








ALINCO INCORPORATED
Results of Operations

May 2022

ALINCO Now

Stock code: 5933
Tokyo Stock Exchange, Prime
<https://www.alinco.co.jp/>

	Company Overview	2
	FY3/22 Results	19
	FY3/23 Forecast	31
	Progress in the Medium-term Business Plan 2024	39
	Shareholder Returns	47

Company Overview

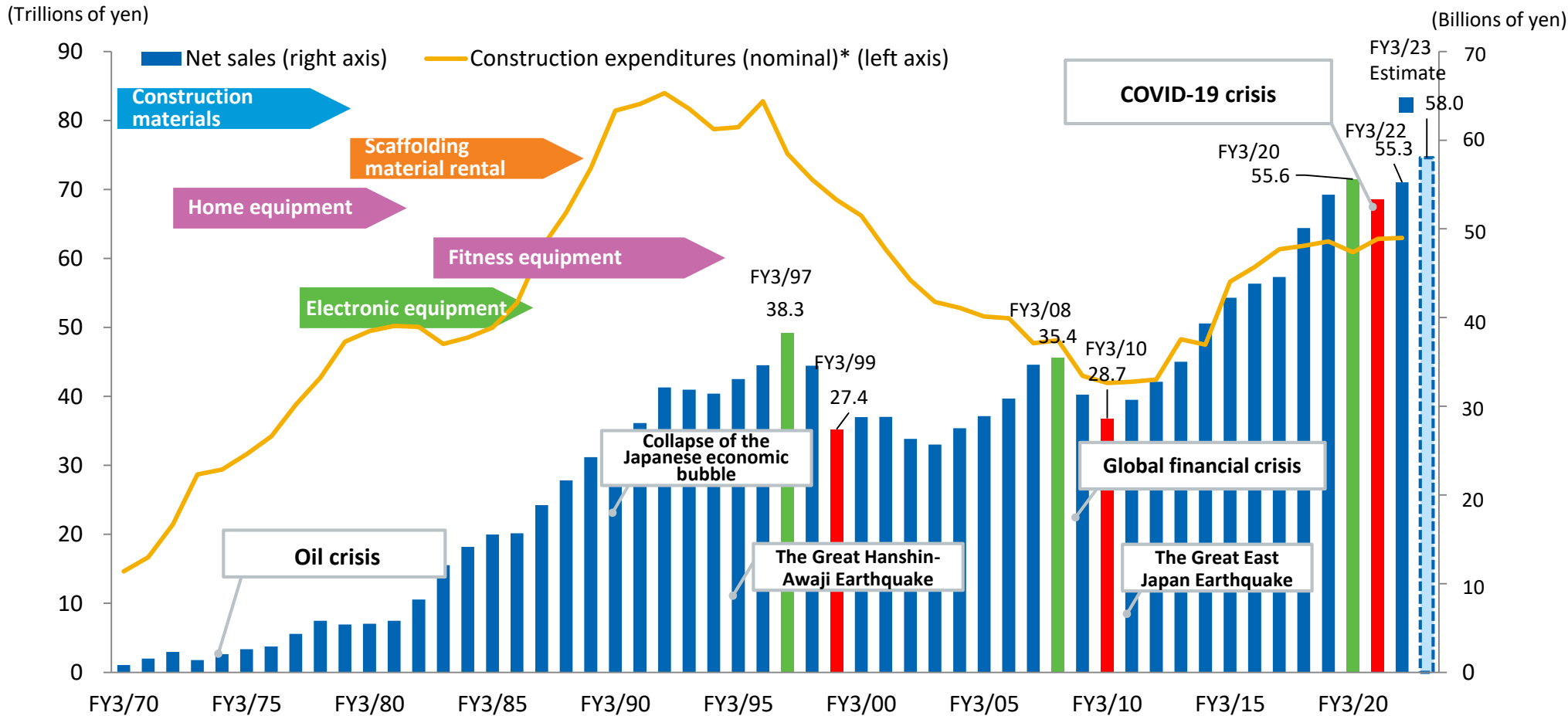
Company name	ALINCO INCORPORATED
Listed exchange	Tokyo Stock Exchange, Prime (From April 4, 2022)
Foundation	1938
Establishment	July 4, 1970
Number of employees	Consolidated: 1,432; Non-consolidated: 770 (as of March 20, 2022)
Capital	¥6,361 million
Number of shares outstanding	21,039,326 shares
Total assets	¥58,234 million (as of March 20, 2022)
Number of subsidiaries	19 (Japan: 10; China: 4; Thailand: 3; Vietnam: 1; Indonesia: 1)
Fiscal period	March 21 to March 20 of the following year
Accounting standards	Japanese GAAP

1938	Inoue Tekkousho started operating in Osaka as a manufacturer of bicycle parts and other products
1970	Established Inoue Tekkou Co., Ltd.
1983	Changed company name to ALINCO INCORPORATED
1993	Listed on the Osaka Securities Exchange, Second Section
2003	Established a subsidiary in China for the production of aluminum products
2006	Listed on the Tokyo Stock Exchange, Second Section
2012	Established a subsidiary in Thailand for the production and rental of scaffolding
2014	Established a subsidiary in Indonesia Listed on the Tokyo Stock Exchange, First Section
2015	Opened the Tokyo Head Office, creating a dual head office structure Expanded the Hyogo No. 2 Factory to increase production capacity
2017	Acquired Sofuku Koki Co., Ltd. (51% of equity), a manufacturer of logistics products
2018	Acquired Showa Bridge Sales Incorporated, a manufacturer of aluminum bridges
2020	Made Sofuku Koki a wholly owned subsidiary
2021	Acquired Higashi Electronics Industry Co., Ltd., a manufacturer of printed circuit boards
2021	Acquired Uekin Co., Ltd., an integrated manufacturer covering processes from metal die fabrication to stamping processes
2022	Stock listing was moved to the Prime Market due to the reorganization of the markets of the Tokyo Stock Exchange

A History of Growth and Diversification

Growth by using foresight for targeting new markets

Transition of sales since our inception



*Source: Outlook for FY2021 Construction Investments, Ministry of Land, Infrastructure, Transport and Tourism

To be the Leading Company in Niche Markets

Expand business to new markets and become the leading company in every business segment



Segment Information

Electronic equipment

An infrastructure for reliable communications



Low-power wireless communication devices



Land mobile radio for business-use



Wireless devices for fire trucks/ambulances



Public-sector disaster prevention wireless devices



Data communication wireless devices

Home equipment

Providing safety and convenience to your home



Home equipment

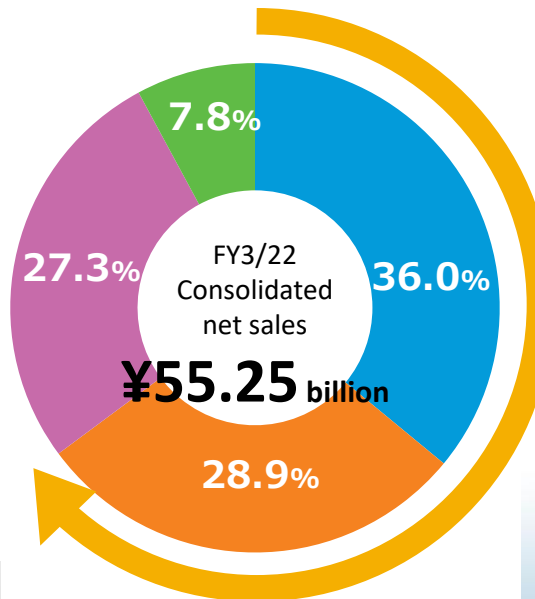


Fitness equipment



Core businesses*

65%



*The core businesses are the construction materials business and scaffolding material rental business.

Construction materials

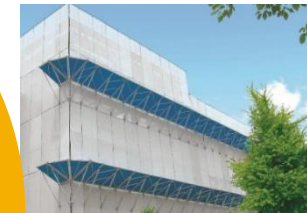
Advanced technologies for construction site safety



The new ring lock ALBATROSS system ("ALBATROSS")



SK panel platform



Aluminum fall proofing hopper



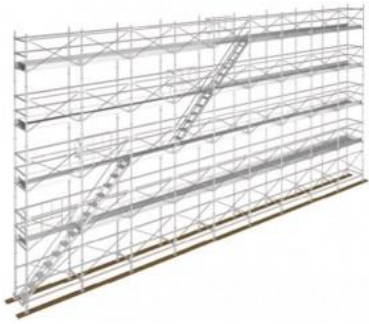
Scaffolding material rental

Cooperate with construction materials segment

Major Products in Use

Sales and rentals of scaffolding and other temporarily used construction materials

Major products



New ring lock ALBATROSS system

No. 1 share in medium/high-rise market



Aluminum fall proofing hopper

No. 1 market share



SK panel platform

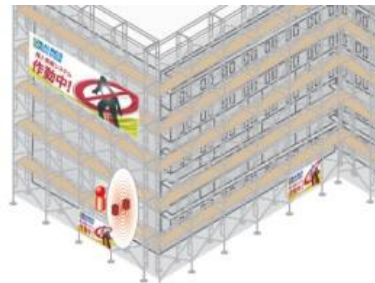
No. 1 market share



Aluminum platform



Hoisting platform



Scaffolding intrusion warning system



Scaffolding at this 80-meter condominium project begins at the B2 level and has a total height of 90 meters

Progress with replacing conventional frame scaffolding with the new ALINCO scaffolding system

Current issues at construction sites

- Due to higher safety standards for scaffolding, construction companies were forced to choose between two choices, add materials to improve the security of traditional frame scaffolding or make a shift to new type of scaffolding
- The mandate to use scaffolding with high safety standard in public-sector project has also gradually spread to private-sector project too
- Construction companies were faced with difficult decision to choose one from many scaffolding companies because scaffolding from different companies is incompatible with each other



Key points when selecting scaffolding

- High safety standard of scaffolding
- Reliable supply over many years



Favorable trends for ALINCO

The Traditional Frame Scaffolding Market



ALBATROSS – A new generation of scaffolding

The innovative ALBATROSS scaffolding was developed to meet construction site needs involving safety, expandability and ease of work, which are all characteristics where conventional frame scaffolding falls short.



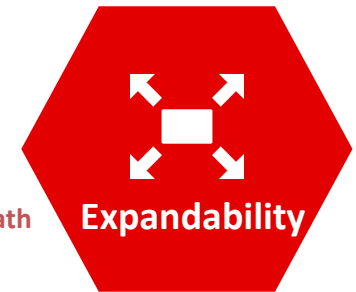
Brackets with outstanding strength and reliability
Rugged design for many years of use with confidence
Assembly by placing handrail first is a standard feature and the standard installation method (complies with the revised Industrial Safety and Health Regulations)

Multi-purpose

Simple moveable stage with a large surface area

Three-dimensional assembly

Easy to secure a large open work space underneath
ALBATROSS



Compact and light scaffolding components
Simplicity of frame scaffolding with the flexibility of pipe scaffolding
A large and comfortable space for performing tasks
Easy to make a wide stage with no protrusions or gaps
Big improvement in ease of work lowers the cost of construction processes
Big reduction in the number of steel pipes and clamps

The shortage of manpower at the logistics operations of factories, warehouses and stores is creating demand for automatic incoming/outgoing shipment, sorting and picking tasks. There are also needs for more efficient and sophisticated storage methods, earthquake resistance, and other improvements.

Power Rack

An **angular pipe structure** using our original manufacturing method ensures outstanding resistance to earthquakes.

Power Runner

A moveable rack that doubles storage capacity



Major home equipment products

Products that match sales channels and market needs

Major products

Aluminum products



Fitness equipment



Ladders



Work platforms



Agriculture/
transport products



Treadmill



Exercise bike



Massager

Business activities that leverage the core strength of compact wireless technology expertise

Land mobile radio for business-use



GNSS system bulldozer



Wireless inner modules

Low-power wireless communication devices



Public sector (disaster prevention, fire trucks, ambulances)



Core technology
Compact wireless technology

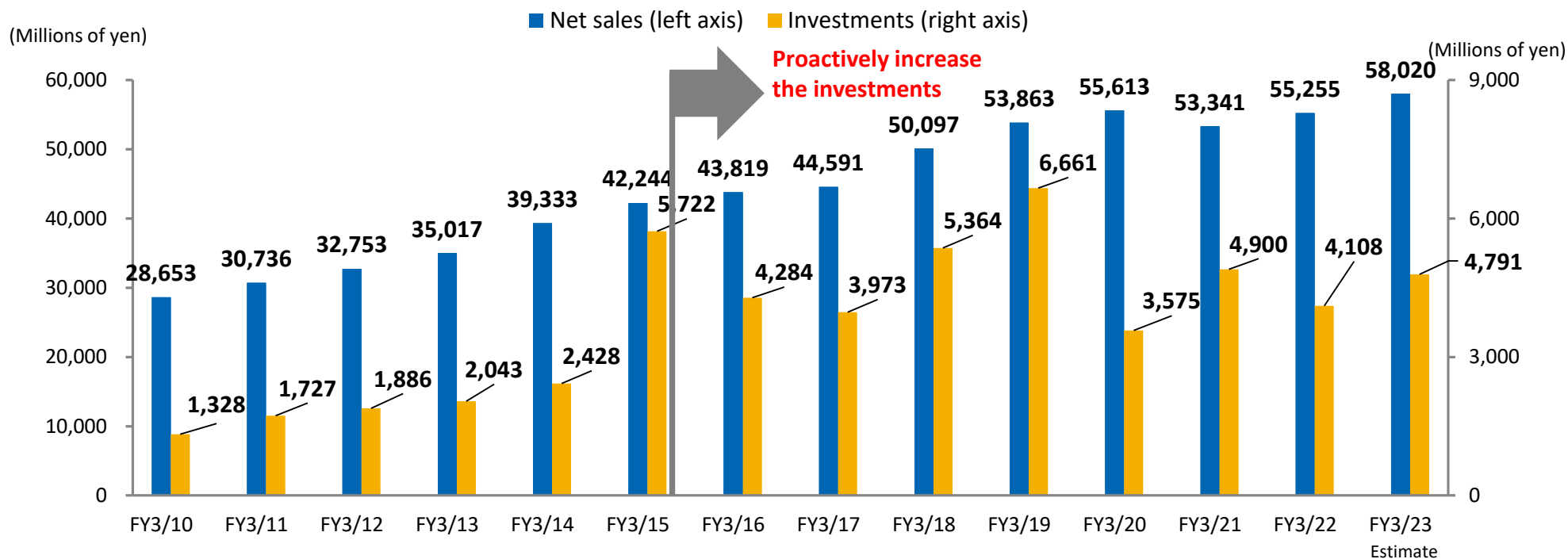


Goals

- Develop intercom for low-power wireless communication devices
- Business-use intercom → Disaster prevention sector → Business-use wireless communications
- Increase the share of the business-use wireless communication device market
- Develop communication devices that use the mobile phone infrastructure
- Develop wireless modules for IoT devices

