

Financial Results for FY2022

SOHGO SECURITY SERVICES CO., LTD.

Securities Code : 2331(TSE, Prime Market)

May 13, 2022

Section 1	Financial Results for FY2022	2
Section 2	Business Plan for FY2023	22
Section 3	Priority Measures	26

Section 1	Financial Results for FY2022
Section 2	Business Plan for FY2023
Section 3	Priority Measures

1 Achieved record high both in net sales and profit, and increase in profit ratio

- Net sales achieved an increase for 12 consecutive years and profit achieved an increase for 10 consecutive years

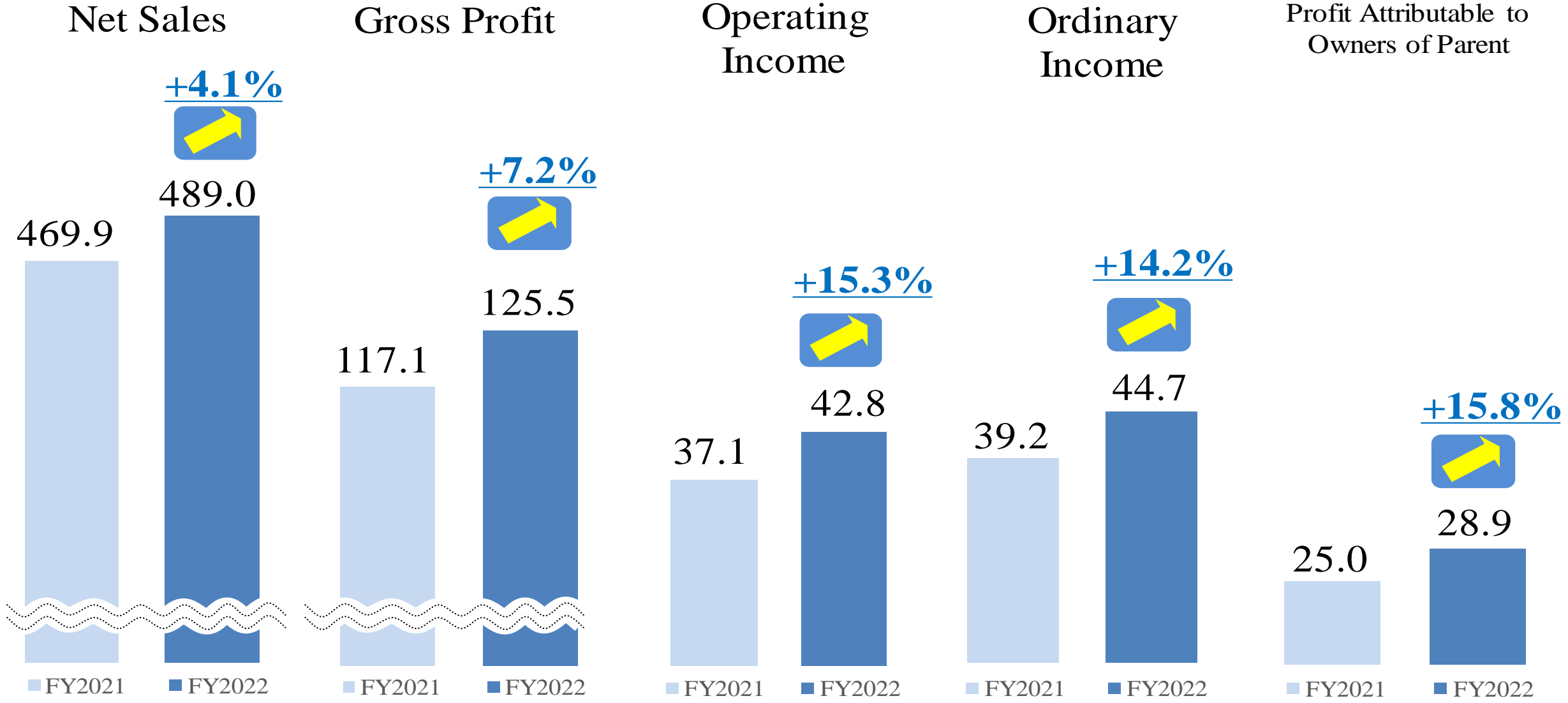
2 Olympic and Paralympic Games Tokyo 2020 end successfully

- ALSOK played an important role as a co-leader of the Olympic and Paralympic Games Tokyo 2020 Security Consortium

3 Contribution to the response to Covid-19

- Correspondence to security needs of recovery accommodation facilities for people with mild cases of covid-19 and vaccination sites
- Provision of products and services concerning measures to infectious diseases

Profit and Loss for FY2022



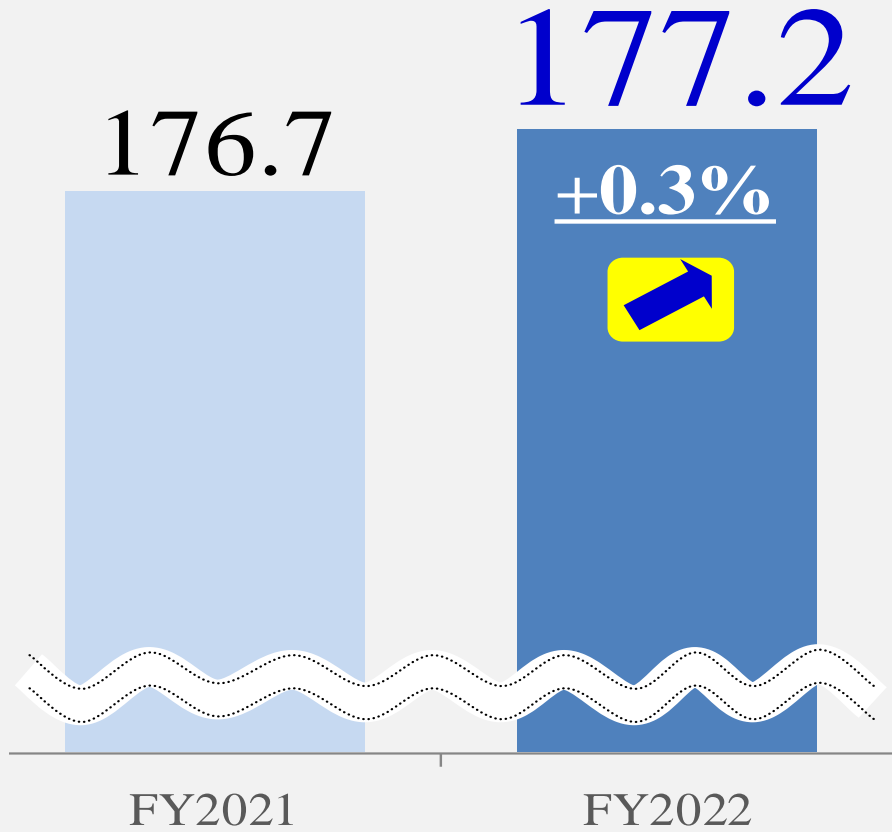
(Billions of Yen)

(Billions of Yen)	FY2022	FY2022 Buisness Plan	Gap	Achievement Ratio
Net Sales	489.0	500.5	(11.4)	97.7%
Operating Income	42.8	42.1	0.7	101.8%
Ordinary Income	44.7	43.5	1.2	103.0%
Profit Attributable to Owners of Parent	28.9	27.5	1.4	105.3%

Net sales by Services

(Millions of Yen)	FY2021	FY2022	Y o Y	Change
Security Services	355.5	373.9	18.4	5.2%
Electronic Security Services	176.7	177.2	0.4	0.3%
Stationed Security Services	113.1	128.8	15.7	13.9%
Transportation Security Services	65.6	67.8	2.1	3.3%
General Property Management and Fire Protection Services	68.1	67.4	(0.7)	(1.1%)
Long-Term Care Services	40.3	41.6	1.2	3.2%
Other Services	5.8	6.0	0.2	3.8%
Total	469.9	489.0	19.1	4.1%

