



Become an integrated company that combines
trading and manufacturing capabilities

ALCONIX CORPORATION

Listed on TSE Prime Market

Code 3036

Financial Results Materials
The First Quarter of the Fiscal Year
Ending March 31, 2023

August 2022

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(Group businesses and growth strategies)

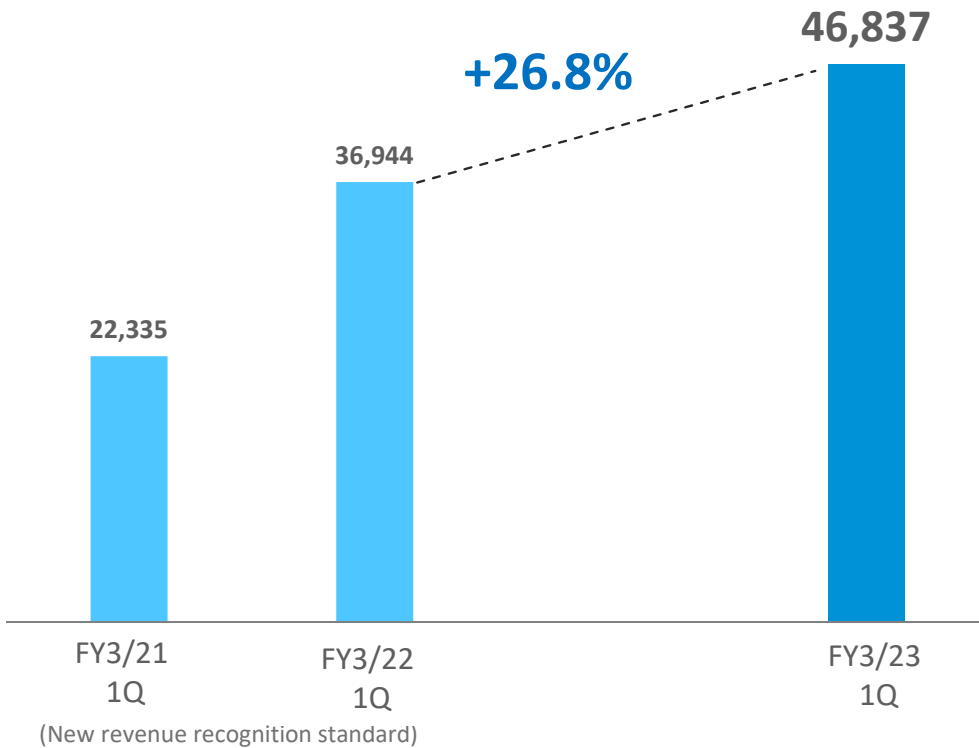
Results highlights: Steady progress

Sales and profit higher than one year earlier

Sales 27.6% and ordinary profit 47.2% of the FY3/23 forecast; steady progress

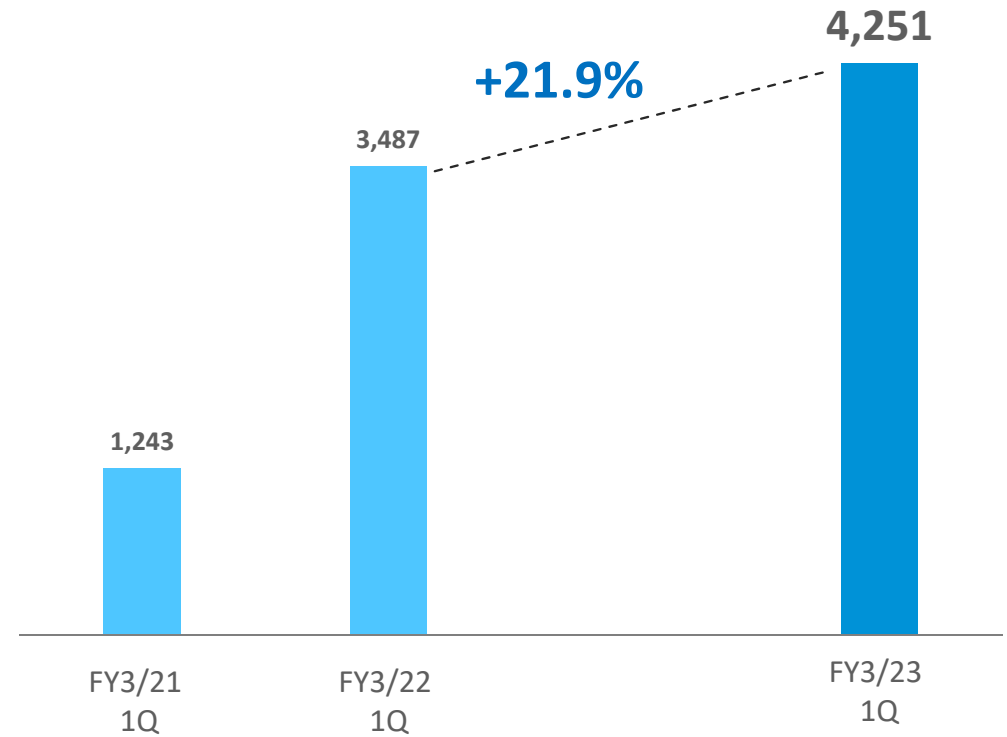
Net sales

(Unit: Million yen)



Ordinary profit

(Unit: Million yen)



Financial Highlights

Net sales / Ordinary profit

- ◆ Steady demand related to semiconductor and electronic components propels earnings
- ◆ Automobile-related demand decreased because of production cuts and production adjustments in Japan and overseas
- ◆ Higher sales in 2 segments, electronic and advanced materials, and manufacturing equipment and materials, contributed to an increase in profit

Trading segment

- ◆ Sales and profit increased, driven by market conditions and sharp depreciation of the yen

Manufacturing segment

- ◆ Sales of parts for semiconductor manufacturing equipment were firm
- ◆ Production adjustments at automobile manufacturers affected shipment volumes
- ◆ Increased demand, particularly for plating materials, significantly contributed to the increase in sales and profit

Timely disclosure topics: M&A activity

Additions to the ALCONIX Group continue in FY3/23

M&A	Business	Capabilities/Strengths	Expected Synergies