Transition of Sales and Investments

Expand business performance by proactive investments



Major Investments

1. Investment in rental assets

- Invested in equipment that is safe and efficient
- Made a shift from traditional frame scaffolding to new ring lock ALBATROSS system ("ALBATROSS") (Expand the share of ALBATROSS by encouraging the reform of scaffolding market)

2. Expansion to overseas market

- Started scaffolding rental business in China, Thailand and Indonesia
- Began business by dealing with overseas Japanese general contractors
- Set company apart from local competitors by providing Japanese quality services

3. Investment in M&A

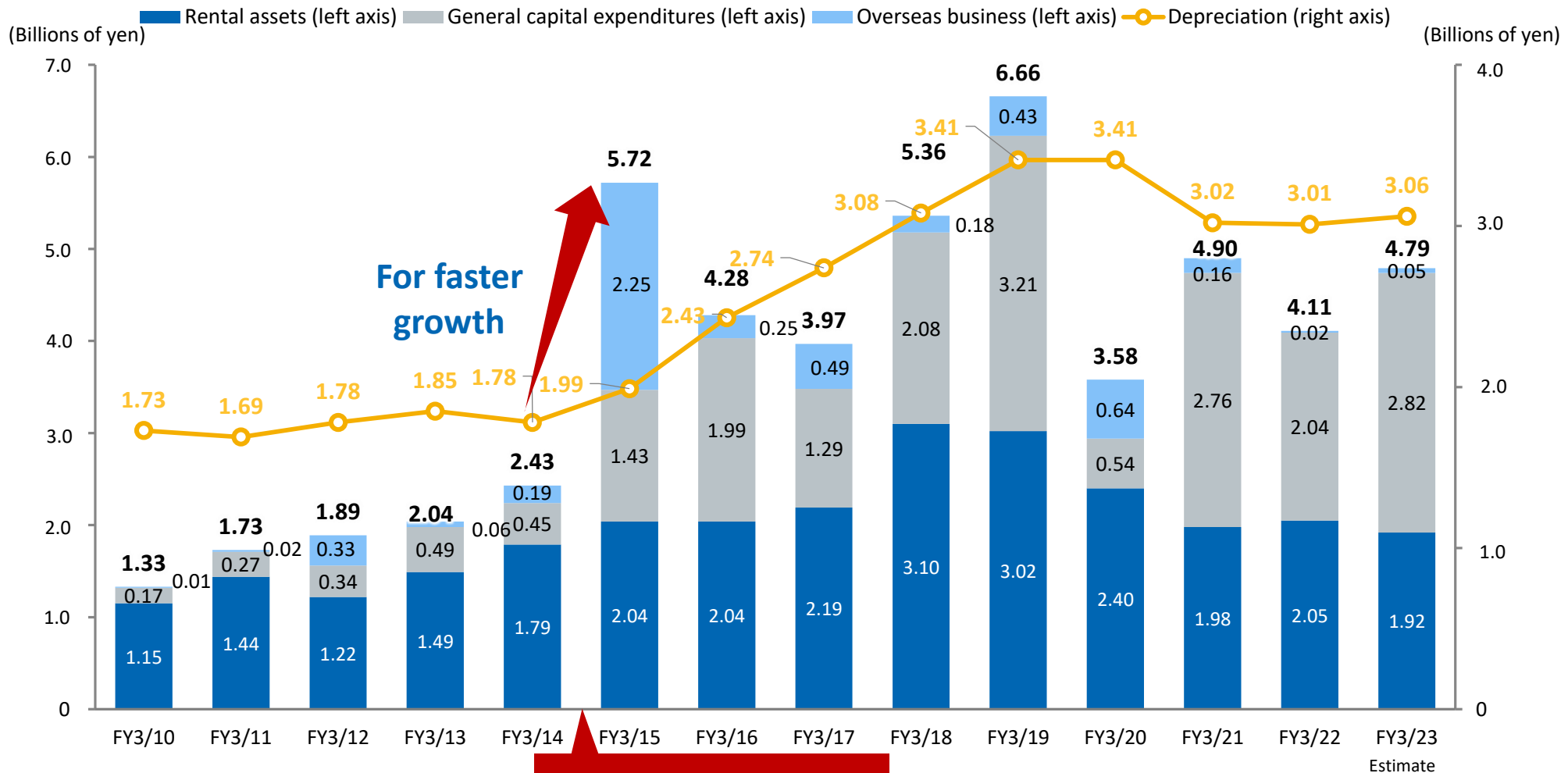
- Sofuku Koki: Racks for automated distribution centers
- Showa Bridge: Aluminum bridges
- STS Corp.: Laser instruments for surveying
- SIP: Elevating work platforms
- Higashi Electronics Industry : Printed circuit boards
- Uekin: Metal die fabrication

4. Increase in production capacity

- Expanded the Suzhou Factory
- Constructed a factory in Thailand
- Updated and improved efficiency of a scaffold panel production line
- Introduced ALBATROSS manufacturing facilities

Transition of Investments

Capital Expenditures and Other Investments and Depreciation



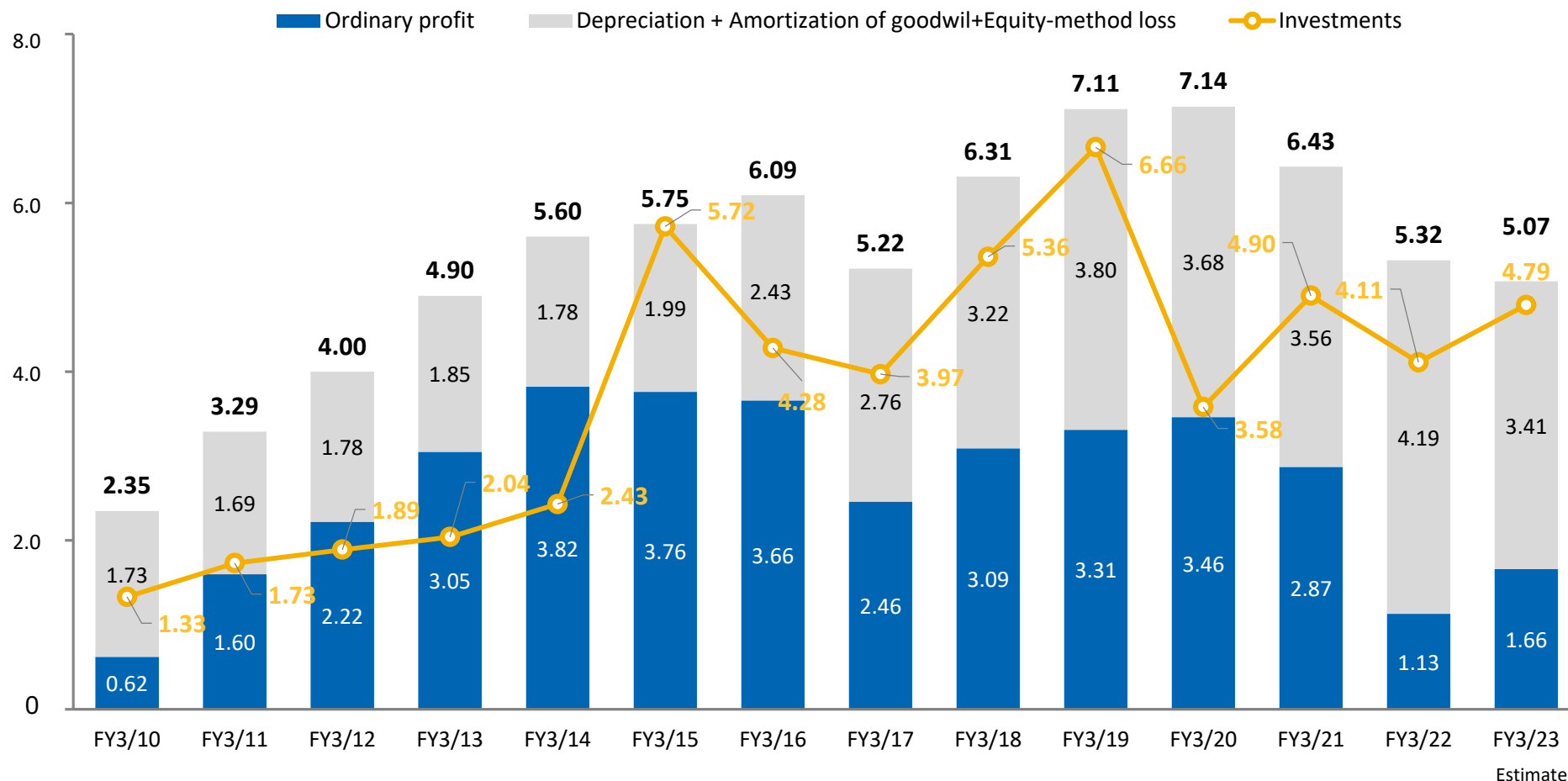
**Listed on TSE first section
(December 2014)**

Transition of EBITDA, Investments, etc.

Steady EBITDA growth despite increase in depreciation due to proactive investments

EBITDA and Investments

(Billions of yen)