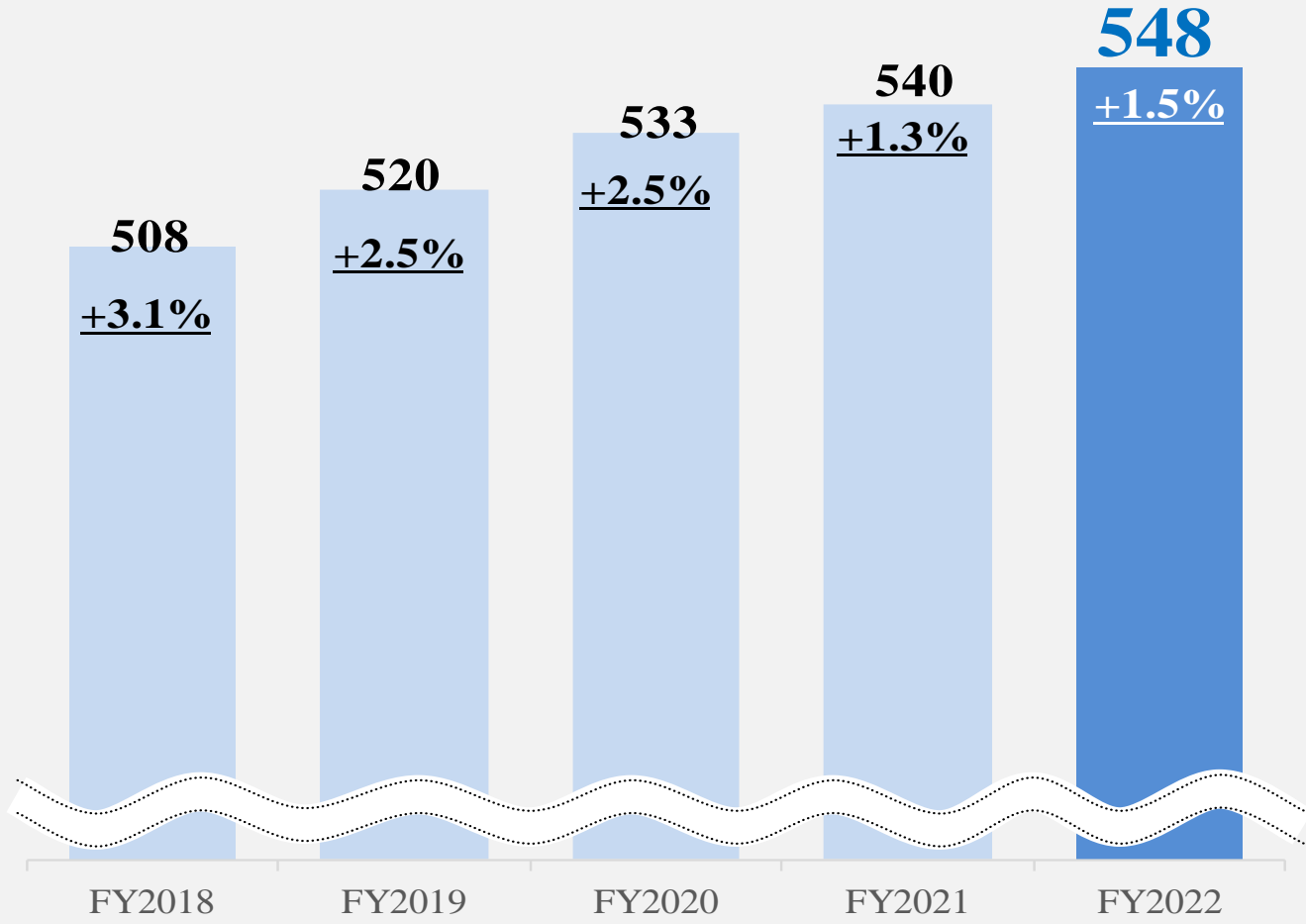
Sales (Billions of Yen)



Contract Sales	144.4 billion yen	YoY Ratio	+1.3%
Construction Sales	5.6 billion yen	YoY Ratio	+7.6%
Equipment Sales	27.0 billion yen	YoY Ratio	(6.3%)

Up 0.3% YoY

Increase in Contracts of Electronic Security Services
【Corporate Clients】 (Thousand contracts)

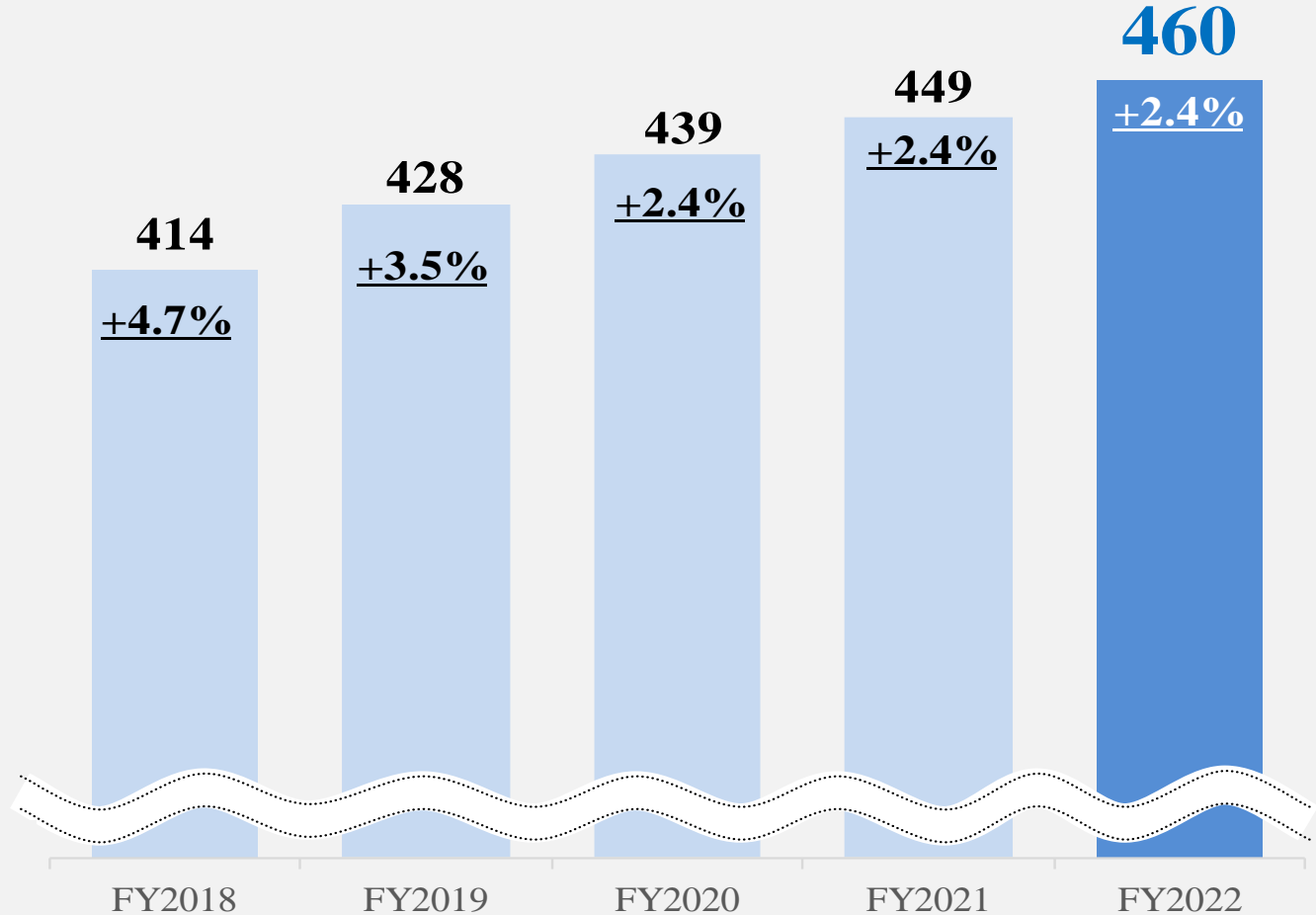


Total number of contracts **548 thousand**

▪ Sales promotion of ALSOK-G7

Up 1.5% YoY

Increase in Contracts of Electronic Security Services (Thousand contracts) 【Individual Clients】



