

**Summary of Consolidated Financial Results  
for the First Quarter of the Fiscal Year Ending March 20, 2023  
(Three Months Ended June 20, 2022)**

[Japanese GAAP]

July 20, 2022

Company name: ALINCO INCORPORATED  
 Stock code: 5933  
 Representative: Nobuo Kobayashi, Representative Director and President, Chief Operating Officer  
 Contact: Takashi Sakaguchi, Director, Managing Executive Officer,  
 General Manager of Accounting and Control Division  
 Listing: Tokyo Stock Exchange  
 URL: <https://www.alinco.co.jp/>  
 Tel: +81-6-7636-2222  
 Scheduled date of filing of Quarterly Report: August 3, 2022  
 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, 2023  
(March 21, 2022 – June 20, 2022)**

(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, 2022	14,414	11.4	476	(2.6)	1,025	52.0	604	30.9
Three months ended Jun. 20, 2021	12,935	6.8	489	(5.6)	674	(8.7)	462	23.8

Note: Comprehensive income  
 Three months ended Jun. 20, 2022: 850 million yen (up 100.3%)  
 Three months ended Jun. 20, 2021: 424 million yen (up 85.2%)

	Net income per share	Diluted net income per share	EBITDA	
	Yen	Yen	Million yen	%
Three months ended Jun. 20, 2022	31.09	-	1,858	33.1
Three months ended Jun. 20, 2021	23.92	-	1,396	(5.9)

Note: EBITDA = Ordinary profit + Depreciation + Amortization of goodwill + Equity in earnings of affiliates

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 20, 2022	61,105	27,985	45.8	1,436.55
As of Mar. 20, 2022	58,234	27,518	47.2	1,413.42

Reference: Shareholders' equity As of Jun. 20, 2022: 27,967 million yen As of Mar. 20, 2022: 27,497 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, 2022	-	20.00	-	20.00	40.00
Fiscal year ending Mar. 20, 2023	-	-	-	-	-
Fiscal year ending Mar. 20, 2023 (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, 2023 (March 21, 2022 – March 20, 2023)**

(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	28,650	7.2	200	(78.3)	280	(75.9)	160	(78.6)	8.22
Full year	58,020	5.0	1,540	37.6	1,660	47.4	1,010	123.8	51.91

Reference: EBITDA forecast for the fiscal year ending March 20, 2023 5,067 million yen (down 4.7%)

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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For more information, please refer to “2. Notes to Quarterly Consolidated Financial Statements, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 8.

(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, 2022:	21,039,326 shares	As of Mar. 20, 2022:	21,039,326 shares
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2) Number of treasury shares at the end of the period

As of Jun. 20, 2022:	1,571,025 shares	As of Mar. 20, 2022:	1,584,825 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 20, 2022:	19,459,676 shares	Three months ended Jun. 20, 2021:	19,320,344 shares
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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 (378,000 shares as of June 20, 2022) 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 (386,625 shares for the three months ended June 20, 2022).

\*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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first quarter, the Japanese economy showed signs of normalization of economic activities as restrictions on movement of people caused by the COVID-19 pandemic were eased. Nevertheless, the outlook for the economy is uncertain because of rapidly rising prices of resources and energy triggered by the Ukraine crisis, sharp depreciation of the yen and urban lockdowns in China as the country sticks to its zero-Corona policy.

In the construction and housing related sectors, which are the primary industry of ALINCO group, building construction starts based on floor area have been volatile on a month-to-month basis but generally steady and the industry demand still continue to improve, although slowly. As the Group faces rising prices of raw materials such as steel, and further increase of procurement cost from overseas due to rapid depreciation of the yen, we will strive to raise sales prices to offset rising costs, and increase production of the new ring lock ALBATROSS system (ALBATROSS) in the construction materials business to ensure a stable supply of products, in order to serve a growing number of users. In Higashi Electronics Industry, which became a subsidiary in the previous fiscal year, orders for semiconductor manufacturing equipment power supplies and printed wiring boards for amusement equipment has been favorable and made a contribution to the expansion of the electronic equipment business.

As a result, first quarter sales were 14,414 million yen, 11.4% higher than one year earlier, because of the strong sales in our core business of scaffolding manufacture, sales and rental.

