

*ALSO*K *REPORT* 2021

Fiscal Year Ended March 31, 2021

ALSOK Charter

Management Philosophy

Based on two core principles exemplified by “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as a whole.

Management Guidelines

1. Fundamental Spirit

Under any condition that we face, we work hard to live by a fundamental spirit that reflects our management philosophy—as exemplified by a feeling of gratefulness and gratitude and a samurai spirit based on toughness, fairness, and generosity—to be a highly principled company.

2. Priority

Our top priority is to provide products and services of the first rank, while cultivating the highest levels of motivation in our employees and living up to shareholder expectations through attractive profit growth.

3. Basic Strategy

While security services remain at the heart of our business, as our basic strategy, we also seek to offer a diverse range of products and services in new fields to satisfy the needs of the everchanging times.

4. Contributing to Society

Allying ourselves with public bodies charged with protecting public safety and security, we commit ourselves to developing value-adding products and services, thereby always contributing to society.

Code of Conduct

1. We will devote ourselves to serving our customers and society as a whole in a way that reflects a feeling of gratefulness and gratitude.
2. We will embody a samurai spirit in everything we do based on toughness, fairness, and generosity, standing firm in the face of adversity and banding together to embrace success.
3. We will value autonomy in our actions, empowered by “*yachoseishin*” (the spirit of a wild bird)—which represents independence, self-respect, perseverance, acuity, and tenacity—and take responsibility for delivering results.
4. We will carry out our day-to-day activities based on the principles of sincerity, accuracy, strength, and speed.
5. We will know no complacency, always marching forward purposefully while growing and refining our business to continue to provide value to customers and to society as a whole, thereby continuing to be relevant.
6. We will pursue perpetual self-improvement and remain highly committed to compliance, thereby attracting and nurturing human resources of the caliber worthy of the industry leader.

ALSOK's Four Principles:

Sincerity, Accuracy, Strength, and Speed

The ideal security company, as envisioned by our founder

Sincerity

The Sun Symbolizes Sincerity

- The lifeforce of a security company
- Fulfilling the important mission of protecting clients' lives and property

Accuracy

The Rod Symbolizes Accuracy

- Professional security services must be accurate, and must never be muddled



Company emblem

Strength

The Eagle Symbolizes Strength

- Strong-minded

Speed

The Laurel Leaves Symbolize the Speed of an Olympic Champion

- Security services must always be implemented rapidly— This is a core requirement of security

Message from the Chairman

Value That the ALSOK Group Needs to Provide to Society

First of all, my thoughts are with all the victims of the current COVID-19 pandemic and I would like to express my sincere sympathies for those who have been infected with the disease.

ALSOK was founded in 1965, led by the experience of the founder who was a former police bureaucrat and was deeply involved in the operations of the 1964 Tokyo Olympic Games. Our corporate philosophy when the Company was first established emphasized “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), and this philosophy is the fundamental spirit that underpins our operations, based on which we have done our utmost every day to ensure the safety of our customers and of society as a whole. To this day, the whole ALSOK Group has embraced this spirit as its unwavering origin that should be passed down across generations among all its employees and continues to pursue its ideals.

In recent years, the threats facing society have been growing more diverse, as exemplified by, among others, crimes preying on children, senior citizens, etc., cybercrime and information leakage, intensifying natural disasters, and the global spread of infectious diseases and epidemics. As a company responsible for a critical component of social infrastructure supporting the safety of society, we devote ourselves to contributing to the resolution of these social issues through our business and to the sustainable creation of corporate value and further ensuring the safety of people who live in society.

Chairman and Representative Director
Chief Executive Officer (CEO)

Atsushi Murai

This year, the Olympic and Paralympic Games Tokyo 2020 were finally held. Holding true to ALSOK’s founding philosophy, we were able to fulfill our responsibility as a representative of the Olympic and Paralympic Games Tokyo 2020 Security Consortium and make a wholehearted contribution toward ensuring that the Games were held in safety and security for all concerned. Going forward, we will be building on and refining the experience that we have gained through our involvement with the Olympics and Paralympics, and will continue to provide services based on this experience to all our clients.



Note: ALSOK was a Tokyo 2020 Official Partner (Security Services and Planning).

CONTENTS

Overview and Vision	01	ALSOK Charter/ALSOK’s Four Principles
	02	Message from the Chairman
	03	Talk with the President
	07	ALSOK’s History of Value Creation
	09	Financial and Non-Financial Highlights
	11	The ALSOK Group’s Business Operations
	15	List of ALSOK Products and Services
	17	ALSOK’s Value-Creation Model
	19	Medium-Term Management Plan (Grand Design 2025)
	23	ALSOK’s Strengths
	25	Providing Products and Services That Help Resolve Social Issues
	27	ALSOK’s R&D
	29	Quality Improvement Initiatives
	31	Human Resource Development and Empowerment Initiatives

Sustainability and ESG	33	To Realize a Sustainable Society
	35	Sustainability and CSR Management
	37	Consideration for the Global Environment
	39	Community Contribution Activities
	41	Corporate Governance
	45	Directors, Audit & Supervisory Board Members, and Executive Officers

Financial Information	49	Financial Section
	54	Corporate Information/ Stock Information/ Editorial Policy

Talk with the President

CROSS TALK

President and Representative Director
Chief Operating Officer (COO)

Yukiyasu Aoyama

Professor,
University of Niigata Prefecture

Atsushi Nakajima

Making ALSOK a Company That Will Continue to Be Needed in the Future

In the fiscal year ending March 31, 2021, there was still no sign of the COVID-19 pandemic ending. With the impact of COVID-19 continuing to drag on, the world's major economies have begun to adjust their existing COVID-19 containment measures, with the aim of getting economic activity back to normal. Given the easing of restrictions on movement and the shift toward measures intended to build a post-COVID*1 future, what kind of strategy does ALSOK need to follow? As we did last year, we have asked Professor Atsushi Nakajima of the University of Niigata Prefecture to share his views on this topic.

Theme 1

What kind of strategy will ALSOK need to follow in the “new normal” of coexisting with COVID-19?

Professor Nakajima: The COVID-19 pandemic is showing no sign of coming to an end. However, with the emergence of new mutations such as the Delta variant, the world's major economies have begun to adjust their existing COVID-19 containment measures. With the introduction of “vaccine passports” and measures to make COVID-19 vaccines mandatory for medical professionals, countries are easing the restrictions on movement while still maintaining broadly the same types of pandemic countermeasures as before. The change in course toward trying to balance measures to prevent infections with economic recovery is based on the assumption that, over the long term, COVID-19 is unlikely to be completely eliminated. As a result of this change, Europe and North America are continuing to see an upturn in economic activity.

It was against this background that the Olympic and Paralympic Games Tokyo 2020 were held this year. While there were divergent opinions as to whether the games should have gone ahead, one can still take the view that Japan's success in overcoming all the obstacles and holding the Olympic and Paralympic Games despite COVID-19 was a very impressive feat. The fact that the Games were being held during the middle of the bitter struggle against COVID-19 meant that they had to be held without spectators, and that rigorous PCR

checks, etc., had to be applied to all participants; prior to the commencement of the Games there were also concerns that they would exacerbate the spread of COVID-19 within Japan. In the event, I feel that Japan did a very good job of avoiding increased COVID-19 infection risk, and I think that this was attributable in part to ALSOK's hard work.

Aoyama: From a security perspective, the question of how to hold such a big event safely and securely, while also eliminating infection risk, was a major challenge. Not everything went smoothly, but I think that, in the end, it went quite well, including the bubble isolation system*2. Arranging security for a large-scale event such as this requires a very large number of security guards, and so we participated in the formation of the Olympic and Paralympic Games Tokyo 2020 Security Consortium, with ALSOK acting as a co-representative. A total of 553 security firms from all over Japan joined the Consortium, mobilizing a total of approximately 470,000 people, and it was clear that the successful holding of the Games without any serious trouble was due to the shared sense of mission displayed by the security sector as a whole. Going forward, given the need to balance measures to prevent infections with economic recovery, we can assume that restrictions on movement will be eased.

*1 Post-COVID: The period in which the transformation of values and modes of behavior resulting from the global COVID-19 pandemic take root in society.

*2 Bubble isolation system: An infection prevention method whereby the movement and residence of athletes and other related parties is confined to a specified area, and contact with the outside world is avoided to the maximum possible extent.

* ALSOK was a Tokyo 2020 Official Partner (Security Services and Planning).

The experience of organizing security for the Olympic and Paralympic Games Tokyo 2020 under the COVID-19 crisis will represent an important legacy for us, and I think it is extremely crucial to discuss how this experience can be utilized for self-protection, both at the corporate level and at the level of individual citizens.

Nakajima: The idea of working toward a “post-COVID” world appeared in Europe and North America earlier than it did in Japan. While people are already being encouraged to avoid the Three C’s (confined and enclosed spaces, crowded places, and close-contact settings) and to minimize face-to-face contact with others, in the era of “living with COVID-19,” I think that there will be a need for discussion of further digital countermeasures, and for further progress based on this discussion.

Aoyama: Now that variant strains of COVID-19 have been confirmed, our company has been exploring, since last year, what can be done to help revitalize economic activity while coexisting with COVID-19. During the COVID-19 pandemic, the most important thing we can do to ensure the safety and security of our customers is to prevent them from being affected by COVID-19, and to this end we have been discussing what kind of assistance we can provide. Actually, besides providing COVID-19-related products such as thermal imaging cameras, photocatalytic air purifier and sterilization devices, and PCR

test kits, we have been implementing a wide range of different types of support, including providing security services for quarantine facilities for people with mild COVID-19 symptoms, vaccination centers, etc.

Given that the security business and building maintenance business operate in the physical world, there are inevitably some aspects of them that are difficult to digitalize. Nevertheless, we have been rolling out the ALSOK Ventilation-Facilitating Solution, which links the ALSOK-G7 Electronic Security System with environmental sensors capable of measuring carbon dioxide concentration to notify users of ventilation status, as well as the ALSOK Congestion Status Distribution Service, with which, using security camera images, updates on crowding status of stores and facilities (i.e., whether an area is becoming overcrowded) can be easily sent to a facility’s official website or to digital signage. And we have been promoting the development of our non-face-to-face sales operations using online business discussions, etc., and the expansion of distance learning of our employees and the provision of more efficient ways of construction work. Going forward, we will also be working to customize the products and services that we provide.

Theme 2

What is the “creative destruction”^{*3} that will transform the security business to respond to the “post-COVID” era?

Nakajima: Going forward, the shift toward the digital economy and the green economy will become even more pronounced.

While I get the impression that Japan has been rather slow off the mark in digitalizing its economy, in Europe and North America digital transformation (DX) is accelerating. For example, the European Union (EU) is implementing GAIA-X,^{*4} a project to build a common, EU-wide digital economy platform. This project will enable all data to be stored in the same format; the idea is to create a platform that allows big data to be used with maximum effectiveness without being dependent on private companies such as Google. It is no longer a case of competing on individual digital technologies; the building of GAIA-X is a concept that will have a game-changing impact in the era of the digital economy.

At the same time, as regards the development of the green economy, the world’s leading economies (including Japan) need to respond to global warming, which is proceeding faster than originally expected, and the target year for becoming a net zero emissions country, which was originally set for the second half of the 21st century, has now been moved forward to 2050.

Aoyama: There are many aspects of the security business that our company has been involved in for the past 57 years which now seem old-fashioned, and we need to transform these areas in a revolutionary manner. The keywords for achieving this goal, as I see it, are digital, safety and security, and going green. With the spread of teleworking (working from home) and remote working, cybersecurity needs have grown, and there is considerable discussion regarding the growth of cashless payments and the adoption of digital currencies. The environment in which our company operates is being dramatically transformed. In response to this change, in our individual businesses—including security, facility management, and long-term care—we need to generate new demand from a customer-focused standpoint at the level of the individual customer, and need to offer services that provide safety and security from a new perspective.

Taking our security services as the core element, this is the time for us to redefine and adjust the services that we implement, to provide customers with safety and security that go beyond the conventional scope of security services, and aim to bring about a transformation of our business.

Nakajima: The current pandemic is a natural disaster. While it hasn’t damaged machinery directly, it is a fact that, for us as people who use machines, the pandemic has caused harm to how we think, how we live, and the way in which our society operates. I think that, if we can overcome this situation, then that, in and of itself, will lead to creative destruction.

When it comes to DX, it is not a matter of competing on individual digital technologies or on adoption rates or installation rates; rather, it is a case of dramatic change brought about by applying newly generated technologies to needs that have emerged in a completely new area. I get the feeling that this is what is starting to happen now. ALSOK is providing services based on an architectural approach, and I hope this will rapidly generate major changes.

Aoyama: In the future, with the trend toward digitalization and going green, new businesses, frameworks, and services will emerge, and the range of areas where we can help to ensure customers’ safety and security will expand. As to how the processes of digitalization and going green will proceed, ultimately, it is the provision of services by people that will help to ensure the safety and security of local communities. ALSOK will be supporting these developments in a variety of different ways.

^{*3} Creative destruction: A concept advocated by the economist Joseph Schumpeter, whereby new, efficient equipment and methods drive out old, inefficient equipment and methods, replacing them and in doing so stimulating economic growth.

^{*4} GAIA-X: An infrastructure concept announced by the German and French governments to support the flow of data while safeguarding security and data sovereignty.

* ALSOK was a Tokyo 2020 Official Partner (Security Services and Planning).

Talk with the President

Theme 3 | Responding to society’s diverse needs for safety and security

Nakajima: I feel that, besides the “post-COVID” era, we also need to think about how we can move forward steadily based on the “new normal” in the situation of “living with COVID.” How do you feel about this?

Aoyama: The Grand Design 2025 (GD2025) Medium-Term Management Plan (FY2022–FY2026) which was formulated this fiscal year outlines ALSOK’s vision for the next five years, a period which will either be “post-COVID” or “living with COVID.” In this plan, in regard to the changes in the environment that surrounds ALSOK, including our customers and society as a whole, we recognize three main categories of problems: global issues, such as infectious diseases, global warming, energy problems, etc.; issues in Japan, such as the declining birthrate and aging population, and growing disparities in wealth and income; and issues relating to the development of advanced technology, such as the growth of artificial intelligence (AI) and the Internet of Things (IoT), 5G and 6G communications technology, etc. The plan takes account of Japan’s goal of contributing toward the realization of the Sustainable Development Goals (SDGs) and realizing a reduction in greenhouse gas emissions of at least 46% by 2030 (compared to fiscal 2014), and of becoming a carbon-neutral nation by 2050.

While promoting the innovation of the security business model, ALSOK is aiming to become a resilient integrated safety and security solutions provider. I believe that we need to strengthen the internal and external infrastructure that we have cultivated in our security, facility management and care businesses, and create new solutions that integrate diverse service functions. While we have already been involved in areas such as open innovation, using collaboration with the university sector and alliances with other enterprises, we need to be working with people at other companies with which we are on good terms to undertake an evolution in terms of what products and services we can provide to each market, strengthen our ability to respond to the risks experienced by different customers, and expand into new business areas with security at the core. In this way, by continuing to provide concrete solutions for the specific situations that customers are exposed to on a daily basis, we will continue to be an enterprise that is needed by the next generation and that creates value.

I also feel that it is very important to build a working environment in which employees can fulfill their potential. We have already started by holding discussions regarding diverse work styles, and I want us to continue with thorough implementation of emphasizing that people

are the most important thing for us, and with undertaking talent cultivation in a variety of different forms.

Nakajima: I know you have said that “People are at the heart of the security business,” Mr. Aoyama, and I think it is fair to say that people are the single most important asset. Whether it is dealing with the pandemic or responding to creative destruction, ultimately, it is people who get things done. Over the past 20 years, the ordinary income of Japanese companies as a whole has risen by 150%, whereas average wages per person have fallen by 10%. I think one can reasonably say that it is impossible to boost corporate value without increasing investment in human talent cultivation. In a country like Japan with limited natural resources, I believe that, in order to activate the country’s latent potential, enhancing the capabilities of its human talent is the ultimate engine for economic growth.

Aoyama: That’s very true. And that is why I want us to pay even more attention to human talent diversification and capability development than we do at present. In combination with efforts to enhance the motivation of our employees working as operatives in the security (including electronic security, stationed security, and transport security), facility management and long-term care businesses, in order to enhance productivity in these services, we will be striving to implement effective talent cultivation, in terms of recruitment, education and training, and we will roll out these efforts on a global basis. I also want us to strengthen our sustainability initiatives. As I see it, the content of the SDGs represents the concrete embodiment of how to promote our corporate mission in line with the Company’s management philosophy of emphasizing “*arigato no kokoro*” and “*bushi no seishin*.” Particularly with regard to environmental issues, we are aware that these are issues that affect the whole of humanity, and we are contributing toward the realization of carbon neutrality and of the resource-circulating economy from three perspectives: reducing greenhouse gas emissions, the resource-circulating economy and society, and biodiversity.

Nakajima: I think that a security industry that uses security to provide integrated services for ensuring safety and security will be a “21st century growth industry” in the post-COVID era. You need to think about what you need to achieve next and move forward steadily, one step at a time, and if you do this properly, I am sure it will lead to growth. I find it very reassuring to know that ALSOK is taking the lead by following this path.

Aoyama: The COVID-19 pandemic has led to a dramatic



Yukiyasu Aoyama

Profile			
March	1975	Graduated from the University of Tokyo, Faculty of Law	
April	1975	Joined the Ministry of Finance	
	1980	District Director of the Itako Tax Office	
July	1992	Visiting Researcher at the University of Oxford	
July	1993	Director, Minister’s Secretariat and Research and Planning Division, Minister’s Secretariat	
July	1994	Deputy Commissioner (Large Enterprise Examination and Criminal Investigation), Tokyo Regional Taxation Bureau	
August	1995	Chief of the Wakayama Prefectural Police	
June	2000	Director of the Planning and Coordination Division, Planning and Coordination Bureau, Environment Agency	
July	2002	Director-General, Yokohama Customs	
July	2003	Counselor and Deputy Director-General of the Customs and Tariff Bureau of the Minister’s Secretariat	
December	2005	Visiting Professor at the University of Tokyo	
July	2006	Director-General, Customs and Tariff Bureau	
July	2008	Retired from the post	
August	2008	Joined the Company as Senior Executive Officer	
June	2009	Executive Vice President and Representative Director	
April	2010	Senior Executive Vice President and Representative Director	
April	2012	President and Representative Director (Current)	

transformation in the environment in which our company operates. These changing circumstances have been accompanied by the growth of diverse safety and security needs, and it is vital that we respond to these needs by putting ourselves in the customer's place, looking ahead, and emphasizing speed. We will be aiming to realize our vision of being a "resilient, integrated safety and security solutions

provider" by strengthening our foundations, ensuring that all employees are working as one, and moving forward steadily. Thank you very much for the valuable opinions that you have shared with us today!

Postscript to the Dialogue

Overcoming the COVID-19 Pandemic

It is now nearly two years since the COVID-19 pandemic developed into a full-scale pandemic. ALSOK is committed to providing customers with resilient, integrated safety and security solutions, and this mission has remained unchanged during COVID-19; every day, we have continued to do our utmost in locations both within and outside Japan.

Having been postponed for a year, and despite the rapid increase in the number of people infected with COVID-19 due to the emergence of the Delta variant, the Olympic and Paralympic Games Tokyo 2020 were held successfully in 2021, thanks to the hard work of all the authorities concerned. On the security side, the 553 member companies of the Olympic and Paralympic Games Tokyo 2020 Security Consortium worked together as one with a common strategy, which I found deeply gratifying. Although the Games were held without spectators, nevertheless, they could not have been held successfully without the hard work and dedication of a wide range of related parties (in ALSOK's case, handling security and facility management). Based on the results achieved with the Olympic and Paralympic Games, I asked Professor Nakajima to follow on from last year's dialogue with a further discussion, so that we could reconfirm the validity of the strategy that ALSOK is following.

As Professor Nakajima pointed out, Europe and North America have already taken the lead in terms of preparing for the "post-COVID" era. Regarding the acceleration of DX, or in other words the digitalization of the economy, we are starting to see some concrete measures in Japan, including the promotion of remote working during the COVID-19 pandemic, and the establishment of the Digital Agency within the Japanese government in September 2021. Japan is also finally starting to get serious about the greening of the economy, and with the formulation of a new energy policy to meet the goals of making Japan carbon neutral by 2050 and reducing carbon dioxide emissions by at least 46% by 2030 (compared to fiscal 2014) that were announced at the COP26 international conference in 2021, for every sector in Japan, there is no time to waste.

ALSOK was founded in 1965. Social and economic conditions, both within and outside Japan, were much different at that time from the current situation in the 21st century. In Japan, the declining birthrate and the aging of the population have accelerated, and the nation's population structure is undergoing dramatic change. Other major transformations include labor shortages, the depopulation of rural areas and increasing concentration of the population in the major cities, and resource and environmental constraints. It has become apparent that Japan's overall economic strength has weakened, and the competitiveness of individual enterprises is significantly changed. We are also in the middle of a major transformation in technology, including the widespread adoption of AI and the transition to 5G and 6G communications technology. Regarding the international situation, the end of the Cold War was followed by the emergence of a multipolar global economy characterized by regional economic integration, which in turn was followed by an upsurge in regionalism and the revival of Islamic fundamentalism, and then by the proliferation of terrorism, the rise of China and friction between the U.S. and China. The COVID-19 pandemic emerged against the backdrop of these dramatic changes in the international situation. It is precisely because we are living through a period of this kind that Schumpeter's "creative destruction" is happening, without people necessarily being aware of it, in the era of "living with COVID" and "post-COVID." I hope that we at ALSOK can play at least a small role as pioneers in this process and as a platformer of the SDGs. As Professor Nakajima noted, the ALSOK Group attaches great importance to people, and has been proactively investing in human capital cultivation. I hope that, by working steadily to provide safety and security solutions not only in Japan but also in other Asian countries, we can further enhance the way ALSOK is viewed.

Yukiyasu Aoyama

President and Representative Director, ALSOK

Atsushi Nakajima

Profile	Year	Position / Event
March	1975	Graduated from the University of Tokyo, Faculty of Law
April	1975	Joined the Industrial Bank of Japan, Ltd. (IBJ)
August	1987	Senior Manager, Research Department, Head Office, IBJ
April	1992	Senior Manager, International Finance Department, Head Office, IBJ
May	1995	Senior Deputy General Manager, Industry Research Department, Head Office, IBJ
June	1997	Deputy General Manager, General Manager, IBJ Paris Branch
October	1999	President, Banque IBJ (France) S.A.
June	2000	Chief Economist & General Manager, Research Department, Head Office, IBJ
April	2002–	Executive Officer & Chief Economist, Mizuho Research Institute Ltd.; Chief
March	2003	Economist & General Manager, Research Division, Mizuho Corporate Bank
March	2003–	Executive Officer, Chief Economist & General Manager, Research Division,
March	2004	Mizuho Corporate Bank; Executive Officer & Chief Economist, Mizuho Research Institute Ltd.
April	2004–	Senior Managing Executive Officer & Chief Economist,
March	2011	Mizuho Research Institute Ltd.
April	2011	Chairman, Research Institute of Economy, Trade and Industry (RIETI), IAA
April	2020	Professor, University of Niigata Prefecture (Current); Consulting Fellow, RIETI, IAA (Current)
June	2020	Chairman, Maison franco-japonaise (Current)



* ALSOK was a Tokyo 2020 Official Partner (Security Services and Planning).

