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May 2, 2024

Consolidated Financial Results for the Fiscal Year Ended March 20, 2024 (Under Japanese GAAP)

Company name: ALINCO INCORPORATED
 Listing: Tokyo Stock Exchange
 Securities code: 5933
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 Scheduled date of annual general meeting of shareholders: June 19, 2024
 Scheduled date to commence dividend payments: May 29, 2024
 Scheduled date to file annual securities report: June 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts, institutional investors and individual investors)

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

1. Consolidated financial results for the fiscal year ended March 20, 2024 (from March 21, 2023 to March 20, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 20, 2024	57,876	-4.7	1,781	-26.4	2,879	-19.3	1,988	28.5
March 20, 2023	60,717	9.9	2,420	116.3	3,568	216.9	1,546	242.8

Note: Comprehensive income For the fiscal year ended March 20, 2024: ¥2,759 million [44.0%]
 For the fiscal year ended March 20, 2023: ¥1,917 million [275.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales	EBITDA	
	Yen	Yen	%	%	%	Millions of yen	%
March 20, 2024	101.06	-	6.7	4.4	3.1	6,439	-8.6
March 20, 2023	79.20	-	5.5	5.9	4	7,048	32.5

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 20, 2024: ¥- million
 For the fiscal year ended March 20, 2023: ¥-170 million

Note: EBITDA = Ordinary profit + Depreciation + Amortization of goodwill + Equity in earnings of affiliates

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 20, 2024	68,315	30,544	44.7	1,546.27
March 20, 2023	63,681	28,443	44.6	1,450.10

Reference: Equity

As of March 20, 2024: ¥30,532 million

As of March 20, 2023: ¥28,431 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 20, 2024	1,685	-5,332	3,652	6,622
March 20, 2023	2,688	-3,723	2,537	6,628

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 20, 2023	-	20.00	-	20.00	40.00	795	50.5	2.8
Fiscal year ended March 20, 2024	-	20.00	-	21.00	41.00	816	40.6	2.7
Fiscal year ending March 20, 2025 (Forecast)	-	21.00	-	22.00	43.00		40.4	

3. Forecast of consolidated financial results for the year ending March 20, 2025 (from March 21, 2024 to March 20, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	30,500	4.3	1,550	13.4	1,600	-23.9	1,000	-31.9	50.64
Full year	61,000	5.4	3,200	79.6	3,300	14.6	2,100	5.6	106.35

Reference: EBITDA forecast for the fiscal year ending March 20, 2025: 5,966 million yen (-7.3%)

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 20, 2024	21,039,326 shares
As of March 20, 2023	21,039,326 shares

- (ii) Number of treasury shares at the end of the period

As of March 20, 2024	1,293,405 shares
As of March 20, 2023	1,432,805 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 20, 2024	19,676,852 shares
Fiscal year ended March 20, 2023	19,532,320 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 (270,700 shares as of March 20, 2023, 160,100 shares as of March 20, 2024) under the “Trust-type Employee Shareholding Incentive Plan (E-Ship)” is included in the number of treasury shares, which was to be deducted from the calculation of the total number of issued shares at the end of the period. For the purpose of calculating earnings per share, the Company’s shares held by the trust are also included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (333,015 shares as of March 20, 2023, 218,092 shares as of March 20, 2024).

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 20, 2024 (from March 21, 2023 to March 20, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 20, 2024	45,792	-4.0	1,395	-33.8	2,969	-14.3	2,363	39.3
March 20, 2023	47,681	6.8	2,107	99.8	3,464	56.0	1,697	198.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
March 20, 2024	Yen 120.14	Yen -
March 20, 2023	Yen 86.89	Yen -

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
March 20, 2024	Millions of yen 60,977	Millions of yen 29,968	% 49.1	Yen 1,517.69
March 20, 2023	Millions of yen 57,230	Millions of yen 28,037	% 49.0	Yen 1,430.02

Reference: Equity	
As of March 20, 2024:	¥29,968 million
As of March 20, 2023:	¥28,037million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. Please refer to “1. Overview of Results of Operations (5) Outlook” on page 4 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 under review, the Japanese economy showed signs of a gradual recovery due to the normalization of socioeconomic activities following the COVID-19 disaster. However, the Japanese economic outlook remained uncertain due to factors such as price increases stemming from the yen's depreciation and heightened geopolitical risks, including the situation in Ukraine and the Middle East.