Operating profit decreased 2.6% to 476 million yen despite higher sales in the construction materials business and electronic equipment business as procurement prices increased ahead of sales price increases. Ordinary profit increased 52.0% to 1,025 million yen from the same period a year earlier because foreign exchange gains resulting from the fiscal year-end valuations of foreign currency-denominated assets and the hedging effect of foreign exchange contract. Profit attributable to owners of parent also increased 30.9% year on year to 604 million yen.

The performance for each business segment was as follows. Segment sales do not include intersegment sales.

First three months of FY3/23

(Millions of yen)

Segment	Net sales		Segment profit (loss)	
	Amount	YoY change (%)	Amount	YoY change (%)
Construction materials	5,695	20.7	604	61.1
Scaffolding material rental	4,098	8.3	130	2.8
Home equipment	3,298	(7.0)	(53)	-
Electronic equipment	1,321	49.5	32	(7.0)
Total for reportable segments	14,414	11.4	714	29.3
Adjustment	-	-	311	-
Amounts shown on quarterly consolidated statement of income	14,414	11.4	1,025	52.0

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

2. The adjustment to segment profit (loss) 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 20.7% from one year earlier to 5,695 million yen. Sales of scaffolding materials increased significantly, up 88.6% from one year earlier, because sales of our ALBATROSS were steady from the beginning of the fiscal year. In addition, sales of SK Panels, which are used for expressway renovation projects, were also higher.

The segment profit increased 61.1% to 604 million yen, because of higher sales, sales price increases to offset rising costs, and gains on inventory valuation due to higher prices of raw materials such as steel.

### Scaffolding material rental

Sales increased 8.3% from one year earlier to 4,098 million yen, as the utilization rate of rental scaffolding materials, primarily ALBATROSS, for medium to high-rise buildings has exceeded the same period of previous year since beginning of the period and sales for event-related rental equipment, which had been significantly affected by the pandemic, also recovered.

The segment profit increased 2.8% to 130 million yen from one year earlier as sales rose despite the intense price-based competition.

### Home equipment

Sales decreased 7.0% from one year earlier to 3,298 million yen. Sales of aluminum ladders, stepladders and other products to mass merchandisers as well as sales of our subsidiary products such as elevated work platforms, aluminum bridges were firm. However, we were unable to increase sales of fitness equipment because of delays in the launching of new products amid urban lockdowns in China.

There was a segment loss of 53 million yen, a decrease of 68 million yen from the profit one year earlier. Although we raised sales prices, the loss was caused by a decrease in sales, the rising cost of overseas procurement due to higher raw material prices as well as the yen's depreciation.

### Electronic equipment

Sales increased 49.5% from one year earlier to 1,321 million yen. Higashi Electronics Industry, which was made a subsidiary in the previous fiscal year, contributed to sales from the beginning of the period. We also managed to minimize the negative impact on the supply chain of the current shortage of electronic components, primarily semiconductor components. Sales of specified low-power wireless communication devices and wireless communication devices for business applications were strong.

The segment profit decreased 7.0% to 32 million yen from one year earlier because the cost of electronic components such as semiconductor components increased before we could raise sales prices.

## (2) Explanation of Financial Position

Total assets increased 2,870 million yen from the end of the previous fiscal year to 61,105 million yen as of the end of the first quarter. Current assets increased 2,516 million yen to 38,952 million yen and non-current assets increased 354 million yen to 22,152 million yen. The main reason for the increase in total assets was the 1,601 million yen increase in inventories due to planned production of scaffolding materials, mainly ALBATROSS, in anticipation of increased demand.

Total liabilities increased 2,403 million yen from the end of the previous fiscal year to 33,120 million yen. Current liabilities increased 1,311 million yen to 21,317 million yen and non-current liabilities increased 1,091 million yen to 11,802 million yen. The main reason for the increase in liabilities was a 1,499 million yen increase in borrowings.

Total net assets increased 467 million yen from the end of the previous fiscal year to 27,985 million yen because of profit attributable to owners of parent of 604 million yen and dividend payments of 396 million yen.