ALSOK's History of Value Creation

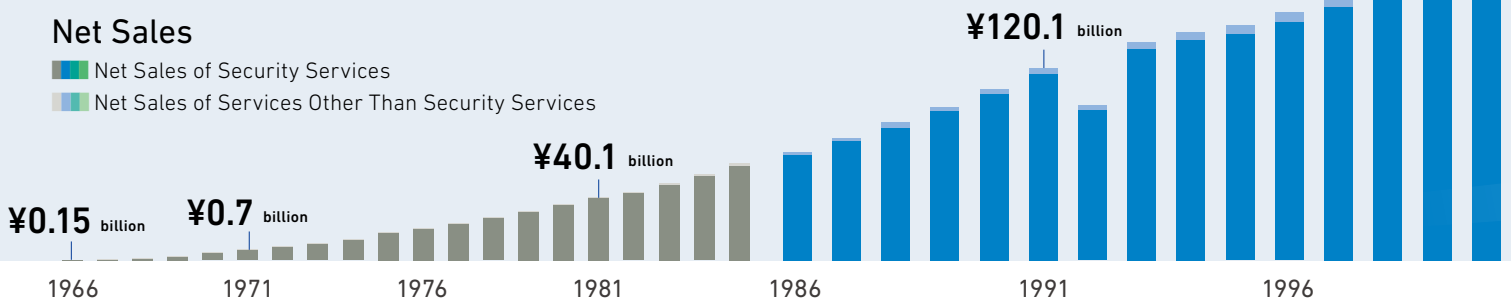
Helping to Address Social Issues by Taking on Advanced Challenges and Demonstrating Originality

Since its foundation, ALSOK has consistently endeavored to protect the safety and security of society. Throughout its history of more than half a century, ALSOK has pursued technologies in security services, service quality, and education of human resources, and has taken them as its strengths. We will continue to take on advanced challenges and demonstrate originality to help resolve social issues.

Net Sales

■ Net Sales of Security Services

■ Net Sales of Services Other Than Security Services



1965—

Founding Era



1965
Foundation of Sohgo Security Services Co., Ltd. with the main business purpose of providing contract security services



1966
Began provision of transportation security services



1967
Developed and launched SOK Guard System in electronic security services (currently ALSOK Guard System) for corporate clients



1970
Provided stationed security for Japan World Exposition, Osaka 1970



1975
Developed and launched the OLM SYSTEM®, which integrated devices capable of facility control and monitoring into stationed security

1985—

Building Up and Maintaining Era



1988
Developed and launched TAKURUS® in electronic security services for individual customers



1995
Began use of the Tokyo Operations Center, which provides centralized monitoring and command for Electronic Security Services provision within Tokyo



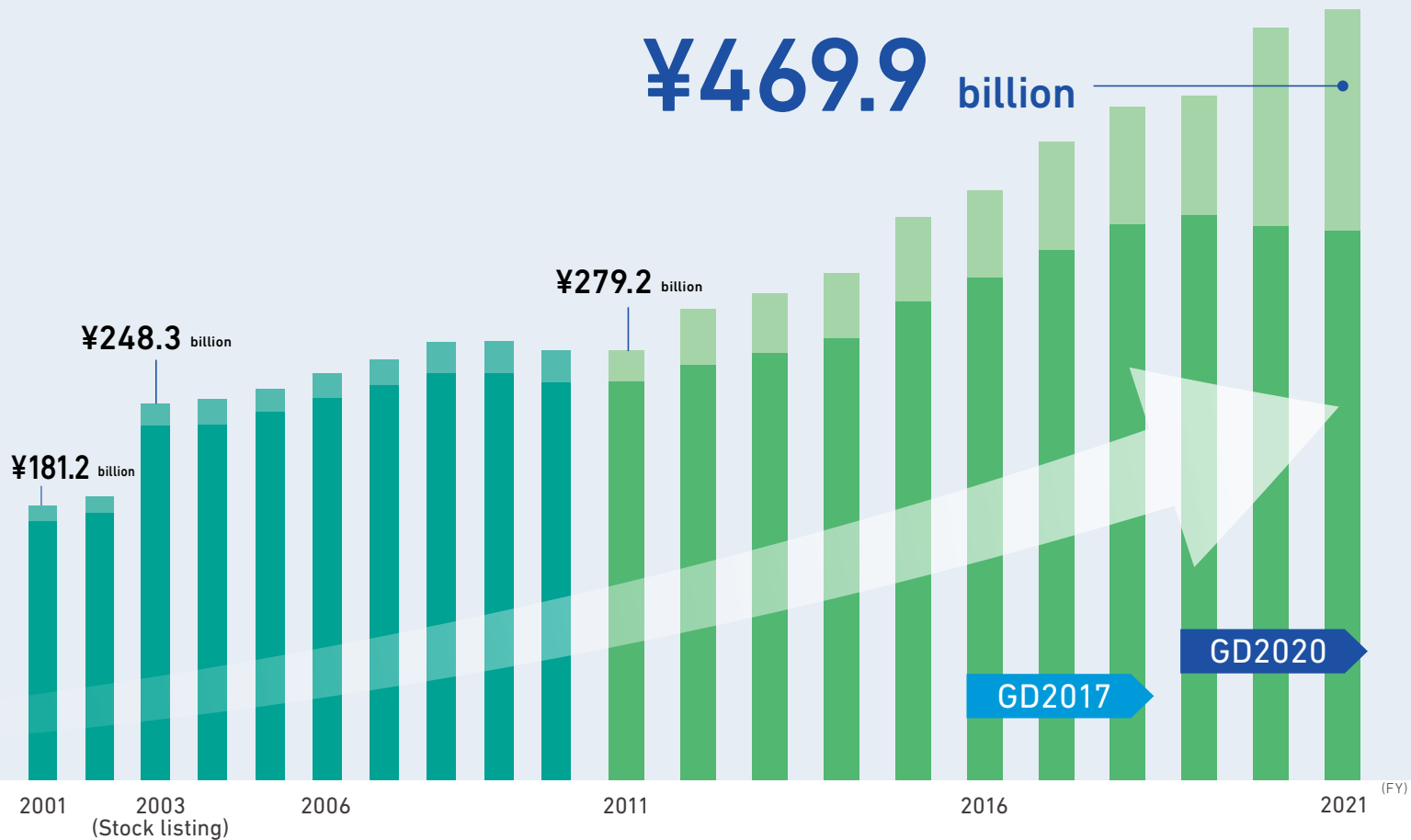
1997
Developed and launched the MMK® multifunctional ATM, which integrates such functions as receiving agent and data search functions with conventional cash dispenser functionality



1997
Developed and launched Cash Deposit Machine On-line System, which facilitates the movements of cash (sales proceeds and change) and reduces related staff and equipment costs



1998
Developed and launched SOK Home Security system featuring convenient functions for daily life, including first aid information, home banking, and health consultation, in addition to crime and disaster prevention security functions



1999–

Second Founding Era



2002
Listed stock on the first section of the Tokyo Stock Exchange



2005
Expanded the ALSOK ANSHIN KYOSHITSU crime prevention class program to cover the whole of Japan, with ALSOK staff (who are experts in ensuring safety) assigned to give classes in schools, with the aim of helping to keep children safe



2005
Developed and launched ALSOK HOME SECURITY X7, with expanded functionality for large residential properties



2003
Established the new corporate brand, "ALSOK"



2005
Developed and launched a new automated patrolling GUARD ROBOT, making it possible to provide Stationed Security Services that incorporate robots



2008
Developed and launched ALSOK Home Security alpha with enhanced security and convenience features designed from the customer's perspective, such as standard internet security services

2010–

Third Founding Era



2012
Launched new HOME ALSOK brand of services for individual users

2013
Launched HOME ALSOK MIMAMORI SUPPORT® emergency reporting and consultation service for senior citizens



2015
Developed and launched a new Cash Deposit and Dispenser Machine Online System, enabling the payment and changing of small change used in stores, and enabling store owners to deposit sales proceeds without needing to take the money to the bank



2020
Launched renewed HOME ALSOK MIMAMORI SUPPORT service to watch over



2020
Launched the ALSOK-G7 (read as "ALSOK G-seven") security system for corporate clients

2020
Began handling Central Monitoring System business through a capital and business alliance agreement with Mitsubishi Corporation

- Entry management
- Electric power usage monitoring
- Lighting control



- Security
- Fire prevention equipment
- Air conditioning control

Financial and Non-Financial Highlights

Net Sales

¥469.9 billion

Up 2.1% YOY 

Profit Attributable to Owners of Parent

¥25.0 billion

Up 3.5% YOY 

Ordinary Income

¥39.2 billion

Up 0.9% YOY 

Payout Ratio

29.1%

Down 0.2 percentage point YOY 

ROE

9.6%

Down 0.5 percentage point YOY 

Capital Investments and Depreciation and Amortization

Capital Investments

¥13.6 billion

Depreciation and Amortization

¥15.8 billion

ROA

8.6%

Down 0.7 percentage point YOY 

Number of Electronic Security Services Contracts (Corporate Clients and Individual Users)

Corporate Clients

540,410

Individual Users

449,745

E

Environmental

CO₂ Emission per Sales Unit (Group)*

0.177 t-CO₂/¥ million

Up **0.3%** YOY ↑

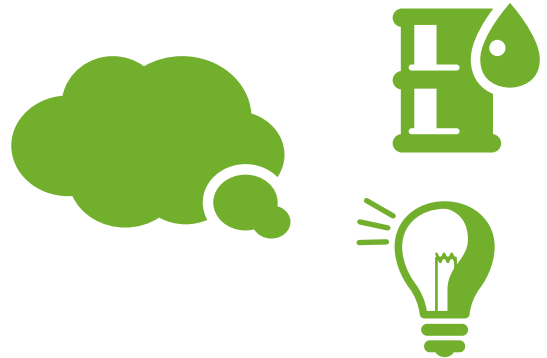
CO₂ Emissions Volume (Group)* Net Sales

83,302 t-CO₂/¥**469.9** million

Up **2.5%** YOY ↑

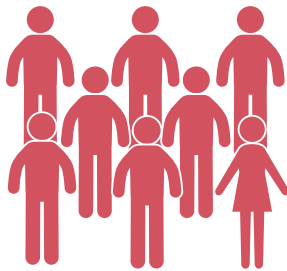
• Fuel Usage (Group) **16,942** kl

• Electricity Consumption (Group) **66,260** MWh



S

Social

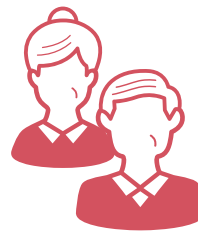


Number of Employees (Consolidated)

38,444

Female Employees (Consolidated)

5,465 Up **8.93%** YOY ↑



Number of Residents in Long-Term Care Facilities

Approx. **6,200**

Number of Users of Long-Term Care and Other Services

Approx. **21,400**

Proportion of Women in Management Positions (Non-Consolidated)

4.0%



Number of Employees Who Completed First-Aid Training

Cumulative Total **20,434**

(Including Both Basic and Advanced Training)



Number of Participants in ALSOK ANSHIN KYOSHITSU* Crime Prevention Classes

Cumulative Total **1,633,000**

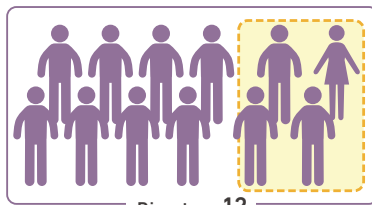


G

Governance

Number of Directors and Audit & Supervisory Board Members

16



Directors **12**

(of whom 4 are outside directors)



Audit & Supervisory Board Members **4**

(of whom 3 are outside Audit & Supervisory Board members)

Number of Group Companies That Used the Internal Reporting System

73 companies



Number of Group Companies That Have ISO 27001 (ISMS) Certification

19 companies



Directors' Rate of Attendance at Board Meetings

100%



Number of Incidents of Non-Compliance

0

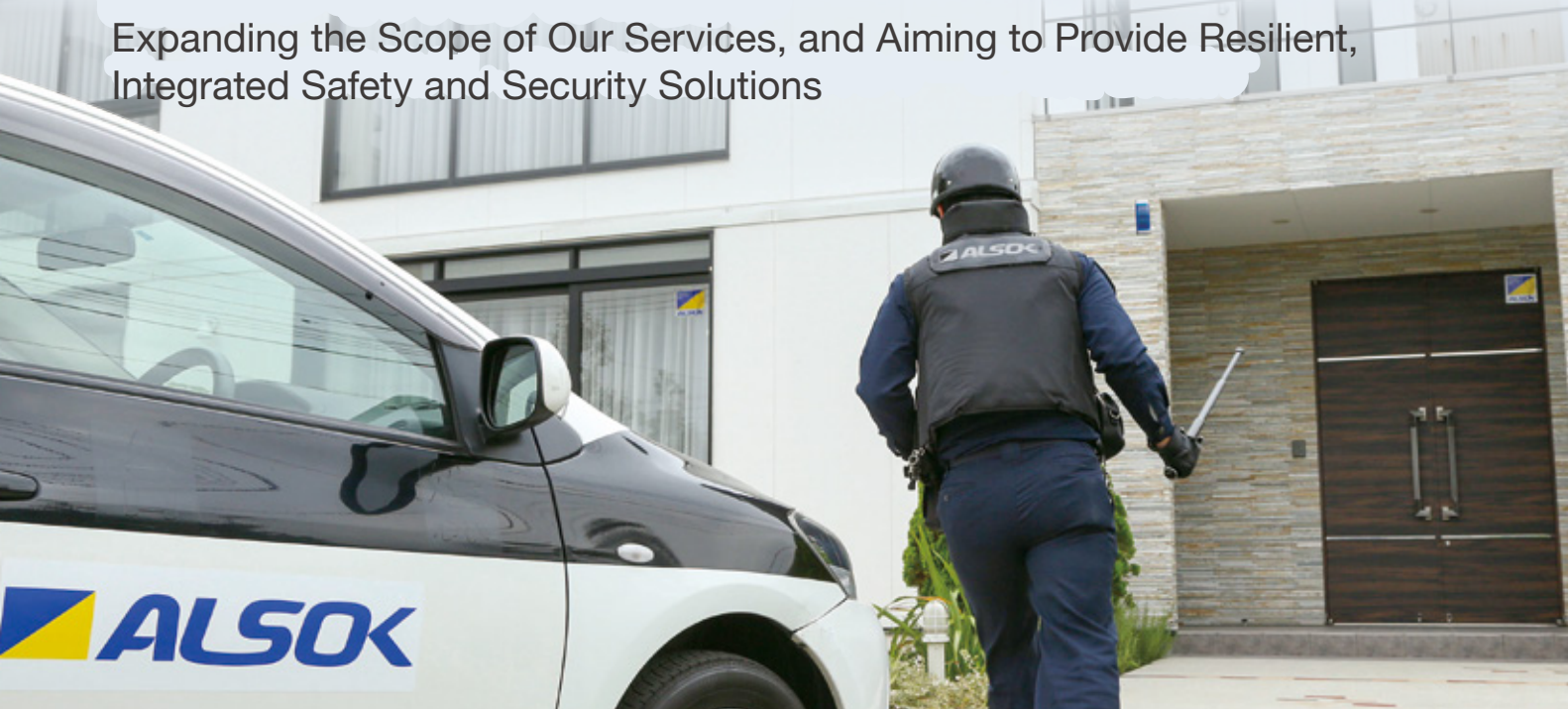


* The Group's CO₂ emissions are calculated on a non-consolidated basis. The reported values may change in the future due to a review of the aggregation method and scope.

The ALSOK Group's Business Operations

A Transformation of the Security Business Model

Expanding the Scope of Our Services, and Aiming to Provide Resilient, Integrated Safety and Security Solutions



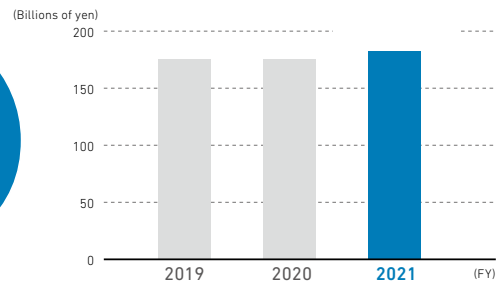
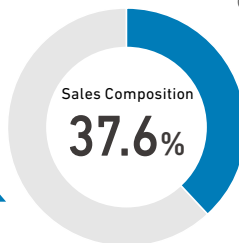
Security Services

Electronic Security Services

Net Sales

¥176.5
billion

Up
0.5% YOY ↑

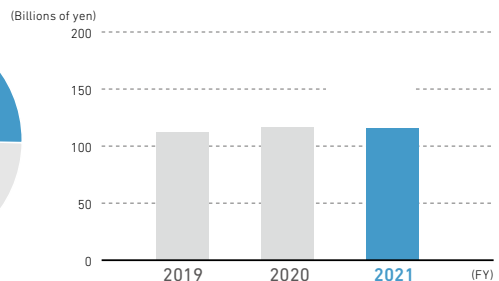
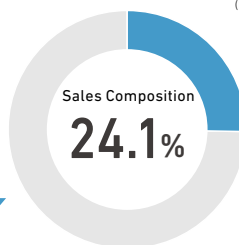


Stationed Security Services

Net Sales

¥113.1
billion

Down
3.2% YOY ↓

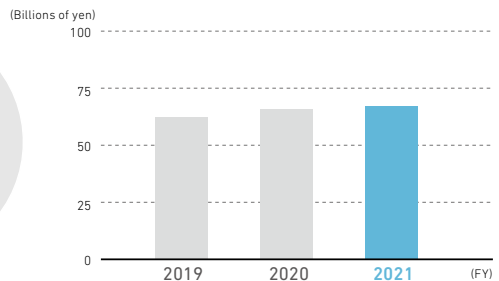
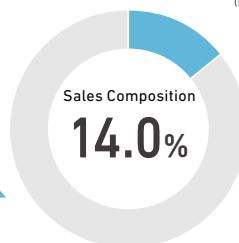


Transportation Security Services

Net Sales

¥65.8
billion

Up
0.4% YOY ↑



After being postponed for one year, the Olympic and Paralympic Games Tokyo 2020 were held in 2021. Although some service industries are still experiencing difficulties due to the impact of the COVID-19 pandemic, there is growing demand for safety and security, including infection prevention measures, particularly in the manufacturing sector, where there has been a noticeable improvement in sales performance. Going forward, it can be anticipated that the trend toward the return to normal of economic activity, including consumer spending, will accelerate, driven by factors such as more widespread vaccination and the development of new medicines.

Given this business environment, as an enterprise that provides services relating to the safety and security of society (including security services, general property management, disaster preparedness services, and living support services for senior citizens) that are vital for ensuring the stability of people's lives and of the national economy, the ALSOK Group is continuing to provide appropriate services while taking all necessary infection prevention measures, and is also promoting a transformation of the security business model in response to the growing need for safety and security in a society where risks are becoming increasingly diverse. Aiming to provide resilient, integrated safety and security solutions, ALSOK will be strengthening its ability to meet the safety and security needs of our customers and of society as a whole, taking on digitalization and utilization of data, building a working environment in which our employees can maximize their potential, and strengthening sustainability initiatives.

Summary of Japanese Security Services Industry
(as of December 31, 2020)

Number of Security Services Companies

Approx. **10,100**
companies

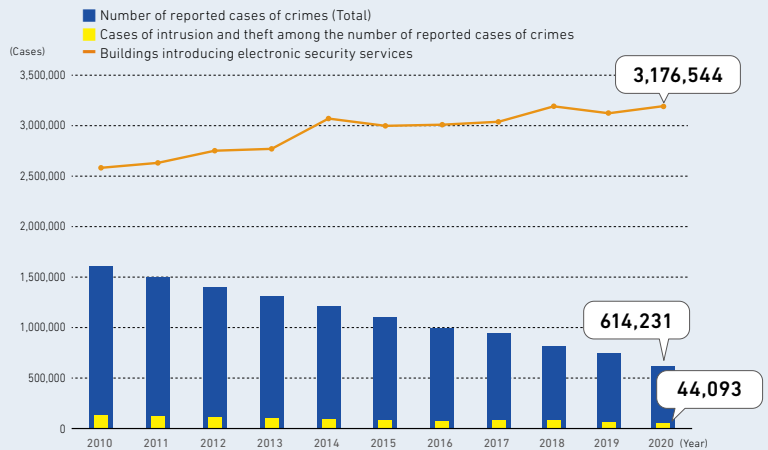
Total Net Sales

Approx. **¥3.5**
trillion

Number of Security Guards

Approx. **590,000**
(of whom 39,000 are females)

Number of Reported Cases of Crimes and Buildings Introducing Electronic Security Services



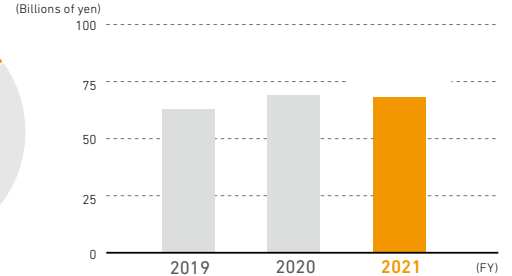
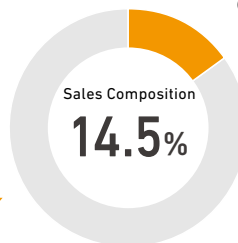
Source: National Police Agency, Crime statistics materials (January 2020–December 2020); Overview of the Security Industry in 2020.

