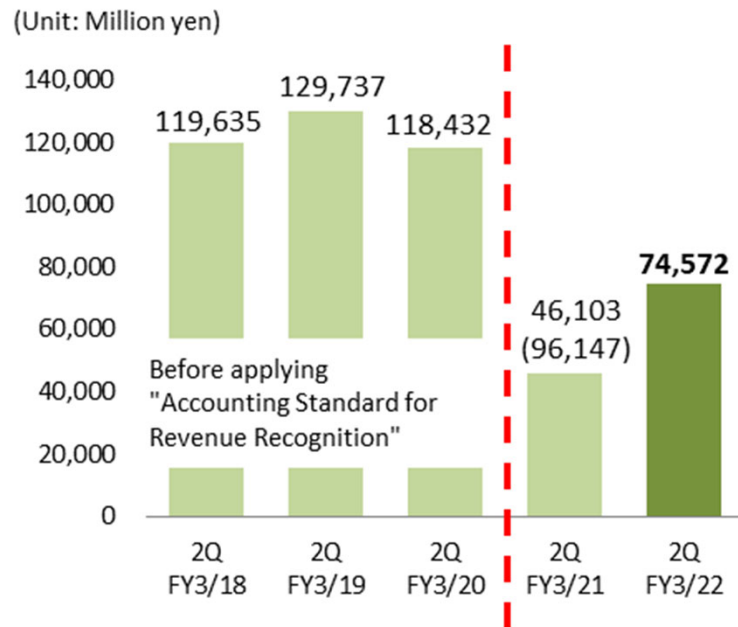
Contents

Results Materials

Results Highlights	3
Topics	6
2Q FY3/22 Financial Results	7
FY3/22 Earnings Forecasts	16
Medium-term Business Plan	20

Results highlights (2Q FY3/22) Consolidated sales

Consolidated Sales



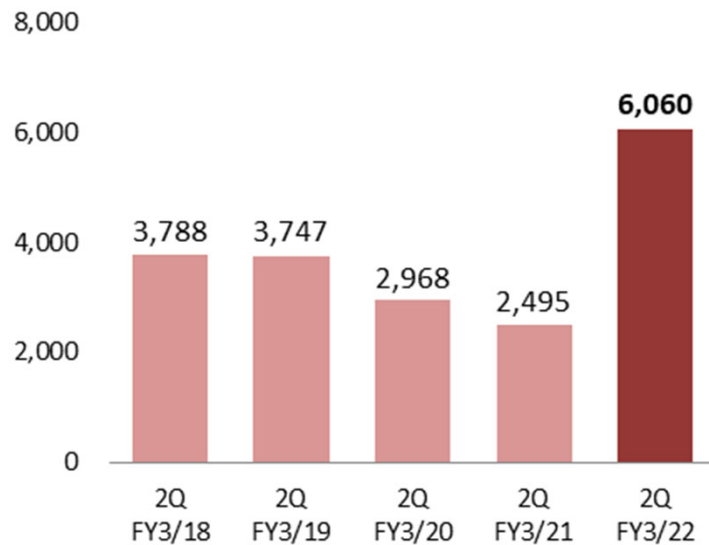
Sales were high across the entire ALCONIX Group by meeting the strong demand in the semiconductor and electronic components sectors and in the automobile industry, which is recovering worldwide.

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition from the first quarter of FY3/22. First half sales in FY3/21 have been restated in accordance with this new standard. Sales in prior years use the previous revenue recognition standard.

Results highlights (2Q FY3/22) Consolidated ordinary profit

Consolidated Ordinary Profit

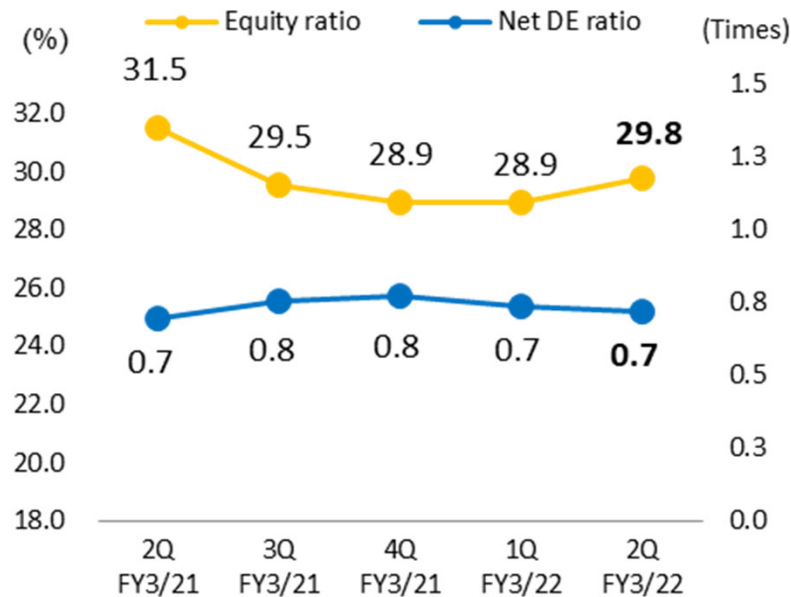
(Unit: Million yen)



A big increase in earnings due to consolidated sales growth. Dividends and other non-operating income also contributed to earnings.

Results highlights (2Q FY3/22) Major consolidated financial indicators

Major Consolidated Financial Indicators



Equity Ratio

Up 0.9 percentage points

Higher retained earnings due to sales growth exceeded an increase in receivables and payables as transactions volume increased

Net debt equity ratio (NetDER)

0.7 times

NetDER remained below 1.0 as in the previous fiscal year

Topics

Revisions to Consolidated Forecast (FY3/22) (Announced on November 5, 2021)

(Unit: million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS (Unit: yen)
Previous forecast (A)	128,000	8,500	8,800	6,000	239.66
Revised forecast (B)	152,000	8,700	9,000	6,200	247.32

*See p.18 for details

Revision to Dividend Forecast (Announced on September 28, 2021)

Increasing earnings distributions to shareholders is one of the priorities of ALCONIX. The dividend forecast for FY3/22 has been revised based on the stance of continuing earnings distributions while retaining earnings at a certain level for investments for growth.

	End of Sep. 2021 (Interim dividend)	End of Mar. 2022 (Year-end dividend)	FY3/22 dividend forecast
FY3/22	24 yen (3 yen increase)	24 yen (3 yen increase)	48 yen/share (6 yen increase)
Previous (Ref.)	21 yen	21 yen	42 yen/share

Establishment of a Corporate Venture Capital (Announced on August 24, 2021)

ALCONIX has decided to establish a corporate venture capital fund and a subsidiary to manage this fund. The fund will make investments in start-up and other companies and businesses in advanced material rapidly growing business sectors and with activities involving materials and manufacturing. Resources of the ALCONIX Group will be used to support the growth of these companies and businesses and their ideas and technologies will be used for the addition of new businesses and further growth of the group.

Company Overview

- Company name: ALCONIX VENTURES CORPORATION
- Representative: Takumi Suzuki, President (ALCONIX director)
- Business: Investments and investment fund management

Overview of CVC Fund

- Name: Alconix Global Innovation Fund Limited Partnership
- Establishment: November 2021 (tentative)
- Assets: 3,000 million yen (Using capital calls)
- Partners: ALCONIX CORPORATION (Limited partner)
ALCONIX VENTURES CORPORATION (General partner)
- Period: 10 years (can be extended)

2Q FY3/22 Financial Results

Consolidated performance (2Q FY3/22)

Financial results

- **Sales:** Sales were higher than one year earlier. The transaction volume of semiconductor and electronic materials increased due to progress with vaccines in Japan and other countries and a rebound in economic activity. Strong demand in the automobile sector also contributed to sales.
- **Earnings:** Earnings were higher at all levels because of higher earnings in all businesses as sales increased and dividends and other non-operating income also contributed to the growth in earnings.

	2Q FY3/21	2Q FY3/22		Change
		% to sales		
Net sales	*46,103 (96,147)	74,572		61.8%
Gross profit	8,616	12,708	17.0%	47.5%
SG&A expenses	6,156	7,086	9.5%	15.1%
Operating profit	2,459	5,621	7.5%	128.6%
Ordinary profit	2,495	6,060	8.1%	142.9%
Profit attributable to owners of parent	1,212	4,525	6.1%	273.2%
Comprehensive income	1,496	6,429	-	-
Net income per share	47.89	180.70	-	-

(Unit: million yen)

Semiconductor/IT sector sales were steady and automotive sales rapidly recovered.

