

- 1. The ALCONIX Group's Future of Our Dreams**
(Group businesses / Value Creation Process /
Medium-term Business Plan)
- 2. 2Q FY3/23 Financial Results**
- 3. FY3/23 Earnings Forecasts**
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The ALCONIX Group's Future of Our Dreams

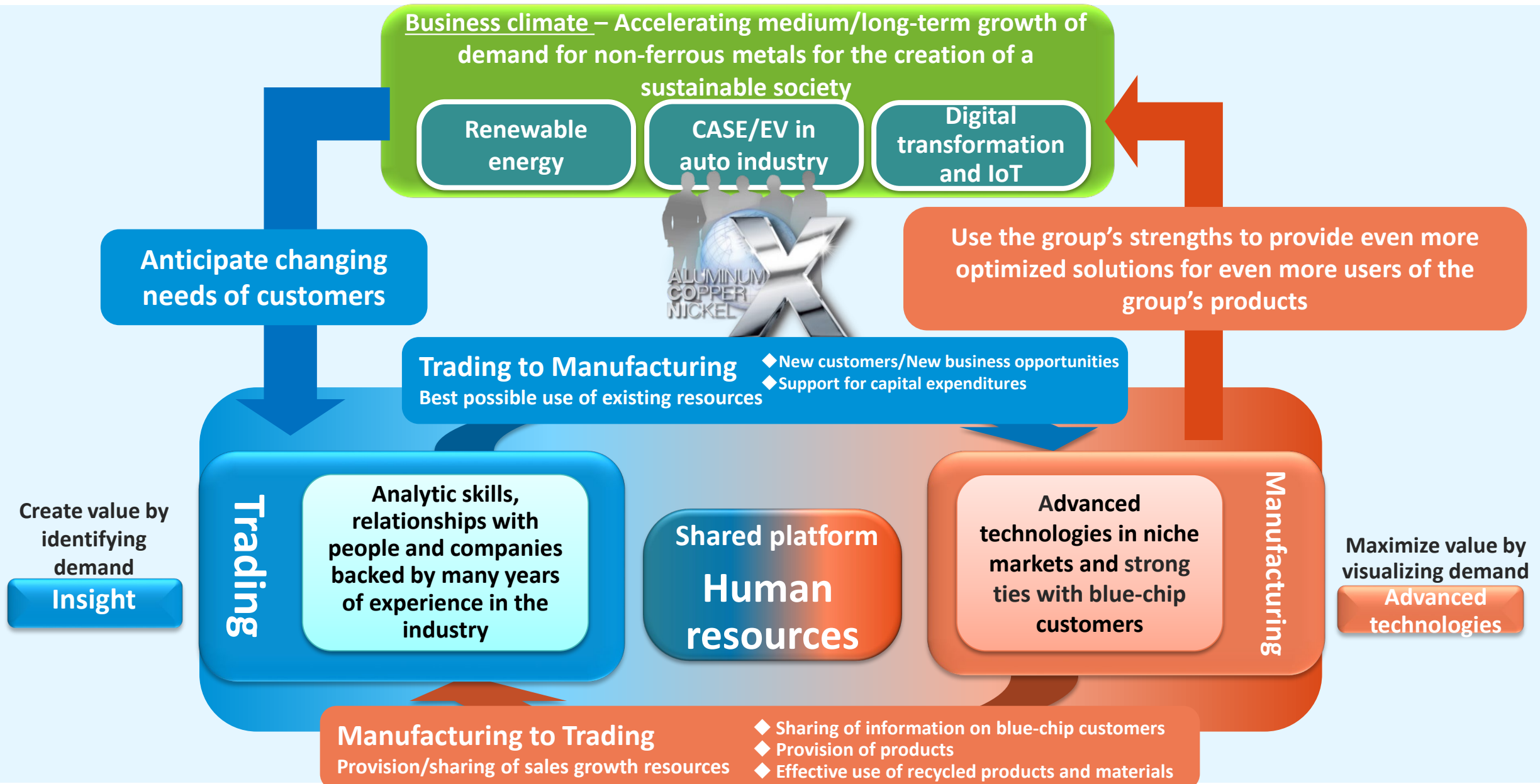
**(Group businesses / Value Creation Process /
Medium-term Business Plan)**

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



The ALCONIX Group Value Creation Process



Medium-term Business Plan “Vision” Basic Policy

Achieve the sustained growth of the ALCONIX Group by increasing core earning power through strengthening the manufacturing segment, etc.

Key initiatives

(1) Reinforce the financial structure

- **Increase profitability of current businesses**
Support for capital expenditures and receipt of orders at consolidated subsidiaries
Use EBITDA as an indicator for the power to generate earnings
- **More efficient investments, more efficient/diverse fund procurement**
Use ROIC management
Use cash management system for more efficient use of funds and optimized leverage

(2) Upgrade the skills of employees

- **Big upgrades of salaries, career opportunities and training**
Increase ability to recruit skilled people and improvements in training and retention

(3) Strengthen governance

- **Reinforce internal controls**
- **Build a stronger group compliance framework**

Performance targets

(Unit: Billion yen)	FY3/22 Results		FY3/25 Plan
Net sales	156.2	➔	210.0
Operating profit	11.0		13.1
Ordinary profit	11.0		13.0
EBITDA	15.1		17.5
ROE	15.1%		Over 15.0%
ROIC	6.7%		At least 7.0%
DOE (Based on equity)	3.2%		Over 3.0%

Successor-type acquisitions: Target manufacturing sectors in Japan with good prospects for growth

Acquire Japanese manufacturers in the automobile, semiconductor and electronic materials industries and use the knowledge of these companies to raise the corporate value of the entire ALCONIX Group.

