



ALINCO INCORPORATED

Supplementary Materials for the Third Quarter
of the Fiscal Year Ending March 20, 2024

February 2024

ALINCO Now

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Tokyo Stock Exchange, Prime
<https://www.alinco.co.jp/>

FY3/24 Q3 Consolidated Results

- ✓ Although eager to purchase of scaffolding materials rental companies have not declined, the need to purchase scaffolding materials has not increased for longer than expected to eliminate prolonged delays in the start of construction. Sales remained strong as sales and rentals complemented each other, as the need for rentals as an alternative to purchases remained strong.
- ✓ Operating profit increased 1.0% YoY due to the contribution of the sales price revisions implemented in the previous fiscal year, despite ongoing pressure from rising costs, including the continued depreciation of the yen and high raw material prices from the beginning of the fiscal year. Ordinary profit decreased 11.9% YoY due to the impact of hedging through forward exchange contracts and a decline in foreign exchange gains from the valuation of foreign currency-denominated assets.
- ✓ The progress rate of net sales was slightly behind the full-year forecast of 75% (three-quarters in four), but progress rates of profits were steady.

(Millions of yen)

	FY3/22 Q3	FY3/23 Q3	FY3/24 Q3		FY3/24 Full-year	
	Results (% to sales)	Results (% to sales)	Results (% to sales)	YoY change	Forecasts (% to sales)	Q3 Progress rate
Net sales	41,025 (100.0%)	46,691 (100.0%)	44,692 (100.0%)	-1,999 (-4.3%)	62,400 (100%)	71.6%
Operating profit	1,267 (3.1%)	1,897 (4.1%)	1,916 (4.3%)	+18 (+ 1.0%)	2,500 (4.0%)	76.7%
Ordinary profit	955 (2.3%)	3,171 (6.8%)	2,793 (6.3%)	-378 (-11.9%)	2,700 (4.3%)	103.5%
Profit attributable to owners of parent	406 (1.0%)	1,322 (2.8%)	1,916 (4.3%)	+594 (+ 44.9%)	1,700 (2.7%)	112.8%

Note: Amounts are rounded down to the nearest million yen.

FY3/24 Q3 Segment Information

- ✓ In the Construction materials segment, rental scaffolding materials-related sales decreased 10.5% YoY because the timing of purchases by scaffolding materials rental companies was delayed. In logistics, sales declined by 20.7% because there were no large-scale properties that contributed to the same period in the previous fiscal year. Occupancy rates of rental property continue to be at a high level due to the expansion of rental demand because of the delay in purchasing rental scaffolding materials. Although the depreciation burden increased from Q2 onward, the consolidation of overseas rental subsidiaries also contributed to results. Therefore, the results of the rental segment continued to underpin overall consolidated results.
- ✓ In the other segment, profit margins for fitness-related products improved significantly, but this could not compensate for the decline in the hedging effect of forward exchange contracts. In the Electronic equipment segment, declining equipment operation at subsidiary ALINCO TOYAMA INCORPORATED was a factor constraining earnings.

