

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 20, 2022

[Japanese GAAP]

May 2, 2022

Company name: ALINCO INCORPORATED

Listing: Tokyo Stock Exchange

Stock code: 5933

URL: <https://www.alinco.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 17, 2022

Scheduled date of payment of dividend: May 30, 2022

Scheduled date of filing of Annual Securities Report: June 20, 2022

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for securities analysts, institutional investors and individual investors)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 20, 2022 (March 21, 2021 – March 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	%
Fiscal year ended Mar. 20, 2022	55,255	3.6	1,119	(56.2)	1,126	(60.8)	451	(72.9)
Fiscal year ended Mar. 20, 2021	53,341	(4.1)	2,554	(23.5)	2,874	(17.0)	1,664	(22.8)

Note: Comprehensive income Fiscal year ended Mar. 20, 2022: 510 million yen (down 78.5%)

Fiscal year ended Mar. 20, 2021: 2,370 million yen (up 31.7%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales	EBITDA	
	Yen	Yen	%	%	%	Million yen	%
Fiscal year ended Mar. 20, 2022	23.28	-	1.6	2.0	2.0	5,318	(17.2)
Fiscal year ended Mar. 20, 2021	85.32	-	6.2	5.2	4.8	6,425	(10.0)

Reference: Equity in earnings of affiliates Fiscal year ended Mar. 20, 2022: (878) million yen

Fiscal year ended Mar. 20, 2021: (18) million yen

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 Mar. 20, 2022	58,234	27,518	47.2	1,413.42
As of Mar. 20, 2021	55,443	27,679	49.8	1,428.84

Reference: Shareholders' equity As of Mar. 20, 2022: 27,497 million yen

As of Mar. 20, 2021: 27,597 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 20, 2022	2,711	(3,664)	583	5,081
Fiscal year ended Mar. 20, 2021	5,293	(4,681)	(157)	5,414

### 2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 20, 2021	-	19.00	-	19.00	38.00	743	44.5	2.8
Fiscal year ended Mar. 20, 2022	-	20.00	-	20.00	40.00	793	171.8	2.8
Fiscal year ending Mar. 20, 2023 (forecast)	-	20.00	-	20.00	40.00		77.1	

### 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%)

**\* 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) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 20, 2022: 21,039,326 shares As of Mar. 20, 2021: 21,039,326 shares

2) Number of treasury shares at the end of the period

As of Mar. 20, 2022: 1,584,825 shares As of Mar. 20, 2021: 1,724,357 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 20, 2022: 19,383,189 shares Fiscal year ended Mar. 20, 2021: 19,512,254 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 (506,100 shares as of March 20, 2021, 391,800 shares as of March 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 (506,100 shares for the fiscal year ended March 20, 2021, 453,408 shares for the fiscal year ended March 20, 2022).

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 20, 2022**

**(March 21, 2021 – March 20, 2022)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 20, 2022	44,655	4.3	1,054	(42.9)	2,220	(0.0)	568	(58.3)
Fiscal year ended Mar. 20, 2021	42,804	(8.0)	1,849	(29.1)	2,220	(23.2)	1,361	(22.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 20, 2022	29.32	-
Fiscal year ended Mar. 20, 2021	69.78	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 20, 2022	53,510	27,167	50.8	1,396.48
As of Mar. 20, 2021	51,230	27,285	53.3	1,412.65

Reference: Shareholders’ equity As of Mar. 20, 2022: 27,167 million yen

As of Mar. 20, 2021: 27,285 million yen

\*The current financial report is not subject to audit 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 “1. Overview of Results of Operations, (5) Outlook” on page 5 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 20, 2022, the Japanese economy remained challenging due to many events. As the pandemic continued, the economy was affected by concerns about a global economic slowdown due to the Ukraine crisis, supply chain turmoil, rapidly rising prices of energy and resources, and other events. Furthermore, the outlook for the economy is extremely unclear.

In the construction and housing related sectors, which are the primary industry of ALINCO group, there were indications of a recovery in industry trends in the current fiscal year, such as the continuation of year-on-year growth in building construction starts based on floor area. Sales of the new ring lock ALBATROSS system (ALBATROSS), our main product, were much higher than in the previous fiscal year as the market share of this product rose steadily because of the start of shipments to fill new orders received from a major construction company. In the rental business, the utilization rate for rental scaffolding materials recovered to the pre-pandemic level during the summer of 2021 and continued to increase. In the fitness equipment business, however, sales of home fitness equipment fell sharply following record-high sales in the previous fiscal year backed by strong stay-home demand during the pandemic.

