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February 2, 2024

Consolidated Financial Results for the Nine Months Ended December 20, 2023 (Under Japanese GAAP)

Company name: ALINCO INCORPORATED
 Listing: Tokyo Stock Exchange
 Securities code: 5933
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 Scheduled date to file quarterly securities report: February 2, 2024
 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 nine months ended December 20, 2023 (from March 21, 2023 to December 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 | % |
| Nine months ended | | | | | | | | |
| December 20, 2023 | 44,692 | -4.3 | 1,916 | 1.0 | 2,793 | -11.9 | 1,916 | 44.9 |
| December 20, 2022 | 46,691 | 13.8 | 1,897 | 49.7 | 3,171 | 232.0 | 1,322 | 225.7 |

Note: Comprehensive income For the nine months ended December 20, 2023: ¥2,210 million [6.3%]
 For the nine months ended December 20, 2022: ¥2,080 million [624.6%]

| | Basic earnings per share | Diluted earnings per share | EBITDA | |
|-------------------|--------------------------|----------------------------|-----------------|------|
| | Yen | Yen | Millions of yen | % |
| Nine months ended | | | | |
| December 20, 2023 | 97.52 | - | 5,352 | -7.2 |
| December 20, 2022 | 67.78 | - | 5,767 | 38.1 |

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 |
|-------------------|-----------------|-----------------|-----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of | | | | |
| December 20, 2023 | 67,928 | 29,952 | 44.1 | 1,519.62 |
| March 20, 2023 | 63,681 | 28,443 | 44.6 | 1,450.10 |

Reference: Equity

As of December 20, 2023: ¥29,939 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 | | Basic 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 December 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 December 20, 2023 | 1,337,305 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)

| | |
|-------------------------------------|-------------------|
| Nine months ended December 20, 2023 | 19,657,841 shares |
| Nine months ended December 20, 2022 | 19,511,782 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 (204,000 shares as of December 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 (233,780 shares as of December 20, 2023, 350,000 shares as of December 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 nine months of FY3/24, while the Japanese economy experienced a slump in exports against the backdrop of a slowdown in overseas economies, progress was made in normalizing economic activity after COVID-19 and an increase in capital investment against the backdrop of high corporate earnings. However, 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 situation in which construction starts has been delayed since the beginning of the fiscal year remains unresolved, and customers who are considering purchasing scaffolding material continue to opt for renting instead.

Against this backdrop, our Group has strengthened the ability to respond to growing needs for rental of scaffolding materials by actively investing in rental assets from the beginning of the fiscal year, and opening 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 nine months of FY3/24, decreased by 4.3% year on year to 44,692 million yen due to a decrease in net sales from the Construction materials business compared with one year earlier. In terms of profit, operating profit increased 1.0% year on year to 1,916 million yen due to the contribution of sales price revision implemented in the previous fiscal year from the beginning of the period. Ordinary profit decreased 11.9% year on year to 2,793 million yen due to a decrease in foreign exchange gains year on year reflecting hedging effects through foreign exchange forward contracts and the valuation of assets denominated in foreign currencies. Profit attributable to owners of parent increased 44.9% year on year to 1,916 million yen due to the elimination of extraordinary losses arising from the consolidation of an equity-method affiliate in the same period of the previous fiscal year.

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

First nine months of FY3/24

| Segment | Net sales | | Segment profit (loss) | |
|---|-----------------------------|-------------------|-----------------------|-------------------|
| | Amount (Millions of yen) | YoY change (%) | Amount | YoY change (%) |
| Construction materials | 16,442 | -13.6 | 1,985 | -13.6 |
| Scaffolding material rental | 13,543 | 6.2 | 589 | 62.6 |
| Home equipment | 10,761 | -0.0 | -193 | - |
| Electronic equipment | 3,944 | -5.1 | -20 | - |
| Total for reportable segments | 44,692 | -4.3 | 2,360 | -16.0 |
| Adjustment | - | - | 433 | - |
| Amounts shown on quarterly consolidated statement of income | 44,692 | -4.3 | 2,793 | -11.9 |

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 13.6% year on year to 16,424 million yen. Although sales of aluminum work platforms were strong for new products, sales of ALBATROSS decreased 19.0% year on year, reflecting a shift in customer demand from purchasing to rental scaffolding material 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 20.7% year-on-year decrease in net sales.

