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October 20, 2023

Consolidated Financial Results for the Six Months Ended September 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: November 1, 2023
 Scheduled date to commence dividend payments: November 22, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

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

1. Consolidated financial results for the six months ended September 20, 2023 (from March 21, 2023 to September 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	%
Six months ended								
September 20, 2023	29,230	-2.1	1,367	36.4	2,103	3.8	1,468	20.1
September 20, 2022	29,852	11.7	1,002	8.7	2,026	74.1	1,222	63.4

Note: Comprehensive income For the six months ended September 20, 2023: ¥1,788 million [8.0%]
 For the six months ended September 20, 2022: ¥1,655 million [124.4%]

	Basic earnings per share	Diluted earnings per share	EBITDA	
	Yen	Yen	Millions of yen	%
Six months ended				
September 20, 2023	74.76	-	3,708	-0.6
September 20, 2022	62.71	-	3,730	38.5

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
	Millions of yen	Millions of yen	%	Yen
As of				
September 20, 2023	66,267	29,916	45.1	1,518.76
March 20, 2023	63,681	28,443	44.6	1,450.10

Reference: Equity
 As of September 20, 2023: ¥29,904 million
 As of March 20, 2023: ¥28,431 million

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	-	20.00			
Fiscal year ending March 20, 2024 (Forecast)			-	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
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 financial results most recently announced: None

*** 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 September 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 September 20, 2023	1,349,105 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)

Six months ended September 20, 2023	19,639,764 shares
Six months ended September 20, 2022	19,491,019 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 (215,800 shares as of September 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 (245,686 shares as of September 20, 2023, 364,129 shares as of September 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

During the first six months of FY3/24, the Japanese economy made progress in normalizing economic activity after COVID-19. Still, the outlook for economic trends remained uncertain due to the unstable international situation, high raw materials and energy prices, and rising prices against the backdrop of the yen's depreciation.

In the construction and housing-related industries, which are the Group's main business industries, construction investment has 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, the recent price hikes of construction materials and the shortage of construction workers have caused delays in the start of construction, and customers who have purchase intention of scaffolding materials have been turning to rent instead of purchasing scaffolding materials since the beginning of fiscal year.

In this kind of situation, our Group began actively investing in rental assets from the beginning of the fiscal year and also opened the Tsukuba Equipment Center as a new supply base for rental scaffolding materials centered on the new ring lock ALBATROSS system (ALBATROSS) in the Kanto region.

As a result, net sales for the first six months decreased by 2.1% year on year to 29,230 million yen due to a decrease in sales from the Construction materials business compared with one year earlier. In terms of profit, operating profit increased 36.4% year on year to 1,367 million due to the contribution of sales price revision implemented in the previous fiscal year from the beginning of the period, despite ongoing inflation pressures on costs from the continuing yen's depreciation and other factors. Ordinary profit increased 3.8% year on year to 2,103 million yen, despite a year-on-year decrease in foreign exchange gains year on year due to hedging effects through foreign exchange forward contracts and the valuation of assets denominated in foreign currencies. Profit attributable to owners of parent increased 20.1% year on year to 1,468 million yen, mainly due to the sale of some of its cross-shareholdings and the recording of gain on sale of investment securities in extraordinary gain.

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

First six months of FY3/24

Segment	Net sales		Segment profit (loss)	
	Amount (Millions of yen)	YoY change (%)	Amount (Millions of yen)	YoY change (%)
Construction materials	10,853	-10.1	1,323	-0.8
Scaffolding material rental	8,766	6.5	449	111.9
Home equipment	6,939	1.6	-196	-
Electronic equipment	2,670	-2.0	0	-99.4
Total for reportable segments	29,230	-2.1	1,577	2.0
Adjustment	-	-	525	-
Amounts shown on quarterly consolidated statement of income	29,230	-2.1	2,103	3.8

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 10.1% from one year earlier to 10,853 million yen. Although sales of aluminum work platforms were strong for new products, purchase of ALBATROSS was expected to begin in earnest by rental scaffolding materials companies from summer onward, but it was delayed amid prolonged delays in construction starts. In addition, sales of racks for logistics warehouses decreased on a volume basis due to the downsizing of orders, resulting in a 17.1% year-on-year decrease in sales.

