



Become an integrated company that combines
trading and manufacturing capabilities

ALCONIX CORPORATION

Listed on TSE Prime Market

Code 3036

Financial Results Materials
Fiscal Year Ended March 31, 2022

May 2022

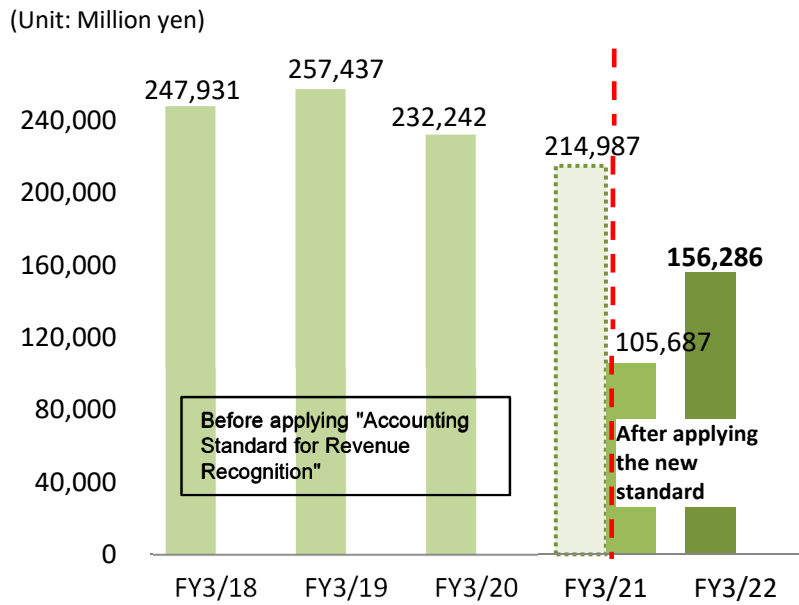
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Results highlights (FY3/22) Consolidated sales

Consolidated Sales

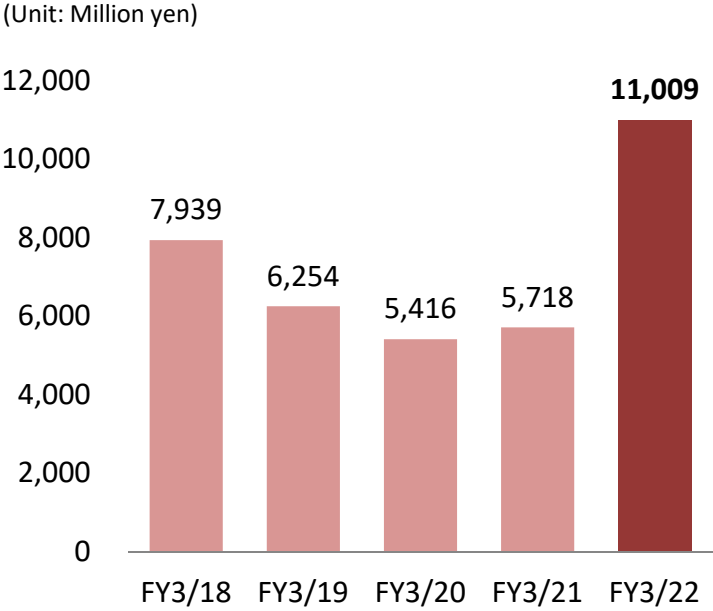


Note: ALCONIX has applied the Accounting Standard for Revenue Recognition from the beginning of FY3/22. FY3/21 sales under this new standard are also shown for reference. Sales in prior years use the previous revenue recognition standard.

Sales were higher across the entire ALCONIX Group by meeting the strong demand in the semiconductor, electronic components and automobile sectors

