

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 20, 2022
(Three Months Ended June 20, 2021)**

[Japanese GAAP]

July 20, 2021

Company name: ALINCO INCORPORATED

Listing: TSE 1st section

Stock code: 5933

URL: <https://www.alinco.co.jp>

Representative: Nobuo Kobayashi, Representative Director and President, Chief Operating Officer

Contact: Takashi Sakaguchi, Director, Managing Executive Officer,

Tel: +81-6-7636-2222

General Manager of Accounting and Control Division

Scheduled date of filing of Quarterly Report: August 3, 2021

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 20, 2022
(March 21, 2021 – June 20, 2021)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 20, 2021	12,935	6.8	489	(5.6)	674	(8.7)	462	23.8
Three months ended Jun. 20, 2020	12,108	(11.5)	518	(35.7)	738	(12.0)	373	(21.9)

Note: Comprehensive income Three months ended Jun. 20, 2021: 424 million yen (up 85.2%)
Three months ended Jun. 20, 2020: 229 million yen (down 51.6%)

	Net income per share	Diluted net income per share	EBITDA	
	Yen	Yen	Million yen	%
Three months ended Jun. 20, 2021	23.92	-	1,389	(4.5)
Three months ended Jun. 20, 2020	18.83	-	1,454	(12.9)

Note: EBITDA = Ordinary profit + Depreciation + Amortization of goodwill

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 20, 2021	55,900	27,740	49.5	1,431.34
As of Mar. 20, 2021	55,443	27,679	49.8	1,428.84

Reference: Shareholders' equity As of Jun. 20, 2021: 27,658 million yen As of Mar. 20, 2021: 27,597 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 20, 2021	-	19.00	-	19.00	38.00
Fiscal year ending Mar. 20, 2022	-	-	-	-	-
Fiscal year ending Mar. 20, 2022 (forecast)	-	20.00	-	20.00	40.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 20, 2022 (March 21, 2021 – March 20, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	27,290	8.3	1,400	43.5	1,490	32.5	1,010	67.6	52.29
Full year	56,030	5.0	2,990	17.0	3,080	7.2	2,010	20.8	104.06

Reference: EBITDA forecast for the fiscal year ending March 20, 2022 6,420 million yen (up 0.2%)

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 20, 2021:	21,039,326 shares	As of Mar. 20, 2021:	21,039,326 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Jun. 20, 2021:	1,715,757 shares	As of Mar. 20, 2021:	1,724,357 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Three months ended Jun. 20, 2021:	19,320,344 shares	Three months ended Jun. 20, 2020:	19,827,910 shares
-----------------------------------	-------------------	-----------------------------------	-------------------

Note: For the purpose of calculating net assets per share, the number of shares of the Company held by the ALINCO Employee Shareholding Association Exclusive Trust Account (497,500 shares as of June 20, 2021) under the "Trust-type Employee Shareholding Incentive Plan (E-Ship)" is included in the number of treasury shares, which was to be deducted from the calculation of the number of shares outstanding at the end of the period. For the purpose of calculating net income per share, the Company's shares held by the trust are also included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (500,725 shares for the three months ended June 20, 2021).

*The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

*Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the ALINCO's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Segment and Other Information	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter, the COVID-19 pandemic continued to restrict economic activity in Japan. There are some positive signs, such as the level of ordinary profit in the manufacturing sector is much higher than before the pandemic according to the Financial Statements Statistics of Corporations by Industry. However, the appearance of the highly infectious delta variant, repeated restrictions to prevent infections and other measures make the economic outlook remains uncertain.

In the construction and housing related sectors, which are the primary industry of ALINCO group, there were indications of a recovery in the first quarter, such as the continuation of year-on-year growth in building construction starts based on floor area. In this kind of situation, our core business of scaffolding manufacture, sales and rental has exceeded the performance of the previous fiscal year because of strong sales of new ring lock ALBATROSS system ("ALBATROSS"), the main product in this business section. On the other hand, the sales growth of home fitness equipment has slowed down after the record sales during the pandemic in the previous fiscal year.