General Property Management and Fire Protection Services

Net Sales

¥68.1
billion

Down
1.5% YOY ↓

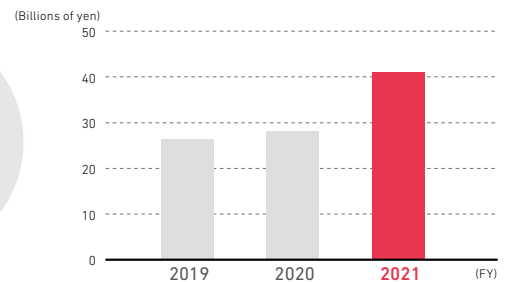
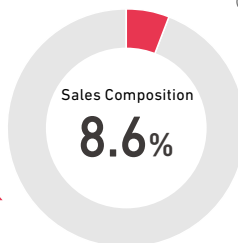


Long-Term Care Services

Net Sales

¥40.3
billion

Up
43.7% YOY ↑

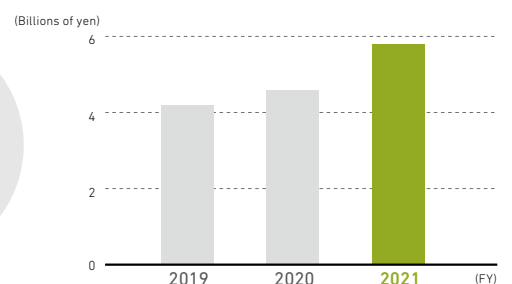
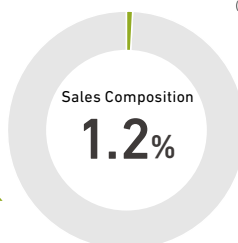


Other Services

Net Sales

¥5.8
billion

Up
26.0% YOY ↑



The ALSOK Group's Business Operations

Security Services



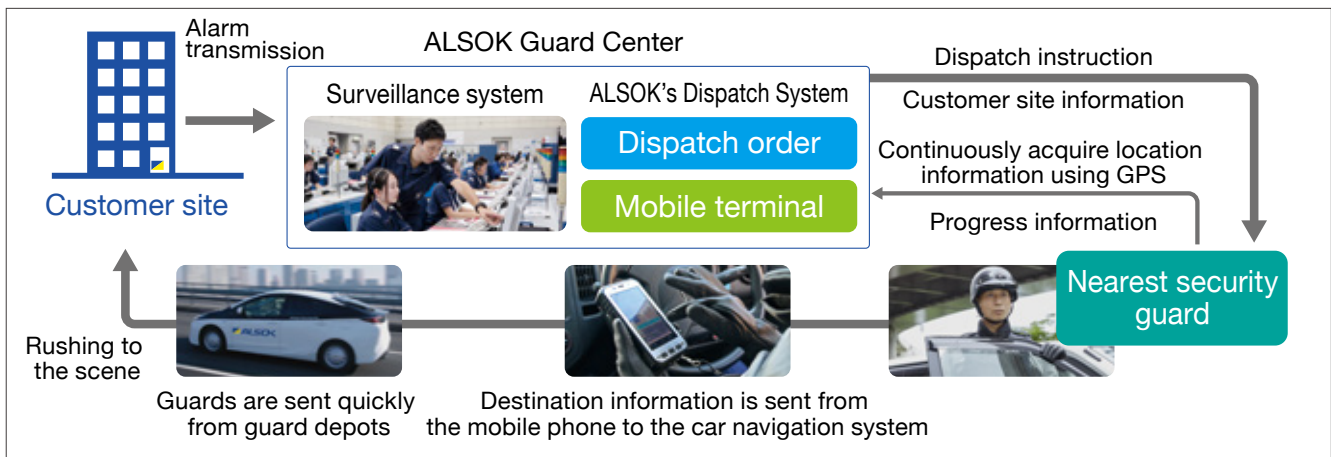
Electronic Security Services

For corporate customers, we are promoting sales of ALSOK-G7, a service which incorporates live video feed monitoring as a standard feature.

During the COVID-19 pandemic, besides providing the ALSOK Ventilation-Facilitating Solution, which allows automated control of ventilation fans, etc., by adding environmental sensors for measuring CO₂ concentration to ALSOK-G7, we also responded to the growing demand from store and facility users who wanted to be able to avoid crowds, by launching the ALSOK Congestion Status Distribution Service, with which, using security camera images, updates on crowding status of stores and facilities (i.e., whether an area is becoming overcrowded) can be easily sent to a facility's official website or to digital signage. We also now provide the ALSOK Fingerprint Authentication Card, which incorporates a fingerprint authentication function into a contactless IC card, thereby contributing toward infection prevention and also preventing unauthorized use in the event that the card is lost or stolen.

For individual customers, we provide Home Security Basic, a service designed for ordinary homes that makes it possible to activate and deactivate security using a smartphone or other mobile phone, and which allows the user to select different security modes, depending on whether they are out or at home. HOME ALSOK Premium adds outdoor video image monitoring to these functions, while HOME ALSOK Apartment and Condominium Plan is designed for multi-unit housing. For senior citizens, we provide HOME ALSOK MIMAMORI SUPPORT, which adds emergency reporting and telephone health consultation service functions, and MIMAORI TAG, which enables people to keep track of the location of those that matter to the user.

Operational Flow for Rushing to the Scene



Stationed Security Services

Besides stationing security guards at clients' facilities to handle entry management, patrolling, monitoring, and emergency response, we also provide security for events such as international conferences, sporting events, parades, etc. In addition, the adoption of the ALSOK Staff Cooperation System enables us to implement faster, more efficient service. We also provide a wide range of other security services, including personal security for domestic and international celebrities, companies' senior managers, etc.



Transportation Security Services



In addition to our cash transport services, which ensure safe transport of cash, securities, etc., we offer total operation and management services that include the Cash Deposit and Dispenser Machine On-Line System that contributes to the promotion of work-style reforms by providing total support with store sales management functions and a transport security network, in addition to cash replenishment and collection, response in case of failure, etc., for ATMs installed in financial institutions and convenience stores. We are also responding to the trend toward cashless solutions by providing the ALSOK Multi-QR Payment Solution cashless settlement service, which supports multiple payment types with a single app and a single terminal device, focused on QR code settlement.

General Property Management and Fire Protection Services



We aim to strengthen the framework through which the ALSOK Group as a whole—including HOCHIKI Corporation, Nippon Dry-Chemical Co., Ltd., Japan Facilio Co., Ltd., ALSOK SOUEI Co., Ltd., and ALSOK SHOJITSU SECURITY SERVICE CO., LTD.—provide General Property Management and Fire Protection Services, undertaking joint development and sale of new products tailored to meet customers' increasingly diverse needs.

Besides the signing of an agreement on February 28, 2020 with Mitsubishi Corporation to form a capital and business alliance in the area of facility management (FM) services, we are also working to further expand our FM services both within and outside Japan, based on the concept of integrating security with facility management, and with ALSOK Facilities Co., Ltd., which was created on April 1, 2021 through a merger of two of ALSOK's consolidated subsidiaries, playing a central role.

Long-Term Care Services

Under the "ALSOK's Long-Term Care" brand, our unified brand for our long-term care services, we provide a wide range of services, from in-home long-term care support (care plan development) and in-home care services such as home-visit long-term care, home-visit nursing, and day services to support customers' lives at home, to facility care services, such as daily life long-term care admitted to a specified facility (i.e., fee-based long-term care facilities), communal daily long-term care for dementia patients (group homes), and senior residences offering services.

In addition, besides the sale and rental of equipment for long-term care covered by public aid, we also provide dispatching medical massage service for persons receiving in-home care. We are working to further expand our services for care providers and our livelihood support services for long-term care service users and other senior citizens, through a capital and business alliance agreement signed on December 15, 2020 between Mitsubishi Corporation and Nippon Care Supply Co., Ltd. in relation to the long-term care business and the livelihood support business for senior citizens, and we are also working to expand the sale of ALSOK Group products and services by leveraging the customer base of our partner companies.



Other Service



Responding to the widespread adoption of teleworking, we provide a wide range of information security solutions, including Soliton SecureDesktop Service, a teleworking application with robust security functions, and ALSOK PC Management Service for IT device management (an area that is becoming increasingly important).

In addition, ALSOK Group member company MBIC Life Co., Ltd. provides various different testing services in accordance with the Food Sanitation Act, including intestinal bacteria testing and food safety testing, testing for contamination by micro-organisms capable of causing food poisoning, etc. We have also been working actively to provide products and services that can support COVID-19 infection prevention measures, including COVID-19 infection testing such as PCR testing, and sale of antigen testing kits.

List of ALSOK Products and Services

For more information,
please visit our website.
<https://www.alsok.co.jp/en/>



		Main Business Areas	Main Products and Services
Security Services	Electronic Security Services	<ul style="list-style-type: none"> • Online security 	<ul style="list-style-type: none"> ■ ALSOK-G7 Security system that incorporates live video monitoring as a standard feature (ALSOK Ventilation-Facilitating Solution and ALSOK Congestion Status Distribution Service) ■ Home Security Basic The optimal multifunction system for ordinary homes, including both condominiums and detached houses ■ HOME ALSOK MIMAMORI SUPPORT System with emergency reporting and telephone health consultation service functions for senior citizens added
	Stationed Security Services	<ul style="list-style-type: none"> • Assignment of security personnel to clients • Access control • Patrolling • Monitoring • Security for events • Guarding important people 	<ul style="list-style-type: none"> ■ Facility Security Security for clients' facilities ■ Access Control System Installation of IC card readers, etc., that are capable of operating electric locking devices at entrances, and implementation of access control
	Transportation Security Services	<ul style="list-style-type: none"> • Transportation of cash and valuables • Management of store sales proceeds • ATM cash replenishment and collection, and dealing with ATM faults • QR code payment 	<ul style="list-style-type: none"> ■ Cash Deposit and Dispenser Machine On-Line System Total solution combining store sales proceeds management functionality with a transportation security network ■ ALSOK Multi-QR Payment Solution Cashless payment service which supports multiple payment types with a single terminal device
General Property Management and Fire Protection Services	<ul style="list-style-type: none"> • Building facility repair and renovation work, plumbing work, and electrical work • Fire prevention and disaster preparedness services • Equipment management services • Cleaning management services • Sanitation management services • Telephone answering services 	<ul style="list-style-type: none"> ■ Facility Management Comprehensive support, covering fire prevention inspections, telephone answering, cleaning management, equipment management, and security services ■ AED Sale, rental, and management of AED equipment, and training in the use of AED equipment ■ Disaster Response and Infection Prevention Products Sale of AIR BUSTER (ozone deodorizing device) and thermographic system (for body surface temperature screening), and stockpile management 	
Long-Term Care Services	<ul style="list-style-type: none"> • In-home long-term care support • In-home care services • Facility care services • Sale and rental of equipment for long-term care covered by public aid • Dispatch medical massage 	<ul style="list-style-type: none"> ■ In-Home Long-term Care Support Care plan development, etc. ■ In-Home Care Services Home-visit long-term care, home-visit nursing, day services, etc. ■ Facility Care Services Fee-based long-term care facilities and group homes ■ Equipment for Long-Term Care Covered by Public Aid Sale of aluminum wheelchairs, walking poles, rollators, etc. 	
Other Services	<ul style="list-style-type: none"> • Information security • Testing services • Security robot • Consulting services 	<ul style="list-style-type: none"> ■ ALSOK PC Management Service IT device management ■ REBORG®-Z Security robot for facility patrolling and monitoring ■ ALSOK Safety Confirmation Service Safety confirmation during and after natural disasters, and health check tools for use during epidemics ■ Animal and Bird Pest Trap Monitoring Device II Support for protecting agricultural crops, etc., from harm caused by animal and bird pests ■ Other Self-defense training and ALSOK JUKU (career development training making effective use of the know-how developed in security guard training) 	



Services for Corporate Clients



Electronic Security Services

- ALSOK-G7
- ALSOK Ventilation-Facilitating Solution
- ALSOK Congestion Status Distribution Service

Stationed Security Services

- ALSOK Staff Cooperation System
- REBORG®-Z automated patrolling security robot
- ALSOK Traffic Control System

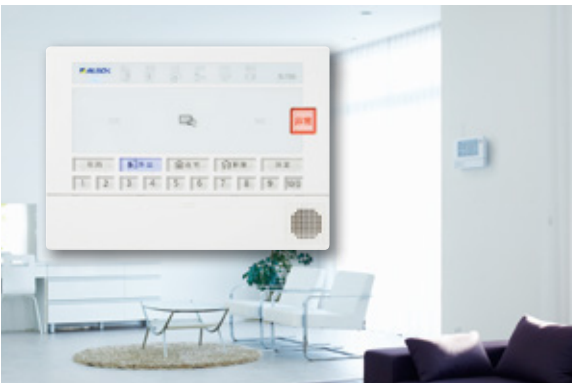
Transportation Security Services

- Cash Deposit and Dispenser Machine On-Line System
- ATM outsourcing service
- ALSOK Multi-QR Payment Solution

General Property Management and Fire Protection Services

- Facility management
- Telephone answering services
- Building management and cleaning services
- Building management and emergency response
- AED sale and management
- Disaster preparedness services and energy-saving measures
- Examination supervision support services

Services for Individual Clients



Home Security

- Home Security Basic
- Dedicated apps for Home Security Basic
- HOME ALSOK Premium
- HOME ALSOK MIMAMORI SUPPORT

Service Plans for Specific Purposes

- Wiretapping device and spy camera inspection service
- MAMOLOOK
- HOME ALSOK RUSUTAKU Service
- HOME ALSOK LADY'S SUPPORT
- HOME ALSOK HOUSE SUPPORT
- Tobilaphone (Automated nuisance phone blocker)
- A wide range of long-term care services

Fire Protection and Information Leakage Prevention



Fire Protection

- BCP solutions
Disaster simulation exercises, business continuity planning (BCP) and disaster-prevention manual development support, and BCP and disaster-prevention manual revision
Disaster-prevention workshop, stockpile management support, Flood Control Act compliance strategies, and emergency drill support
- Safety confirmation service
- Stockpile management
- POWER YIILE 3 electric power storage system

Information Leakage Prevention

- Information security diagnostic service
- Targeted email attack response drill service
- Network monitoring service
- ALSOK PCACS login verification service
- Website tampering detection service
- ALSOK PC Management Service

ALSOK's Value-Creation Model

Aiming to Become an Integrated Safety and Security Solutions Provider to Support the Safety and Security of Customers and Society

Management Philosophy

Based on two core principles exemplified by “*arigato*” and “*bushi no seishin*” (a samurai spirit), we devote our customers and of society as a whole.




The ALSOK Group has continued to provide security services of impeccable quality for more than 50 years since its establishment. The Group's excellent human resources, organizational capabilities, and the trust recognized by customers and society are its greatest strengths. Although conditions are changing rapidly both inside and outside of the Company, we remain committed to creating new value and achieving sustainable growth for "protecting" the safety and security of customers and society while simultaneously achieving sustainable growth. By accomplishing these goals, we will meet the expectations of all stakeholders.

no kokoro" (a feeling of gratefulness and gratitude) ourselves to protecting the safety and security of

Medium-Term Management Plan
(FY2022–FY2026)

Grand Design 2025

 P.19–22

To meet the expanding needs for safety and security needs in a society where risks are diversifying, ALSOK will promote the innovation of its security business model and aims to become a resilient integrated safety and security solutions provider.

1. Enhancement of response capacity for diverse safety and security needs of society
2. Digitization and utilization of data
3. Establishing a work environment where employees play an active role
4. Strengthen the efforts of sustainability

Long-Term Targets


Becoming a Resilient
Integrated Safety
and
Security Solutions
Provider

Sales
¥1 trillion

Income
¥100 billion

G

Governance

 P.41–44

ALSOK's Aim

To meet the expanding needs for safety and security in a society where risks are diversifying, ALSOK will promote the innovation of its security business model and aims to become a resilient integrated safety and security solutions provider.

Basic Policies



1 Enhancement of Response Capacity for Diverse Safety and Security Needs of Society

- Enhancement of Inside and Outside Infrastructure Cultivated by the Security Business and Facility Management Business, and Construction of Solutions through a Combination of Various Services
- Prompt Development of Products and Services Assimilating New Technology



2 Digitization and Utilization of Data

- **Digitization**
 - Enhancement of communication with customers
 - Efficiency and manpower savings of operations
 - Complement of functions by digital technology
- **Utilization of Data**
 - Analysis of collected data
 - Data cooperation with external organizations



3 Establishing a Work Environment Where Employees Play an Active Role

- Diversifying Human Resources and Enhancing Capability Development
 - Recruitment of diverse human resources
 - Provision of diverse work styles
 - Capability development



4 Strengthen the Efforts of Sustainability

- Enhancement of Governance
- Approach to the SDGs
- Approach to Environmental Issues

Financial Goals

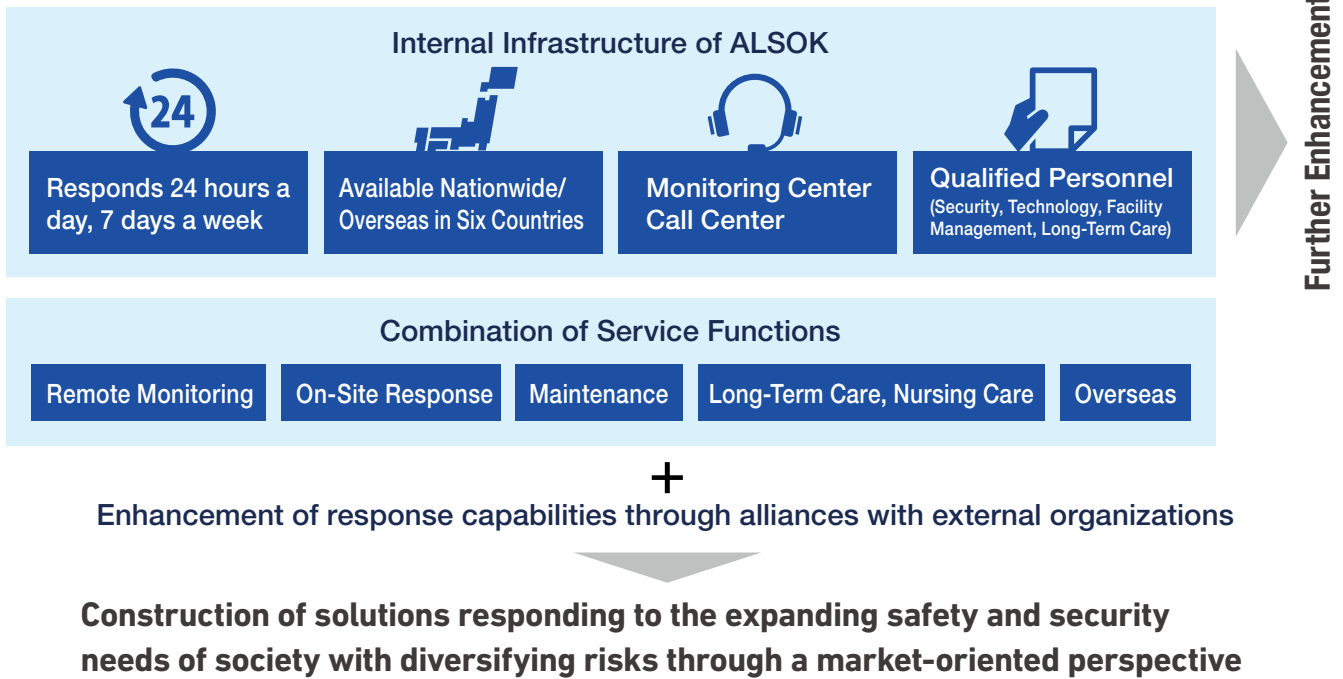
	Results (FY2021)	Targets (FY2026)	
Net sales	¥469.9 billion	Approx. ¥650 billion	Keeping a stable dividend: Payout ratio 30% Future Targets Sales: Approx. ¥1 trillion Income: Approx. ¥100 billion
Ordinary income	¥39.2 billion	Approx. ¥65 billion	
Ordinary income ratio	8.3%	More than 10%	
ROE	9.6%	More than 10%	

Investment Plan (Based on Cash Flow)	Items	FY2022-FY2026
	Research and development, digital-related investments, etc.	¥70.0 billion
	M&A, etc.	¥50.0 billion
Reference (Forecast of increase in cash)	FY2022-FY2026 increase in cash	¥110.0 billion



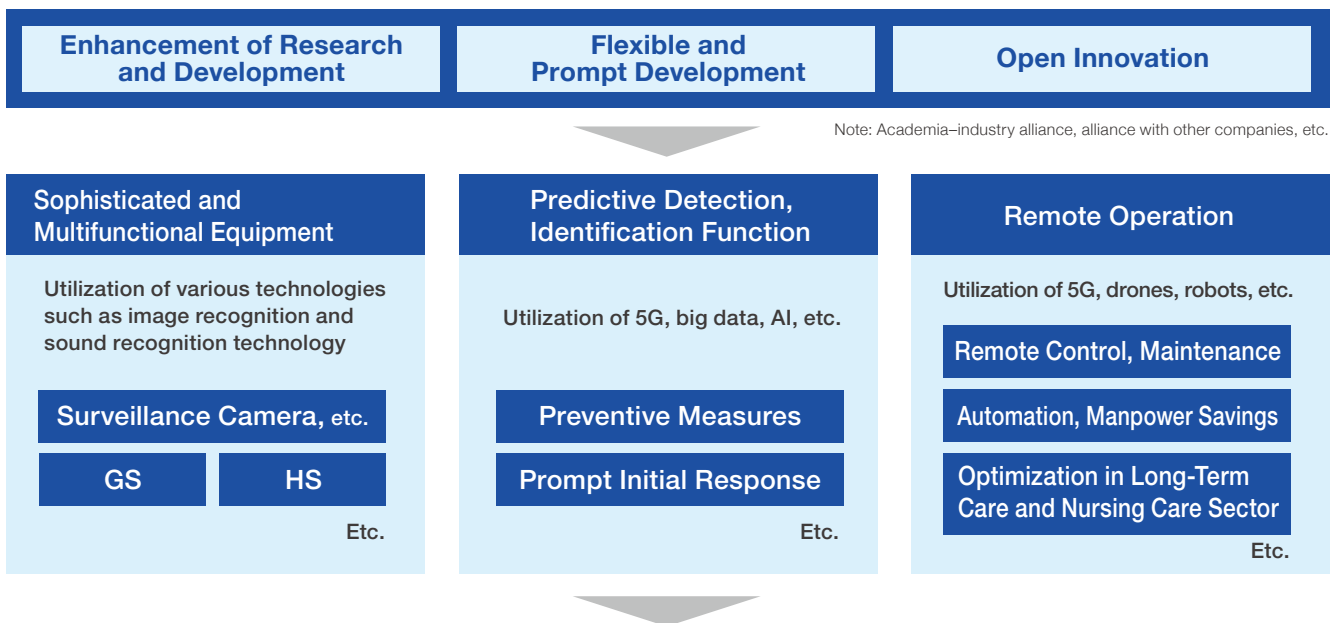
1 | Enhancement of Response Capacity for Diverse Safety and Security Needs of Society

■ Enhancement of Inside and Outside Infrastructure Cultivated by the Security Business and Facility Management Business, and Construction of Solutions through a Combination of Various Services



■ Prompt Development of Products and Services Assimilating New Technology

Development Structure

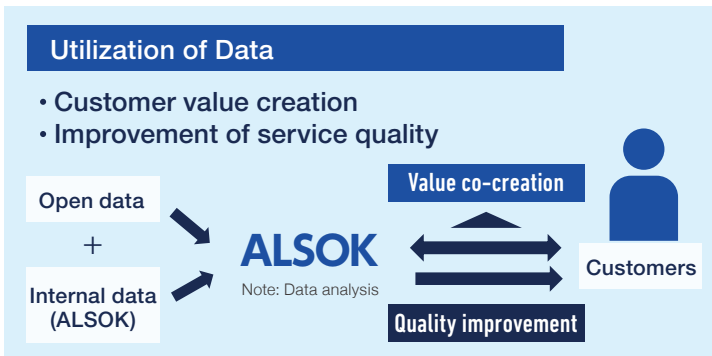
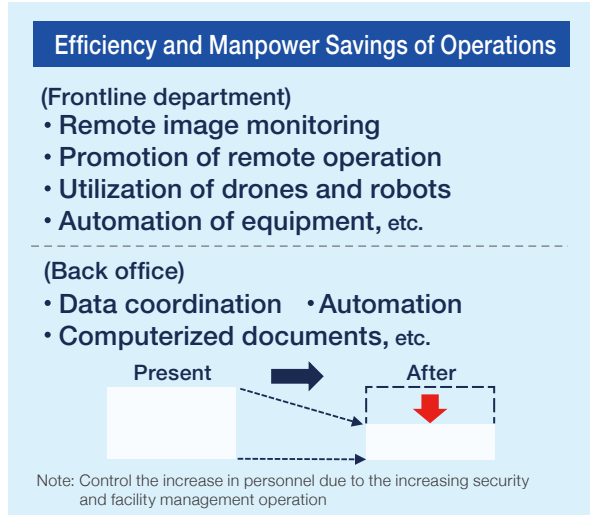
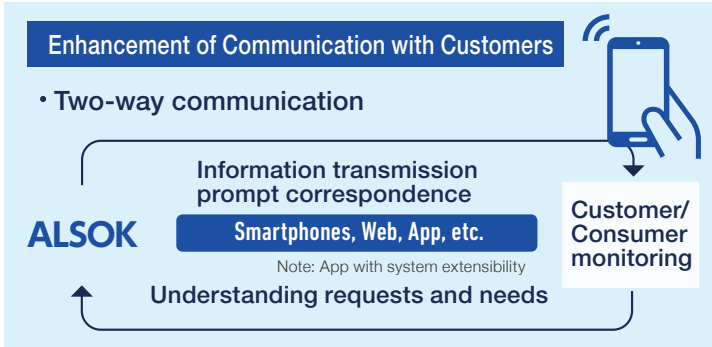