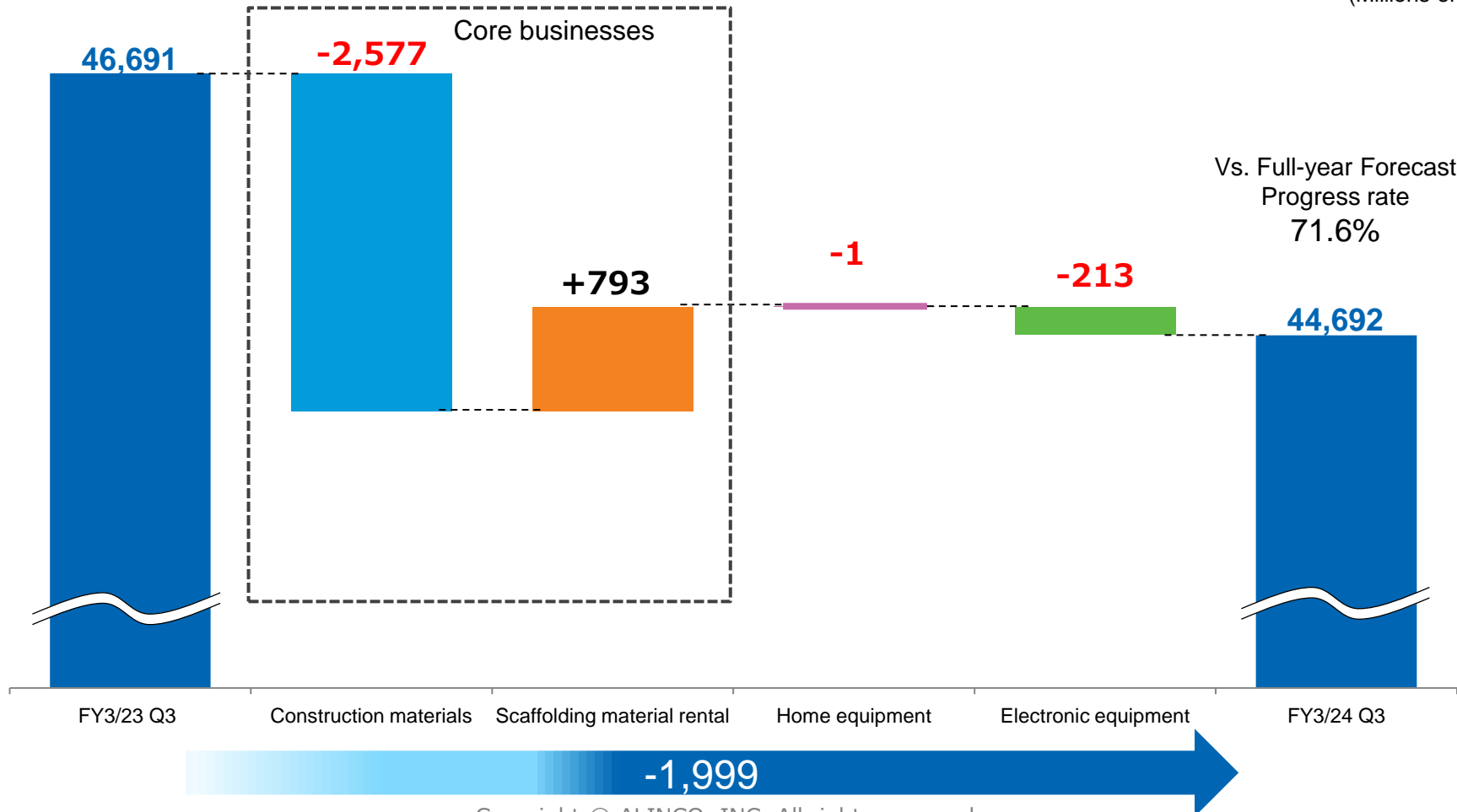
(Millions of yen)

Upper: Net sales Lower: Segment profit	FY3/22 Q3	FY3/23 Q3	FY3/24 Q3		FY3/24 Full-year	
	Results	Results	Results	YoY change	Forecasts	Q3 Progress rate
Construction materials	14,647 1,212	19,020 2,298	16,442 1,985	-13.6% -13.6%	24,800 2,400	66.3% 82.7%
Scaffolding material rental	12,018 255	12,749 362	13,543 589	+6.2% +62.6%	17,200 210	78.7% 280.8%
Home equipment	11,337 -84	10,763 -87	10,761 -193	-0.0% -	14,500 -120	74.2% -
Electronic equipment	3,021 68	4,158 235	3,944 -20	-5.1% -	5,900 130	66.9% -
Adjustment	- -496	- 362	- 433	- -	- 80	- -
Consolidated total	41,025 955	46,691 3,171	44,692 2,793	-4.3% -11.9%	62,400 2,700	71.6% 103.5%