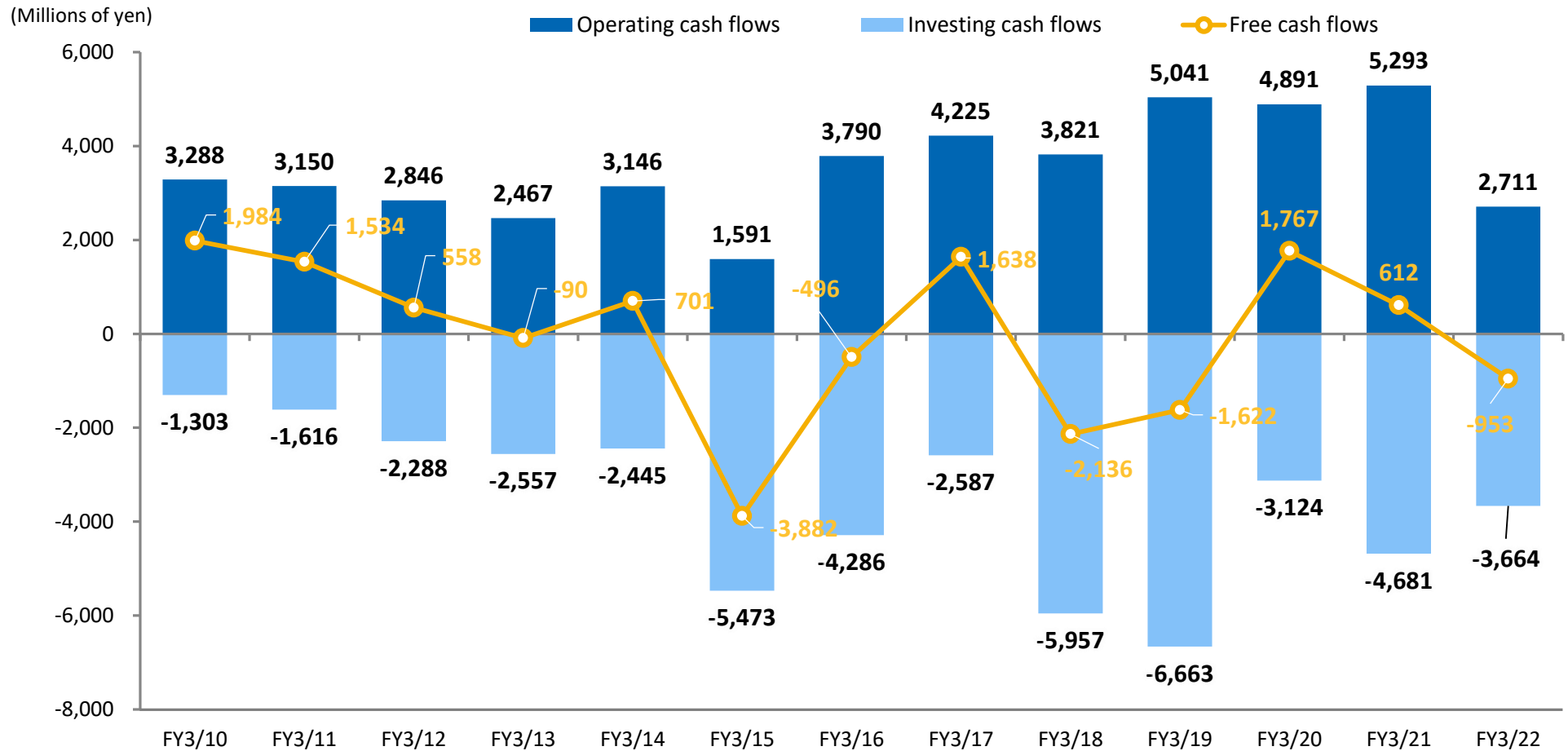
Estimate

Transition of Cash Flows

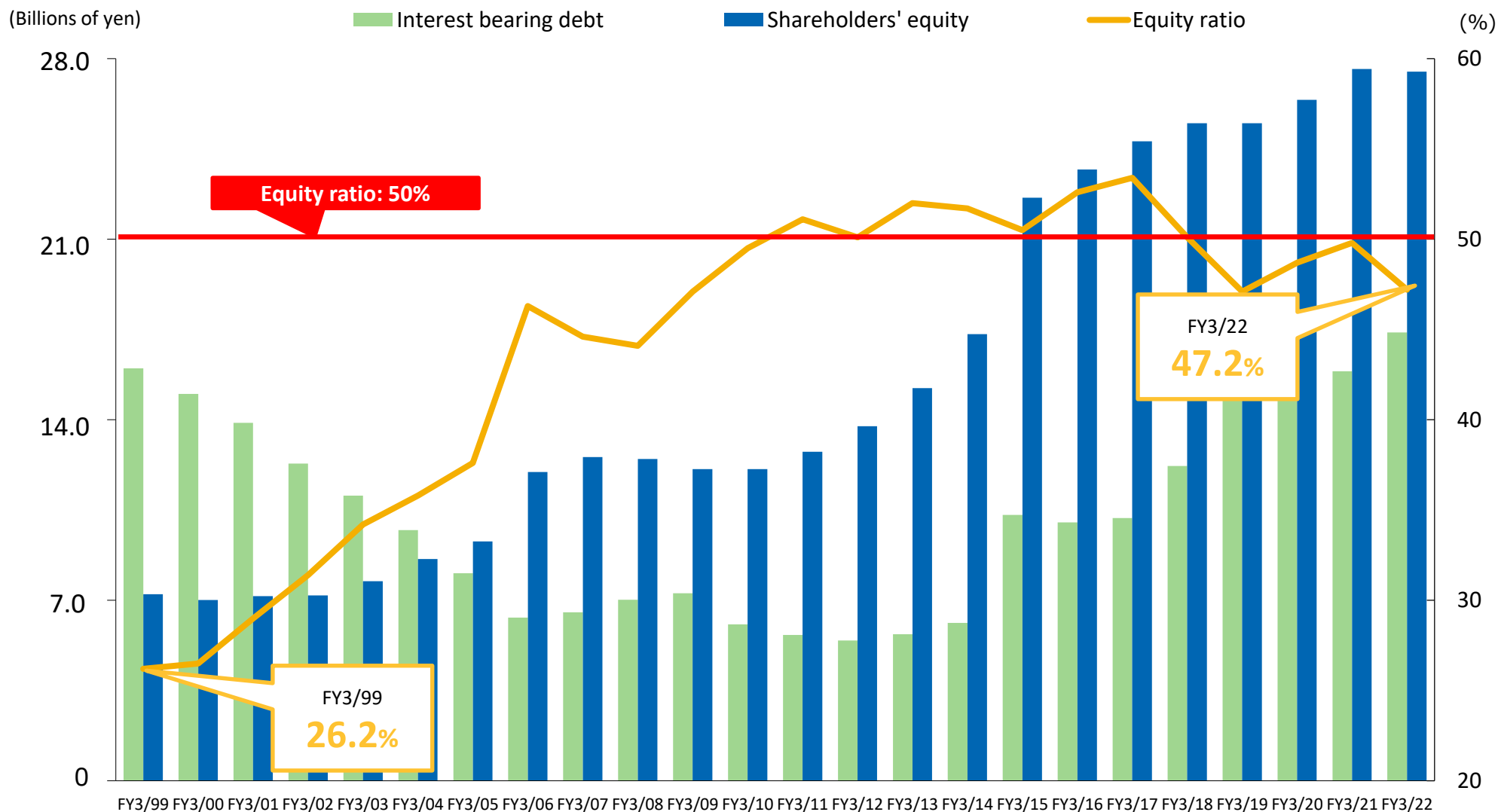
Consistent growth in cash generation

Utilize generated cash for future investments

Cash Flows



A Consistently Strong Financial Position



FY3/22 Results

FY3/22 Consolidated Results

- ✓ In the core scaffolding business, the market share of ALBATROSS steadily increased as the shipment begins to major construction company that decided to adopt ALBATROSS, which led to a year-on-year increase in net sales. The utilization rate of rental scaffolding also recovered to the pre-pandemic level, absorbing the decline in stay-home demand created by the pandemic in the fitness equipment business.
- ✓ The gross profit margin decreased because many expenses increased more than expected.
- ✓ The ordinary profit decrease was mainly attributable to an equity-method loss and non-operating expenses.

(Millions of yen)

	FY3/20	FY3/21
	Results (% to sales)	Results (% to sales)
Net sales	55,613 (100.0%)	53,341 (100.0%)
Gross profit	15,384 (27.7%)	15,029 (28.2%)
SG&A expenses	12,045 (21.7%)	12,475 (23.4%)
Operating profit	3,338 (6.0%)	2,554 (4.8%)
Ordinary profit	3,461 (6.2%)	2,874 (5.4%)
Profit attributable to owners of parent	2,155 (3.9%)	1,664 (3.1%)
Investments in rental assets	2,396	1,785
General capital expenditures	733	1,514
Depreciation of rental assets	2,396	2,036
Other depreciation	1,016	979

FY3/22	
Results (% to sales)	YoY change
55,255 (100.0%)	+1,914 (+3.6%)
13,402 (24.3%)	-1,627 (-10.8%)
12,283 (22.2%)	-191 (-1.5%)
1,119 (2.0%)	-1,435 (-56.2%)
1,126 (2.0%)	-1,748 (-60.8%)
451 (0.8%)	-1,213 (-72.9%)
2,048	+263
1,246	-267
2,006	-29
1,000	+21

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

FY3/22 Segment Information

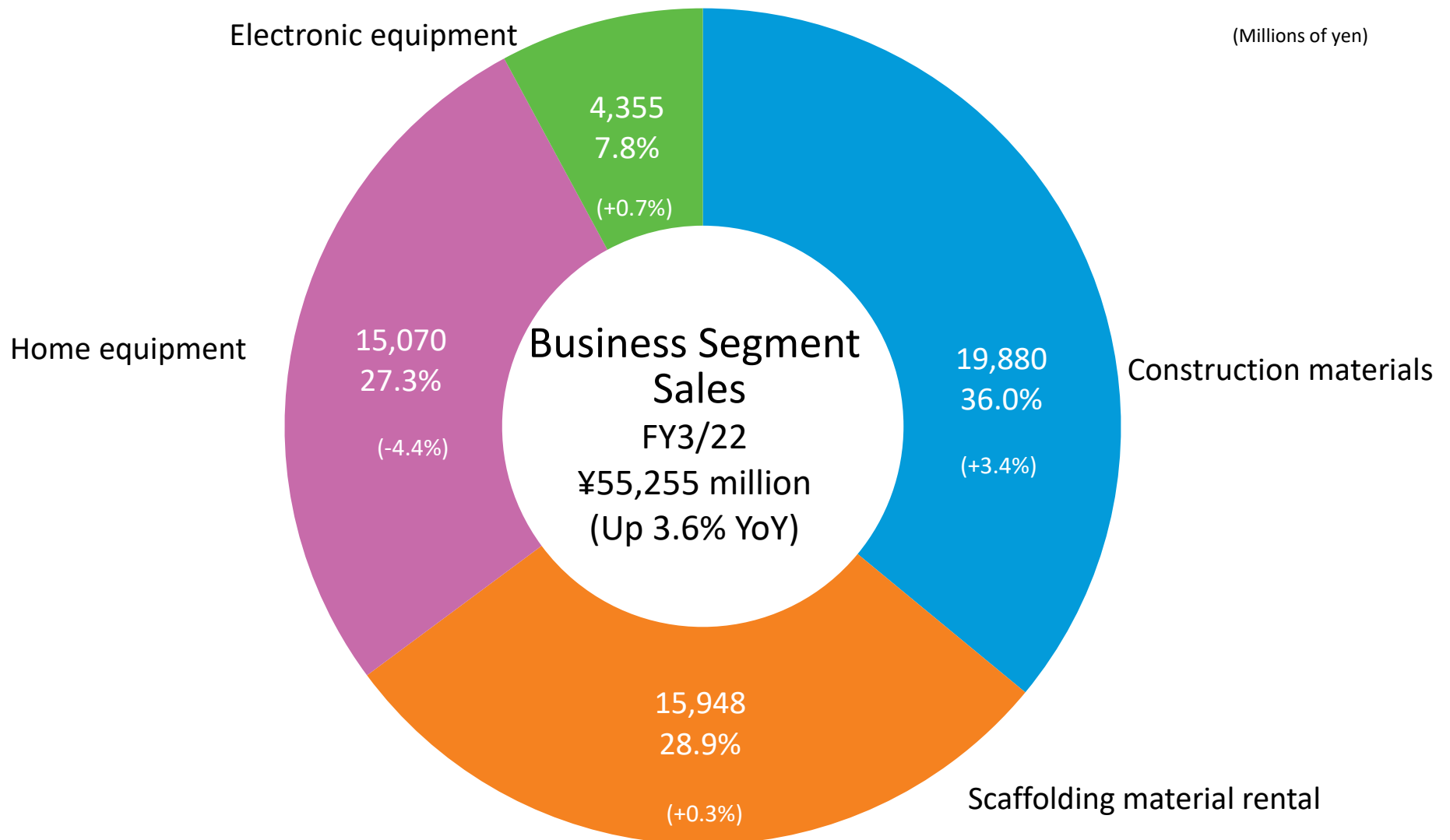
(Millions of yen)

Upper: Net sales Lower: Segment profit	FY3/20	FY3/21	FY3/22	
	Results	Results	Results	YoY change
Construction materials	20,051 2,463	17,400 1,410	19,880 1,349	+14.3% -4.4%
Scaffolding material rental	17,192 555	15,265 56	15,948 86	+4.5% +54.6%
Home equipment	14,910 354	16,925 1,029	15,070 -200	-11.0% -
Electronic equipment	3,458 0	3,751 53	4,355 153	+16.1% +185.7%
Adjustment	- 87	- 323	- -263	- -
Consolidated total	55,613 3,461	53,341 2,874	55,255 1,126	+3.6% -60.8%

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

FY3/22 Business Segment Sales

(Millions of yen)



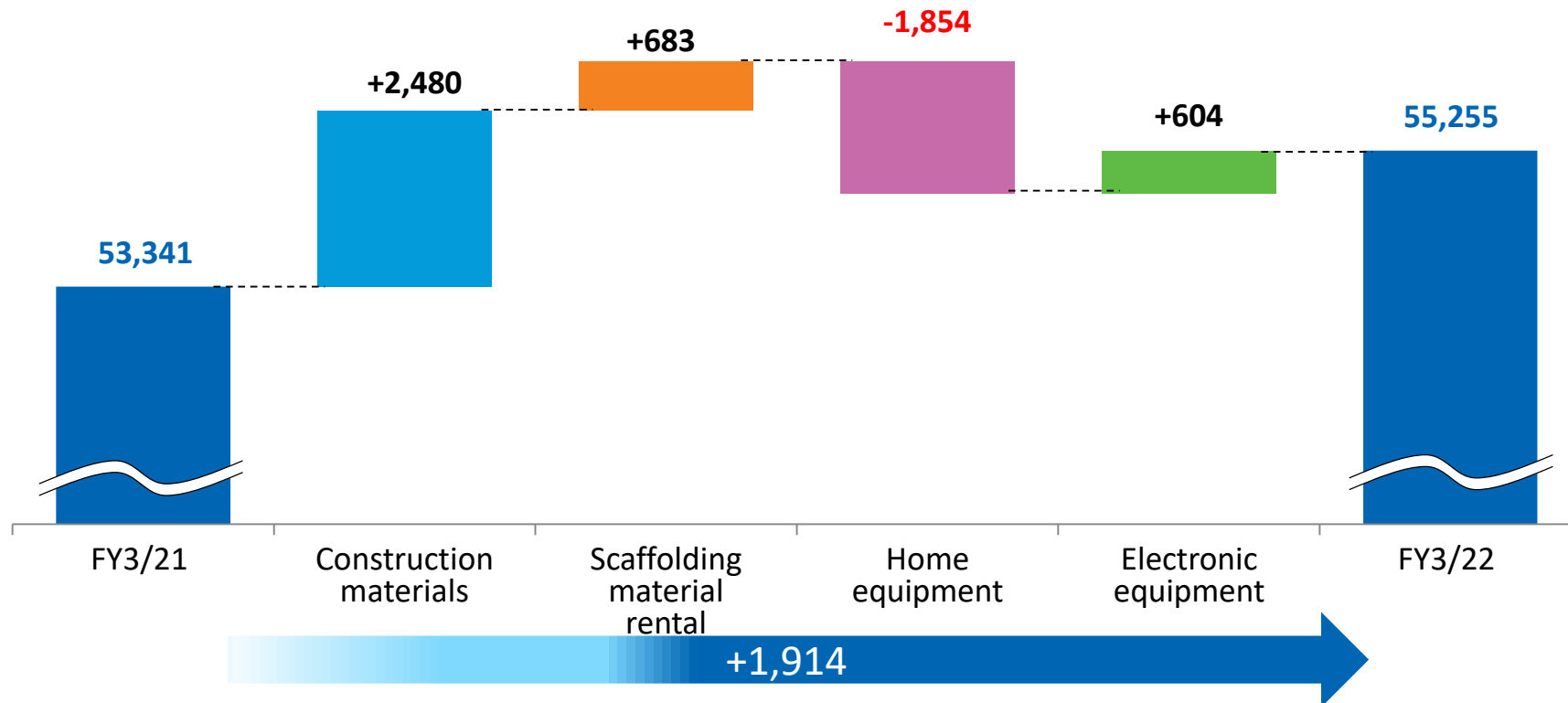
Percentages in parentheses are changes vs. FY3/21.