Differentiation and high added value through the development of products and services incorporating new technologies



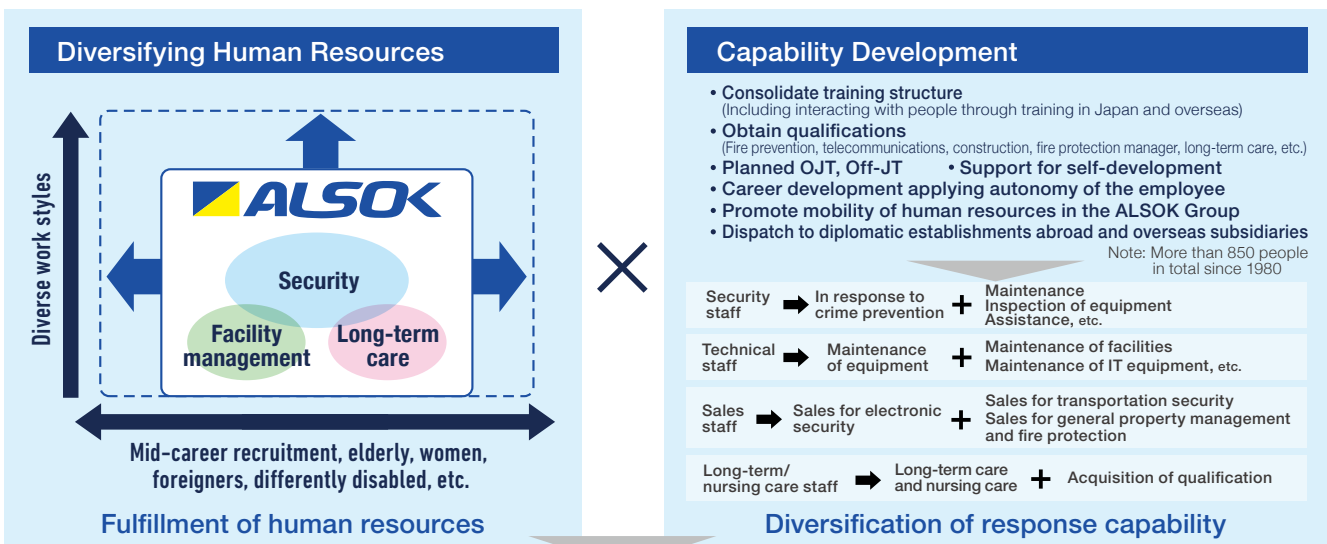
2 | Digitization and Utilization of Data

Digitization and Utilization of Data (Data Driven)



3 | Establishing a Work Environment Where Employees Play an Active Role

Diversifying Human Resources and Enhancing Capability Development—Enhancement of Human Resources That Lead the Security, Facility Management, and Long-Term Care Business



Deepening the work-style reform of ALSOK by increasing engagement and improving the system and environment where employees can perform at their full potential



4 | Strengthen the Efforts of Sustainability

■ Enhancement of Governance



ALSOK Charter (Management Philosophy)

Based on two core principles exemplified by “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as a whole.

■ Approach to the SDGs

ALSOK will contribute to the realization of a sustainable society and achievement of the SDGs through its CSR initiatives and its strengths, such as excellent human resources, organizational capabilities and trust based on its corporate philosophy when the Company was first established.



■ Approach to Environmental Issues

ALSOK will promote environmentally enhancing activities so as to contribute to the realization of a sustainable society based on the idea that global environmental issues are the common issue for all humanity.

■ Specific Efforts

Initiatives toward Carbon Neutrality	Initiatives toward Circular Economy
<ul style="list-style-type: none"> • Enhancement of initiatives toward reduction of CO₂ emissions 	<ul style="list-style-type: none"> • Converting to a business model with high cyclicality
Environmental Management	Contribution to the Resolution of Social Issues
<ul style="list-style-type: none"> • Gaining trust from stakeholders in environmental response 	<ul style="list-style-type: none"> • Provision of new products and services

ALSOK's Strengths

With its strengths that contribute to the safety and security of customers and society, ALSOK will work to create new values.

ALSOK's Strengths
1

Organizational Capabilities

to Ensure Safety and Security

With the industry's leading service network, ALSOK provides a sense of security to society and customers and demonstrates the mobility to arrive on the scene of any emergency quickly.

We have also realized solutions that capitalize on group synergy. For example, we provide watching over services to the ALSOK Group's long-term care facilities, drawing on our know-how of security services.

Depots Located Nationwide

Approx. **3,000**

Number of Employees

38,444

Number of Company Vehicles

10,263

Time to Arrive on the Scene

16 minutes on average

Number of Social Welfare Vehicles Donated through the ALSOK ARIGATO UNDO Foundation

126 vehicles on a cumulative basis



TOPICS

Contributing to the Olympic and Paralympic Games Tokyo 2020

Feeling a sense of gratitude for the 1964 Tokyo Olympic Games having been a key factor in the founding of our company, ALSOK served as a sponsor for the Olympic and Paralympic Games Tokyo 2020 right from the early stages when Tokyo was seeking to secure the right to host the games. In September 2013, when it was confirmed that the 2020 games would be held in Tokyo, ALSOK became an official partner. Recognizing that large numbers of security guards would be needed for hosting the games, in April 2018 ALSOK helped to organize the Olympic and Paralympic Games Tokyo 2020 Security Consortium, and was appointed as a co-representative of the consortium. Eventually, a total of 553 security firms from all 47 prefectures in Japan joined the consortium, making this a truly "all-Japan" organization.

Besides arranging security for the Olympic Stadium and the Olympic Village, ALSOK also contributed toward the holding of the Olympic and Paralympic Games Tokyo 2020 in a variety of different areas, for example through the adoption of the ALSOK Staff Cooperation System, which was developed to help make stationed security operation more efficient, with the Olympics and Paralympics in mind.



In-house team dispatch ceremony



Note: ALSOK was a Tokyo 2020 Official Partner (Security Services and Planning).

ALSOK's Strengths

2

Excellent Human Resources

That Embody ALSOK's Philosophy

As ALSOK is in the business of providing value by protecting people and society, the most important capital is its human resources. For this reason, we need to develop human resources that can put ALSOK's philosophy of "arigato no kokoro" and "bushi no seishin" into their actual actions. As professionals in the areas of security, facility management (FM), and long-term care provision, we focus heavily on the cultivation of expert talent. Recognizing the need to provide services that can be used with maximum peace of mind, we have established an internal first-aid certification system—ALSOK Assistance—to enhance the assistance capabilities of ALSOK security staff members who need to rush to the scene quickly in emergencies.

Number of Staff Dispatched to Japanese Embassies, Consulates, etc. Overseas as Security Staff Members

Over **850** on a cumulative basis

Number of Security Planners

739 on a cumulative basis

Number of Security Consultants

37 on a cumulative basis

Number of Construction Managing Engineers, Electricians

Approx. **1,900** in total

Number of Fire Protection Engineers

Approx. **3,700** in total

Number of Care Workers

Approx. **2,000**

Number of Employees Who Have Completed First-Aid Training

20,434 in total

Number of Employees Who Have Attained the Rank of Expert in Martial Arts

3,551 **5,465** (14.2% of all employees)



ALSOK's Strengths

3

Trust

Built upon Performance and Results

Based on the high reputation of our performance record and skills as a leading security service company in Japan, ALSOK has won a large number of security services contracts both in Japan and overseas. ALSOK has also been in charge of security operations at numerous large-scale events. In addition, to be a company trusted by both local communities and society at large, ALSOK actively engages in CSR and ESG activities.



Electronic Security Services Contracts

Approx. **990,000**
(Approx. 540,000 for corporate clients and 450,000 for individual users*)

* Approx. 1,240,000 housing units covered when including contracts with housing complexes

Annual Amount of Cash Handled

Approx. **¥469** trillion

Number of ALSOK ANSHIN KYOSHITSU Classes Held

52,161 on a cumulative basis

Cumulative total of AED devices sold

Approx. **210,200** units

Cash Deposit and Dispenser Machine On-Line System

Approx. **26,500** units

External Evaluations

- Next-generation certification mark (Kurumin)
- Eruboshi
- FTSE4Good
- FTSE Blossom Japan
- MSCI Japan ESG Select Leaders Index

Providing Products and Services That Help Resolve Social Issues

ALSOK offers a multifaceted lineup of services that help resolve issues faced by customers and society through an accurate understanding of changes in social trends by leveraging its security services expertise.

Developing Communities Where Everyone Can Live Safely Leveraging ALSOK's Strengths



01 AI/IoT-Powered Security Services

By combining state-of-the-art systems such as high-resolution cameras, AI-based behavior analysis, etc., with its long-standing security service know-how, ALSOK serves the ever-expanding needs for safety and security.

IoT

A security guard being dispatched to the scene

02 Long-Term Care/Community-Based Watching Over

The ALSOK Group leverages its unique know-how of "protecting" in such services as watching over those family members who live away, fee-based long-term care facilities, day care and home-visit nursing care, and dispatching medical massage.

03 Security Robots and Drones

We have developed security robots, AI-powered fully self-driving drones, etc., and use them in coordination with security guards aiming to provide more advanced and efficient security services.

04 Facility Management

We support cost reduction and the enhancement of asset value of buildings by providing one-stop services encompassing fire inspection, cleaning, and facility management.

05 Infrastructure Support and BCP Measures

Aiming to realize the social implementation of self-driving, we participated in verification tests for the remote monitoring of vehicles. We also provide services to resolve the issue of decrease in the means of transportation, such as mobile ATM and post offices.

06 Energy Conservation Services

We undertake air conditioning, water supply and drainage upgrading work, as well as interior environment testing and other inspection and testing work.

07 Cash Management Service, ATM Management Service

08 Virus/Infectious Disease Control Measures

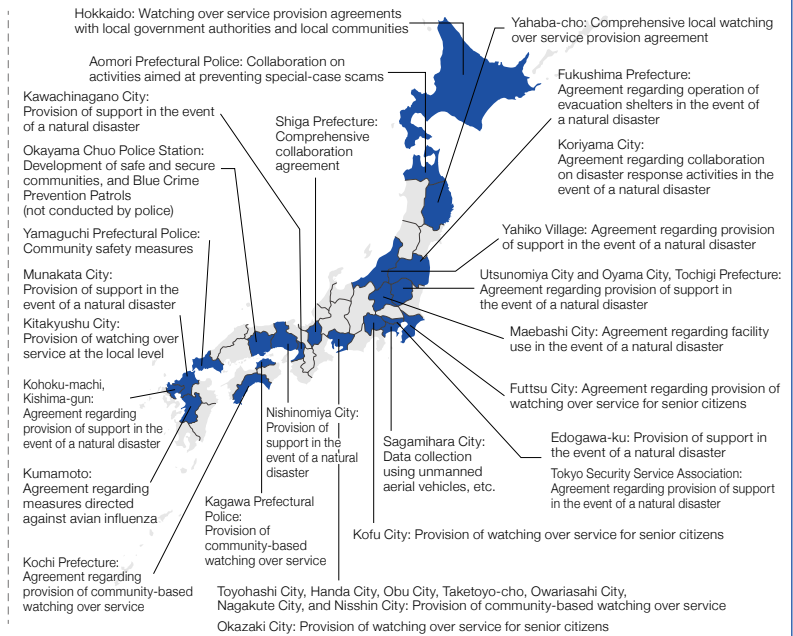
Case Examples of the Development of Safe and Secure Communities (1)

Contributing toward Crime Prevention and Disaster Preparedness by Entering into Agreements with Local Government Authorities, Etc., throughout Japan

ALSOK undertakes activities that contribute toward community safety, crime prevention, and disaster preparedness in communities throughout Japan. Making effective use of our nationwide network of approximately 3,000 depots and our ability to respond rapidly and flexibly to emergencies, we have signed agreements with local government authorities, police departments, etc., in relation to areas such as watching over services and disaster preparedness support.

The content of these agreements is very wide-ranging, covering items such as making ALSOK depots available for use as evacuation locations in the event of a natural disaster, using drones for data collection, conducting crime prevention patrols to ensure the safety of senior citizens and children, and checking up on people to see if they are OK.

By making effective use of the special characteristics of our business activities to address the problems affecting local communities, we are further enhancing the contribution that we make to these communities.



Case Examples of the Development of Safe and Secure Communities (2)

Contribution Made as a Certified Wildlife Capture Operator
ALSOK CHIBA's Initiatives

Within Chiba Prefecture, damage to agricultural crops caused by animal and bird pests amounts to approximately ¥400 million per year. Responding to this situation, in July 2020 ALSOK CHIBA established the Mobara Game Meat Processing Facility, after putting in place a framework for coordination with local government authorities in Chiba Prefecture.

The Mobara Game Meat Processing Facility receives animals (including wild boars, etc.) caught by trappers, and processes them into meat products. This ultra-modern facility implements thorough quality management—including sanitation management based on the hazard analysis and critical control points (HACCP) system, an approach to hygiene management that has won widespread international approval, and testing to protect against the risk of hepatitis E infection—and provides game meat of the highest possible quality using an integrated production system that covers every stage from skinning and butchering through to meat processing, inspection, vacuum packing, cold storage, and product delivery.



Meat processing facility
Mobara Game Meat Processing Facility

Case Examples of the Development of Safe and Secure Communities (3)

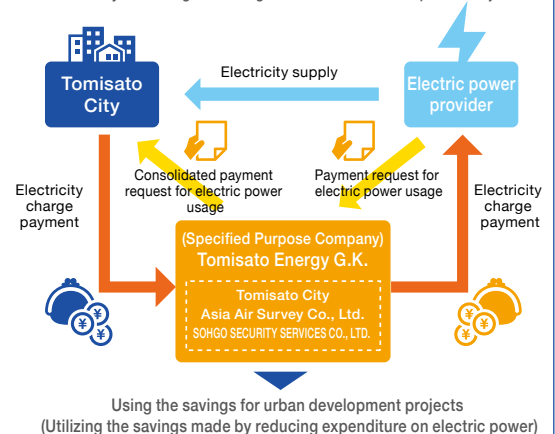
Establishment of Tomisato Energy G.K.,
The First Public-Private Partnership (PPP)
Involving the Security Sector

On February 19, 2021, ALSOK established Tomisato Energy G.K., a Specified Purpose Company (SPC), in collaboration with Tomisato City and Asia Air Survey Co., Ltd.

Through this new company, a framework has been put in place whereby, by making electric power procurement more efficient, the electricity bills paid by public facilities within Tomisato City can be reduced, and the savings used to fund urban development projects.

Going forward, ALSOK will continue contributing toward the realization of a sustainable society by collaborating on similar urban development projects that help solve local problems.

Framework for Reducing the Electric Power Expenses of Public Facilities in Tomisato City and Using the Savings to Fund Urban Development Projects



ALSOK's R&D

ALSOK's R&D Activity Involves Not Just High-Level Manufacturing But Also the Creation of New Safety and Security Systems

To enable our customers to live in safety with real peace of mind on a daily basis, and recognizing the need to create new kinds of safety by integrating the latest technologies with the expert know-how that we have accumulated as a specialist security company, ALSOK continues to undertake R&D work on the most advanced technologies every day.

Responding to the COVID-19 Pandemic

■ Launching the ALSOK Fingerprint Authentication Card

The COVID-19 pandemic led to strong demand for non-contact ID verification systems. ALSOK has responded by developing and launching the ALSOK Fingerprint Authentication Card, which incorporates a fingerprint authentication function into a contactless IC card, thereby contributing toward infection prevention and also preventing unauthorized use in the event that the card is lost or stolen.

■ Provision of Office Security That Utilizes the My Number Card

ALSOK has responded to the trend toward My Number Cards being used as ID verification cards in central government agencies, local government authorities, and national universities. Besides the existing ALSOK security cards and customers' own employee ID cards, on August 20, 2021 we began provision of a new service whereby My Number Cards can be used for office security, including access control ID verification, and activation and deactivation of security settings.

When the My Number Card is in close proximity, the information on the card can be read; it can also be used for controlling electronic locking devices and as a remote operating device for Electronic Security Services.

Entering or leaving rooms within a building



Activation and deactivation of Electronic Security Services



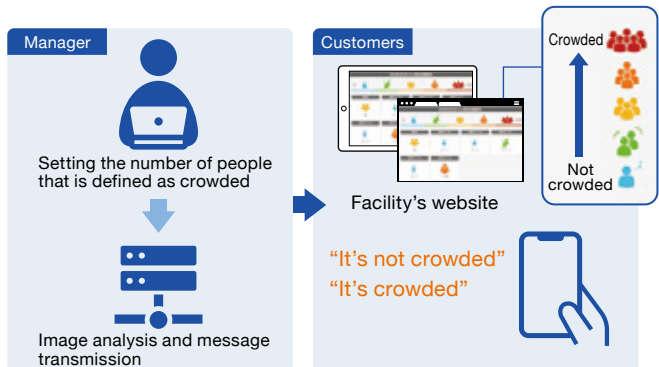
Product Features

- Users do not need to carry a separate IC card for entry management and security purposes
- The administrative burden of issuing, lending, and returning IC cards for access control and security purposes is reduced
- IC card issuing expenses are reduced

Note: ID verification is performed utilizing a user number that is written onto a card application in an unused segment of the IC, separate from the My Number (personal number), so the My Number itself is not used.

■ Launching the ALSOK Congestion Status Distribution Service

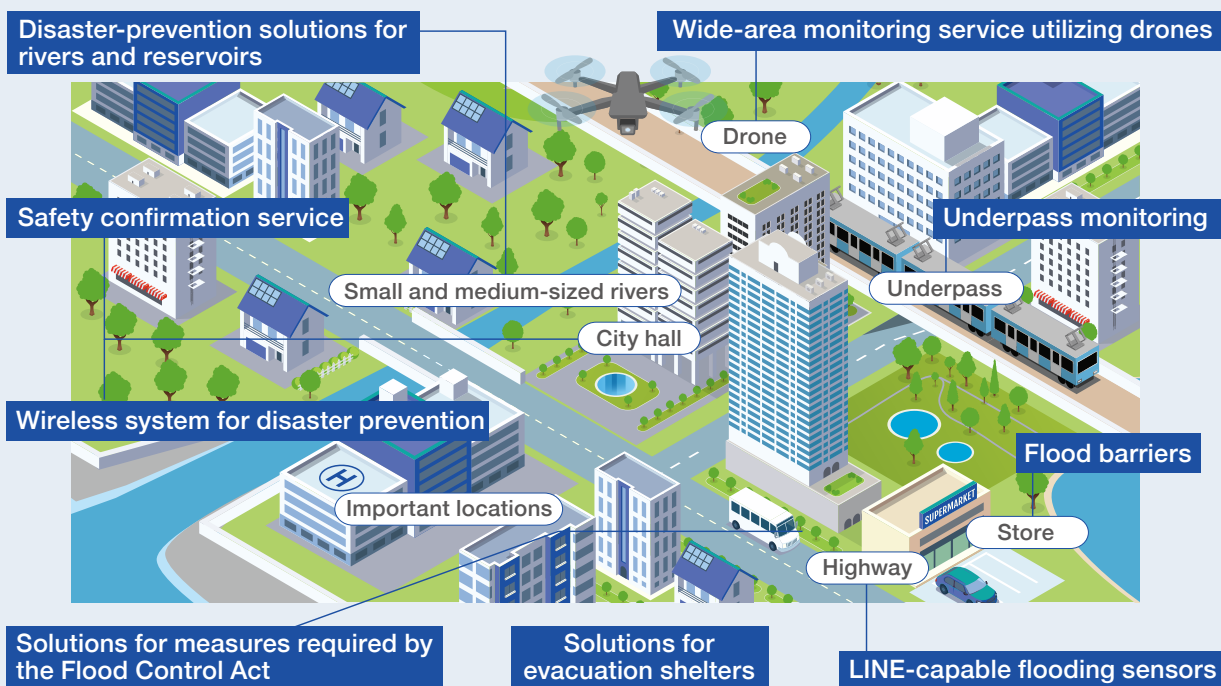
Responding to the growing demand from people wanting to be able to avoid crowded places during the COVID-19 pandemic, in June 2021 we launched the ALSOK Congestion Status Distribution Service, with which, using images analyzed by security system artificial intelligence (AI), updates on crowding status (i.e., whether an area is becoming overcrowded) can be easily sent to a facility's official website or to digital signage. Enabling facility users to check crowding status in advance helps facility operators to implement crowding mitigation measures, and also makes it possible to achieve the right balance between infection prevention and attracting customers.



Product Features

- **No need to purchase a dedicated device**
As this system uses the image sensors and security camera images from the existing security system, and as the image analysis is performed in the cloud, there is no need to purchase a separate image analysis device. Also, the service only needs to be used when it is actually required.
- **Flexible detection settings**
For each camera, analysis can be performed for up to four areas. As the organization sending messages to its website can implement crowding mitigation based on data for the total number of people as determined from multiple different cameras, detailed settings can be made for individual areas within the facility, or for the facility as a whole.
- **The URL for the website page to which messages are sent can be generated easily using the system management screen**
By setting a link to the customer's website, messages containing information for facility users can be sent easily.

New Initiatives—ALSOK's Flood Preparedness-Related Service



TOPICS

A River Management Solution Using ALSOK's Unmanned Aerial Vehicles (Drones) Is Selected as a Kanagawa Prefecture Cutting-Edge Robotics Project

Once again this year, as in 2020, the River Management Solution Using Unmanned Aerial Vehicles (Project for Detecting Persons Linger in or Near Rivers and Warning Them to Evacuate, and for Implementing Riverbed Measurement), which ALSOK proposed, was selected as a Cutting-Edge Robotics Project by the Kanagawa Prefectural Government.

By making effective use of unmanned aerial vehicles (drones), which have good resistance to wind and rain, and of aerial photography image analysis technology, we are working to commercialize systems that will make it possible to detect and warn people who linger in or near rivers to seek safety, and also enable measurement of riverbed deformation resulting from natural disasters.