Net sales
[Increase]
(T) Battery materials, electronic materials (for smartphones, etc.)
(T) Rare earths (for magnetic materials)
(T) Aluminum rolled products, copper products, non-ferrous materials
(M) Precision metal stamped parts
(M) Plating materials, welding rods, cashew resin
(M) Carbon brushes
(M) Precision machining processing parts (for semiconductor manufacturing equipment, etc.)
[Net increase]
(M) Metal processing parts for air conditioners
[Decrease]
(T) Titanium products
(M) Precision grinding processing parts (semiconductor chip mounting equipment)

Operating profit and ordinary profit increased due to the benefit of improved earnings in the FY3/22 first half

[Gross profit]
Strong semiconductor and electronic material demand as well as an increase in automotive sector demand due to a global rapid recovery contributed to higher sales for the entire group.

[Operating profit, ordinary profit, profit attributable to owners of parent]
In addition to higher earnings due to an increase in sales, non-operating income such as dividend income and foreign exchange gains contributed to higher earnings at all levels.

* ALCONIX has applied the Accounting Standard for Revenue Recognition from the first quarter of FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Operating segment information (2Q FY3/22 net sales/segment profit) Financial results

•Trading—Electronic and Advanced Materials

The transaction volume of electronic and battery materials was strong for IT and semiconductor applications and the transaction volume of minor metals and rare earths increased partially due to strong demand in the automotive sector.

•Trading—Aluminum and Copper Products

In the products sector, the transaction volume of rolled aluminum products and copper products increased year on year. The transaction volume of titanium and new materials for export was low. In the resources sector, the transaction volume of aluminum resources and copper scrap were strong for the automotive sector.

•Manufacturing—Equipment and materials

Demand was strong in the automotive sector for plating materials, carbon brushes for small motors, cashew resin and welding rods. Strong shipments of non-destructive testing equipment, marking equipment and chemicals also contributed to sales and earnings.

•Manufacturing—Metal processing

Sales of precision machining processing parts were strong. Shipments of precision grinding processing parts were down because customers reduced output. Sales of precision metal stamped parts were strong because of the continued recovery in automotive sector demand. Demand for metal processed parts for air conditioning equipment was strong in Japan.

		2Q FY3/21			2Q FY3/22				
		(Based on the previous standard)	(Based on the new standard)	Comp.	Comp.	Change (amount)	Change (%)		
Net sales	Trading	Electronic and advanced materials	22,504	7,692	16.7%	15,105	20.3%	7,412	96.4%
		Aluminum and copper products	52,024	16,946	36.7%	28,774	38.6%	11,828	69.8%
		Trading total	74,528	24,638	53.4%	43,880	58.9%	19,241	78.1%
	Manufacturing	Equipment and materials	11,219	11,065	24.0%	16,940	22.7%	5,875	53.1%
		Metal processing	10,399	10,399	22.6%	13,752	18.4%	3,352	32.2%
		Manufacturing total	21,618	21,464	46.6%	30,692	41.1%	9,227	43.0%
Total		96,147	46,103		74,572		28,469	61.8%	

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

		2Q FY3/21			2Q FY3/22				
				Comp.	Comp.	Change (amount)	Change (%)		
Segment profit	Trading	Electronic and advanced materials		726	29.1%	1,939	32.0%	1,212	166.8%
		Aluminum and copper products		414	16.6%	1,464	24.2%	1,049	253.0%
		Trading total		1,141	45.8%	3,404	56.2%	2,262	198.1%
	Manufacturing	Equipment and materials		-118	-4.7%	738	12.2%	857	-
		Metal processing		1,460	58.5%	1,900	31.4%	440	30.2%
		Manufacturing total		1,341	53.8%	2,639	43.6%	1,298	96.8%
Total			2,495		6,060		3,565	142.9%	

Note 1. Segment profit is based on ordinary profit.

Note 2. Elimination or corporate for segment profit:

2Q FY3/22 : 17
2Q FY3/21 : -2

Electronic and advanced materials (ALCONIX, AMJ, overseas subsidiaries)

Financial results

(Unit: million yen)

	2Q FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	15,105	7,412	96.4%	20.3%
Segment profit	1,939	1,212	166.8%	32.0%
Segment profit to net sales	12.8%		3.4%	

Sales of major products (YoY change)

Materials used in electronic components for smartphones: Increase
 Battery materials (for smartphones and IT devices): Increase
 Nickel ingots (for melting): Increase
 Minor metals (nickel, tungsten, etc.): Increase
 Rare earths: Increase

[Electronic materials and advanced materials]

- The transaction volume of materials used in smartphones and tablets was strong because of the faster pace of digital shift and the widespread use of remote work.
- Demand for nickel used in electronic materials was firm and the transaction volume of materials used for automotive applications increased due to a rapid recovery in automotive sector demand.

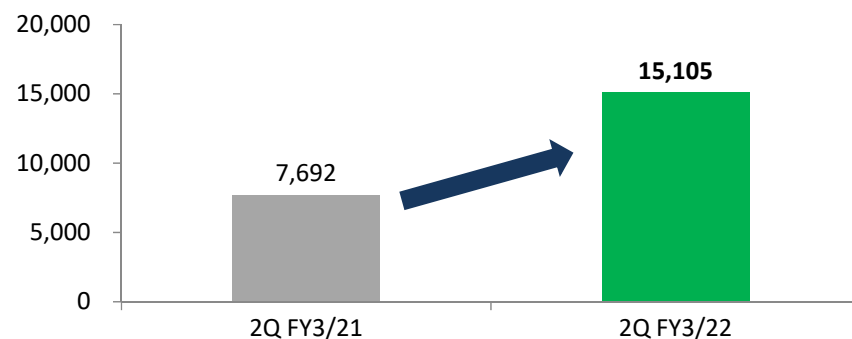
[Minor metals and rare earths]

- Transaction volume improved for rare earths used in magnetic materials due to strong automobile sector demand.

* Segment sales and earnings decreased because this segment no longer includes the titanium and new materials category, which was moved to the aluminum and copper products segment beginning with 1Q FY3/22.

Net Sales

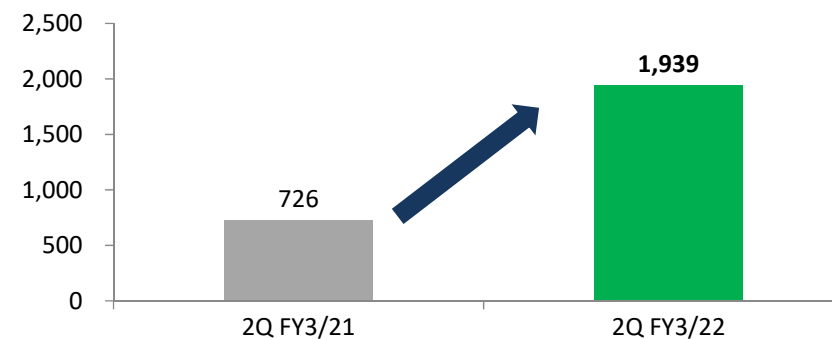
(Unit: million yen)



Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Segment Profit

(Unit: million yen)



Aluminum and copper products

(ALCONIX, HEIWA KINZOKU, three domestic sales subsidiaries, overseas subsidiaries) Financial results

(Unit: million yen) [Products]

	2Q FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	28,774	11,828	69.8%	38.6%
Segment profit	1,464	1,049	253.0%	24.2%
Segment profit to net sales	5.1%		2.7%	

- The trading volume of aluminum rolled products and copper products remained strong as automotive companies continue to require these products to raise production of electric vehicles, reduce vehicle weight and use more electronic components and the automotive sector demand recovered rapidly.
- As people made more purchases from home and increased remote work amid the COVID-19 pandemic, the transaction volume increased for aluminum beverage can and semiconductor materials for PCs and other IT products.
- The trading volume of titanium and nickel products was low as export of these products was sluggish due to the impact of COVID-19.