Jupiter Industry Co., Ltd. (Acquisition of all shares by ALCONIX) *Made it a consolidated subsidiary on April 26, 2022	Stamping of precision connector metallic terminal parts, design and fabrication of stamping dies	<ul style="list-style-type: none"> Advanced technologies cultivated originally Consistent supply of products due to a reliable development and volume production infrastructure 	Sharing of technologies and expansion of sales channels in the metal processing business
KIMMOM KOHA CO., LTD. (Acquisition of all shares by ALCONIX Group member MARKTEC) *Made it a consolidated subsidiary on July 1, 2022	Manufacture of laser devices and equipment	<ul style="list-style-type: none"> Outstanding R&D skills involving lasers Relationships with R&D institutions and large inspection device manufacturers in Japan 	Addition of customers and distribution channels by using the sales resources of MARKTEC

* On April 26, 2022, ALCONIX signed a contract to purchase all shares of SOODE NAGANO Co., Ltd., a manufacturer of precision metal parts located in Nagano prefecture. The execution of share transfer is scheduled for November 30, 2022, which makes this company a consolidated subsidiary.

1Q FY3/23
Financial Results

Performance (1Q FY3/23)

Sales, operating profit and ordinary profit up more than 20% YoY

Steady progress vs. the FY3/23 plan, including profit, due to firm demand in the semiconductor/electronic component category, market conditions and foreign exchange factors

(Unit: Million yen)	FY3/23 1Q	FY3/22 1Q	YoY increase	FY3/23 Plan	
				Full-year forecasts	Progress ratio
Net sales	46,837	36,944	+26.8%	170,000	27.6%
Gross Profit	7,590	6,535	+16.1%	25,600	29.6%
Operating profit	3,931	3,046	+29.0%	9,100	43.2%
Ordinary profit	4,251	3,487	+21.9%	9,000	47.2%
Profit attributable to owners of parent	2,718	2,435	+11.6%	6,800	40.0%
Net income per share	90.41	97.26		226.14	

*All figures are after inter-segment eliminations.