Total number of contracts 460 thousand

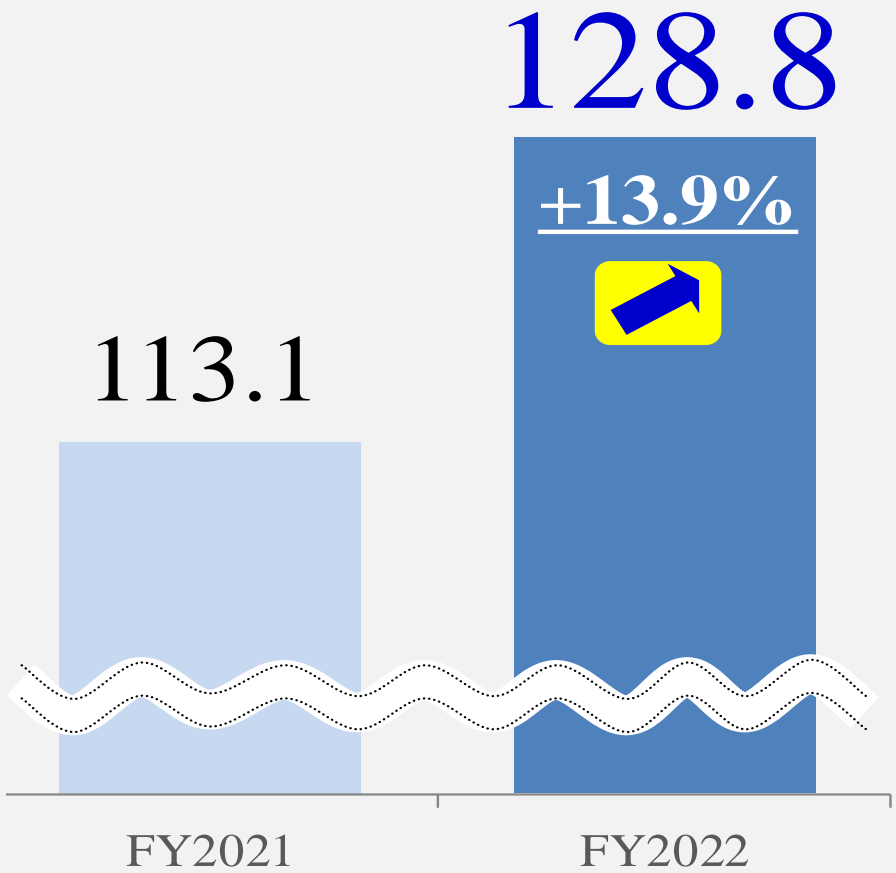
- HOME Security Basic
- HOME ALSOK MIMAMORI Support

Note: Including the number of complex housing, the total number of contracts count up to approximately 1,250,000 houses.

Up 2.4% YoY

(Billions of Yen)

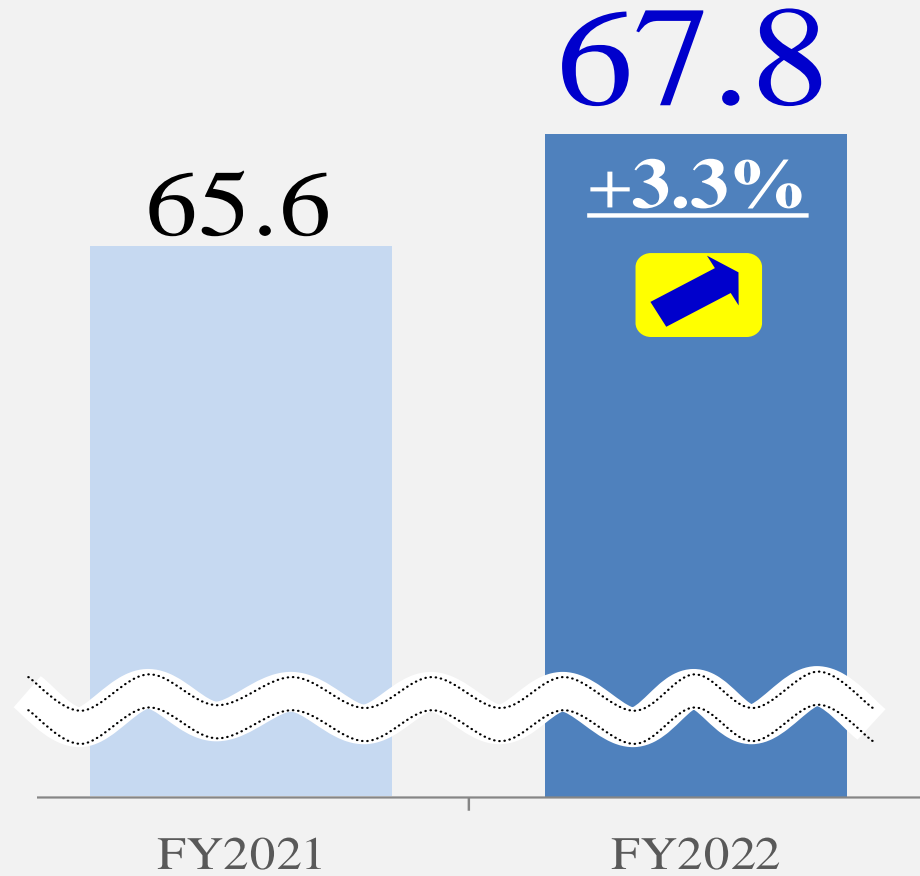
Sales



- Contributed to safe and secure operation of Tokyo 2020 Games
- Correspondence to security needs of recovery accommodation facilities for people with mild cases of covid-19 and vaccination sites

Up 13.9% YoY

Sales (Billions of Yen)



- Total ATM Management System

approx. 73,500 units (down 1.2% YoY)

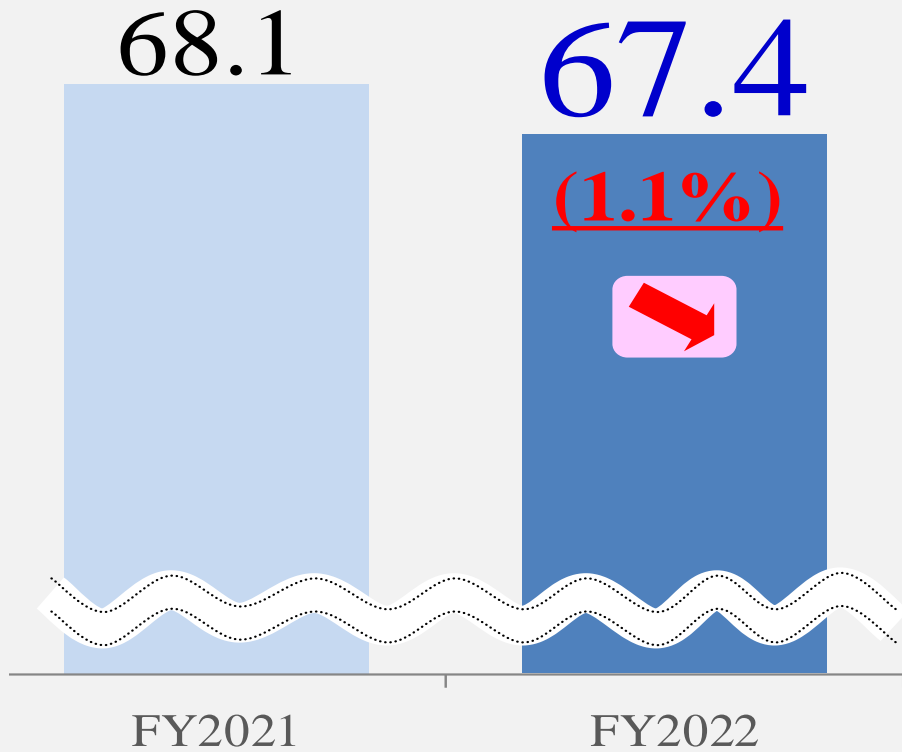
- Cash Deposit and Dispenser Machine On-line System

approx. 27,900 units (up 5.3% YoY)

Up 3.3% YoY

(Billions of Yen)

