

Financial Results
for 2Q FY2024

総合警備保障株式会社

SOHGO SECURITY SERVICES CO., LTD.

証券コード 2331（東京証券取引所 プライム市場）
Securities Code: 2331(TSE Prime Market)



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Always Security OK
ALSOK

1. YoY increases in sales and profits, achievement of Medium-Term Plan

- 4.4% increase in net sales (Recovery in demand for security services, with contribution from the new consolidation of Okinawa Sohgo Security Services Co.,Ltd.)
- Operating income to sales + 0.8 points, ordinary income to sales + 0.9 points (YoY)

2. Advance initiatives towards achieving financial goals of Medium-Term Management Plan (GD2025)

- Recovery trend in demand for security services due to normalization of social activities
- Steady trends surpassing the net sales and profits before the COVID-19 pandemic

3. Strengthening of returns to shareholders

- Acquisition of treasury stock (Finished on 10/6, with approx. value of 5 billion yen)

1

Financial Results for 2Q FY2024

2

Business Plan

3

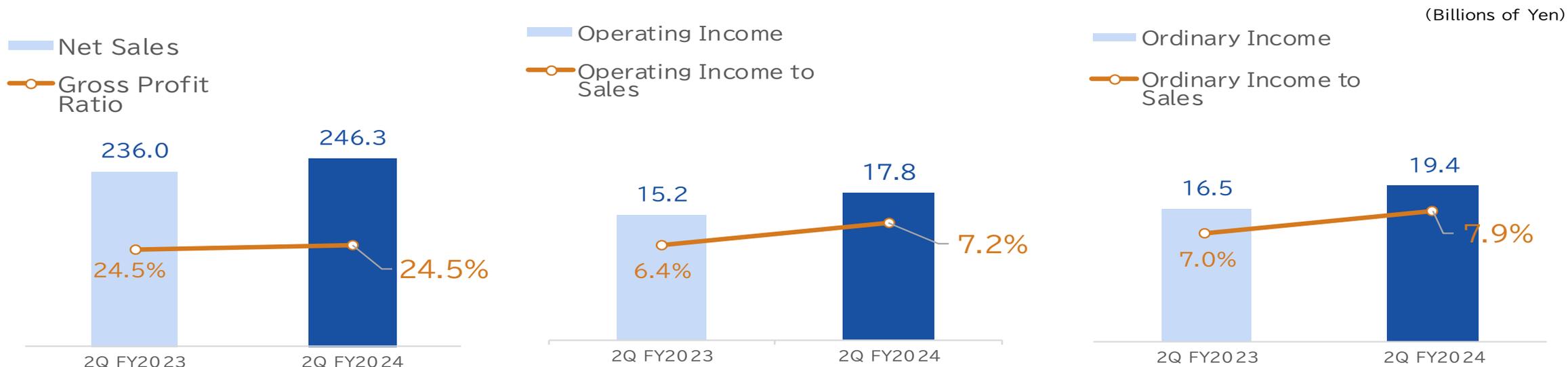
Priority Measures

1 Financial Results for 2Q FY2024

2 Business Plan

3 Priority Measures

Net Sales and Income



YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	236.0	246.3	10.3	4.4%
Operating Income	15.2	17.8	2.6	17.1%
Ordinary Income	16.5	19.4	2.8	17.3%
Profit Attributable to Owners of Parent	9.7	11.8	2.0	21.4%

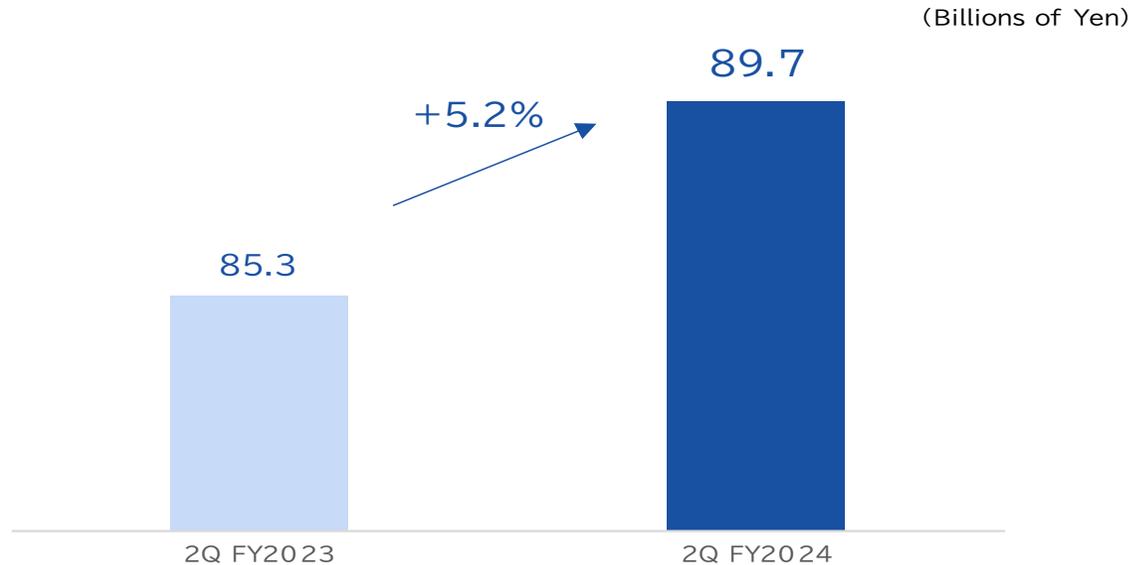
(Reference)