Making Effective Use of Drones in Bridge Inspection Operations

In September 2021, ALSOK implemented bridge inspection operations using drones in Hamamatsu City, Shizuoka Prefecture. By using drones in the bridge inspection business—demand for which is expected to rise due to the increase in the number of aging bridges, and the shortage of skilled technicians—it is possible to reduce the amount of ancillary work needed (such as erecting scaffolding and performing traffic control, etc.), reduce the amount of labor needed, and shorten the time needed to complete the work.

Besides aiming to achieve widespread adoption of the use of drones for inspection work, ALSOK is also seeking to contribute to the building of high-quality social infrastructure through “safe, secure, sustainable urban development.”

Bridge inspection using a drone in progress



Note: For more information, please visit our website.
<https://www.alsok.co.jp/company/news/>



Quality Improvement Initiatives

The origin of ALSOK’s business lies in providing the highest-quality products and services to customers. We are making various efforts to further improve quality in order to maintain the trust of our customers and society.

Approach to Quality Improvement

Given the nature of our services, such as Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services, which are intended to protect the lives and properties of our customers, we regard the provision of quality services that support the intention of customers based on the relationship of trust as an important management issue.

ALSOK is promoting various quality improvement initiatives on an ongoing basis, including reflecting customer feedback in business improvement efforts, developing a corporate culture that encourages employees to encourage and learn from one another, working to secure various types of management certification, and preparing for anticipated risks.

Improvement of Customer and Employee Satisfaction

Customer feedback, including opinions, requests, complaints, and praise, is shared with all employees, and is used to improve our services on a daily basis. We are also working to develop a corporate culture to seek both customer and employee satisfaction at the same time by such means as GST (Good Service Thanks) Cards, which are hand delivered to select employees and bear praises for their achievements and/or appreciation for their support, Employee Satisfaction (ES) Meetings for opinion exchange, and the enhancement of employee award programs.



GST Cards

Number of Customer Feedback

1,940

(including 813 complaints and 1,127 messages of appreciation)

Number of GST Cards Distributed

82,148

on a cumulative basis

- Adoption of a system for assessing complaints in a constructive way

By instilling awareness of the need to prevent reoccurrence, we have reduced the number of complaints.

67 fewer complaints than in the previous year (down 7.6% YoY)

- Honoring of the GST Card Monthly “Most Valuable Player” (MVP)

Increasing opportunities for employees to receive commendation, by fostering the development of a corporate culture that values praise, and by raising motivation



Excellent offices are awarded every month.

Securing Various Types of Management Certification

In 2002, ALSOK acquired ISO 9001 certification, the international standard for quality management systems (QMS). ALSOK’s efforts on continuous improvement through the PDCA cycle also include the acquisition of information security management system (ISMS) certification to protect information assets.

ALSOK Group Certification Status (As of March 31, 2021)

- QMS certification: **56** companies
- EMS certification: **38** companies
- ISMS certification: **19** companies

Note: Number of companies participating in joint certification with multiple companies including SOHGO SECURITY SERVICES CO., LTD. SOHGO SECURITY SERVICES CO., LTD. has also been awarded Business Continuity Management System (BCMS) certification.

Risk Preparedness

ALSOK secured Business Continuity Management System (BCMS) certification in March 2014, and we are prepared for a wide range of risks, for example through the formulation of our business continuity plan (BCP). ALSOK promptly establishes a Disaster Response Correspondence Office to collect information and secure necessary human and other resources.

We also make effective use of our safety and security know-how, for example by having the ALSOK Group's long-term care facilities hold disaster preparedness training in collaboration with ALSOK itself.



Comprehensive disaster response drill

Establishment of Internal Standards and In-House Competitions

ALSOK established internal standards "ALSOK Standards" in 2006, and each office strives to achieve the standard values applicable to the number of skill certifications and public certifications secured necessary for work.

We aim to enhance service quality company-wide by holding the ALSOK Group Corporate Quality Improvement Tournament, which involves competing in events that relate directly to actual services, and the Long-Term Care Quality Improvement Presentation, implemented by our long-term care provision companies, on an annual basis.



Sales presentation competition



Luggage inspection event



Long-Term Care Quality Improvement Presentation

Initiatives for Safe Driving

ALSOK is promoting measures to ensure safety, including the establishment of annual targets for the prevention of occupational accidents and the provision of education on work safety.

In our security-related divisions, where personnel need to drive frequently, besides adopting a safe driver certification system and accident-free vehicle badge system, we have made it compulsory for newly purchased vehicles to be fitted with safety features such as driving recorder devices, automatic braking systems, and lane departure prevention (LDP) systems.



Implementation of road accident prevention education and practical skills training



An in-vehicle camera

- Strengthening driving recorder device incident management, rectifying bad habit, and improving driving skills
Complaints about driving etiquette (Electronic Security Services)

Down 25% YoY

Human Resource Development and Empowerment Initiatives

ALSOK is constantly working to improve the workplace environment to enable human resources, which are the base of sustainable growth for the Company, to fully exercise their talents through the enhancement of training systems, active support for career development, and the promotion of diversity.

Policy Regarding Development of Human Resources

To invigorate the ALSOK Group as an organization and to promote the enhancement of employees' capabilities, we encourage employees to obtain various types of official certification, and we also make an effort to foster personnel exchanges with central government agencies and other business enterprises, and between companies within the Group. These initiatives are based on a fundamental approach which recognizes that human talent is the most important foundation for all corporate activities. We aim to cultivate human talent that embodies our management philosophy, and we are working to expand our education and training systems.

By supporting diverse work styles for diverse human talent, we are aiming to cultivate talent that can play a leading role not only in the security business but also in the facility management and long-term care sectors. To this end, we put in place the systems and environments needed for individual operatives to maximize their capabilities, and we are intensifying the process of work-style reform at ALSOK while strengthening employee engagement.

Initiatives

- Introduction of a "job matching system" through which employees can apply for a desired position
- Cultivating managerial talent by assigning employees to undertake MBA programs
- Holding one-on-one interviews with new employees who are recent graduates
- Adoption of role-specific on-the-job training (OJT) sheets, so that every aspect of the work, and the levels that need to be achieved, can be visualized
- Dispatching large numbers of employees to provide security services at Japanese embassies and consulates overseas



Initial training

Achievements of Our Human Resource Development Initiatives

By making effective use of e-learning to expand our education and training environment, we have been able to provide even more employees with the education they need to enhance their capabilities, at any time and regardless of where they are located, despite the impact of the COVID-19 pandemic. In addition, by introducing an internal job-posting system, not only for security roles but also for other businesses such as long-term care provision and facility management, we have been striving to identify and cultivate human talent that can play key roles in our businesses.

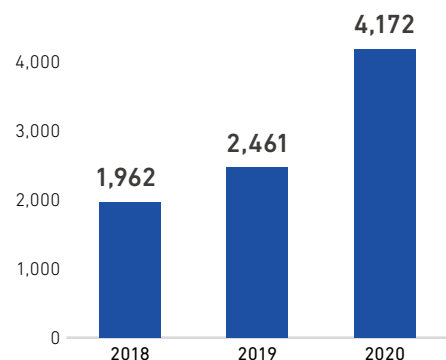
Furthermore, continuing on from our efforts in the fiscal year ended March 31, 2020, we have been aiming to expand the range of correspondence education courses available for employees to take, and we have provided employees with details of 80 such courses for which Education and Training Subsidies are available under the Ministry of Health, Labour and Welfare's Education and Training Subsidy System.

Training and Education Hours per Employee **15.9** hours on average

Number of Training Classes Planned and Offered by the Head Office **111** per year

Correspondence Education **323** courses available (Up 33 courses YOY)
 Number of Employees Taking e-learning Courses **Up 1,711** YOY

Change in the Number of Employees Taking e-learning Courses



Additionally, with the aim of getting more employees into the habit of reading, we have implemented a program whereby Company officers recommend books which they believe it would be beneficial for employees to read, with an annual total of 585 books being recommended. The ALSOK LIBRARY, our in-house library, has a collection of 3,394 books, which employees are free to borrow.

Diversity

- At our overseas business locations, we respect local employees' religious beliefs and practices, and provide them with the time and facilities they need to pray. We also work to deepen mutual understanding by having Japanese employees on assignment to overseas locations participate actively in local religious ceremonies, etc.
- Some ALSOK Group companies already have transgender people working there as regular employees. We respect individuals' gender self-identification, promote awareness among our employees to create a transgender-friendly working environment, and are putting in place systems to support transgender employees in the workplace.
- Besides making "ALSOK Assistance" first aid skills training compulsory for employees performing Electronic Security Services or Stationed Security Services roles, we are also striving to enhance employees' understanding of diversity by providing training to help employees become more accepting of difference (barrier-free mindset).



We have adopted text-to-speech software to make it easier for senior citizens, people with disabilities, etc., to access content on the ALSOK website.

Work-Style Reform and Work-Life Balance

In order to create a working environment that enables employees to continue working while undertaking childcare responsibilities, ALSOK has put in place various systems for employees with childcare responsibilities that go beyond the mandatory requirements stipulated by law.

With the number of female employees having increased in the past few years, and with male employees tending to participate more actively in childcare, we are adjusting and expanding the relevant work-related systems.

Ratio of Employees Returning to Work after Taking Childcare Leave (Non-consolidated)

Male **100%** Female **97.6%**



"Eruboshi" certification mark (awarded to companies that actively promote the advancement of women in the workplace)



"Kurumin Mark" (awarded to firms that are judged to be taking proactive measures to promote family-friendly workplaces)

Comments from Employees Who Have Made Use of These Systems

- After our child was born, it seemed as though there were problems that had to be overcome almost every day. I was glad to be able to do the housework for my wife, because she experienced some health problems after giving birth.
- When our second child was born, I took childcare leave to look after the older child. It has been great being able to spend so much time together with our older child.
- I feel very grateful for the fact that, although we don't have many people in our team, when I said that I wanted to take childcare leave, my supervisor and my colleagues didn't get annoyed about it, and were willing to adjust their work responsibilities to cover for me.
- I was feeling quite embarrassed, but when I started back at work I was welcomed back in a very friendly way, and I have been able to get back to work cheerfully and with peace of mind.

Average Overtime Hours Worked (Non-consolidated)

Down 1.2 hours YOY

Health Management Promotion Activities

In 2018, we established a Platinum Holiday System that enables all employees to take long vacations of nine consecutive days or more, and in the fiscal year ended March 31, 2021 we introduced a new Pearl Holiday System whereby employees can book vacation time in advance on a quarterly basis, thereby helping to create an environment in which it is easier to take one's holiday entitlement.

We provide an employee welfare program through which employees can enjoy discounts on the use of sports facilities, hotels, etc., and have put in place an insurance system to support employees in the event that they are forced to take a long period off work. We have established the ALSOK Support Line as a contact window for mental health consultations, and collaborate with the Health Insurance Union on the holding of health-related events. Through measures such as these, we provide support to help employees and their family members enjoy healthy, fulfilling lives.



ALSOK has been selected as a Certified Health & Productivity Management Outstanding Organization for five consecutive years since 2017.

Percentage of Employees Indicated as Having High Stress Levels in Stress Checks (Non-consolidated)

Down 1.9 % YOY

To Realize a Sustainable Society

The United Nations' Sustainable Development Goals (SDGs) vision of a sustainable global society in which we "Leave No One Behind" perfectly matches the ALSOK Group's management philosophy of doing our utmost to ensure the safety and security of our customers and of society as a whole, in line with ALSOK's fundamental ethos of "arigato no kokoro" (a feeling of gratefulness and gratitude) and "bushi no seishin" (a samurai spirit), which we have held to ever since ALSOK was first founded.

As a company responsible for a critical component of social infrastructure, the ALSOK Group helps to ensure the safety and security of everyone living in society through a network that is the largest of its kind in Japan. By further expanding the strengths that the ALSOK Group has built up over the years and its sustainability initiatives, and by providing various safety- and security-related services based on its founding spirit, we aim to contribute toward the realization of the SDGs and the achievement of a sustainable society.

SDGs-related initiatives

Addressing society's problems through all of ALSOK's businesses
Contributing to society's safety and security



ALSOK's sustainable growth

Contributing toward the realization of the SDGs

Realizing a sustainable society

The spirit that underpinned ALSOK's founding: "arigato no kokoro" and "bushi no seishin"



The SDGs That ALSOK Is Contributing Toward

Sector	Social Issues	Main Initiatives	Vision	
E Environmental 	Consideration for the global environment 	<ul style="list-style-type: none"> Intensification of climate change Safeguarding biodiversity Effective utilization of resources 	<ul style="list-style-type: none"> Reducing energy usage and CO₂ emissions Responding to bird and animal pests Promoting the “3Rs” (Reduce, Reuse, Recycle) 	Helping to resolve climate change-related problems, and contributing toward safeguarding the global environment
S Social 	Providing products and services that help resolve social issues Human resources development and empowerment initiatives Community contribution activities Quality improvement initiatives 	<ul style="list-style-type: none"> Crime, terrorism, etc. Aging social infrastructure Shrinking labor force, and shortage of medical professionals and care workers Cultivating diverse talent Respect for diversity and human rights Work-life balance The need to control crime Loss of educational opportunities The need to provide support for recovery Enhancing service quality Risk preparedness Worsening labor environment and occupational accidents 	<ul style="list-style-type: none"> Integrating AI and the IoT with security Monitoring services Watching over and ALSOK long-term care Improving the environment for employee education/training Diversity promotion Strengthening health management initiatives Holding of various types of crime prevention seminars Sports promotion and activities to support the next generation Disaster relief and volunteering activities Enhancing customer satisfaction and employee satisfaction Improving the BCP framework Occupational safety measures 	Addressing society's problems through the realization of safety and security by making effective use of the know-how cultivated in the security sector
G Governance 	Corporate governance 	<ul style="list-style-type: none"> Corruption prevention Compliance Strengthening transparency 	<ul style="list-style-type: none"> Improving the corporate governance framework Complying with Japan's Corporate Governance Code Implementing effectiveness assessment 	Becoming a business group that is trusted by its stakeholders

Column

Initiatives Directed at Students

ALSOK provides internships for students on an annual basis, and for the fiscal year ended March 31, 2021 the theme was “Learning About the SDGs, Which Have Become a Focus of Global Attention.” We presented concrete examples of the SDGs that ALSOK is seeking to address, and held workshops to discuss what ALSOK can do to address SDG goals that are of particular concern to students. Around 95% of the participating students expressed satisfaction with this initiative.

Rather than just introducing the measures being implemented by ALSOK, the initiative also provided the participating ALSOK personnel with CSR-related responsibilities with exposure to the students’ flexible thinking and new ideas, and they too found it quite interesting.



Internship activity

Sustainability and CSR Management

For ALSOK, sustainability and corporate social responsibility (CSR) mean contributing toward the safety and security of our customers and of society as a whole by addressing various problems that affect them through our business activities. Ever since ALSOK was founded in July 1965, we have undertaken our operations with a strong sense of mission, and we have newly formulated the ALSOK Group Basic Sustainability Policy to outline what the ALSOK Group as a whole will be aiming for in terms of sustainable growth.

ALSOK Group Basic Sustainability Policy

The ALSOK Group has been responding to the expanding need for safety and security in a society where risks are diversifying with a strong sense of mission based on two core principles exemplified by “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit). At the same time, the Group has been taking steps to address issues related to sustainability based on the recognition that it is a fundamental management issue. We declare that we will fulfill our social responsibility as a resilient integrated safety and security solutions provider by promoting the innovation of our security business model to meet the diverse safety and security needs of our customers and society going forward. We have established this as the ALSOK Group Basic Sustainability Policy.

(1) Providing products and services that contribute to the solutions of social issues

By maintaining an understanding of trends in our constantly changing society and applying the expertise we have built up over our many years in the security services industry, we at the ALSOK Group will offer multifaceted services that contribute to the solutions of the issues that society in general and our customers in particular face. We are committed to doing our part to contribute to the sustainable development of society through responding to the needs of increasingly diverse lifestyles and an aging society as well as giving our support to measures taken to deal with natural disasters and supporting local communities in cooperation with local governments.

(2) Ethics and fair trade

In order to fulfill our social responsibility and continue to be a company that has society’s trust, we will maintain a high level of ethics. We will have absolutely no relations or associations with antisocial forces (criminal organizations or forces). We also forbid the abuse of positions of privilege, and will not engage in any acts that impede fair, transparent, and free competition. Furthermore, we will proactively provide and disclose information to our shareholders.

(3) Corporate governance

So that the ALSOK Group continues to exist as an entity open to the community and to society and continues to be trusted and respected as a company, we promise to fulfill our duties of accountability, make our management more efficient, and increase transparency. We will facilitate dialogue with and among our customers, employees, shareholders, investors, business clients, local communities, and other stakeholders. We will also continue to enhance the transparency of our management, improve the effectiveness of auditing, and strengthen our systems of internal control.

(4) Human rights and labor

The ALSOK Group respects the human rights of all stakeholders and treats them in a respectful manner, in accordance with international rules relating to human rights. We ensure that employees enjoy the working hours, weekends, holidays, and wages that they are entitled to by law, and we do not engage in any form of discrimination or unethical treatment.

Framework for Sustainability and CSR Initiatives

Material Theme 1	Providing Trustworthy Security Services
Material Theme 2	Providing Products and Services That Help Resolve Social Issues
Material Theme 3	Cultivating Human Resources and Building a Comfortable Workplace Environment
Material Theme 4	Contributing to Local Communities through Active Communication
	Consideration for the Global Environment

ALSOK has established its management policies and code of conduct as well as a framework of internal regulations and rules. Furthermore, the Company has outlined issues to address in its CSR activities, giving a clear structure to its CSR ideals. The management policies set out the principles of how the ALSOK Group should engage with its stakeholders. The code of conduct defines how all members of the Company, including employees and executive officers, should act in carrying out their daily business activities. The Company has also established various internal regulations and rules related to specific issues. Based on these guidelines, we are incorporating sustainability perspectives into all areas of our business operations.

In 2014, we defined four material CSR themes as specific pillars of our CSR activity policy to pursue ongoing improvements in corporate value while developing our business. We also facilitate CSR activities to help resolve social issues from a global perspective through verification of compliance with the SDGs, which were adopted by the United Nations with the aim of resolving some of the major problems affecting the world.



(5) Providing trustworthy, resilient integrated safety and security services

The ALSOK Group always demands a high level of ethics and discipline. We consider issues of compliance, the protection of information assets, and the business continuity plan (BCP) to be of particular importance for management, and as such continually engage in various forms of seminars and training for the purpose of education. Going forward, we promise to continue our efforts to raise the quality of service that we provide and to enhance customer satisfaction.

(6) Human resource development and providing better workplaces

For a company to grow sustainably, we recognize that human resources are the indispensable driver of competitiveness. Based on this understanding, the ALSOK Group is continually enhancing its seminar and training systems and actively providing career support so that its employees can make the most of their abilities. We will continue to work to implement systems-designed work environments in which employees find it comfortable to work through steps such as promoting better work-life balance and meeting diversity needs, and continue to train and educate the human resources that form the foundations of our corporate activities.

(7) Conservation of the global environment

Continuing to implement measures to reduce CO₂ emissions and foster the reuse and recycling of resources, as well as nature conservation activities, etc., in order to help safeguard the global environment, the ALSOK Group also provides products and services that contribute toward helping resolve environmental problems for our customers and for society as a whole.

(8) Contributing to local communities

The measures that we implement both within and outside Japan to address the various problems affecting local communities embody the ALSOK Group's fundamental philosophy of "arigato no kokoro" (a feeling of gratefulness and gratitude). Through initiatives such as the ALSOK ARIGATO UNDO FOUNDATION, which organizes crime prevention patrols, provides coaching for children's sports activities, and undertakes disaster relief both in and outside Japan, we undertake activities that make a positive contribution to local communities.

(9) Thorough crisis management

Besides being prepared for threats such as natural disasters, terrorist attacks, and cyberattacks, we are also ready to implement countermeasures immediately in the event of an emergency, and we strive to minimize the negative impact on our stakeholders.

(10) The role of our management team

ALSOK's senior managers have a strong awareness of the fact that addressing issues relating to sustainability is an important aspect of management. By putting in place an effective governance system, we strive to spread awareness throughout the Group. We are also promoting sustainability initiatives in the supply chain.

Stakeholder Engagement

The ALSOK Group is conducting its business activities in relation with diverse stakeholders including customers, employees, business partners, shareholders/investors, local communities, and the global society. In reference to, among others, ISO 26000, the international standard for social responsibility, we listen diligently to various requests and expectations obtained from communications with stakeholders and reflect them in our business activities. We also work with each sector in the local community, such as NPOs and NGOs, on an ongoing basis, aiming to contribute more effectively to the resolution of social issues.



E: Environmental | Consideration for the Global Environment

Understanding that environmental issues affect all of humanity, ALSOK is working to prevent environmental pollution (i.e., prevention and reduction of pollutant emissions) and to reduce the environmental load, setting goals for the reduction of CO₂ emissions and other environmental indicators, and is also grappling with climate change issues and conducting natural environment protection activities. The Company shapes such initiatives based on the United Nations Framework Convention on Climate Change and other global consensus and targets.

Realizing Carbon Neutrality

● Green procurement

In 2006, we formulated our Green Procurement Guidelines, and we ask new suppliers to commit to being environmentally friendly. When delivering security alarm devices, we strive to reduce the number of individual shipments from the manufacturer, and to consolidate deliveries from the warehouse to individual depots throughout Japan, thereby reducing the environmental footprint.

● Initiatives aimed at reducing energy use

By switching over to using LED lights in ALSOK-owned facilities and adopting solar power systems for employee housing and Group company facilities, we aim to reduce the CO₂ emissions associated with energy use. We are also promoting energy saving by overhauling existing equipment.

● Switching over to environmentally friendly vehicles

As a company that uses large numbers of vehicles in its operations, ALSOK is proactively promoting a shift over to the use of electric vehicles and hybrid vehicles.

By adopting environmentally friendly vehicles appropriate to different operational requirements, we are contributing toward a reduction in CO₂ emissions.



ALSOK's Tokyo Training Center, which has adopted LED lighting



Adoption of a solar power system (conceptual image)

Our Short-, Medium-, and Long-Term CO₂ Emissions Targets

For the fiscal year ending March 31, 2022, our short-term goal is to reduce CO₂ emissions to less than 82,394 t-CO₂, in order to reduce CO₂ emissions on a per unit of sales basis by 6.8% year-on-year.

We are also reviewing the medium- and long-term reduction targets that we have set so far in order to evaluate the setting of ambitious targets, taking into account the current environment while keeping an eye on the expansion of our business scale.





Safeguarding Biodiversity

In the fiscal year ended March 31, 2020, damage to agricultural crops in Japan caused by animal and bird pests totaled approximately ¥15.8 billion. Besides causing damage to rural communities, these pests also pose a threat to biodiversity in forest habitats.

ALSOK has been certified as Certified Wildlife Capture Operators. Not only does ALSOK sell protective fencing and related ICT equipment to local government authorities, ALSOK CHIBA has established a meat processing plant, and collaborates with local Japanese restaurants on the sale of game meat.