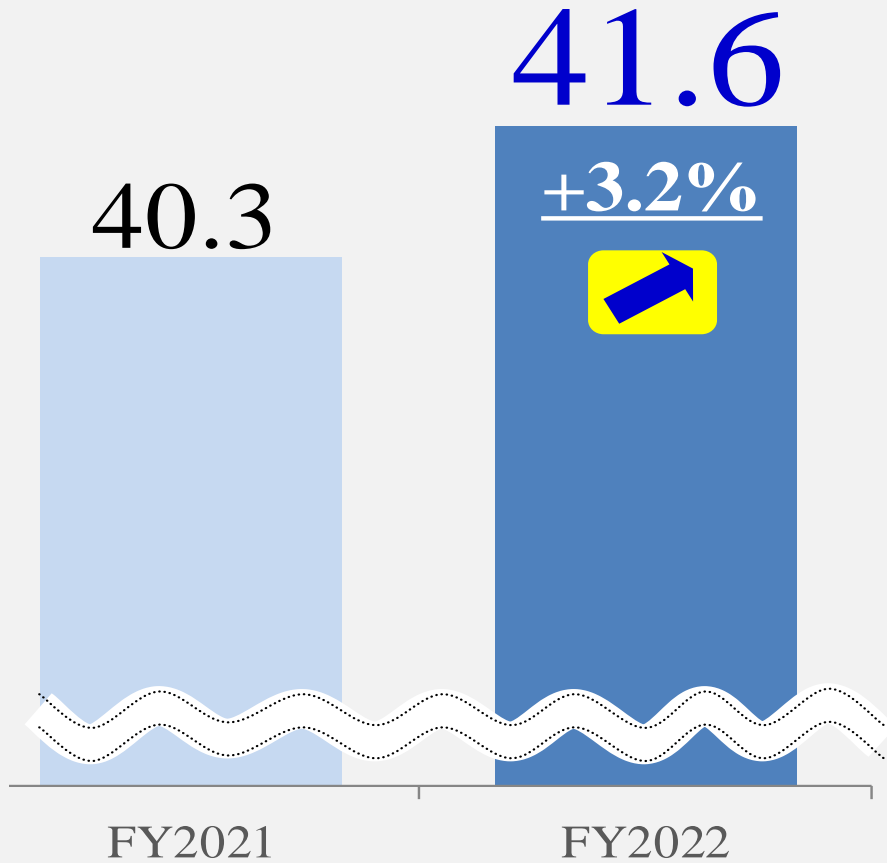
Sales



- Strong performance in orders concerning antivirus products
- Decline in construction revenue of construction section

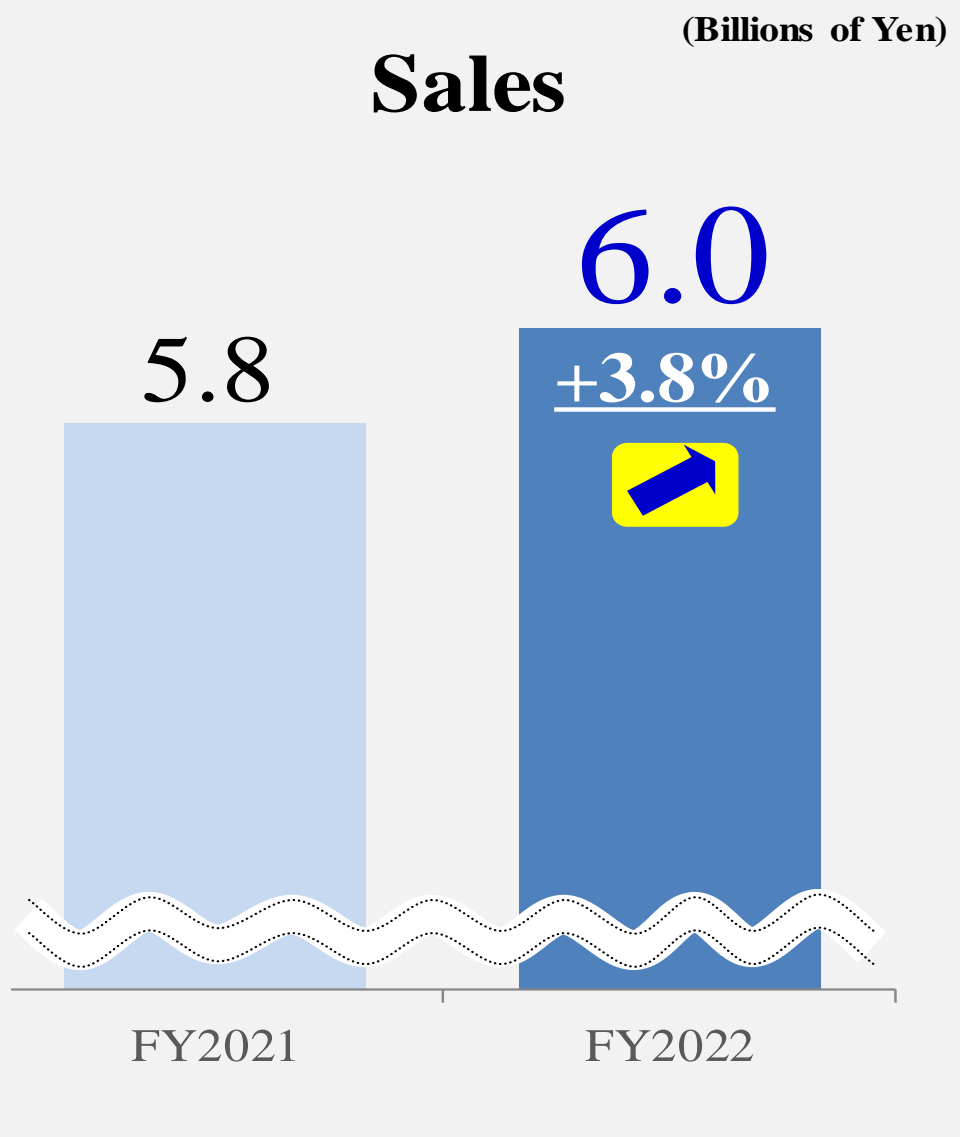
Down 1.1% YoY

Sales (Billions of Yen)



- Increase in operation rate of care facilities
- Recovery in numbers of home visit rehabilitation massage users

