

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 20, 2021
(Nine Months Ended December 20, 2020)**

[Japanese GAAP]

February 2, 2021

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Stock code: 5933

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Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

None

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

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 20, 2021
(March 21, 2020 – December 20, 2020)**

(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	%
Nine months ended Dec. 20, 2020	39,950	(6.5)	2,044	(33.9)	2,276	(32.2)	1,363	(40.8)
Nine months ended Dec. 20, 2019	42,734	5.3	3,093	28.4	3,357	18.0	2,302	32.1

Note: Comprehensive income Nine months ended Dec. 20, 2020: 1,163 million yen (down 52.9%)

Nine months ended Dec. 20, 2019: 2,467 million yen (up 59.1%)

	Net income per share	Diluted net income per share	EBITDA	
	Yen	Yen	Million yen	%
Nine months ended Dec. 20, 2020	69.95	-	4,873	(19.3)
Nine months ended Dec. 20, 2019	116.19	-	6,036	11.4

Note: EBITDA = Ordinary profit + Depreciation + Amortization of goodwill

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 20, 2020	54,483	26,471	48.4	1,365.94
As of Mar. 20, 2020	54,351	27,424	48.7	1,334.10

Reference: Shareholders' equity As of Dec. 20, 2020: 26,383 million yen

As of Mar. 20, 2020: 26,452 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 20, 2020	-	19.00	-	19.00	38.00
Fiscal year ending Mar. 20, 2021	-	19.00	-	-	-
Fiscal year ending Mar. 20, 2021 (forecast)	-	-	-	19.00	38.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 20, 2021 (March 21, 2020 – March 20, 2021)

(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
Full year	52,050	(6.4)	2,050	(38.6)	2,340	(32.4)	1,380	(36.0)	70.72

Note: Revision to the most recently announced consolidated forecast: None

*** 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) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Subject to “changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates” since ALINCO has revised its depreciation method starting in the first quarter of the current fiscal year. For more information, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates” on page 9.

(4) Number of shares outstanding (common shares)

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

As of Dec. 20, 2020:	21,039,326 shares	As of Mar. 20, 2020:	21,039,326 shares
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2) Number of treasury shares at the end of the period

As of Dec. 20, 2020:	1,724,357 shares	As of Mar. 20, 2020:	1,211,416 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 20, 2020:	19,571,439 shares	Nine months ended Dec. 20, 2019:	19,819,377 shares
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*The current quarterly financial report is not subject to quarterly review 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 “Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year, the business climate has been extremely challenging since the beginning of the fiscal year because of the rapid decline in social and economic activities caused by the COVID-19 pandemic. The Japanese economy started to recover during the summer as economic activity resumed. However, the outlook for the economy is still unclear due to absence of any signs of the end of this crisis.

The construction and housing-related sectors are the primary markets for the ALINCO Group. In the first half of the current fiscal year, there were double-digit declines from the same period of the previous fiscal year in building construction starts based on floor area. In the third quarter, the declines narrowed to the single-digit level as the delayed new private-sector constructions have been started and the utilization rate of scaffolding materials have started to climb. In Japan, not only construction demand has been consistently strong for private-public infrastructure, but also distribution facilities due to the growth of e-commerce. Therefore, sales of SK Panels for expressway renovation projects, racks for next-generation logistics storage systems and new scaffolding material have been increased. In addition, fitness equipment also contributed to sales growth as sales were consistently strong because of stay-home demand during the COVID-19 crisis.

As a result, sales decreased 6.5% to 39,950 million yen, operating profit decreased 33.9% to 2,044 million yen, ordinary profit decreased 32.2% to 2,276 million yen and profit attributable to owners of parent company decreased 40.8% to 1,363 million yen in the first nine months. The COVID-19 pandemic had a severe impact on social and economic activities during the first half. However, the year-on-year decline in sales and earnings in the third quarter was smaller than in the second quarter, indicating that company's performance is beginning to recover.

On June 30, 2020, ALINCO made an additional equity investment in Sofuku Koki Co., Ltd., making this company a wholly owned subsidiary. In accordance with the Accounting Standard for Business Combinations, goodwill amortization of 221 million yen was recorded in the second quarter for one-time expenses associated with this investment.

The performance for each business segment was as follows. Noted that, segment sales do not include intersegment sales.