In the construction and housing-related industries, which are the Group's main business industries, construction investment has remained strong due to a recovery in the corporate willingness to invest in capital goods, which had been depressed by the COVID-19 disaster, and the government's measures to strengthen national land resilience. In addition, large-scale urban redevelopment projects are still expected to continue over the next several years. On the other hand, due to soaring construction materials, labor shortages and rising labor costs, construction start has been postponed or delayed since the beginning of the fiscal year, and there has been a growing trend of customers who are considering purchasing scaffolding material opt for renting instead.

Against this backdrop, our Group has strengthened the ability to respond to growing needs for rental of scaffolding materials by actively investing in rental assets from the beginning of the fiscal year, and opening the Tsukuba Equipment Center as a new supply base for rental scaffolding materials centered on the new ring lock ALBATROSS system ("ALBATROSS") in the Kanto region.

In addition, HIGASHI ELECTRONICS INDUSTRY CO., LTD., which became a consolidated subsidiary in August 2021, completed the construction of a new plant in November 2023 in order to strengthen electronic equipment's ability to grow, and strengthened our ability to respond to the high level of printed wiring boards manufacturing demand.

Consequently, net sales for the fiscal year under review, decreased by 4.7% year on year to 57,876 million yen due to the impact of lower sales of construction materials compared to the previous fiscal year. In terms of profits, although the revision of selling prices implemented in the previous fiscal year contributed from the beginning of the fiscal year, the yen depreciated and the upward pressure on costs increased due to the aggressive investment in rental assets. As a result, operating profit decreased 26.4% year on year to 1,781 million yen and ordinary profit decreased 19.3% year on year to 2,879 million yen. Profit attributable to owners of parent increased 28.5% year on year to 1,988 million yen due to the elimination of extraordinary losses from the consolidation of an equity-method affiliate in the previous fiscal year.

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

Segment	Consolidated net sales		Segment profit (loss)	
	Amount	YoY (%)	Amount	YoY (%)
Construction materials	21,829	-10.8	2,514	-9.2
Scaffolding material rental	17,607	3.7	383	-12.4
Home equipment	13,274	-3.7	-462	-
Electronic equipment	5,164	-5.9	-65	-
Total for reportable segments	57,876	-4.7	2,369	-28.3
Adjustment	-	-	509	-
Amounts on consolidated statement of income	57,876	-4.7	2,879	-19.3

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 foreign exchange gains and losses, and interest expenses that cannot be allocated to a reportable segment.

Construction materials business

Sales decreased 10.8% year on year to 21,829 million yen. Sales of new products were favorable for the aluminum workbench, but sales of ALBATROSS and other related products declined against the backdrop of a shift in customer demand from purchasing to rental due to the prolonged delay in construction starts. In addition, sales of racks for logistics warehouses decreased on a volume basis due to the downsizing of orders, resulting in a 13.0% year-on-year decrease in net sales.

Due to the decrease in net sales, segment profit decreased 9.2% year on year to 2,514 million yen.

Scaffolding material rental

Sales increased 3.7% year on year to 17,607 million yen. In the rental business for medium to high-rise buildings, the need for rental equipment from customers who are considering purchasing scaffolding materials, particularly ALBATROSS, boosted the utilization rate, and net sales were firm. In addition, net sales were firm at a foreign subsidiary that made an equity-method affiliate in the previous fiscal year into a consolidated subsidiary.

Segment profit decreased 12.4% year on year to 383 million yen due to an increase in depreciation expenses resulting from aggressive investment in rental assets.