Up 3.2% YoY

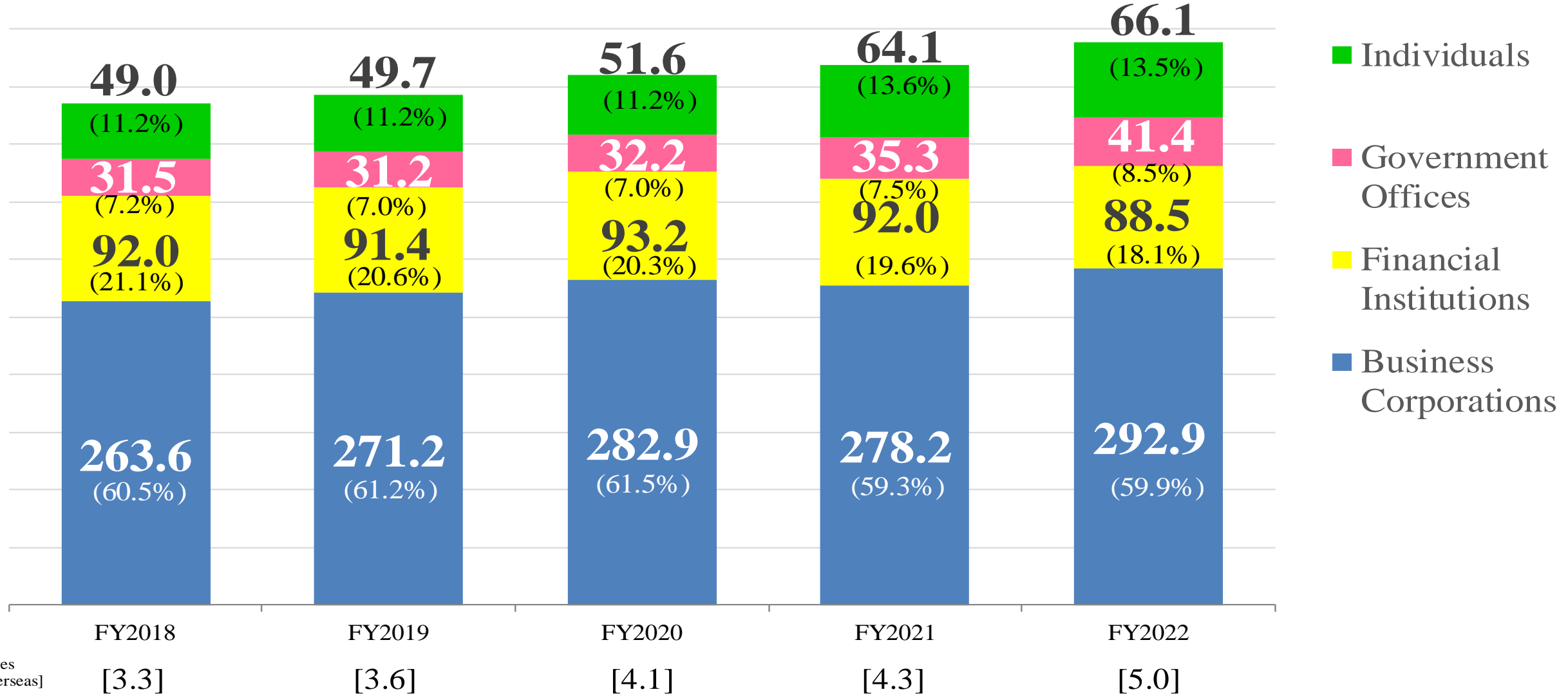


- PCR tests
- Safety confirmation system
- Information security

Up 3.8% YoY

() Sales Composition

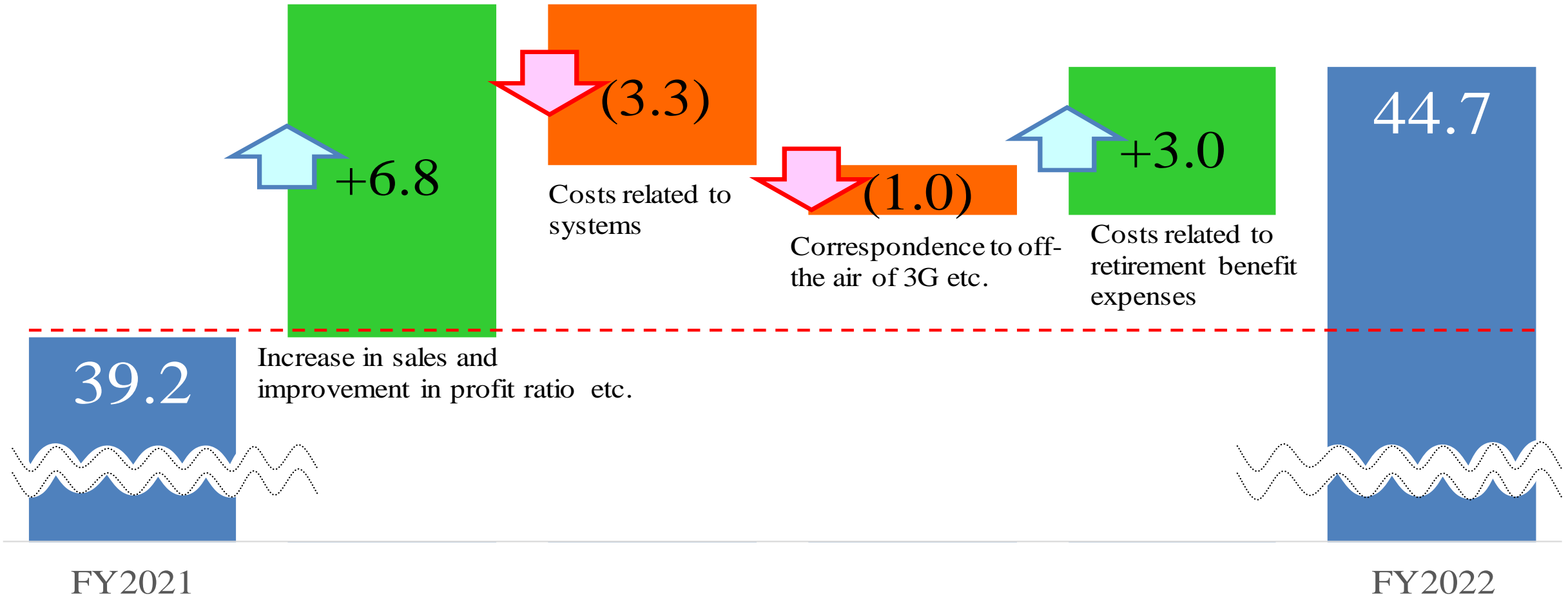
(Billions of Yen)



Analysis of the Profit and Loss

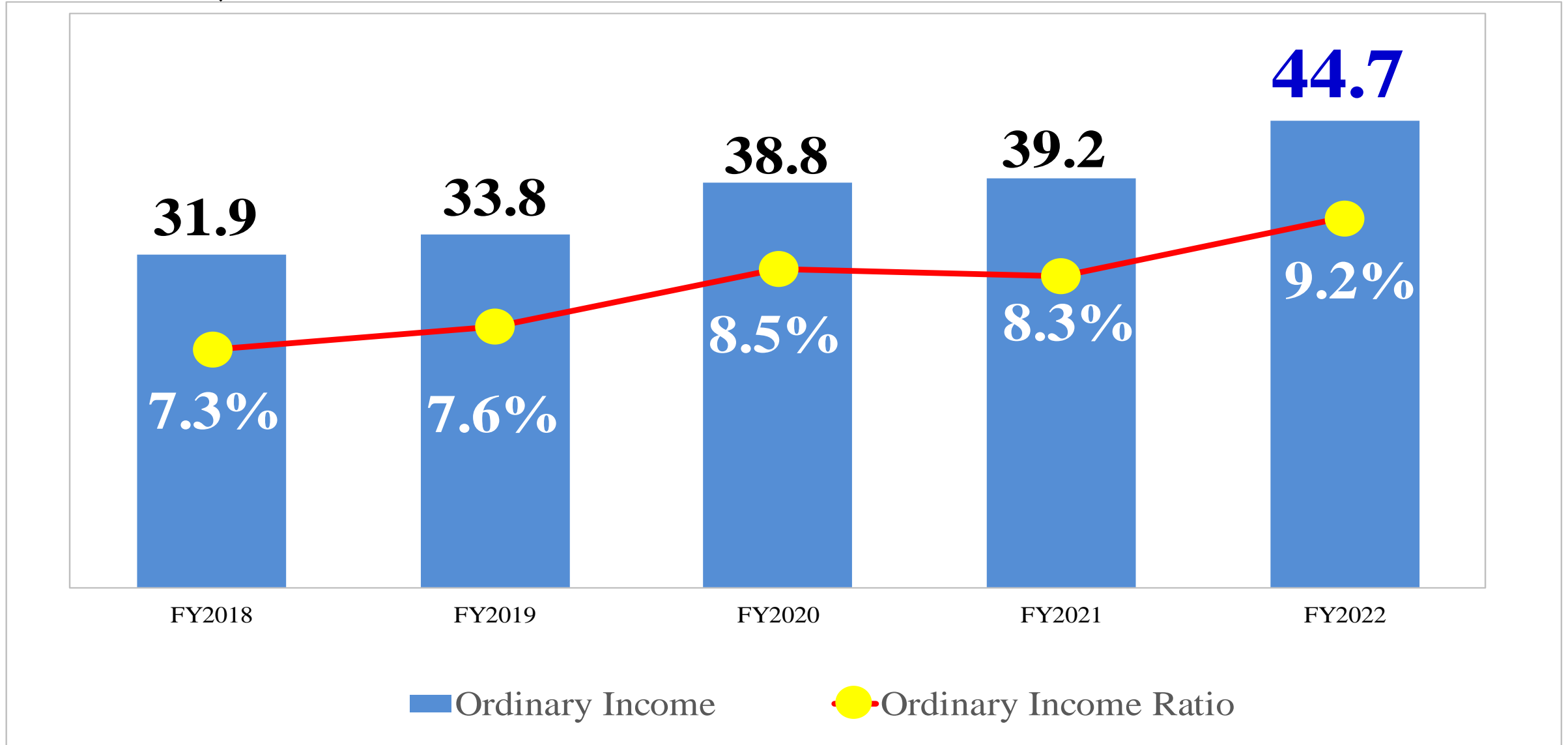
(Billions of Yen)	FY2021	FY2022	Y o Y	Change
Net Sales	469.9	489.0	19.1	4.1%
Cost of Sales	352.8	363.5	10.6	3.0%
Labor Cost	170.8	172.0	1.1	0.7%
Expense	49.7	60.3	10.6	21.4%
Depreciation	13.5	13.7	0.2	1.8%
Others	60.3	64.5	4.1	7.0%
Cost of Product Sold & Installation	58.3	52.8	(5.5)	(9.5%)
SG&A	79.9	82.7	2.7	3.5%
Advertising Expenses	2.5	2.8	0.3	15.9%
Personnel Cost	51.3	50.3	(0.9)	(1.9%)
Depreciation	2.2	3.0	0.7	35.1%
Others	23.7	26.3	2.5	10.8%
Operating Income	37.1	42.8	5.6	15.3%