Copyright © ALINCO, INC. All rights reserved.

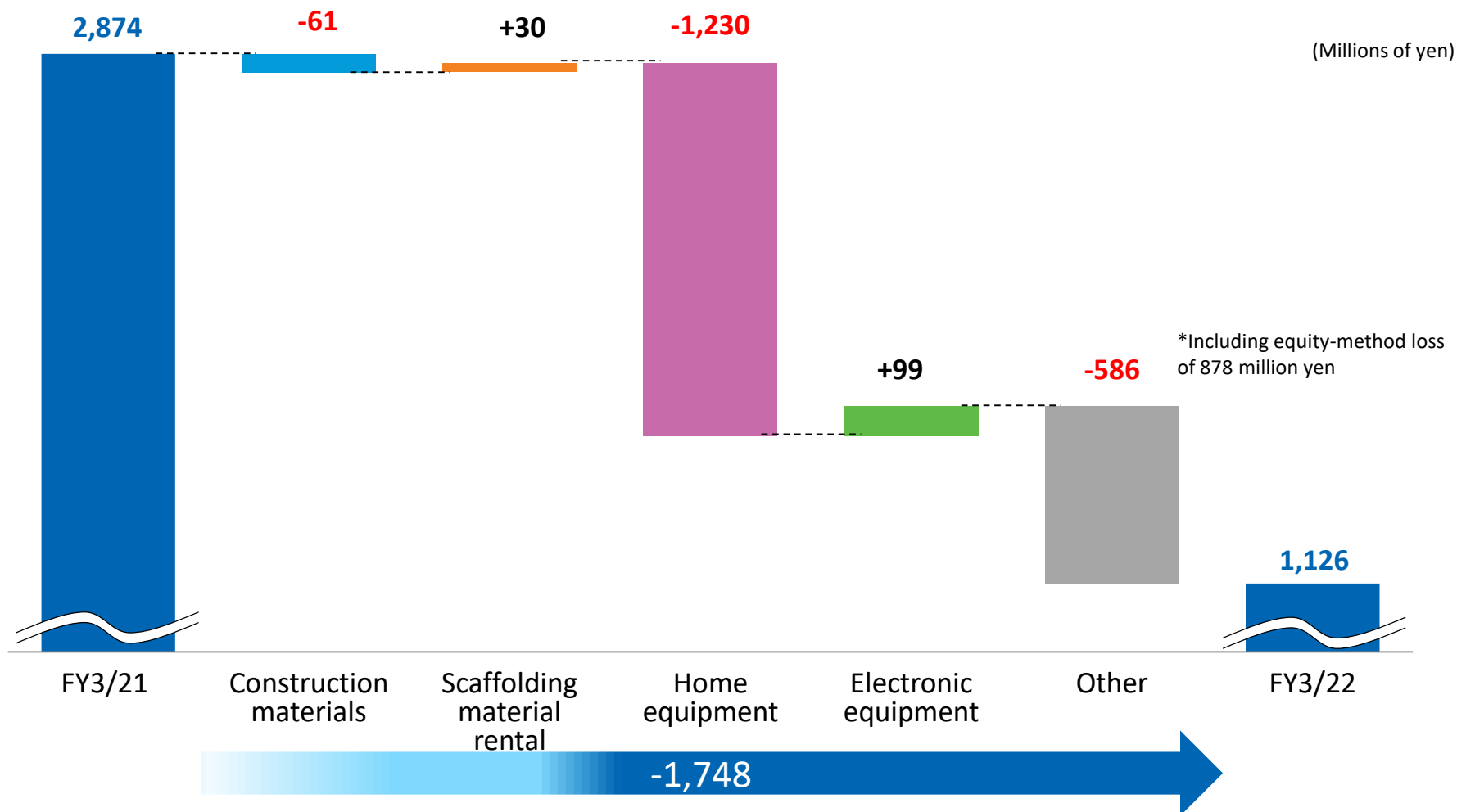
FY3/21-FY3/22 Change in Sales by Segment

- ✓ Sales of ALBATROSS increased 58% from the previous fiscal year, driving the sales growth in the core business.
- ✓ A 29% decline in fitness equipment sales was the major reason for the decrease in home equipment segment sales.

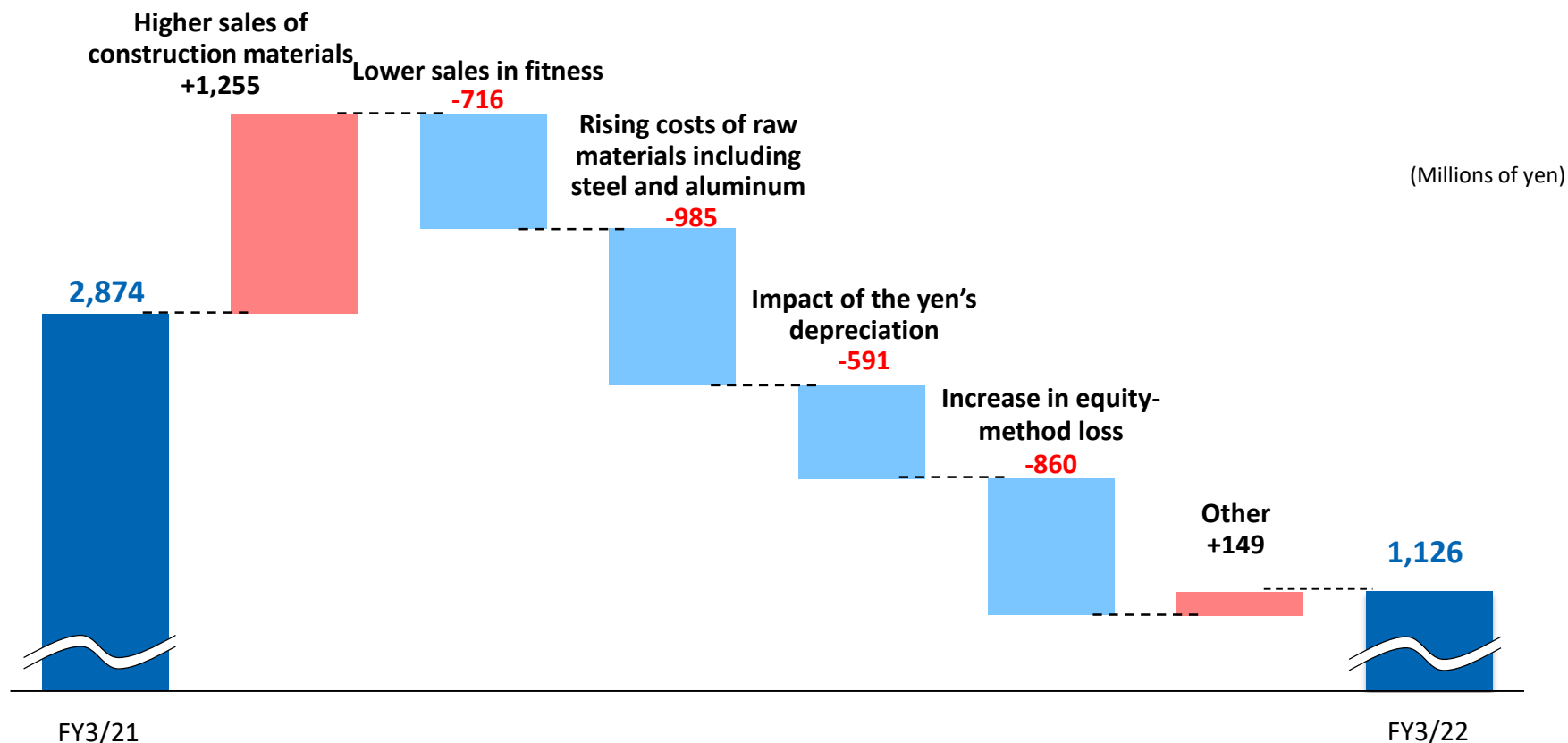
(Millions of yen)



FY3/21-FY3/22 Change in Ordinary Profit by Segment



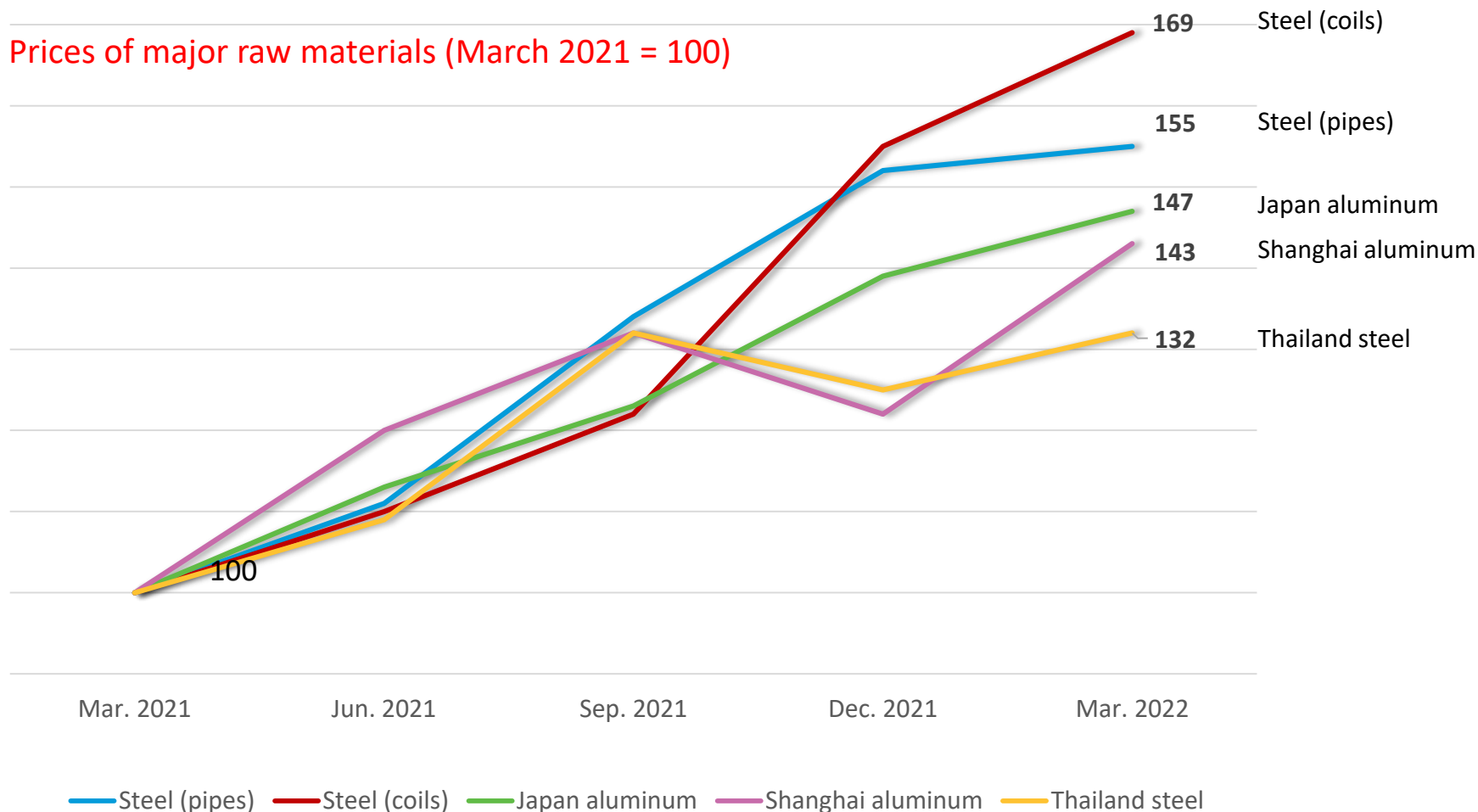
FY3/21-FY3/22 Change in Ordinary Profit by Factor



- ✓ Higher earnings resulting from sales growth, primarily construction materials, were partially offset by lower fitness equipment sales.
- ✓ Several categories of expenses increased more than expected.
- ✓ An equity-method loss was recorded because of increasing concerns about the impact of the pandemic on the ability of the equity-method affiliate in Indonesia to make repayments to ALINCO.

Prices of Major Raw Materials

- ✓ The price of steel materials increased steadily during the fiscal year due to high usage volumes. Revisions of product prices could not keep up with the steep upturn that started around July 2021.
- ✓ Although we are raising prices of products, considerable time will be needed for higher prices to reflect the rising cost of raw materials because prices of these materials continue to climb.