Despite a year-on-year decrease in net sales, segment profit was 1,323 million yen, which is the same level as the same period of the previous fiscal year, because of sales price revisions implemented in the previous fiscal year.

Scaffolding material rental

Sales increased 6.5% year on year to 8,766 million yen. In the rental business for medium to high-rise buildings, the need for rental equipment from customers who are considering purchasing scaffolding materials, particularly ALBATROSS, boosted the utilization rate, and sales were firm. In addition, sales were also strong at a foreign subsidiary which was made consolidated subsidiaries of equity-method affiliates in the previous financial year.

Segment profit increased 111.9% year on year to 449 million yen due to higher sales.

Home equipment

Sales increased 1.6% year on year to 6,939 million yen. In products such as aluminum lifting equipment, sales of work platforms and other products expanded as a result of efforts to promote products face-to-face through an increase in the number of exhibitions held. In addition, sales of special ladders increased as the scope of application of the obligation to install truck lifting equipment will be expanded from October 2023 due to revisions to the Ordinance on Industrial Safety and Health. Sales of fitness equipment were also firm, reflecting the active introduction of new products such as “Body Shape Gun” and the new brand “MIVOS” with a sense of affordability.

The segment profit recorded a loss of 196 million yen, a decrease of 40 million yen year on year. This was mainly due to an increase in purchase costs caused by the yen’s depreciation and a decrease in the effects of hedging through foreign exchange contracts compared with the same period of the previous fiscal year, despite an improvement in profits resulting from the expanded sales of aluminum lifting equipment and the effects of sales price revisions for fitness equipment.

Electronic equipment

Sales decreased 2.0% year on year to 2,670 million yen. Sales of the new digital receiver “DJ-X100”, which was launched as a flagship model for the domestic market, were favorable, supported by high-end users as the best model combining stability and a wider range of digital recovery functions.

The segment profit decreased by 156 million yen year on year to 0 million yen due to a decrease in net sales and the posting of up-front expenses for the construction of a new factory of HIGASHI ELECTRONICS INDUSTRY CO., LTD.

(2) Explanation of Financial Position

Total assets increased 2,585 million yen from the end of the previous fiscal year to 66,267 million yen as of the end of the second quarter. Current assets increased 875 million yen to 42,818 million yen, and non-current assets increased 1,710 million yen to 23,449 million yen. The main factors behind the increase in total assets were an increase in inventories (up 1,088 million yen from the end of the previous fiscal year) due to planned production to meet expected future orders, an active investment in rental assets centered on the new scaffolding ALBATROSS, as well as an increase in property, plant and equipment due to acquisitions of land for the expansion of Fukuchiyama Distribution Center and investments for the construction of a new plant of HIGASHI ELECTRONICS INDUSTRY CO., LTD.

Total liabilities increased 1,112 million yen from the end of the previous fiscal year to 36,351 million yen. Current liabilities decreased 874 million yen to 21,721 million yen, and non-current liabilities increased 1,986 million yen to 14,629 million yen. The main reason for the increase in liabilities was an increase in borrowings (up 2,283 million yen from the end of the previous fiscal year).

Total net assets increased 1,473 million yen from the end of the previous fiscal year to 29,916 million yen because of profit attributable to owners of parent of 1,468 million yen and dividend payments of 397 million yen.

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

For the six-month period, ordinary profit, profit attributable to owners of parent exceeded the forecasts stated in the “Notice Concerning Revisions to Cumulative Second Quarter Financial Results Forecasts” released on July 20, 2023, due to ordinary profit improvement factors such as foreign exchange gains from the valuation of foreign currency-denominated assets.