First quarter sales were 12,935 million yen, 6.8% higher than one year earlier, because of the recovery of sales in core business operations. Operating profit decreased 5.6% to 489 million yen and ordinary profit decreased 8.7% to 674 million yen due to the rising cost of steel products affected by the international commodity market prices, and the rising procurement cost from abroad as prices of raw materials and shipping cost increased. Profit attributable to owners of parent increased 23.8% to 462 million yen mainly because of extraordinary income from a gain on the partial sales of stock held for business relationships and a decrease in income taxes.

The performance for each business segment was as follows. Noted that, segment sales do not include intersegment sales.

First three months of FY3/22

(Millions of yen)

Segment	Net sales		Segment profit	
	Amount	YoY change (%)	Amount	YoY change (%)
Construction materials	4,720	28.7	375	52.1
Scaffolding material rental	3,784	1.5	127	(0.8)
Home equipment	3,545	(12.5)	14	(93.6)
Electronic equipment	884	33.7	35	-
Total for reportable segments	12,935	6.8	552	(1.6)
Adjustment	-	-	122	-
Amounts shown on quarterly consolidated statement of income	12,935	6.8	674	(8.7)

Notes: 1. Segment profit is adjusted to be consistent with ordinary profit in the quarterly consolidated statement of income.

2. The adjustment to segment profit is primarily non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses that cannot be allocated to a reportable segment.

Construction materials

Sales increased 28.7% from one year earlier to 4,720 million yen. Sales of ALBATROSS increased by 121.6% because of sales to new customers, including a major construction company, and additional purchase from existing customers. Sales are expected to continue to increase during the remainder of this fiscal year. In addition, sales of racks for distribution warehouses are also remained strong.

The segment profit increased 52.1% from one year earlier to 375 million yen due to higher sales.

Scaffolding material rental

Sales increased 1.5% from one year earlier to 3,784 million yen. The utilization rate of rental scaffolding materials for medium and high-rise buildings increased. There were also strong sales for event-related rental equipment, which has been significantly affected by the pandemic, associated with the Tokyo Olympics.

The segment profit was 127 million yen, about the same as in the first quarter of the previous fiscal year.

Home equipment

Sales decreased 12.5% from one year earlier to 3,545 million yen. Sales of aluminum ladders, stepladders and other products remained firm. However, sales of fitness equipment decreased due to record sales from the positive impact of stay-home demand one year earlier.

The segment profit decreased 93.6% to 14 million yen because of the decrease in sales and the rising procurement cost from abroad as prices of raw materials and shipping cost increased.

Electronic equipment

Sales increased 33.7% from one year earlier to 884 million yen. We managed to minimize the negative impact on the supply chain of the current shortage of electronic components, primarily semiconductor components. In addition, this business benefited from the recovery in demand for specified low-power wireless communication devices and wireless communication devices for business applications. And as a result, sales of wireless communication devices that support repeater and three-way simultaneous call were strong.

The segment profit made an improvement of 76 million yen from one year earlier to 35 million yen because of the sales growth.

(2) Explanation of Financial Position

Total assets increased 456 million yen from the end of the previous fiscal year to 55,900 million yen as of the end of the first quarter. Current assets increased 376 million yen to 33,561 million yen and non-current assets increased 79 million yen to 22,338 million yen. The main reason for the increase in total assets was an 841 million yen increase in inventories due to planned production.

Total liabilities increased 394 million yen from the end of the previous fiscal year to 28,159 million yen. Current liabilities increased 160 million yen to 16,320 million yen and non-current liabilities increased 234 million yen to 11,839 million yen. The main reason for the increase in liabilities was a 752 million yen increase in borrowings.