Sales in the current fiscal year were 55,255 million yen, 3.6% higher than one year earlier, because of the recovery of sales in our core business of scaffolding manufacture, sales and rental. Operating profit decreased 56.2% to 1,119 million yen due to several factors that made expenses significantly higher than anticipated. Major factors include the increase in prices of raw materials, including steel and aluminum, which are affected by the international commodity market prices, and the depreciation of yen. Although selling prices were raised to reflect higher expenses and improve profit margins, the benefit of price increases was limited because of further increases in prices of raw materials and the accelerated yen's depreciation in a short period of time.

Ordinary profit fell 60.8% to 1,126 million yen because of an equity-method loss associated with PT. KAPURINDO SENTANA BAJA (KAPURINDO), an equity-method affiliate in Indonesia because of doubts about the ability of this company to repay long-term loans received from ALINCO. By making investments in KAPURINDO, ALINCO has been involved in Indonesia with the business of renting scaffolding and other construction materials for use at private sector building and civil engineering projects and power plant construction projects. Currently, activity at many construction sites in Indonesia has been temporarily suspended and other construction projects have been delayed or postponed because of the extended impact of the pandemic. Due to this situation, there are doubts about the ability of KAPURINDO to repay long-term loans received from ALINCO.

As a result from above, profit attributable to owners of parent decreased 72.9% to 451 million yen, although there is a record of extraordinary income because of subsidy income related to Fukuchiyama Logistic Center and partial sales of cross-shareholding.

HIGASHI ELECTRONICS INDUSTRY CO., LTD. (Higashi Electronics Industry) and UEKIN Co. Ltd. (Uekin) have been added to the consolidated financial statements based on an acquisition date of July 31, 2021 and November 30, 2021, respectively, for accounting purposes. Consequently, the income statement for the current fiscal year includes results of operations of Higashi Electronics Industry for the six-month period from August 1, 2021 to January 31, 2022 and of Uekin for the three-month period from December 1, 2021 to February 28, 2022. (Higashi Electronics Industry is in the electronic equipment segment and Uekin is in the construction materials segment.)

Major components of year-on-year changes in sales and earnings

(Millions of yen)

	FY3/21	FY3/22	YoY change	Major components of changes
Net sales	53,341	55,255	+1,914	<ul style="list-style-type: none"> <li>• Increase in sales of scaffolding materials (+2,918)</li> <li>• Two newly consolidated subsidiaries (+769)</li> <li>• Increase in scaffolding material rental business sales (+683)</li> <li>• Lower fitness equipment sales due to a decline following strong pandemic stay-at-home demand (-2,190)</li> </ul>
Operating profit	2,554	1,119	(1,435)	<ul style="list-style-type: none"> <li>• Higher earnings due to higher sales (+539)</li> <li>• Decrease in amortization of goodwill (+210)</li> <li>• Rising costs of raw materials including steel and aluminum (-985)</li> <li>• Rising procurement cost due to the depreciation of yen (-591)</li> <li>• Lower profit margins in the scaffolding material rental business (-239)</li> <li>• Increase in freight rates (-53)</li> </ul>
Ordinary profit	2,874	1,126	(1,748)	<ul style="list-style-type: none"> <li>• Increase in gain on sales of scrap and other miscellaneous income (+206)</li> <li>• Increase in foreign exchange gain due to hedging effect of foreign exchange contract, etc. (+197)</li> <li>• Valuation gain on foreign currency-denominated assets (+65)</li> <li>• Increase in equity-method loss (-860)</li> </ul>
Profit attributable to owners of parent	1,664	451	(1,213)	<ul style="list-style-type: none"> <li>• Lower taxes due to decline in earnings (+283)</li> <li>• Increase in extraordinary income due to subsidy income related to construction of Fukuchiyama Logistic Center (+124)</li> </ul>

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

(Millions of yen)

Segment	Net sales		Segment profit (loss)	
	Amount	YoY change (%)	Amount	YoY change (%)
Construction materials	19,880	14.3	1,349	(4.4)
Scaffolding material rental	15,948	4.5	86	54.6
Home equipment	15,070	(11.0)	(200)	-
Electronic equipment	4,355	16.1	153	185.7
Total for reportable segments	55,255	3.6	1,389	(45.5)
Adjustment	-	-	(263)	-
Amounts shown on consolidated statement of income	55,255	3.6	1,126	(60.8)

Notes: 1. Segment profit (loss) is adjusted to be consistent with ordinary profit in the 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.