Results highlights (FY3/22) Consolidated ordinary profit

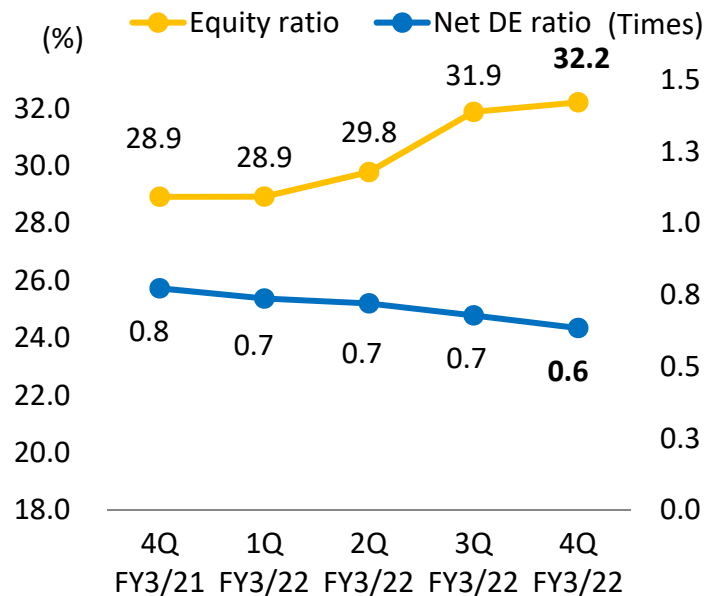
Consolidated Ordinary Profit



A big increase in earnings due to consolidated sales growth.

Results highlights (FY3/22) Major consolidated financial indicators

Major Consolidated Financial Indicators



Equity Ratio

Up 3.3 percentage points (YoY)

Higher retained earnings due to sales growth and capital increase mainly using a public offering in December 2021

Net debt equity ratio (NetDER)

0.6 times

NetDER remained below 1.0 as in the previous fiscal year

Topics

Reorganization

Restructuring of the Executive System (As of April 1, 2022)

The change in the organizational structure was implemented on April 1, 2022 to better separate the executive and supervisory functions. Mr. Hiroshi Teshirogi was newly appointed as President and COO.

Name of internal directors	Title
Masato Takei	Representative Director, Chairman and CEO
Hiroshi Teshirogi	Director, President and COO*
Takumi Suzuki	Director, Managing Executive Officer and CSO
Toshiya Imagawa	Director, Managing Executive Officer and CCO
Nobuhiko Takahashi	Director, Executive Officer and CFO

* Mr. Teshirogi, COO, will be named Representative Director at the meeting of the Board of Directors that follows the 41st Annual General Meeting of Shareholders to be held on June 22, 2022.

New market segment

Transition to TSE Prime Market

ALCONIX transitioned to the Prime Market on April 4, 2022 following the restructuring of the Tokyo Stock Exchange. The Prime Market has stricter listing maintenance standards than the former First Section of the Tokyo Stock Exchange. As a company listed on this market, we will further strengthen our ESG initiatives and promote constructive dialogue with investors.

Actions in preparation for transition to the Prime Market

- December 2021: Established Sustainability Committee/Promotion Office
- Initiatives for human resource development, health management, environmental protection (including climate change), etc.

See “Corporate Governance” on our website for details.
<https://www.alconix.com/en/company/governance.html>



TSE new market segments:
Effective from April 4, 2022

Prime

Standard

Growth

As the topmost market, companies listed on the Prime Market are required to have superior growth potential and be committed to high quality of corporate governance.

FY3/22 Financial Results

Consolidated performance (4Q FY3/22)

Financial results

- **Sales:** Sales were higher than one year earlier. There was an increase in the transaction volume of semiconductor and electronic materials. Strong demand in the automobile sector also contributed to sales growth.
- **Earnings:** Earnings were higher at all levels because of higher sales in a consolidated basis.

(Unit: million yen)

	FY3/21	FY3/22	
		% to sales	Change
Net sales	* 105,687 (214,987)	156,286	47.9%
Gross profit	18,571	25,767	16.5% 38.7%
SG&A expenses	12,949	14,746	9.4% 13.9%
Operating profit	5,621	11,020	7.1% 96.0%
Ordinary profit	5,718	11,009	7.0% 92.5%
Profit attributable to owners of parent	2,860	7,507	4.8% 162.4%
Comprehensive income	4,880	9,855	-
Net income per share	113.60	282.54	-

(Unit: yen)

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

Net sales
[Increase]
(T) Battery materials, electronic materials (for smartphones, etc.)
(T) Minor metals, rare earths (for magnetic materials)
(T) Aluminum rolled products, copper products, non-ferrous materials
(T) Titanium products
(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.)
(M) Metal processing parts for air conditioners
[Decrease]
(M) Precision grinding processing parts (semiconductor chip mounting equipment)

Ordinary profit increased due to higher sales

[Gross profit]
An increase in demand in the semiconductor, electronic materials and automotive sectors contributed to higher sales for the entire group.

[Operating profit, ordinary profit, profit attributable to owners of parent]
Achieved higher earnings at all levels due to higher sales in the entire ALCONIX Group.