2Q FY2024 Business Plan	Gap	Achievement Ratio
245.0	1.3	100.6%
16.5	1.2	107.4%
17.8	1.5	108.9%
11.1	0.6	106.3%

YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Security Services	180.4	184.9	4.4	2.5%
General Property Management and Fire Protection Services	30.2	33.7	3.4	11.6%
Long-term Care Services	22.6	25.2	2.5	11.1%
Other Services	2.6	2.5	(0.1)	(4.3%)
Total	236.0	246.3	10.3	4.4%
Sales Overseas	2.9	3.3	0.4	15.1%

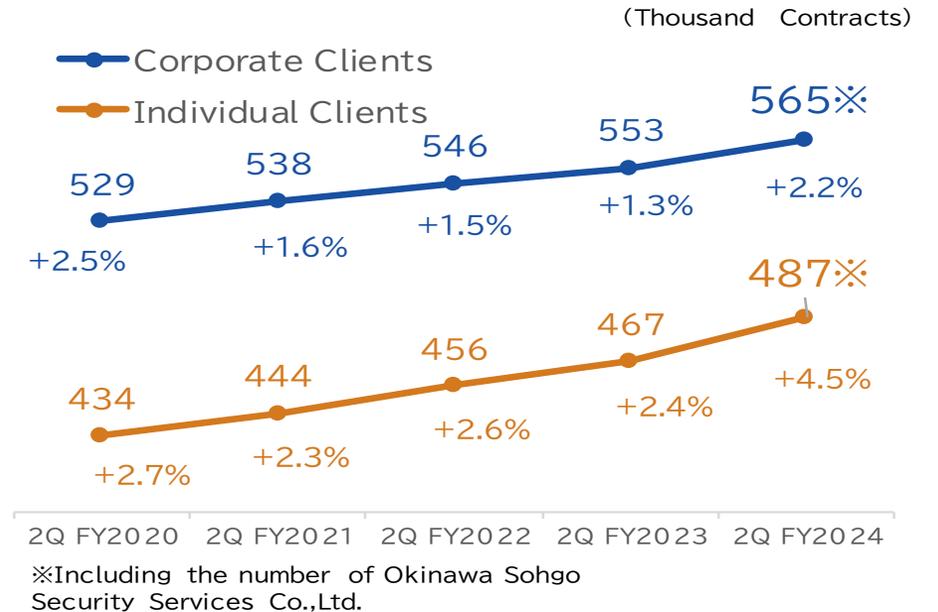
Net Sales



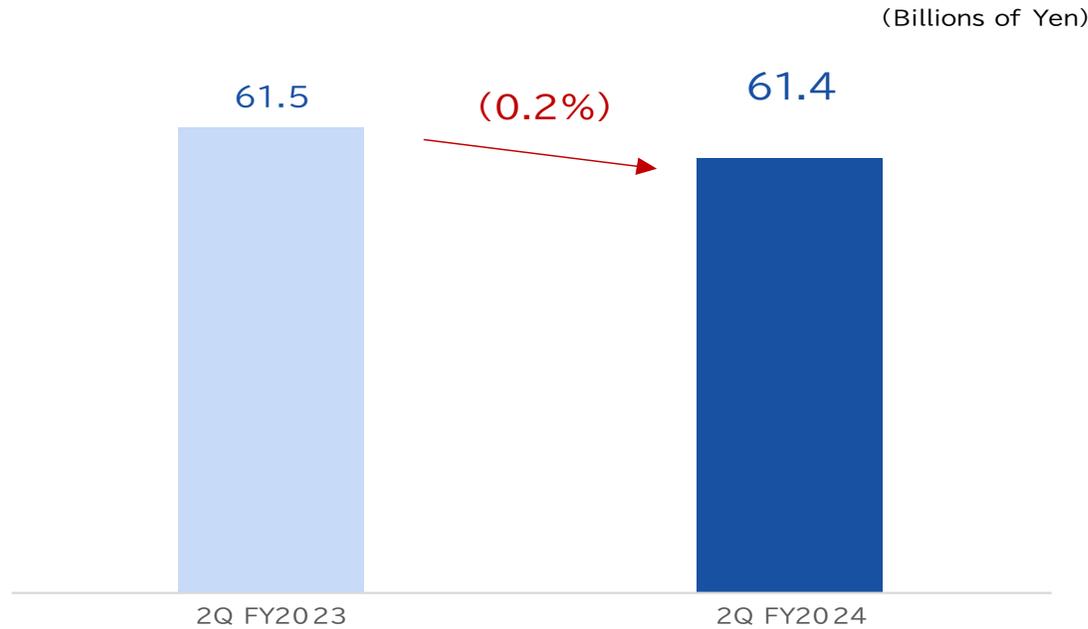
YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	85.3	89.7	4.4	5.2%
Contract Sales	69.6	70.7	1.1	1.6%
Construction Sales	2.7	3.1	0.4	15.0%
Equipment Sales	12.9	15.8	2.9	22.5%