In accordance with “Practical Guidelines on Equity method Accounting,” an equity-method loss of 878 million yen was recorded for long-term loans extended by ALINCO to equity-method affiliate PT. KAPURINDO SENTANA BAJA.

#### Construction materials

Sales increased 14.3% from one year earlier to 19,880 million yen. Sales of scaffolding and other temporary materials used at construction sites rose sharply by 57.7% year on year because of sales to new customers such as start of ALBATROSS shipments to a major construction company that decided to adopt this scaffolding system and additional ALBATROSS sales to current customers. In addition, sales of racks for distribution warehouses also remained strong.

Although sales increased, the segment profit decreased 4.4% to 1,349 million yen because the increases in selling prices of the products of this segment could not keep up with the speed of the upturn in prices of steel, aluminum and other materials.

#### Scaffolding material rental

Sales increased 4.5% from one year earlier to 15,948 million yen. The utilization rate of rental scaffolding materials for medium to high-rise buildings increased. There were also strong sales for event-related rental equipment, which had been significantly affected by the pandemic, associated with the Tokyo Olympics.

The segment profit increased 30 million yen (up 54.6%) year-on-year to 86 million yen, partially due to the intense price-based competition during the pandemic.

#### Home equipment

Sales decreased 11.0% from one year earlier to 15,070 million yen. Sales of aluminum ladders, stepladders and other products remained firm despite the impact of factors such as restrictions on outings due to the pandemic, which reduced footfall at mass retailers, and the continued restraint on the holding of exhibitions. However, sales of fitness equipment were down significantly because of a decline following the record-high sales in the previous fiscal year backed by stay-at-home demand and pandemic-related delays in the development of new fitness products.

There was a segment loss of 200 million yen, a decrease of 1,230 million yen from the profit one year earlier. The loss was caused by a decrease in sales, the higher cost of importing materials and supplies due to higher raw material prices and logistics costs as well as the yen's depreciation.

#### Electronic equipment

Sales increased 16.1% from one year earlier to 4,355 million yen. We managed to minimize the negative impact on the supply chain of the current shortage of electronic components, primarily semiconductor components. In addition, sales increased as this business benefited from the recovery in demand for specified low-power wireless communication devices and wireless communication devices for business applications. The purchase of all shares of Higashi Electronics Industry to include this company in the scope of consolidation also contributed to sales growth.

The segment profit increased 185.7% to 153 million yen from one year earlier because of the sales growth despite expenses of 47 million yen related to stock acquisition through M&A.

## **(2) Financial Position**

### Assets

Total assets increased 2,790 million yen from the end of the previous fiscal year to 58,234 million yen as of the end of the current fiscal year. Current assets increased 3,250 million yen to 36,435 million yen and non-current assets decreased 460 million yen to 21,798 million yen. The main reasons for the increase in total assets were the inclusion of Higashi Electronics Industry and Uekin in the scope of consolidation, an increase in inventories resulting from consistently high production volume in anticipation of increasing demand, and an increase in property, plant and equipment caused by the start of full-scale operations at the Fukuchiyama Logistic Center and purchases of rental assets.

### Liabilities

Total liabilities increased 2,951 million yen from the end of the previous fiscal year to 30,716 million yen. Current liabilities increased 3,846 million yen to 20,005 million yen and non-current liabilities decreased 895 million yen to 10,710 million yen. The main reasons for the increase in liabilities were a 2,429 million yen increase in notes and accounts payable-trade due to consistently high production volume and a 1,510 million yen increase in borrowings.

## Net assets

Total net assets decreased 160 million yen from the end of the previous fiscal year to 27,518 million yen because of profit attributable to owners of parent of 451 million yen and dividend payments of 773 million yen.

### (3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year decreased by 332 million yen from the end of the previous fiscal year to 5,081 million yen.

#### Cash flows from operating activities

Net cash provided by operating activities was 2,711 million yen (a decrease of 2,582 million yen compared with the previous fiscal year). The main factors were a decrease in profit before income taxes and an increase in trade receivables with a relatively long collection period because of the growth of sales in core business activities.

