

Grand Design 2025

Medium-term Management Plan (FY2022-FY2026)

May 11, 2021

SOHGO SECURITY SERVICES CO., LTD.

(Securities Code : 2331)

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Changes in customers and society surrounding ALSOK**
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 - (1) Enhancement of response capacity for diverse safe and secure needs of society**
 - (2) Digitization and utilization of data**
 - (3) Structure of environment where employees play an active role**
 - (4) Strengthen the efforts of sustainability**
 - 2 Financial goals**

I Summary of GD2020 (Medium-term Management Plan: FY2019-FY2021)



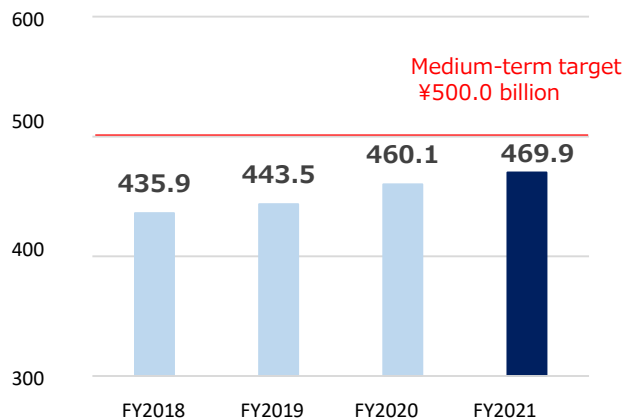
I Summary of GD2020

[Achievement status of financial goals]

	Target (Announced May 2018)	Result (FY2021)	Increase and decrease from FY2018	Gap between the target and result
Net sales	Approx. ¥500 billion	¥469.9 billion	+¥34.0 billion	(¥30.1 billion)
Ordinary income	Approx. ¥40 billion	¥39.2 billion	+¥7.3 billion	(¥0.8 billion)
Ordinary income ratio	Approx. 8.0%	8.3%	+1.0pt	+0.3pt
ROE	Approx. 10.0%	9.6%	+0.3pt	(0.4pt)

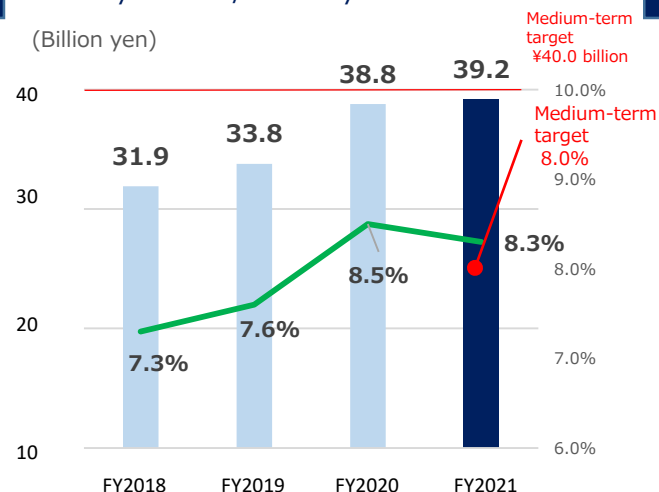
Net sales

(Billion yen)



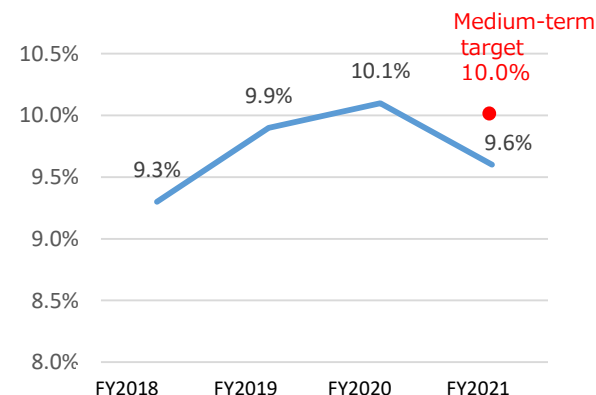
Ordinary income/Ordinary income ratio

(Billion yen)



ROE

(%)