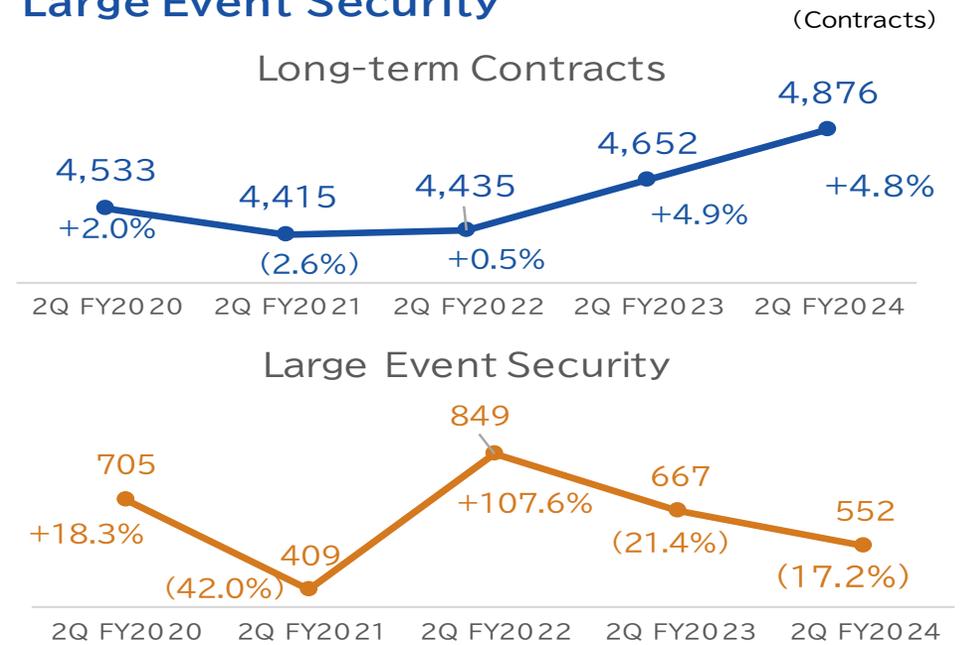
The Number of Contracts of Electronic Security Services



Net Sales



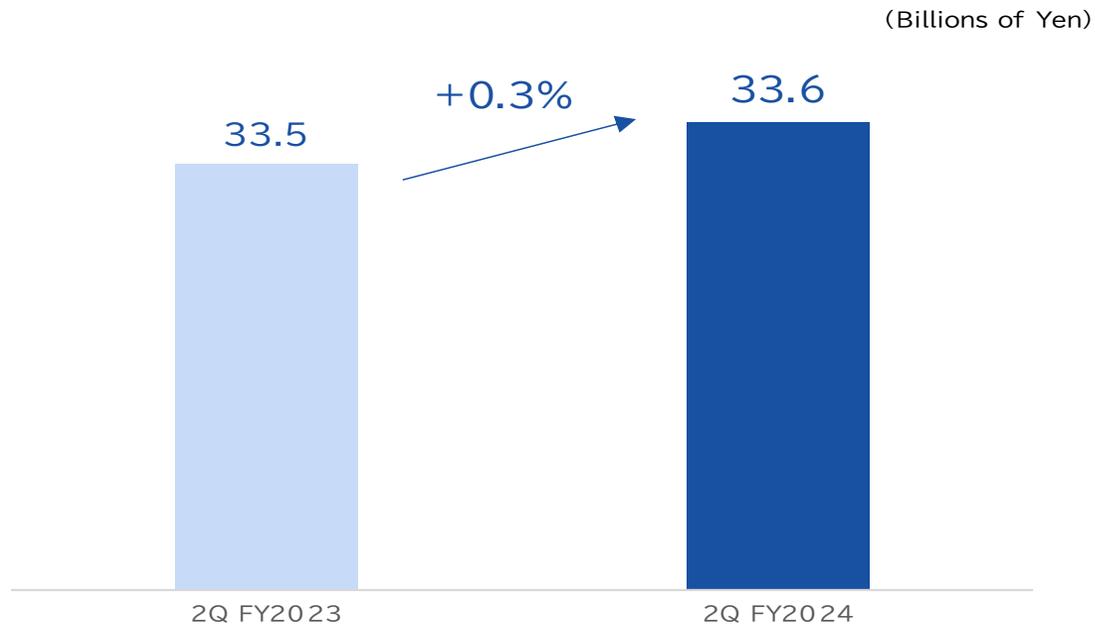
The Number of Long-term Contracts/ Large Event Security