#### Cash flows from investing activities

Net cash used in investing activities was 3,664 million yen (a decrease of 1,016 million yen compared with the previous fiscal year). The main uses of cash were purchase of property, plant and equipment mainly due to the start of operations at the Fukuchiyama Logistic Center and additional purchase of shares of consolidated subsidiary.

#### Cash flows from financing activities

Net cash provided by financing activities was 583 million yen (net cash used of 157 million yen in the previous fiscal year). The main reason was an increase in short-term borrowings to provide cash on hand for ensuring the flexibility required to respond to shifts in demand during the current uncertain business climate.

### (4) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of ALINCO.

For dividends of surplus, our basic policy is to consistently pay annual dividend with a target dividend payout ratio of 40%.

Our policy for purchasing treasury shares is to make these purchases appropriately by responding with flexibility to changes in the stock price and business climate, implementing measures involving equity, and as one way to distribute earnings to shareholders.

Retained earnings are used for investments to improve our corporate value such as, expanding market share of ALBATROSS, developing new products in business sectors that are expected to grow in the future, performing M&A and any other activities. Our policy for retained earnings also reflects the need for the financial stability required for maintaining our competitive advantage over other companies.

Based on these policies, we plan to pay a year-end dividend of 20 yen per share for the fiscal year ended March 20, 2022. With the interim dividend of 20 yen per share that was paid on November 24, 2021, this will result in a total dividend of 40 yen per share applicable to the fiscal year.

Based on the outlook for earnings, capital expenditures and other items, we plan to pay a dividend of 40 yen per share for the fiscal year ending in March 2023.

### (5) Outlook

In April 2021, the ALINCO Group formulated the "Medium-Term Management Plan 2024" with an execution period of three years from the fiscal year ending March 2022 to the fiscal year ending March 2024. The fiscal year ending in March 2023 is the second year of this plan. Since the plan started, sales have been increasing steadily. One reason is measures for strengthening and expanding the manufacture, sale and rental of scaffolding materials, which is the ALINCO Group's core business. There has also been progress with building a sound base for the growth of other businesses, including a major construction company that has decided to adopt ALBATROSS. However, in terms of profit, the progress of the plan for the fiscal year ending March 2022, which was the first year of the plan, has

been restricted due to a downturn in pandemic stay-at-home demand in the fitness equipment business following the peak in the previous fiscal year and the unexpectedly large impact of sharp rise of raw materials price, etc., on construction materials and home equipment businesses.

There are currently concerns about the rise in cost of energy and resources because of Russia's invasion of Ukraine. In China, there are concerns about how much the country's extended zero-COVID policy will impact the economy. These events are likely to have an effect on supply chains. The ALINCO Group will meet the large volume of demand at customers in locations where economies are recovering from the pandemic downturn. We will also launch new products, raise product prices and take other steps to improve profitability.

Regarding prices of raw materials, assuming that the actual price of main materials in March 2021 is 100, the prices have risen to 150-170 in March 2022. The pace of price increases has been particularly very fast since October 2021 and we have been moving quickly to raise prices since the second half of the previous fiscal year. However, a certain period of time was needed to fill orders that were received at prices before these increases. In addition, we implemented price hikes prudently to prevent a significant decline in the willingness of customers to purchase our products. As a result, we expect that time will be needed to improve profitability.

Consequently, the second half accounts for more than half of the earnings forecast for the fiscal year ending in March 2023 due to the outlook for the full benefit of higher prices of our products to emerge in the fiscal year's second half.

On April 4, 2022, the stock listing of ALINCO was moved to the Prime Market of the Tokyo Stock Exchange, which is one of the exchange's new market segments.

Forecasts for the fiscal year ending March 20, 2023 are as follows.

(Millions of yen)

	FY3/23 First-half forecast	YoY change (%)	FY3/23 Full-year forecast	YoY change (%)
Net sales	28,650	7.2	58,020	5.0
Operating profit	200	(78.3)	1,540	37.6
Ordinary profit	280	(75.9)	1,660	47.4
Profit attributable to owners of parent	160	(78.6)	1,010	123.8

## 2. Basic Approach to the Selection of Accounting Standards

The ALINCO Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being based on the stance that these financial statements are appropriate for providing information concerning the group's results of operations, financial position and cash flows.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.