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition from the beginning of FY3/22 and retroactively applied this standard to the prior fiscal year to facilitate direct comparisons. (The figure in parentheses is before applying this standard.)

Operating segment information (FY3/22 net sales/segment profit)

Financial results

•Trading—Electronic and Advanced Materials

Throughout the fiscal year, orders for electronic materials and secondary batteries were on a steady rise due to strong demand. Sales and earnings of minor metals and rare earths significantly increased because demand in the automotive sector continued to recover.

•Trading—Aluminum and Copper Products

Sales of both aluminum rolled products and copper products increased year-on-year due to the shift toward EVs and weight reduction of vehicles and the recovery of construction demand in Japan. The transaction volume of titanium and new materials for export increased year on year. In the resources sector, the transaction volume of copper, aluminum scrap and recycled aluminum ingots was strong.

•Manufacturing—Equipment and Materials

Shipments of plating materials increased significantly in the U.S. and China. Sales and earnings of carbon brushes also recovered due to higher demand in the automotive sector.

•Manufacturing—Metal Processing

Shipments of precision machining processing parts were strong for semiconductor manufacturing equipment. Shipments of precision grinding processing parts were weak. Metal processed parts remained strong due to higher demand in the automotive sector.

		FY3/21			FY3/22				
		(Based on the previous standard)	(Based on the new standard)	Comp.	Comp.	Change (amount)	Change (%)		
Net sales	Trading	Electronic and advanced materials	52,874	21,594	20.4%	33,712	21.6%	12,118	56.1%
		Aluminum and copper products	115,448	37,699	35.7%	59,614	38.1%	21,915	58.1%
		Trading total	168,322	59,294	56.1%	93,327	59.7%	34,033	57.4%
	Manufacturing	Equipment and materials	24,664	24,392	23.1%	35,775	22.9%	11,382	46.7%
		Metal processing	22,000	22,000	20.8%	27,184	17.4%	5,184	23.6%
		Manufacturing total	46,664	46,392	43.9%	62,959	40.3%	16,566	35.7%
Total		214,987	105,687		156,286		50,599	47.9%	

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

		FY3/21			FY3/22				
				Comp.	Comp.	Change (amount)	Change (%)		
Segment profit	Trading	Electronic and advanced materials		1,567	27.4%	4,273	38.8%	2,706	172.6%
		Aluminum and copper products		645	11.3%	2,032	18.5%	1,387	214.9%
		Trading total		2,213	38.7%	6,306	57.3%	4,093	184.9%
	Manufacturing	Equipment and materials		333	5.8%	1,245	11.3%	912	273.6%
		Metal processing		3,159	55.2%	3,449	31.3%	290	9.2%
		Manufacturing total		3,492	61.0%	4,695	42.6%	1,202	34.4%
Total			5,718		11,009		5,290	92.5%	

Note 1. Segment profit is based on ordinary profit.

Note 2. Elimination or corporate for segment profit

FY3/22 : 7

FY3/21 : 12

Electronic and advanced materials

(ALCONIX, AMJ, overseas subsidiaries)

Financial results

(Unit: million yen)

	FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	33,712	12,118	56.1%	21.6%
Segment profit	4,273	2,706	172.6%	38.8%
Segment profit to net sales	12.7%		+5.4%	

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 (tungsten, molybdenum, etc.): Increase

Rare earths (magnetic materials): Increase

[Electronic materials and advanced materials]

- The transaction volume of materials used in smartphones and tablets was strong throughout the fiscal year.
- Demand for nickel used in electronic materials was firm and the transaction volume of materials used for automotive applications increased.

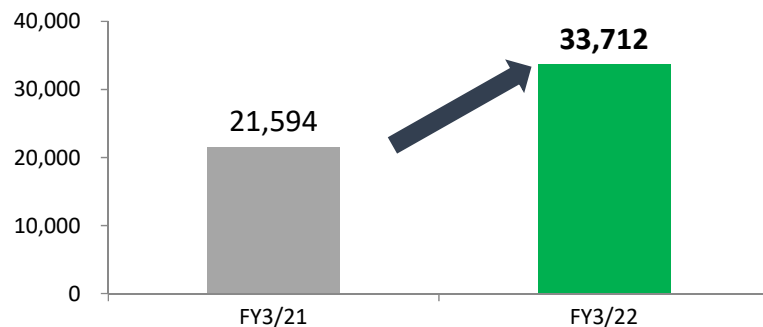
[Minor metals and rare earths]

- Sales of tungsten, molybdenum and other minor metals as well as for rare earths used in magnetic materials were strong partially due to a rise in market prices. Transaction volume improved for these materials due to demand in the automobile sector.