Growth potential

- The shift from ICE to electric vehicles
- ➔ **Rising demand for electrical parts, power control semiconductors and machinery to manufacture these products**
- Rapid depreciation of the yen
- ➔ **Increase in business opportunities with Japanese manufacturers that export products**
- Global structural changes in the economy and industries
- ➔ **Return to Japan of companies in the semiconductor and electronic parts industries**

Substantial potential demand in Japan in many manufacturing sectors

Concerns

- Limited funds at Japanese small/midsize companies for investments
- ➔ **Restricts the growth of the supply capabilities of manufacturing in Japan**
- Many companies shut down due to the absence of a next-generation owner/CEO
- ➔ **Crisis involving the inability to pass on technologies to future younger people**

Opportunities for the growth of ALCONIX

Acquisitions of companies requiring new owners – Prevent companies from missing demand

- (1) Take over companies with technologies in niche business sectors
- (2) Provide assistance for capital expenditures and adding new customers
- (3) Use cooperation with other ALCONIX Group companies to capture more synergies

Benefit for the ALCONIX Group

Higher earnings for the entire group
Better ability to adapt to changes in markets

Benefits for acquired companies

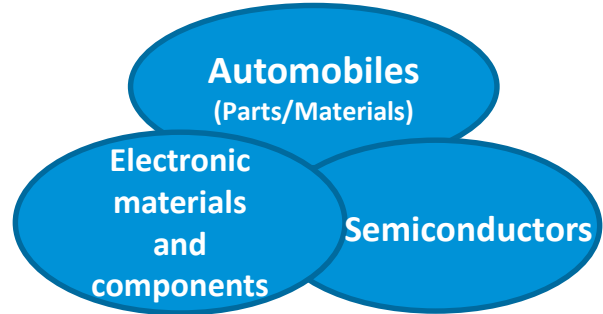
Manufacturing capabilities and new business not possible on their own

Benefits for regional economies and the Japanese economy

Preservation and creation of jobs, a more powerful manufacturing sector in Japan

Successor-type acquisitions: Infusion of capital for faster growth and greater value of group companies

**Our growth approach in three key sectors:
Utilize and apply knowledge and technologies in
specialized fields**



**Acquire small/midsize business
requiring new owners in niche
markets that support these
three sectors**



ALCONIX support for group companies	
Sales support	Capital expenditure support
Strengthen governance	Fund management support

**Joining the ALCONIX Group
eliminates fund procurement
limitations and allows companies
to achieve their full potential**

Policy for Investments

**M&A/investments that supplement
existing capabilities for the purposes of adding
more business domains and for strengthening ties
among group companies**

Expected Benefits

(1) Further growth of production capabilities, support for developing technologies

(2) Stronger vertical integration and horizontal division of labor within the group

(3) Support for multipurpose applications for production technologies and new opportunities to increase sales

**More earnings in existing
businesses**

More M&A

**By strengthening the manufacturing segment,
aim for consistent annual ordinary profit growth
(CAGR) of about 20%**

ALCONIX Group Ordinary Profit

FY3/22 Results	FY3/23 Forecasts
¥11 billion (¥4.6 billion in manufacturing)	¥9 billion (¥5 billion in manufacturing)



FY3/25 Plan
¥13 billion (¥7.8 billion in manufacturing)

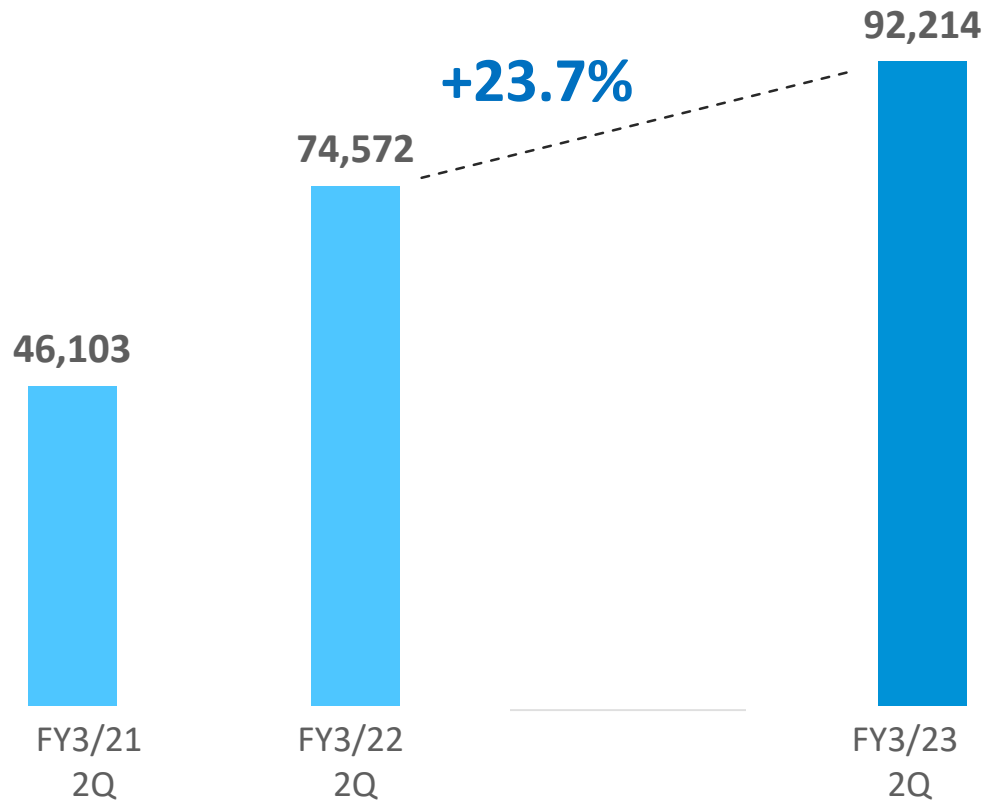
2Q FY3/23
Financial Results

Results Highlights: Net Sales / Ordinary Profit (Consolidated)

Ordinary profit increased slightly as earnings benefited from higher sales due to growth of semiconductor/electronic materials transaction volume but were held down by higher procurement expenses and SG&A expenses.

