



NEWS RELEASE

January 7, 2019

Company name: ALCONIX CORPORATION

Representative: Masato Takei, President and CEO

Stock code: 3036

Contact: Hiroshi Teshirogi, Director, Senior Executive
Officer and General Manager of Corporate
Planning Div.

Tel: +81-(0) 3-3596-7400

Notice of Business Transfer and Establishment of a Subsidiary Due to Termination of Mexico Joint Venture

FUJI PRESS Corporation, which is a consolidated subsidiary of ALCONIX CORPORATION, and NIPPO LTD. have been holding talks about terminating the joint venture contract for FNA MECHATRONICS MEXICO S.A. de C.V. (FNA). Today, the joint venture contract between NIPPO and FUJI PRESS was officially terminated and the precision stamped automotive parts business of FNA was transferred to FUJI ALCONIX Mexico S.A.de C.V. (FUJI-MX). FUJI-MX was established by FUJI PRESS and ALCONIX CORPORATION in December 2018. (FUJI PRESS owns 80% of the stock of FUJI-MX and ALCONIX owns the remaining 20%.)

1. Reason for termination of joint venture and explanation of business transfer

The vision of the ALCONIX medium-term business plan is to become an integrated company that combines trading and manufacturing capabilities. To accomplish this goal, ALCONIX has been making acquisitions of primarily manufacturers in order to expand operations. Earnings of the eight domestic and overseas manufacturing subsidiaries that have been acquired are now making a big contribution to consolidated earnings. ALCONIX will continue to strengthen manufacturing operations and take actions aimed at reinforcing its stable profit structure and becoming even more competitive in niche markets in Japan and other countries.

In April 2014, FUJI PRESS and NIPPO established FNA in the Mexican state of San Luis Potosi as a jointly owned company for the production of automotive parts. (NIPPO owns 51.12% of FNA's stock and FUJI PRESS owns the remaining 48.88%.) Since its establishment, FNA has been manufacturing these parts under this joint ownership structure. Following the acquisition of FUJI PRESS by ALCONIX in April 2017, the precision stamped automotive parts business of FUJI PRESS and the plastic injection molded automotive parts business of NIPPO have advanced from the start-up phase to mass production. Due in part to this progress, FUJI PRESS and NIPPO began discussing a switch to the separate operation of these two businesses. These discussions led to the decision to end the joint ownership structure and transfer the precision stamped automotive parts business to FUJI-MX.

Following the termination of the basic agreement for joint ownership of FNA, FUJI-MX, which is owned by FUJI PRESS and ALCONIX, will receive the entire precision stamped automotive parts business. FUJI-MX will use the precision metal stamping technologies of FUJI PRESS and the network of the ALCONIX Group to expand its business operations from Mexico, the center of automobile parts manufacturing, to North and Central America.

2. Overview of the business transfer

FUJI-MX will receive the property and equipment, inventories, and other claims and payables (excluding trade receivables and payables) of the precision stamped automotive parts business of FNA as well as monetary obligations concerning loans payable received from FNA. The value of the assets of this business and the transfer price have not yet been determined.

3. Profile of NIPPO

(1) Company name	NIPPO LTD.
(2) Representative	Yasuchika Iwasa, President
(3) Location	1-10-1 Nishiki, Naka-ku, Nagoya City, Aichi
(4) Establishment	March 6, 1952
(5) Business	Sale of industrial materials, manufacture and sale of plastic molded parts
(6) Fiscal year end	March 31
(7) Employees	3,583 (Consolidated)
(8) Main offices	Japan: Aichi (Head office), and branches and other offices Overseas sites: Factories located mainly in Asia
(9) Capital	3,137 million yen
(10) Total number of shares issued	9,127,338 shares
(11) Major shareholders	BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO): 8.14% NIPPO Employees' Stock Ownership Plan: 7.23% Sumitomo Mitsui Banking Corporation: 3.01% and others

(12) Relationships between ALCONIX and NIPPO	Capital	There is no significant capital relationship between ALCONIX and NIPPO, and there are no significant capital relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with NIPPO.
	Personnel	There is no significant personnel relationship between ALCONIX and NIPPO, and there are no significant personnel relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with NIPPO.
	Business	There is no significant business relationship between ALCONIX and NIPPO, and there are no significant business relationships between persons or companies affiliated with ALCONIX, and persons or companies affiliated with NIPPO.

4. Profile of FUJI-MX

(1) Company name	FUJI ALCONIX Mexico S.A. de C.V.
(2) Representative	Hideo Oshima (an employee of ALCONIX), President
(3) Location	San Luis Potosi, Mexico
(4) Establishment	December 3, 2018
(5) Business	Manufacture of precision stamped automotive parts
(6) Fiscal year end	December 31
(7) Capital	50,000 Mexican peso (equivalent to 275,000 yen)
(8) Major shareholders	FUJI PRESS Corporation: 80% ALCONIX CORPORATION: 20%

5. Schedule

September 26, 2018	Resolution of the FUJI PRESS Board of Directors (Resolution on the establishment of FUJI-MX)
December 3, 2018	Establishment of FUJI-MX
January 7, 2019	Signing of basic agreement to terminate the joint venture
July 1, 2019 (tentative)	Transfer of the precision stamped automotive parts business to FUJI-MX

6. Impact on the earnings forecasts for the current fiscal year

The planned transfer of the precision stamped automotive parts business will have no effect on the consolidated forecast for the fiscal year ending on March 31, 2019 because the transfer is to take place at the beginning of July 2019. An announcement will be made promptly if there is any information that requires disclosure.