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

	(Thousands of yen)	
	FY3/21 (As of Mar. 20, 2021)	FY3/22 (As of Mar. 20, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,535,238	5,230,964
Notes and accounts receivable-trade	14,597,524	15,214,815
Merchandise and finished goods	8,427,257	9,743,820
Work in process	1,192,425	1,718,326
Raw materials	2,430,463	3,335,110
Other	1,024,220	1,215,981
Allowance for doubtful accounts	(21,901)	(23,064)
<b>Total current assets</b>	<b>33,185,229</b>	<b>36,435,954</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Rental assets	25,621,129	25,804,842
Accumulated depreciation	(21,707,320)	(21,852,312)
Accumulated impairment loss	(298,857)	(297,884)
Rental assets, net	3,614,952	3,654,644
Buildings and structures	11,160,814	12,359,000
Accumulated depreciation	(7,398,587)	(7,891,080)
Buildings and structures, net	3,762,227	4,467,919
Machinery, equipment and vehicles	5,181,525	6,146,658
Accumulated depreciation	(3,996,403)	(5,071,292)
Machinery, equipment and vehicles, net	1,185,121	1,075,365
Land	5,095,600	5,233,361
Other	4,287,878	4,248,203
Accumulated depreciation	(3,392,528)	(3,619,353)
Accumulated impairment loss	(19,388)	(18,777)
Other, net	875,961	610,072
<b>Total property, plant and equipment</b>	<b>14,533,863</b>	<b>15,041,364</b>
<b>Intangible assets</b>		
Goodwill	980,156	945,138
Other	223,860	197,457
<b>Total intangible assets</b>	<b>1,204,016</b>	<b>1,142,595</b>
<b>Investments and other assets</b>		
Investment securities	1,671,110	1,520,681
Long-term loans receivable	1,298,068	497,742
Distressed receivables	3,134	216
Retirement benefit asset	2,410,670	2,448,818
Deferred tax assets	107,930	70,152
Other	1,036,034	1,080,227
Allowance for doubtful accounts	(6,184)	(3,266)
<b>Total investments and other assets</b>	<b>6,520,764</b>	<b>5,614,573</b>
<b>Total non-current assets</b>	<b>22,258,644</b>	<b>21,798,532</b>
<b>Total assets</b>	<b>55,443,873</b>	<b>58,234,486</b>

	(Thousands of yen)	
	FY3/21	FY3/22
	(As of Mar. 20, 2021)	(As of Mar. 20, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	7,267,563	9,697,387
Short-term borrowings	463,200	2,822,900
Current portion of long-term borrowings	5,068,624	5,168,672
Income taxes payable	662,320	246,712
Provision for bonuses	714,390	702,100
Other	1,983,181	1,368,127
Total current liabilities	16,159,280	20,005,899
Non-current liabilities		
Long-term borrowings	10,347,955	9,398,709
Retirement benefit liability	192,189	223,071
Provision for retirement benefits for directors (and other officers)	186,336	172,420
Deferred tax liabilities	440,073	495,873
Other	439,034	420,317
Total non-current liabilities	11,605,588	10,710,392
Total liabilities	27,764,869	30,716,291
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,922,140	4,943,927
Retained earnings	17,043,168	16,720,926
Treasury shares	(1,449,359)	(1,317,599)
Total shareholders' equity	26,877,545	26,708,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163,324	71,251
Deferred gains or losses on hedges	64,647	106,209
Foreign currency translation adjustment	249,004	430,551
Remeasurements of defined benefit plans	243,398	180,588
Total accumulated other comprehensive income	720,375	788,600
Non-controlling interests	81,083	20,742
Total net assets	27,679,004	27,518,195
Total liabilities and net assets	55,443,873	58,234,486