FY3/24 Q3 Factors behind Changes in Net Sales by Segment

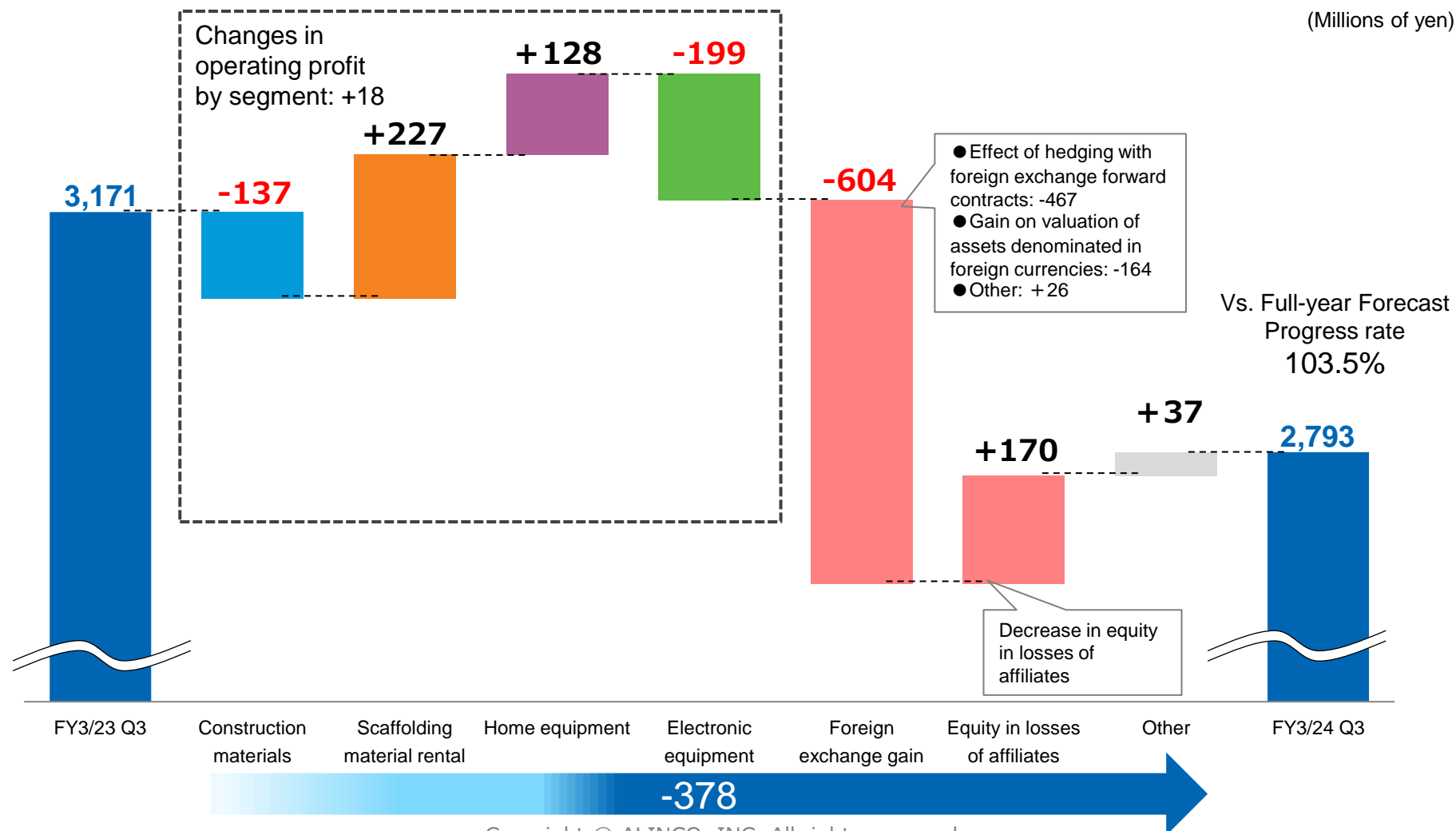
- ✓ Sales declined 1,999 million yen YoY to 44,692 million yen.
- ✓ In the Construction materials segment, sales of scaffolding materials declined 1,390 million yen YoY, while sales of racks and other equipment for distribution warehouses fell 1,180 million yen YoY.
- ✓ The Scaffolding material rental segment benefited from a shift in purchasing needs for scaffolding materials to rentals, as well as a recovery in sales to overseas rental subsidiaries.
- ✓ In the Others segment, fitness-related product sales have been slow, and external sales of ALINCO TOYAMA INCORPORATED declined in the Electronic equipment segment.