Net sales

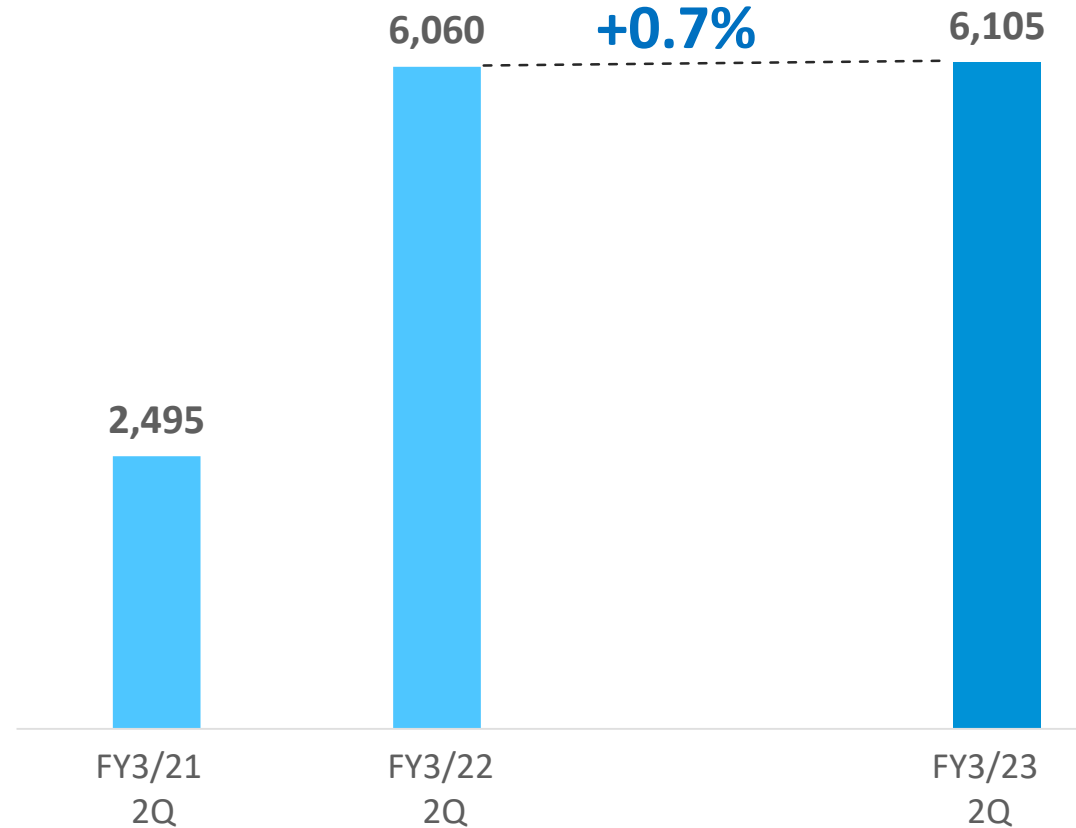
(Unit: Million yen)



(New revenue recognition standard)

Ordinary profit

(Unit: Million yen)



Summary

- ◆ **Steady growth in semiconductor and electronic components demand propels earnings**
- ◆ **Automobile-related demand decreased because of a slowdown in the production of automobiles**

* Jupiter Industry Co., Ltd., which was acquired in April 2022, is included in consolidated sales and earnings beginning with the second quarter of FY3/23.

Trading segment

- ◆ Transaction volumes of nickel products for electronic components and semiconductor materials, aluminum rolled products, and copper products increased.
- ◆ Lower transaction volume of minor metals and rare earths due to a decline in automobile-related demand was offset by higher market prices.

Manufacturing segment

- ◆ Higher shipments of metal processed parts involving increasing investments for decarbonization and steady demand for semiconductor manufacturing equipment
- ◆ Shipments of plating materials increased due to strong demand in the United States and China
- ◆ Shipments of automotive products were down from the same period of the previous fiscal year because of lower production by automakers.

Performance (2Q FY3/23)

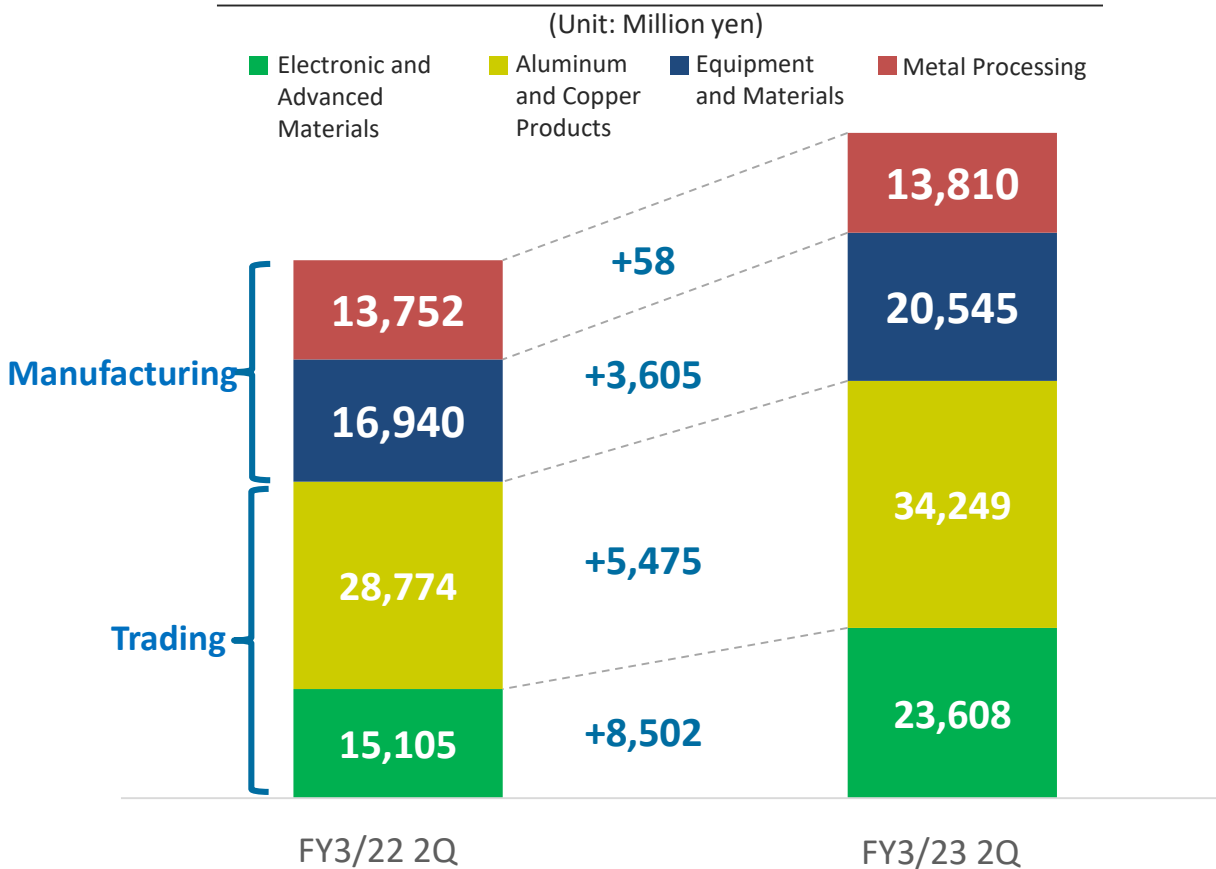
First half sales increased 23.7% and operating and ordinary profit progress is generally consistent with the fiscal year forecasts.