* 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.

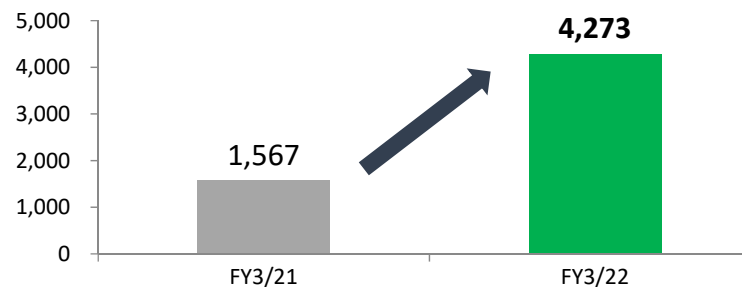
Net Sales

(Unit: million yen)



Segment Profit

(Unit: million yen)



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

Aluminum and copper products

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

Financial results

(Unit: million yen)

	FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	59,614	21,915	58.1%	38.1%
Segment profit	2,032	1,387	214.9%	18.5%
Segment profit to net sales	3.4%		+1.7%	

Sales of major products (YoY change)

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

[Products]

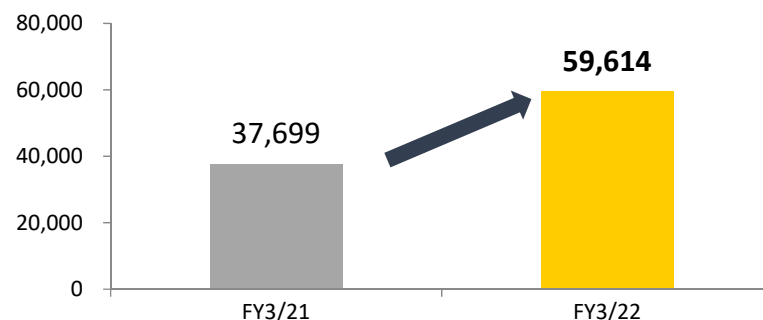
- The transaction volume of aluminum rolled products and copper products remained strong due to an increase in demand in the automotive sector and other reasons.
- As people made more purchases from home amid the COVID-19 pandemic, the transaction volume increased for aluminum beverage can. The growth of remote work increased the trading volume of semiconductor materials for PCs and other IT products.
- Exports of titanium and nickel products increased partially due to a recovery of the European economy.

[Resources]

- The transaction volume of aluminum resources, including our mainstay recycled aluminum ingots, and copper scrap significantly increased from one year earlier because of strong demand in the automotive sector as well as a rise in market prices.
- * 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.

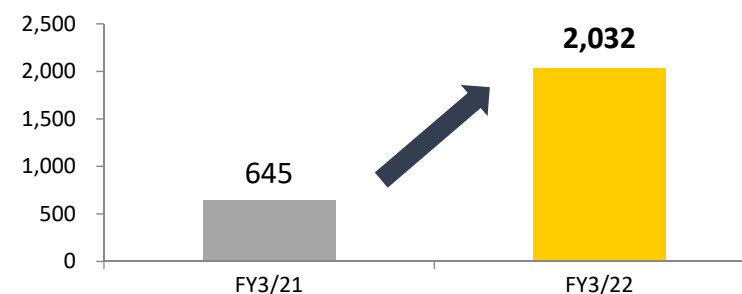
Net Sales

(Unit: million yen)



Segment Profit

(Unit: million yen)



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

Equipment and materials

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

Financial results

(Unit: million yen)

	FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	35,775	11,382	46.7%	22.9%
Segment profit	1,245	912	273.6%	11.3%
Segment profit to net sales	3.5%		+3.1%	

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: Increase

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

(Materials) Carbon brushes for small motors: Increase

[Materials]