[Resources]

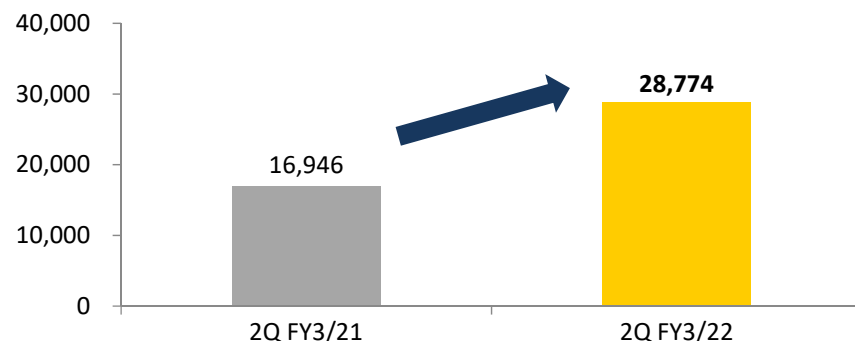
- The transaction volume of aluminum resources, including our mainstay recycled aluminum ingots, and copper scrap significantly increased from one year earlier because of a rapid recovery of automotive sector demand.
- * Segment sales and earnings increased because the titanium and new materials category was moved from the electronic and advanced materials segment to this segment beginning with 1Q FY3/22.

Sales of major products (YoY change)

Copper scrap: Increase
 Recycled aluminum ingots: Increase
 Titanium (pure titanium, alloys): Decrease
 Metal silicon: Increase
 Aluminum rolled products, can materials: Increase
 Zinc ingots: Decrease

Net Sales

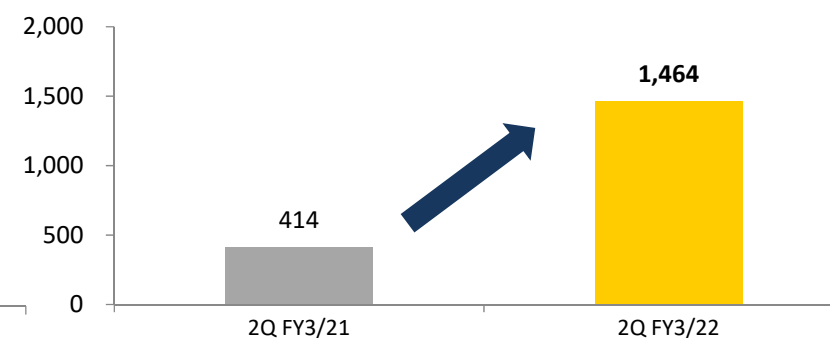
(Unit: million yen)



Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Segment Profit

(Unit: million yen)



Equipment and materials

(UHI, MARKTEC, TOKAI YOGYO, Tohoku Chemical Industries, Fuji Carbon)

Financial results

(Unit: million yen)

	2Q FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	16,940	5,875	53.1%	22.7%
Segment profit	738	857	-	12.2%
Segment profit to net sales	4.4%			

Note: Profit amount and ratio are not stated because segment loss was recorded in 2Q FY3/21

Sales of major products (YoY change)

(Materials) Plating materials (copper anode, nickel sulfate, etc.): Increase

(Materials) Mold building-up welding rods/Thermal spraying: Increase

(Equipment) Non-destructive testing equipment and marking systems (equipment): Increase

(Materials) Cashew resin, radio wave absorbing materials: Increase

(Materials) Carbon brushes for small motors: Increase

[Materials]

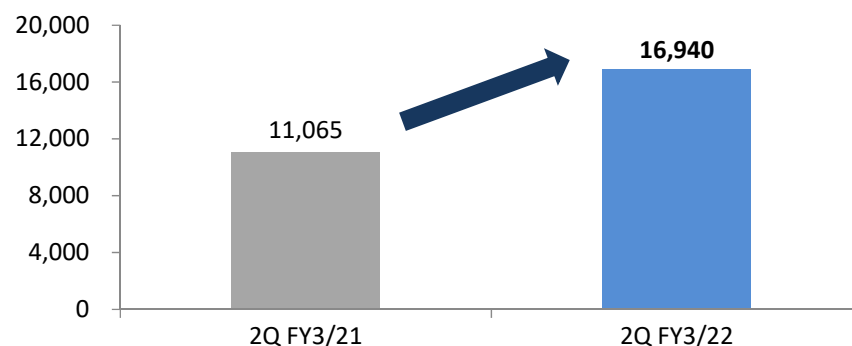
- Shipments of plating materials increased in the U.S. and China, mainly in the electronic materials and automotive sectors, as the economies of these countries recover rapidly.
- Shipments of cashew resin and welding rods were strong because demand for these products recovered rapidly in the automotive sector.
- Shipments of carbon brushes for small motors were strong for automotive and industrial machinery applications. Earnings were much higher in Japan and at group companies in China and other countries.

[Equipment]

- For non-destructive testing equipment and marking systems, shipments of large marking systems to steel companies in Japan and paint and other consumables made a contribution to sales and earnings.
- The rapid recovery of demand involving automobiles, which plummeted in the first half of FY3/21 because of the pandemic, contributed to the improvement in earnings.

Net Sales

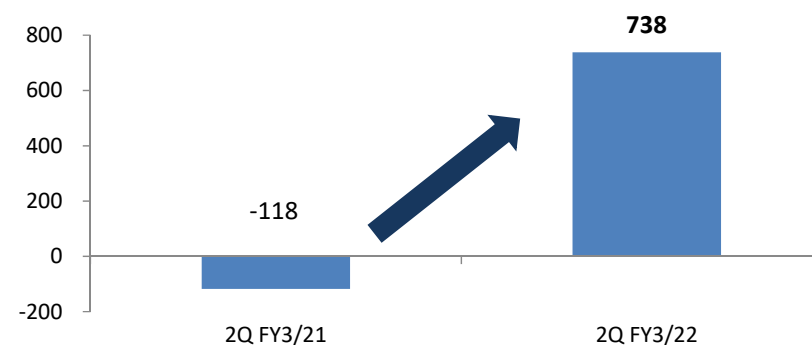
(Unit: million yen)



Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Segment Profit

(Unit: million yen)



Metal processing

(OHKAWA, OHBA SEIKEN, FUJI PRESS, Fujine Sangyo, equity-method affiliates)

Financial results

(Unit: million yen)

	2Q FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	13,752	3,352	32.2%	18.4%
Segment profit	1,900	440	30.2%	31.4%
Segment profit to net sales	13.8%		-0.2%	

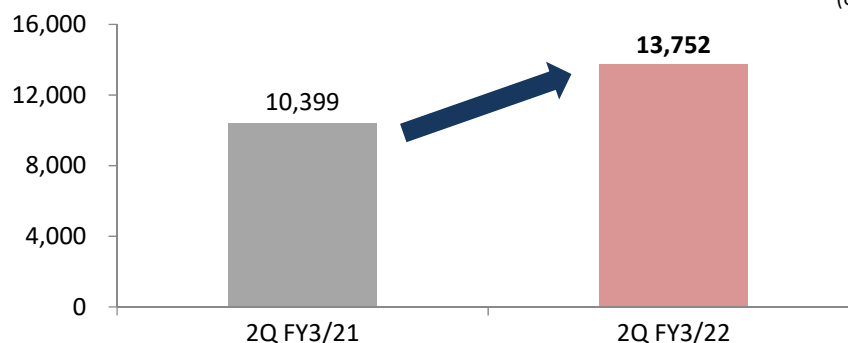
- Shipments of precision machining processing parts for semiconductor manufacturing equipment increased because of the growth of remote work and the strong automotive sector demand.
- Although demand for semiconductor chip mounting equipment was consistently firm, shipments of precision grinding processing parts were lower than one year earlier because customers reduced output due to the semiconductor shortage.
- Shipments of precision metal stamped parts were high due to a rapid recovery in automotive sector demand in Japan and other countries.
- There was a large volume of domestic shipments of metal processed parts for air conditioning equipment. This includes Fujine Sangyo, which was added to the consolidated financial statements in January 2021. Net increase in sales at this company during 1Q FY3/22 fully contributed to consolidated sales and earnings.