Total net assets increased 61 million yen from the end of the previous fiscal year to 27,740 million yen because of profit attributable to owners of parent of 462 million yen and dividend payments of 376 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the fiscal year ending March 20, 2022 that was announced on April 30, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY3/21 (As of Mar. 20, 2021)	First quarter of FY3/22 (As of Jun. 20, 2021)
Assets		
Current assets		
Cash and deposits	5,535,238	5,919,385
Notes and accounts receivable-trade	14,597,524	13,814,322
Merchandise and finished goods	8,427,257	9,146,424
Work in process	1,192,425	1,260,160
Raw materials	2,430,463	2,485,175
Other	1,024,220	955,491
Allowance for doubtful accounts	(21,901)	(19,535)
Total current assets	33,185,229	33,561,426
Non-current assets		
Property, plant and equipment		
Rental assets	25,621,129	26,016,154
Accumulated depreciation	(21,707,320)	(21,789,177)
Accumulated impairment loss	(298,857)	(308,582)
Rental assets, net	3,614,952	3,918,394
Buildings and structures	11,160,814	11,270,504
Accumulated depreciation	(7,398,587)	(7,518,693)
Buildings and structures, net	3,762,227	3,751,811
Machinery, equipment and vehicles	5,181,525	5,194,822
Accumulated depreciation	(3,996,403)	(4,070,057)
Machinery, equipment and vehicles, net	1,185,121	1,124,764
Land	5,095,600	5,158,549
Other	4,287,878	4,464,106
Accumulated depreciation	(3,392,528)	(3,454,478)
Accumulated impairment loss	(19,388)	(19,388)
Other, net	875,961	990,239
Total property, plant and equipment	14,533,863	14,943,760
Intangible assets		
Goodwill	980,156	908,885
Other	223,860	251,313
Total intangible assets	1,204,016	1,160,198
Investments and other assets		
Investment securities	1,671,110	1,430,991
Long-term loans receivable	1,298,068	1,266,512
Distressed receivables	3,134	-
Retirement benefit asset	2,410,670	2,423,385
Deferred tax assets	107,930	96,993
Other	1,036,034	1,019,838
Allowance for doubtful accounts	(6,184)	(3,050)
Total investments and other assets	6,520,764	6,234,671
Total non-current assets	22,258,644	22,338,631
Total assets	55,443,873	55,900,057

	(Thousands of yen)	
	FY3/21 (As of Mar. 20, 2021)	First quarter of FY3/22 (As of Jun. 20, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,267,563	7,503,523
Short-term borrowings	463,200	619,300
Current portion of long-term borrowings	5,068,624	5,246,584
Income taxes payable	662,320	307,669
Provision for bonuses	714,390	422,347
Other	1,983,181	2,220,700
Total current liabilities	16,159,280	16,320,124
Non-current liabilities		
Long-term borrowings	10,347,955	10,766,704
Retirement benefit liability	192,189	195,995
Provision for retirement benefits for directors (and other officers)	186,336	172,420
Deferred tax liabilities	440,073	267,719
Other	439,034	436,803
Total non-current liabilities	11,605,588	11,839,642
Total liabilities	27,764,869	28,159,767
Net assets		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,922,140	4,922,140
Retained earnings	17,043,168	17,128,712
Treasury shares	(1,449,359)	(1,440,931)
Total shareholders' equity	26,877,545	26,971,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163,324	14,663
Deferred gains or losses on hedges	64,647	49,807
Foreign currency translation adjustment	249,004	392,388
Remeasurements of defined benefit plans	243,398	230,169
Total accumulated other comprehensive income	720,375	687,029
Non-controlling interests	81,083	81,742
Total net assets	27,679,004	27,740,289
Total liabilities and net assets	55,443,873	55,900,057

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****For the Three-month Period**

(Thousands of yen)

	First three months of FY3/21 (Mar. 21, 2020 – Jun. 20, 2020)	First three months of FY3/22 (Mar. 21, 2021 – Jun. 20, 2021)
Net sales	12,108,295	12,935,072
Cost of sales	8,491,173	9,333,196
Gross profit	3,617,121	3,601,875
Selling, general and administrative expenses	3,098,399	3,112,243
Operating profit	518,722	489,632
Non-operating income		
Interest income	10,618	16,342
Dividend income	54,730	41,984
Rental income from land and buildings	14,343	4,544
Foreign exchange gains	154,497	69,786
Gain on sales of scrap and waste	19,148	59,037
Other	32,788	39,028
Total non-operating income	286,126	230,722
Non-operating expenses		
Interest expenses	13,839	12,332
Paying rents	6,115	6,115
Share of loss of entities accounted for using equity method	29,290	6,546
Other	16,926	20,639
Total non-operating expenses	66,171	45,633
Ordinary profit	738,677	674,721
Extraordinary income		
Gain on sales of property, plant and equipment	13	-
Gain on sales of investment securities	-	59,648
Total extraordinary income	13	59,648
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,995	6,859
Total extraordinary losses	1,995	6,859
Profit before income taxes	736,695	727,510
Income taxes-current	421,512	357,213
Income taxes-deferred	(101,636)	(89,532)
Total income taxes	319,876	267,680
Profit	416,818	459,830
Profit attributable to non-controlling interests	43,373	(2,314)
Profit attributable to owners of parent	373,444	462,145