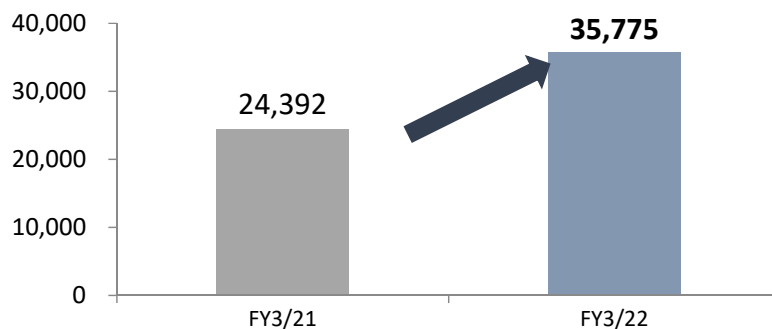
- Shipments of plating materials increased in the U.S. and China, mainly in the electronic materials and automotive sectors.
- Shipments of cashew resin and welding rods were steady because demand for these products increased in the automotive sector.
- Shipments of carbon brushes were strong mainly for automotive 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 and chemical products to steel companies increased in Japan and at overseas subsidiaries. Testing equipment in the construction industry made a contribution to sales and earnings.

Net Sales

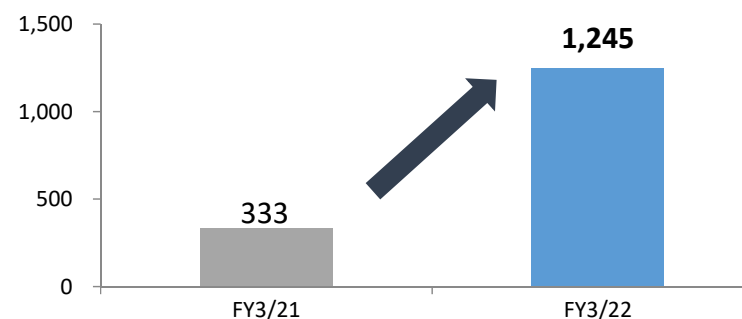
(Unit: million yen)



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Segment Profit

(Unit: million yen)



Metal processing

(OHKAWA, OHBA SEIKEN, FUJI PRESS, Fujine Sangyo)

(Unit: million yen)

	FY3/22	YoY change (Amount)	YoY change (Ratio)	Segment weighting
Net sales	27,184	5,184	23.6%	17.4%
Segment profit	3,449	290	9.2%	31.3%
Segment profit to net sales	12.7%		-1.7%	

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

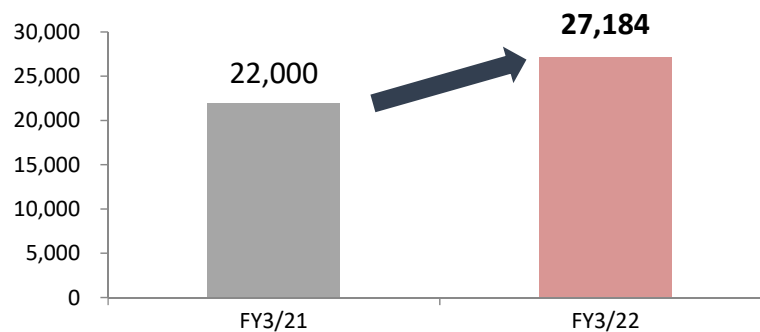
Precision grinding processing parts (for semiconductor chip mounting equipment): Decrease

Metal processed components used in air conditioning equipment: Net increase

- Shipments of precision machining processing parts for semiconductor manufacturing equipment increased.
- Shipments of precision grinding processing parts were lower than one year earlier because customers reduced output.
- Shipments of precision metal stamped parts were firm due to strong demand in the automotive sector in Japan and other countries.
- There was a steady domestic shipments of metal processed parts for air conditioning equipment.

Net Sales

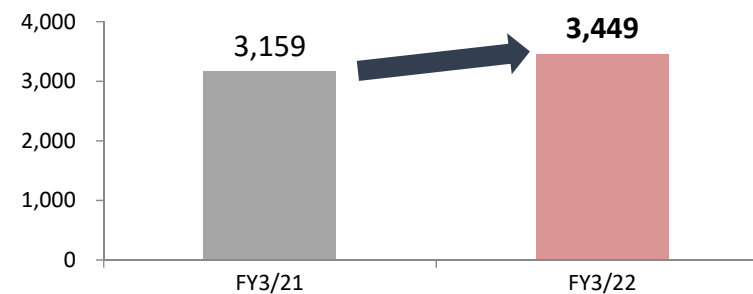
(Unit: million yen)



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Segment Profit

(Unit: million yen)



Consolidated balance sheets (4Q FY3/22)