Due to the decrease in net sales, segment profit decreased 13.6% to 1,985 million yen from one year earlier due to higher sales.

Scaffolding material rental

Sales increased 6.2% year on year to 13,543 million yen. In the rental business for medium to high-rise buildings, sales of scaffolding material, mainly ALBATROSS, were firm due to the rental needs from customers who are considering purchasing scaffolding material boosted the utilization rate. In addition, sales were also firm at a foreign subsidiary which was converted from equity-method affiliates to consolidated subsidiaries in the previous fiscal year.

Due to the increase in net sales, segment profit increased 62.6% to 589 million yen from one year earlier due to higher sales.

Home equipment

Sales were 10,761 million yen, unchanged from the same period of the previous fiscal year. In products such as aluminum lifting equipment, sales of special ladders increased as the scope of application of the obligation to install truck lifting equipment was expanded from October 2023 due to revisions to the Ordinance on Industrial Safety and Health. In addition, sales of elevated workbenches at subsidiary SIP Co., Ltd. for semiconductor factories were strong. 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 193 million yen, a decrease of 105 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 impacts of hedging effects through foreign exchange contracts year on year, despite an improvement in profits resulting from the effects of expanded sales of aluminum lifting equipment and the effects of sales price revisions for fitness equipment.

Electronic equipment

Sales decreased 5.1% year on year to 3,944 million yen. Sales of the new digital receiver “DJ-X100” were strong, and sales of the mainstay specific small-power radio were also firm. However, orders for ALINCO TOYAMA INCORPORATED, a subsidiary, declined due to the impact of production adjustments made by contractors.

As for HIGASHI ELECTRONICS INDUSTRY CO., LTD., which became a subsidiary in August 2021, the construction of a new plant was completed in November as planned, and full-scale operations are scheduled to begin in January 2024, as investment for the construction of a new plant had been underway.

The segment profit decreased by 255 million yen year on year to a loss of 20 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 4,246 million yen from the end of the previous fiscal year to 67,928 million yen as of the end of the third quarter. Current assets increased 2,043 million yen to 43,986 million yen and non-current assets increased 2,203 million yen to 23,942 million yen. The main factor behind the increase in total assets was an increase in inventories (up 1,278 million yen from the end of the previous fiscal year) due to planned production to meet expected future orders. Moreover, active investment in rental assets centered on the 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 2,737 million yen from the end of the previous fiscal year to 37,976 million yen. Current liabilities decreased 84 million yen to 22,510 million yen and non-current liabilities increased 2,822 million yen to 15,465 million yen. The main reason for the increase in liabilities was an increase in borrowings (up 4,455 million yen year on year)

Total net assets increased 1,509 million yen from the end of the previous fiscal year to 29,952 million yen because of profit attributable to owners of parent of 1,916 million yen and dividend payments of 795 million yen.