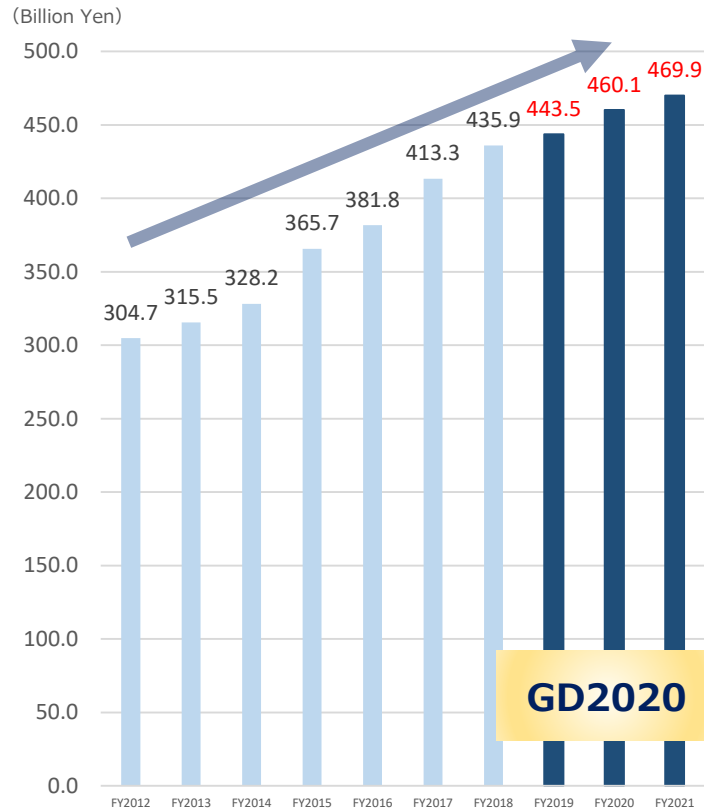


I Summary of GD2020

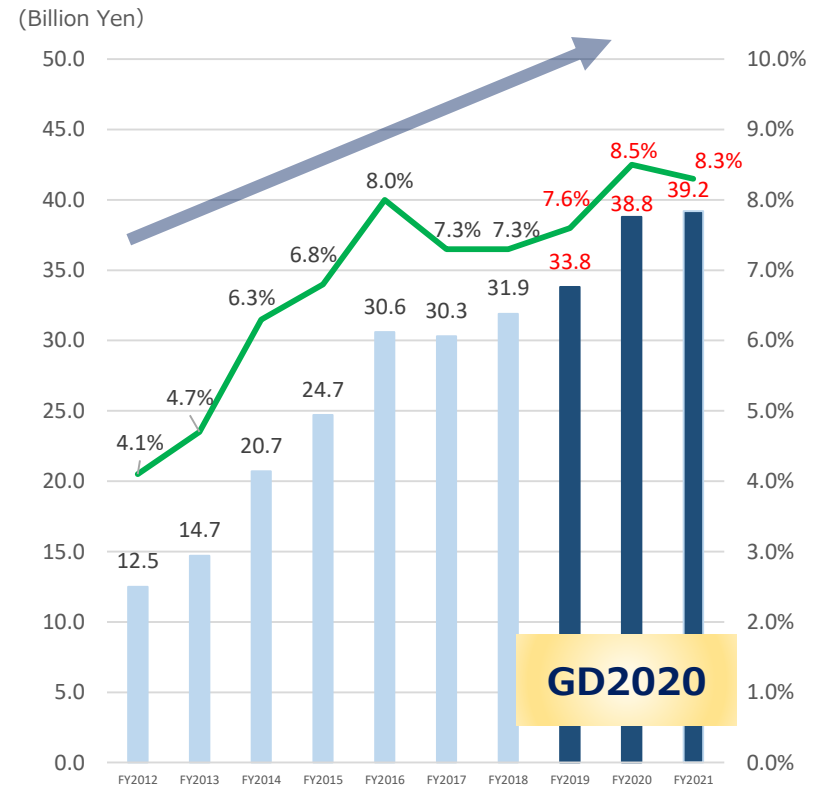
【Financial Results (Since FY2012)】

Though the target for GD2020 was unachieved, the result is on smooth growth path

Net sales



Ordinary income/Ordinary income ratio



II Changes in social and business environment/ Changes in customers and society surrounding ALSOK