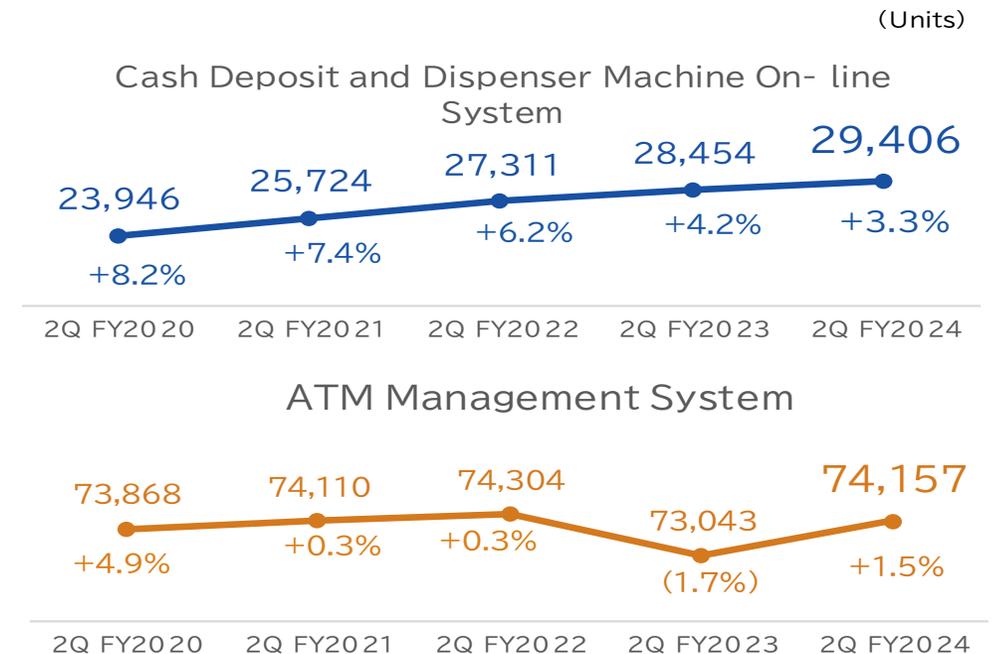
YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	61.5	61.4	(0.1)	(0.2%)

Net Sales



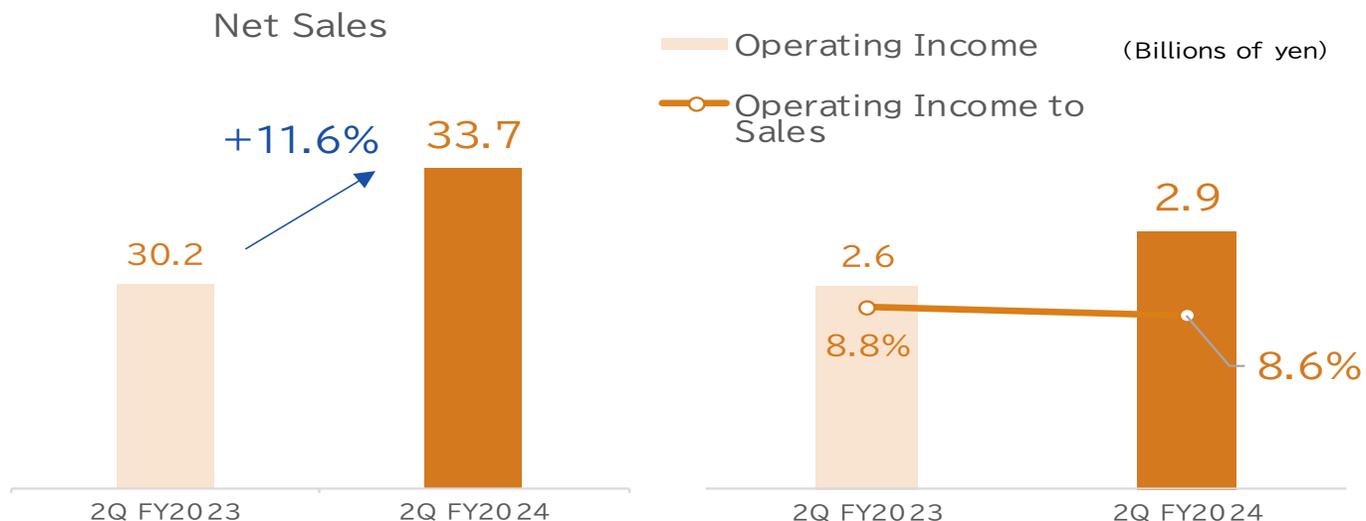
The Number of Cash Deposit and Dispenser Machine On-line System/ATM Management System



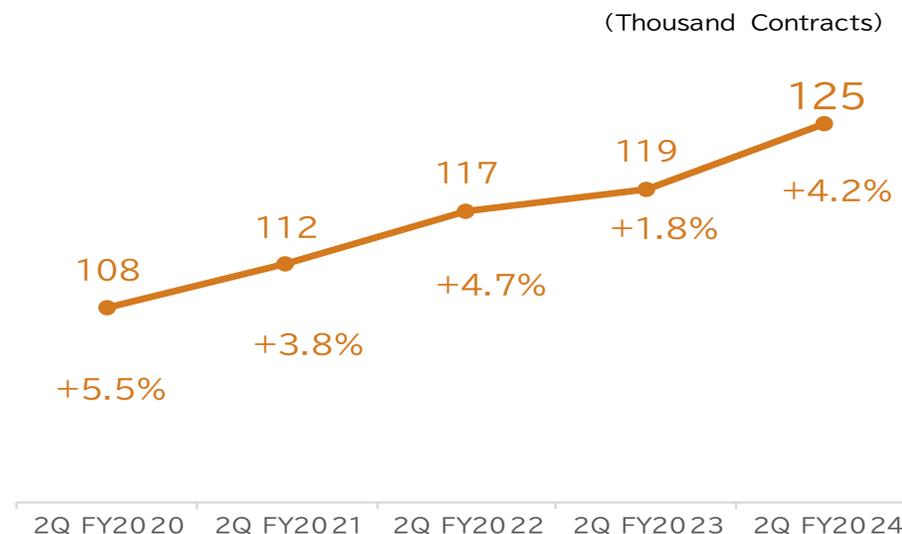
YoY·Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	33.5	33.6	0.0	0.3%