Yen-Dollar Exchange Rate

(Yen)



<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Construction materials</p>	<ul style="list-style-type: none"> ✓ Market share of ALBATROSS steadily increased due to an increase in sales to new customers including the start of shipments to a major construction company that decided to use ALBATROSS, and additional sales to current customers. ✓ Sales of products related to construction materials increased along with growth of ALBATROSS sales. ✓ Aluminum products contributed to sales growth, including a new aluminum work platform. ✓ Although prices of products were increased, profit margins declined because the cost of steel, aluminum and other materials rose faster than expected. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Home equipment</p>	<ul style="list-style-type: none"> ✓ Lower profit margins because of the inability to raise selling prices to keep up with soaring aluminum prices and rising logistics costs in China, the world's largest aluminum producer, and the depreciation of the yen. ✓ Downturn in fitness equipment demand was larger than expected as demand fell below even the pre-pandemic level. ✓ Decline in profit due to delay in development of new product at overseas outsource company caused by the pandemic, inability to revise prices for model change product, depreciation of the yen, higher prices of steel, and other cost increases such as shipping cost.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Scaffolding material rental</p>	<ul style="list-style-type: none"> ✓ Utilization rate of rental scaffolding for medium/high-rise buildings increased steadily from the beginning of FY3/22 and returned to the pre-pandemic level. ✓ Average fiscal year utilization rate of ALBATROSS exceeded the highest point of FY3/21. ✓ Rentals of scaffolding for low-rise buildings did not increase with the overall growth of construction starts because the number of construction workers did not increase as much as expected. ✓ Construction start floor area generally continued to increase but profit margins did not improve due to price competition as the size of projects declined. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Electronic equipment</p>	<ul style="list-style-type: none"> ✓ Sales of new low-power wireless communication devices and business-use wireless devices increased as expected along with the recovery in demand for these products at companies. ✓ Circuit board assembly orders increased at subsidiary ALINCO Toyama. ✓ Newly subsidiary Higashi Electronics Industry will not contribute to earnings for a while because of goodwill amortization. ✓ Strong demand for the printed circuit boards of Higashi Electronics Industry due to rapid change in the electronic parts industry linked to the digital transformation, electric vehicles and other sources of change.

FY3/22 Consolidated Balance Sheet

(Millions of yen)

	FY3/21	FY3/22	
	Results (Comp.)	Results (Comp.)	YoY change
Current assets	33,185 (59.9%)	36,435 (62.6%)	+3,250 (+9.8%)
Non-current assets	22,258 (40.1%)	21,798 (37.4%)	-460 (-2.1%)
Total assets	55,443 (100.0%)	58,234 (100.0%)	+2,790 (+5.0%)
Current liabilities	16,159 (29.1%)	20,005 (34.4%)	+3,846 (+23.8%)
Non-current liabilities	11,605 (20.9%)	10,710 (18.4%)	-895 (-7.7%)
Total liabilities	27,764 (50.1%)	30,716 (52.7%)	+2,951 (+10.6%)
Net assets	27,679 (49.9%)	27,518 (47.3%)	-160 (-0.6%)
Total liabilities and net assets	55,443 (100.0%)	58,234 (100.0%)	+2,790 (+5.0%)
Equity ratio	49.8%	47.2%	-2.6pt
Debt equity ratio	57.5%	63.2%	+5.7pt

Major factors (Millions of yen)

Current assets

Increase in inventories resulting from planned production due to the outlook for higher demand +2,747

Non-current assets

Increase in property, plant and equipment caused by the start of full-scale operations at the Fukuchiyama Logistic Center +508

Decrease in valuation of long-term loans receivable due to equity-method loss -860

Liabilities

Increase in trade payables due to increase output +2,429

Increase in long-term and short-term borrowings +1,510

Net assets

Profit attributable to owners of parent +451

Dividend payments -773

(Reference)

Increase in net assets resulting from increase in consolidated subsidiaries +1,407

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

FY3/22 Consolidated Cash Flows

(Millions of yen)

	FY3/21	FY3/22	
	Results	Results	YoY change
Cash flows from operating activities	5,293	2,711	-2,582
Cash flows from investing activities	-4,681	-3,664	+1,016
Cash flows from financing activities	-157	583	+740
Effect of exchange rate change on cash and cash equivalents	5,414	5,081	-332
Free cash flows	612	-953	-1,565

Major factors (Millions of yen)	
Operating cash flows	
(Decrease in income)	
Decrease in profit before income taxes	-1,559
Increase in trade receivables	-1,119
Investing cash flows	
(Decrease in outflows)	
Decrease in purchase of shares of subsidiaries	+903
Financing cash flows	
(Increase in income)	
Proceeds from an increase in borrowings	+207
Decrease in purchase of treasury shares	+472

- ✓ Cash flows from operating activities decreased due to a decrease in profit before income taxes and an increase in trade receivables because of the growth of sales in core business activities.
- ✓ Investing cash flows include continuing investments for rental scaffolding and other equipment, primarily ALBATROSS, and the acquisition of two companies as M&A activity continued from FY3/21.
- ✓ Loans were used to offset part of the negative free cash flows.

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

FY3/23 Forecast

FY3/23 Forecast

- ✓ Forecast higher sales and profits in FY3/23
- ✓ Expect sales in all segment to be higher than in FY3/22
- ✓ Estimate the improvement in profits in the second half as we assume it will need a certain period of time to raise selling prices to reflect soaring raw materials price and depreciation of the yen.

(Millions of yen)

	FY3/21 Results	FY3/22 Results			FY3/23 Plan		
		1H (YoY change: %)	2H (YoY change: %)	Full-year (YoY change: %)	1H (YoY change: %)	2H (YoY change: %)	Full year (YoY change: %)
Net sales	53,341	26,714 (+6.0%)	28,541 (+1.4%)	55,255 (3.6%)	28,650 (+7.2%)	29,370 (+2.9%)	58,020 (+5.0%)
Gross profit	15,029	7,083 (-2.9%)	6,318 (-18.3%)	13,402 (-10.8%)	6,730 (-5.0%)	7,860 (+24.4%)	14,590 (+8.9%)
SG&A expenses	12,475	6,161 (-2.5%)	6,121 (-0.6%)	12,283 (-1.5%)	6,530 (+6.0%)	6,520 (+6.5%)	13,050 (+6.2%)
Operating profit	2,554	922 (-5.5%)	196 (-87.5%)	1,119 (-56.2%)	200 (-78.3%)	1,340 (+583.7%)	1,540 (+37.6%)
Ordinary profit	2,874	1,164 (+3.6%)	-38 (-)	1,126 (-60.8%)	280 (-75.9%)	1,380 (-)	1,660 (+47.4%)
Profit attributable to owners of parent	1,664	747 (+24.1%)	-296 (-)	451 (-72.9%)	160 (-78.6%)	850 (-)	1,010 (+123.9%)

Investments in rental assets	1,785	-	-	2,048	-	-	1,915
General capital expenditures	1,514	-	-	1,246	-	-	2,876
Depreciation of rental assets	2,036	-	-	2,006	-	-	1,904
Other depreciation	979	-	-	1,000	-	-	1,154

FY3/23 Business Segment Plans



(Millions of yen)

Upper: Net sales Lower: Segment profit	FY3/21 Results	FY3/22 Results			FY3/23 Plan			
		1H	2H	Full year	1H	2H	Full year	YoY change
Construction materials	17,400 1,410	9,809 863	10,071 485	19,880 1,349	10,920 317	10,420 1,012	21,340 1,329	+7.3% -1.5%
Scaffolding material rental	15,265 56	7,781 150	8,166 -64	15,948 86	7,720 -36	8,350 109	16,070 73	+0.8% -15.1%
Home equipment	16,925 1,029	7,382 -25	7,688 -175	15,070 -200	7,360 -162	7,990 183	15,350 21	+1.9% -
Electronic equipment	3,751 53	1,740 47	2,614 106	4,355 153	2,650 82	2,610 35	5,260 117	+20.8% -23.5%
Adjustment	- 323	- 127	- -390	- -263	- 80	- 40	- 120	- -
Consolidated total	53,341 2,874	26,714 1,164	28,541 -38	55,255 1,126	28,650 280	29,370 1,380	58,020 1,660	+5.0% +47.4%

Market conditions

- ✓ Although there are expectations for strong economic growth in Japan in FY3/23 as the pandemic settles down and restrictions on various activities end, the outlook is still uncertain because of concerns about inflation as economic activity returns to normal and geopolitical risk.
- ✓ We expect construction demand, including potential demand, to remain high. Profit margins are expected to improve in the construction materials and home equipment segments as benefits of price revisions and the launch of new products offset the high cost of raw materials and the rising cost of importing materials due to the depreciation of the yen.

Construction materials

- ✓ Price increases in FY3/22 to reflect the rising cost of materials are expected to produce benefits in stages during FY3/23.
- ✓ Forecast a lower sales volume of scaffolding because of price hikes
- ✓ Forecast higher logistics sales because of strong warehouse orders and the first full fiscal year contribution of Uekin, which was acquired in FY3/22

Home equipment

- ✓ Raised prices in FY3/22 to reflect the higher cost of materials and the weaker yen and more price increases are expected
- ✓ In the fitness equipment category, planning on using new products to achieve a recovery in the sales volume and profit margin
- ✓ Strengthen hardware store and machine tool sales channels as business demand for aluminum ladders, stepladders and other products recovers.

Scaffolding material rental

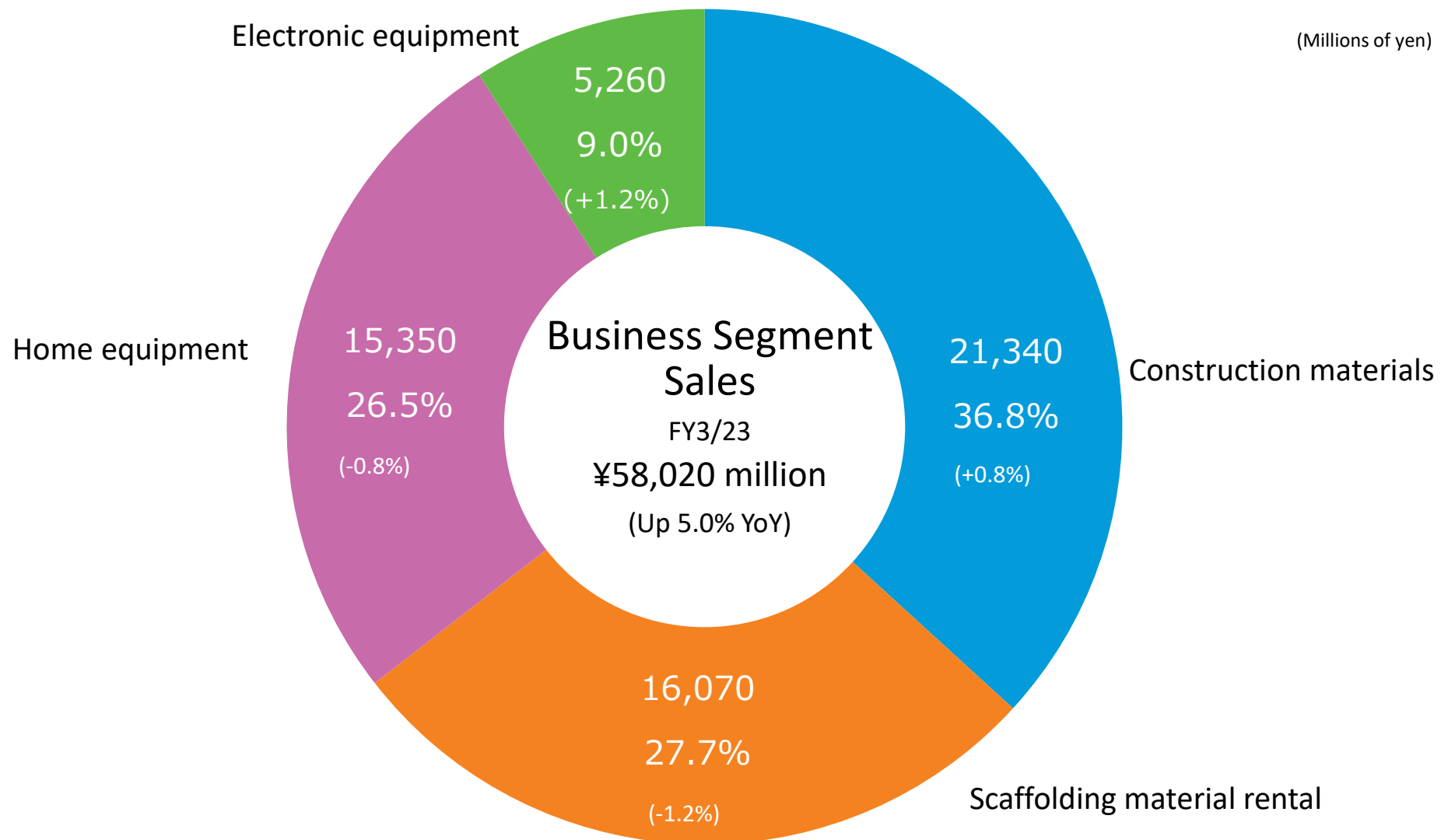
- ✓ Expect an increase in utilization rate and an improvement in profit margin as we predict the competition environment to improve due to recovery from COVID-19 crisis.
- ✓ Rental asset depreciation expenses are expected to temporarily decrease because the investment of rental assets were held down during FY3/22.
- ✓ Continue to invest in ALBATROSS for the cooperation with construction materials segment.