(Unit: Million yen)	FY3/23	FY3/22	YoY	FY3/23 Plan	
	2Q	2Q	increase	Full-year forecasts	Progress ratio
Net sales	92,214	74,572	+23.7%	170,000	54.2%
Gross Profit	13,512	12,708	+6.3%	25,600	52.8%
Operating profit	5,682	5,621	+1.1%	9,100	62.4%
Ordinary profit	6,105	6,060	+0.7%	9,000	67.8%
Profit attributable to shareholders of parent	4,141	4,525	-8.5%	6,800	60.9%
Net income per share (Yen)	137.66	180.70		226.14	

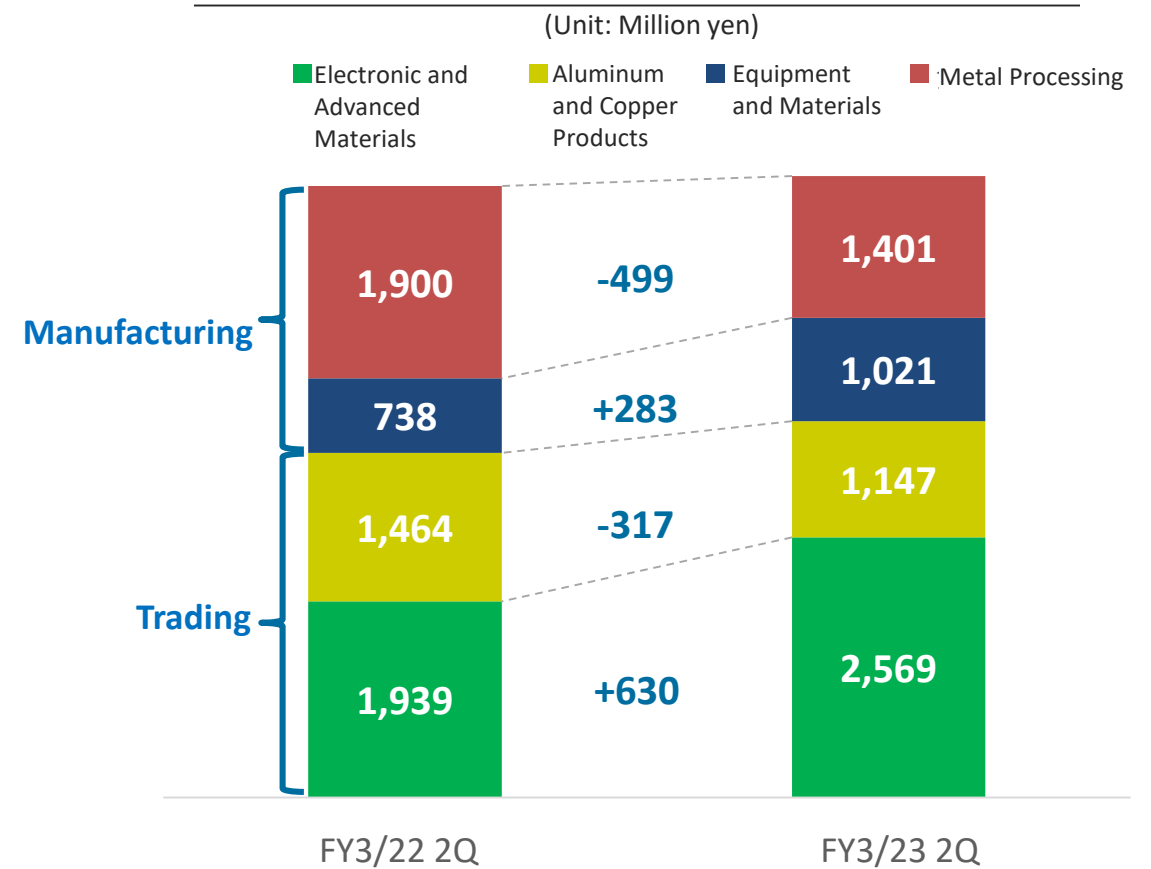
Business Segment Performance (2Q FY3/23)

Supported by the growth of the transaction volume of materials for semiconductors and electronic components and higher prices, the electronic and advanced materials (trading segment) and equipment and materials (manufacturing segment) contributed to the growth of consolidated sales and profit.