(Billions of Yen)



Trends in the Ordinary Income

(Billions of Yen)



(Billions of Yen)

	FY2022	FY2021	Y o Y		FY2022	FY2021	Y o Y
<u>Current assets</u>	233.8	227.6	6.2	<u>Current liabilities</u>	90.3	103.7	(13.4)
Cash and deposits	71.3	60.8	10.5	Notes and accounts payable	23.0	24.0	(0.9)
Cash for Transportation Security Services and paid	76.7	82.8	(6.0)	Short-term loans payable	8.4	20.9	(12.4)
Notes and accounts receivable - trade, and contract assets	56.4	54.2	2.1	Accounts payable	22.4	20.3	2.0
Other	29.2	29.6	(0.3)	Other	36.3	38.3	(1.9)
<u>Noncurrent assets</u>	254.4	253.8	0.5	<u>Noncurrent liabilities</u>	70.3	73.2	(2.8)
Property, plant, and equipment	103.3	103.3	(0.0)	Long-term loans payable	2.1	4.5	(2.3)
Intangible assets	39.7	43.2	(3.4)	Lease obligations	35.5	36.3	(0.7)
Investments and other assets	112.2	107.2	4.0	Retirement benefit liability	27.1	26.9	0.2
				Other	5.5	5.4	0.1
				Total liabilities	160.7	177.0	(16.2)
				Shareholders' equity	293.4	272.0	21.3
				Total valuation and translation adjustments	6.6	5.4	1.2
				Non-controlling interests	27.3	26.9	0.4
				Total net assets	327.5	304.4	23.0
Total assets	488.2	481.4	6.8	Total liabilities and net assets	488.2	481.4	6.8

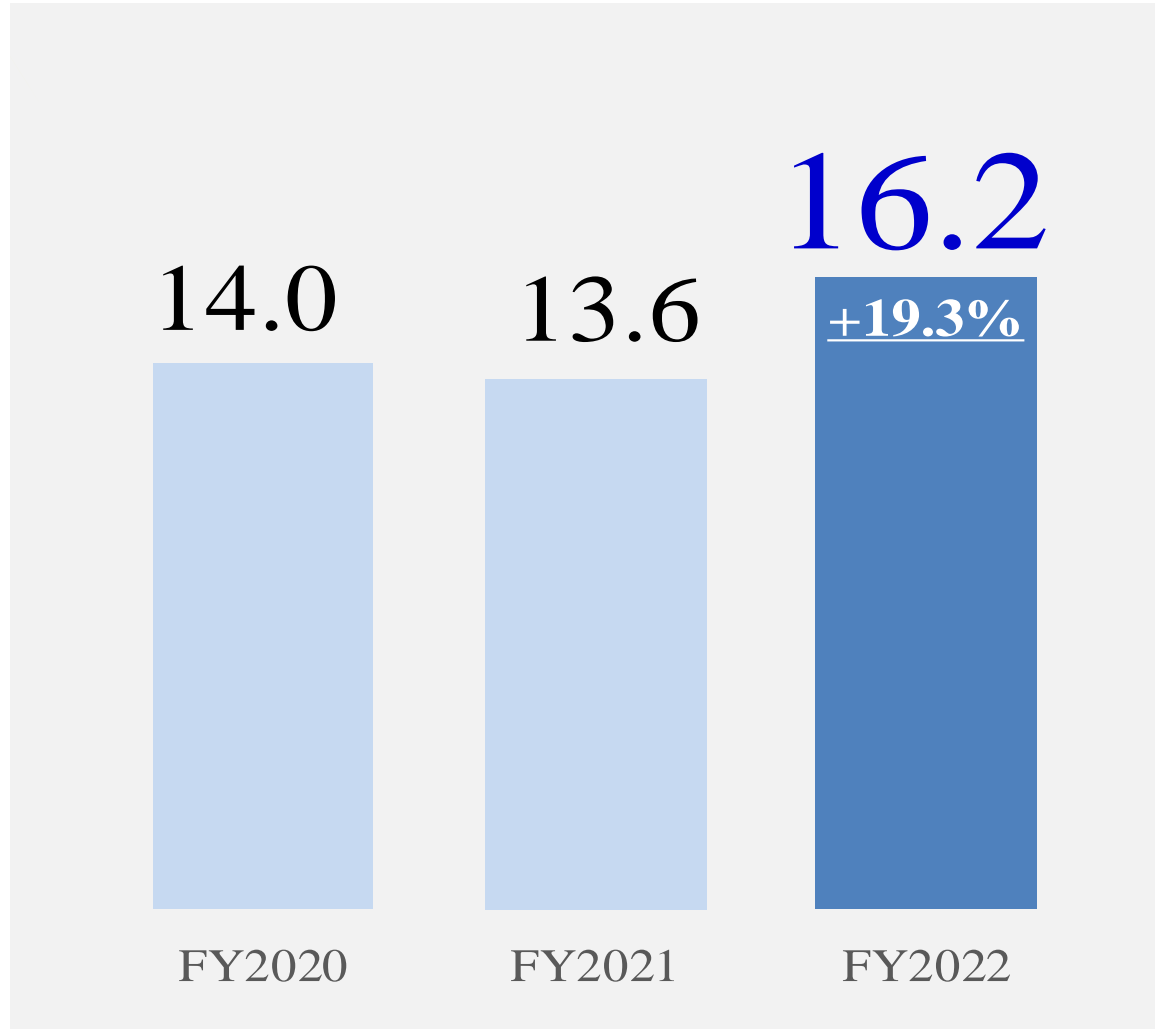
(Billions of Yen)

	FY2021	FY2022	YoY
Net cash provided by (used in) operating activities	55.5	42.7	(12.7)
Net cash provided by (used in) investing activities	(38.4)	(14.0)	24.3
Net cash provided by (used in) financing activities	(12.7)	(18.1)	(5.4)
Cash and cash equivalents at end of period	53.1	63.6	10.5