Financial results

(Unit: million yen)

	FY3/21	FY3/22	Change	Major components
Current assets, total	106,604	135,119	28,515	
Cash and deposits	27,048	26,689	-358	Free cash flow: -6,586 million yen
Operating receivables	49,752	59,415	9,663	Higher transactions (Trading segment)
Inventories	26,269	43,666	17,397	Higher transactions (Trading segment)
Non-current assets, total	41,313	41,317	4	
Property, plant and equipment	22,845	25,061	2,216	Purchase of property, plant and equipment at manufacturing subsidiaries
Intangible assets	5,671	4,703	-968	Amortization (including goodwill)
Investments and other assets	12,796	11,553	-1,243	Market value evaluation
Assets, total	147,917	176,437	28,520	
	FY3/21	FY3/22	Change	Major components
Current liabilities, total	78,011	94,643	16,631	
Operating debt	34,418	43,408	8,990	Higher transactions (Trading segment)
Short-term borrowings	38,138	42,948	4,810	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	24,462	-2,071	
Bonds payable	475	325	-149	Transfer to the current portion
Long-term borrowings	20,509	18,525	-1,984	Loans
Liabilities, total	104,545	119,106	14,560	
Shareholders' equity	38,646	50,431	11,784	Public offering (Share capital + Capital surplus 5,508 million yen)
Retained earnings	34,352	40,563	6,210	Profit attributable to owners of parent – dividends paid
Accumulated other comprehensive income	4,153	6,386	2,233	
Shareholders' equity	42,800	56,817	14,017	
Net assets, total	43,372	57,331	13,959	
Liabilities and net assets, total	147,917	176,437	28,520	

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

Consolidated cash flows (4Q FY3/22)

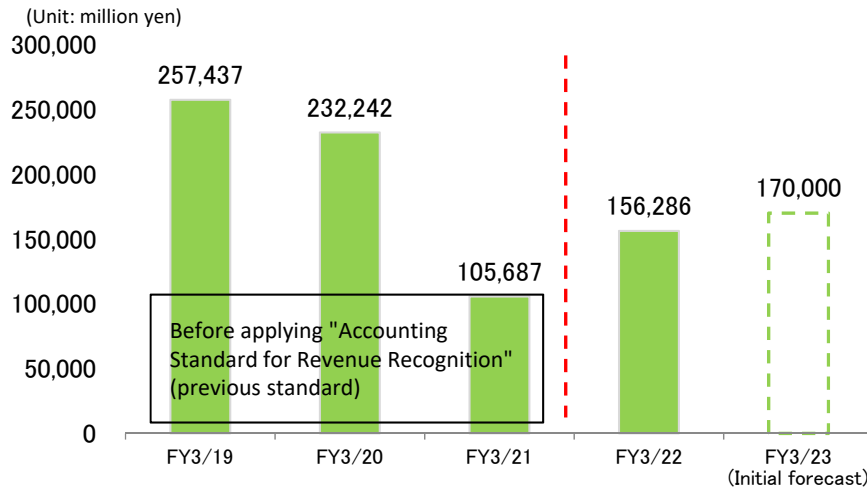
				(Unit: million yen)
	FY3/22	Major items		FY3/21
Operating cash flows	-3,329			4,098
	11,165	Profit before income taxes		4,989
	4,135	Depreciation (including amortization of goodwill)		3,915
	-92	Decrease in provisions (for retirement benefits for directors (and other officers))		-359
	-16,519	Working capital		-1,821
		(Item)	FY3/22	FY3/21
		Decrease (increase) in trade receivables	-7,570	-5,088
		Decrease (increase) in inventories	-16,276	204
		Increase (decrease) in trade payables	7,327	3,062
	-2,063	Income taxes paid		-2,371
	44	Other		-253
Investing cash flows	-3,257			-2,472
	-4,261	Purchase of property, plant and equipment and intangible assets (capital expenditures at manufacturing subsidiaries)		-3,054
	-41	Purchase of investment securities		-250
	528	Proceeds from sales of investment securities		10
		- Purchase of shares of subsidiaries (Fujine Sangyo Dec. 2020)		291
		- Partial sales of shares of equity method affiliate (Dec. 2020)		665
	517	Other		530
Financing cash flows	5,760			2,849
	1,434	Net increase in short-term borrowings		3,948
	-1,709	Net decrease in long-term borrowings		-1,735
	-149	Redemption of bonds		-149
	1,999	Proceeds from issuance of commercial papers		2,999
	-	Stock repurchase (Period for repurchase: Apr. to Oct. 2020 *Purchase completed on October 30, 2020)		-800
	-1,135	Cash dividends paid		-1,067
	5,486	Increase in capital due to public offering		36
	-164	Other		-383
Effect of exchange rate change on cash and cash equivalents	87			-68
Net increase (decrease) in cash and cash equivalents	-737			4,407
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	25,944			26,002
*Change: Numbers may not tally exactly due to rounding.				
Free cash flow	-6,586			1,626