The full-year forecast of consolidated financial results for the year ending March 20, 2024, remains unchanged from the initial forecasts announced on May 2, 2023, as ALINCO is currently scrutinizing future market trends and performance trends. If we determine that revisions are necessary, we will promptly make a public announcement.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous fiscal year (March 20, 2023)	Second quarter of FY3/24 (September 20, 2023)
Assets		
Current assets		
Cash and deposits	6,771,028	6,038,452
Notes and accounts receivable-trade	15,901,326	16,435,130
Merchandise and finished goods	12,271,852	12,357,037
Work in process	2,152,224	2,763,082
Raw materials	4,002,187	4,394,839
Other	940,903	894,058
Allowance for doubtful accounts	-97,007	-64,301
Total current assets	41,942,515	42,818,299
Non-current assets		
Property, plant and equipment		
Rental assets	27,441,006	28,408,001
Accumulated depreciation	-23,023,699	-23,067,299
Accumulated impairment	-1,156,346	-1,375,765
Rental assets, net	3,260,960	3,964,935
Buildings and structures	12,784,023	13,191,467
Accumulated depreciation	-8,324,449	-8,602,680
Accumulated impairment	-509	-581
Buildings and structures, net	4,459,064	4,588,205
Machinery, equipment and vehicles	6,576,747	6,745,240
Accumulated depreciation	-5,408,597	-5,583,793
Accumulated impairment	-991	-1,131
Machinery, equipment and vehicles, net	1,167,158	1,160,315
Land	5,788,105	6,056,095
Construction in progress	939,928	1,477,163
Other	4,244,661	4,499,373
Accumulated depreciation	-3,768,633	-3,930,505
Accumulated impairment	-19,856	-20,533
Other, net	456,171	548,334
Total property, plant and equipment	16,071,388	17,795,049
Intangible assets		
Goodwill	598,231	424,778
Other	191,542	178,587
Total intangible assets	789,774	603,365
Investments and other assets		
Investment securities	1,462,695	1,604,009
Long-term loans receivable	7,540	15,885
Distressed receivables	133,593	152,169
Retirement benefit asset	2,252,911	2,281,546
Deferred tax assets	43,274	34,693
Other	1,114,923	1,118,172
Allowance for doubtful accounts	-136,643	-155,219
Total investments and other assets	4,878,294	5,051,257
Total non-current assets	21,739,457	23,449,672
Total assets	63,681,973	66,267,972

(Thousands of yen)

	Previous fiscal year (March 20, 2023)	Second quarter of FY3/24 (September 20, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,750,233	8,908,412
Short-term borrowings	2,186,070	3,099,040
Current portion of long-term borrowings	7,172,309	6,669,774
Income taxes payable	1,115,045	675,111
Provision for bonuses	727,424	774,510
Other	1,644,551	1,594,722
Total current liabilities	22,595,633	21,721,570
Non-current liabilities		
Long-term borrowings	11,507,092	13,380,401
Retirement benefit liability	234,024	253,693
Provision for retirement benefits for directors (and other officers)	172,420	172,420
Deferred tax liabilities	330,619	427,543
Other	398,797	395,508
Total non-current liabilities	12,642,953	14,629,566
Total liabilities	35,238,587	36,351,137
Net assets		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,946,293	4,952,555
Retained earnings	17,473,415	18,544,171
Treasury shares	-1,174,731	-1,098,391
Total shareholders' equity	27,606,574	28,759,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,053	138,192
Deferred gains or losses on hedges	-32,661	128,635
Foreign currency translation adjustment	860,949	905,662
Remeasurements of defined benefit plans	-35,414	-27,762
Total accumulated other comprehensive income	824,926	1,144,728
Non-controlling interests	11,885	12,174
Total net assets	28,443,385	29,916,834
Total liabilities and net assets	63,681,973	66,267,972

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

(Thousands of yen)