Electronic equipment

- ✓ First full fiscal year contribution of the sales of Higashi Electronics Industry, which was acquired in FY3/22
- ✓ Investments to raise output for meeting the very strong demand for printed circuit boards
- ✓ Expect higher sales in the core low-power device category and an increase in sales of a new wireless communication module as construction machinery incorporate ICT

FY3/23 Forecast for Business Segment Sales

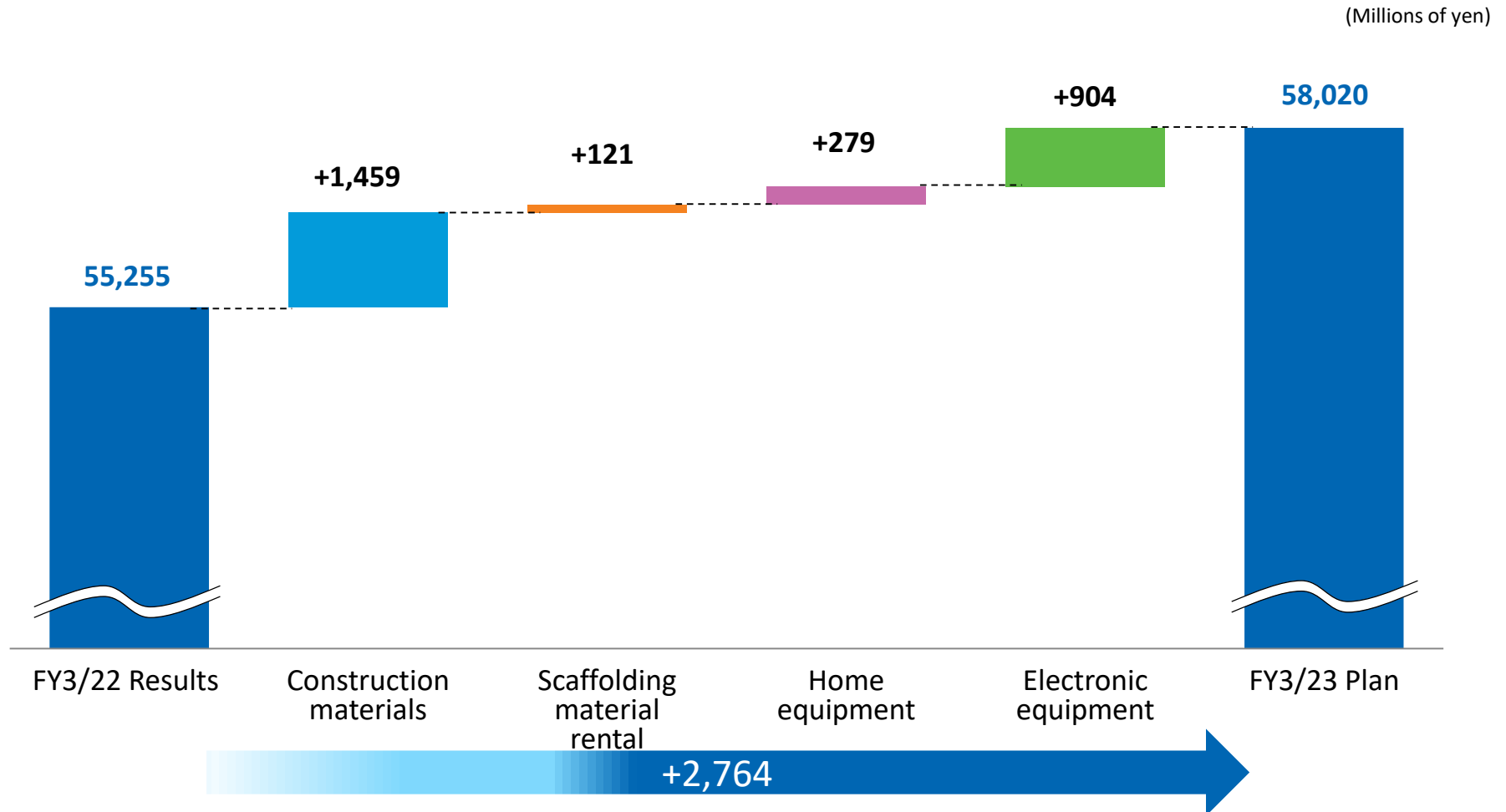
(Millions of yen)



Percentages in parentheses are changes vs. FY3/22.

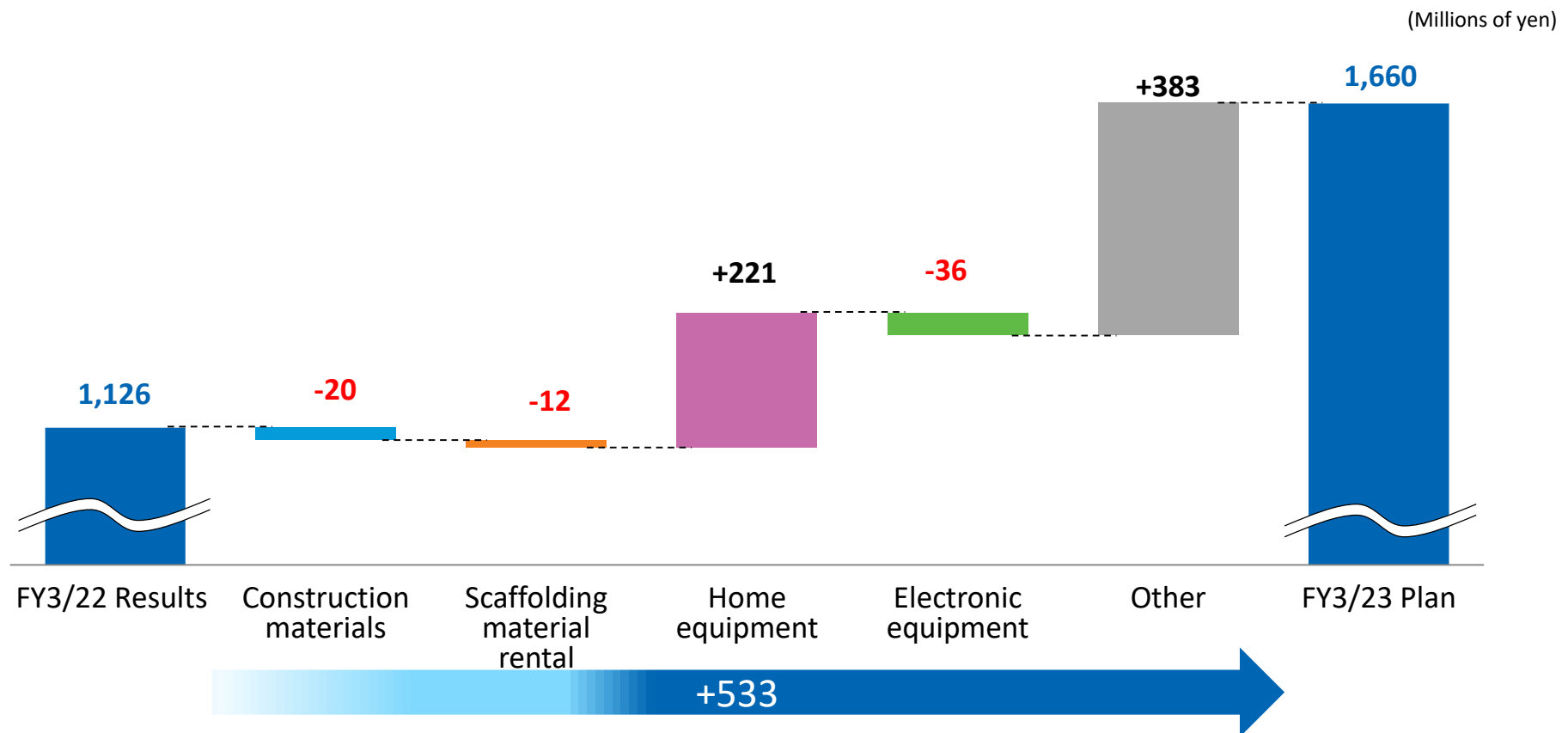
FY3/23 Forecast for Changes in Segment Sales

- ✓ Sales in all segments are expected to be higher than in FY3/22
- ✓ First full fiscal year contribution of the sales of two subsidiaries, which were acquired in FY3/22 (Up ¥839 million YoY)



FY3/23 Forecast for Changes in Segment Ordinary Profit

- ✓ Forecast only a small change in profit because it will need time for benefits of selling price increase to take effect and raising rental rates is difficult due to intense price competition in the construction equipment rental market.
- ✓ Expect higher profit in the home equipment segment because of new fitness products, although it will need time for benefits of selling price increase to take effect.
- ✓ A big improvement in “other” because the equity-method loss which was recorded in FY3/22 will disappear in FY3/23

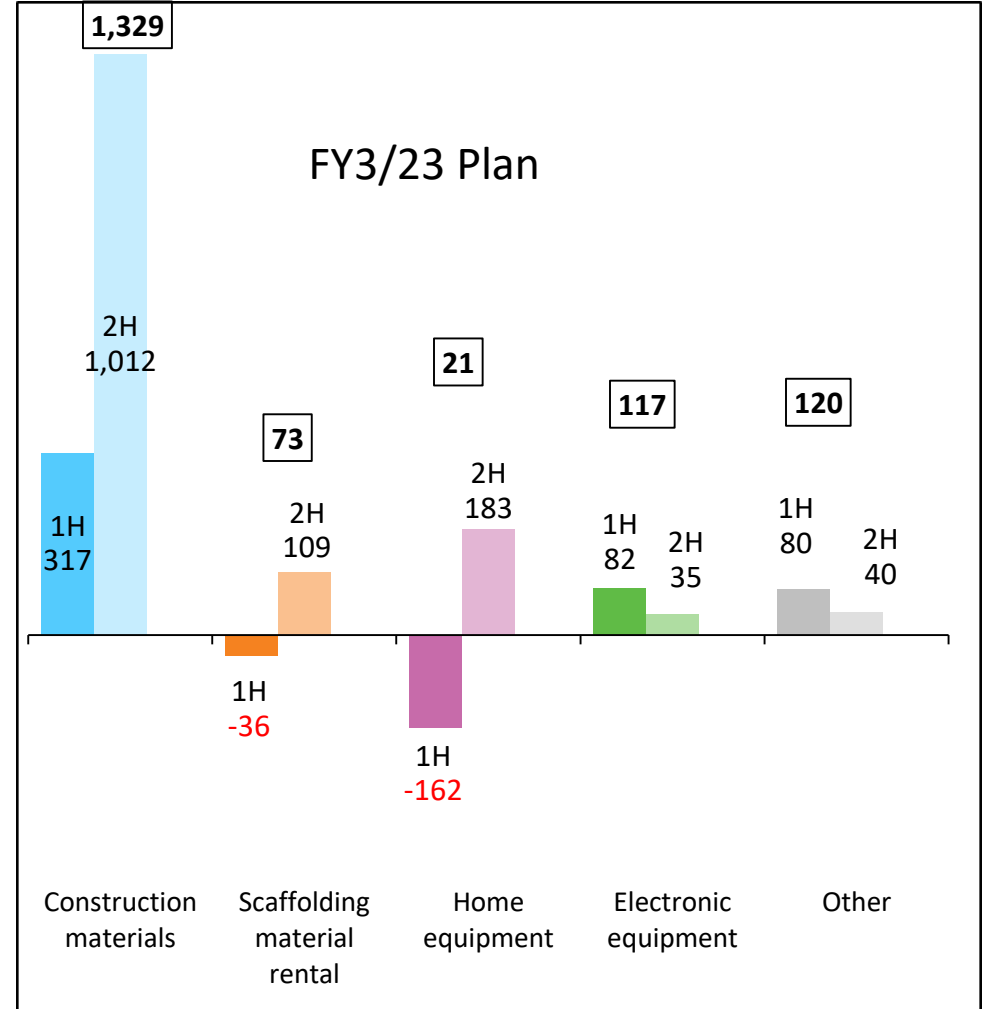
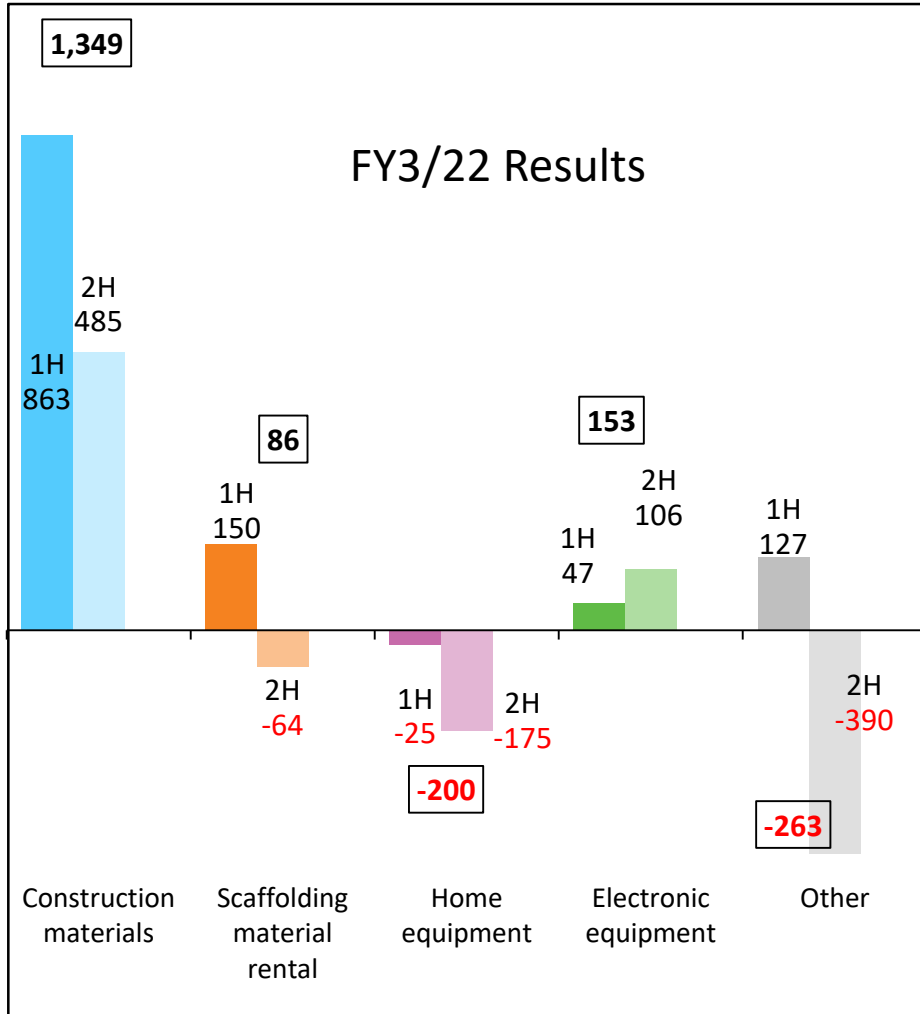


FY3/23 Ordinary Profit by Business Segment

Although we moved as quickly as possible to raise prices to reflect the high cost of raw materials, there is still a backlog of orders received prior to these price increases. In addition, price increases are made cautiously to prevent negative effects on customers' willingness to purchase ALINCO products. As a result, ordinary profit is forecast to improve in the second half.