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

For the first nine months of FY3/24, ordinary profit, profit attributable to owners of parent exceeded each figure in the full-year consolidated earnings forecast announced on May 2, 2023, due to the effects of hedging through forward exchange contracts and foreign exchange gains arising from revaluation 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) | Third quarter of FY3/24 (December 20, 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,771,028 | 6,087,149 |
| Notes and accounts receivable-trade | 15,901,326 | 17,425,674 |
| Merchandise and finished goods | 12,271,852 | 12,341,316 |
| Work in process | 2,152,224 | 2,865,242 |
| Raw materials | 4,002,187 | 4,498,110 |
| Other | 940,903 | 821,795 |
| Allowance for doubtful accounts | -97,007 | -52,975 |
| Total current assets | 41,942,515 | 43,986,313 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Rental assets | 27,441,006 | 29,188,792 |
| Accumulated depreciation | -23,023,699 | -23,559,070 |
| Accumulated impairment | -1,156,346 | -1,368,231 |
| Rental assets, net | 3,260,960 | 4,261,490 |
| Buildings and structures | 12,784,023 | 13,373,833 |
| Accumulated depreciation | -8,324,449 | -8,724,239 |
| Accumulated impairment | -509 | -575 |
| Buildings and structures, net | 4,459,064 | 4,649,018 |
| Machinery, equipment and vehicles | 6,576,747 | 6,960,292 |
| Accumulated depreciation | -5,408,597 | -5,682,642 |
| Accumulated impairment | -991 | -1,120 |
| Machinery, equipment and vehicles, net | 1,167,158 | 1,276,530 |
| Land | 5,788,105 | 6,052,926 |
| Construction in progress | 939,928 | 1,646,141 |
| Other | 4,244,661 | 4,547,511 |
| Accumulated depreciation | -3,768,633 | -4,018,734 |
| Accumulated impairment | -19,856 | -20,426 |
| Other, net | 456,171 | 508,349 |
| Total property, plant and equipment | 16,071,388 | 18,394,456 |
| Intangible assets | | |
| Goodwill | 598,231 | 358,488 |
| Other | 191,542 | 170,349 |
| Total intangible assets | 789,774 | 528,837 |
| Investments and other assets | | |
| Investment securities | 1,462,695 | 1,572,076 |
| Long-term loans receivable | 7,540 | 13,460 |
| Distressed receivables | 133,593 | 150,319 |
| Retirement benefit asset | 2,252,911 | 2,296,622 |
| Deferred tax assets | 43,274 | 29,526 |
| Other | 1,114,923 | 1,110,601 |
| Allowance for doubtful accounts | -136,643 | -153,369 |
| Total investments and other assets | 4,878,294 | 5,019,236 |
| Total non-current assets | 21,739,457 | 23,942,530 |
| Total assets | 63,681,973 | 67,928,844 |

| | (Thousands of yen) | |
|--|--|---|
| | Previous fiscal year (March 20, 2023) | Third quarter of FY3/24 (December 20, 2023) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 9,750,233 | 8,812,613 |
| Short-term borrowings | 2,186,070 | 4,272,250 |
| Current portion of long-term borrowings | 7,172,309 | 6,885,033 |
| Income taxes payable | 1,115,045 | 116,487 |
| Provision for bonuses | 727,424 | 444,749 |
| Other | 1,644,551 | 1,979,751 |
| Total current liabilities | <u>22,595,633</u> | <u>22,510,885</u> |
| Non-current liabilities | | |
| Long-term borrowings | 11,507,092 | 14,163,372 |
| Retirement benefit liability | 234,024 | 255,777 |
| Provision for retirement benefits for directors (and other officers) | 172,420 | 172,420 |
| Deferred tax liabilities | 330,619 | 479,588 |
| Other | 398,797 | 394,134 |
| Total non-current liabilities | <u>12,642,953</u> | <u>15,465,292</u> |
| Total liabilities | <u>35,238,587</u> | <u>37,976,178</u> |
| 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 | 18,594,702 |
| Treasury shares | -1,174,731 | -1,086,827 |
| Total shareholders' equity | <u>27,606,574</u> | <u>28,822,026</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 32,053 | 126,066 |
| Deferred gains or losses on hedges | -32,661 | -13,758 |
| Foreign currency translation adjustment | 860,949 | 1,029,103 |
| Remeasurements of defined benefit plans | -35,414 | -23,936 |
| Total accumulated other comprehensive income | <u>824,926</u> | <u>1,117,475</u> |
| Non-controlling interests | <u>11,885</u> | <u>13,164</u> |
| Total net assets | <u>28,443,385</u> | <u>29,952,666</u> |
| Total liabilities and net assets | <u>63,681,973</u> | <u>67,928,844</u> |

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

(Thousands of yen)

