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July 20, 2023

Consolidated Financial Results for the Three Months Ended June 20, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 5933
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 Scheduled date to file quarterly securities report: August 3, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 20, 2023 (from March 21, 2023 to June 20, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 20, 2023	14,149	-1.8	762	59.9	1,227	19.7	882	45.9
June 20, 2022	14,414	11.4	476	-2.6	1,025	52.0	604	30.9

Note: Comprehensive income For the three months ended June 20, 2023: 894 million yen [5.2%]
 For the three months ended June 20, 2022: 850 million yen [100.3%]

	Basic earnings per share		Diluted earnings per share		EBITDA	
	Yen		Yen		Millions of yen	%
Three months ended						
June 20, 2023	45.01		-		1,971	6.1
June 20, 2022	31.09		-		1,858	33.1

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

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 20, 2023	64,814	28,951	44.6	1,475.16
March 20, 2023	63,681	28,443	44.6	1,450.10

Reference: Equity
 As of June 20, 2023: 28,938 million yen
 As of March 20, 2023: 28,431 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 20, 2023	-	20.00	-	20.00	40.00
Fiscal year ending March 20, 2024	-				
Fiscal year ending March 20, 2024 (Forecast)		20.00	-	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending March 20, 2024 (from March 21, 2023 to March 20, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	29,900	0.2	1,450	44.7	1,800	-11.2	1,250	2.3	63.73
Full year	62,400	2.8	2,500	3.3	2,700	-24.3	1,700	9.9	86.71

Reference: EBITDA forecast for the fiscal year ending March 20, 2024: 6,235 million yen (-11.5%)

Note: Revisions to the forecast of cash dividends most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 20, 2023	21,039,326 shares
As of March 20, 2023	21,039,326 shares

- (ii) Number of treasury shares at the end of the period

As of June 20, 2023	1,422,005 shares
As of March 20, 2023	1,432,805 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 20, 2023	19,613,271 shares
Three months ended June 20, 2022	19,459,676 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 (259,900 shares as of June 20, 2023, 270,700 shares as of March 20, 2023) 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 total number of issued shares at the end of the period. For the purpose of calculating earnings 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 (263,950 shares as of June 20, 2023, 386,625 shares as of June 20, 2022).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. 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

In the first three months of FY3/24, the Japanese economy made progress in normalizing economic and social activities by lifting movement restrictions to prevent the spread of infection, such as the shift of new COVID-19 to category 5. Nevertheless, economic trends are uncertain, including the risk of economic downward pressure due to global monetary tightening and price increases against the backdrop of persistently high raw material prices and the depreciation of the yen.

In the construction and housing-related industries, which are the Group's main business industries, the outlook for construction investment has been remained strong due to a recovery in the corporate willingness to invest in capital goods, which had been depressed by the COVID-19 disaster, and the government's measures to accelerate national land resilience. On the other hand, construction starts have recently been delayed due to a shortage of construction workers involved in high-level construction demand.

For this reason, there has been a trend among customers considering purchasing rental scaffolding materials to respond by renting them instead of purchasing equipment. Our group also worked to build a stable finished goods supply system by preparing to open the Tsukuba Equipment Center as a new supply base for temporary equipment, centered on the new ring lock ALBATROSS system (ALBATROSS) in the Kanto region, and acquiring land for the expansion of the Fukuchiyama Distribution Center in preparation for the full-scale launch of purchasing needs.

As a result, net sales in the first three months ended June 20, 2023, decreased by 1.8% year-on-year to 14,149 million yen. In terms of profit, operating profit increased 59.9% year-on-year to 762 million yen because of the contribution from the revision of sales prices implemented in the previous fiscal year from the beginning of the fiscal year, despite ongoing pressure of increasing costs due to the yen's depreciation trend and the persistently high prices of raw materials. Ordinary profit increased 19.7% year-on-year to 1,227 million yen because of an increase in operating profit, despite a decrease in foreign exchange gains year-on-year resulting from the hedging effect of foreign exchange contracts and valuations of foreign currency-denominated assets. Quarterly net income attributable to owners of the parent increased 45.9% year-on-year to 882 million due to the sale of a portion of strategic shareholdings and the recording of a gain on the sale of investment securities in extraordinary income.