FY3/23 Earnings Forecasts

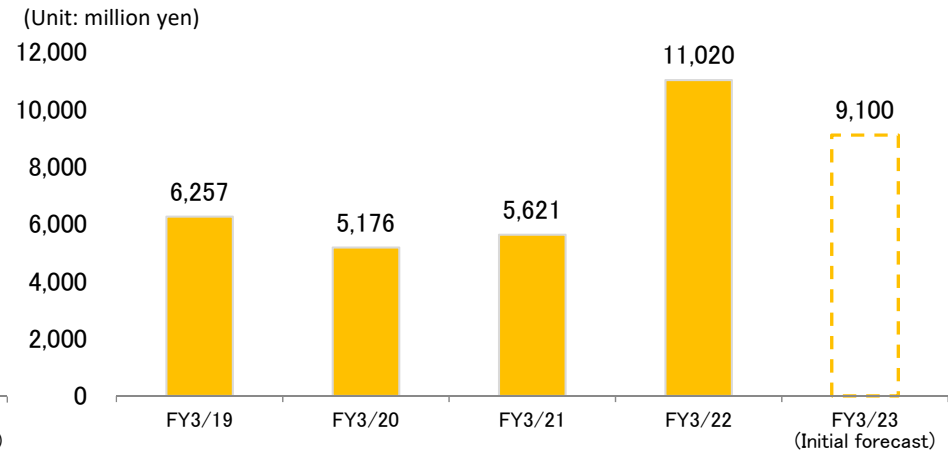
Trend in consolidated sales and earnings