Home equipment

Sales decreased 3.7% year on year to 13,274 million yen. In products such as aluminum lifting equipment, sales of special ladders increased as the scope of application of the obligation to install truck lifting equipment was expanded from October 2023 due to revisions to the Ordinance on Industrial Safety and Health. In addition, sales of elevated work platforms and other products for work in high places at subsidiary SIP Co., Ltd. for semiconductor factories were strong. Regarding fitness equipment, the Company proactively introduced new products with a sense of affordability in massage-related products such as “Body Shape Gun” and the new brand “MIVOS.” However, sales declined due to the impact of rising sales prices and changes in consumption trends due to rising consumer prices.

The segment profit recorded a loss of 462 million yen, due to the impact of higher procurement costs stemming from the yen's depreciation and a decrease in hedging effects resulting from foreign exchange forward contracts compared with the previous fiscal year.

Electronic equipment

Sales decreased 5.9% year on year to 5,164 million yen. Sales of the new digital receiver “DJ-X100” were strong, and sales of the mainstay specific small-power radio were also firm. However, orders for ALINCO TOYAMA INCORPORATED, a subsidiary, declined due to the impact of production adjustments made by contractors. Since HIGASHI ELECTRONICS INDUSTRY CO., LTD. became a subsidiary in August 2021, they have been expanding their manufacturing capacity to meet the high level of printed wiring boards manufacturing demand, and they completed construction of a new plant in November 2023.

The segment profit recorded a loss of 65 million yen due to a decrease in net sales and advance expenses for the construction of a new factory of HIGASHI ELECTRONICS INDUSTRY CO., LTD.

(2) Financial Position

Assets

Total assets at the end of the fiscal year under review were 68,315 million yen, an increase of 4,633 million yen year on year. Current assets increased 1,952 million yen to 43,894 million yen and non-current assets increased 2,681 million yen to 24,420 million yen. The main factors for the increase in total assets were an increase in inventories (up 2,107 million yen year on year) due to planned production implemented to respond to future orders, and an increase in tangible fixed assets (up 2,134 million yen year on year) due to the construction of a new plant rental assets in HIGASHI ELECTRONICS INDUSTRY CO., LTD.

Liabilities

Total liabilities increased 2,532 million yen from the end of the previous fiscal year to 37,771 million yen. Current liabilities decreased 2,734 million yen to 19,860 million yen and non-current liabilities increased 5,267 million yen to 17,910 million yen. The main reason for the increase in liabilities was an increase in borrowings in response to an increase in inventories and property, plant, and equipment (up 4,386 million yen year on year)

Net assets

Net assets amounted to 30,544 million yen (up 211 million yen year on year), mainly due to profit attributable to parent company shareholders of 1,988 million yen and dividends from surplus of 795 million yen.

(3) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review decreased 5 million yen year on year to 6,622 million yen. (Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,685 million yen (down 1,002 million yen year on year), mainly due to an increase in income taxes paid, despite an increase in collection of trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 5,332 million yen (up 1,608 million yen year on year). This was mainly due to an increase in property, plant, and equipment resulting from the construction of a new plant of HIGASHI ELECTRONICS INDUSTRY CO., LTD.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 3,652 million yen (up 1,114 million yen year on year), mainly due to an increase in long-term debt.

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

(i) Basic Policy for Profit Distribution

The Company regards the return of profits to shareholders as one of its most important management issues.

Its basic policy is to maintain stable dividends, targeting a consolidated dividend payout ratio of 40%. It will also consider share buy-backs from time to time as a flexible response to changes in share prices and the business environment, as well as a capital policy and a method of returning profits to shareholders. With regard to retained earnings, the Company will further increase corporate value by making investments to expand our market share of new scaffolds and in aggressive new product development and M&A in business fields with future growth potential, while also taking into consideration the stability of our financial base, which is necessary to maintain our competitive advantage.