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

First three months of FY3/24

Segment	Net sales		Segment profit (loss)	
	Amount (Millions of yen)	YoY change (%)	Amount (Millions of yen)	YoY change (%)
Construction materials	5,061	-11.1	598	-1.0
Scaffolding material rental	4,305	5.0	267	104.3
Home equipment	3,415	3.5	-58	-
Electronic equipment	1,367	3.4	36	11.5
Total for reportable segments	14,149	-1.8	844	18.2
Adjustment	-	-	383	-
Amounts shown on quarterly consolidated statement of income	14,149	-1.8	1,227	19.7

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 foreign exchange gains and losses, and interest expenses that cannot be allocated to a reportable segment.

Construction materials

Sales decreased 11.1% year-on-year to 5,061 million yen. Purchases by rental scaffolding materials companies are expected to begin in earnest from summer onward, and while there are no major fluctuations compared to initial forecasts, sales of scaffolding materials declined as a result of a temporary suspension of purchasing rental scaffolding materials due to problems with the storage capacity of materials yards. In addition, sales of racks for logistics warehouses decreased on a volume basis due to the downsizing of orders, resulting in a 20.7% year-on-year decrease in net sales.

Despite the impact of a year-on-year decrease in net sales, segment income was more or less unchanged at 598 million, down 1.0% year-on-year, due to the contribution of sales price revisions implemented in the previous fiscal year.

Scaffolding material rental

Sales increased 5.0% year-on-year to 4,305 million yen. In the rental business for medium to high-rise buildings, rental needs from customers considering the purchase of rental scaffolding materials, particularly ALBATROSS, pushed up utilization rates, and net sales were firm. In addition, net sales increased at overseas subsidiaries that were consolidated from equity-method affiliates in the previous fiscal year.

The segment profit increased 104.3% to 267 million yen year-on-year due to higher sales.

Home equipment

Sales increased 3.5% year-on-year to 3,415 million yen. In products such as aluminum lifting equipment, sales of work tables and other products expanded as a result of efforts to promote products face-to-face through an increase in the number of exhibitions held. Net sales of fitness-related products were also remained strong, thanks to the proactive launch of new products with a sense of affordable price and expanded sales of the new MIVIOS brand.

In terms of profit and loss, segment income remained largely unchanged from the previous fiscal year, declining 4 million yen year-on-year to a loss of 58 million yen. This was mainly due to the impact of a year-on-year decrease in the hedging effect of foreign exchange contracts, despite an improvement in profits resulting from the expansion of sales of aluminum lifting equipment and the effects of sales price revisions for fitness-related products.

Electronic equipment

Sales increased 3.4% year-on-year to 1,367 million yen. Sales of DJ-X100, a new type of digital receiver launched as a flagship model for the domestic market, were favorable, and sales of specified low-power wireless communication devices and wireless communication devices for business applications.

The segment profit increased 11.5% to 36 million yen year-on-year due to higher sales.

(2) Explanation of Financial Position

Total assets increased 1,132 million yen from the end of the previous fiscal year to 64,814 million yen as of the end of the first three months of FY3/24. Current assets increased 428 million yen to 42,370 million yen and non-current assets increased 703 million yen to 22,443 million yen. The main reason for the increase in total assets was an increase in inventories due to planned production in response to the expected large volume of orders in the future (up 1,162 million yen from the end of the previous fiscal year).

Total liabilities increased 624 million yen from the end of the previous fiscal year to 35,862 million yen. Current liabilities decreased 1,247 million yen to 21,348 million yen and non-current liabilities increased 1,871 million yen to 14,514 million yen. The main reason for the increase in liabilities was a 1,328 million yen increase in borrowings.

Total net assets increased 507 million yen from the end of the previous fiscal year to 28,951 million yen because of profit attributable to owners of parent of 882 million yen and dividend payments of 397 million yen.