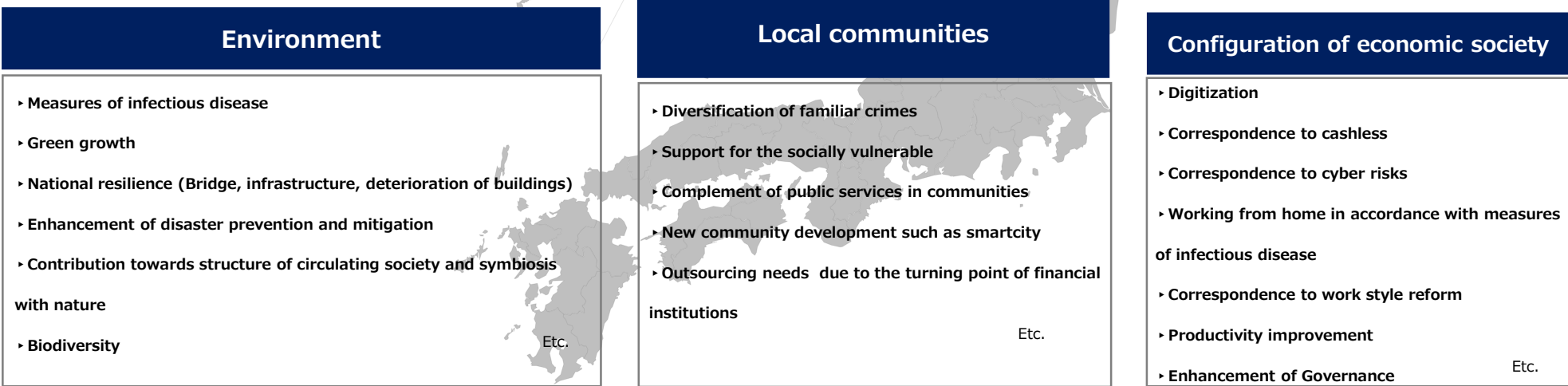


II Changes in social and business environment/ Changes in customers and society surrounding ALSOK

[Changes in social and business environment]



[Changes in customers and society surrounding ALSOK]



Promoting the innovation of security business model,
 as to correspond to expanding safe and secure needs, in the society with risks diversifying

Ⅲ GD2025 (Medium-term Management Plan: FY2022-FY2026)

1 Basic Policies of GD2025

1 Basic Policies of GD2025

ALSOK's Aim

As to correspond to expanding safe and secure needs in the society with risks diversifying, ALSOK aims to become an **resilient integrated safety and security solutions provider** by promoting the innovation of security business model.

Basic Policies

- (1) Enhancement of response capacity for diverse safe and secure needs of society
- (2) Digitization and utilization of data
- (3) Structure of environment where employees play an active role
- (4) Strengthen the efforts of sustainability