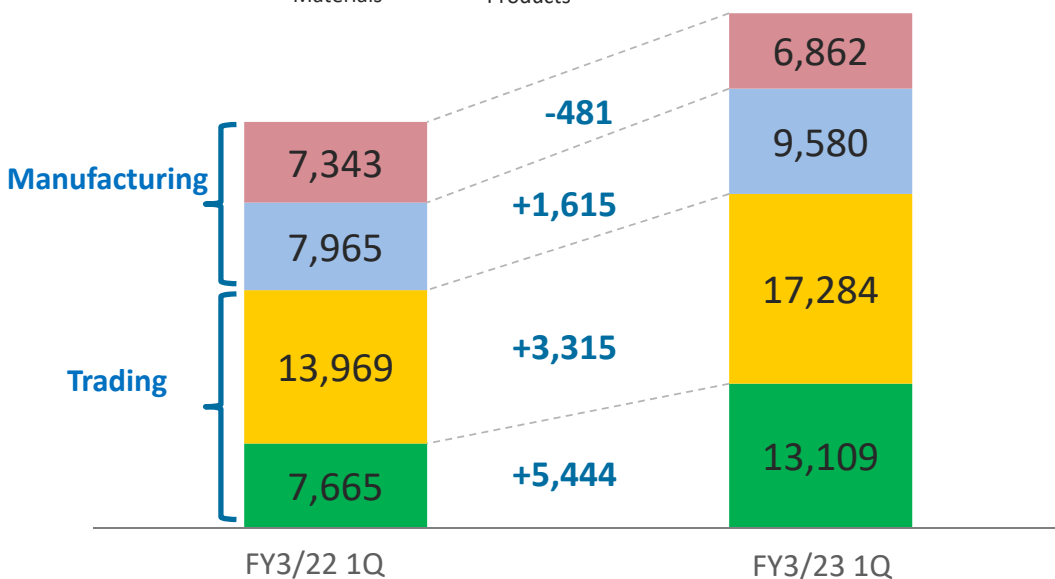
Business segment performance (1Q FY3/23)

The electronic and advanced materials and equipment and materials segments contributed to 1Q growth and metal processing segment sales and profit decreased

Net sales (External sales)

(Unit: Million yen)

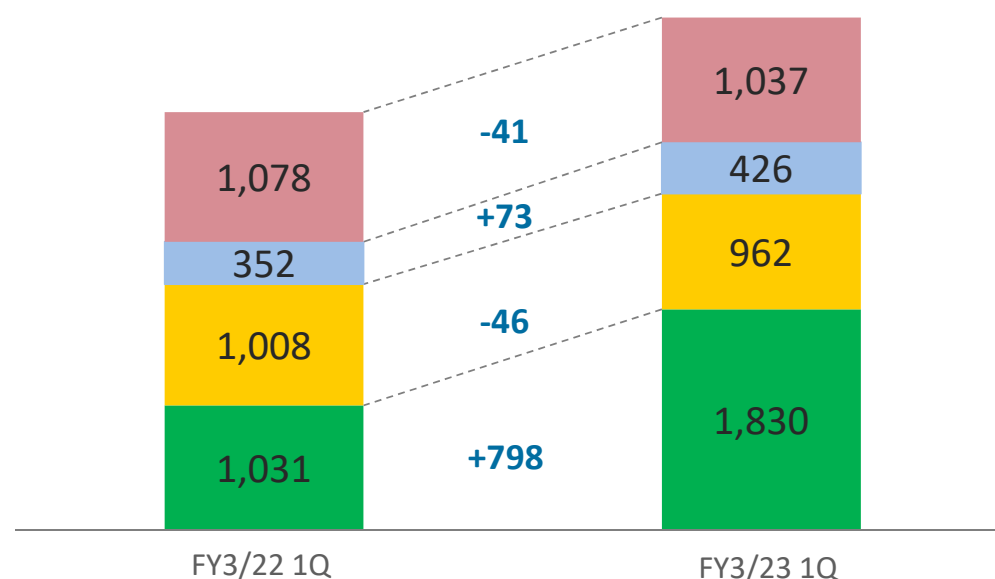
■ Electronic and Advanced Materials
 ■ Aluminum and Copper Products
 ■ Equipment and Materials
 ■ Metal Processing



Segment profit

(Unit: Million yen)