Net sales (External sales)



Segment profit



Business Segment Summary (2Q FY3/23)

Lower earnings for aluminum and copper products and metal processing, mainly because of lower demand in the automobile industry, were offset by solid earnings involving semiconductor and electronic materials.

(Unit: Million yen)		FY3/23 2Q Segment profit Results	(Comp.)	FY3/22 2Q Segment profit Results	Change (Amount)	Change (Ratio)	Major causes of change in earnings
Manufacturing	Metal Processing	1,401	23.0%	1,900	-499	-26.3%	Shipments of automotive parts down as automobile production declined
	Equipment and Materials	1,021	16.7%	738	+283	+38.3%	Mainly shipments of plating materials increased
Trading	Aluminum and Copper Products	1,147	18.8%	1,464	-317	-21.7%	Transaction volume of resources down due to lower automotive sector demand
	Electronic and Advanced Materials	2,569	42.1%	1,939	+630	+32.5%	Handling volumes of electronic components and nickel products for semiconductor-related materials increased Higher market prices of minor metals and rare earths
(After inter-segment and other eliminations)		-35	-0.6%	17			
The ALCONIX Group		6,105		6,060	+44	+0.7%	

*Segment profit is ordinary profit.

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

(Reference) Foreign Exchange and Market Prices (Trading segment)

	1H FY3/22 Actual average	FY3/23 Assumptions	1H FY3/23 Actual average
Aluminum	US \$ 2,531/MT	US \$ 3,100/MT	US \$ 2,631/MT
Copper	US \$ 9,553/MT	US \$ 9,600/MT	US \$ 8,624/MT
Nickel	US \$ 18,254/MT	US \$ 22,800/MT	US \$ 25,541/MT
Foreign exchange (US \$ /Yen)	109 yen/US \$	115 yen/US \$	133 yen/US \$

Aluminum

- ◆ Transaction volume was down YoY but increased for aluminum rolled products
- ◆ Total transaction amount increased because of higher prices and a forex contribution

Copper

- ◆ Transaction volume was down YoY
- ◆ Prices fell but a small increase in total transaction amount because of a forex contribution

Nickel

- ◆ Transaction volume increased YoY
- ◆ Total transaction amount also up due to a larger handling volume, higher prices and forex contribution

*All figures are ALCONIX estimates.

Balance sheets (2Q FY3/23): Assets up due to business growth and the yen's depreciation

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

(Unit: Million yen)	FY3/23 2Q	FY3/22	Change	Major components
Total assets	183,195	176,437	+6,757	
Current assets	139,252	135,119	+4,132	Trade receivables increased because of sales growth
Total assets	43,942	41,317	+2,624	Due to the acquisition of Jupiter Industry
Liabilities	119,506	119,106	+400	*Interest-bearing debt ¥60,265 million (-¥1,534 million vs. March 31, 2022)
Current liabilities	97,515	94,643	+2,871	Trade payables increased because of sales growth
Non-current liabilities	21,990	24,462	-2,471	Some long-term borrowing and bonds were transferred to current liabilities
Net assets	63,688	57,331	+6,357	
Shareholders' equity	53,773	50,431	+3,341	Retained earnings (Profit- dividends paid)

Equity ratio

34.4%

(March 31, 2022)

(32.2%)

Net debt
equity ratio

0.6


Consolidated cash flows (2Q FY3/23) : Continue to reduce interest-bearing debt and expand investments

- ◆ **Operating cash flows: 375mn yen;** higher receivables with business growth and decrease in payables
- ◆ **Investing cash flows: -2,681mn yen;** mainly due to increase in purchase of property, plant and equipment/intangible assets
- ◆ **Financing cash flows: -3,925mn yen;** mainly repayments of short/long-term borrowings and dividends paid

(Unit: Million yen)	FY3/23 2Q	FY3/22 2Q	Change
Operating cash flows	375	379	-4
Increase (decrease) in working capital	-5,297	-6,603	+1,306
Investing cash flows	-2,681	-1,471	-1,209
Purchase of property, plant and equipment/intangible assets	-1,601	-2,101	+500
Financing cash flows	-3,925	1,078	-5,003
Free cash flow	-2,306	-1,092	-1,213
Effect of exchange rate change	1,207	-244	+1,452
Net increase (decrease) in cash and cash equivalents	-5,023	-258	-4,765

(Reference) Medium-term Business Plan: Equity and financial indicators

Cash and deposits down about 5 billion yen because of more efficient use of group funds due to the use of a cash management system

(Unit: Billion yen)		FY3/22 Results		2Q FY3/23 Results
Cash and deposits		26.6		21.7
Cash and deposit ratio*		15.1%		11.9%
Net debt equity ratio		0.6		0.6
Shareholders' equity ratio		32.2%		34.4%

*Cash and deposit ratio: Balance sheet cash and deposits/Total assets x 100

FY3/23
Earnings Forecasts

No Change in Fiscal Year Forecasts

First half sales increased but no revision at this time in the fiscal year forecasts because the business climate (market prices, yen's depreciation, etc.) has rapidly become more uncertain.