Net Sales/Operating Income



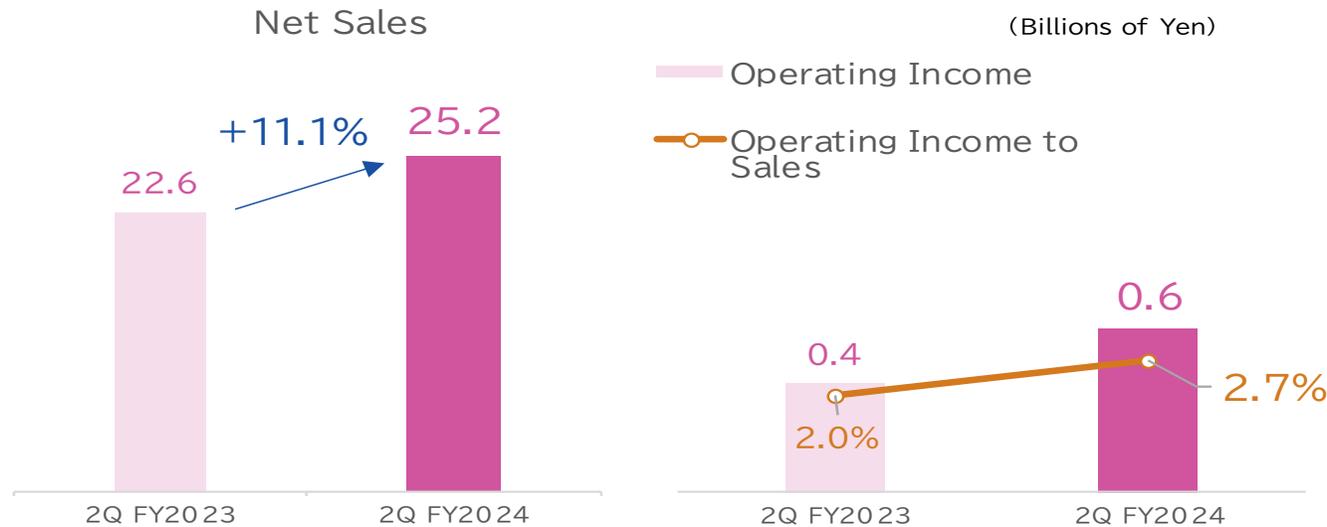
The Number of Long-term Contracts



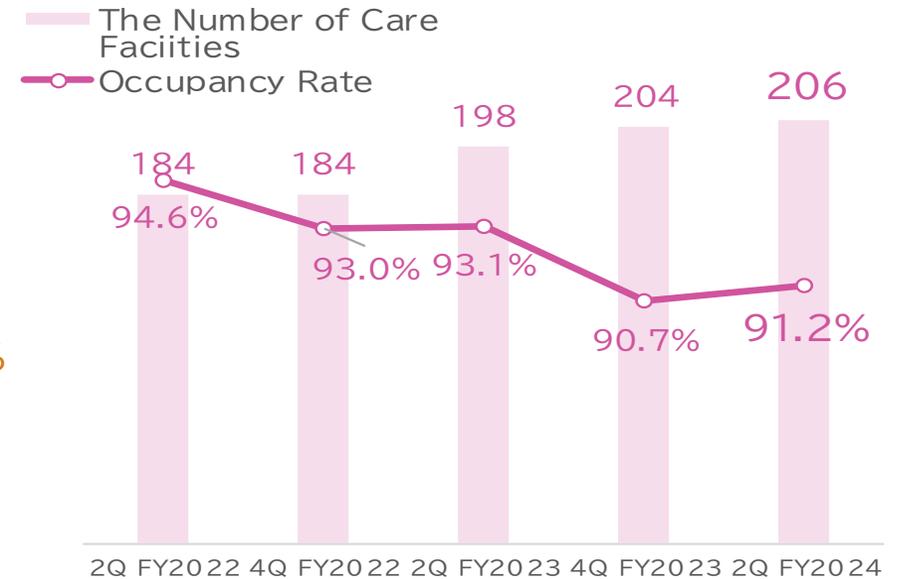
YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	30.2	33.7	3.4	11.6%
Contract Sales	16.4	17.1	0.7	4.5%
Construction Sales	8.4	10.3	1.8	21.9%
Equipment Sales	5.3	6.2	0.8	16.8%
Operating Income	2.6	2.9	0.2	10.1%
Operating Income to Sales	8.8%	8.6%	—	—