Number of ALSOK Group companies that hold Certified Wildlife Capture Operators certification

8 ALSOK Group companies (ALSOK KANAGAWA, ALSOK CHIBA, ALSOK MIYAGI, ALSOK FUKUSHIMA, ALSOK AKITA, ALSOK GUNMA, ALSOK YAMAGATA, and ALSOK FUKUOKA)

Helping to Build a Resource-Circulating Society

In the past, individual ALSOK depots signed separate agreements with mobile phone service providers. Now, by adopting a Bring Your Own Device (BYOD) system, we have reduced the number of mobile phones that have to be provided for employees by 1,035 units.

In addition, with the exception of some units that cannot be repaired, we aim to reuse all security alarm devices, thereby helping to reduce the quantity of resources used in relation to waste units and the manufacturing of new units.

Furthermore, ALSOK depots throughout Japan undertake beach and street clean-up activities, helping to safeguard the environment in their local community.



Beach clean-up activity undertaken by ALSOK Kanagawa

Average reuse rate for all depots nationwide **55%** Cost saving achieved through reuse **¥1,301 million**

Promoting Paperless Offices

By making adjustments to tasks that in the past required the use of paper, and by making effective use of digital application systems and chat apps developed in-house, we have succeeded in reducing annual paper consumption by approximately 3.24 million sheets.

There has also been growing demand for the service we provide for collecting and recycling customers' confidential documents, which has brought in roughly ¥37 million of additional sales revenue.

Reduction performance
¥1.88 million
 Cost reduction
 Equivalent to **296t-CO₂**

Aiming to Have the Entire Company Secure ISO 14001 Certification

In 2016, ALSOK formulated an environmental policies and secured ISO 14001 certification, and in 2018 we began working to obtain ISO 14001 certification for all branches. Since 2019, several ALSOK Group companies have shifted over to joint certification, and currently a total of 38 Group companies have been certified. Going forward, besides working to obtain ISO 14001 certification for all Group companies as speedily as possible, we will also be striving to ensure that the ALSOK Group as a whole conducts environmentally friendly business activities.

S: Social | Community Contribution Activities

To give form to “*arigato no kokoro*” (a feeling of gratefulness and gratitude)—part of ALSOK’s fundamental spirit—the Company acts as a good corporate citizen, diligently working to contribute to the resolution of the various issues faced by the communities it serves.

Ideas behind Community Contribution Activities

ALSOK conducts community contribution activities leveraging its own services to respond to the requests and expectations from the local community for safety and security. We understand that the phrase “protecting the safety and security of society” in our management philosophy includes the meaning that we will protect the future in which all people can lead a safe and secure life regardless of their age, gender, or any disability that they may have. Based on this idea, we participate in volunteering and donation activities beyond regular business activities to contribute to the resolution of various social issues and to promote regional development.

● ALSOK HOTTO LIFE KOZA

ALSOK employees volunteer to give visiting class programs at which they outline current trends in crime targeting senior citizens—such as bank transfer scams, purse-snatching, and burglary—and discuss ways to protect against these crimes.

The seminar content is prepared based on recommendations received from the Community Safety Bureau, Tokyo Metropolitan Police Department, and uses quizzes, *Karuta* (traditional Japanese playing cards), etc., to make learning fun.



Number of Classes Held **337** Number of Attendees **8,962**

● ALSOK ANSHIN KYOSHITSU classes

In addition to crimes committed while away from home and on the way to and from school, the number of cases where children are involved in internet crimes is increasing every year.

ALSOK employees travel to elementary schools throughout Japan to give visiting class programs, which provide opportunities to learn about crime prevention in ways suited to today’s changing times, with the aim of helping to safeguard children from crime.



Number of Classes Held **1,137** Number of Attendees **34,313**

(As of March 31, 2021)

TOPICS

Expanding Disaster Preparedness Education Provision through the ALSOK ANSHIN KYOSHITSU Curriculum

Hazard Assessment in the Event of a Major Earthquake

Using a bird’s-eye view of a child’s bedroom, the class gets children thinking about what kind of risks there would be in the home if a major earthquake occurred, and teaches ways of tidying up the house to prevent household objects from falling over, crashing down, or moving sideways in the event of an earthquake, and the importance of keeping things neatly arranged.

Explanation of How to Use the Disaster Emergency Message Dial Service, and Practice in Using It

The instructors explain to the children that, if they are alone at home when a major disaster such as an earthquake or flood occurs, they may need to evacuate from their home, and the instructors stress the importance of having family members agree in advance where they will evacuate to.

They also explain about the Disaster Emergency Message Dial (171) service, which is an effective way of getting in touch with family members who are unable to return home. As a practical exercise, the instructors ask the children to think about what kind of information they would want to transmit to their parents/guardians, and to practice saying aloud a 30-second message.



Sports Promotion Activities

- Support and sponsorship for sports teams that have strong links with the local community
- Organizing online events involving athletes associated with ALSOK, for students affected by the cancellation of major sporting events due to the COVID-19 pandemic
- Assignment of security guards and provision of AED for sporting events held overseas
- Support for athletes associated with ALSOK

ALSOK Vietnam Security Services
Participation in the
Pocari Sweat Run event



Online sports class photo taken on the day of the event

- A total of nine athletes associated with ALSOK took part in Olympic and Paralympic Games Tokyo 2020, of which three won medals during the games.



Judo
Men's 90kg competition
Silver medal,
Mixed Team
Shoichiro Mukai



Wrestling
Bronze medal,
Men's Greco-Roman
Wrestling 77kg
Shohei Yabiku



Goalball
Paralympics
Bronze medal,
Women's competition
Haruka Wakasugi



Wrestling
Men's Freestyle
86kg competition
Sosuke Takatani



Weightlifting
Men's 96kg competition
Toshiki Yamamoto



Weightlifting
Women's 55kg competition
Kanae Yagi



Rifle shooting
Men's 10m Air Rifle
Mixed Team 10m Air Rifle
Men's 50m Rifle 3 Positions
Naoya Okada



Hockey
Defender
Masaki Ohashi



Hockey
Midfielder
Hiromasa Ochiai

Disaster Support and Donation Activities



Donation of a barrier-free vehicle for social welfare use

- A total of 35 ALSOK employees volunteered to assist with disaster relief following the 2020 Kyushu Floods.
- ALSOK gave donations to Fukuoka Prefecture, Kumamoto Prefecture, and Oita Prefecture to support disaster relief efforts following the 2020 Kyushu Floods.

The ALSOK ARIGATO UNDO FOUNDATION, which began its activities in 1967, provides disaster relief donations and donates barrier-free vehicles for social welfare use, using funds donated by the ALSOK Group's corporate officers and employees, as well as outside donations.

Number of Vehicles for Welfare Services Donated
126
on a cumulative basis
(As of March 31, 2021)

Support for the Next Generation/ Cultural and Artistic Activities

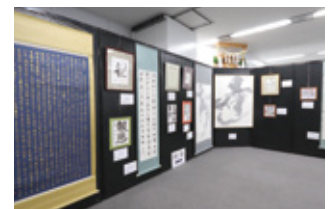
● Children Support

In relation to the "National Movement to Support Children's Future" that ALSOK endorsed in 2017, we support the lives of children in poverty by donating a portion of home security revenue through NPOs. We also conduct other activities including donation through the ALSOK ARIGATO UNDO FOUNDATION, volunteering at children's cafeterias, and requesting assistance from our corporate customers.

● Mecenat Activities

We are working on the preservation of traditional events through participation in cultural and artistic activities. For example, our offices all over Japan are conducting activities involving drums, shamisen, dances, etc., rooted in local performing arts culture.

In particular, the activities of the ALSOK SHISHIMAI (Lion Dance) CLUB have been accredited as "This is MECENAT 2020," and the shishimai dance performed by our employees is entertaining many customers.



Works by employees and their families were displayed at the ALSOK Cultural Art Exhibition

G: Governance | Corporate Governance

Basic Policies and Systems

Based on its management philosophy exemplified by the principles of “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), ALSOK devotes itself to protecting the safety and security of its customers and of society as a whole. The ALSOK Group also advocates “*contributing to society*” as one of its management policies. Meanwhile, to continue to be a corporate group that is trusted by all stakeholders, we strive to reinforce Groupwide corporate governance with measures that separate managerial execution and oversight functions, allow swifter decision making, encourage strong corporate ethics, and provide transparency in business management.

History of ALSOK’s Corporate Governance

Year		2003	2007	2009	2013	2015	2016	2021
Board of Directors	Number of members		7	8	7	8	10	12
	Outside			1		2	3	4
Audit & Supervisory Board	Number of members		4	5				4
	Outside	3	2					3

Revisions to the Rules

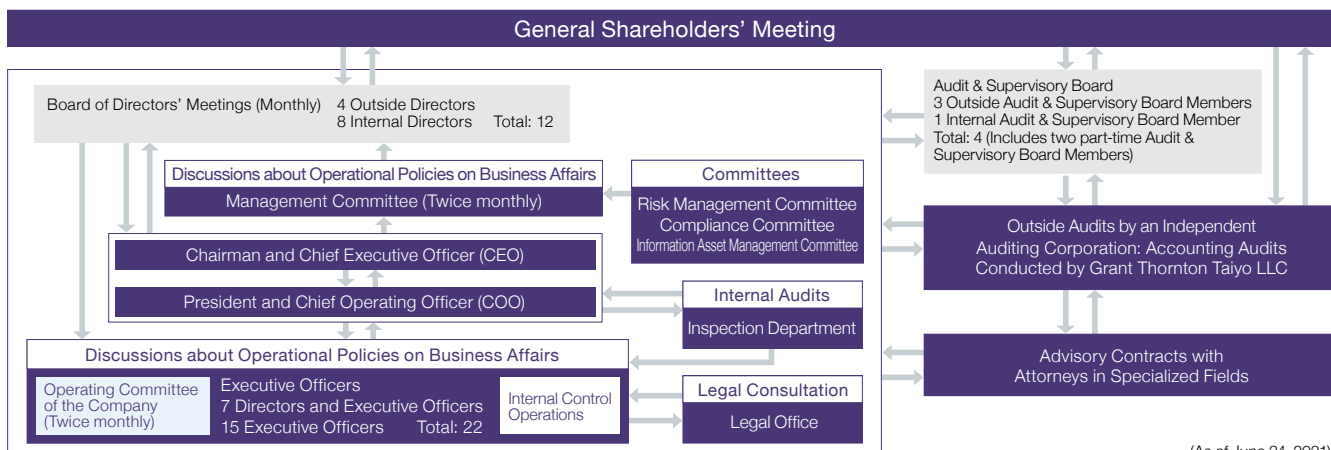
June	2002	Introduction of the Executive Officer System
November	2002	Formulation of the Compliance Rules
December	2002	Formulation of the Risk Management Rules
April	2004	Setting up of the ALSOK Hotline
August	2004	Formulation of the Basic Information Security Policy
September	2004	Establishment of Information Asset Management Committee
December	2004	Formulation of the Personal Information Security Policy
May	2006	Formulation of the Basic Policy Related to the Internal Control System
July	2009	Formulation of Information Asset Management Rules
April	2016	Setting up of an external reporting hotline under the ALSOK Hotline

Overview of Corporate Governance Systems and Reasons for Adoption

The Company has adopted the Company with Audit & Supervisory Board structure described in the Companies Act of Japan. By implementing the following systems, the Company affirms that effective and complete audits are conducted by Audit & Supervisory Board members and that management is being appropriately governed.

The Company has appointed 12 directors, four of which are outside directors, and four Audit & Supervisory Board members, three of which are outside Audit & Supervisory Board members.

The Board of Directors meets once a month, in principle, to decide on basic management policies and important matters pertaining to operational execution and to supervise the execution of duties by directors and executive officers. The Management Committee, which is chaired by the chairman and representative director, meets twice a month, in principle, to determine the agenda items to be presented to the Board of Directors and to discuss the operational execution policies formulated based on Board of Directors’ decisions. The Audit & Supervisory Board meets once a month, in principle, to discuss and make decisions based on reports on important matters related to audits. One Audit & Supervisory Board member attends meetings of the Management Committee to provide appropriate oversight for management.



(As of June 24, 2021)

Reasons for Appointment and Duties of Outside Directors and Outside Audit & Supervisory Board Members

Outside directors and outside Audit & Supervisory Board members are assumed to cover the functions of observation and supervision of the management team with objective and neutral standpoints.

Outside directors and outside Audit & Supervisory Board members attend meetings of the Board of Directors, at which they offer their opinions on the matters at hand. They receive from general managers in charge of each business and others briefings on the issues to be discussed at meetings of the Board of Directors the day prior to the meeting, allowing them to more effectively monitor management. The outside Audit & Supervisory Board members conduct audits at the premises of regional offices and subsidiaries in the same manner as other Audit & Supervisory Board members. They also coordinate with the Inspection Department and the independent auditing corporation employed by the Company in regard to supervision by outside directors, audits by Audit & Supervisory Board members, internal audits, and accounting audits. To facilitate this coordination, the outside Audit & Supervisory Board members periodically exchange information with these bodies.

The participation of the outside directors in meetings of the Board of the Directors enables them to monitor the operational execution of other directors with regard to Internal Control Operations and other matters from an independent standpoint.

The outside Audit & Supervisory Board members also evaluate the legality of the measures implemented by Internal Control Operations in the same manner as other Audit & Supervisory Board members. To this end, they perform both operational and accounting audits of the organization and review all relevant documents. The Company employs four outside directors and three outside Audit & Supervisory Board members; applications have been submitted to the Tokyo Stock Exchange, identifying each of these individuals as independent officers.

Reason for Election as an Outside Director

Name	Reason for Election	Attendance at Board of Directors' Meetings (FY2021)
Hideharu Kadowaki	Mr. Hideharu Kadowaki possesses abundant experience and insight, and advanced ability, developed as a manager at a major financial institution and elsewhere over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director.	14/14 times
Toyoaki Ando	Mr. Toyoaki Ando possesses abundant experience and insight, and advanced ability, developed through serving in important positions at a major non-life insurance company over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director.	14/14 times
Hiroto Suetsugu	Mr. Hiroto Suetsugu possesses abundant experience and insight, and advanced ability, developed as an officer at a major steel manufacturer over many years. He can be expected to contribute to enhancing and strengthening the corporate governance of the Group and further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected him again as an Outside Director.	11/11 times (After the assumption of office in June 2020)
Toshie Ikenaga	Ms. Toshie Ikenaga possesses abundant administrative experience in relation to areas such as gender equality and local government, as well as a high level of insight and ability developed during her work as a university professor. She can be expected to contribute to enhancing and strengthening the corporate governance of the Group, and to further improvement in corporate value, through providing valuable opinions from a broad perspective regarding management, and therefore the Company has elected her as a new Outside Director.	— (Assumed office in June 2021)

Observation of Japan's Corporate Governance Code

The Company observes the principles put forth by Japan's Corporate Governance Code (the "Code"), which was formulated by the Tokyo Stock Exchange, using these policies as guidelines for corporate governance and carrying out detailed inspections and reviews of organizational structures. In addition, we submit a Corporate Governance Report to the Tokyo Stock Exchange, on a yearly basis and post this report on our corporate website. This report contains information on our efforts to observe the Code.

Going forward, we will continue to examine ways to strengthen our governance system, in line with the revisions made to the Code.

G: Governance | Corporate Governance

Effectiveness Assessment

In assessing the effectiveness of the Board of Directors, ALSOK conducts a questionnaire survey with all directors and all Audit & Supervisory Board members as well as interviews with individual officers as necessary. In view of the opinions collected, ALSOK is working to improve the effectiveness of the Board of Directors.

Main Opinions Presented in the Course of Effectiveness Assessment and Responses to Them

Opinion

• Composition of the Board of Directors

From a diversity perspective, ALSOK should consider nominating female candidates for directorships. There is also an urgent need to not only recruit talent from outside the Company, but also to cultivate and make use of in-house talent.



Response

In June 2021, ALSOK elected a woman as a new outside director. Going forward, ALSOK will continue to examine the election process, including committee establishment, etc., while attaching due importance to diversity.

• Response to climate change

Both within and outside Japan, companies' response to climate change is increasingly coming to be seen as very important, and is attracting a great deal of attention. ALSOK needs to discuss what initiatives it will be implementing in this area in the future, and to decide on key topics.



Going forward, we will be undertaking wide-ranging discussions, covering areas such as ESG and SDGs-related measures, endorsement of the Task Force on Climate-related Financial Disclosures (TCFD), etc.

• Regarding medium- and long-term goals

If ALSOK engaged in discussion to clarify its medium- and long-term goals, this would help to enhance effectiveness.



We will be proceeding with this kind of discussion when formulating our Medium-Term Management Plan.

Policies and Methods for Deciding Compensation Amounts

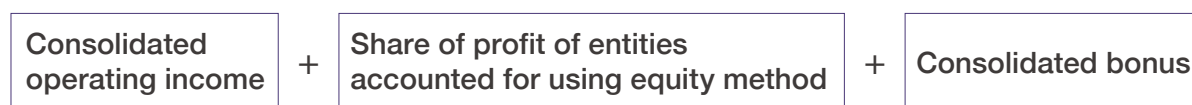
Compensation for ALSOK's directors is capped at an annual limit of ¥400 million in total, as decided on at the Company's 37th General Shareholders' Meeting, held on June 27, 2002 (this decision applied to compensation for seven directors), and compensation for Audit & Supervisory Board members is capped at an annual limit of ¥120 million in total, as decided on at the Company's 33rd General Shareholders' Meeting, held on June 30, 1998 (this decision applied to compensation for four Audit & Supervisory Board members). The compensation of directors, which is determined based on the policy outlined below, as determined by decision of the Board of Directors, includes a fixed amount, calculated according to their positions and whether they are an outside director or not, as well as a performance-linked amount, calculated based on an evaluation of the operational execution performance of individual directors, conducted in accordance with predetermined standards.

The compensation of Audit & Supervisory Board members is paid as a fixed amount, and the exact amounts of compensation are decided in accordance with standards set by the Audit & Supervisory Board.

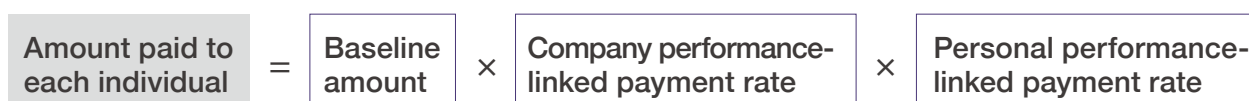
Regarding compensation of the Company's directors (excluding outside directors), the predetermined compensation (bonus) which is paid in June each year is equivalent to performance-linked compensation. With regard to the payment ratio, in the case where both the Company performance payment rate and personal performance payment rate are 100%, the payment ratio will be 20% of the total annual compensation payment amount. The fixed monthly compensation is equivalent to compensation other than performance-linked compensation. For this, in the case where both the Company performance payment rate and the personal performance payment rate are 100%, the payment ratio will be 80% of the total annual compensation payment amount.

When calculating the predetermined compensation, which is the performance-linked compensation, consolidated operating income, adjusted as described below, is used as the baseline indicator, and the payment level is determined in advance according to the plan achievement status. In this way, the Company performance-linked payment rate is determined by the Board of Directors while ensuring the transparency of the link with performance. The personal performance-linked payment rate is set in line with the extent to which targets set for each individual have been achieved. Taking this as the basis, the individual payment rates are multiplied by the baseline value using the calculation formula shown below, to decide on the final amount to be paid to each individual.

[Baseline Indicator Composition]



[Calculation formula for determining the amount of predetermined compensation to be paid to each individual]



The reasons for adopting the baseline indicator noted above are as follows.

- The main role of directors is to improve the performance of the Group as a whole, including companies that have adopted the equity method.
- Consolidated operating income, which excludes the impact of variation in the amount of bonus paid, can be deemed to be a better indicator for determining Company performance.

Regarding Future Reform of the Directors' Compensation System

Up until the year under review, ALSOK has paid directors' compensation using the system outlined above. However, starting from the fiscal year ending March 31, 2022, in line with the formulation of a new Medium-Term Management Plan, in order to further strengthen managers' responsibility for performance and realize a management strategy that is predicated on achieving business growth over the medium and long term, besides making adjustments to the existing compensation payment rate (by raising performance-linked compensation's share of overall compensation), ALSOK is also incorporating new medium- and long-term incentives into the performance-linked compensation.

a. Regarding the change in the compensation payment rate

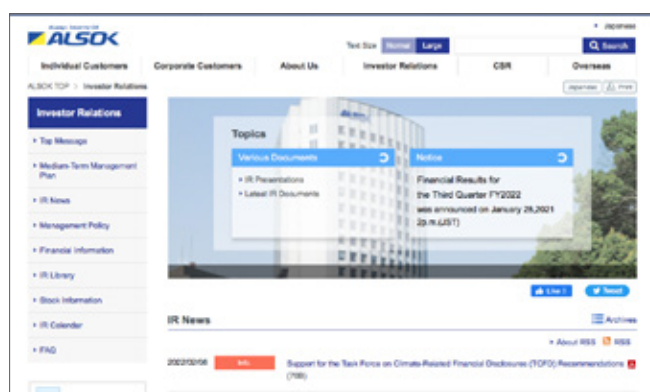
While reducing the share of overall compensation held by non-performance-linked compensation (i.e., fixed compensation) when both the Company performance-linked payment rate and personal performance-linked payment rate are 100% from 80% to 55%, the share of overall compensation held by performance-linked compensation is being raised from 20% to 45% (of which short-term incentives will account for 30% and medium- to long-term incentives for 15%).

b. Overview of the short-term and medium- and long-term incentives

Payment rate will be calculated from the baseline indicator (consolidated operating income + share of profit of entities accounted for using equity method + consolidated bonus), which has been used to calculate performance-linked compensation up until now. With regard to medium- and long-term incentives, the Company performance-linked payment rate will be calculated based on the three-year average growth rate of the baseline indicator. The amount of compensation paid to each individual will be determined by multiplying the Company performance-linked payment rate and individual performance payment rate by the baseline amount.

Disclosure and IR Activities

ALSOK has formulated its Disclosure Policy based on which it actively conducts impartial and timely information disclosure. In addition, the Company has revised its investor relations (IR) website to provide stakeholders with greater ease in finding the information they seek. We also aim to foster a deeper understanding among overseas institutional investors of the security services industry in Japan and the growth strategies of the ALSOK Group. To this end, we provide English-language translations of financial summaries and other documents on our English-language IR website.