<p>Enhancement of response capacity for diversifying safe and secure needs of society</p>	<ul style="list-style-type: none"> ■ Enhancement of inside and outside infrastructure cultivated by security business and facility management business and Construction of solutions with combination of various services ■ Prompt development of products and services assimilating new technology 			
<p>Digitization and utilization of data</p>	<ul style="list-style-type: none"> ■ Digitization <ul style="list-style-type: none"> ▸ Enhancement of communication with customers ▸ Complement of functions by digital technology ▸ Efficiency and manpower saving of operations ■ Utilization of data <ul style="list-style-type: none"> ▸ Analysis of collected data ▸ Cooperation with external data 			
<p>Structure of environment where employees play an active role</p>	<table border="1" style="width: 100%;"> <tr> <td data-bbox="472 1249 1046 1420"> <ul style="list-style-type: none"> ■ Diversifying human resources capability development <ul style="list-style-type: none"> ▸ Recruit of diverse human resource ▸ Provision of diverse work style ▸ Capability development </td> <td data-bbox="1046 1249 1398 1420"> <p>Strengthen the efforts of sustainability</p> </td> <td data-bbox="1398 1249 1968 1420"> <ul style="list-style-type: none"> ■ Enhancement of governance ■ Approach to SDGs ■ Approach to environmental issues </td> </tr> </table>	<ul style="list-style-type: none"> ■ Diversifying human resources capability development <ul style="list-style-type: none"> ▸ Recruit of diverse human resource ▸ Provision of diverse work style ▸ Capability development 	<p>Strengthen the efforts of sustainability</p>	<ul style="list-style-type: none"> ■ Enhancement of governance ■ Approach to SDGs ■ Approach to environmental issues
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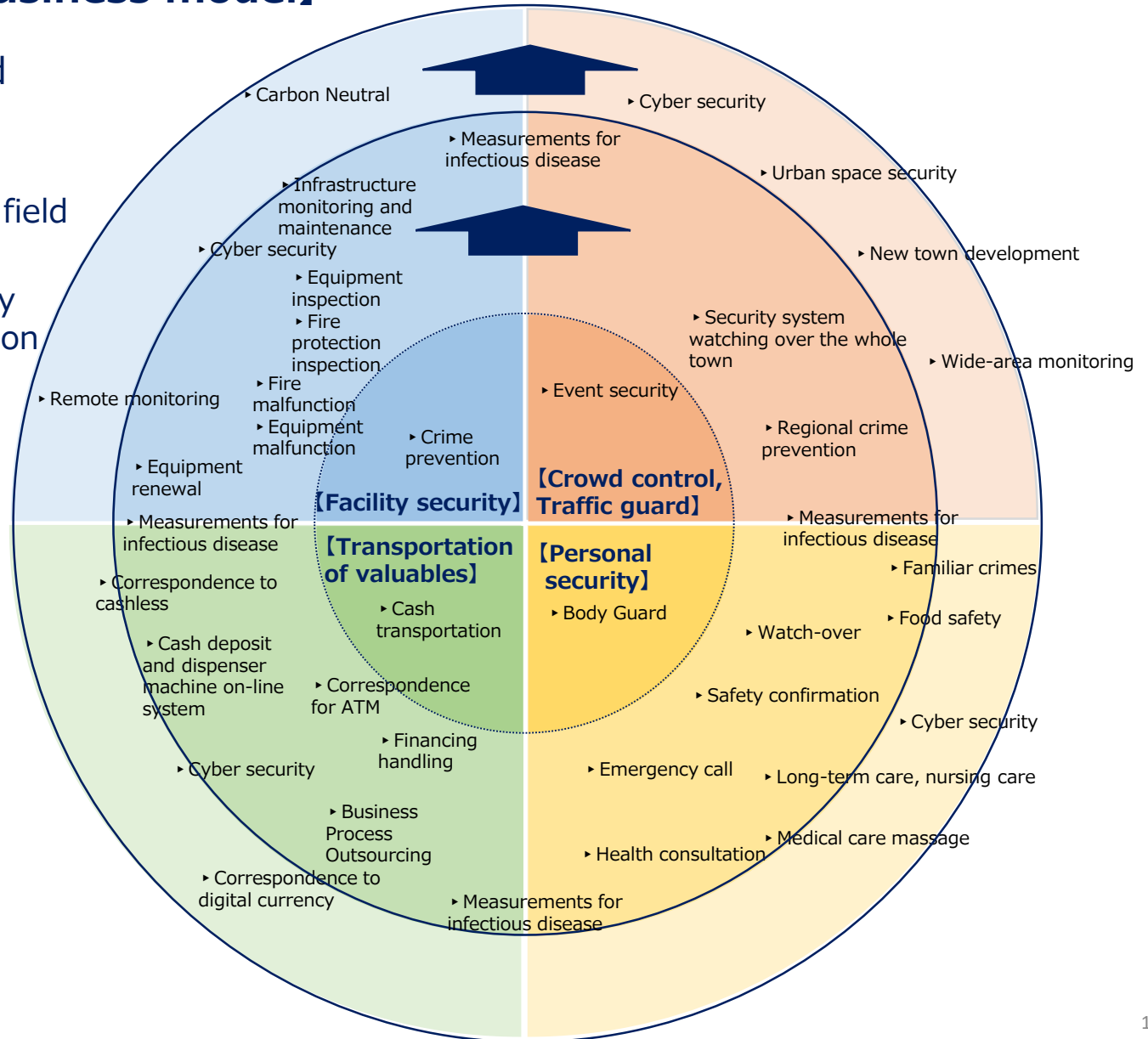
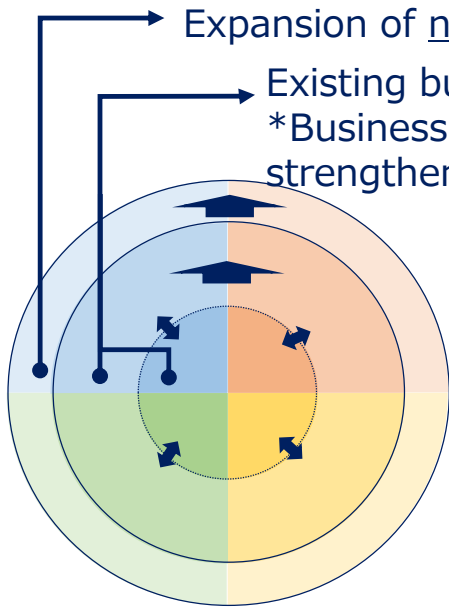
III GD2025 (Medium-term Management Plan: FY2022-FY2026)

【Innovation of security business model】

➔Expansion of service field

Expansion of new business field

Existing business field
*Business expansion by strengthening integration



Ⅲ GD2025 (Medium-term Management Plan: FY2022-FY2026)

1 Basic Policies of GD2025

- (1) Enhancement of response capacity for diverse safe and secure needs of society**

III 1 (1) Enhancement of response capacity for diverse safe and secure needs of society

- Enhancement of inside and outside infrastructure cultivated by security business and facility management business and construction of solutions with combination of various services

Internal Infrastructure of ALSOK



Further enhancement

Combination of service function

Remote monitoring



• Contracts of Electronic security services : approx. 990,000
*Including the number of complex housing, the total number of contracts count up to approx. 1,780,000 houses.