(Millions of yen)



FY3/24 Q3 Factors behind Changes in Ordinary Profit

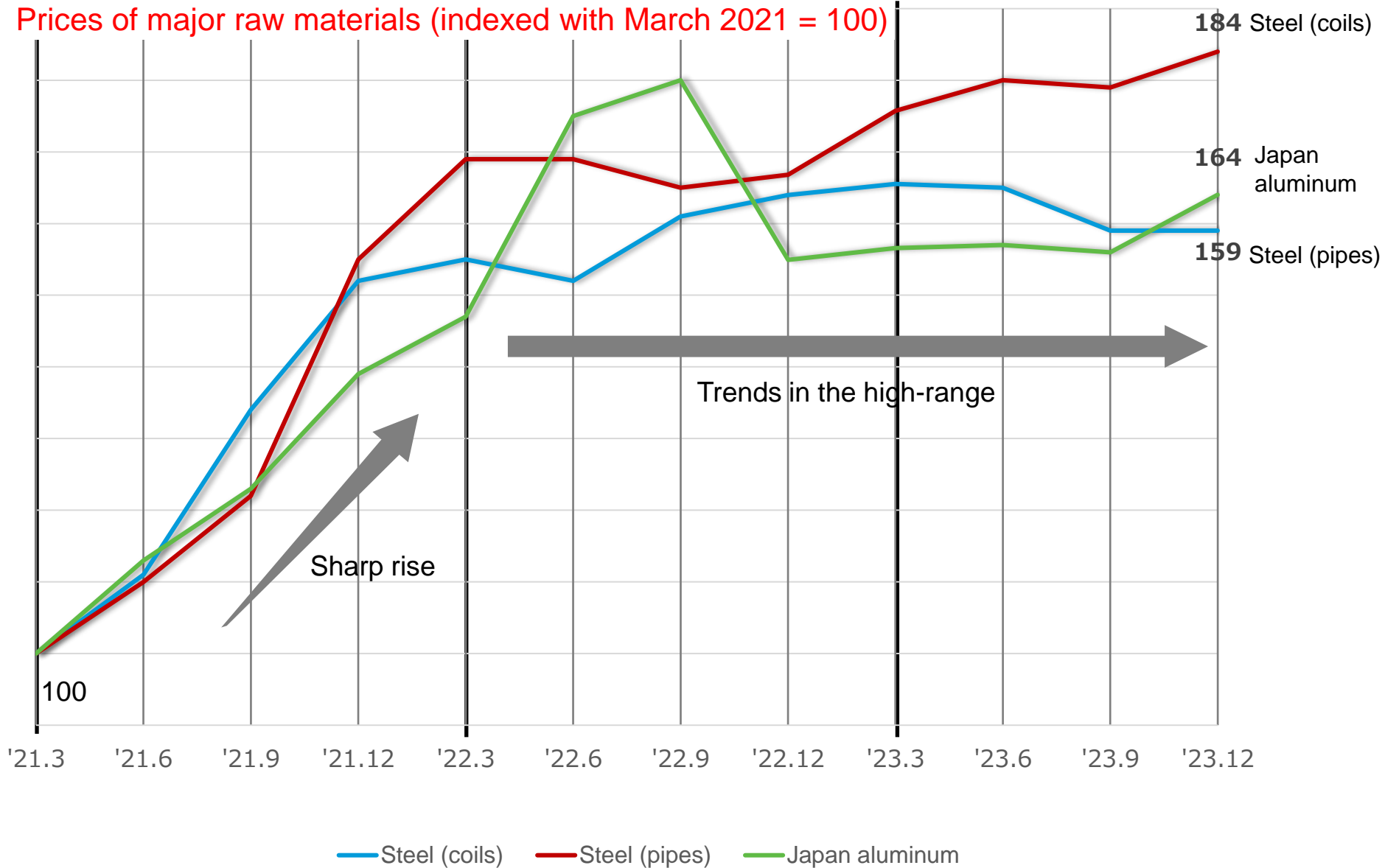
- ✓ Operating profit was flat year-on-year, driven by the rental segment and improved profitability in the Housing equipment segment.
- ✓ Ordinary profit decreased due to foreign exchange gains from foreign currency hedging decreased by compared to the same period of the previous year. Equity in losses of affiliates decreased due to the conversion of an Indonesian equity-method affiliate into a consolidated subsidiary in the previous fiscal year.
- ✓ Ordinary profit decreased 378 million yen YoY to 2,793 million yen.