As for dividends of surplus, in the Medium-Term Management Plan 2027 (from the fiscal year ending March 20, 2025 (the 55th fiscal period) to the fiscal year ending March 20, 2027 (the 57th fiscal period)) announced on April 3, 2024, the Company decided to pay a progressive dividend by increasing the amount of dividends per share in line with earnings growth with the results of the previous fiscal year as the lower limit during the period, in addition to our previous policy, based on past dividend results.

(ii) Dividends of surplus for the current fiscal year

The current fiscal year-end dividend was 21 yen per share, taking into account consolidated results and the consolidated dividend payout ratio. Combined with the interim dividend of 20 yen per share already paid on November 22, 2023, the annual dividend will be 41 yen per share, an increase of 1 yen from the previous fiscal year, and the consolidated dividend payout ratio will be 40.6%.

For details, please refer to the “Notice Concerning Dividends of Surplus (Dividend Increase)” announced today.

(iii) Dividends of surplus for the next fiscal year

With regard to dividends for the next fiscal year, based on the basic policy on the distribution of profits in (i), the annual dividend is planned to be 43 yen per share, an increase of 2 yen from the previous fiscal year.

(5) Outlook

On April 3, 2024, our Group announced the Medium-term Management Plan 2027, which has a three-year execution period from the fiscal year ending March 20, 2025 (the 55th fiscal period) to the fiscal year ending March 20, 2027 (the 57th fiscal period). The Group launched a management plan with the key points of “evolution of the core business and reconstruction of the business portfolio,” “realization of management that is aware of capital costs and stock prices,” and “achievement of a consolidated payout ratio target of 40% plus progressive payout.”

The forecast of financial results for the next fiscal year, the first year of “the Medium-term Management Plan 2027,” is as follows.

In conjunction with the start of the medium-term management plan, the Company plans to change the depreciation method of the asset from the five-year declining-balance method to the eight-year straight-line method in light of the fact that future investment in rental assets is expected to remain stable at a high level. The forecast of financial results reflects the impact of this change.

(Millions of yen)

	Forecast for H1 of FY3/25	YoY change (%)	Full-year forecast for FY3/25	YoY change (%)
Net sales	30,500	4.3	61,000	5.4
Operating profit	1,550	13.4	3,200	79.6
Ordinary profit	1,600	-23.9	3,300	14.6
Profit attributable to owners of parent	1,000	-31.9	2,100	5.6

2. Basic Approach to the Selection of Accounting Standards

The Group believes that financial statements prepared in accordance with Japanese GAAP standard are appropriate for presenting the Group's operating results, financial position, and cash flows, and for the time being the Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP.

With regard to the application of the International Financial Reporting Standards (IFRS), the Group will take appropriate actions, taking into account various domestic and overseas conditions.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (March 20, 2023)	Fiscal year under review (March 20, 2024)
Assets		
Current assets		
Cash and deposits	6,771,028	6,922,386
Notes and accounts receivable-trade	15,901,326	15,350,923
Merchandise and finished goods	12,271,852	13,246,441
Work in process	2,152,224	2,809,164
Raw materials	4,002,187	4,478,058
Other	940,903	1,111,297
Allowance for doubtful accounts	-97,007	-23,490
Total current assets	41,942,515	43,894,781
Non-current assets		
Property, plant, and equipment		
Rental assets		
Rental assets	27,441,006	28,348,694
Accumulated depreciation	-23,023,699	-23,251,360
Accumulated impairment	-1,156,346	-1,341,718
Rental assets, net	3,260,960	3,755,614
Buildings and structures		
Buildings and structures	12,784,023	14,496,856
Accumulated depreciation	-8,324,449	-8,810,613
Accumulated impairment	-509	-551
Buildings and structures, net	4,459,064	5,685,691
Machinery, equipment and vehicles		
Machinery, equipment and vehicles	6,576,747	7,452,702
Accumulated depreciation	-5,408,597	-5,794,786
Accumulated impairment	-991	-1,073
Machinery, equipment and vehicles, net	1,167,158	1,656,842
Land	5,788,105	6,032,877
Construction in progress	939,928	627,984
Other		
Other	4,244,661	4,458,578
Accumulated depreciation	-3,768,633	-3,991,688
Accumulated impairment	-19,856	-20,097
Other, net	456,171	446,791
Total property, plant, and equipment	16,071,388	18,205,803
Intangible assets		
Goodwill	598,231	302,416
Other	191,542	180,275
Total intangible assets	789,774	482,692
Investments and other assets		
Investment securities	1,462,695	1,550,061
Long-term loans receivable	7,540	10,875
Distressed receivables	133,593	147,756
Retirement benefit asset	2,252,911	3,033,318
Deferred tax assets	43,274	36,717
Other	1,114,923	1,104,626
Allowance for doubtful accounts	-136,643	-150,926
Total investments and other assets	4,878,294	5,732,429
Total non-current assets	21,739,457	24,420,925
Total assets	63,681,973	68,315,706