First nine months of FY3/21

(Millions of yen)

Segment	Net sales		Segment profit	
	Amount	YoY change (%)	Amount	YoY change (%)
Construction materials	12,419	(18.6)	860	(56.5)
Scaffolding material rental	11,670	(12.5)	306	(59.3)
Home equipment	13,104	13.0	865	122.1
Electronic equipment	2,755	8.5	13	-
Total for reportable segments	39,950	(6.5)	2,046	(34.0)
Adjustment	-	-	230	-
Amounts shown on quarterly consolidated statement of income	39,950	(6.5)	2,276	(32.2)

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

2. The adjustment 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.

Construction materials

Sales decreased 18.6% from the same period of the previous fiscal year to 12,419 million yen. Sales from this segment was supported by strong sales of SK Panels, which are used for expressway renovation projects, rising sales of the new ALBATROSS scaffolding and increasing sales of new products. Overall, the year-on-year decline in third quarter sales in this segment was smaller than in second quarter.

At subsidiary Sofuku Koki, sales of racks for next-generation logistics storage systems remained strong.

The segment profit decreased 56.5% from the same period of the previous fiscal year to 860 million yen because of the decline in sales and the amortization of goodwill associated with the additional equity investment in Sofuku Koki.

Scaffolding material rental

Sales decreased 12.5% from the same period of the previous fiscal year to 11,670 million yen. Despite this decline, utilization rates of scaffolding materials for low-rise and medium to high-rise buildings has started to recover.

Earnings benefited from a decrease in depreciation expenses because of a reduction in purchases of rental assets due to the current low utilization rate of rental products. However, the segment profit decreased 59.3% from the same period of the previous fiscal year to 306 million yen because of the decline in sales.

Home equipment

Sales increased 13.0% from the same period of the previous fiscal year to 13,104 million yen. As a result of stay-home demand during the COVID-19 crisis, sales of treadmills, exercise bicycles, and other fitness equipment increased significantly. Other than that, the demand involving home improvement, sales of aluminum ladders and other DIY products were strong at mass retailers, such as Home Centre.

The segment profit increased 122.1% from the same period of the previous fiscal year to 865 million yen due to higher sales.

Electronic equipment

Sales increased 8.5% from the same period of the previous fiscal year to 2,755 million yen. The main reason was a significant increase in sales of public-sector disaster prevention wireless communication systems and wireless modules, that has been a priority of this business for several years.

The segment profit was 13 million yen, an improvement of 31 million yen from the loss in the same period of the previous fiscal year, because of sales growth.

(2) Explanation of Financial Position

Total assets increased 132 million yen from the end of the previous fiscal year to 54,483 million yen as of the end of the third quarter. Current assets decreased 448 million yen to 32,908 million yen and non-current assets increased 580 million yen to 21,575 million yen. The increase in assets was mainly due to 428 million yen investment of property, plant and equipment for the new distribution center located in Fukuchiyama.

Total liabilities increased 1,084 million yen from the end of the previous fiscal year to 28,011 million yen. Current liabilities decreased 742 million yen to 16,015 million yen and non-current liabilities increased 1,826 million yen to 11,995 million yen. The main reason for the increase in liabilities was a 1,893 million yen increase in borrowings. Long-term borrowings were used to maintain the flexibility to meet the demand for funds for various activities, such as the additional equity investment in Sofuku Koki and capital expenditures, during the COVID-19 crisis.

Total net assets decreased 952 million yen from the end of the previous fiscal year to 26,471 million yen. Profit attributable to owners of parent company was 1,363 million yen and net assets decreased because of dividend payments of 743 million yen and a 472 million yen increase in treasury shares. In addition, non-controlling interests decreased 883 million yen because Sofuku Koki became a wholly owned subsidiary.

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

There are no revisions to the consolidated forecast for the fiscal year ending March 20, 2021 that was announced on October 20, 2020. The earnings in the first nine months are almost 100% of the fiscal year forecasts, as shown in the following table.

An announcement will be made promptly if revisions are made to the forecast.

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY3/21 Consolidated forecast (A)	52,050	2,050	2,340	1,380
First nine months of FY3/21 Consolidated results (B)	39,950	2,044	2,276	1,363
Progress ratio (%) (B/A)	76.8	99.7	97.3	98.8

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

(Thousands of yen)