Sales of major products (YoY change)

Precision machining processing parts (semiconductor manufacturing equipment, etc.): Increase
 Precision grinding processing parts (prototype items for automotive applications): Increase
 Precision metal stamped parts (for automotive powertrains, etc.): Increase
 Precision grinding processing parts (for semiconductor chip mounting equipment): Decrease
 Metal processed components used in air conditioning equipment: Net increase

Net Sales

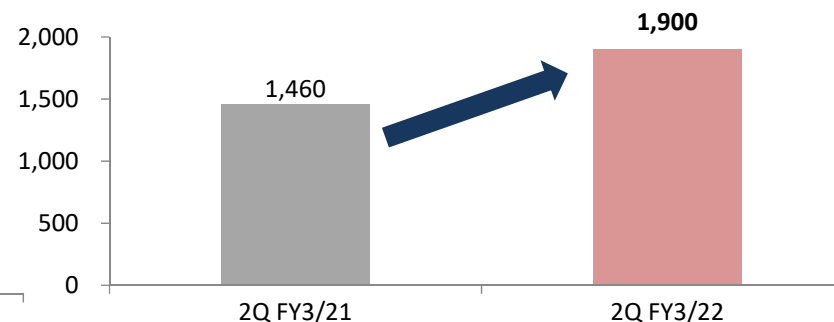
(Unit: million yen)



Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Segment Profit

(Unit: million yen)



Consolidated balance sheets (2Q FY3/22)

Financial results

(Unit: million yen)

	FY3/21	2Q FY3/22	Change	Major components
Current assets, total	106,604	120,671	14,066	
Cash and deposits	27,048	27,378	330	Free cash flow: -1,110 million yen
Operating receivables	49,752	54,700	4,947	Higher transactions (Trading segment)
Inventories	26,269	34,751	8,482	Higher transactions (Trading segment)
Non-current assets, total	41,313	42,177	864	
Property, plant and equipment	22,845	24,392	1,547	Purchase of property, plant and equipment at manufacturing subsidiaries, more consolidated subsidiaries in Trading segment
Intangible assets	5,671	5,262	-409	Amortization (including goodwill)
Investments and other assets	12,796	12,522	-274	Market value evaluation
Assets, total	147,917	162,848	14,930	
	FY3/21	2Q FY3/22	Change	Major components
Current liabilities, total	78,011	85,938	7,926	
Operating debt	34,418	40,316	5,898	Higher transactions (Trading segment)
Short-term borrowings	38,138	39,187	1,049	Increase in short-term loans and commercial papers
(including current portion of long-term borrowings/commercial papers/bonds payable)				
Non-current liabilities, total	26,533	27,907	1,373	
Bonds payable	475	400	-74	Transfer to the current portion
Long-term borrowings	20,509	21,825	1,316	Execution of long-term borrowings
Liabilities, total	104,545	113,845	9,300	
Shareholders' equity	38,646	42,544	3,898	
Retained earnings	34,352	38,185	3,833	Profit attributable to owners of parent – dividends paid
Accumulated other comprehensive income	4,153	5,970	1,817	
Shareholders' equity	42,800	48,515	5,715	Equity ratio: 29.8%
Net assets, total	43,372	49,002	5,630	
Liabilities and net assets, total	147,917	162,848	14,930	

*Change: Numbers may not tally exactly due to rounding.

Consolidated cash flows (2Q FY3/22)

Financial results

				(Unit: million yen)
	2Q FY3/22	Major items		2Q FY3/21
Operating cash flows	379			5,378
	6,337	Profit before income taxes		2,502
	2,011	Depreciation (including amortization of goodwill)		1,896
	-116	Increase (decrease) in provision for retirement benefits for directors (and other officers)		-377
	-	Share of profit of entities accounted for using equity method (K' MAC (shares sold in Dec. 2020), Guandon Chuangfu Metal Product)		-66
	-6,603	Working capital		3,007
		(Item)		
			2Q FY3/22	2Q FY3/21
		Decrease (increase) in trade receivables	-3,537	5,569
		Decrease (increase) in inventories	-7,732	1,687
		Increase (decrease) in trade payables	4,666	-4,249
	-992	Income taxes paid		-1,298
	-257	Other		-285
Investing cash flows	-1,471			-2,126
	-2,101	Purchase of property, plant and equipment and intangible assets (capital expenditures at manufacturing subsidiaries)		-1,518
	-19	Purchase of investment securities		-103
	501	Proceeds from sales of investment securities		1
	-	Purchase of shares of subsidiaries (Fujine Sangyo Dec. 2020)		-249
	-	Partial sales of shares of equity method affiliate (Dec. 2020)		-
	147	Other		-255
Financing cash flows	1,078			-1,157
	-1,293	Net decrease in short-term borrowings		-165
	1,345	Net increase in long-term borrowings		-350
	-74	Redemption of bonds		-74
	1,999	Proceeds from issuance of commercial papers		999
	-	Stock repurchase (Period for repurchase: Apr. to Oct. 2020 *Purchase completed on October 30, 2020)		-687
	-513	Cash dividends paid		-538
	-385	Other		-339
Effect of exchange rate change on cash and cash equivalents	-244			-180
Net increase (decrease) in cash and cash equivalents	-258			1,914
Cash and cash equivalents at beginning of period	26,002			21,595
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	679			-
Cash and cash equivalents at end of period	26,424			23,509
*Change: Numbers may not tally exactly due to rounding.				
Free cash flow	-1,092			3,252

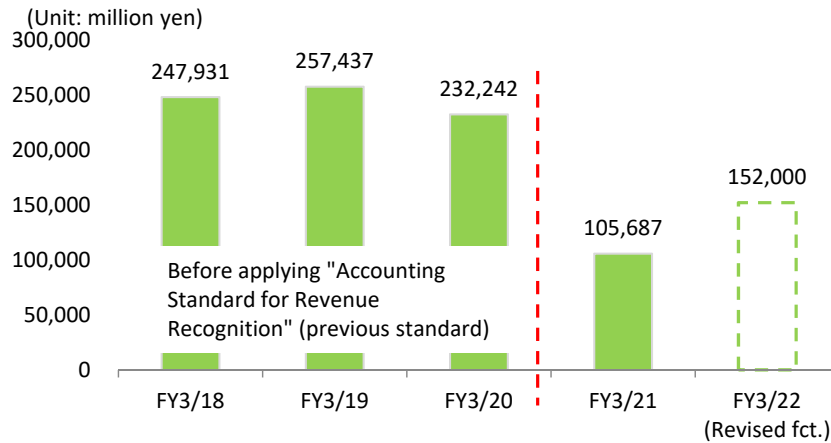
FY3/22 Earnings Forecasts

***Revised the full-year consolidated forecasts announced on August 6, 2021**
***“Accounting Standard for Revenue Recognition” has been applied from 1Q FY3/22**
(FY3/21 net sales have been restated in accordance with this new standard)

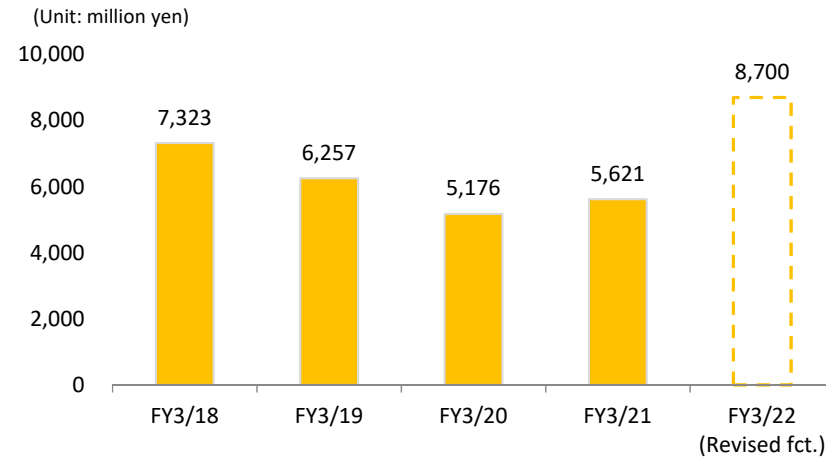
Trend in consolidated sales and earnings