The Company's
IR Website

<https://www.alsok.co.jp/en/ir/>

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 24, 2021)

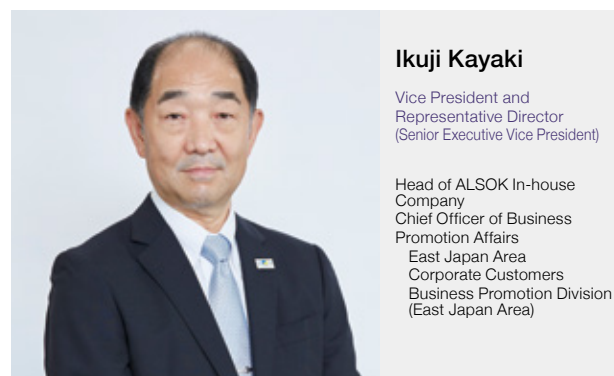
Directors



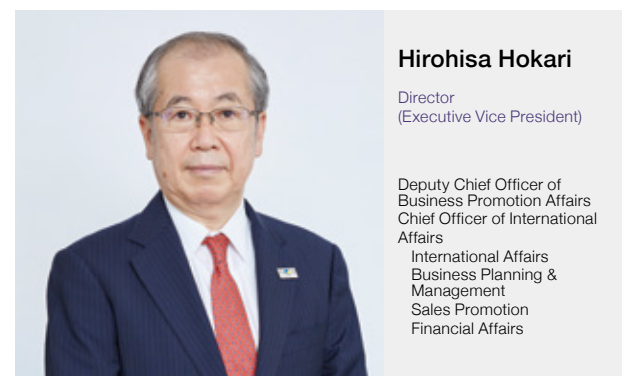
Sep. 1995: Director-General, Chubu Regional Police Bureau (Resigned in Jun. 1996)
Jun. 1996: Deputy Governor, Deposit Insurance Corporation of Japan (Resigned in Sep. 1997)
Sep. 1997: Joined the Company as a consultant
Jun. 1998: Senior Executive Vice President and Representative Director
Jun. 2001: President and Representative Director
Jul. 2003: Chief Officer of Business Promotion Affairs
Apr. 2004: Chief Officer of Security Operations Division
Apr. 2011: Chief Executive Officer (Current)
Apr. 2012: Chairman and Representative Director (Current)



Jul. 2006: Director-General, Customs and Tariff Bureau, Ministry of Finance Japan (Resigned in Jul. 2008)
Aug. 2008: Joined the Company as Senior Executive Officer, Chief Officer of Security Operations Division
Apr. 2009: In charge of Human Resources Affairs, Security Operations, and Corporate Ethics
Jun. 2009: Executive Vice President and Representative Director
Apr. 2010: Senior Executive Vice President and Representative Director
Chief Officer of Business Promotion Affairs
Apr. 2011: Chief Operating Officer (Current)
Apr. 2012: President and Representative Director (Current)
Senior Executive President (Current)



Apr. 1982: Joined the Company
Apr. 2011: Chief Officer of Regional Division (IV)
Apr. 2012: Executive Officer
Apr. 2014: Deputy Chief Officer of Security Operations
In charge of Structural Reform of Transportation Security Services
Apr. 2015: Senior Executive Officer
Chief Officer of Security Operations
Jun. 2017: Director and Senior Executive Officer
Apr. 2018: Executive Vice President and Representative Director
Head of ALSOK In-house Company (Current)
In charge of East Japan Area (Current)
Deputy Chief Officer of Business Promotion Affairs in charge of Corporate Customers
Apr. 2019: Vice President and Representative Director (Current), Senior Executive Vice President (Current)
Chief Officer of Business Promotion Affairs
In charge of Corporate Customers (Current)
In charge of Business Promotion Division (East Japan Area) (Current)
Apr. 2021: Chief Officer of Regional Division (VI)



Apr. 2010: Director-General of Operations Department at Bank of Japan (Resigned in Jun. 2011)
Jun. 2011: Joined the Company as Executive Officer
In charge of Business Planning and Financial Institution Sales Promotion
General Manager of Business Planning Department
Feb. 2012: Senior Executive Officer and Deputy Chief Officer of Business Promotion Affairs (Current)
In charge of Business Planning & Management
Apr. 2012: In charge of Financial Institution Services and Transportation Security Services
Apr. 2014: In charge of General Affairs/Corporate Planning, Financial Institution Services, Compliance, Risk Management, and Information Asset Management
Jun. 2014: Director and Senior Executive Officer
Apr. 2016: In charge of Corporate Planning & Administration, Strategic Business, Business Planning & Management (Current), and Financial Affairs (Current)
Apr. 2018: Executive Vice President and Director (Current)
In charge of Sales Promotion (Current)
Apr. 2019: In charge of International Affairs (Current)
Chief Officer of International Affairs (Current)



Tsuyoshi Murai

Director
(Executive Vice President)

Human Resources Affairs
General Affairs/PR
Tokyo 2020 Olympic and
Paralympic Games
Promotion Affairs in
charge of Promotion
Corporate Ethics
Compliance
Risk Management
Information Assets
Management
Management Company

- Jul. 1999: Joined the Company
- Jun. 2007: General Manager of Home Marketing Division
- Apr. 2010: Executive Officer Chief Officer of Regional Division (I)
- Feb. 2011: In charge of General Property Management
- Mar. 2011: Representative Director, Japan Facilio Co., Ltd. (Seconded, resigned in Mar. 2014)
- Apr. 2014: Senior Executive Officer
Deputy Chief Officer of Business Promotion Affairs
In charge of Business Planning & Management and Regional Financial Institution Services
- Apr. 2016: In charge of Human Resources Affairs (Current) and Corporate Ethics (Current)
- Jun. 2016: Director and Senior Executive Officer (Current)
- Apr. 2018: In charge of General Affairs/PR (Current), Compliance (Current), Risk Management (Current), and Information Assets Management (Current) Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs
- May 2018: In charge of Central Japan Area
Deputy Chief Officer of Business Promotion Affairs
In charge of Business Promotion Division (Central Japan Area)
- Apr. 2019: Executive Vice President and Director (Current) Tokyo 2020 Olympic and Paralympic Games Promotion Affairs in charge of Promotion (Current)
- Apr. 2020: In charge of Management Company (Current)



Shigeki Nomura

Director
(Senior Executive Officer)

Chief Officer of Regional
Division (II)
Deputy Chief Officer of
Business Promotion Affairs
West Japan Area
Business Promotion
(West Japan Area)

- Apr. 1984: Joined the Company
- Apr. 2011: General Manager of Human Resources Department
- Jun. 2011: Executive Officer
In charge of Human Resources
- Apr. 2014: Senior Executive Officer
Deputy Chief Officer of Business Promotion Division (Central Japan)
Chief Officer of Regional Division (III)
- Apr. 2017: Chief Officer of Regional Division (VII)
- Jun. 2017: Director and Senior Executive Officer (Current)
- May 2018: Deputy Chief Officer of Business Promotion Affairs (Kansai Area)
In charge of West Japan Area (Current)
- Apr. 2019: Deputy Chief Officer of Business Promotion Affairs
In charge of Business Promotion (West Japan Area) (Current)
- April 2020: Chief Officer of Regional Division (II) (Current)



Motohisa Suzuki

Director
(Senior Executive Officer)

Chief Officer of
Security Operations
Structural Reform of
Transportation Security
Services
Chief Officer of
Tokyo 2020 Olympic and
Paralympic Games
Promotion Affairs

- Jan. 2015: Director of Traffic Bureau, National Police Agency (Resigned in Jan. 2016)
- Apr. 2016: Joined the Company as Senior Executive Officer (Current)
In charge of General Affairs/PR and Procurement
Deputy Chief Officer of Security Operations
In charge of HOME ALSOK, Compliance, Risk Management, and Information Assets Management
Deputy Chief Officer of Business Promotion Affairs
- Apr. 2018: Chief Officer of Security Operations (Current)
In charge of Structural Reform of Transportation Security Services (Current)
Deputy Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs
- Apr. 2019: Chief Officer of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs (Current)
- Jun. 2019: Director and Senior Executive Officer (Current)



Koji Kishimoto

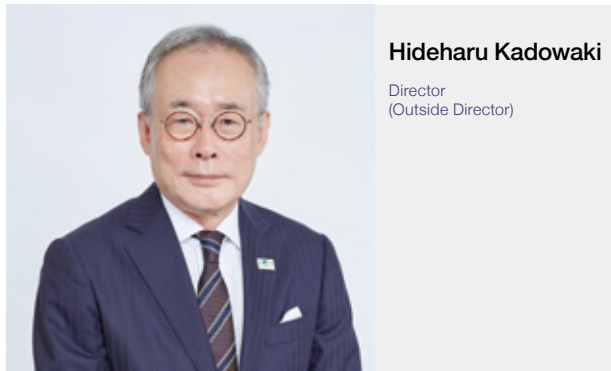
Director
(Senior Executive Officer)

Financial & Accounting
Internal Control
Procurement

- Nov. 1985: Joined the Company
- Oct. 2012: General Manager of Financial & Accounting Department
- Apr. 2016: Executive Officer and Second in Charge of Financial & Accounting
- Apr. 2018: Senior Executive Officer (Current)
In charge of Financial & Accounting (Current)
In charge of Internal Control (Current)
- Apr. 2019: In charge of Procurement (Current)
- Jun. 2020: Director and Senior Executive Officer (Current)

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 24, 2021)

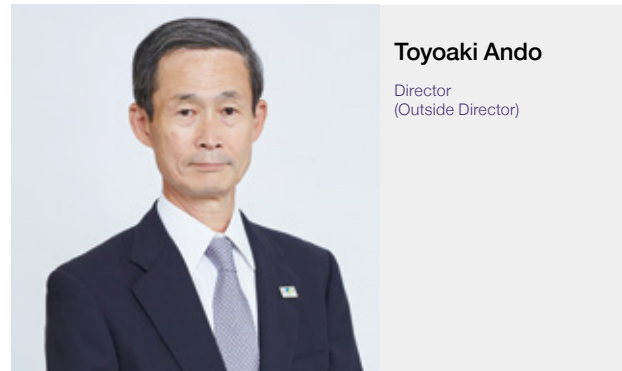
Directors (Outside Directors)



Hideharu Kadowaki

Director
(Outside Director)

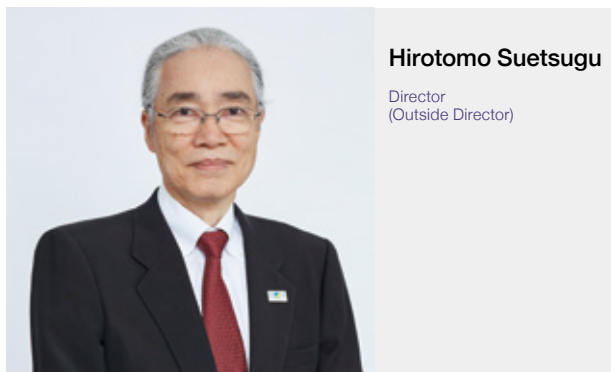
Apr. 2001: Representative Director, Senior Managing Director, and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation (Resigned in Nov. 2002)
Dec. 2002: Representative Director and Senior Managing Director, Sumitomo Mitsui Financial Group, Inc.
Jun. 2003: Deputy President and Representative Director, Sumitomo Mitsui Financial Group, Inc. (Resigned in Mar. 2004)
Jun. 2004: Chairman, The Japan Research Institute, Limited (Resigned in Jun. 2008)
Jun. 2008: Special Adviser and Senior Fellow, The Japan Research Institute, Limited (Current)
Jun. 2012: Member of the Board, Asian Rural Institute (Current)
Jul. 2017: Advisor, C'BON COSMETICS Co., Ltd. (Resigned in Jun. 2018)
Jun. 2018: Joined the Company as Outside Director (Scheduled to resign in Jun. 2021)
Dec. 2019: External Director, Aucfan Co., Ltd. (Current)



Toyoaki Ando

Director
(Outside Director)

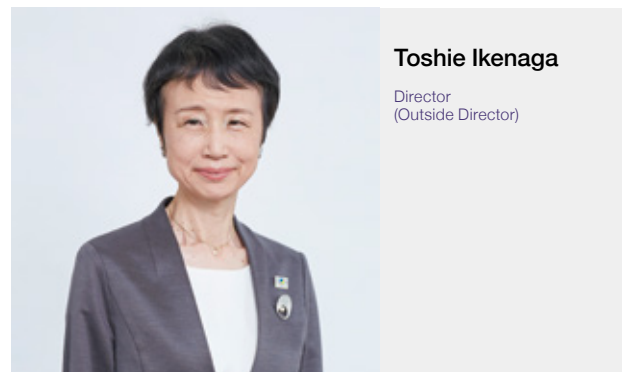
Jun. 2009: Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Jun. 2011: Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Jun. 2013: Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. (Resigned in Mar. 2015)
Apr. 2015: Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd. (Resigned in Jun. 2015)
Jun. 2015: Managing Director, General Insurance Rating Organization of Japan (Resigned in Jun. 2019)
Jun. 2019: Joined the Company as Outside Director (Current)



Hiroto Suetsugu

Director
(Outside Director)

Apr. 2009: Executive Officer, Nippon Steel Corporation (Currently NIPPON STEEL CORPORATION) (Resigned in Jun. 2012)
Jun. 2012: Audit & Supervisory Board Member, Nippon Steel Corporation (Resigned in Jun. 2016)
Jun. 2016: Advisor, NIPPON STEEL & SUMITOMO METAL CORPORATION (Currently NIPPON STEEL CORPORATION) (Resigned in Jun. 2019)
Advisor, Nippon Denko Co., Ltd. (Scheduled to resign in Jun. 2021)
Jun. 2020: Joined the Company as Outside Director (Current)



Toshie Ikenaga

Director
(Outside Director)

Apr. 1987: Joined the Economic Planning Agency
Sep. 2010: Director, Policy Evaluation and Public Relations Division, Minister's Secretariat, Cabinet Office
Apr. 2012: Professor, Hosei Graduate School of Regional Policy Design
Apr. 2014: Director, Cabinet Office
Sep. 2014: Director, General Affairs Division, Gender Equality Bureau, Cabinet Office
Jan. 2016: Vice-Governor, Shiga Prefecture (Resigned in Jun. 2018)
Jul. 2018: Director-General, Gender Equality Bureau, Cabinet Office (Resigned in Aug. 2020)
Jun. 2021: Joined the Company as Outside Director (Current)
Outside Audit & Supervisory Board Member, SHIMIZU CORPORATION (Scheduled to be inaugurated in Jun. 2021)

Executive Officers

Kazuhide Shigemi
Senior Executive Officer

Corporate Planning & Administration
Strategic Business

Kazumi Suzuki
Senior Executive Officer

R&D Engineering Affairs

Takashi Kumagai
Senior Executive Officer

Deputy Chief Officer of Business Promotion Division Long-term Care
President and Representative Director of Life Holdings Co., Ltd.
President and Representative Director of Life Co., Ltd.
President and Representative Director of MBIC Life Co., Ltd.

Norihiko Mizutani
Senior Executive Officer

Deputy Chief Officer of Business Promotion Division Central Japan Area
General Property Management and Installation
Business Promotion in Central Japan Area
Business Promotion of General Property Management and Installation

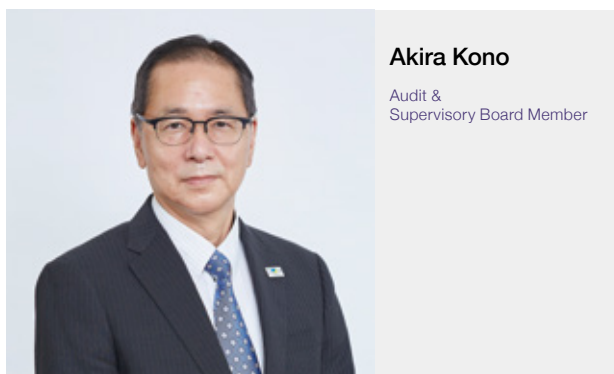
Tetsuya Tsuburaya
Executive Officer

General Manager of General Affairs Department
Second in Charge of General Affairs

Yutaka Miyajima
Executive Officer

General Manager of Corporate Planning & Administration Department
Second in Charge of Corporate Planning & Administration

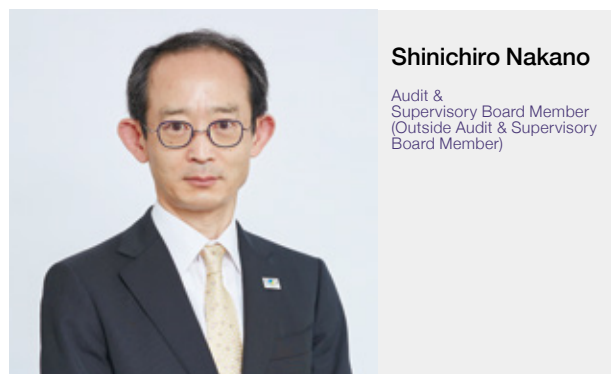
Audit & Supervisory Board Members



Akira Kono

Audit &
Supervisory Board Member

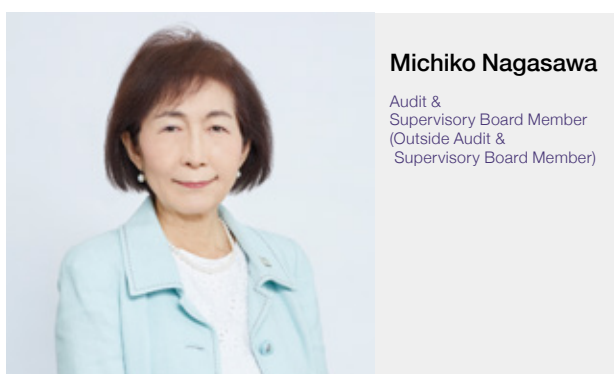
Apr. 1980: Joined the Company
Jun. 2012: General Manager of Business Management Department
Apr. 2014: General Manager of Human Resources Department
Apr. 2016: Executive Officer, in charge of Human Resources
Apr. 2017: Chief Officer of Regional Division (V) (Current)
Jun. 2019: Standing Audit & Supervisory Board Member (Current)



Shinichiro Nakano

Audit &
Supervisory Board Member
(Outside Audit & Supervisory
Board Member)

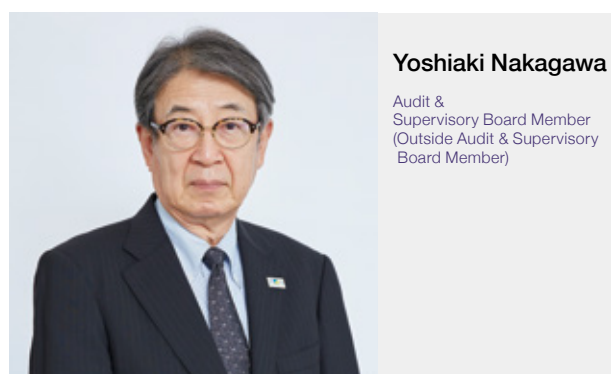
Jun. 2008: General Manager, Risk Management Division, The Norinchukin Bank
Jun. 2012: General Manager, Planning Management Division, The Norinchukin Bank
Jun. 2014: Managing Director, The Norinchukin Bank (Resigned in Mar. 2019)
Director, Norinchukin Value Investments Co., Ltd.
(Resigned in Mar. 2018)
Director, The Norinchukin Trust & Banking Co., Ltd.
(Resigned in Mar. 2019)
Apr. 2019: Auditor, Kyodo Housing Loan Co., Ltd. (Resigned in Jun. 2019)
Jun. 2019: Standing Advisor, The Norinchukin Bank (Resigned in Jun. 2019)
Joined the Company as Outside Audit & Supervisory Board Member (Current)



Michiko Nagasawa

Audit &
Supervisory Board Member
(Outside Audit &
Supervisory Board Member)

Apr. 1984: Registered as an attorney-at-law
Apr. 2007: Professor of Law, Gakushuin University Law School (Resigned in Mar. 2013)
Jan. 2008: Partner at THE TOKYO-MARUNOUCHI LAW OFFICES (Current)
Apr. 2012: Auditor, Daini Tokyo Bar Association (Resigned in Mar. 2013)
Mar. 2013: Outside Board Director, OTSUKA KAGU, LTD. [Audit & Supervisory Committee Member from Mar. 2017] (Resigned in Mar. 2019)
Jul. 2016: Vice Chairman, Finance Committee, Japan Federation of Bar Associations (Resigned in Jun. 2017)
Jul. 2018: Audit & Supervisory Committee Member, Building Research Institute, National Research and Development Agency, Japan, Ministry of Land, Infrastructure, Transport and Tourism (Current)
Jun. 2019: Outside Director, SB Players Corp. (Current)
Apr. 2020: Audit & Supervisory Committee Member, Japan Federation of Bar Associations (Current)
Jun. 2020: Outside Audit & Supervisory Board Member, Sojitz Corporation (Current)
Joined the Company as Outside Audit & Supervisory Board Member (Current)



Yoshiaki Nakagawa

Audit &
Supervisory Board Member
(Outside Audit & Supervisory
Board Member)

Sep. 1990: Director, CFO, Matsushita Radio Singapore Pte. Ltd. (Resigned in May 1996)
Jan. 2001: Chief Accountant, China Hualu Matsushita AVC Co., LTD. (Resigned in Jan. 2004)
Apr. 2009: Executive Officer, Panasonic Corporation
Apr. 2011: Managing Director, Panasonic Corporation (Resigned in Jun. 2014)
Apr. 2014: President, SANYO Electric Co., Ltd. (Resigned in Mar. 2017)
Apr. 2017: Corporate Advisor, Panasonic Corporation (Resigned in Mar. 2018)
Apr. 2018: Special Advisor, Hardlock Industry Co., Ltd. (Current)
Jun. 2020: Outside Auditor, ASANUMA CORPORATION (Current)
Aug. 2020: Advisor, Uokuni Food Services Co., Ltd. (Current)
Jun. 2021: Joined the Company as Outside Audit & Supervisory Board Member (Current)

Naoki Hyakutake
Executive Officer

General Manager of Human Resources Department
Human Resources

Eiji Kuwabara
Executive Officer

R&D Planning

Hiroyoshi Yoshida
Executive Officer

General Manager of Tokyo 2020 Olympic and Paralympic Games Promotion Affairs
Second in Charge of Security Operations Tokyo 2020 Olympic and Paralympic Games Promotion Affairs

Seiji Ono
Executive Officer

Second in Charge of Corporate Customer Home ALSOK

Ken Takahashi
Executive Officer

Chief Officer of Regional Division (V)

Yoshio Kumazaki
Executive Officer

Chief Officer of Regional Division (I)
Second in Charge of Metropolitan Area

Kengo Takeda
Executive Officer

Chief Officer of Regional Division (IX)

Hiroyuki Ono
Executive Officer

Chief Officer of Regional Division (III)

Yutaka Komatsu
Executive Officer

President and Representative Director of ALSOK HOKKAIDO CO., LTD.

Financial Review

Review of Fiscal 2021

With regard to consolidated performance in fiscal 2021, partly as a result of M&A activity, consolidated net sales increased by 2.1% year-on-year to ¥469,920 million, operating income increased by 1.1% year-on-year to ¥37,182 million, ordinary income increased by 0.9% year-on-year to ¥39,212 million, and profit attributable to owners of parent increased 3.5% year-on-year to ¥25,014 million. Net sales increased for the 11th consecutive fiscal year, and reached a record high for the 10th consecutive fiscal year. Profit also reached a record high at each profit level, and profit attributable to owners of parent increased for the 9th consecutive fiscal year. ALSOK focuses on ordinary income margin and consolidated return on equity (ROE) as indicators for evaluating the achievement of management targets. For the three-year implementation period of the Grand Design 2020 Medium-Term Management Plan (FY2019–FY2021), a target of around 8.0% was set for ordinary income margin, and a target of 10.0% for ROE; in the most recent consolidated fiscal year, ordinary income margin was 8.3%, and ROE was 9.6%.