Correspondence at site



• Depots: approx. 3,000

Maintenance



• Contracts for General property management and fire protection services: approx. 114,000
• Construction managing engineers, electricians : approx. 1,900 in total
• Fire protection engineers : approx. 3,700 in total

Long-term care , nursing care



• Contracts for long-term care : approx. 27,000
• Long-term care depots : approx. 400
• Care workers : approx. 2,000

Overseas



• Overseas expansion in 6 countries

Enhancement in correspondence by the alliance with exterior

Construction of solutions corresponding to expanding safe and secure needs in society with diversifying risks by market oriented perspective

III 1 (1) Enhancement of response capacity for diverse safe and secure needs of society

■ Prompt development of products and services assimilating new technology



"Sophistication and multi-functionalized equipment"

"Predictive detection, identification function"

"Remote operation"

Utilization of various technologies such as image recognition and sound recognition technology

Surveillance camera etc.

Crime Deterrence·Evidence footage
+
Congestion situation·purchase behavior· detection of strange noise

GS

Crime prevention·Emergency alarm
+
Environmental monitoring·remote control of equipment· collecting data

HS

Crime prevention·Emergency alarm
+
Watch over·regional crime prevention·alliance with municipality


Etc.

Utilization of 5G, big data, AI etc.

Preventive measures

Prompt initial response

- ▶ Wide-area monitoring (Fire, vehicle traffic, flow of people etc.)
- ▶ Behavior recognition (Person requiring support·detection of suspicious behavior)
- ▶ Congestion situation




Fire detection Traffic jam detection

Etc.

Utilization of 5G, drones, robots etc.

Remote control·maintenance

Automated, man power reduction



Optimization in long-term care and nursing care sector

- ▶ Digitization
- ▶ Monitoring sensor
- ▶ Robots for long-term care

Etc.

Differentiation and high-value added of products and service development by assimilating new technology

Ⅲ GD2025 (Medium-term Management Plan: FY2022-FY2026)

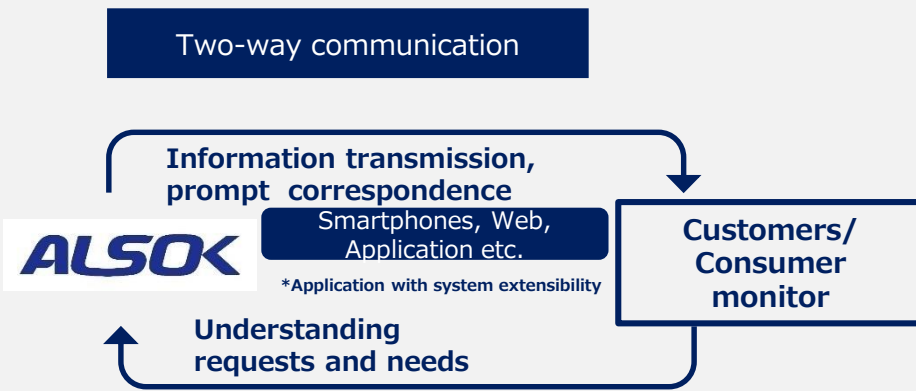
1 Basic Policies of GD2025

(2) Digitization and utilization of data

III 1 (2) Digitization and utilization of data

【Digitization and utilization of data(data driven)】

▶ Communication enhancement with customers



▶ Utilization of data



▶ Optimization and man power reduction of operation (Section in front)

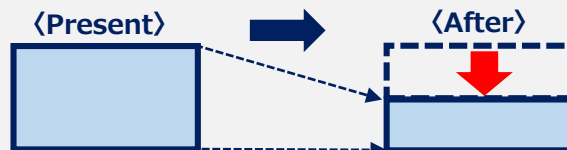
- ▶ Remote image monitoring
- ▶ Promotion of remote operation
- ▶ Utilization of drones and robots
- ▶ Automation of equipment etc.

(Back office)

- ▶ Data coordination
- ▶ Automation
- ▶ Computerized documents etc.

▶ Complement functions by digital technology

- ▶ Remote sales support
- ▶ Remote support for business with sophisticated technology
- ▶ Coordination with customer information etc.



*Control human resource from the increasing security and facility management operation

Ⅲ GD2025 (Medium-term Management Plan: FY2022-FY2026)