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)	FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)
Net sales		
Net sales of merchandise and finished goods	38,231,270	39,528,554
Rental income	15,110,439	15,727,236
Total net sales	53,341,709	55,255,790
Cost of sales		
Cost of merchandise and finished goods sold	26,841,716	29,718,601
A rental cost price	11,470,187	12,134,736
Total cost of sales	38,311,904	41,853,338
Gross profit	15,029,804	13,402,452
Selling, general and administrative expenses	12,475,114	12,283,374
Operating profit	2,554,689	1,119,077
Non-operating income		
Interest income	32,082	36,609
Dividend income	82,593	64,358
Rental income from land and buildings	57,879	27,299
Foreign exchange gains	154,161	415,839
Gain on sales of scrap and waste	123,752	330,034
Other	119,293	123,316
Total non-operating income	569,762	997,459
Non-operating expenses		
Interest expenses	49,805	50,233
Paying rents	24,460	24,460
Product recall expense	65,123	-
Litigation expenses	41,940	-
Share of loss of entities accounted for using equity method	18,023	878,567
Other	50,807	37,242
Total non-operating expenses	250,160	990,504
Ordinary profit	2,874,291	1,126,032
Extraordinary income		
Gain on sale of property, plant and equipment	635	2,055
Gain on sale of investment securities	120,285	67,791
Subsidy income	-	175,630
Total extraordinary income	120,921	245,476
Extraordinary losses		
Loss on retirement of property, plant and equipment	18,117	8,128
Impairment losses	54,000	-
Total extraordinary losses	72,117	8,128
Profit before income taxes	2,923,094	1,363,380
Income taxes-current	1,230,207	813,872
Income taxes-deferred	(21,148)	112,017
Total income taxes	1,209,059	925,889
Profit	1,714,035	437,490
Profit (loss) attributable to non-controlling interests	49,172	(13,794)
Profit attributable to owners of parent	1,664,863	451,284

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/21	FY3/22
	(Mar. 21, 2020 – Mar. 20, 2021)	(Mar. 21, 2021 – Mar. 20, 2022)
Profit	1,714,035	437,490
Other comprehensive income		
Valuation difference on available-for-sale securities	256,873	(92,072)
Deferred gains or losses on hedges	(27,933)	41,561
Foreign currency translation adjustment	(212,745)	250,773
Remeasurements of defined benefit plans, net of tax	590,101	(62,810)
Share of other comprehensive income of entities accounted for using equity method	50,091	(64,836)
Total other comprehensive income	656,387	72,616
Comprehensive income	2,370,423	510,107
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,321,760	519,510
Comprehensive income attributable to non-controlling interests	48,662	(9,403)

**(3) Consolidated Statement of Changes in Equity**

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,361,596	4,817,366	16,107,041	(896,979)	26,389,024
Changes during period					
Dividends of surplus			(743,714)		(743,714)
Profit attributable to owners of parent			1,664,863		1,664,863
Purchase of treasury shares				(968,478)	(968,478)
Disposal of treasury shares		104,773		416,098	520,872
Effect of changes in accounting period of consolidated subsidiaries			14,977		14,977
Net changes in items other than shareholders' equity					
Total changes during period	-	104,773	936,126	(552,379)	488,520
Balance at end of period	6,361,596	4,922,140	17,043,168	(1,449,359)	26,877,545

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(93,549)	92,580	411,148	(346,702)	63,477	971,891	27,424,393
Changes during period							
Dividends of surplus							(743,714)
Profit attributable to owners of parent							1,664,863
Purchase of treasury shares							(968,478)
Disposal of treasury shares							520,872
Effect of changes in accounting period of consolidated subsidiaries							14,977
Net changes in items other than shareholders' equity	256,873	(27,933)	(162,143)	590,101	656,897	(890,807)	(233,909)
Total changes during period	256,873	(27,933)	(162,143)	590,101	656,897	(890,807)	254,611
Balance at end of period	163,324	64,647	249,004	243,398	720,375	81,083	27,679,004

FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,361,596	4,922,140	17,043,168	(1,449,359)	26,877,545
Changes during period					
Dividends of surplus			(773,526)		(773,526)
Profit attributable to owners of parent			451,284		451,284
Disposal of treasury shares		6,545		131,760	138,305
Change in ownership interest of parent due to transactions with non-controlling interests		15,241			15,241
Net changes in items other than shareholders' equity					
Total changes during period	-	21,787	(322,241)	131,760	(168,694)
Balance at end of period	6,361,596	4,943,927	16,720,926	(1,317,599)	26,708,851

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	163,324	64,647	249,004	243,398	720,375	81,083	27,679,004
Changes during period							
Dividends of surplus							(773,526)
Profit attributable to owners of parent							451,284
Disposal of treasury shares							138,305
Change in ownership interest of parent due to transactions with non-controlling interests							15,241
Net changes in items other than shareholders' equity	(92,072)	41,561	181,546	(62,810)	68,225	(60,341)	7,884
Total changes during period	(92,072)	41,561	181,546	(62,810)	68,225	(60,341)	(160,809)
Balance at end of period	71,251	106,209	430,551	180,588	788,600	20,742	27,518,195