Earnings forecast

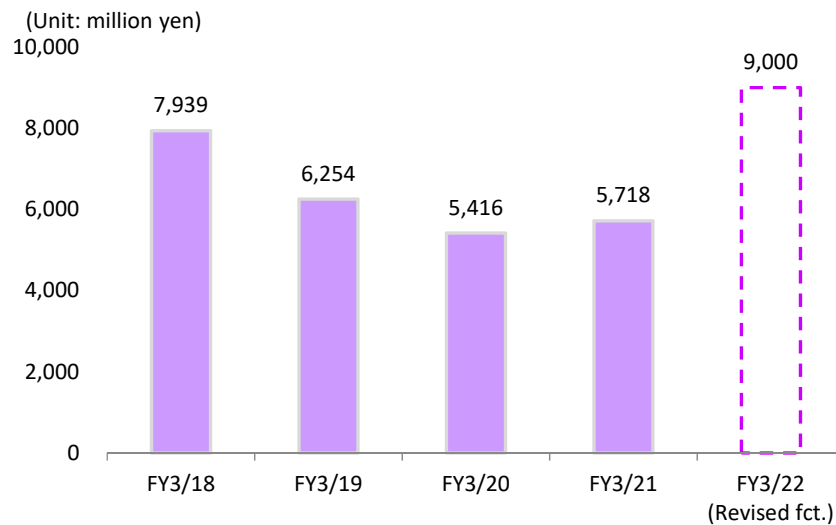
Net Sales



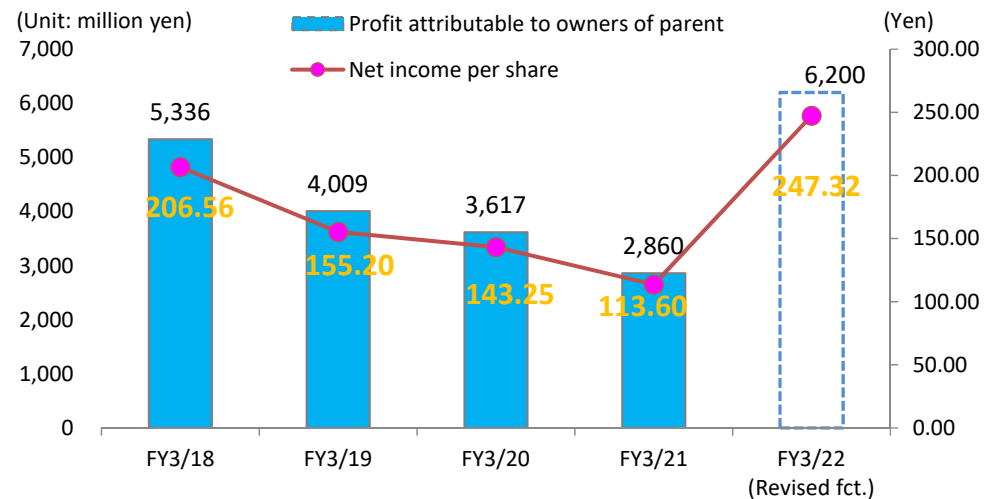
Operating Profit



Ordinary Profit



Profit Attributable to Owners of Parent



* Net income per share figures are adjusted to reflect the stock split on September 1, 2017.

Forecast for FY3/22

Earnings forecast

Economic activity is staging a full-scale recovery as more people worldwide receive COVID-19 vaccinations. Demand associated with semiconductors and electronic components used in smartphones and other IT products remains robust due to the growth of economic activity linked to the digital shift. Automobile production is continuing to climb in FY3/22 following the rapid recovery that began in the second half of 2020. The global semiconductor shortage caused by the rapid economic recovery and rising manufacturing output is affecting manufacturers of materials and parts. Companies are temporarily reducing output of semiconductor manufacturing equipment, automobiles, consumer electronics, industrial machinery and other products. There are also concerns about further aggravating supply chain congestion as customers build up inventory levels to secure the resources. Another issue is decreasing output of some resources and materials due to electricity supply problems in China. Shortages of these resources and materials are expected to hold down the output of automobiles, building materials and other products. As a result, there is uncertainty about the FY3/22 forecast.

(Unit: million yen)

	FY3/21		FY3/22		YoY change	FY3/22		YoY change	2Q FY3/22 (Results)	
	% to sales		(Revised forecasts on Aug. 6, 2021)	% to sales		(Revised forecasts on Nov. 5, 2021)	% to sales		Progress ratio	
Net sales	105,687		128,000		21.1%	152,000		43.8%	74,572	49.1%
Gross profit	18,571	17.6%	23,400	19.5%	26.0%	24,000	15.8%	29.2%	12,708	53.0%
SG&A expenses	12,949	12.3%	14,900	12.4%	15.1%	15,300	10.1%	18.1%	7,086	46.3%
Operating profit	5,621	5.3%	8,500	7.1%	51.2%	8,700	5.7%	54.8%	5,621	64.6%
Ordinary profit	5,718	5.4%	8,800	7.3%	53.9%	9,000	5.9%	57.4%	6,060	67.3%
Profit attributable to owners of parent	2,860	2.7%	6,000	5.0%	109.7%	6,200	4.1%	116.7%	4,525	73.0%
Net income per share (yen)	113.60		239.66			247.32			180.70	

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Forecasts by segment (FY3/22)

Earnings forecast

• Trading—Electronic and Advanced Materials

The transaction volume of materials and parts for smartphones and tablets and of semiconductor electronic materials is expected to remain high as the speed of the digital shift increases because of the launch of 5G and growth of telework. We also expect growth of the transaction volume of minor metals and rare earths, mainly for magnetic materials used in automobiles. But there are concerns about reduced IT product and automobile output due to the global semiconductor shortage.

• Trading—Aluminum and Copper Products

Forecast a consistently high transaction volume for products and resources because of the rapid recovery in automotive sector demand that started in the second half of 2020 and strong demand for electronic materials.

• Manufacturing—Equipment and Materials

Shipments of plating materials and carbon brushes are expected to remain high because of the growth of demand in the automotive sector, primarily in the strong markets of the U.S. and China. Although orders for non-destructive testing equipment and marking systems are currently improving, this improvement is expected to contribute to sales and earnings starting in FY3/23. Orders for chemical products used for testing and marking are increasing slowly but there are concerns about the rising cost of raw materials.

• Manufacturing—Metal Processing

Forecast more growth of sales of precision metal processing parts due to the high level of demand for semiconductors, meanwhile semiconductor shortage still would be the concerning issues for low shipments. Forecast the large volume of precision metal stamped parts shipments to continue due to growing automotive sector demand. Shipments of metal processed parts for air conditioning equipment are expected to remain strong as demand in Japan involving this equipment recovers.

(Unit: million yen)

		FY3/21		FY3/22		Change (%)	2Q FY3/22 (Results)			
			Comp.	(Revised forecasts on Nov. 5, 2021)	Comp.		Comp.	Progress ratio		
Net sales	Trading	Electronic and advanced materials	21,594	20.4%	31,000	20.4%	43.6%	15,105	20.3%	48.7%
		Aluminum and copper products	37,699	35.7%	59,000	38.8%	56.5%	28,774	38.6%	48.8%
		Trading total	59,294	56.1%	90,000	59.2%	51.8%	43,880	58.8%	48.8%
	Manufacturing	Equipment and materials	24,392	23.1%	34,400	22.6%	41.0%	16,940	22.7%	49.2%
		Metal processing	22,000	20.8%	27,600	18.2%	25.5%	13,752	18.4%	49.8%
		Manufacturing total	46,392	43.9%	62,000	40.8%	33.6%	30,692	41.1%	49.5%
Total	105,687		152,000		43.8%	74,572		49.1%		
Segment profit	Trading	Electronic and advanced materials	1,699	29.7%	2,860	31.8%	68.3%	1,939	32.0%	67.8%
		Aluminum and copper products	530	9.3%	2,120	23.5%	299.7%	1,464	24.2%	69.1%
		Trading total	2,229	39.0%	4,980	55.3%	123.4%	3,404	56.2%	68.4%
	Manufacturing	Equipment and materials	333	5.8%	1,200	13.3%	259.9%	738	12.2%	61.6%
		Metal processing	3,159	55.2%	2,820	31.4%	-10.7%	1,900	31.4%	67.4%
		Manufacturing total	3,492	61.0%	4,020	44.7%	15.1%	2,639	43.6%	65.7%
Total	5,722		9,000		57.3%	6,043		67.1%		

* Change: Numbers may not tally exactly due to rounding.