1 Basic Policies of GD2025

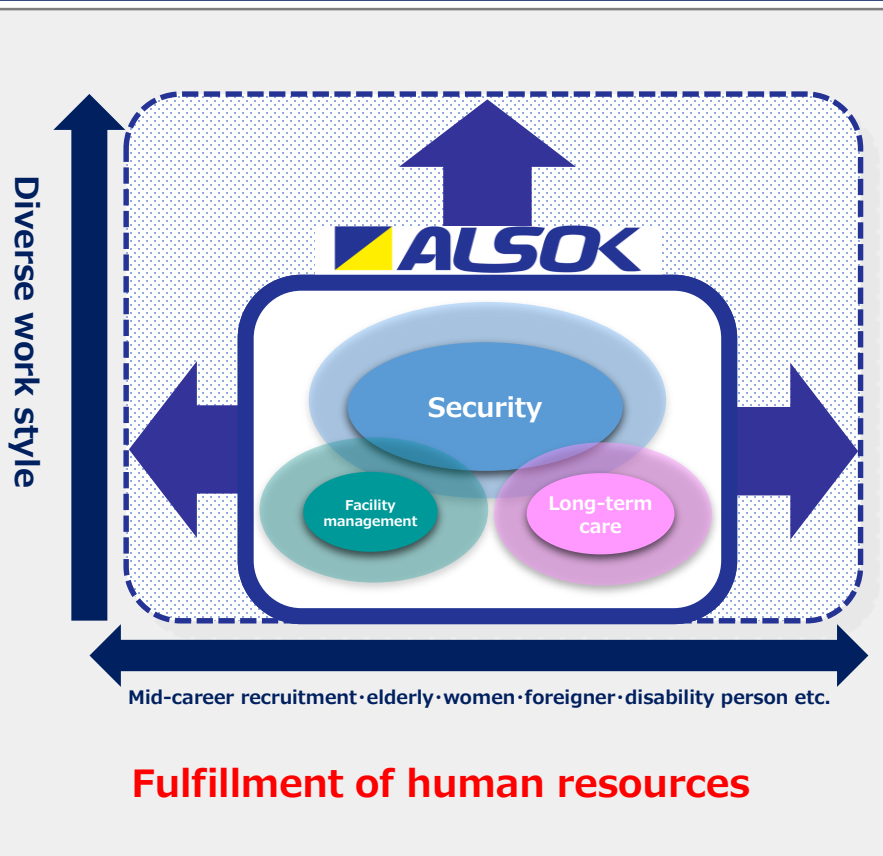
(3) Structure of environment where employees play an active role

III 1 (3) Structure of environment where employees play an active role

Diversifying human resource and capability development

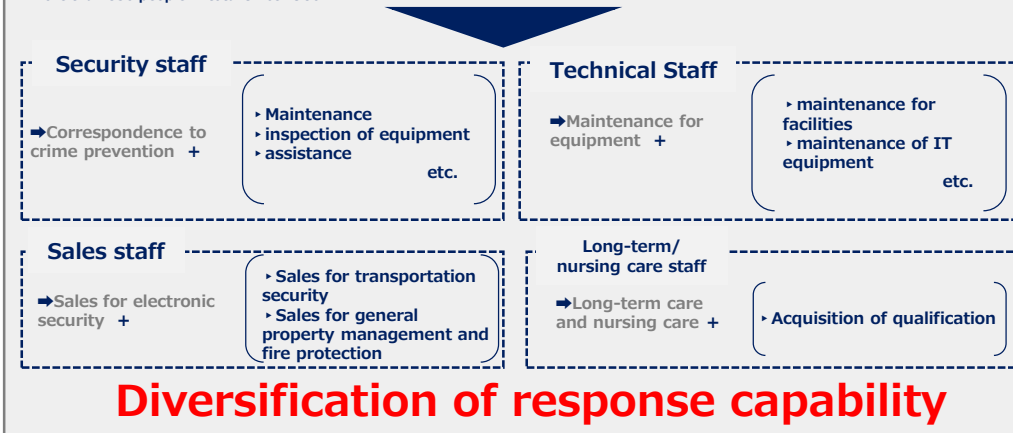
~ Enhancement of human resources who leads security, facility management, and long-term care business ~

Diversifying human resources



Capability development

- ▶ Consolidate training structure (Including domestic and foreign intercommunion)
 - ▶ Planned OJT, Off-JT
 - ▶ Obtain qualifications (Fire prevention, telecommunication, construction, fire protection manager, long-term care etc.)
 - ▶ Support for self-development
 - ▶ Career development applying autonomy of the employee
 - ▶ Fluidize human resource in ALSOK Group
 - ▶ Dispatch to diplomatic establishments abroad and overseas subsidiary
- *More than 850 people in total since 1980



Deepening the workstyle reform of ALSOK by increasing engagement and improving the system and environment where employee can perform at one's full potential

Ⅲ GD2025 (Medium-term Management Plan: FY2022-FY2026)