■ Electronic and Advanced Materials
 ■ Aluminum and Copper Products
 ■ Equipment and Materials
 ■ Metal Processing



Business segment summary (1Q FY3/23)

Demand related to semiconductor/electronic component, market conditions and foreign exchange factors offset the decline in automotive sector demand

(Unit: Million yen)		FY3/23 1Q Segment profit Results	FY3/22 1Q Segment profit Results	Change (Amount)	Change (Ratio)	Major causes of change in earnings
Trading	Electronic and Advanced Materials	1,830	1,031	+798	+77.4%	Handling volumes of electronic components and rechargeable battery materials increased Higher market prices of minor metals and rare earths
	Aluminum and Copper Products	962	1,008	-46	-4.6%	Handling volumes showed a decline as the demand associated with the automobile industry decreased
Manufacturing	Equipment and Materials	426	352	+73	+20.9%	Shipments of plating materials increased
	Metal Processing	1,037	1,078	-41	-3.8%	Shipments were lower due to a decline in demand in the automobile industry Shipments were lower, partly due to the impact of delays in the procurement of components, including semiconductors
The ALCONIX Group		4,251	3,487	+763	+21.9%	

*Segment profit refers to ordinary profit in each segment.
Consolidated ordinary profit is after inter-segment eliminations.

*Change: Some figures do not match exactly due to rounding.

Consolidated balance sheets (1Q FY3/23)

*Change: Some figures do not match exactly due to rounding.

(Unit: Million yen)	FY3/23 1Q	FY3/22	Change	Major components
Total assets	189,723	176,437	+13,285	
Current assets	146,572	135,119	+11,452	Trade receivables increased because of sales growth
Non-current assets	43,151	41,317	+1,833	Due to the acquisition of Jupiter Industry
Liabilities	129,423	119,106	+10,317	*Interest-bearing debt ¥68,525 million (+¥6,726 million vs. March 31, 2022)
Current liabilities	105,979	94,643	+11,335	Trade payables increased because of sales growth
Non-current liabilities	23,444	24,462	-1,017	Some long-term borrowing and bonds were transferred to current liabilities
Net assets	60,299	57,331	+2,968	
Shareholders' equity	52,305	50,431	+1,874	Retained earnings - dividends paid

Equity ratio (March 31, 2022)

31.5%

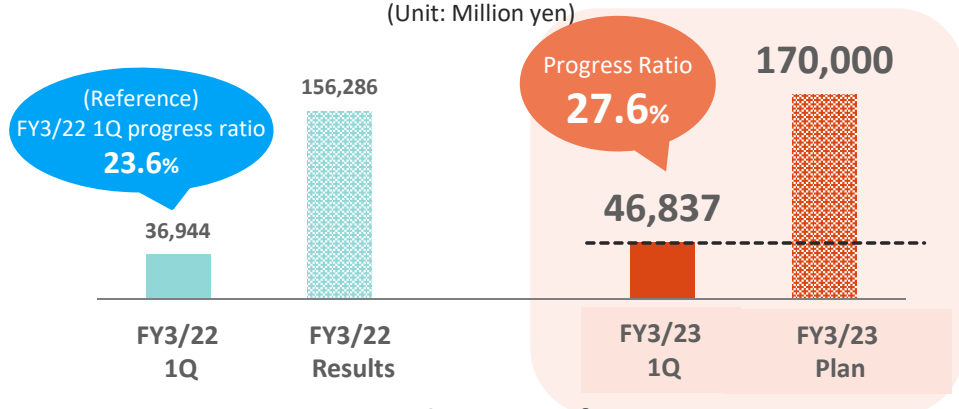
(32.2%)