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition beginning with 1Q FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons.

Medium-term Business Plan

for the Three-year Period from FY3/22 to FY3/24

Our three-year business plan is a “rolling-style” business plan updated once a year to adapt to changes in the business environment and promote speedier decision-making.

***Revised the FY3/22 consolidated forecasts announced on August 6, 2021**
Target figures in the medium-term business plan are unchanged

Mission: Draw the future of our dreams

**Management principles
(Code of conduct, values)**

- Medium-term Management Policy "Vision" -

Become an integrated company that combines trading and manufacturing capabilities

(1) Creating a prosperous society through our businesses

(2) Creating a sustainable and recycling-oriented society

(3) Creating new value through the convergence of trading and manufacturing capabilities

(4) Upgrading of corporate governance and improving operations

Priority issues

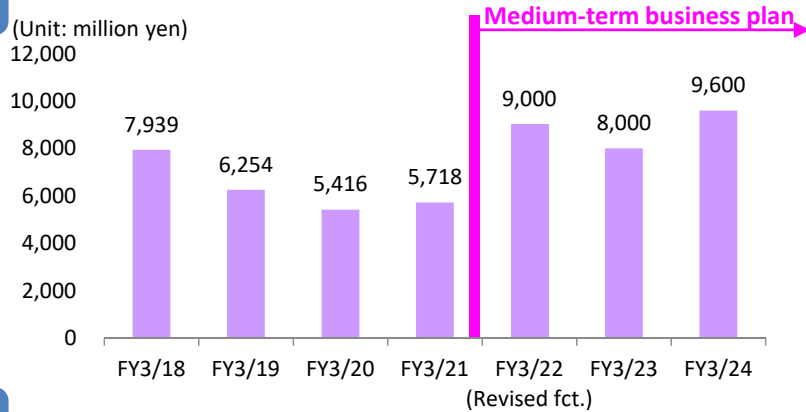
Action plan

Performance targets (final year: end-March 2024)

Medium-term business plan

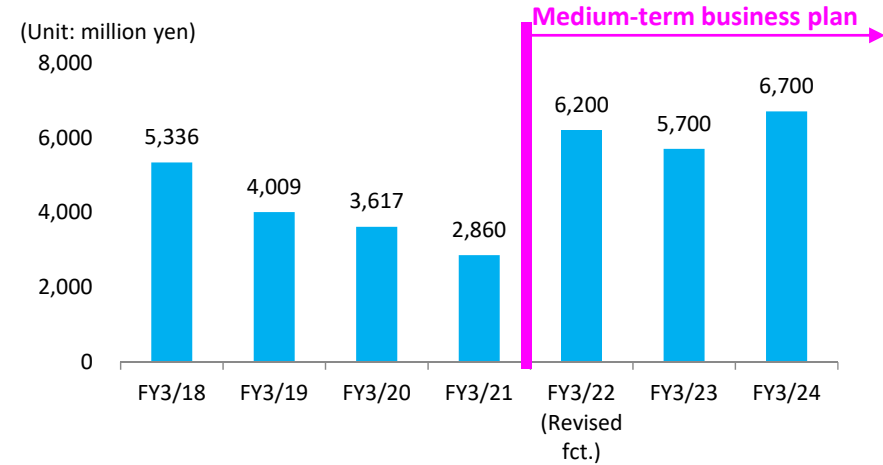
Profit targets

Consolidated ordinary profit: Over ¥9.6 billion (FY3/24)



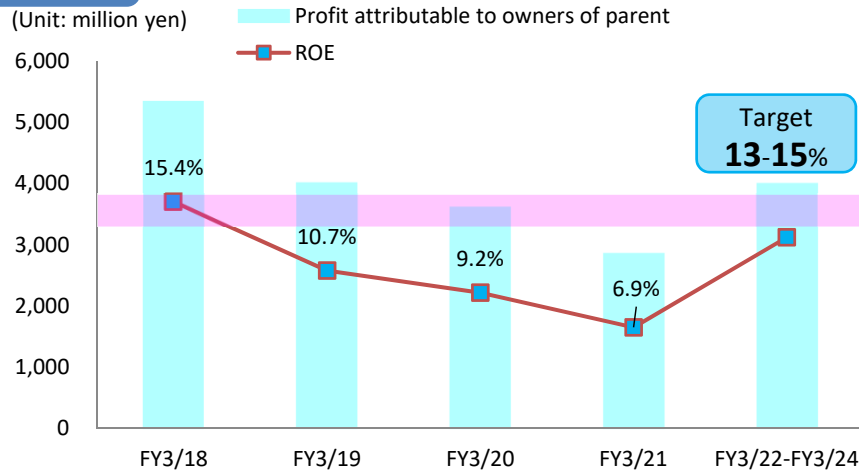
Profit attributable to owners of parent:

Over ¥6.7 billion (FY3/24)

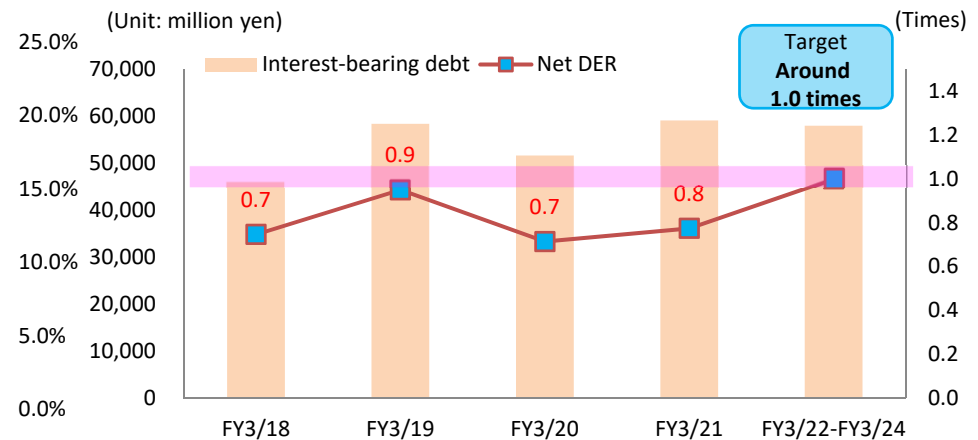


Management benchmarks

ROE: Around 13-15% (FY3/24)



NetDER: Around 1.0 (FY3/24)



Investment plans

¥25 to ¥30 billion over three years

Target: M&As (including investments currently under consideration) business investments; net capital expenditure (capital expenditure – depreciation)