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

In terms of profits, the result of the first quarter has exceeded the forecast for the first half of the fiscal year ending March 20, 2023, which was announced on May 2, 2022, as a results from strong sales and rentals of ALBATROSS, inventory valuation gain due to rising raw material prices as well as rising procurement cost due to depreciation of the yen, and gain from valuation of foreign currency-denominated assets.

However, as concerns over rising raw material prices such as steel, etc., and increasing overseas procurement costs due to depreciation of the yen still remain, we decided to not revise the consolidated forecast for the first half and fiscal year ending March 20, 2023 that was announced on May 2, 2022.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/22 (As of Mar. 20, 2022)	First quarter of FY3/23 (As of Jun. 20, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	5,230,964	5,525,181
Notes and accounts receivable-trade	15,214,815	15,289,143
Merchandise and finished goods	9,743,820	10,731,548
Work in process	1,718,326	2,018,038
Raw materials	3,335,110	3,648,914
Other	1,215,981	1,764,052
Allowance for doubtful accounts	(23,064)	(23,995)
Total current assets	36,435,954	38,952,882
Non-current assets		
Property, plant and equipment		
Rental assets	25,804,842	25,959,108
Accumulated depreciation	(21,852,312)	(22,058,199)
Accumulated impairment loss	(297,884)	(322,197)
Rental assets, net	3,654,644	3,578,711
Buildings and structures	12,359,000	12,686,430
Accumulated depreciation	(7,891,080)	(8,056,639)
Buildings and structures, net	4,467,919	4,629,791
Machinery, equipment and vehicles	6,146,658	6,246,519
Accumulated depreciation	(5,071,292)	(5,162,927)
Machinery, equipment and vehicles, net	1,075,365	1,083,592
Land	5,233,361	5,280,132
Other	4,248,203	4,624,418
Accumulated depreciation	(3,619,353)	(3,674,422)
Accumulated impairment	(18,777)	(18,777)
Other, net	610,072	931,219
Total property, plant and equipment	15,041,364	15,503,446
Intangible assets		
Goodwill	945,138	858,411
Other	197,457	198,856
Total intangible assets	1,142,595	1,057,268
Investments and other assets		
Investment securities	1,520,681	1,422,475
Long-term loans receivable	497,742	537,626
Distressed receivables	216	0
Retirement benefit asset	2,448,818	2,464,582
Deferred tax assets	70,152	66,081
Other	1,080,227	1,104,117
Allowance for doubtful accounts	(3,266)	(3,050)
Total investments and other assets	5,614,573	5,591,833
Total non-current assets	21,798,532	22,152,548
Total assets	58,234,486	61,105,431

	(Thousands of yen)	
	FY3/22 (As of Mar. 20, 2022)	First quarter of FY3/23 (As of Jun. 20, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	9,697,387	9,788,040
Short-term borrowings	2,822,900	1,552,400
Current portion of long-term borrowings	5,168,672	6,817,872
Income taxes payable	246,712	557,473
Provision for bonuses	702,100	403,118
Other	1,368,127	2,198,952
<b>Total current liabilities</b>	<b>20,005,899</b>	<b>21,317,857</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,398,709	10,519,932
Retirement benefit liability	223,071	224,393
Provision for retirement benefits for directors (and other officers)	172,420	172,420
Deferred tax liabilities	495,873	478,281
Other	420,317	407,345
<b>Total non-current liabilities</b>	<b>10,710,392</b>	<b>11,802,372</b>
<b>Total liabilities</b>	<b>30,716,291</b>	<b>33,120,229</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,361,596	6,361,596
Capital surplus	4,943,927	4,943,927
Retained earnings	16,720,926	16,928,993
Treasury shares	(1,317,599)	(1,304,075)
<b>Total shareholders' equity</b>	<b>26,708,851</b>	<b>26,930,441</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	71,251	1,376
Deferred gains or losses on hedges	106,209	309,765
Foreign currency translation adjustment	430,551	553,864
Remeasurements of defined benefit plans	180,588	171,692
<b>Total accumulated other comprehensive income</b>	<b>788,600</b>	<b>1,036,698</b>
<b>Non-controlling interests</b>	<b>20,742</b>	<b>18,060</b>
<b>Total net assets</b>	<b>27,518,195</b>	<b>27,985,201</b>
<b>Total liabilities and net assets</b>	<b>58,234,486</b>	<b>61,105,431</b>