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)	FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)
Cash flows from operating activities		
Profit before income taxes	2,923,094	1,363,380
Depreciation	3,015,290	3,006,895
Amortization of goodwill	517,533	306,613
Impairment losses	54,000	-
Subsidy income	-	(175,630)
Increase (decrease) in allowance for doubtful accounts	4,532	(5,959)
Increase (decrease) in provision for bonuses	(16,181)	(12,290)
Increase (decrease) in retirement benefit liability	83,964	(114,642)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	(38,916)
Interest and dividend income	(114,676)	(100,968)
Interest expenses	49,805	50,233
Foreign exchange losses (gains)	(69,683)	(189,239)
Share of loss (profit) of entities accounted for using equity method	18,023	878,567
Loss (gain) on sale and retirement of property, plant and equipment	17,481	6,073
Loss (gain) on sale of investment securities	(120,285)	(67,791)
Decrease (increase) in trade receivables	841,514	(277,560)
Decrease (increase) in inventories	(275,721)	(2,609,599)
Increase (decrease) in trade payables	(973,205)	2,077,728
Increase (decrease) in accrued consumption taxes	250,190	(556,006)
Other, net	271,778	148,756
Subtotal	6,477,457	3,689,643
Interest and dividends received	114,615	101,044
Interest paid	(48,815)	(48,284)
Subsidies received	-	175,630
Income taxes paid	(1,249,765)	(1,206,684)
Net cash provided by (used in) operating activities	5,293,492	2,711,349
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	136,460
Purchase of property, plant and equipment	(3,325,000)	(3,289,480)
Proceeds from sale of property, plant and equipment	1,240	5,700
Purchase of intangible assets	(82,927)	(66,399)
Purchase of investment securities	(6,073)	(6,261)
Proceeds from sale of investment securities	315,593	102,479
Purchase of shares of subsidiaries	(1,500,000)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(596,076)
Loan advances	(126,750)	(63,735)
Proceeds from collection of loans receivable	21,850	40,873
Payments of leasehold and guarantee deposits	(14,377)	(32,133)
Proceeds from refund of leasehold and guarantee deposits	6,028	4,382
Payments of construction assistance fund receivables	-	(7,700)
Other, net	29,115	107,405
Net cash provided by (used in) investing activities	(4,681,301)	(3,664,484)

	(Thousands of yen)	
	FY3/21	FY3/22
	(Mar. 21, 2020 – Mar. 20, 2021)	(Mar. 21, 2021 – Mar. 20, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(705,700)	2,359,700
Proceeds from long-term borrowings	7,236,000	4,820,000
Repayments of long-term borrowings	(5,440,947)	(5,882,726)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(36,716)
Proceeds from disposal of treasury shares	-	112,014
Purchase of treasury shares	(472,500)	-
Dividends paid	(743,203)	(773,065)
Other, net	(30,773)	(16,138)
Net cash provided by (used in) financing activities	(157,124)	583,068
Effect of exchange rate change on cash and cash equivalents	(92,435)	37,650
Net increase (decrease) in cash and cash equivalents	362,631	(332,416)
Cash and cash equivalents at beginning of period	4,991,998	5,414,007
Increase (decrease) in cash and cash equivalents resulting from change in fiscal year end of consolidated subsidiaries	59,378	-
Cash and cash equivalents at end of period	5,414,007	5,081,591



**(5) Notes to Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

## Segment and Other Information

### Segment Information

#### 1. Overview of reportable segments

Segments used for financial reporting are the ALINCO Group's constituent units for which separate financial information is available and for which Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The ALINCO Group consists of business segments that are based on categories of products and services. There are four reportable segments: construction materials, scaffolding material rental, home equipment and electronic equipment.

Products and services in these reportable segments are as follows:

Construction materials: Scaffolding materials, logistics storage equipment

Scaffolding material rental: Rental of scaffolding materials for low-rise and medium to high-rise buildings, and temporary bleachers

Home equipment: Ladders, stepladders; aluminum and plastic moldings; stationary elevating workbenches; surveying and laser equipment; aluminum bridge, various type of carts and folding handcarts; fitness equipment

Electronic equipment: Wireless communication devices

#### 2. Calculation method for net sales, profit or loss, assets, and other items for reportable segments

The accounting treatment methods for reportable segments comply with accounting policies used for the preparation of the consolidated financial statements.

Segment profit is affected by changes in foreign exchange rates. Foreign exchange gains and losses resulting from forward exchange contracts and other foreign exchange rate instruments used for business purposes for import transactions are reflected in operating profit, and this adjusted operating profit is used for segment profit.