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

Based on recent business trends, ALINCO has revised its consolidated forecasts for the six months ending September 20, 2023 that were announced on May 2, 2023. For more information, please refer to the press release titled “Notice Concerning Revisions to Cumulative Second Quarter Financial Results Forecasts” dated July 20, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (March 20, 2023)	First quarter of FY3/24 (June 20, 2023)
Assets		
Current assets		
Cash and deposits	6,771,028	6,373,638
Notes and accounts receivable-trade	15,901,326	15,689,583
Merchandise and finished goods	12,271,852	12,617,310
Work in process	2,152,224	2,662,890
Raw materials	4,002,187	4,308,676
Other	940,903	800,449
Allowance for doubtful accounts	-97,007	-81,771
Total current assets	41,942,515	42,370,776
Non-current assets		
Property, plant and equipment		
Rental assets	27,441,006	28,200,718
Accumulated depreciation	-23,023,699	-23,210,136
Accumulated impairment	-1,156,346	-1,305,321
Rental assets, net	3,260,960	3,685,260
Buildings and structures	12,784,023	13,019,438
Accumulated depreciation	-8,324,449	-8,448,282
Accumulated impairment	-509	-533
Buildings and structures, net	4,459,064	4,570,621
Machinery, equipment and vehicles	6,576,747	6,699,831
Accumulated depreciation	-5,408,597	-5,481,731
Accumulated impairment	-991	-1,038
Machinery, equipment and vehicles, net	1,167,158	1,217,062
Land	5,788,105	5,994,805
Construction in progress	939,928	884,928
Other	4,244,661	4,395,441
Accumulated depreciation	-3,768,633	-3,846,048
Accumulated impairment	-19,856	-20,081
Other, net	456,171	529,311
Total property, plant and equipment	16,071,388	16,881,990
Intangible assets		
Goodwill	598,231	511,504
Other	191,542	182,479
Total intangible assets	789,774	693,984
Investments and other assets		
Investment securities	1,462,695	1,456,664
Long-term loans receivable	7,540	14,080
Distressed receivables	133,593	139,880
Retirement benefit asset	2,252,911	2,266,993
Deferred tax assets	43,274	33,263
Other	1,114,923	1,099,402
Allowance for doubtful accounts	-136,643	-142,930
Total investments and other assets	4,878,294	4,867,354
Total non-current assets	21,739,457	22,443,329
Total assets	63,681,973	64,814,105

(Thousands of yen)

	Previous fiscal year (March 20, 2023)	First quarter of FY3/24 (June 20, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,750,233	9,196,920
Short-term borrowings	2,186,070	2,249,945
Current portion of long-term borrowings	7,172,309	6,552,641
Income taxes payable	1,115,045	450,442
Provision for bonuses	727,424	418,799
Other	1,644,551	2,479,811
Total current liabilities	22,595,633	21,348,559
Non-current liabilities		
Long-term borrowings	11,507,092	13,390,928
Retirement benefit liability	234,024	248,601
Provision for retirement benefits for directors (and other officers)	172,420	172,420
Deferred tax liabilities	330,619	294,826
Other	398,797	407,439
Total non-current liabilities	12,642,953	14,514,216
Total liabilities	35,238,587	35,862,776
Net assets		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,946,293	4,946,293
Retained earnings	17,473,415	17,958,689
Treasury shares	-1,174,731	-1,164,147
Total shareholders' equity	27,606,574	28,102,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,053	41,906
Deferred gains or losses on hedges	-32,661	97,572
Foreign currency translation adjustment	860,949	728,343
Remeasurements of defined benefit plans	-35,414	-31,588
Total accumulated other comprehensive income	824,926	836,233
Non-controlling interests	11,885	12,663
Total net assets	28,443,385	28,951,329
Total liabilities and net assets	63,681,973	64,814,105