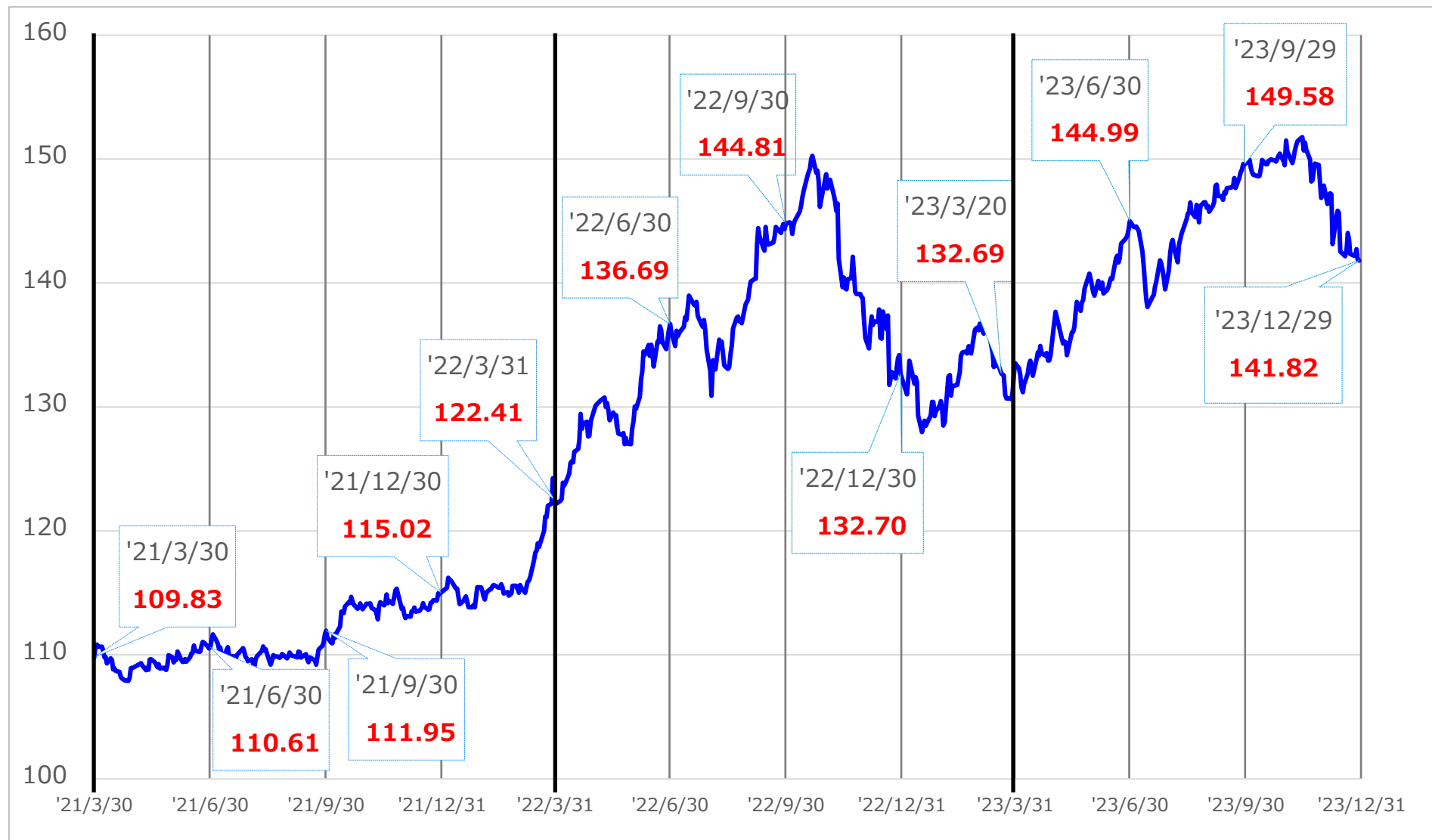
FY3/24 Q3 Results by Segment

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Construction materials</p>	<ul style="list-style-type: none"> ✓ The trend that customers considering the purchase of the new ring lock ALBATROSS system postponed the timing of purchases and responded by renting them due to the delay in the start of construction work was not eliminated. ✓ Although sales of ALBATROSS-related products decreased year-on-year, sales of aluminum work platforms continued to be strong in anticipation of increased demand for indoor pipes, electric works, and other operations. ✓ In racks for distribution warehouses sales, sales decreased because there were no large-scale orders that contributed to results from the previous second quarter. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Home equipment</p>	<ul style="list-style-type: none"> ✓ Demand for specialty ladders increased for aluminum lifting equipment and other products. This was due to the full-fledged recovery in the number of exhibitions held and the expansion of the scope of application of mandatory truck elevator facilities from October 2023. Sales of elevated work platforms and other products for work in high places to semiconductor plants also increased, driving segment sales. ✓ Fitness equipment aggressively added new products with a "sense of affordability" prepared in the previous fiscal year. Net sales remained at the same level as in the same period of the previous fiscal year, but sales of high-priced products did not rise due to the impact of rising prices, and progress in results was below expectations. ✓ Although the sales price revision contributed to sales, the yen's depreciation further strengthened the upward pressure on costs.