| | First nine months of FY3/23 (March 21, 2022 - December 20, 2022) | First nine months of FY3/24 (March 21, 2023 - December 20, 2023) |
|---|--|--|
| Net sales | 46,691,531 | 44,692,301 |
| Cost of sales | 35,335,306 | 33,143,490 |
| Gross profit | 11,356,224 | 11,548,811 |
| Selling, general and administrative expenses | 9,458,419 | 9,632,381 |
| Operating profit | 1,897,805 | 1,916,429 |
| Non-operating income | | |
| Interest income | 34,894 | 8,827 |
| Dividend income | 68,880 | 77,921 |
| Rental income from land and buildings | 17,528 | 17,572 |
| Foreign exchange gains | 1,185,411 | 580,561 |
| Gain on sales of scrap and waste | 139,569 | 202,355 |
| Other | 111,120 | 115,279 |
| Total non-operating income | 1,557,405 | 1,002,518 |
| Non-operating expenses | | |
| Interest expenses | 42,407 | 64,568 |
| Paying rents | 27,402 | 28,459 |
| Share of loss of entities accounted for using equity method | 170,704 | - |
| Other | 42,752 | 32,092 |
| Total non-operating expenses | 283,265 | 125,120 |
| Ordinary profit | 3,171,944 | 2,793,826 |
| Extraordinary income | | |
| Gain on sale of property, plant and equipment | 1,059 | 3,638 |
| Gain on sale of investment securities | 30,958 | 84,112 |
| Total extraordinary income | 32,017 | 87,751 |
| Extraordinary losses | | |
| Loss on retirement of property, plant and equipment | 12,812 | 1,758 |
| Loss on step acquisitions | 282,087 | - |
| Total extraordinary losses | 294,899 | 1,758 |
| Profit before income taxes | 2,909,062 | 2,879,818 |
| Income taxes-current | 1,099,855 | 832,510 |
| Income taxes-deferred | 152,268 | 130,270 |
| Total income taxes | 1,252,124 | 962,781 |
| Profit | 1,656,938 | 1,917,037 |
| Profit attributable to non-controlling interests | 334,332 | 86 |
| Profit attributable to owners of parent | 1,322,606 | 1,916,951 |

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

(Thousands of yen)

| | First nine months of FY3/23 (Mar. 21, 2022 - Dec. 20, 2022) | First nine months of FY3/24 (Mar. 21, 2023 - Dec. 20, 2023) |
|--|---|---|
| Profit | 1,656,938 | 1,917,037 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | -31,160 | 94,013 |
| Deferred gains or losses on hedges | -136,982 | 18,902 |
| Foreign currency translation adjustment | 842,351 | 169,346 |
| Remeasurements of defined benefit plans, net of tax | -26,687 | 11,478 |
| Share of other comprehensive income of entities accounted for using equity method | -224,288 | - |
| Total other comprehensive income | 423,232 | 293,741 |
| Comprehensive income | 2,080,171 | 2,210,779 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,743,029 | 2,209,500 |
| Comprehensive income attributable to non-controlling interests | 337,141 | 1,279 |

(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 (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 nine months of FY3/23 (Mar. 21, 2022 - Dec. 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 | 19,020,396 | 10,351,941 | 10,763,168 | 4,158,423 | 44,293,929 | - | 44,293,929 |
| Other revenue | - | 2,397,601 | - | - | 2,397,601 | - | 2,397,601 |
| External sales | 19,020,396 | 12,749,542 | 10,763,168 | 4,158,423 | 46,691,531 | - | 46,691,531 |
| Inter-segment sales and transfers | 1,366,877 | 9,437 | 145,959 | 16,162 | 1,538,436 | -1,538,436 | - |
| Total | 20,387,274 | 12,758,979 | 10,909,127 | 4,174,586 | 48,229,967 | -1,538,436 | 46,691,531 |
| Segment profit (loss) | 2,298,799 | 362,622 | -87,487 | 235,177 | 2,809,112 | 362,832 | 3,171,944 |

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 362,832 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 nine months of FY3/24 (Mar. 21, 2023 - Dec. 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 | 16,442,448 | 10,543,865 | 10,761,655 | 3,944,658 | 41,692,628 | - | 41,692,628 |
| Other revenue | - | 2,999,673 | - | - | 2,999,673 | - | 2,999,673 |
| External sales | 16,442,448 | 13,543,539 | 10,761,655 | 3,944,658 | 44,692,301 | - | 44,692,301 |
| Inter-segment sales and transfers | 2,055,763 | 9,528 | 336,146 | 16,975 | 2,418,414 | -2,418,414 | - |
| Total | 18,498,212 | 13,553,067 | 11,097,801 | 3,961,634 | 47,110,716 | -2,418,414 | 44,692,301 |
| Segment profit (loss) | 1,985,376 | 589,707 | -193,463 | -20,821 | 2,360,798 | 433,027 | 2,793,826 |

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 433,027 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 expenses 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.