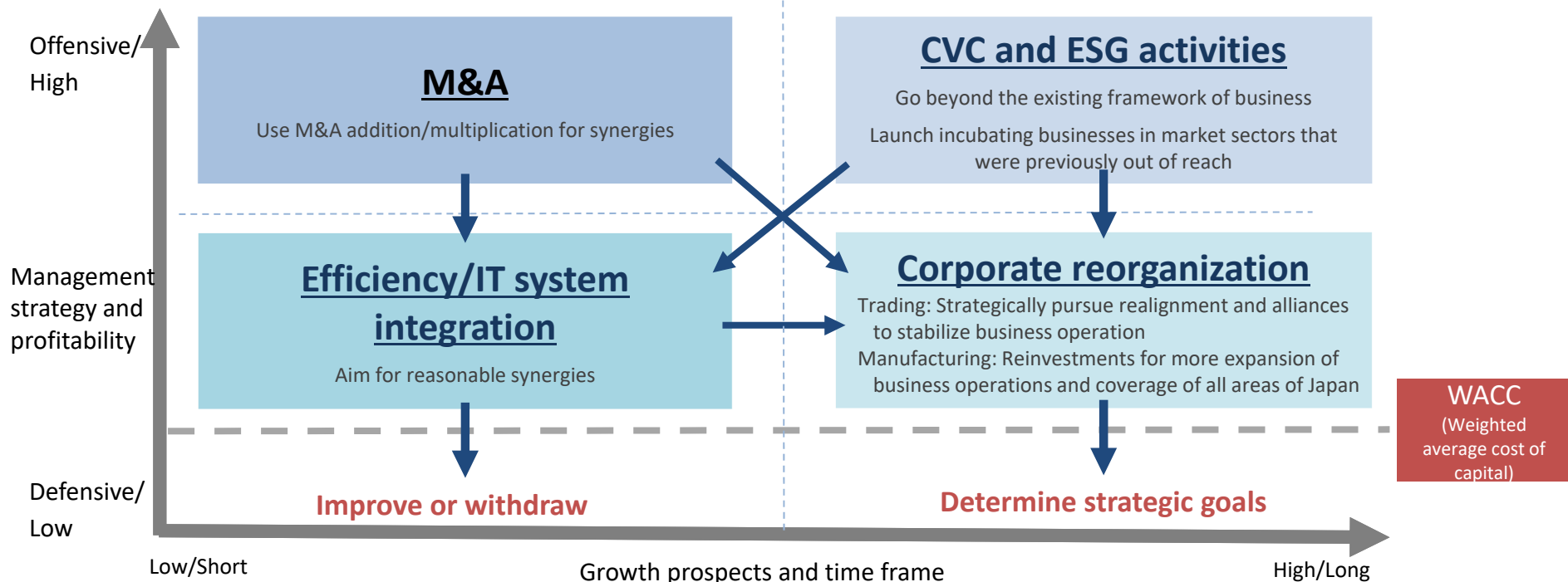
Issues	Actions and Performance
<p>Reinforce the financial structure</p>	<p>ROE: Avg. of the past 5 years: 10.5%</p> <p>NetDER: Avg. of the past 5 years: 0.7 level</p>
<p>Upgrade the skills of employees</p>	<p>Internal CPAs (including tax accountants): 7 Internal attorneys</p> <p>There are also specialists in these and other fields at group companies</p>
<p>Improve and strengthen governance</p>	<p>Appointment of director to oversee internal controls</p> <p>-----</p> <p>Started continuous compliance training (e-learning) at ALCONIX and group companies and other activities</p>

Rebuild the investment strategy

Market environment for the ALCONIX Group remains uncertain because of the COVID-19 pandemic. We will continue to seek M&A opportunities for business growth and the creation of the Group's next core markets and businesses. We are considering the establishment of a corporate venture capital (CVC) operation for the purpose of using new business channels, market sectors and materials to acquire more opportunities for growth.

- a. CAPEX to raise output of manufacturing subsidiaries; start using automated systems and other advances to improve productivity
- b. In the environmental business sector, strengthen operations through investments and loans. In addition to the aluminum and copper scrap yard operations in Japan, operate a global recycling business that includes materials from base metals to minor metals and rare earths.
- c. Emphasis on the return on invested capital (ROIC) as the KPI for investments.

ALCONIX Group Investment Strategy Portfolio



Our core strategies for investment activities are as follows: **M&A**, which is effective for **short-term business expansion**; **business investments** in metals processing and others to **develop new trade channels**; and **investments** in recycling and other projects to secure natural resources.

Major consolidated subsidiaries added to the ALCONIX Group through M&As



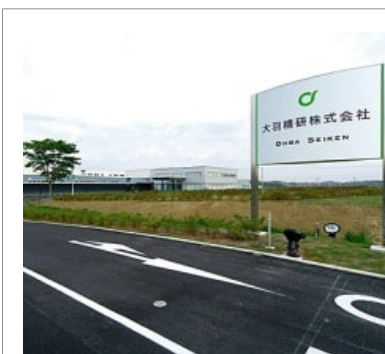
■ **ADVANCED MATERIAL JAPAN CORPORATION**
Trading—Electronic and Advanced Materials (January 2004)



■ **HEIWA KINZOKU CO., LTD.**
Trading—Aluminum and Copper Products (October 2015)



■ **UNIVERTICAL HOLDINGS INC.**
Manufacturing—Equipment and Materials (December 2012)



■ **OHBA SEIKEN CO., LTD.**
Manufacturing—Metal Processing (May 2013)

M&As 19 cases (actual)
(Manufacturing segment: 10 cases Trading segment: 9 cases)

Recent activities

■ **Fujine Sangyo Co., Ltd. (Manufacturing— Metal Processing)**

Date of stock acquisition: December 3, 2020
Manufactured products: Air conditioning and freezer components, automotive parts, IT product components and tubes
Company size: Head office (Shizuoka Pref.) Overseas base (Thailand)



Head office

■ **Fuji Carbon Manufacturing Co. (Manufacturing—Equipment and Materials)**

Date of stock acquisition: February 4, 2019
Manufactured products: Carbon brushes for small motors
Company size: Head office (Aichi Pref.), Overseas bases (China, Taiwan, Vietnam, India)



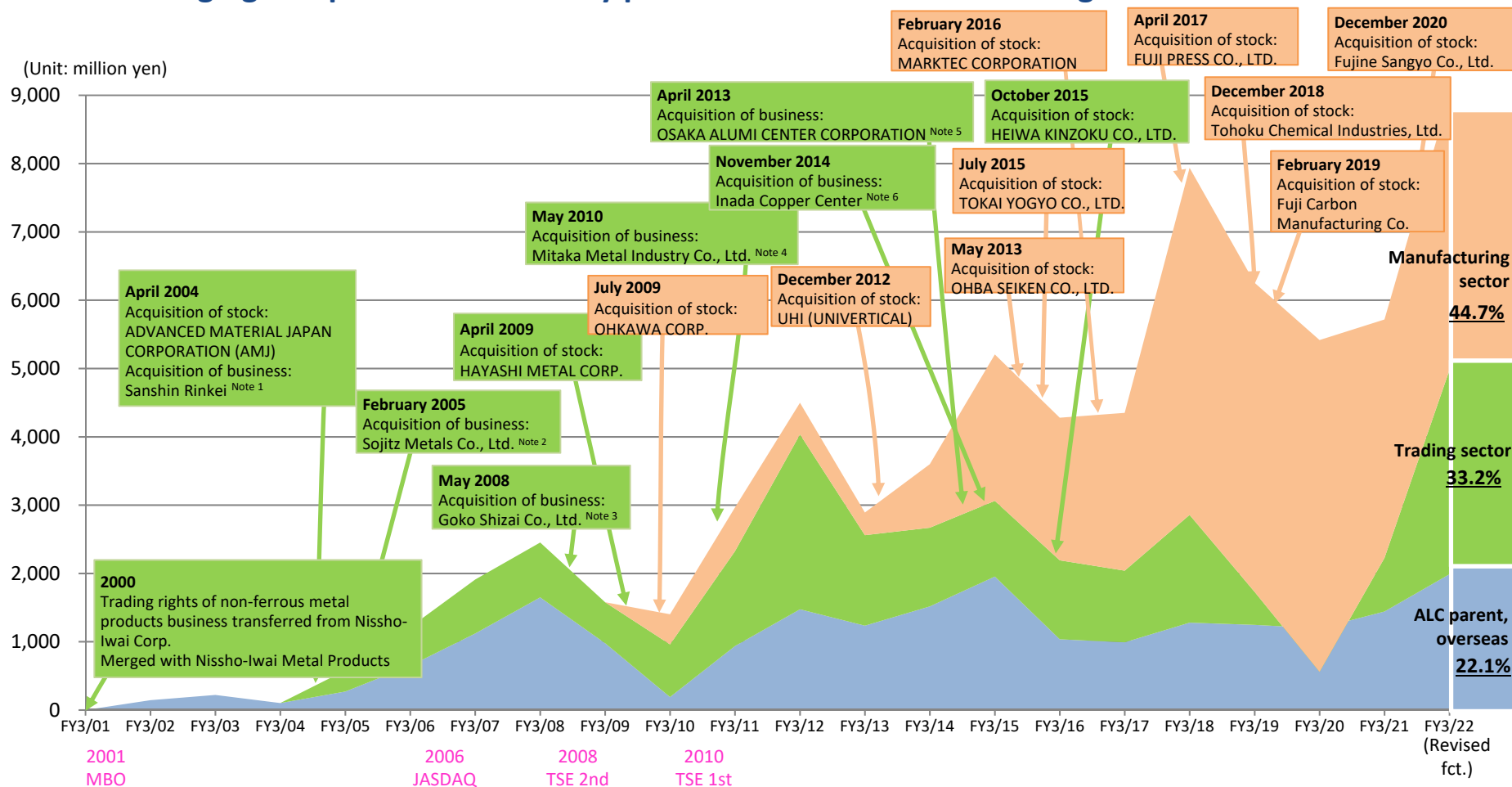
Sugaiké factory

Action plan | A new stance for investment activities

(Changes in business composition)