**(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 FY3/22 (Mar. 21, 2021 – Jun. 20, 2021)	First three months of FY3/23 (Mar. 21, 2022 – Jun. 20, 2022)
Net sales	12,935,072	14,414,940
Cost of sales	9,333,196	10,733,643
Gross profit	3,601,875	3,681,296
Selling, general and administrative expenses	3,112,243	3,204,627
Operating profit	489,632	476,669
Non-operating income		
Interest income	16,342	19,679
Dividend income	41,984	41,373
Rental income from land and buildings	4,544	6,837
Foreign exchange gains	69,786	515,861
Gain on sales of scrap and waste	59,037	68,785
Other	39,028	14,676
Total non-operating income	230,722	667,214
Non-operating expenses		
Interest expenses	12,332	15,067
Paying rents	6,115	8,362
Share of loss of entities accounted for using equity method	6,546	87,138
Other	20,639	7,943
Total non-operating expenses	45,633	118,513
Ordinary profit	674,721	1,025,371
Extraordinary income		
Gain on sale of investment securities	59,648	-
Total extraordinary income	59,648	-
Extraordinary losses		
Loss on retirement of property, plant and equipment	6,859	3,166
Total extraordinary losses	6,859	3,166
Profit before income taxes	727,510	1,022,204
Income taxes-current	357,213	491,185
Income taxes-deferred	(89,532)	(69,837)
Total income taxes	267,680	421,347
Profit	459,830	600,857
Loss attributable to non-controlling interests	(2,314)	(4,135)
Profit attributable to owners of parent	462,145	604,992



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

	(Thousands of yen)	
	First three months of FY3/22 (Mar. 21, 2021 – Jun. 20, 2021)	First three months of FY3/23 (Mar. 21, 2022 – Jun. 20, 2022)
Profit	459,830	600,857
Other comprehensive income		
Valuation difference on available-for-sale securities	(148,660)	(69,875)
Deferred gains or losses on hedges	(14,840)	203,555
Foreign currency translation adjustment	182,560	188,850
Remeasurements of defined benefit plans, net of tax	(13,229)	(8,895)
Share of other comprehensive income of entities accounted for using equity method	(41,130)	(64,083)
Total other comprehensive income	(35,300)	249,551
Comprehensive income	424,530	850,408
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	428,798	853,090
Comprehensive income attributable to non-controlling interests	(4,268)	(2,682)

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Accounting Policies****Application of Accounting Standards for Revenue Recognition**

ALINCO has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers.

The application of the Accounting Standard for Revenue Recognition is pursuant to the transitional treatment set forth in the proviso of Paragraph 84 of this standard. There is no impact on the balance of retained earnings.

The effect of the application of these standards on the quarterly consolidated financial statements is insignificant.

In addition, in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), ALINCO has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

**Application of the Accounting Standard for Fair Value Measurement**

ALINCO has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

**Segment and Other Information****Segment Information**

I. 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.

## II. First three months of FY3/23 (Mar. 21, 2022 – Jun. 20, 2022)

## 1. Information related to net sales, profit or loss for reportable segments and breakdown of revenue

(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							
Revenue from contracts with customers	5,695,295	4,098,877	3,298,960	1,321,806	14,414,940	-	14,414,940
External sales	5,695,295	4,098,877	3,298,960	1,321,806	14,414,940	-	14,414,940
Inter-segment sales and transfers	496,587	1,580	31,718	6,174	536,060	(536,060)	-
Total	6,191,882	4,100,457	3,330,678	1,327,980	14,951,000	(536,060)	14,414,940
Segment profit (loss)	604,371	130,893	(53,976)	32,743	714,032	311,338	1,025,371

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

2. The 311,338 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

## Application of Accounting Standard for Revenue Recognition

As stated in the “Changes in Accounting Policies,” ALINCO has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, and therefore, the measurement method for profit or loss in the reportable segments has been changed as well.

There is no effect of this change on the segment information for the first three months of FY3/23.

## 3. 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.*