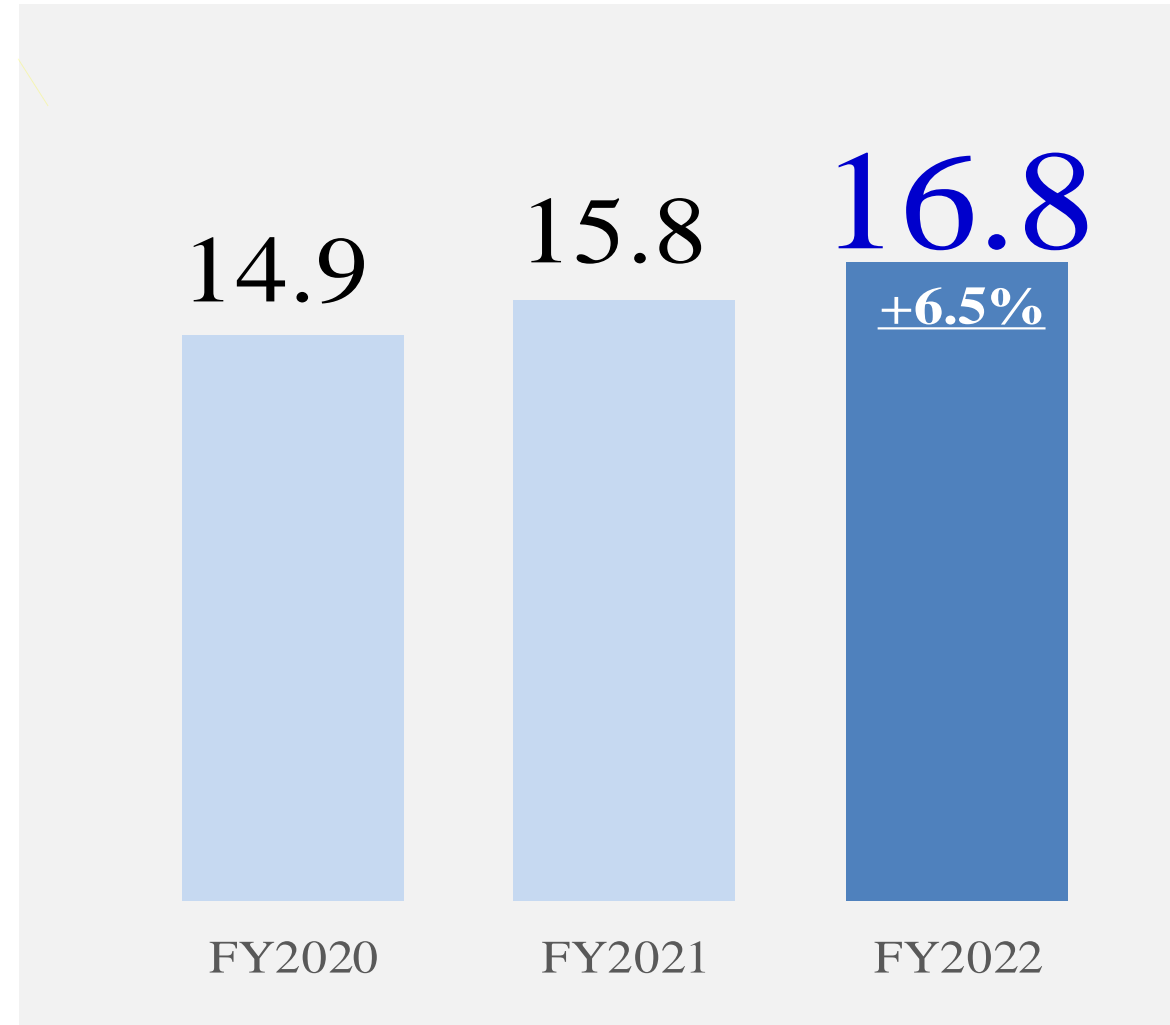
Major items of FY2022

● Net cash provided by (used in) operating activities	Income before income taxes	45.7
	Depreciation	16.8
	Increase/decrease in assets/liabilities for Transportation Security Services	(5.9)
	Income taxes paid	(12.5)
● Net cash provided by (used in) investing activities	Purchase of shares of subsidiaries resulting in change in scope of consolidation	0.0
	Purchase of property, plant and equipment	(13.1)
	Purchase of shares of subsidiaries and associates	0.0
● Net cash provided by (used in) financing activities	Dividends paid	(7.5)
	Repayment of lease obligations	(5.3)

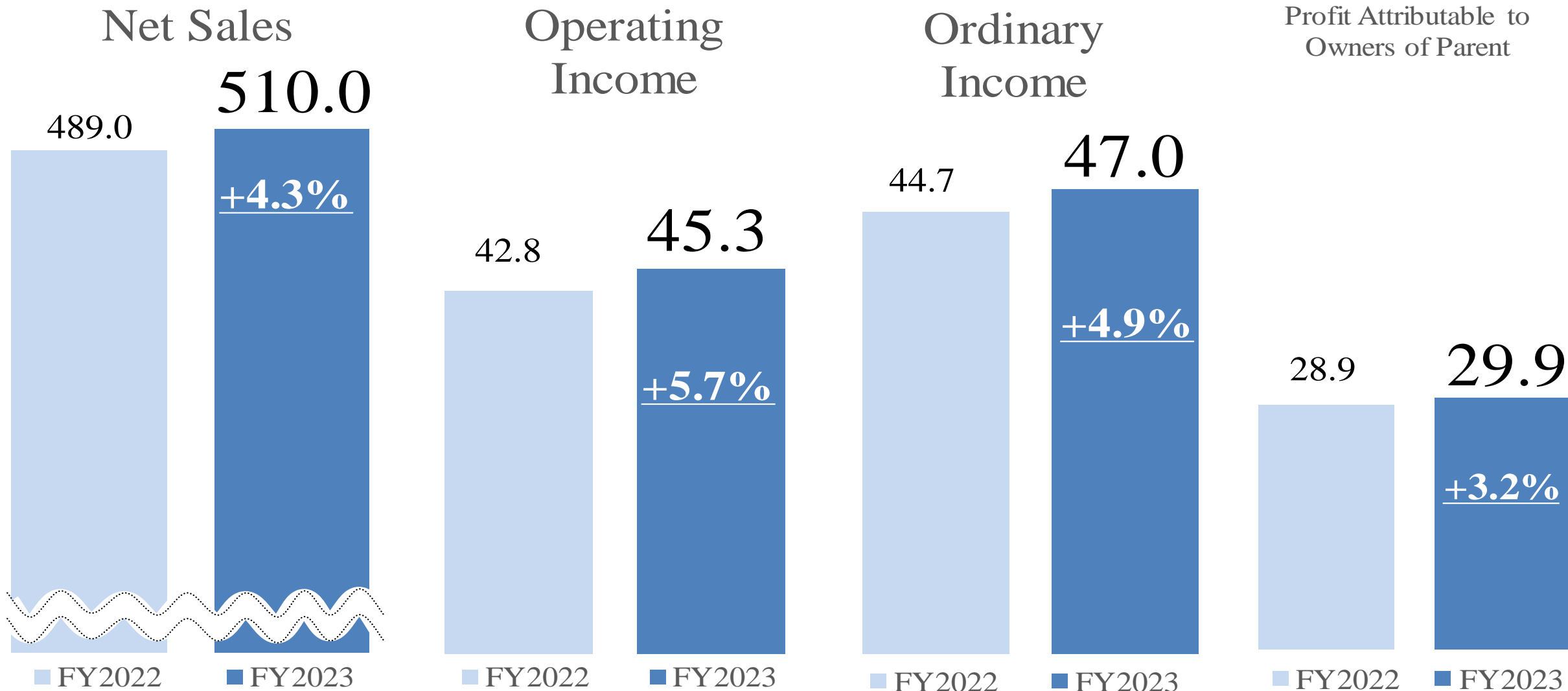
■ Capital expenditures (Billions of Yen)



■ Depreciation (Billions of Yen)

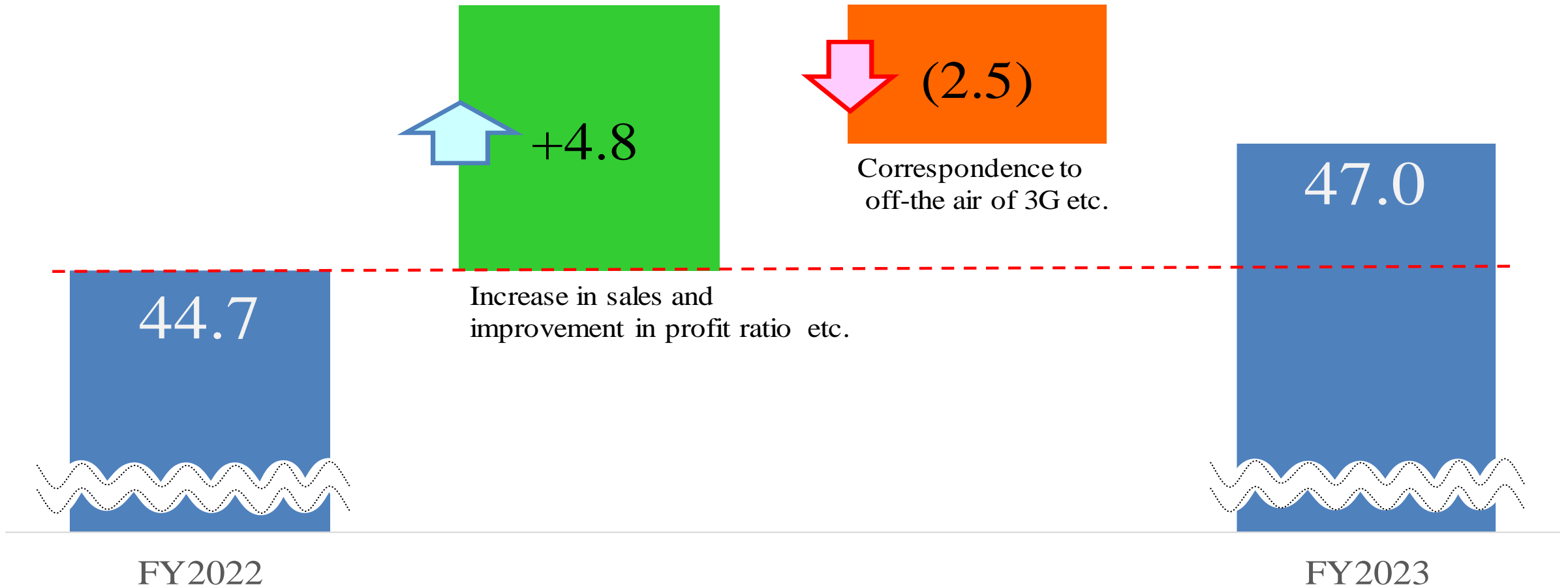


Section 1	Financial Results for FY2022
Section 2	Business Plan for FY2023
Section 3	Priority Measures