	FY3/20 (As of Mar. 20, 2020)	Third quarter of FY3/21 (As of Dec. 20, 2020)
Assets		
Current assets		
Cash and deposits	5,127,438	4,770,335
Notes and accounts receivable-trade	15,452,757	15,301,866
Merchandise and finished goods	8,187,160	8,245,150
Work in process	1,199,022	1,330,886
Raw materials	2,395,181	2,432,111
Other	1,011,880	846,542
Allowance for doubtful accounts	(16,684)	(18,671)
Total current assets	33,356,756	32,908,220
Non-current assets		
Property, plant and equipment		
Rental assets	25,659,485	25,521,787
Accumulated depreciation	(21,318,757)	(21,393,281)
Accumulated impairment loss	(260,352)	(236,702)
Rental assets, net	4,080,375	3,891,803
Buildings and structures	11,086,965	11,124,296
Accumulated depreciation	(7,164,161)	(7,336,902)
Buildings and structures, net	3,922,803	3,787,393
Machinery, equipment and vehicles	4,934,994	5,167,891
Accumulated depreciation	(3,735,357)	(3,907,379)
Machinery, equipment and vehicles, net	1,199,636	1,260,511
Land	4,902,711	5,074,519
Other	3,562,076	4,238,330
Accumulated depreciation	(3,168,398)	(3,324,942)
Accumulated impairment loss	(22,766)	(22,766)
Other, net	370,910	890,621
Total property, plant and equipment	14,476,438	14,904,849
Intangible assets		
Goodwill	937,159	1,051,427
Other	202,323	219,262
Total intangible assets	1,139,483	1,270,689
Investments and other assets		
Investment securities	1,508,913	1,414,917
Long-term loans receivable	1,102,062	1,225,226
Distressed receivables	3,718	4,827
Retirement benefit asset	1,640,022	1,672,968
Deferred tax assets	157,333	125,798
Other	973,558	962,209
Allowance for doubtful accounts	(6,868)	(6,184)
Total investments and other assets	5,378,740	5,399,763
Total non-current assets	20,994,661	21,575,302
Total assets	54,351,417	54,483,523

	(Thousands of yen)	
	FY3/20 (As of Mar. 20, 2020)	Third quarter of FY3/21 (As of Dec. 20, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,120,845	7,302,310
Short-term borrowings	1,168,900	463,500
Current portion of long-term borrowings	4,346,392	5,218,992
Income taxes payable	689,277	268,715
Provision for bonuses	728,771	455,030
Notes payable-facilities	98,946	268,929
Other	1,604,800	2,038,454
Total current liabilities	16,757,933	16,015,932
Non-current liabilities		
Long-term borrowings	9,277,634	11,003,768
Retirement benefit liability	186,642	188,192
Provision for retirement benefits for directors (and other officers)	186,336	186,336
Deferred tax liabilities	169,359	246,472
Other	349,118	371,088
Total non-current liabilities	10,169,090	11,995,858
Total liabilities	26,927,024	28,011,791
Net assets		
Shareholders' equity		
Share capital	6,361,596	6,361,596
Capital surplus	4,817,366	4,822,224
Retained earnings	16,107,041	16,741,410
Treasury shares	(896,979)	(1,349,444)
Total shareholders' equity	26,389,024	26,575,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(93,549)	(22,887)
Deferred gains or losses on hedges	92,580	(27,600)
Foreign currency translation adjustment	411,148	140,640
Remeasurements of defined benefit plans	(346,702)	(282,824)
Total accumulated other comprehensive income	63,477	(192,672)
Non-controlling interests	971,891	88,616
Total net assets	27,424,393	26,471,731
Total liabilities and net assets	54,351,417	54,483,523

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

	(Thousands of yen)	
	First nine months of FY3/20 (Mar. 21, 2019 – Dec. 20, 2019)	First nine months of FY3/21 (Mar. 21, 2020 – Dec. 20, 2020)
Net sales	42,734,514	39,950,398
Cost of sales	30,607,403	28,459,324
Gross profit	12,127,111	11,491,073
Selling, general and administrative expenses	9,033,595	9,447,029
Operating profit	3,093,515	2,044,044
Non-operating income		
Interest income	29,231	29,157
Dividend income	87,459	82,593
Rental income from land and buildings	43,383	41,498
Foreign exchange gains	26,792	56,748
Gain on sales of scrap and waste	81,250	81,832
Other	72,801	106,713
Total non-operating income	340,918	398,543
Non-operating expenses		
Interest expenses	38,518	40,160
Paying rents	18,345	18,345
Product recall expense	-	51,519
Share of loss of entities accounted for using equity method	2,999	12,650
Other	17,088	42,995
Total non-operating expenses	76,952	165,671
Ordinary profit	3,357,481	2,276,916
Extraordinary income		
Gain on sales of property, plant and equipment	2,634	579
Gain on sales of investment securities	392,875	120,227
Total extraordinary income	395,509	120,807
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	7,213	9,447
Total extraordinary losses	7,213	9,447
Profit before income taxes	3,745,778	2,388,276
Income taxes-current	1,125,278	853,574
Income taxes-deferred	165,332	115,061
Total income taxes	1,290,610	968,636
Profit	2,455,167	1,419,640
Profit attributable to non-controlling interests	152,357	56,534
Profit attributable to owners of parent	2,302,809	1,363,105