Net Sales/Operating Income



The Number of Care Facilities/ Occupancy Rate of Care Facilities

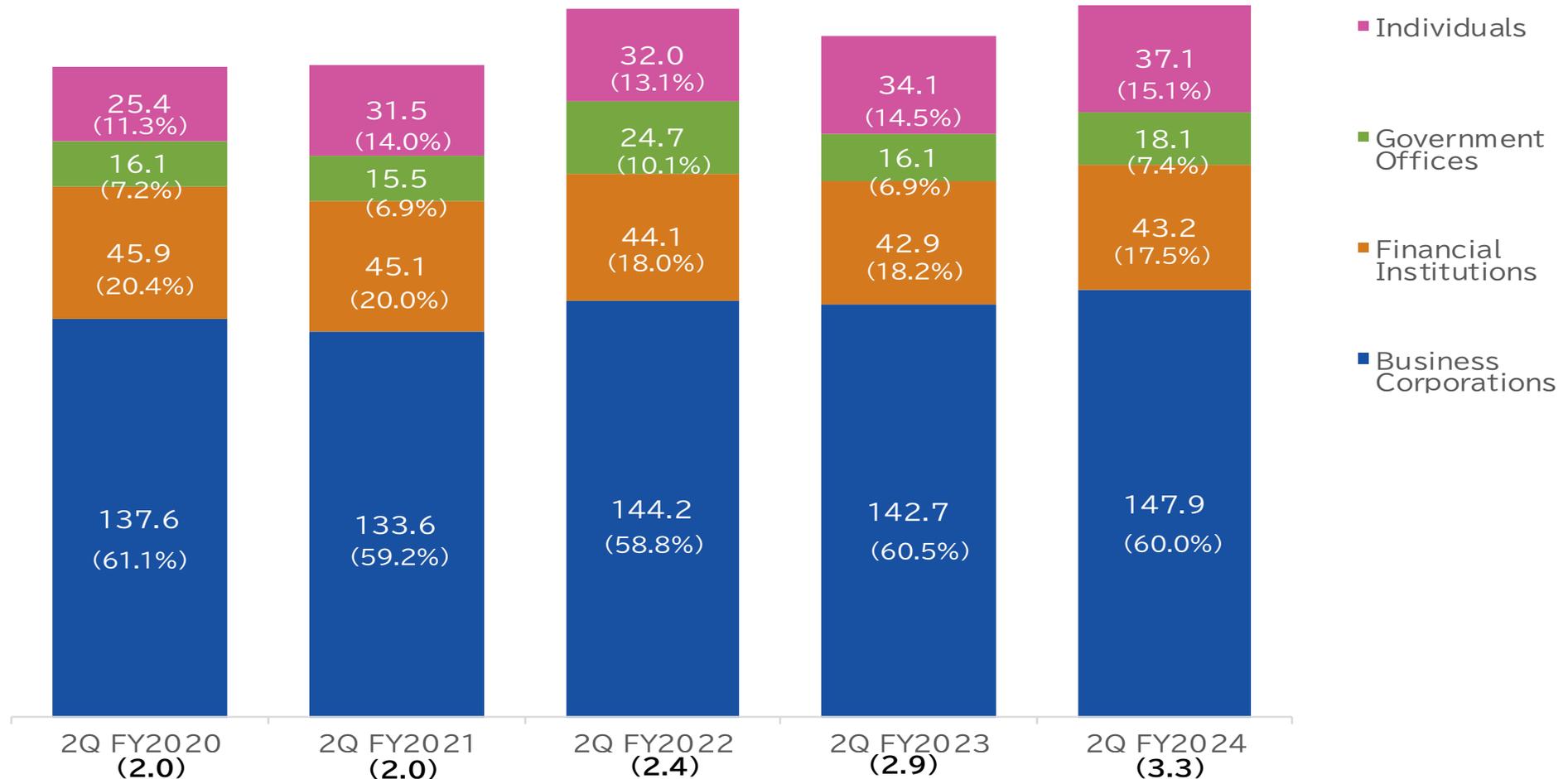


YoY/Gap

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	22.6	25.2	2.5	11.1%
Operating Income	0.4	0.6	0.2	51.7%
Operating Income to Sales	2.0%	2.7%	-	-

Sales by client type/Sales Composition

(Billions of yen)