(Billions of Yen)

(Billions of Yen)



	FY2020	FY2021	FY2022	FY2023 (Forecast)
Dividends per share (Yen)	70 (34.5)Interim (35.5)Year-end	72 (35.0)Interim (37.0)Year-end	82 (38.0)Interim (44.0)Year-end	86 (43.0)Interim (43.0)Year-end
Payout ratio	29.3%	29.1%	28.7%	29.1%

Note: () represent dividends per share for interim and year-end

Section 1	Financial Results for FY2022
Section 2	Business Plan for FY2023
Section 3	Priority Measures

- 1 Expansion of services for corporate customers**
- 2 Expansion of safety and security services for individuals**
- 3 Support for improving operational efficiency of financial institutions and local government**
- 4 Initiatives for environmental problems**
- 5 Initiatives to improve engagement**

1 Expansion of services for corporate customers

A. Utilization of ALSOK-G7



ALSOK-G7

Coordination with sensors and equipments



Image sensor

Basic Configuration

- **Ascertainment by live images**
- Intrusion
- Fire
- Emergency

Abundant optional services

- Image accumulation
- Attendance information
- Image patrol
- Access control information
- Information of events
- Remote equipment control



Remote equipment control(optional service)



Lighting



Air conditioning



Shutter

Coordination with central monitor system

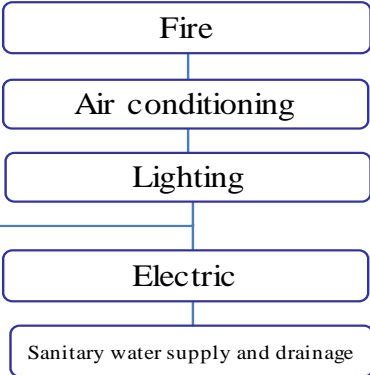
Equipment monitor



Central monitor system
(Monitoring and control of various building equipments)

Rush to the scene

Equipments



1 Expansion of services for corporate customers

B. Utilization of advanced technology

Providing various services utilizing drones

- Aerial photography service (Started in 2014)
- Bridge inspection support service
- ALSOK drone exterior wall investigation
- Inspection of various facilities and infrastructures etc.



Solar panel



Exterior wall investigation



Bridge inspection

Expansion of robot functions

- Utilization for patrol and monitoring work by humans
- Various customizations are available according to the characteristics of the facility



REBORG-Z

Expansion of business utilizing drones and robots



2 Expansion of safety and security services for individuals

A. HOME ALSOK Outdoor wireless IP camera (March 2022)

- Easy self-security that can be installed outdoors



Features

Application screen (image)

Optional service

Request of rush to the scene



+

ALSOK Sticker



- No wiring work required(Wi-fi connection and battery installed)
- Able to check and record the video via application
- Optional request of rush by security guards

2 Expansion of safety and security services for individuals



B. ALSOK's new approach to long-term care

- **Introduction of AI robot (long-term care support)**

- Realization of operation efficiency for long-term care and quality improvement of long-term care services



AI robot introduced in ALSOK CARE

- **Started collaboration with SOMPO Group**

- Collaboration to solve social issues in the long-term care industry utilizing data

- **Providing long-term care services at Mitsui Fudosan Residential**

"(Tentative name) Park WellState Shonan Fujisawa Project" (Life)

(Scheduled to open Fall 2024)

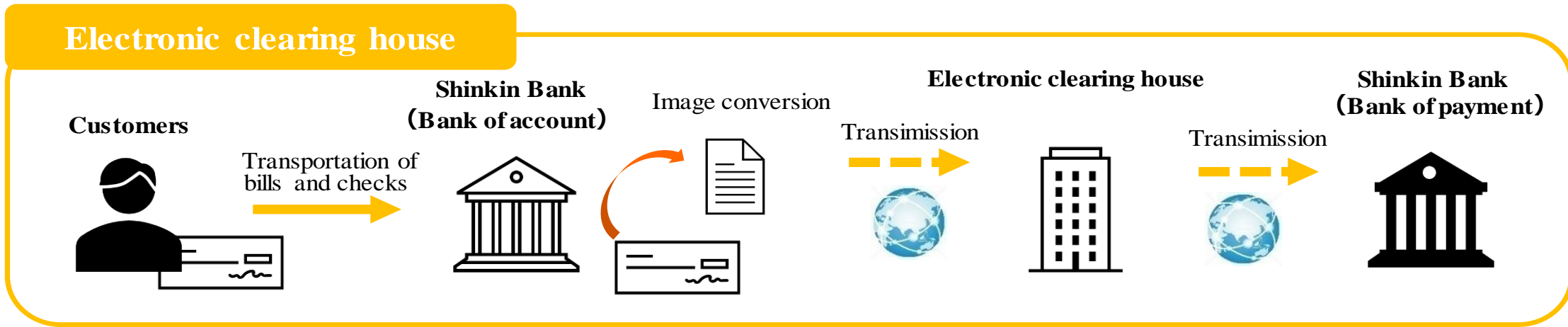


"(Tentative name) Park WellState Shonan Fujisawa Project"
Appearance image

3 Support for improving operational efficiency of financial institutions and local governments

Realization of operational efficiency and cost reduction associated with digitalization

- Contracted centralized operations for "Electronic clearing house for bills and checks" from seven major Shinkin Banks in the Tokyo metropolitan area, and has already established a joint center starting with some operations (April 2022)
- Proposing wide range of solutions to improve the efficiency of tax and public money receipt operations using the "Cash Deposit and Dispenser Machine Online System" to municipalities



Expand further outsourcing contracts at financial institutions and local governments

4 Initiatives for environmental problems

•Reduction of CO₂ emissions

- Introduction of three-wheeled electric motorcycle
(Gradually expand from April 2022)
- Installation and maintenance of EV charging equipment



Electric motorcycle



EV charging equipment

•Ecosystem conservation

- 8 ALSOK Group companies holds "Certified Wildlife Capture Operators" certification
- Established meat processing facility in ALSOK CHIBA (July 2020)



Meat processing facility
"Mobara Game Meat Processing Facility"

•Circular economy

- "Social Contribution Type Emergency Stockpile Utilization Service" (April 2022)
 - Emergency stockpile available at fixed rate (monthly payment)
 - Collect unused emergency stockpiles leaving with half a year of best-by date and donate them to various welfare facilities, etc. (Prevents food waste)



Emergency stockpile (example)

Contributes to solving environmental issues

5 Initiatives to improve engagement

• Pay raise for 9 consecutive years

- Continuously implemented since FY2014

• Correspondence to various work styles

- Promotion of women's empowerment
- Promoting the active participation of senior human resources

• Creating an environment that makes it easy to take annual paid leave

- New establishment of Pearl Holiday (scheduled leave) system (April 2021)
- Further permeate of Platinum Holiday (long-term leave) system (May 2018)

Improving the system and environment where employees can perform at their full potential



"Eruboshi"
certification mark

Awarded to companies that actively promote the advancement of women in the workplace



"Kurumin"
certification mark

Awarded to companies that are judged to be taking proactive measures to promote child care support

Disclaimer

Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.

Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.