(Thousands of yen)

	Previous fiscal year (March 20, 2023)	Fiscal year under review (March 20, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,750,233	7,989,756
Short-term borrowings	2,186,070	1,413,250
Current portion of long-term borrowings	7,172,309	7,392,127
Income taxes payable	1,115,045	288,148
Provision for bonuses	727,424	750,243
Other	1,644,551	2,027,197
Total current liabilities	22,595,633	19,860,722
Non-current liabilities		
Long-term borrowings	11,507,092	16,446,295
Retirement benefit liability	234,024	264,982
Provision for retirement benefits for directors (and other officers)	172,420	172,420
Deferred tax liabilities	330,619	647,875
Other	398,797	378,839
Total non-current liabilities	12,642,953	17,910,413
Total liabilities	35,238,587	37,771,135
Net assets		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,946,293	4,952,555
Retained earnings	17,473,415	18,666,335
Treasury shares	-1,174,731	-1,043,805
Total shareholders' equity	27,606,574	28,936,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,053	167,522
Deferred gains or losses on hedges	-32,661	56,907
Foreign currency translation adjustment	860,949	889,723
Remeasurements of defined benefit plans	-35,414	481,654
Total accumulated other comprehensive income	824,926	1,595,808
Non-controlling interests	11,885	12,080
Total net assets	28,443,385	30,544,570
Total liabilities and net assets	63,681,973	68,315,706

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	Previous fiscal year (March 21, 2022 - March 20, 2023)	Fiscal year under review (March 21, 2023 - March 20, 2024)
Net sales		
Net sales of merchandise and finished goods	43,897,865	40,604,695
Rental revenue	16,819,921	17,272,030
Total net sales	60,717,786	57,876,725
Cost of sales		
Cost of merchandise and finished goods sold	33,108,700	30,349,852
Rental cost price	12,689,654	13,069,883
Total cost of sales	45,798,354	43,419,735
Gross profit	14,919,432	14,456,990
Selling, general and administrative expenses	12,498,458	12,675,072
Operating profit	2,420,973	1,781,917
Non-operating income		
Interest income	37,492	20,687
Dividend income	68,331	77,922
Rental income from land and buildings	23,364	23,408
Foreign exchange gains	1,021,410	689,713
Gain on sales of scrap and waste	223,413	352,449
Other	147,995	117,013
Total non-operating income	1,522,008	1,281,192
Non-operating expenses		
Interest expenses	68,464	96,135
Paying rents	36,985	37,946
Share of loss of entities accounted for using equity method	170,704	-
Other	97,951	49,300
Total non-operating expenses	374,106	183,382
Ordinary profit	3,568,875	2,879,727
Extraordinary income		
Gain on sale of property, plant, and equipment	1,199	3,611
Gain on sale of investment securities	30,958	142,531
Total extraordinary income	32,158	146,143
Extraordinary losses		
Loss on retirement of property, plant, and equipment	16,052	3,369
Loss on step acquisitions	282,087	-
Total extraordinary losses	298,140	3,369
Profit before income taxes	3,302,893	3,022,502
Income taxes-current	1,394,412	1,039,740
Income taxes-deferred	28,956	-5,256
Total income taxes	1,423,368	1,034,483
Profit	1,879,525	1,988,018
Profit (loss) attributable to non-controlling interests	332,564	-566
Profit attributable to owners of parent	1,546,960	1,988,584