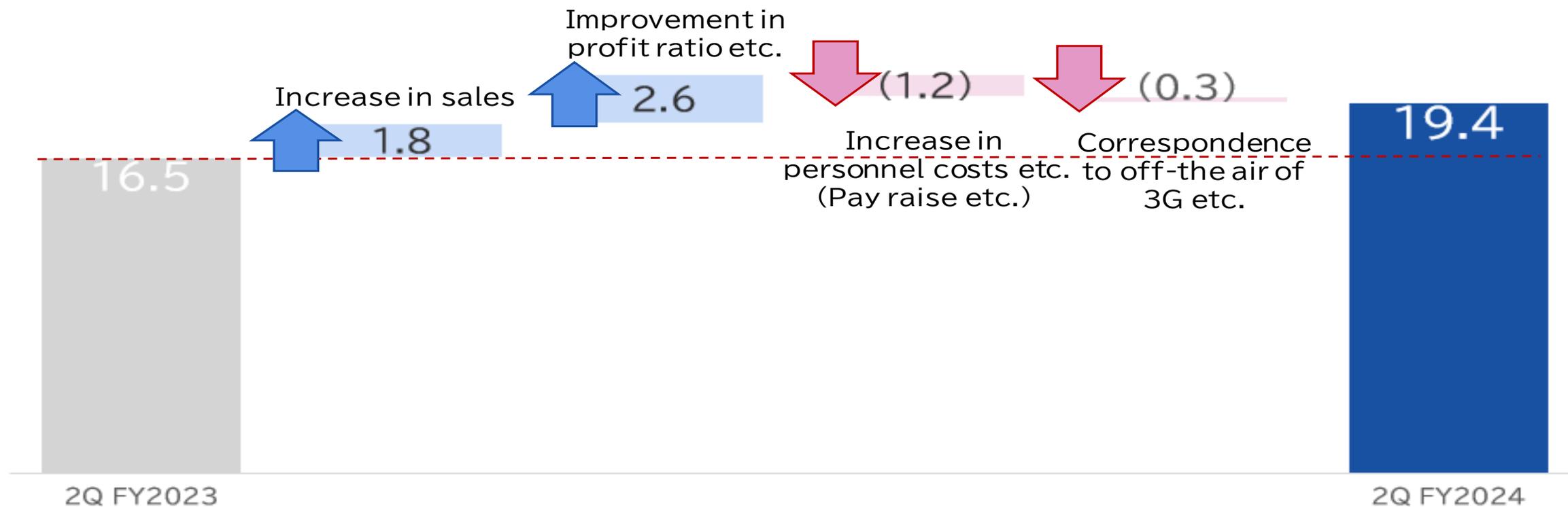


(Sales Overseas)

Results

(Billions of Yen)	2Q FY2023	2Q FY2024	YoY	Change
Net Sales	236.0	246.3	10.3	4.4%
Cost of Sales	178.3	185.9	7.5	4.3%
Labor Cost	85.4	88.5	3.0	3.5%
Expense	29.7	27.8	(1.8)	(6.2%)
Depreciation	7.0	7.2	0.2	3.3%
Others	30.7	32.9	2.1	7.1%
Cost of Product Sold&Installation	25.3	29.2	3.9	15.7%
SG&A	42.5	42.6	0.1	0.3%
Advertising Expenses	1.0	1.1	0.1	16.3%
Personnel Cost	25.7	26.0	0.3	1.3%
Depreciation	1.8	1.7	(0.0)	(2.0%)
Others	13.9	13.6	(0.3)	(2.3%)
Operating Income	15.2	17.8	2.6	17.1%

(Billions of Yen)



Consolidated Balance Sheet

15

(Billions of Yen)	FY2023	2Q FY2024	YoY	(Billions of Yen)	FY2023	2Q FY2024	YoY
<u>Current assets</u>	239.0	236.1	(2.8)	<u>Current liabilities</u>	98.8	93.9	(4.9)
Cash and deposits	59.2	72.8	13.6	Notes and accounts payable	29.6	21.6	(7.9)
Cash for Transportation Security Services and paid	83.7	69.5	(14.2)	Short-term loans payable	7.8	7.5	(0.3)
Notes and accounts receivable-trade, and contract	65.3	60.3	(5.0)	Accounts payable	21.1	21.9	0.8
Other	30.6	33.3	2.7	Other	40.2	42.7	2.5
<u>Noncurrent assets</u>	277.6	280.4	2.8	<u>Noncurrent liabilities</u>	73.8	72.8	(1.0)
Property, plant, and equipment	116.4	116.4	0.0	Long-term loans payable	2.0	1.8	(0.2)
Intangible assets	44.1	42.6	(1.5)	Lease obligations	37.8	37.1	(0.6)
Investments and other assets	116.9	121.3	4.3	Retirement benefit liability	27.3	27.1	(0.1)
				Other	6.6	6.6	(0.0)
				Total liabilities	172.7	166.7	(5.9)
				Shareholder's equity	308.3	311.4	3.0
				Total valuation and translation adjustments	6.4	8.8	2.3
				Non-controlling interests	29.0	29.4	0.4
				Total net assets	343.8	349.8	5.9
Total assets	516.6	516.6	(0.0)	Total liabilities and net assets	516.6	516.6	(0.0)