FY3/23 Earnings Forecasts

Progress vs. FY3/23 forecast: Steady increase in sales and profit

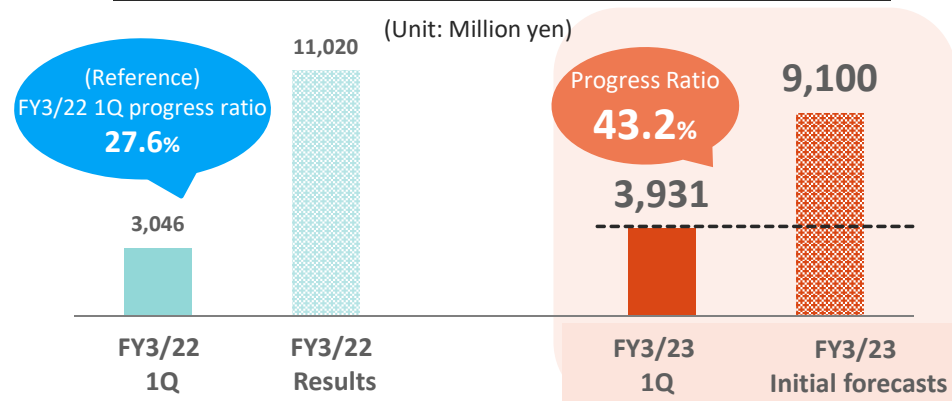
Net sales

(Unit: Million yen)



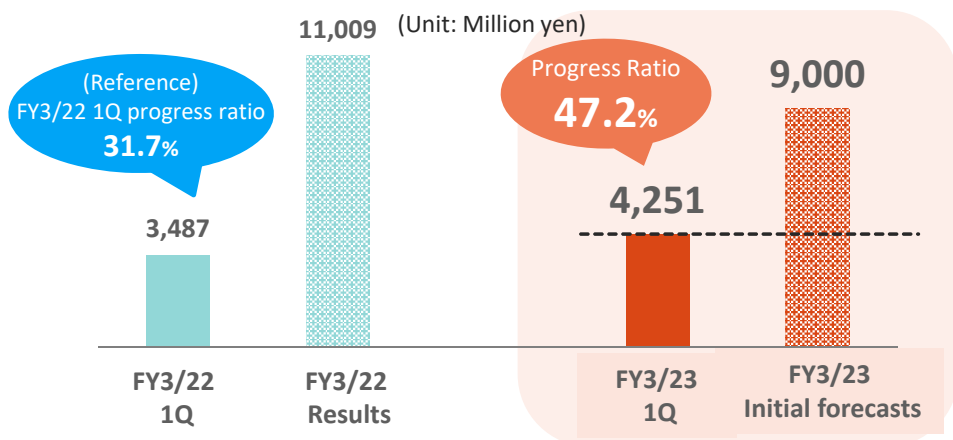
Operating profit

(Unit: Million yen)



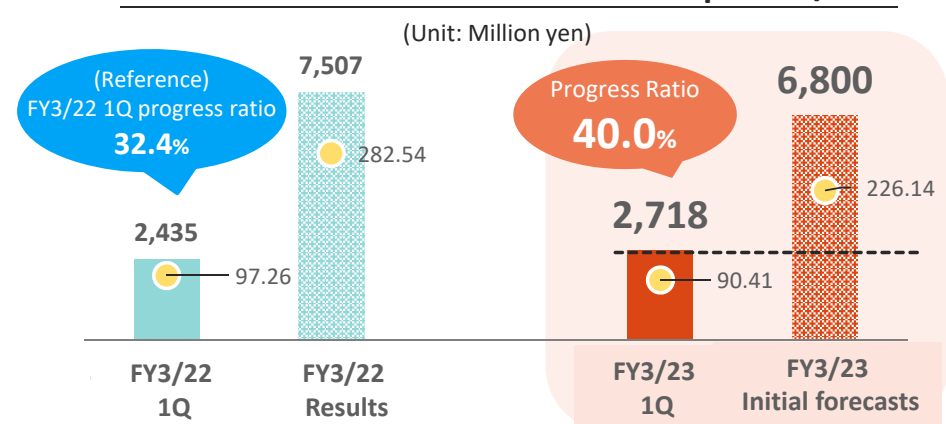
Ordinary profit

(Unit: Million yen)



Profit attributable to shareholders of parent / EPS

(Unit: Million yen)



*1QFY3/23 EBITDA: ¥4,960 million

Forecast for FY3/23 (Total and segments)