(Millions of yen)

(Millions of yen)



Progress in the Medium-term Business Plan 2024

Medium and long-term management issues

Continue the diversification of business operations

– Use the consistency of business performance to create new opportunities

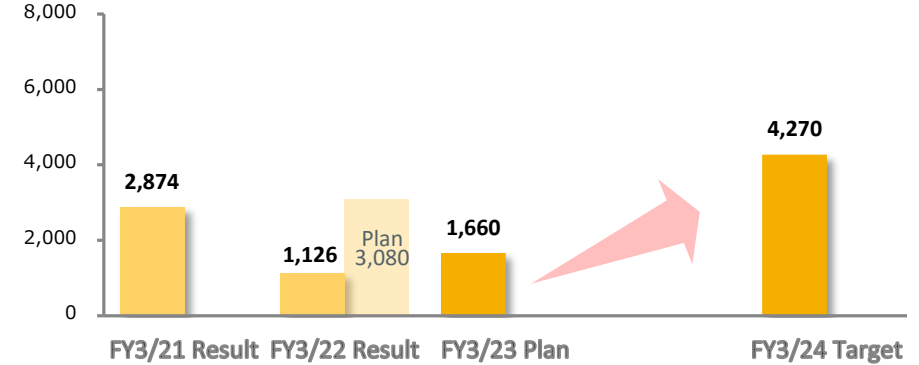
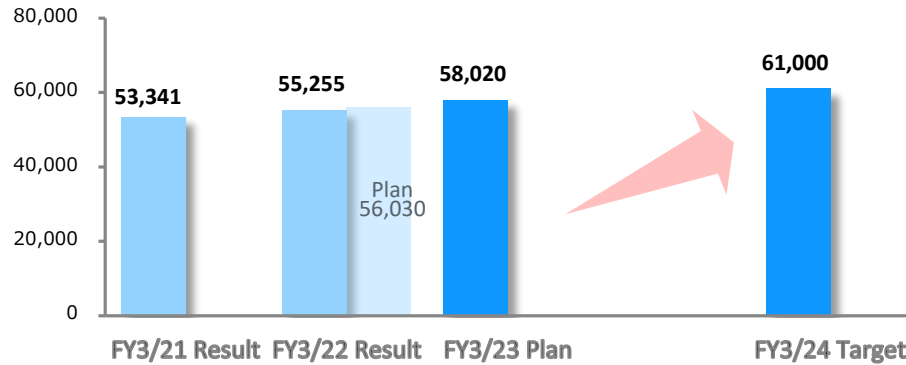
Construction materials/ Scaffolding material rental	Capture the leading share of the market for ALBATROSS
	Develop products for more applicability of ALBATROSS
	Make production and distribution activities more efficient
	Grow the Asian market for scaffolding and other construction materials
	Expand logistics related business
Home equipment	Expand fitness equipment business
	Perform M&A to pursue synergy advantages
Electronic equipment	Advance from wireless devices to data communication products

* Low Power Wide Area Low-power long-distance communication method

Management Numerical Targets in the Medium-term Business Plan 2024 **ALINCO**

(Consolidated Basis)

Net Sales / Ordinary Profit Plan (Millions of yen)



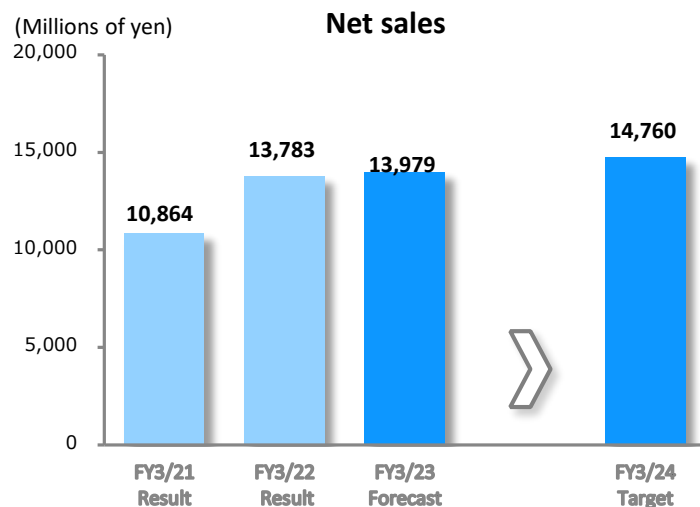
	FY3/22 Results		FY3/23 Plan		FY3/24 Targets	
	Net sales/ Ordinary profit	Financial KPIs	Net sales/ Ordinary profit	Financial KPIs	Net sales/ Ordinary profit	Financial KPIs
Net sales	55,255		58,020		61,000	
Construction materials	19,880	■ Ordinary profit to net sales	21,340	■ Ordinary profit to net sales	21,260	■ Ordinary profit to net sales
Scaffolding material rental	15,948	2.0%	16,070	2.9%	16,710	7.0%
Home equipment	15,070		15,350		18,000	
Electronic equipment	4,355	■ ROE	5,260	■ ROE	5,030	■ ROE
Ordinary profit	1,126	1.6%	1,660	3.7%	4,270	9.0%
Construction materials	1,349	■ Equity ratio	1,329	■ Equity ratio	2,551	■ Equity ratio
Scaffolding material rental	86	47.2%	73	45.3%	248	50.0%
Home equipment	-200		21		830	
Electronic equipment	153		117		460	
Adjustments	-263		120		180	

Medium-term Investment Plan

Investments of ¥15.3 billion during the Medium-term Business Plan 2024 for further growth

Category	Amount (FY3/22-FY3/24)			
	Plan	Results	Forecast	
Rental assets	¥6.1 billion	¥2.1 billion	¥4.2 billion	<ul style="list-style-type: none"> Expand the market share of ALBATROSS Increase the percentage of high value-added assets
Productivity and capacity	¥3.0 billion	¥1.3 billion	¥2.4 billion	<ul style="list-style-type: none"> Maintain and streamline distribution bases Automate the manufacturing processes
Development of new products	¥1.6 billion			<ul style="list-style-type: none"> Increase the applicability of new ALBATROSS scaffolding Improve the capability of dealing custom order Increase IoT related products
M&A activities	¥4.5 billion	¥0.9 billion	¥1.7 billion	<ul style="list-style-type: none"> Perform M&A with companies which have influence in niche markets to create synergies with our business Planned expenditures of ¥1.7 billion are for capital expenditures at Higashi Electronics Industry, which was acquired in FY3/22, for increasing output by relocating and enlarging the factory at the head office.
Human resource development	¥0.1 billion	¥- billion	¥- billion	<ul style="list-style-type: none"> Recruit individuals with advanced professional skills
Three-year total	¥15.3 billion	¥4.3 billion	¥8.3 billion	

Construction materials



Key initiatives

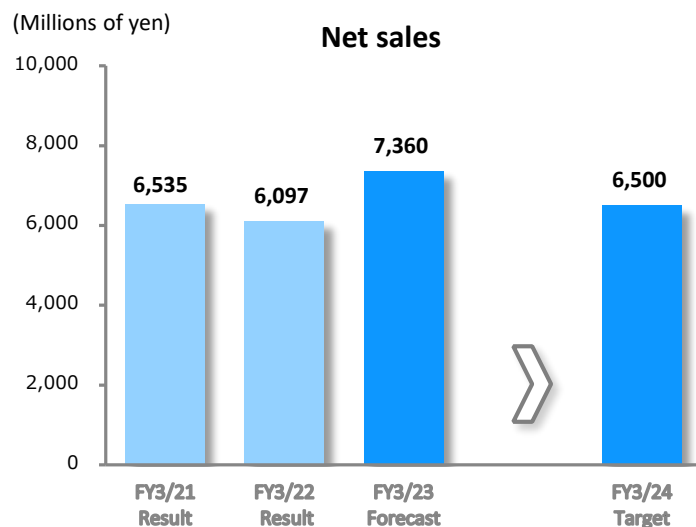
New scaffolding

- Encourage customers to make a shift from traditional frame scaffolding to ALBATROSS in order to expand the market share further
- Develop more optional products for ALBATROSS and expand business to the civil engineering sector
- Meet the demand of SK panel platform for expressway renovation projects
- Expand the composition of aluminum platforms and other new products

Progress with initiatives

- Steady growth of the market share of ALBATROSS
- Expanding market share of ALBATROSS influence sales growth of other product
- Higher prices of products limited the growth of sales volume, but this is viewed as a temporary issue that will end over the next few years as new sources of demand emerge.

Logistics



Key initiatives

Next-generation distribution centers

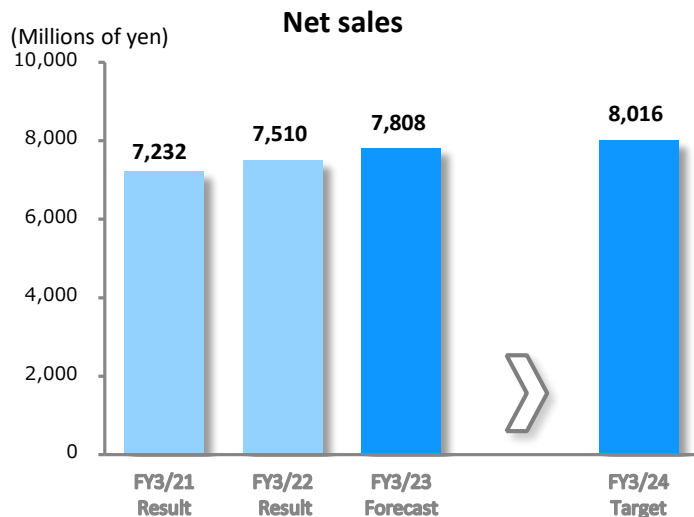
- Meet the increasing demand for construction large distribution facilities as the e-commerce industry continues to grow
- Meet the demand for the earthquake resistance and precision required by multi-function, high-performance storage systems used at large distribution facilities

Progress with initiatives

- In FY3/22, sales temporarily declined due to the large number of small orders, but the decline was generally as expected.
- Forecast higher sales in FY3/23 because of consistently firm demand for the construction of distribution facilities.
- The acquisition of Uekin contributed to the growth of this segment.

Scaffolding Material Rental Segment

Medium and high-rise buildings



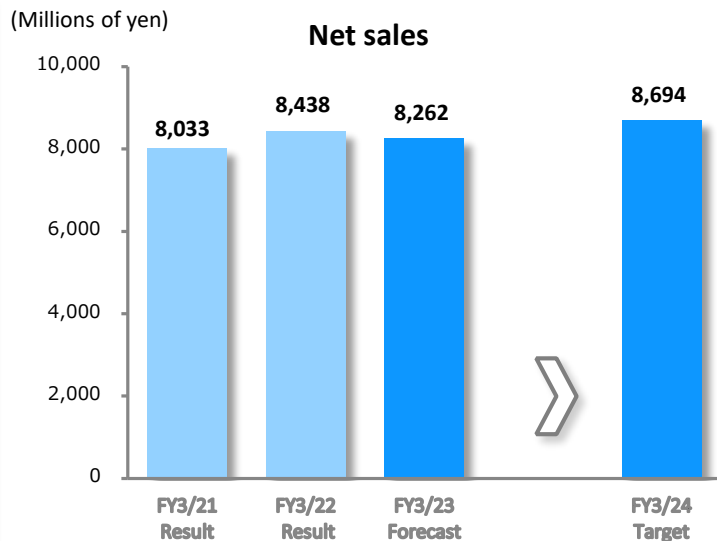
Key initiatives New scaffolding

- Expand the market share of ALBATROSS further by cooperating with sales department
- Deploy to new fields such as, civil engineering, frame supporting, and consignment lease
- Make a shift in assets to ALBATROSS and product with high gross profit

Progress with initiatives

- Benefiting from synergies created as ALBATROSS expand market share and increases as a pct. of total assets
- Sales and rental activities are working together to identify new customer needs, resulting in more sales growth

Low-rise and other building



Key initiatives Events are resuming

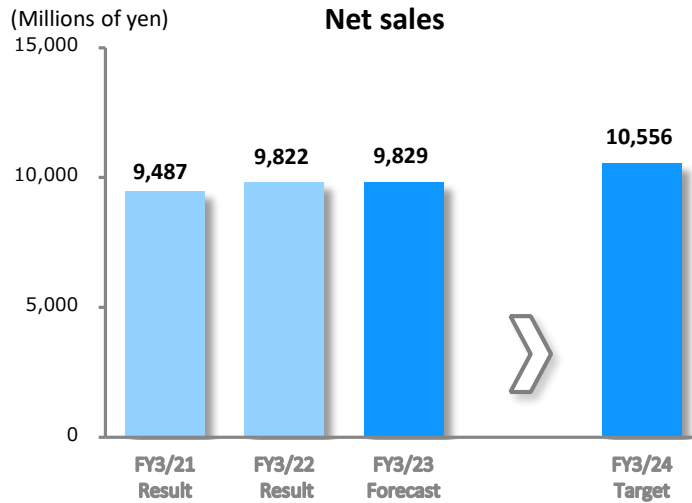
- Expand use of the oct system (one-stop provision of scaffolding transport, installation and removal), currently mainly for low-rise buildings, to medium and high-rise buildings, which have high profit margins
- Invest new product of event-related rental equipment as orders are increasing because of resumption of various events that has stopped due to pandemic