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Scaffolding material rental</p>	<ul style="list-style-type: none"> ✓ Scaffolding materials rental companies continue to respond by renting equipment instead of purchasing equipment, and for rentals for medium to high-rise buildings' occupancy rates remain at a high level. ✓ The depreciation burden of aggressive investment in rental assets in response to increased order opportunities increased gradually. ✓ Rentals for low-rise buildings also performed well as the introduction of overseas trainees, which had been stagnant due to the COVID-19 disaster, recovered and the construction system stabilized. ✓ An overseas subsidiary in Indonesia posted higher sales on brisk construction of resource plants. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Electronic equipment</p>	<ul style="list-style-type: none"> ✓ Strong sales of new digital receivers supported by advanced users and sales of products in response to bandwidth expansion (frequency increase) for digital simplex radio stations led to firm sales of wireless communication devices and other products. ✓ Lower sales at subsidiary ALINCO TOYAMA INCORPORATED pushed down segment results. Decline in profitability due to lower occupancy rates of circuit board installation facilities affected by production cutbacks by external customers. ✓ The new plant of HIGASHI ELECTRONICS INDUSTRY CO., LTD. was completed in November. New lines started operation at the beginning of 2024.

Prices of Major Raw Materials



Yen-Dollar Exchange Rate



Explanation of Consolidated Forecast and Other Forward-looking Statements

For the nine-month period, ordinary profit, profit attributable to owners of parent exceeded its full-year consolidated business forecasts announced on May 2, 2023, due to hedging effects from foreign exchange forward contracts and foreign exchange gains 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.

* Excerpts reprinted from "Consolidated Financial Results for the Nine Months Ended December 20, 2023" released on February 2, 2024

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