Performance is currently consistent with the forecast

(Unit: Million yen)	FY3/23	FY3/22	Change	FY3/23 1Q	Progress ratio vs. FY3/23 forecast
Net sales	170,000	156,286	+13,713	46,837	27.6%
Electronic and Advanced Materials	35,700	33,712	+1,987	13,109	36.7%
Aluminum and Copper Products	65,700	59,614	+6,085	17,284	26.3%
Equipment and Materials	38,000	35,775	+2,224	9,580	25.2%
Metal Processing	30,600	27,184	+3,415	6,862	22.4%
Operating profit	9,100	11,020	-1,920	3,931	43.2%
Ordinary profit	9,000	11,009	-2,009	4,251	47.2%
Electronic and Advanced Materials	2,800	4,273	-1,473	1,830	65.4%
Aluminum and Copper Products	1,200	2,032	-832	962	80.2%
Equipment and Materials	1,200	1,245	-45	426	35.5%
Metal Processing	3,800	3,449	+350	1,037	27.3%
Profit attributable to owners of parent	6,800	7,507	-707	2,718	40.0%

*Change: Some figures do not match exactly due to rounding.

*Consolidated ordinary profit is after inter-segment eliminations.

Expected risk factors in FY3/23

Lower prices of aluminum and copper

1. Smaller margins because of declines in prices of aluminum and copper products
2. Decline in sales volumes caused by a downturn in demand



(Additional factor)
Effect of changes in market conditions on earnings

Geopolitical risk (Ukraine, China zero-COVID policy, others)

1. Continuing disruption of supply chains
2. Effects of these events on prices and real demand for resources
3. Difficulty of procuring materials and parts



(Additional factor)
Effect of production cuts and inventor adjustments at companies using ALCONIX products on the production of ALCONIX manufacturing subsidiaries

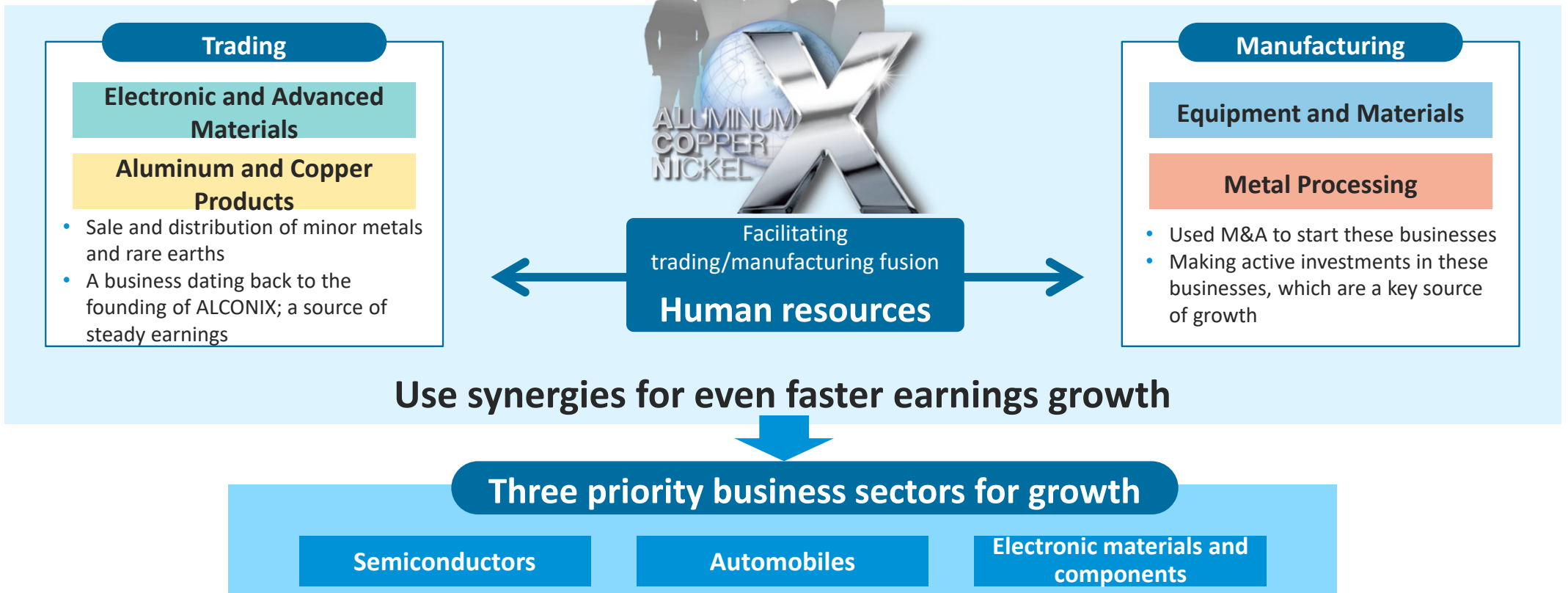
The ALCONIX Group's

Future of Our Dreams

(Group businesses and growth strategies)