Quarterly Consolidated Statement of Comprehensive Income
For the Three-month Period

(Thousands of yen)

	First three months of FY3/21 (Mar. 21, 2020 – Jun. 20, 2020)	First three months of FY3/22 (Mar. 21, 2021 – Jun. 20, 2021)
Profit	416,818	459,830
Other comprehensive income		
Valuation difference on available-for-sale securities	153,222	(148,660)
Deferred gains or losses on hedges	(58,758)	(14,840)
Foreign currency translation adjustment	(362,400)	182,560
Remeasurements of defined benefit plans, net of tax	21,292	(13,229)
Share of other comprehensive income of entities accounted for using equity method	59,099	(41,130)
Total other comprehensive income	(187,544)	(35,300)
Comprehensive income	229,273	424,530
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	174,806	428,798
Comprehensive income attributable to non-controlling interests	54,467	(4,268)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

I. First three months of FY3/21 (Mar. 21, 2020 – Jun. 20, 2020)

1. Information related to net sales, profit or loss for reportable segments (Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on quarterly consolidated statement of income
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	3,666,301	3,728,835	4,051,549	661,609	12,108,295	-	12,108,295
Inter-segment sales and transfers	516,873	695	59,088	4,617	581,275	(581,275)	-
Total	4,183,174	3,729,530	4,110,637	666,227	12,689,571	(581,275)	12,108,295
Segment profit (loss)	246,601	128,398	227,780	(41,262)	561,518	177,158	738,677

Notes: 1. Segment profit (loss) is adjusted to be consistent with ordinary profit in the quarterly consolidated statement of income.

2. The 177,158 thousand yen segment profit (loss) adjustment is primarily corporate items, which are non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses, that cannot be allocated to a reportable segment.

2. Information related to revisions for reportable segments

Change in depreciation method of property, plant and equipment

Beginning with the first quarter of FY3/21, the depreciation method used for buildings and structures was changed from the declining-balance method to the straight-line method.

ALINCO reexamined the depreciation method based on a review of how the company's assets are used and take into account planned capital expenditures for buildings and other assets in FY3/21 and subsequent years. This reexamination resulted in the outlook for the continued stable utilization of assets for many more years under the current market conditions. ALINCO believes that the use of the straight-line method for the allocation of the acquisition price in equal installments over the useful life of assets will more accurately reflect how these assets are used.

The effect of this change on segment profit (loss) for the first three months of FY3/21 is insignificant.

3. Information related to impairment losses on non-current assets or goodwill, etc. for reportable segments

Not applicable.

II. First three months of FY3/22 (Mar. 21, 2021 – Jun. 20, 2021)

1. Information related to net sales, profit or loss for reportable segments

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on quarterly consolidated statement of income
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	4,720,142	3,784,963	3,545,575	884,390	12,935,072	-	12,935,072
Inter-segment sales and transfers	602,233	5,439	50,311	4,753	662,738	(662,738)	-
Total	5,322,376	3,790,403	3,595,886	889,144	13,597,810	(662,738)	12,935,072
Segment profit	375,194	127,388	14,529	35,213	552,326	122,395	674,721

Notes: 1. Segment profit is adjusted to be consistent with ordinary profit in the quarterly consolidated statement of income.

2. The 122,395 thousand yen segment profit adjustment is primarily corporate items, which are non-operating income and expenses, such as equity-method income and losses, foreign exchange gains and losses, and interest expenses, that cannot be allocated to a reportable segment.

2. Information related to impairment losses on non-current assets or goodwill, etc. for reportable segments

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.