Progress with initiatives

- Sales for event-related rental equipment are as expected mainly because of the demand for Olympic events. We expect full-scale recovery in the future
- Progress of scaffolding materials for low-rise buildings are on behind despite expansion to medium/high-rise buildings are making progress as pandemic prevent companies from bringing in trainees from overseas

Home Equipment Segment

Home equipment



Key initiatives

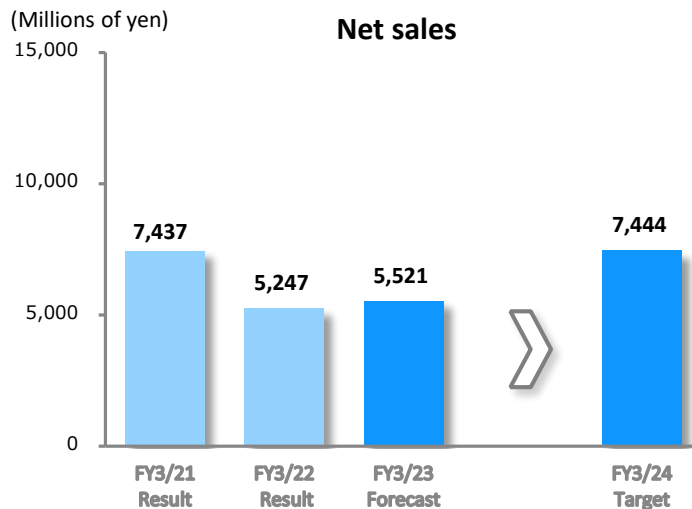
B-to-B

- Increase market share by launching a diverse array of new products by using the strong existing sales channels in the B-to-C sector (home improvement centers, large retail stores, etc.) and the B-to-B sector (hardware stores, trading companies for machine tools, etc.)
- Strengthen sales operations by using sales engineers to capture more custom and bespoke orders
- Aim for synergies extending from production to sales with companies that were acquired during the past few years

Progress with initiatives

- B-to-B channels are expanding due to the decline in the impact of pandemic and synergies from the acquisition of a company.
- Impact from soaring materials price and rapid depreciation of yen are larger than anticipated. Price revisions to incorporate higher expenses are holding down sales.

Fitness



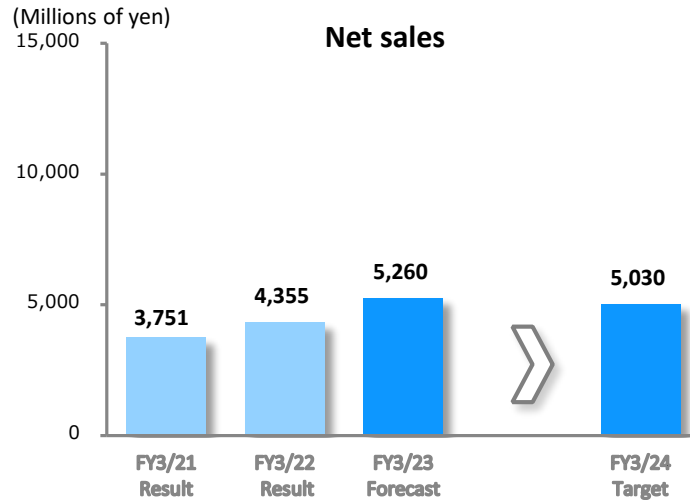
Key initiatives

New sales channels

- Launch new products for sale using e-commerce, which continues to grow, and other media for further growth in sales
- Establish channels for selling products to assisted living homes for seniors and nursing care facilities
- Start a fitness equipment rental business
- Add products in new categories, such as beauty products and training machine for fitness center

Progress with initiatives

- Big decline in demand of fitness equipment as an impact of strong stay-home demand in early pandemic, and the restrictions on overseas travel delayed the development of new products resulting in inability to absorb that decline.
- Sales of new products that were delayed will start in FY3/23.



Key initiatives

IoT

- For growth in the IoT sector, add new categories of products, such as IP wireless, app wireless and sensor modules, that combine ALINCO's existing wireless communication technologies with internet, mobile phone and other telecommunications infrastructures.
- Start using a subscription business model for growth in new product categories.

Progress with initiatives

- The acquisition of Higashi Electronics Industry is speeding up the growth of this segment.
- Goodwill amortization due to the acquisition and more depreciation resulting from additional investment to increase production, but aiming for higher profits by using the IoT strategy

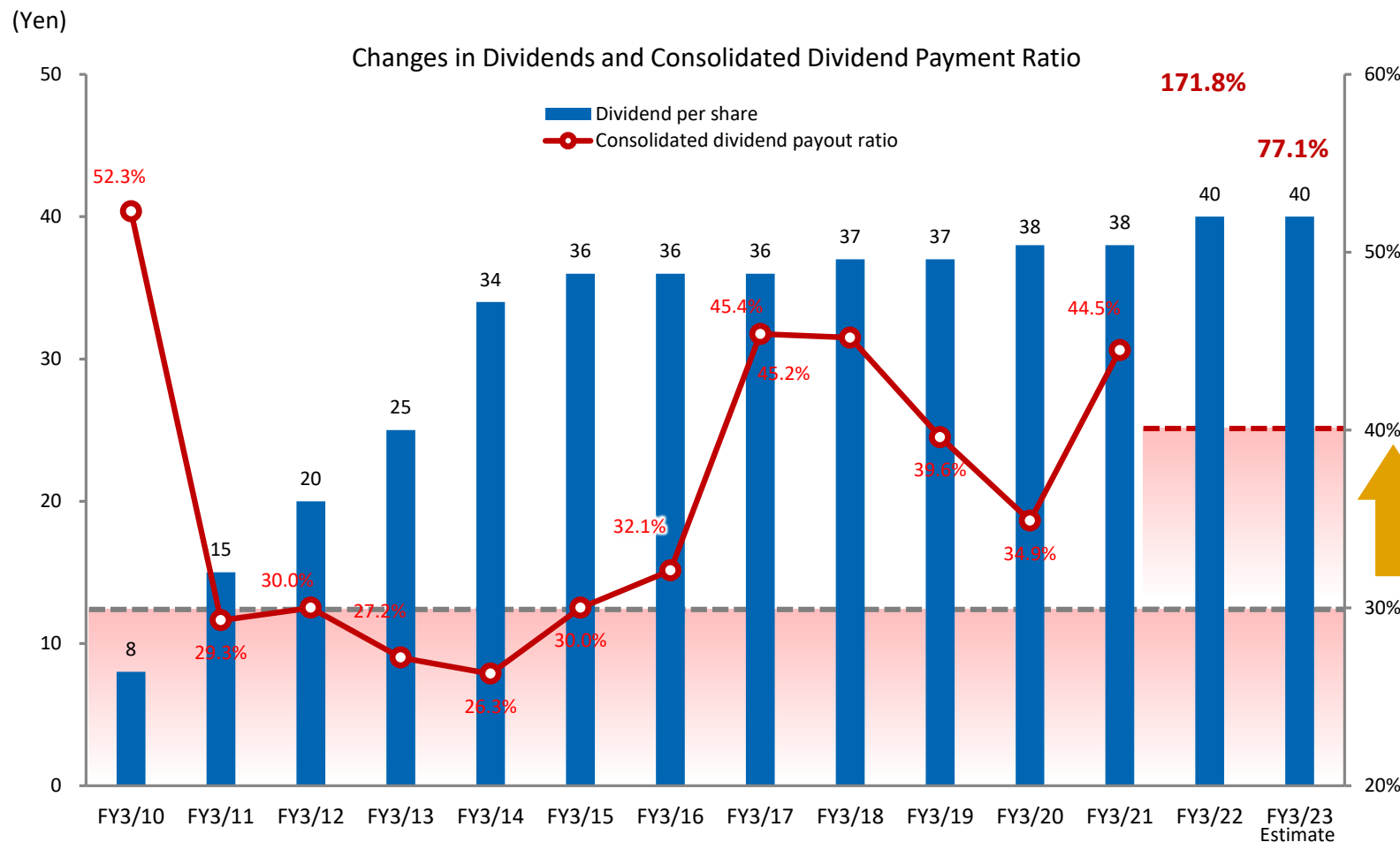
One more key initiative – Promote M&A

As our M&A strategy which has been promoted and realized until now, we will continue actively to seek synergies that beneficial for our company's diversified and niche management resources.

Shareholder Returns

Shareholder Returns

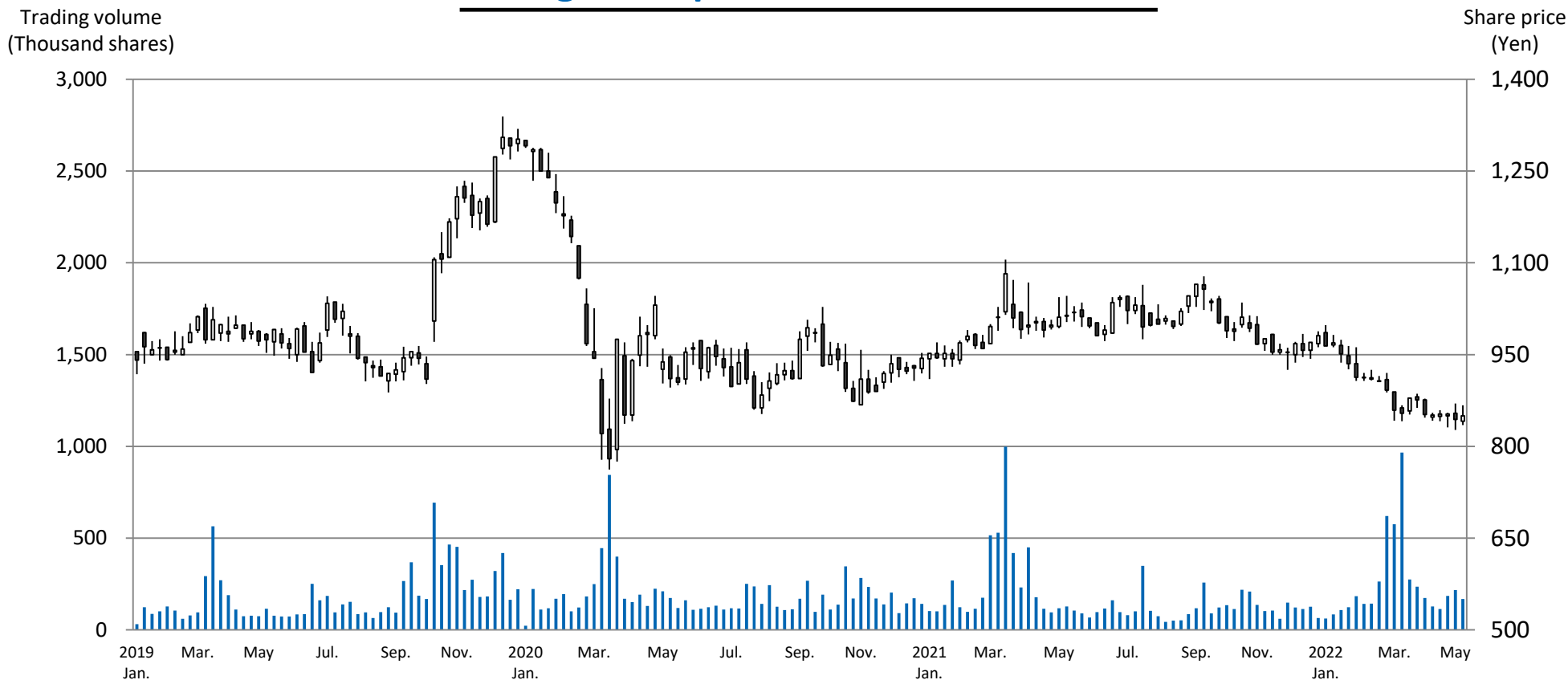
We remain committed to the basic policy of paying a stable dividend with a consolidated payout ratio of 40% as the target. The FY3/22 dividend and forecast for the FY3/23 dividend are based on the policy of dividend stability irrespective of the payout ratio guideline.



*Dividend for FY3/15 includes a commemorative dividend of ¥2 for listing on the First Section of the Tokyo Stock Exchange

Changes in Share Price and Trading Volume

Closing share price ¥850 (as of May 9, 2022)



Dividend yield (actual)

4.7%

Price book-value ratio (PBR)

0.60 times

Price earnings ratio (PER)

16.4 times

Shareholder Benefit Program

Shareholders of record on March 20 receive VJA gift cards as follows.

	Holding period of less than three years	Holding period of at least three years
Shareholders who own 500 shares or more	Value of ¥1,000	Value of ¥2,000
Shareholders who own 1,000 shares or more	Value of ¥2,000	Value of ¥3,000
Shareholders who own 5,000 shares or more	Value of ¥4,000	Value of ¥5,000
Shareholders who own 10,000 shares or more	Value of ¥6,000	Value of ¥8,000

* A holding period of at least three years is defined as a continuous shareholder registration spanning at least seven consecutive interim and fiscal year-end record dates.

This presentation is not a disclosure document in accordance with the Financial Instruments and Exchange Act and ALINCO does not guarantee that this information is accurate or complete.

Forecasts and other forward-looking statements in this presentation are based on information that was available when this presentation was prepared. These statements may be revised without prior notice due to changes in market conditions, competition and many other sources of uncertainty.

Investors are asked not to reach investment decisions by using this presentation alone. ALINCO assumes no responsibility whatsoever concerning any loss resulting from the use of this presentation.

Contact: Accounting Division

Yodoyabashi Dai Building, 4-4-9 Koraibashi, Chuo-ku, Osaka City

TEL: +81-6-7636-2220 Fax: +81-6-6208-3701