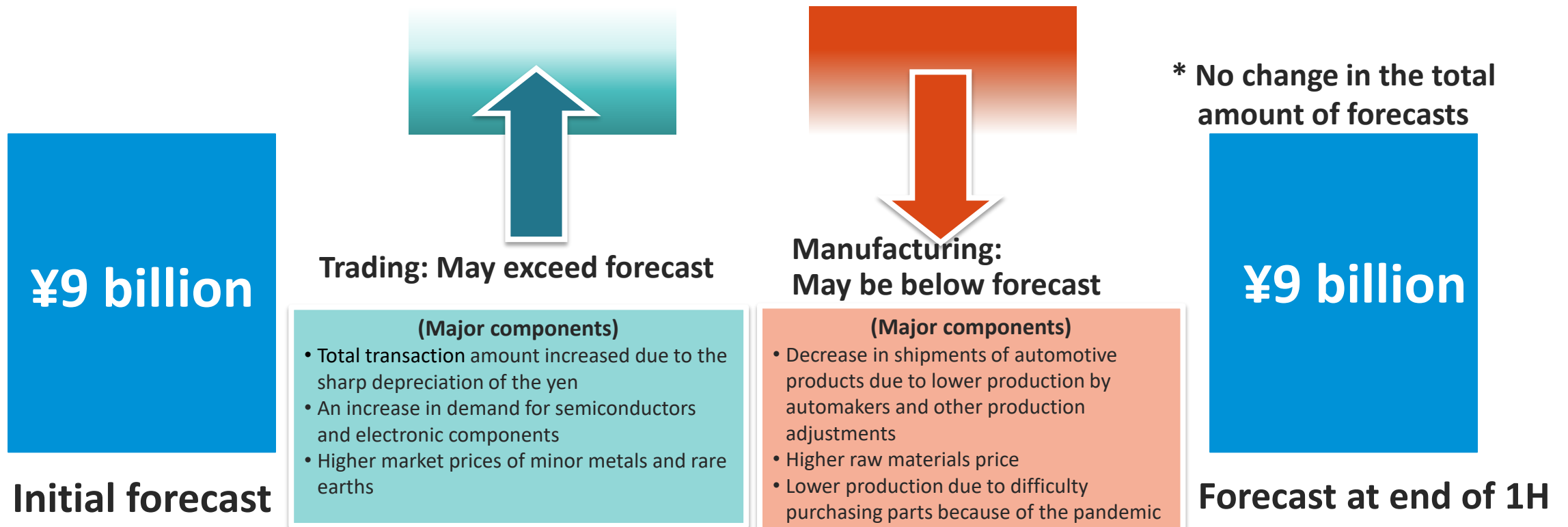
FY3/23 Consolidated Earnings Forecasts

Net sales:	¥170 billion	(+8.8% YoY)
Operating profit:	¥9.1 billion	(-17.4% YoY)
Ordinary profit:	¥9 billion	(-18.3% YoY)
Profit attributable to shareholders of parent:	¥6.8 billion	(-9.4% YoY)

No Change in Fiscal Year Forecasts: Segment Analysis

Trading: Increased forecast due to yen's decline and rising prices and demand
Manufacturing: May be below forecast due to manufacturing reductions and higher prices of raw materials

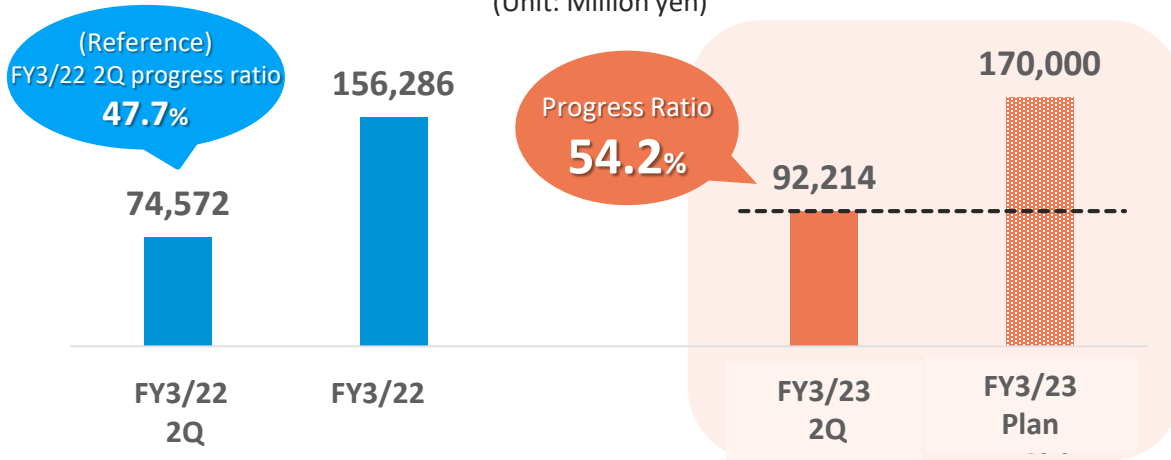
FY2/23 Consolidated Ordinary Profit Forecast



Progress vs. FY3/23 Forecast: Strong 2Q Sales and Earnings

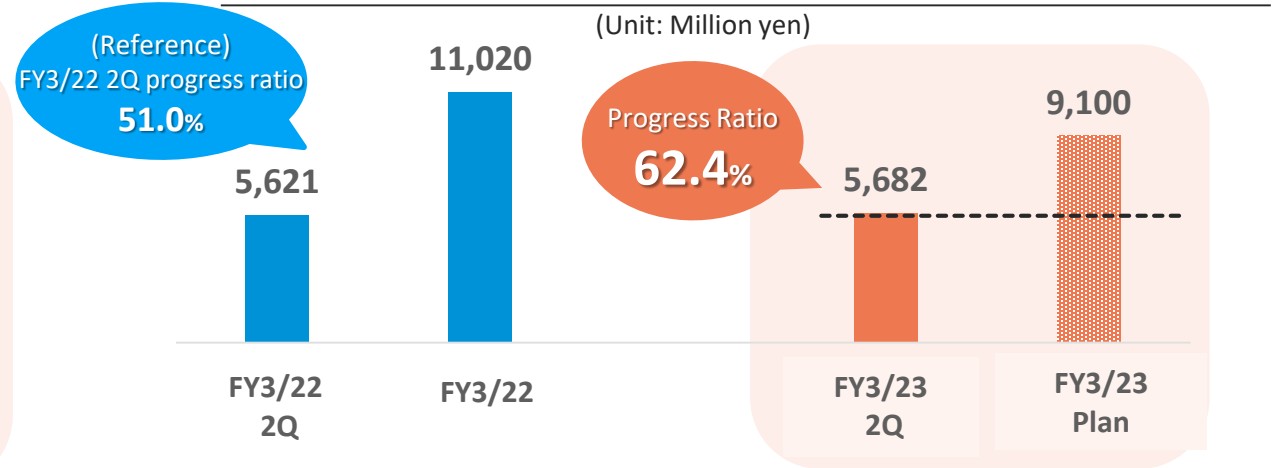
Net sales

(Unit: Million yen)