	First six months of FY3/23 (March 21, 2022 - September 20, 2022)	First six months of FY3/24 (March 21, 2023 - September 20, 2023)
Net sales	29,852,561	29,230,511
Cost of sales	22,539,189	21,461,552
Gross profit	7,313,371	7,768,958
Selling, general and administrative expenses	6,311,140	6,401,814
Operating profit	1,002,231	1,367,144
Non-operating income		
Interest income	20,525	7,007
Dividend income	58,171	56,415
Rental income from land and buildings	13,176	11,695
Foreign exchange gains	990,712	491,220
Gain on sales of scrap and waste	94,766	154,282
Other	80,711	97,790
Total non-operating income	1,258,064	818,413
Non-operating expenses		
Interest expenses	29,581	43,534
Paying rents	17,849	18,973
Share of loss of entities accounted for using equity method	150,365	-
Other	36,184	19,326
Total non-operating expenses	233,980	81,834
Ordinary profit	2,026,315	2,103,723
Extraordinary income		
Gain on sale of property, plant and equipment	0	3,521
Gain on sale of investment securities	-	84,112
Total extraordinary income	0	87,633
Extraordinary losses		
Loss on retirement of property, plant and equipment	10,338	1,612
Total extraordinary losses	10,338	1,612
Profit before income taxes	2,015,976	2,189,744
Income taxes-current	782,636	732,454
Income taxes-deferred	17,606	-10,529
Total income taxes	800,243	721,925
Profit	1,215,733	1,467,819
Profit (loss) attributable to non-controlling interests	-6,519	-481
Profit attributable to owners of parent	1,222,253	1,468,300

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

(Thousands of yen)

	First six months of FY3/23 (March 21, 2022 - September 20, 2022)	First six months of FY3/24 (March 21, 2023 - September 20, 2023)
Profit	1,215,733	1,467,819
Other comprehensive income		
Valuation difference on available-for-sale securities	4,807	106,139
Deferred gains or losses on hedges	190,075	161,297
Foreign currency translation adjustment	439,184	45,483
Remeasurements of defined benefit plans, net of tax	-17,791	7,652
Share of other comprehensive income of entities accounted for using equity method	-176,230	-
Total other comprehensive income	440,045	320,572
Comprehensive income	1,655,779	1,788,391
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,659,465	1,788,102
Comprehensive income attributable to non-controlling interests	-3,685	289

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

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 (ASBJ Statement No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year. In addition, in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, ALINCO has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future. There is no effect of the application of these standards on the quarterly consolidated financial statements.

Segment and Other Information

Segment Information

I First six months of FY3/23 (March 21, 2022 - September 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	12,068,583	6,677,817	6,829,978	2,725,561	28,301,941	-	28,301,941
Other revenue	-	1,550,620	-	-	1,550,620	-	1,550,620
External sales	12,068,583	8,228,438	6,829,978	2,725,561	29,852,561	-	29,852,561
Inter-segment sales and transfers	899,488	7,576	88,972	10,512	1,006,549	-1,006,549	-
Total	12,968,072	8,236,014	6,918,950	2,736,074	30,859,111	-1,006,549	29,852,561
Segment profit (loss)	1,334,163	212,379	-156,073	156,481	1,546,950	479,364	2,026,315

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 479,364 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 six months of FY3/24 (March 21, 2023 - September 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	10,853,710	6,829,229	6,939,377	2,670,936	27,293,253	-	27,293,253
Other revenue	-	1,937,257	-	-	1,937,257	-	1,937,257
External sales	10,853,710	8,766,487	6,939,377	2,670,936	29,230,511	-	29,230,511
Inter-segment sales and transfers	1,262,555	3,170	212,678	9,095	1,487,499	-1,487,499	-
Total	12,116,265	8,769,657	7,152,055	2,680,032	30,718,011	-1,487,499	29,230,511
Segment profit (loss)	1,323,279	449,979	-196,231	940	1,577,967	525,755	2,103,723

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 525,755 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.