In fiscal 2021, there was a pronounced deterioration in the economy in Japan, due to the impact of the COVID-19 pandemic. This was followed by a “K-shaped recovery” in which some sectors and enterprises saw an improvement in their performance while others did not. In this environment, the ALSOK Group, as an operator of service businesses related to the safety and security of society (including the Security Services business, the General Property Management and Fire Protection Services business, and the Long-Term Care Services business), has continued to provide its services in an appropriate manner while taking adequate infection prevention measures. Aiming to become a resilient integrated safety and security solutions provider that supports the safety and

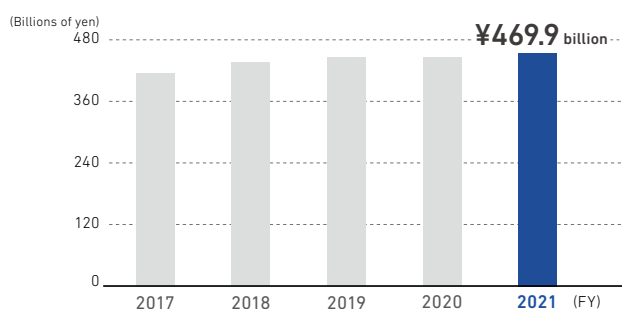
security of our customers and of society as a whole, in order to meet the diversifying, intensifying safety and security needs of each individual customer and of society, we have continued to develop and deepen all of our related business, for example by undertaking field testing of ways to take our security services to a higher level, such as the effective utilization of local 5G service and drones.

Medium-Term Management Plan Financial Goals of Grand Design 2025

ALSOK formulated the Grand Design 2025 Medium-Term Management Plan in May 2021. In order to respond to growing safety and security needs in a society where risks are becoming increasingly diverse, ALSOK is promoting the innovation of its security business model and aiming to become a resilient integrated safety and security solutions provider, and is working to enhance its capacity to respond effectively to the safety and security needs of customers and of society as a whole, implement digitization and utilization of data, establish a work environment where employees can play an active role, and strengthen the efforts of sustainability initiatives. As a medium-term financial target, ALSOK is aiming to achieve ROE of at least 10%. With the aim of raising ROE, our basic policy is to boost profitability, with a target of raising the consolidated operating income margin to at least 10% over the medium term, while maintaining stable dividend payments, with a target dividend payout ratio of 30%. The fact that the ALSOK Group has been able to maintain a stable capital adequacy ratio as of the end of each of the last five consecutive fiscal years has been evaluated as being the result of ALSOK's efforts to maintain fiscal discipline, while giving due weight to the interests of both shareholders and creditors.

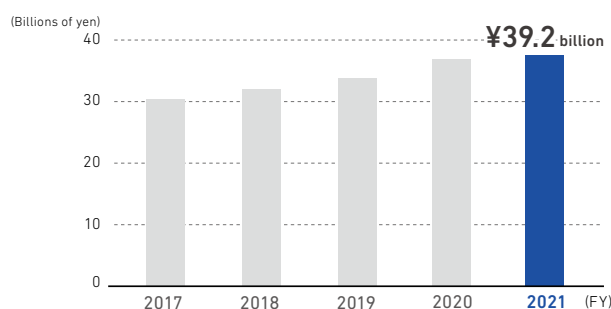
Net Sales

¥469.9 billion YOY Up **2.1%** ↑



Ordinary Income

¥39.2 billion YOY Up **0.9%** ↑



On the basis of the above, the consolidated performance forecasts for the ALSOK Group in fiscal 2022 are for net sales to rise by 6.5% year-on-year to ¥500,500 million, operating income to rise by 13.2% year-on-year to ¥42,100 million, ordinary income to rise by 10.9% year-on-year to ¥43,500 million, and profit attributable to owners of parent to rise by 9.9% year-on-year to ¥27,500 million.

Policy on Growth Investments (Capital Investments/Research and Development)

ALSOK made capital investments of ¥13,641 million in total in property, plant and equipment and intangible assets in fiscal 2021 to respond to business expansion particularly in security services and to improve capabilities. These investments mainly consist of ¥7,106 million in machinery and equipment used in electronic security services, ¥496 million in buildings, ¥977 million in furniture and fixtures, ¥702 million in software.

Research and development are conducted for the purpose of contributing to the improvement of profitability and based on the basic policy of capturing increasingly diverse market needs and promoting the development of technologies and products that have market competitiveness. Research and development expenses for fiscal 2021 were ¥575 million in total and pertained mainly to Security Services. It should be noted that the Research and Development Division of the Company is conducting activities not falling under research or development such as survey, planning, intellectual property management, and quality control as an integral part of research and development activities. If we add the amount of expenses for these activities to the amount of research and development expenses, the total amount would be ¥1,299 million.

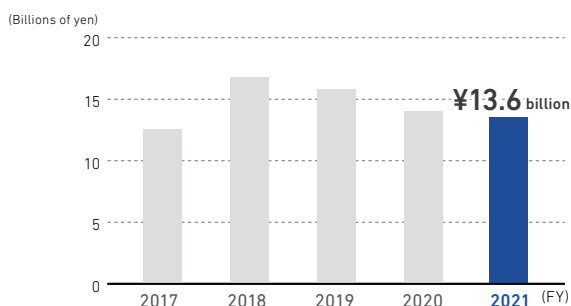
To respond effectively to various social problems and needs relating to safety and security, ALSOK undertakes research in order to address issues such as labor shortages resulting from the trend toward smaller families and the aging of the population, the increased frequency of natural disasters, crime targeting women and children, and increasingly sophisticated cyber-crime. We are also undertaking development of products, etc., to help combat the COVID-19 pandemic, and we are constantly responding to changing circumstances in society.

Shareholder Return Policy

The Company considers the provision of returns to shareholders to be one of the top-priority management issues, and it is the Company's basic policy to distribute returns in a manner supported by actual financial results, while ensuring the enhancement of internal reserves. We will apply those internal reserves to, among others, research and development expenses necessary for future growth and development and capital investments in the upgrading of information systems and new businesses to further improve our financial results. It is also our basic policy to distribute our surplus twice a year as interim dividend and year-end dividend, which are subject to the approval of the Board of Directors and the General Shareholders' Meeting, respectively.

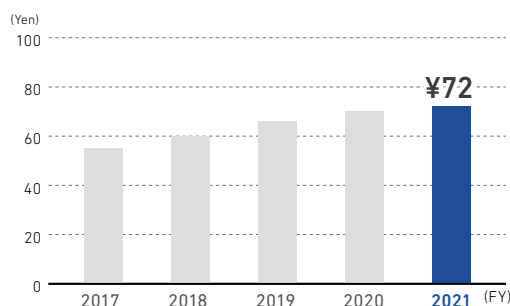
Capital Investments

¥13.6 billion ^{YOY} Down **3.0%** ↓



Dividends per Share

¥72 ^{YOY} Up **¥2** ↑



Management Indexes

	2011	2012	2013	2014
Fiscal year ended March 31				
Profit and loss (Millions of yen)				
Net sales	279,272	304,723	315,564	328,209
Cost of sales	209,364	232,812	242,410	248,900
Gross profit	69,908	71,910	73,153	79,308
Selling, general and administrative expenses	59,555	61,100	61,363	60,375
Operating income	10,352	10,810	11,790	18,932
Ordinary income	11,765	12,558	14,741	20,745
Profit attributable to owners of parent	4,706	3,903	8,574	10,955
Profitability				
Gross profit margin (%)	25.0	23.6	23.2	24.2
Operating income margin (%)	3.7	3.5	3.7	5.8
Ordinary income margin (%)	4.2	4.1	4.7	6.3
Return on assets (ROA) (%)	4.2	4.4	5.1	6.5
Return on equity (ROE) (%)	3.3	2.7	5.7	7.0
EV/EBITDA (Times)*1	1.4	1.4	2.7	5.3
Stability				
Equity capital ratio (%)	50.3	51.3	52.1	46.2
Equity capital ratio on market-value basis (%)	32.0	34.8	46.5	63.5
Interest-bearing liabilities (Millions of yen)	49,311	39,270	37,455	71,666
Interest coverage ratio (Times)	20.1	34.1	36.9	36.4
Efficiency				
Total asset turnover ratio (Times)	1.0	1.1	1.1	1.0
Shareholders' equity turnover ratio (Times)	2.0	2.1	2.1	2.1
Tangible fixed assets turnover ratio (Times)	4.9	5.2	5.4	5.2
Per share information				
Net assets per share (Yen)	1,421.67	1,446.93	1,536.30	1,574.74
Profit attributable to owners of parent per share (Yen)	46.82	38.83	85.30	108.99
Price-book value ratio (Times)	0.6	0.7	0.9	1.4
Price earnings ratio (Times)	19.3	25.3	16.1	19.9
Dividends per share (Yen)	20	20	25	30
Consolidated dividend payout ratio (%)	42.7	51.5	29.3	27.5
Closing stock price	905	982	1,373	2,164
Other information				
Number of employees (Consolidated)	27,790	27,868	28,054	28,091
Average number of years of continuous service (Non-consolidated)	12.7	13.3	13.8	14.4
Percentage of employees returning to work after childcare leave (Non-consolidated, total for male and female employees)	90.2	93.3	97.6	92.4
CO ₂ emissions per sales unit (Group) (t-CO ₂ /¥ million)*2	–	–	–	0.312
CO ₂ emissions volume (Group) (t-CO ₂)*2	–	–	–	102,313
CO ₂ emissions volume (Non-consolidated) (t-CO ₂)*2	39,968	38,022	38,587	41,377

M&A Activities

• JAPAN FACILIO CORPORATION

*1 Method of calculation for EV/EBITDA is as follows:

EV (Enterprise value) = Market capitalization + Interest-bearing liabilities – Short-term liquidity (Cash and deposits + Short-term investments in securities)
 EBITDA (Earnings before interest, tax, depreciation, and amortization) = Operating income + Depreciation and amortization

*2 The Group's CO₂ emissions are calculated on a non-consolidated basis. The reported values may change in the future due to a review of the aggregation method and scope.

Note: Based on the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 2018), financial information for fiscal 2018 and subsequent years has also been restated.

2015	2016	2017	2018	2019	2020	2021
365,749	381,818	413,343	435,982	443,535	460,118	469,920
276,116	282,880	310,704	330,493	334,197	345,097	352,811
89,632	98,937	102,639	105,489	109,338	115,020	117,108
66,660	69,901	74,217	75,378	77,057	78,224	79,926
22,971	29,036	28,422	30,111	32,280	36,795	37,182
24,700	30,667	30,309	31,913	33,881	38,880	39,212
13,534	17,868	18,330	19,344	22,269	24,163	25,014
24.5	25.9	24.8	24.2	24.7	25.0	24.9
6.3	7.6	6.9	6.9	7.3	8.0	7.9
6.8	8.0	7.3	7.3	7.6	8.5	8.3
6.9	8.5	8.2	8.2	8.4	9.3	8.6
7.8	9.9	9.7	9.3	9.9	10.1	9.6
10.1	13.4	8.7	10.7	8.7	8.6	7.8
48.4	51.9	51.0	55.0	56.8	57.3	57.6
110.1	175.4	108.2	134.3	119.0	124.2	110.0
73,699	47,210	65,599	52,658	47,412	51,264	69,983
28.5	30.1	54.2	25.8	18.1	26.2	27.3
1.0	1.1	1.1	1.1	1.1	1.1	1.0
2.1	2.1	2.2	2.1	2.0	1.9	1.8
5.4	5.3	5.1	4.9	5.0	5.2	4.9
1,800.15	1,805.09	1,956.25	2,155.74	2,302.38	2,425.02	2,741.27
134.65	177.77	182.37	191.93	219.98	238.69	247.09
2.3	3.4	2.1	2.4	2.1	2.2	1.9
30.4	34.3	22.8	27.5	21.9	22.0	21.2
38	50	55	60	66	70	72
28.2	28.1	30.2	31.3	30.0	29.3	29.1
4,095	6,100	4,155	5,260	4,820	5,260	5,230
31,221	31,446	36,693	37,519	37,417	37,902	38,444
14.9	15.4	15.9	16.4	16.8	17.2	17.4
96.6	93.7	91.3	98.3	98.1	98.2	98.1
0.265	0.242	0.219	0.206	0.191	0.177	0.177
96,962	92,453	90,622	89,735	84,655	81,286	83,302
39,212	37,390	36,649	36,291	34,238	32,876	33,692
<ul style="list-style-type: none"> • ALSOK Souei Co., Ltd. • Nippon Building Maintenance Co., Ltd. (Currently ALSOK FACILITIES CO., LTD.) • ANTEI CARE Co., Ltd. (Currently ALSOK CARE CO., LTD.) • HCM Corporation (Currently ALSOK CARE CO., LTD.) • ALSOK Care & Support Co., Ltd. 	<ul style="list-style-type: none"> • Wisnet Co., Ltd. (Currently ALSOK CARE CO., LTD.) • PT. ALSOK BASS Indonesia Security Services • ALSOK Vietnam Security Services Joint Stock Company • ALSOK SHOJITSU SECURITY SERVICE CO., LTD. 	<ul style="list-style-type: none"> • ALSOK-TW East Japan Co., Ltd. • ALSOK KANTO DELIVERY CO., LTD. 	<ul style="list-style-type: none"> • ALSOK Myanmar Security Services Co., Ltd. • Care Plus Co., Ltd. • SOHGO KANZAI Co., Ltd. • Health Support Co., Ltd. (Currently SOHGO KANZAI Co., Ltd.) 	<ul style="list-style-type: none"> • Keihanshin Security Services Co., Ltd. 	<ul style="list-style-type: none"> • Life Holdings Co., Ltd. 	

Breakdown of Sales/Number of Contracts

Net Sales by Service Type

(Billions of yen)

Fiscal year ended March 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Security Services										
Electronic Security Services	142.9	147.1	151.8	160.4	167.1	170.5	174.0	175.5	175.5	176.5
Stationed Security Services	71.3	73.8	77.2	88.4	93.9	100.4	110.0	111.9	116.9	113.1
Transportation Security Services	49.8	50.8	51.0	52.3	54.6	56.1	60.2	62.2	65.6	65.8
General Property Management and Fire Protection Services	36.6	40.6	44.8	58.3	54.9	57.8	61.9	62.9	69.2	68.1
Long-Term Care Services ¹	—	—	—	—	7.5	24.9	25.7	26.5	28.1	40.3
Other Services	4.0	3.0	3.2	6.2	3.5	3.4	3.9	4.2	4.6	5.8
Total	304.7	315.5	328.2	365.7	381.8	413.3	435.9	443.5	460.1	469.9

1. Long-Term Care Services was converted to a reportable segment in the fiscal year ended March 31, 2017, and accordingly net sales amounts for this segment are displayed separately from the fiscal year ended March 31, 2016 onward. Net sales amounts for fiscal years ended March 31, 2015, and prior are included under "Other Services."

Net Sales by Client Type

(Billions of yen)

Fiscal year ended March 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business corporations	178.4	186.5	196.7	224.9	234.3	244.9	263.6	271.2	282.9	278.2
Financial institutions	90.7	89.8	90.5	91.3	92.3	91.7	92.0	91.4	93.2	92.0
Public institutions	20.5	22.0	22.8	26.4	26.2	29.7	31.5	31.2	32.2	35.3
Individuals²	14.9	17.1	18.0	22.9	28.9	46.8	49.0	49.7	51.6	64.1
Total	304.7	315.5	328.2	365.7	381.8	413.3	435.9	443.5	460.1	469.9

2. Sales of HOME ALSOK APARTMENT AND CONDOMINIUM PLAN and HOME ALSOK MIMAMORI SUPPORT have been included under "Individuals," even for contracts in which the customer is a business corporation or government office.

Number of Contracts

(Contracts)

Fiscal year ended March 31	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Security Services										
Electronic Security Services	580,263	630,977	677,672	803,601	854,083	888,955	922,928	949,858	973,066	990,155
Corporate Clients	406,261	422,676	440,028	463,053	478,925	493,035	508,374	520,942	533,733	540,410
Individual Users	174,002	208,301	237,644	340,548	375,158	395,920	414,554	428,916	439,333	449,745 ⁴
Stationed Security Services	2,934	3,020	3,227	3,597	3,871	4,213	4,357	4,485	4,468	4,371
Transportation Security Services	48,284	51,698	55,420	59,134	62,146	65,755	72,454	75,652	77,791	79,289
General Property Management and Fire Protection Services	47,913	54,903	63,004	73,898	81,908	89,670	98,044	104,254	109,697	113,880
Long-Term Care Services ³	—	—	—	—	12,804	22,628	21,234	25,364	24,976	27,503
Other Services	8,957	11,989	13,725	22,477	18,217	22,285	25,263	25,896	29,382	29,693
Total	688,351	752,587	813,048	962,707	1,033,029	1,093,506	1,144,280	1,185,509	1,219,380	1,244,891

3. Long-Term Care Services was converted to a reportable segment in the fiscal year ended March 31, 2017, and accordingly the number of contracts for this segment is displayed separately from the fiscal year ended March 31, 2016. The number of contracts for fiscal years ended March 31, 2015 and prior is included under "Other Services."

4. If contracts for individual households in housing complexes are included, this figure would be approximately 1,240,000.

Main External Evaluations

ALSOK has been recognized by external organizations as fulfilling its corporate social responsibility from an ESG perspective, and has been selected as a component stock in related investment indicators and indices.

 FTSE4Good	 FTSE Blossom Japan	 2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
ALSOK has been included in the FTSE4Good Index series, a socially responsible investment index, for 14 consecutive years.	ALSOK has been included in the FTSE Blossom Japan Index, an ESG investment index, for five consecutive years.	ALSOK has been included in the MSCI Japan ESG Select Leaders Index, an ESG investment index, for five consecutive years.

THE INCLUSION OF SOHGO SECURITY SERVICES CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SOHGO SECURITY SERVICES CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SOHGO SECURITY SERVICES CO., LTD. has been independently assessed according to the FTSE Blossom Japan Index, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Corporate Information/Stock Information (As of March 31, 2021)

Corporate Information

Corporate Name	SOHGO SECURITY SERVICES CO., LTD.
Head Office	1-6-6 Motoakasaka, Minato-ku, Tokyo
Established	July 16, 1965
Capital	¥18,675 million
Fiscal Year-End	March 31
Employees	(Consolidated) 38,444 (Non-consolidated) 11,861
Business Operations	Head Office/64 Branches/37 Offices/251 Sales Offices/75 Consolidated Subsidiaries (Including 10 Overseas Subsidiaries)/14 Companies Accounted for by the Equity Method (Including 3 Overseas Subsidiaries)

Stock Information

Total Number of Shares Authorized	300,000,000
Number of Shares Issued	102,040,042 (Including 782,122 shares of treasury stock)
Number of Shareholders at the End of the Preceding Fiscal Period	10,463
Stock Listing	First Section of Tokyo Stock Exchange
Securities Code	2331
Minimum Trading Lot	100

Editorial Policy

ALSOK Report 2021 has been constructed as an integrated report that compiles financial information on the Company's performance, business operations, and strategies as well as non-financial information on its corporate social responsibility (CSR) activities and other topics with the aim of obtaining the opportunity to deepen our engagement with shareholders, investors, and other stakeholders.

In addition to describing the state of management from an economic perspective, this report also explains the ALSOK Group's environmental, social, and governance (ESG) initiatives as well as the various CSR activities the Group carries out to contribute to the international society's drive to achieve the United Nations' Sustainable Development Goals (SDGs), along with the Group's approach to achieving growth through sustainable value creation and its business structure that supports medium- to long-term management, business strategies, and growth.

Data and more detailed information on corporate activities that were not included in this report are available on the Company's corporate website.

Reporting Media

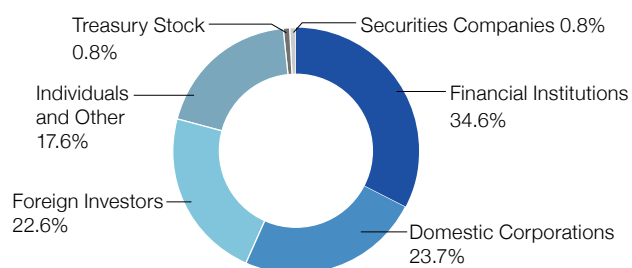
The Company provides reports in the forms of a pamphlet and a website, making full use of characteristics of the respective media. In the pamphlet version, items are narrowed down to those of higher importance or with greater interest among readers and the explanations on them are provided in a manner that is easy to read and understand. Meanwhile, the website version comprehensively includes financial information and the initiatives related to CSR and other matters in general.

Guidelines Referred to

- International Integrated Reporting Council (IIRC), International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry (METI), Guidance for Collaborative Value Creation
- Japan Standards Association (JSA), ISO 26000:2010 Guidance on Social Responsibility
- Global Reporting Initiative (GRI), Sustainability Reporting Standards
- Ministry of the Environment (MOE), Environmental Reporting Guidelines 2018



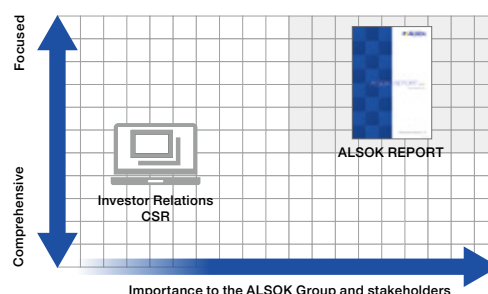
Distribution of Shares by Shareholder Type



Major Shareholders (Top 10)

Name	Number of Controlling Shares Held (Thousand shares)	Share (%)
SOHGO CORPORATION	7,388	7.29
Japan Master Trust Bank, Ltd. (Trust account)	6,390	6.31
Saitama Machinery Co., Ltd.	5,283	5.21
Custody Bank of Japan, Ltd. (Trust account)	5,177	5.11
Kamakura Corporation	4,150	4.09
Employees Shareholding Association	3,712	3.66
Custody Bank of Japan, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	2,961	2.92
Kizuna Corporation	2,950	2.91
Atsushi Murai	2,885	2.84
SMBC Trust Bank Ltd. (as trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)	2,735	2.70

Note: Each controlling share is calculated based on the total number of shares excluding the number of treasury stock (782,122 shares).



Information for Shareholders and Other Investors

For more information on management policies, financial and business results, IR library, and stock information, please visit our website.

IR website:
<https://www.alsok.co.jp/en/ir/>



CSR and Social Contribution Activities

For more information on the activities we are implementing through our core business in line with ISO 26000, please visit our website.

CSR website:
<https://www.alsok.co.jp/en/csr/>



ALSOK was a Tokyo 2020 Official Partner.

In October 2015, ALSOK concluded an agreement with the Tokyo Organising Committee of the Olympic and Paralympic Games to become a Tokyo 2020 Official Partner in the category of "Security Services and Planning."

The Company has long contributed to the promotion of sports in Japan by producing many of the athletes who have represented the country in such Olympic sports as judo and wrestling. Leading up to Olympic and Paralympic Games Tokyo 2020, we will continue to support the efforts of our athletes. During the event itself, we will contribute to the event's success through rigorous security provided by an all-Japan team.



TOKYO 2020



ALSOK



TOKYO 2020 PARALYMPIC GAMES

Tokyo 2020 Official Partner (Security Services and Planning)



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