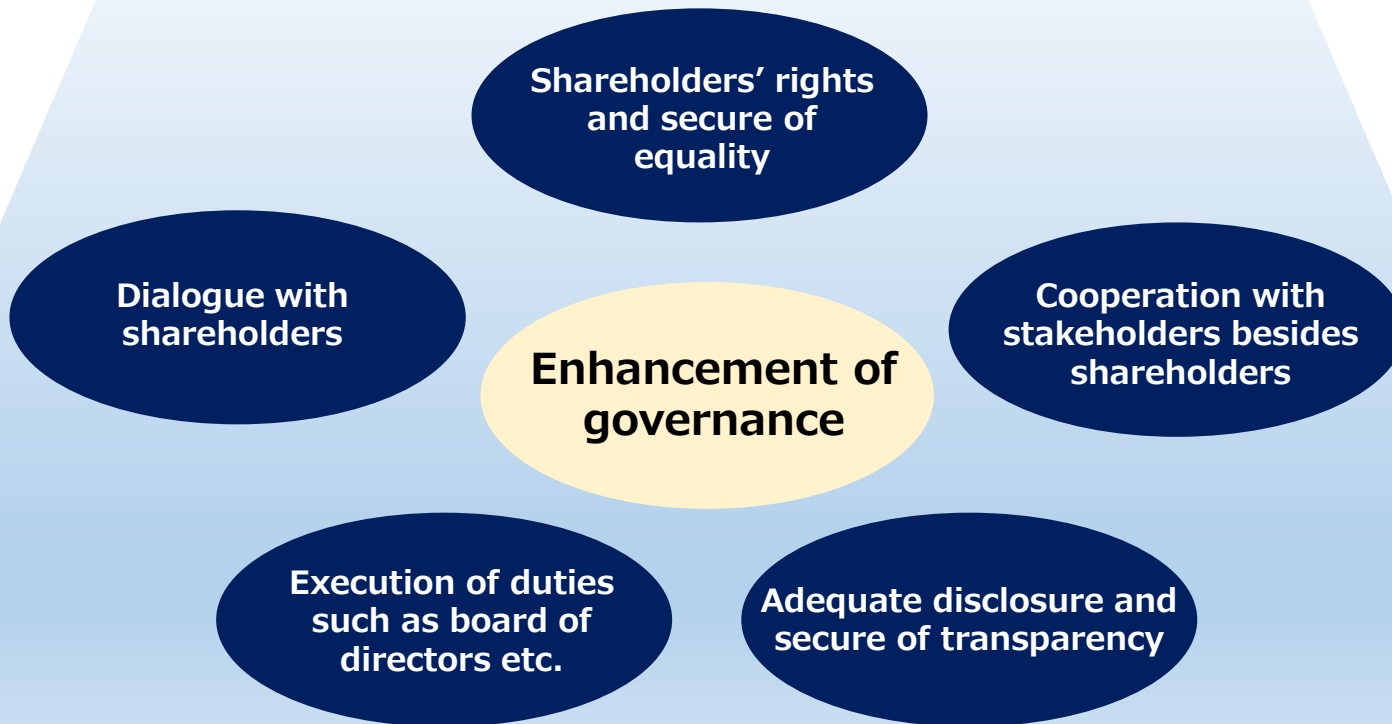
1 Basic Policies of GD2025

(4) Strengthen the efforts of sustainability

III 1 (4) Strengthen the efforts of sustainability

【Enhancement of governance】

- ▶ Realization of sustainable growth
- ▶ Revision of corporate structure
- ▶ Improvement of medium- to long-term corporate value
- ▶ Management efficiency