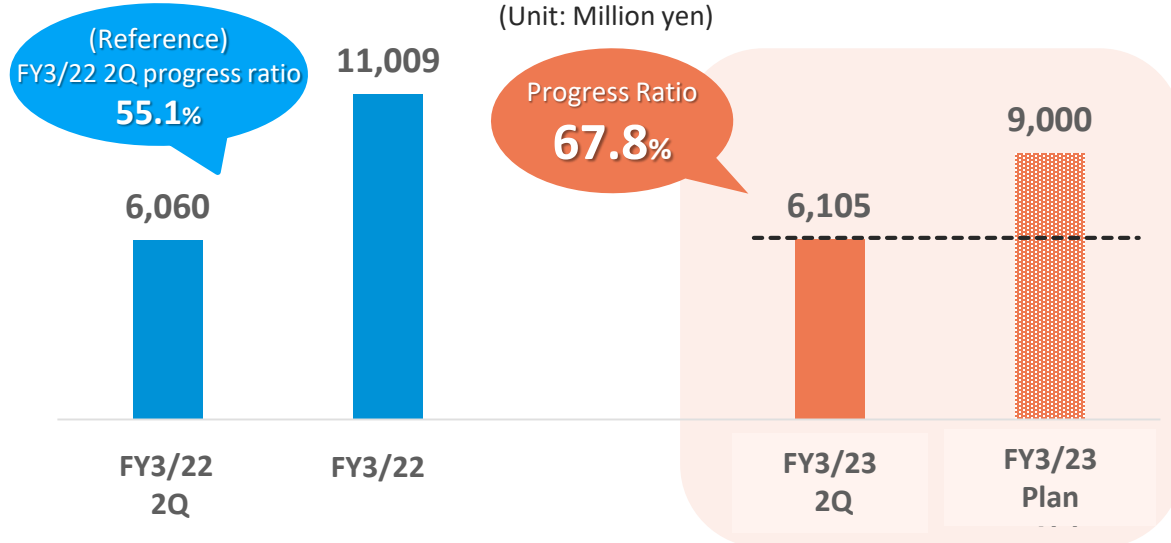
Operating profit

(Unit: Million yen)



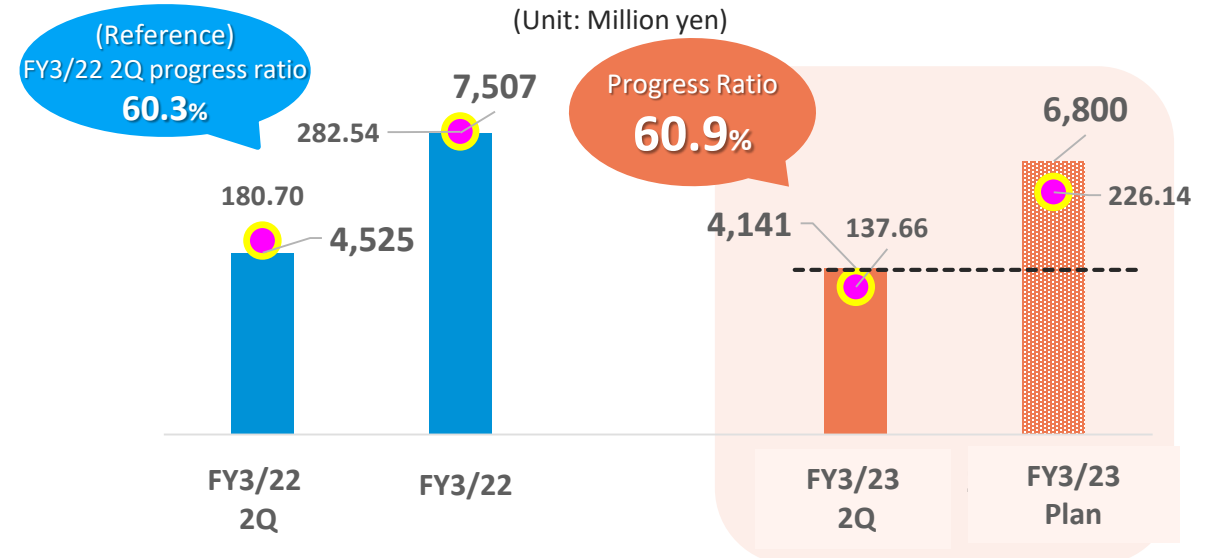
Ordinary profit

(Unit: Million yen)



Profit attributable to shareholders of parent / EPS

(Unit: Million yen)



*2QFY3/23 EBITDA: ¥7,827 million

Forecast for FY3/23 (Total and segments)

No revision of fiscal year forecasts as there is no change in the outlook for the effect of lower auto and other production to be offset by growth of business involving semiconductor and electronic materials

(Unit: Million yen)	FY3/23	FY3/22	Change	FY3/23 2Q	Progress ratio vs. FY3/23 forecast
Net sales	170,000	156,286	+13,713	92,214	54.2%
Metal Processing	30,600	27,184	+3,415	13,810	45.1%
Equipment and Materials	38,000	35,775	+2,224	20,545	54.1%
Electronic and Advanced Materials	35,700	33,712	+1,987	23,608	66.1%
Aluminum and Copper Products	65,700	59,614	+6,085	34,249	52.1%
Operating profit	9,100	11,020	-1,920	5,682	62.4%
Ordinary profit	9,000	11,009	-2,009	6,105	67.8%
Metal Processing	3,800	3,449	+350	1,401	36.9%
Equipment and Materials	1,200	1,245	-45	1,021	85.1%
Electronic and Advanced Materials	2,800	4,273	-1,473	2,569	91.8%
Aluminum and Copper Products	1,200	2,032	-832	1,147	95.6%
Profit attributable to shareholders of parent	6,800	7,507	-707	4,141	60.9%

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

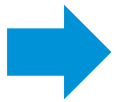
*Consolidated ordinary profit is after inter-segment eliminations.