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (March 21, 2022 - March 20, 2023)	Fiscal year under review (March 21, 2023 - March 20, 2024)
Profit	1,879,525	1,988,018
Other comprehensive income		
Valuation difference on available-for-sale securities	-39,198	135,469
Deferred gains or losses on hedges	-138,871	89,569
Foreign currency translation adjustment	655,847	29,536
Remeasurements of defined benefit plans, net of tax	-216,002	517,069
Share of other comprehensive income of entities accounted for using equity method	-224,288	-
Total other comprehensive income	37,486	771,643
Comprehensive income	1,917,011	2,759,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,583,286	2,759,466
Comprehensive income attributable to non-controlling interests	333,725	195

(3) Consolidated Statement of Changes in Equity
 Previous fiscal year (March 21, 2022 - March 20, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,361,596	4,943,927	16,720,926	-1,317,599	26,708,851
Changes during period					
Dividends of surplus			-794,471		-794,471
Profit attributable to owners of parent			1,546,960		1,546,960
Purchase of treasury shares				-40	-40
Disposal of treasury shares		2,366		142,908	145,274
Net changes in items other than shareholders' equity					
Total changes during period	-	2,366	752,488	142,867	897,722
Balance at end of period	6,361,596	4,946,293	17,473,415	-1,174,731	27,606,574

	Accumulated other comprehensive income					Non-controlling interests 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	71,251	106,209	430,551	180,588	788,600	20,742	27,518,195
Changes during period							
Dividends of surplus							-794,471
Profit attributable to owners of parent							1,546,960
Purchase of treasury shares							-40
Disposal of treasury shares							145,274
Net changes in items other than shareholders' equity	-39,198	-138,871	430,398	-216,002	36,325	-8,857	27,468
Total changes during period	-39,198	-138,871	430,398	-216,002	36,325	-8,857	925,190
Balance at end of period	32,053	-32,661	860,949	-35,414	824,926	11,885	28,443,385

Fiscal year under review (March 21, 2023 - March 20, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,361,596	4,946,293	17,473,415	-1,174,731	27,606,574
Changes during period					
Dividends of surplus			-795,664		-795,664
Profit attributable to owners of parent			1,988,584		1,988,584
Disposal of treasury shares		6,261		130,926	137,188
Net changes in items other than shareholders' equity					
Total changes during period	-	6,261	1,192,920	130,926	1,330,108
Balance at end of period	6,361,596	4,952,555	18,666,335	-1,043,805	28,936,682

	Accumulated other comprehensive income					Non-controlling interests 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	32,053	-32,661	860,949	-35,414	824,926	11,885	28,443,385
Changes during period							
Dividends of surplus							-795,664
Profit attributable to owners of parent							1,988,584
Disposal of treasury shares							137,188
Net changes in items other than shareholders' equity	135,469	89,569	28,774	517,069	770,881	195	771,076
Total changes during period	135,469	89,569	28,774	517,069	770,881	195	2,101,184
Balance at end of period	167,522	56,907	889,723	481,654	1,595,808	12,080	30,544,570