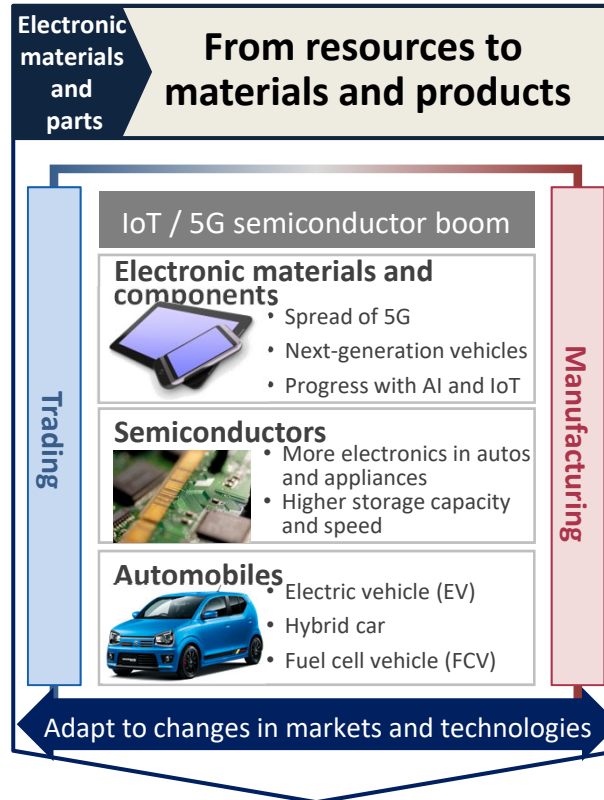
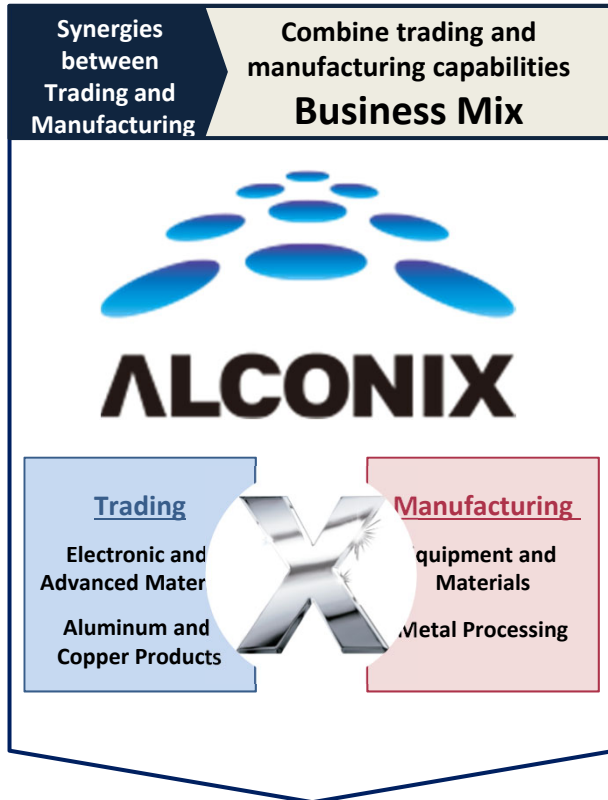
Medium-term business plan

The changing composition of ordinary profit shows how ALCONIX has grown and evolved.



- Notes:
1. Sanshin Rinkei started as a division of ALCONIX Group which acquired its operation. Later the division was separated to establish ALCONIX SANSHIN CORPORATION in 2008.
 2. Sojitz Metals Co., Ltd. has started as a non-ferrous materials division of ALCONIX Group.
 3. Goko Shizai Co., Ltd. was established as Sapporo branch of materials sales dept. through mergers and acquisitions by ALCONIX SANSHIN CORPORATION.
 4. Acquired trading rights of Mitaka Metal Industry Co., Ltd. and transferred the rights to newly established ALCONIX*MITAKA CORPORATION.

5. OSAKA ALUMI CENTER CORPORATION changed its name to ALUMINUM & COPPER RECYCLING CENTER CORPORATION in 2014.
6. Inada Copper Center started its operation as Kitakyushu branch of ALUMINUM & COPPER RECYCLING CENTER.
7. M&As in the Manufacturing sector includes earnings of equity-method affiliates.
8. Reported only unconsolidated ordinary loss for FY3/01.
9. Reported ordinary loss (-4.8%) in the Trading sector for FY3/20.



Stronger (1)

Strengthen operating revenue by creating synergies between Trading and Manufacturing

- **Adequate liquidity**
Maintain financial soundness
- **Customer info sharing**
More effective sales activities and provision of collaborative marketing solutions
- **Personnel/technology interaction**
Strengthen and expand business operations

Stronger (2)

Continue making three growth sectors **stronger**

- **Three market sectors have been a major source of the rapid growth of the ALCONIX Group**
 - ◆ Electronic materials and components
 - ◆ Semiconductors
 - ◆ Automobiles

Stronger (3)

Expand the ALCONIX Group **network**

- **Local transactions**
- **Trilateral business**
- **Overseas network**

Strengthen corporate infrastructure and internal control system

- Aim for more speedy and stronger internal control system through more effective use of the mission-critical system, including the use of BI/RPA
- Upgrade and improve the Group's accounting system
- Develop and expand BCP plans for telework and remote work in preparation for natural disasters and emergence of new infectious diseases and simultaneously consider system innovation
- Promote compliance education more broadly to enhance timely disclosure
- Implement post-merger integration of group companies which became a subsidiary through M&A and build a compliance system



	2010/3月期	2011/3月期	2012/3月期	2013/3月期
固定資産				
うち営業債権	28,629	30,670	31,778	32,440
うちたな卸資産	27,228	27,228	27,228	27,228
合計	20,995	20,995	20,995	20,995
流動負債				
うち投資有価証券	5,931	5,931	5,931	5,931
合計	2,065	2,065	2,065	2,065
うち営業債務	46,155	46,155	46,155	46,155
うち短期借入金	22,656	22,656	22,656	22,656
うち長期借入金	19,958	19,958	19,958	19,958
固定負債				
合計	6,261	6,261	6,261	6,261
うち長期借入金	4,587	4,587	4,587	4,587
うち社債	800	800	800	800
総資産	12,144	12,144	12,144	12,144



Our ESG/SDGs Initiatives

Aim to further increase corporate value by addressing ESG issues and fulfilling our social responsibilities.

| One Example of an ALCONIX Initiative

Environment

[Trading segment]

- Non-ferrous scrap recycling**



Highly recyclable aluminum and copper scrap materials are collected, recycled and sold to refining companies as renewable raw materials.


- Trading in minor metals and rare earths**




Sales of minor metals such as gallium, which is the main raw material for LEDs, and of the rare earths that are indispensable for the production of eco-cars and other hybrid vehicles.


- [Manufacturing segment]**
 - Manufacturing products using naturally derived raw materials**




Mainly using cashew particles extracted from cashew nut shells to manufacture friction control materials for automobile brakes.

* Manufactured by Tohoku Chemical Industries (Manufacturing - Equipment and Materials)



Governance





- Appointment of outside officers with diverse backgrounds and skills**


Realize further enhancement of corporate value by revitalizing the Board of Directors and making quick and accurate decisions. Six outside officers include corporate executives, a certified public accountant and a lawyer.
- Constructive dialogue with investors (improvement of IR) and enhancement of shareholder returns (continuous and stable dividends)**


Social






- Promoting the active participation of women in the workforce and strengthening the development of diversity and global human resources**

- Group company OHKAWA CORP. (Manufacturing - metal processing) selected as "COMPANIES DRIVING REGIONAL GROWTH"* by the Ministry of Economy, Trade and Industry**


→ **Recognized for regional employment and industrial development**

* A core company that has a great influence on the local economy, and is expected to grow, and lead the local economy.

The sustainability page of the ALCONIX website has been redesigned and updated.
<https://www.alconix.com/csr/alconix.html>



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.