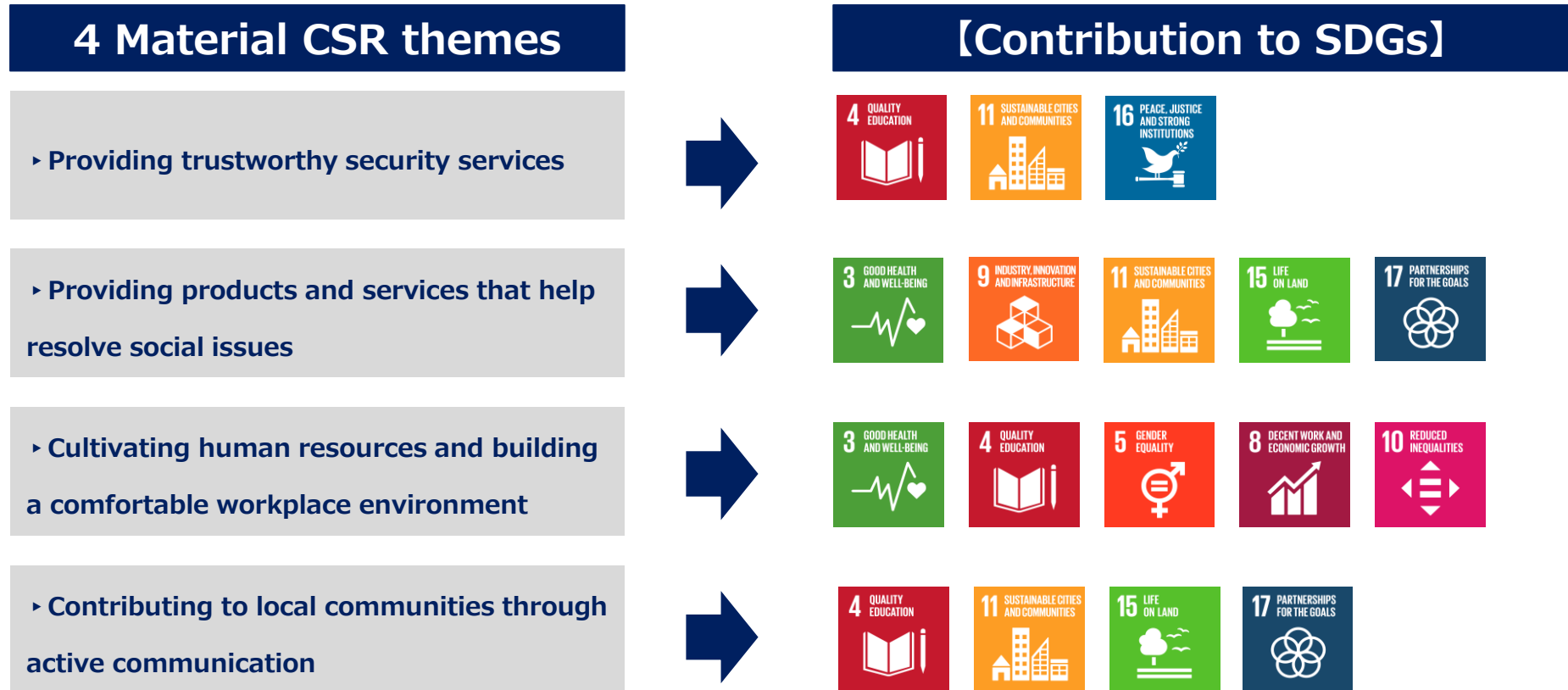
ALSOK Charter (Management Philosophy)

Based on 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.

III 1 (4) Strengthen the efforts of sustainability

[Approach to SDGs]

ALSOK will contribute to the realization of sustainable society and achievement of the SDGs by the CSR initiatives and ALSOK's strength such as excellent human resources, organizational capabilities and trust based on its founding.



III 1 (4) Strengthen the efforts of sustainability

【Approach to environmental issues】

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

【Specific efforts】

<p>Initiatives towards Carbon Neutral</p>	<p>■ Enhancement of initiatives towards reduction of CO2</p> <ul style="list-style-type: none"> ▶ Green procurement ▶ Interchange to next-generation vehicles ▶ Green electricity
<p>Initiatives towards Circular economy</p>	<p>■ Converting to a business model with high cyclicity</p> <ul style="list-style-type: none"> ▶ Promotion of the “3Rs”(reduce, reuse , recycle) ▶ Enhancement of products and services with environmentally friendly design *Designing product and services to used in long-term(durability, upgradability etc.) *Effective utilization of products including maintenance
<p>Environmental Management</p>	<p>■ Gaining trust from stakeholders in environmental correspondence</p> <ul style="list-style-type: none"> ▶ Introduction of Environmental Management System ISO14001 to all corporate group ▶ Express its support for international initiatives (TCFD etc.) ▶ Enhancement in environmental governance ▶ Information transmission of the status in a proactive manner
<p>Contribution to the resolution of social issues</p>	<p>■ Provision of new products and services</p> <ul style="list-style-type: none"> ▶ Provision of Energy management service ▶ Environmental monitoring ▶ Measurements for disaster prevention and mitigation ▶ Operational support for hydrogen station and electric vehicle charging facilities etc.

III GD2025 (Medium-term Management Plan: FY2022-FY2026)

2 Financial goals

III 2 Financial goals

【Financial goals】

	Result (FY2021)	Target (FY2026)
Net sales	¥469.9 billion	Approx. ¥650 billion
Ordinary income	¥39.2 billion	Approx. ¥65 billion
Ordinary income ratio	8.3%	More than 10%
ROE	9.6%	More than 10%

Keeping stable dividend : Payout ratio 30%

<Future Target>
Sales : Approx. ¥1 trillion
Income : Approx. ¥100 billion

【Investment Plan (Based on Cash Flow)】 (Billions of Yen)

Items	FY2022~FY2026
Research and development, digital related investments etc.	70.0
M&A etc.	50.0

*Reference (Forecast of increase in cash)

FY2022~FY2026 increase in cash	110.0
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Figures regarding future performance are forecast as of today. Actual performance may differ widely from these figures as a result of environmental changes and other factors.