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous fiscal year (March 21, 2022 - March 20, 2023)	Fiscal year under review (March 21, 2023 - March 20, 2024)
Cash flows from operating activities		
Profit before income taxes	3,302,893	3,022,502
Depreciation	2,962,069	3,263,466
Amortization of goodwill	346,906	295,814
Increase (decrease) in allowance for doubtful accounts	-221,440	-59,235
Increase (decrease) in provision for bonuses	25,324	-11,781
Increase (decrease) in retirement benefit liability	-103,935	-5,464
Interest and dividend income	-105,824	-98,609
Interest expenses	68,464	96,135
Foreign exchange losses (gains)	-252,365	80,547
Share of loss (profit) of entities accounted for using equity method	170,704	-
Loss (gain) on step acquisitions	282,087	-
Loss (gain) on sale and retirement of property, plant, and equipment	14,852	-242
Loss (gain) on sale of investment securities	-30,958	-142,531
Decrease (increase) in trade receivables	-330,284	603,966
Decrease (increase) in distressed receivables	-	-14,162
Decrease (increase) in inventories	-3,555,681	-2,046,300
Increase (decrease) in trade payables	-170,513	-1,677,777
Increase (decrease) in accrued consumption taxes	284,080	22,796
Other	492,781	233,737
Subtotal	3,179,163	3,562,861
Interest and dividends received	105,800	98,570
Interest paid	-65,251	-90,551
Income taxes paid	-531,602	-1,885,508
Cash flows from operating activities	2,688,109	1,685,371
Net cash provided by (used in) investing activities		
Payments into time deposits	-	-239,790
Proceeds from withdrawal of time deposits	10,001	85,212
Purchase of property, plant, and equipment	-3,513,069	-5,353,766
Proceeds from sale of property, plant, and equipment	1,199	15,761
Purchase of intangible assets	-51,575	-44,422
Purchase of investment securities	-6,788	-17,529
Proceeds from sale of investment securities	39,438	268,911
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-166,417	-
Loan advances	-43,300	-28,570
Proceeds from collection of loans receivable	7,555	15,265
Payments of leasehold and guarantee deposits	-33,809	-47,299
Proceeds from refund of leasehold and guarantee deposits	10,418	4,605
Other	22,391	9,057
Net cash provided by (used in) investing activities	-3,723,956	-5,332,563
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-648,530	-777,470
Proceeds from long-term borrowings	10,400,000	13,635,000
Repayments of long-term borrowings	-6,524,063	-8,486,417
Proceeds from disposal of treasury shares	118,676	108,388
Dividends paid	-794,388	-796,346
Other	-14,313	-30,967
Cash flows from financing activities	2,537,380	3,652,187
Effect of exchange rate change on cash and cash equivalents	45,630	-10,975
Net increase (decrease) in cash and cash equivalents	1,547,164	-5,979
Cash and cash equivalents at begging of period	5,081,591	6,628,756
Cash and cash equivalents at end of period	6,628,756	6,622,776

(5) Notes to Consolidated Financial Statements Going Concern Assumption

(Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Fair Value Measurement)

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

(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 business: 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 for reportable segments and breakdown of revenue

Previous fiscal year (March 21, 2022 - March 20, 2023)

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on consolidated financial statements
	Construction materials business	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
Revenue from contracts with customers	24,472,788	13,739,650	13,780,907	5,491,083	57,484,430	-	57,484,430
Other revenue	-	3,233,356	-	-	3,233,356	-	3,233,356
External sales	24,472,788	16,973,007	13,780,907	5,491,083	60,717,786	-	60,717,786
Inter-segment sales and transfers	1,670,565	13,377	237,041	19,704	1,940,688	-1,940,688	-
Total	26,143,354	16,986,385	14,017,948	5,510,787	62,658,475	-1,940,688	60,717,786
Segment profit (loss)	2,767,980	437,548	-124,015	225,385	3,306,898	261,976	3,568,875
Segment assets	26,990,571	11,131,747	12,396,742	6,294,686	56,813,748	6,868,224	63,681,973
Other items							
Depreciation	577,489	1,980,641	205,090	133,723	2,896,944	65,125	2,962,069
Increase in property, plant, and equipment and intangible assets	509,773	1,873,304	323,936	1,106,059	3,813,073	134,591	3,947,665

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

2. Adjustment of segment profit (loss) of 261,976 thousand yen is corporate-wide profit (loss). Corporate-wide profit (loss) is mainly non-operating income and non-operating expenses, such as equity in earnings (losses) of affiliates not attributable to reportable segments, foreign exchange gains (losses) and interest expense.