Businesses of the ALCONIX Group

An integrated solution provider in the non-ferrous metals industry
One-stop solutions for every step from **production** to **wholesale** of
non-ferrous metal materials, parts and finished products



ALCONIX Product Matrix/Strategic Business Domains in Each Segment

Three Priority Business Sectors

Capital expenditures focused on a stronger foundation for business operations and the efficiency of investments.

	Automobiles	Semiconductors	Electronic materials and components	Home electric appliances	Others
Electronic and Advanced Materials	<ul style="list-style-type: none"> Materials for EV/FCV parts Materials for automotive batteries 	<ul style="list-style-type: none"> Materials for semiconductors 	<ul style="list-style-type: none"> Materials for parts for mobile phones, etc. Materials for parts for IT devices Materials for many types of batteries 		<ul style="list-style-type: none"> Material used for specialty steel (nickel)
Aluminum and Copper Products	<ul style="list-style-type: none"> Automotive electrical components Automotive structural parts 	<ul style="list-style-type: none"> Copper strips for lead frames Connector parts Printed circuit board parts 		<ul style="list-style-type: none"> Materials for HVAC equipment (Aluminum rolled products and copper products) 	<ul style="list-style-type: none"> Building materials Parts for electrical equipment (bus bars) Aluminum can materials Heat exchanger materials (titanium and others)
Equipment and Materials	<ul style="list-style-type: none"> Plating materials for automotive structural parts Welding materials for automotive part dies Cashew resin for brake pads Non-destructive testing equipment/chemicals for automotive production lines Motor parts for automotive electrical components 		<ul style="list-style-type: none"> Plating materials for printed circuit boards Materials for blocking electromagnetic fields 	<ul style="list-style-type: none"> Motor parts for power tools, vacuum cleaners, etc. 	<ul style="list-style-type: none"> Non-destructive testing equipment/testing chemicals for the steel industry Marking equipment Parts for electrical equipment (bus bars) Materials for blocking electromagnetic fields
Metal Processing	<ul style="list-style-type: none"> Power train parts Prototype parts for automobiles 	<ul style="list-style-type: none"> Parts for manufacturing equipment Parts for chip mounting equipment 		<ul style="list-style-type: none"> Parts for HVAC equipment 	<ul style="list-style-type: none"> Aircraft components

Summary of Medium-term Business Plan (FY3/23 to FY3/25)

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.

FY3/25 targets: Sales ¥210 bn Ord. profit ¥13 bn ROE 15%+ EBITDA Up ¥2.4 bn

(Unit: Billion yen)	FY3/21	FY3/22	FY3/23		FY3/25	
	Results	Results	Forecasts	YoY	Plan	vs. FY3/22
Net sales	105.6	156.2	170.0	+13.7	210.0	+53.7
Operating profit	5.6	11.0	9.1	-1.9	13.1	+2.0
Ordinary profit	5.7	11.0	9.0	-2.0	13.0	+1.9
EBITDA	9.9	15.1	-	-	17.5	+2.3
ROE	6.9%	15.1%	-	-	Over 15.0%	-
ROIC	3.6%	6.7%	-	-	At least 7.0%	-
DOE	2.6%	2.9%	-	-	Over 3.0%	-

- **A stable foundation for business operations**
Constantly make investments that start producing benefits after two to three years.
- **Place priority on investment efficiency indicators (ROE, ROIC)**
- **Newly adopted EBITDA as a KPI for measuring the ability of the ALCONIX Group to generate profits**
- **Newly adopted DOE* as a KPI for the stability of shareholder distributions and increasing distributions; target is at least 3.0% in FY3/25**

*Dividends on equity is the dividend per share divided by equity per share x 100.

*Change: Some figures do not match exactly due to rounding.