(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 FY3/23 (March 21, 2022 - June 20, 2022)	First three months of FY3/24 (March 21, 2023 - June 20, 2023)
Net sales	14,414,940	14,149,866
Cost of sales	10,733,643	10,163,304
Gross profit	3,681,296	3,986,562
Selling, general and administrative expenses	3,204,627	3,224,377
Operating profit	476,669	762,184
Non-operating income		
Interest income	19,679	723
Dividend income	41,373	44,350
Rental income from land and buildings	6,837	5,865
Foreign exchange gains	515,861	320,971
Gain on sales of scrap and waste	68,785	84,409
Other	14,676	37,541
Total non-operating income	667,214	493,862
Non-operating expenses		
Interest expenses	15,067	9,566
Paying rents	8,362	9,486
Share of loss of entities accounted for using equity method	87,138	-
Other	7,943	9,671
Total non-operating expenses	118,513	28,724
Ordinary profit	1,025,371	1,227,322
Extraordinary income		
Gain on sale of property, plant and equipment	-	3,367
Gain on sale of investment securities	-	84,112
Total extraordinary income	-	87,480
Extraordinary losses		
Loss on retirement of property, plant and equipment	3,166	519
Total extraordinary losses	3,166	519
Profit before income taxes	1,022,204	1,314,282
Income taxes-current	491,185	519,403
Income taxes-deferred	-69,837	-88,386
Total income taxes	421,347	431,017
Profit	600,857	883,265
Profit (loss) attributable to non-controlling interests	-4,135	446
Profit attributable to owners of parent	604,992	882,818

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

(Thousands of yen)

	First three months of FY3/23 (March 21, 2022 - June 20, 2022)	First three months of FY3/24 (March 21, 2023 - June 20, 2023)
Profit	600,857	883,265
Other comprehensive income		
Valuation difference on available-for-sale securities	-69,875	9,853
Deferred gains or losses on hedges	203,555	130,233
Foreign currency translation adjustment	188,850	-132,275
Remeasurements of defined benefit plans, net of tax	-8,895	3,826
Share of other comprehensive income of entities accounted for using equity method	-64,083	-
Total other comprehensive income	249,551	11,638
Comprehensive income	850,408	894,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	853,090	894,125
Comprehensive income attributable to non- controlling interests	-2,682	778

(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 the Accounting Standard for Fair Value Measurement

ALINCO has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (the Accounting Standard for Fair Value Measurement)(ASBJ Statement No. 31, June 17, 2021) 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 Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment and Other Information

Segment Information

I First nine months of FY3/23 (March 21, 2022 – June 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	3,344,738	3,298,960	1,321,806	13,660,800	-	13,660,800
Other revenue	-	754,139	-	-	754,139	-	754,139
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. Adjustment of segment income (loss) of 311,338 thousand yen is corporate-wide profit (loss). Corporate-wide profit (loss) is mainly non-operating income and non-operating expenses, such as equity in earnings (losses) of affiliates not attributable to reportable segments, foreign exchange gains (losses) and interest expense.

3. Other revenue includes lease revenue, etc. in accordance with Accounting Standards for Lease Transactions (ASBJ Statement No. 13).

2. Information related to impairment losses on non-current assets or goodwill, etc. for reportable segments Not applicable.

II. First three months of FY3/24 (March 21, 2023 – June 20, 2023)

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	5,061,377	3,389,523	3,415,821	1,367,277	13,234,000	-	13,234,000
Other revenue	-	915,866	-	-	915,866	-	915,866
External sales	5,061,377	4,305,389	3,415,821	1,367,277	14,149,866	-	14,149,866
Inter-segment sales and transfers	608,351	1,248	139,683	5,254	754,536	-754,536	-
Total	5,669,728	4,306,638	3,555,505	1,372,531	14,904,403	-754,536	14,149,866
Segment profit (loss)	598,464	267,389	-58,086	36,494	844,262	383,059	1,227,322

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

2. Adjustment of segment income (loss) of 383,059 thousand yen is corporate-wide profit (loss). Corporate-wide profit (loss) is mainly non-operating income and non-operating expenses, such as foreign exchange gains (losses) and interest expense not attributable to reportable segments.

3. Other revenue includes lease revenue, etc. in accordance with Accounting Standards for Lease Transactions (ASBJ Statement No. 13).

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

Not applicable.