3. Other revenue includes lease revenue, etc. in accordance with Accounting Standards for Lease Transactions (ASBJ Statement No. 13).

Fiscal year under review (March 21, 2023 - March 20, 2024)

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on consolidated financial statements
	Construction materials business	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
Revenue from contracts with customers	21,829,696	13,650,856	13,274,397	5,164,645	53,919,596	-	53,919,596
Other revenue	-	3,957,129	-	-	3,957,129	-	3,957,129
External sales	21,829,696	17,607,986	13,274,397	5,164,645	57,876,725	-	57,876,725
Inter-segment sales and transfers	2,352,859	12,346	497,255	20,558	2,883,019	-2,883,019	-
Total	24,182,556	17,620,332	13,771,652	5,185,204	60,759,745	-2,883,019	57,876,725
Segment profit (loss)	2,514,096	383,321	-462,478	-65,201	2,369,737	509,990	2,879,727
Segment assets	28,552,839	12,154,619	12,697,379	7,969,167	61,374,006	6,941,700	68,315,706
Other items							
Depreciation	657,907	2,146,861	228,258	176,692	3,209,719	53,746	3,263,466
Increase in property, plant, and equipment and intangible assets	540,309	2,872,215	124,671	1,481,215	5,018,411	396,353	5,414,764

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

2. Adjustment of segment profit (loss) of 509,990 thousand yen is corporate-wide profit (loss). Corporate-wide profit (loss) is mainly non-operating income and non-operating expenses, such as foreign exchange gains (losses) and interest expense not attributable to reportable segments.

3. Other revenue includes lease revenue, etc. in accordance with Accounting Standards for Lease Transactions (ASBJ Statement No. 13).

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

Previous fiscal year (March 21, 2022 - March 20, 2023)
Not applicable.

Fiscal year under review (March 21, 2023 - March 20, 2024)
Not applicable.

(Significant change in goodwill)

Previous fiscal year (March 21, 2022 - March 20, 2023)
Not applicable.

Fiscal year under review (March 21, 2023 - March 20, 2024)
Not applicable.

(Per Share Information)

Items	Previous fiscal year (March 21, 2022 - March 20, 2023)	Fiscal year under review (March 21, 2023 - March 20, 2024)
Net assets per share	1,450.10 yen	1,546.27 yen
Profit per share	79.20 yen	101.06 yen

(Note) Basis of calculation

1. Profit per share

Items	Previous fiscal year (March 21, 2022 - March 20, 2023)	Fiscal year under review (March 21, 2023 - March 20, 2024)
Profit per share		
Profit attributable to owners of parent (thousand yen)	1,546,960	1,988,584
Profit attributable to owners of parent related to common stock (thousand yen)	1,546,960	1,988,584
Average number of shares of common stock during the period (shares)	19,532,320	19,676,852

(Note) Diluted net income per share is not shown since there are no latent shares.

2. Net assets per share

Items	Previous fiscal year (March 20, 2023)	Fiscal year under review (March 20, 2024)
Total net assets (thousand yen)	28,443,385	30,544,570
Deduction on total net assets (thousand yen)	11,885	12,080
[of which non-controlling interests (thousand yen)]	(11,885)	(12,080)
Net assets related to common stock at the end of the period (thousand yen)	28,431,500	30,532,490
Number of shares of common stock used in the calculation of net assets per share (shares)	19,606,521	19,745,921

(Note) Our shares held by the Trust-type Employee Stock Ownership Plan (E-Ship®) exclusive trust account of the ALINCO Employee Stock Ownership Plan are included in the number of treasury shares deducted from the total number of shares outstanding at the end of the period for the calculation of net assets per share (270,700 shares at the end of the previous fiscal year and 160,100 shares at the end of the current fiscal year). In the calculation of earnings per share, the number of treasury stock is included in the number of shares deducted from the average number of shares outstanding during the period (333,015 shares in the previous fiscal year and 218,092 shares in the current fiscal year).

(Subsequent Events)

Not applicable.