Earnings forecast

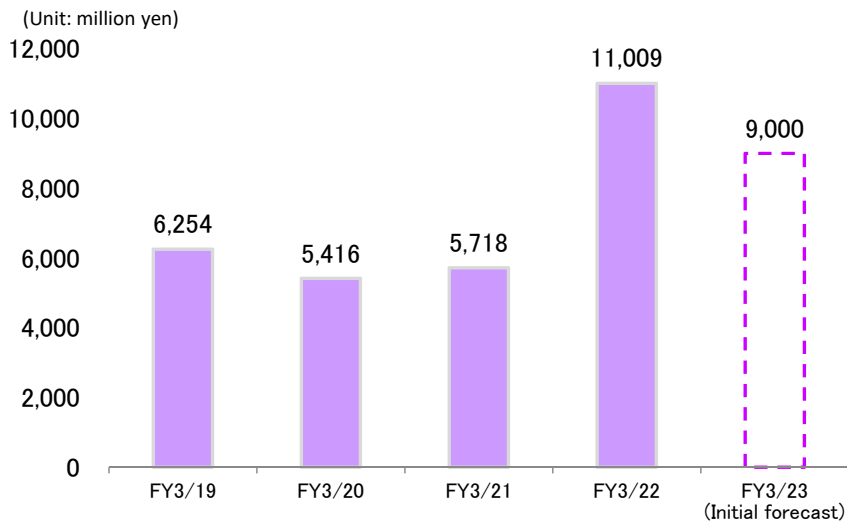
Net Sales



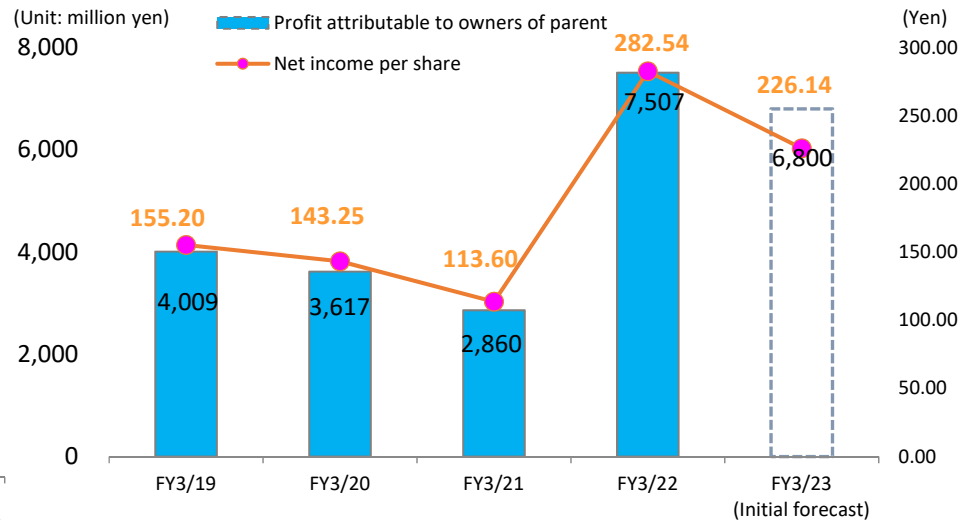
Operating Profit



Ordinary Profit



Profit Attributable to Owners of Parent



Forecast for FY3/23

Earnings forecast

Production and shipments in the automotive, semiconductor and electronic component sectors, the ALCONIX Group's focused domains, are likely to slow down temporarily due to logistical constraints and shortages of raw materials caused by the ongoing spread of the COVID-19 pandemic and geopolitical risks. Nevertheless, the ALCONIX Group expects its consolidated business results to grow in the medium term.

(Unit: million yen)

	FY3/22		FY3/23		YoY change	
		% to sales	(Initial forecasts on May 13, 2022)	% to sales		%
Net sales	156,286		170,000		13,713	8.8%
Gross profit	25,767	16.5%	25,600	15.1%	-167	-0.6%
SG&A expenses	14,746	9.4%	16,500	9.7%	1,753	11.9%
Operating profit	11,020	7.1%	9,100	5.4%	-1,920	-17.4%
Ordinary profit	11,009	7.0%	9,000	5.3%	-2,009	-18.3%
Profit attributable to owners of parent	7,507	4.8%	6,800	4.0%	-707	-9.4%
Net income per share (yen)	282.54		226.14			

* Change: Numbers may not tally exactly due to rounding

Forecasts by segment (FY3/23)

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 transformation increases chiefly with the launch of 5G and growth of telework. We also expect growth of the transaction volume of minor metals and rare earths, mainly in the automobile sector. 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 higher demand in the automotive and electronic materials sectors. However, positive effects of a rise in market prices in FY3/22 will end.

- **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. Orders for non-destructive testing equipment and marking systems are expected to improve. Orders for chemical products is expected to remain strong but there are concerns about the rising cost of raw materials.

- **Manufacturing—Metal Processing**

Forecast more growth of shipments of precision metal processing parts for semiconductor manufacturing equipment due to strong demand for semiconductors. Forecast an increase in shipments of precision metal stamped parts due to growing automotive sector demand. Likewise, strong shipments of metal processed parts for air conditioning equipment are expected as demand in Japan involving this equipment recovers.

		FY3/22		FY3/23		Change		
			Comp.		Comp.		%	
Net sales	Trading	Electronic and advanced materials	33,712	21.6%	35,700	21.0%	1,987	5.9%
		Aluminum and copper products	59,614	38.1%	65,700	38.6%	6,085	10.2%
		Trading total	93,327	59.7%	101,400	59.6%	8,072	8.6%
	Manufacturing	Equipment and materials	35,775	22.9%	38,000	22.4%	2,224	6.2%
		Metal processing	27,184	17.4%	30,600	18.0%	3,415	12.6%
		Manufacturing total	62,959	40.3%	68,600	40.4%	5,640	9.0%
Total		156,286		170,000		13,713	8.8%	
Segment profit	Trading	Electronic and advanced materials	4,273	38.8%	2,800	31.1%	-1,473	-34.5%
		Aluminum and copper products	2,032	18.5%	1,200	13.3%	-832	-41.0%
		Trading total	6,306	57.3%	4,000	44.4%	-2,306	-36.6%
	Manufacturing	Equipment and materials	1,245	11.3%	1,200	13.3%	-45	-3.7%
		Metal processing	3,449	31.3%	3,800	42.3%	350	10.2%
		Manufacturing total	4,695	42.6%	5,000	55.6%	304	6.5%
Total		11,009		9,000		-2,009	-18.3%	

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

Note: ALCONIX has applied the Accounting Standard for Revenue Recognition from the beginning of FY3/22.

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