(Reference) Risk Factors and Actions in FY3/23 2H

1. Inflation in Japan and worldwide

- (1) Higher cost of sales and delays in raising prices accordingly due to the speed of price increases of raw materials and energy
- (2) Possibility of a downturn in consumer spending in Japan and other countries

(Additional factor)



Decline in gross profit margin of ALCONIX product prices
Lower demand and metal prices due to falling purchasing power

Actions

Manufacturing

Cooperation with trading divisions for negotiations **to raise prices**

Trading

(As a rule) ALCONIX's policy is to **use transactions with no exposure to price volatility**
(some inventory transactions) Futures are used for **hedging**

2. Geopolitical risk (Ukraine and China zero-COVID policy)

- (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 reductions in production and inventories at companies using ALCONIX products on the production of ALCONIX manufacturing subsidiaries

Actions

Manufacturing

Always prepared for using numerous options, such as **relocating production and rebuilding supply chains**

Trading

Reallocating ALCONIX Group resources from high-risk regions to **regions with relatively high stability**

Appendix

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 (Based on equity)	2.8%	3.2%	-	-	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 established 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: Numbers may not tally exactly due to rounding.

ALCONIX Sustainability

The Basic Policy for Sustainability

With the goal of achieving a sustainable “future of our dreams,” based on action guidelines and values expressed in the ALCONIX corporate philosophy, we will use a diverse and skilled workforce and relentless efforts as we work with all stakeholders to play a role in solving issues concerning the environment, society and governance (ESG).

An environmental harmony vision centered on decarbonization and resource recycling

- (1) Upgrade analysis of climate change risk and opportunities
- (2) Increase sales of materials for EV/next-generation vehicles
- (3) Support development of technologies for reuse of minor metals



Further upgrade internal controls with emphasis on compliance and risk management frameworks

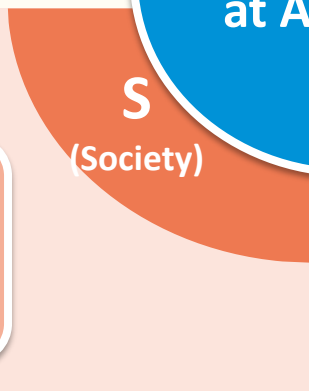
- (1) Develop the group’s whistleblower system for compliance issues/violations
- (2) Training sessions concerning compliance at group companies
- (3) Establish the Corporate Auditor Operations Office and Internal Controls Operations Office



Materiality at ALCONIX

Build stronger ties with stakeholders and take actions for respecting human rights

- (1) Community activities and involvement by group companies
- (2) Increase dialogue with shareholders and other investors
- (3) Announce the ALCONIX Group Health Declaration



Priority issue

Establish assignment/training programs and a workplace environment that support the creative activities of a diverse workforce.

- (1) Start a training program that allows employees to select subjects to study
- (2) Establish an action plan for the empowerment of women
(Goal is increasing women to at least 35% of the workforce by 2025)
- (3) Start elderly parent care and child care support programs that exceed the legally mandated levels



Information about the ALCONIX Group’s community activities are on page 40 of the 2022 Integrated Report.

ALCONIX Sustainability: Measures for Reinforcement of Human Capital

ALCONIX Group human capital materiality

Establish assignment/training programs and a workplace environment that support the creative activities of a diverse workforce.

Measures for the people of the ALCONIX Group are our highest priority because human resources are the core of corporate value in the trading business, which was the first business of ALCONIX.

Train and fully utilize next-generation human resources

Employee remuneration: **Salaries/other benefits**

- Suitable increase in salaries taking inflation and earnings into consideration
- Time off for elderly parent/child care that exceeds legally mandated levels
- Health management activities (Consultations with an industrial health professional, provision of information about events held with health insurance organizations, and other activities)

Employee skills and knowledge: **Education**

- Expansion and upgrade of training programs (More external classes, use of GLOBIS Unlimited learning, study trips to factories of group companies)
- Group administration/HR conferences (Events for group companies to share knowledge and maintain consistent policies and goals for the ALCONIX Group)

Annual training expenses (only ALCONIX)

F3/21 (Results)	¥8.14 million
FY3/22 (Results)	¥10.85 million
FY3/23 (Forecasts)	¥15.0 million

Employee advancement: **Opportunities**

- Action plan for the empowerment of women (Goal is increasing women to at least 35% of the workforce by 2025)
- Career path application program (Understand career goals of each employee and use this information for transfers and the development of skills)
- Program enabling employees to apply for transfers



Upgrading the framework for flexibility concerning opportunities to meet the individuality of employees

ALCONIX Sustainability: Measures for Stronger Governance

ALCONIX Group governance materiality

Further upgrade internal controls with emphasis on compliance and risk management frameworks

Build a management framework with the soundness expected of a corporate group consisting of 58 domestic and overseas companies (as of Sept. 2022), which is listed on the Tokyo Stock Exchange Prime Market.

Actions as of the first half of FY3/23

- (1) CEO/COO dual executive framework for clearly dividing roles concerning the management of business operations**
 - Reexamine rules concerning authority and the table for individual authority standards
 - More separation of business management and oversight by ending system of directors also serving as managers of business units
- (2) Reorganization for strengthening ALCONIX Group governance**
 - Establish the Corporate Auditor Operations Office and Internal Controls Operations Office
 - Establish a shared services company for improving the efficiency of the trading segment and reinforcing internal controls
- (3) Governance education activities at group companies**
 - Issue a compliance handbook for use by all group companies
 - Group compliance training sessions
 - Group administration/HR conferences to ensure consistency of compliance policies at all group companies
- (4) Establish a whistleblower system for all group companies, including outside Japan, for compliance issues/violations**

DISCLAIMER

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.

ALCONIX