#### 3. Information related to net sales, profit or loss, assets, and other items for reportable segments

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on consolidated financial statements
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	17,400,080	15,265,180	16,925,106	3,751,341	53,341,709	-	53,341,709
Inter-segment sales and transfers	2,612,259	3,484	253,071	17,085	2,885,901	(2,885,901)	-
Total	20,012,340	15,268,665	17,178,178	3,768,426	56,227,610	(2,885,901)	53,341,709
Segment profit	1,410,828	56,141	1,029,621	53,820	2,550,410	323,880	2,874,291
Segment assets	21,036,654	11,773,833	12,580,787	3,349,380	48,740,654	6,703,219	55,443,873
Other items							
Depreciation	526,246	2,112,971	202,814	91,679	2,933,711	81,578	3,015,290
Increase in property, plant and equipment and intangible assets	721,069	2,091,109	148,237	81,195	3,041,612	330,816	3,372,428

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

2. The 323,880 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.

FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on consolidated financial statements
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	19,880,910	15,948,551	15,070,539	4,355,790	55,255,790	-	55,255,790
Inter-segment sales and transfers	2,513,672	25,184	297,384	18,382	2,854,624	(2,854,624)	-
Total	22,394,582	15,973,736	15,367,923	4,374,172	58,110,414	(2,854,624)	55,255,790
Segment profit (loss)	1,349,140	86,792	(200,646)	153,768	1,389,053	(263,021)	1,126,032
Segment assets	22,995,822	11,568,858	12,422,182	4,831,684	51,818,548	6,415,938	58,234,486
Other items							
Depreciation	577,527	2,073,576	189,686	78,408	2,919,199	87,696	3,006,895
Increase in property, plant and equipment and intangible assets	725,547	2,081,165	377,166	58,195	3,242,076	87,633	3,329,709

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

2. The -263,021 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.

In accordance with “Practical Guidelines on Equity Method Accounting,” an equity method loss of 878,567 thousand yen was recorded for long-term loans extended by ALINCO to equity-method affiliate PT.

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

##### Impairment losses related to non-current assets

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

(Thousands of yen)

	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Adjustment	Amounts shown on consolidated financial statements
Impairment loss	-	54,000	-	-	-	54,000

FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)

Not applicable.

##### Significant change in goodwill

FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)

In the construction materials business, a consolidated subsidiary Sofuku Koki Co., Ltd. became a wholly owned subsidiary as an additional equity investment was made by ALINCO in FY3/21. As a result of this transaction, goodwill in the segment increased 286,103 thousand yen in FY3/21.

FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)

In the electronic equipment segment, ALINCO acquired all shares of Higashi Electronics Industry on August 18, 2021, and made this company a consolidated subsidiary in FY3/22. The matter caused an increase of goodwill by 109,349 thousand yen in FY3/22.

In the construction materials segment, ALINCO acquired all shares of Uekin on November 24, 2021, and made this company a consolidated subsidiary in FY3/22. The matter caused an increase of goodwill by 140,715 thousand yen in FY3/22.

**Per Share Information**

(Yen)

	FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)	FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)
Net assets per share	1,428.84	1,413.42
Net income per share	85.32	23.28

Note: Basis of calculation

1. The basis of calculating net income per share and diluted net income per share is as follows:

	FY3/21 (Mar. 21, 2020 – Mar. 20, 2021)	FY3/22 (Mar. 21, 2021 – Mar. 20, 2022)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,664,863	451,284
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	1,664,863	451,284
Average number of shares outstanding (Shares)	19,512,254	19,383,189

Note: Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating net assets per share is as follows:

	FY3/21 (As of Mar. 20, 2021)	FY3/22 (As of Mar. 20, 2022)
Total net assets (Thousands of yen)	27,679,004	27,518,195
Deduction on total net assets (Thousands of yen)	81,083	20,742
[of which non-controlling interests (Thousands of yen)]	[81,083]	[20,742]
Net assets applicable to common shares (Thousands of yen)	27,597,921	27,497,452
Number of common shares at end of period used in calculation of net assets per share (Shares)	19,314,969	19,454,501

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 (506,100 shares as of March 20, 2021, 391,800 shares as of March 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 (506,100 shares for the fiscal year ended March 20, 2021, 453,408 shares for the fiscal year ended March 20, 2022).

**Subsequent Events**

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.*