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

	(Thousands of yen)	
	First nine months of FY3/20 (Mar. 21, 2019 – Dec. 20, 2019)	First nine months of FY3/21 (Mar. 21, 2020 – Dec. 20, 2020)
Profit	2,455,167	1,419,640
Other comprehensive income		
Valuation difference on available-for-sale securities	39,875	70,661
Deferred gains or losses on hedges	42,663	(120,181)
Foreign currency translation adjustment	(33,039)	(310,247)
Remeasurements of defined benefit plans, net of tax	(36,941)	63,877
Share of other comprehensive income of entities accounted for using equity method	-	39,399
Total other comprehensive income	12,558	(256,489)
Comprehensive income	2,467,725	1,163,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,322,525	1,106,955
Comprehensive income attributable to non-controlling interests	145,200	56,194

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Treasury shares increased 452,464 thousand yen during the first nine months of the current fiscal year to 1,349,444 thousand yen at the end of the third quarter. This was mainly due to the purchase of 540,000 treasury shares following the resolution approved by the ALINCO Board of Directors on August 5, 2020 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

This purchase was completed on August 6, 2020.

Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates

Change in depreciation method of property, plant and equipment

Beginning with the first quarter of FY3/21, the depreciation method used for buildings and structures was changed from the declining-balance method to the straight-line method.

ALINCO reexamined the depreciation method based on a review of how the company's assets are used and take into account planned capital expenditures for buildings and other assets in the current fiscal year and subsequent years. This reexamination resulted in the outlook for the continued stable utilization of assets for many more years under the current market conditions. ALINCO believes that the use of the straight-line method for the allocation of the acquisition price in equal installments over the useful life of assets will more accurately reflect how these assets are used.

The effect of this change on operating profit, ordinary profit and profit before income taxes for the first nine months of the current fiscal year is insignificant.

Segment and Other Information**Segment Information**

I. First nine months of FY3/20 (Mar. 21, 2019 – Dec. 20, 2019)

1. Information related to net sales, profit or loss for reportable segments (Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on quarterly consolidated statement of income
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	15,262,229	13,332,032	11,600,989	2,539,262	42,734,514	-	42,734,514
Inter-segment sales and transfers	2,087,404	2,611	113,668	20,457	2,224,142	(2,224,142)	-
Total	17,349,633	13,334,644	11,714,658	2,559,720	44,958,657	(2,224,142)	42,734,514
Segment profit (loss)	1,975,791	755,024	389,668	(18,065)	3,102,419	255,061	3,357,481

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

2. The 255,061 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.

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

Not applicable.

II. First nine months of FY3/21 (Mar. 21, 2020 – Dec. 20, 2020)

1. Information related to net sales, profit or loss for reportable segments

(Thousands of yen)

	Reportable segment					Adjustment	Amounts shown on quarterly consolidated statement of income
	Construction materials	Scaffolding material rental	Home equipment	Electronic equipment	Total		
Net sales							
External sales	12,419,329	11,670,599	13,104,999	2,755,469	39,950,398	-	39,950,398
Inter-segment sales and transfers	1,808,748	2,760	145,280	11,537	1,968,327	(1,968,327)	-
Total	14,228,078	11,673,359	13,250,280	2,767,006	41,918,725	(1,968,327)	39,950,398
Segment profit	860,245	306,985	865,556	13,722	2,046,509	230,406	2,276,916

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

2. The 230,406 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.

2. Information related to revisions for reportable segments

Change in depreciation method of property, plant and equipment

Beginning with the first quarter of FY3/21, the depreciation method used for buildings and structures was changed from the declining-balance method to the straight-line method.

ALINCO reexamined the depreciation method based on a review of how the company's assets are used and take into account planned capital expenditures for buildings and other assets in FY3/21 and subsequent years. This reexamination resulted in the outlook for the continued stable utilization of assets for many more years under the current market conditions. ALINCO believes that the use of the straight-line method for the allocation of the acquisition price in equal installments over the useful life of assets will more accurately reflect how these assets are used.

The effect of this change on segment profit for the first nine months of FY3/21 is insignificant.

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

Significant change in goodwill

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 the second quarter of FY3/21. As a result of this transaction, goodwill in the segment increased 303,620 thousand yen in the first nine months of FY3/21.

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.