Results

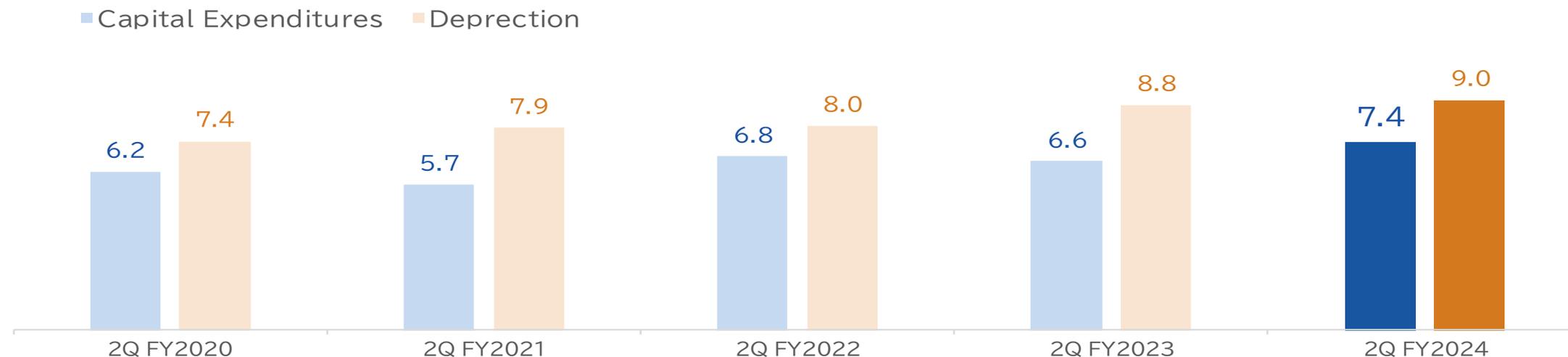
Billions of Yen	2Q FY2023	2Q FY2024	YoY	Change
Net cash provided by (used in) operating activities	12.4	34.7	22.2	178.5%
Net cash provided by (used in) investing activities	(16.0)	(7.3)	8.7	(54.2%)
Net cash provided by (used in) financing activities	(10.0)	(12.9)	(2.9)	29.2%
Cash and cash equivalents at end of period	50.4	66.0	15.5	30.8%
Free cash flow	▲3.6	27.3	31.0	-

Trends in Net Cash Provided by Operating Activities



Trends in Capital Expenditures·Depreciation

(Billions of Yen)



YoY·Gap

(Reference)

Billions of Yen	2Q FY2023	2Q FY2024	YoY	Change	FY2024 Business plan	YoY	Achievement Ratio
Capital Expenditures	6.6	7.4	0.7	10.6%	21.1	(13.6)	35.1%
Depreciation	8.8	9.0	0.1	2.2%	19.1	(10.0)	47.5%

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Financial Results for 2Q FY2024

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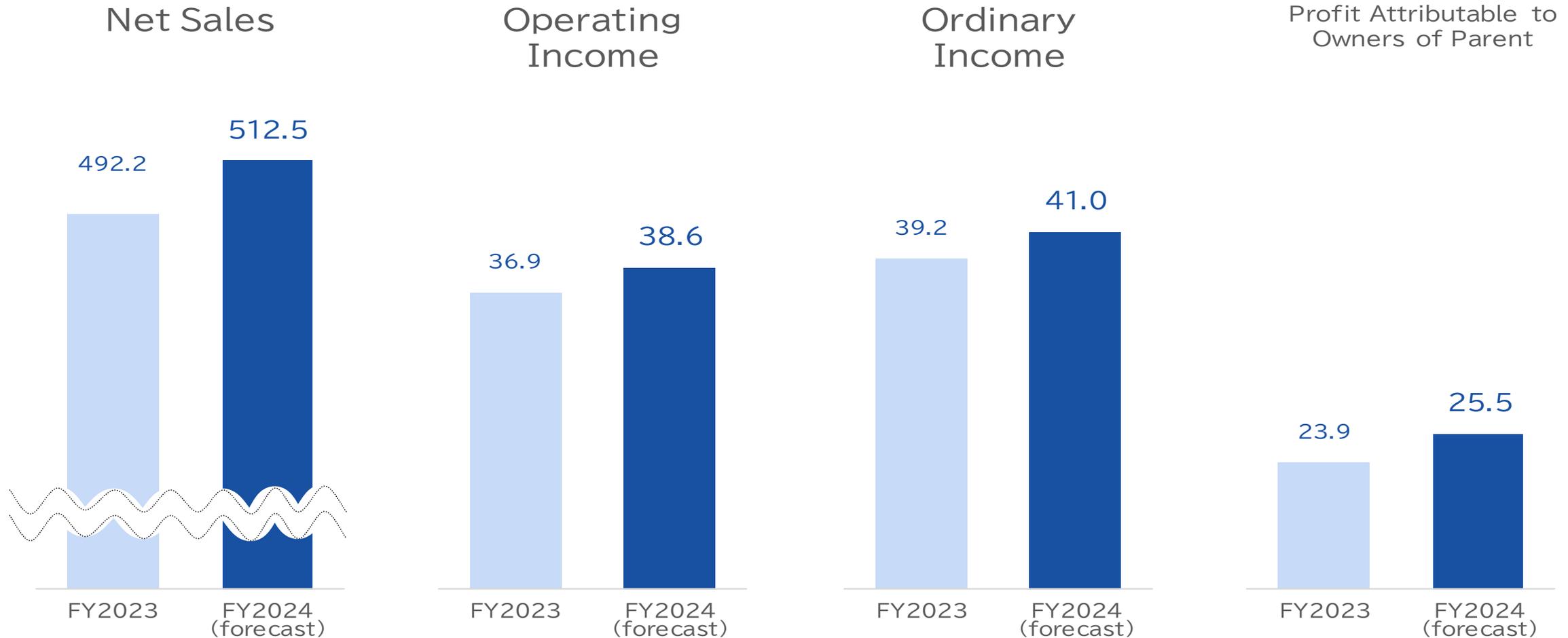
Business Plan

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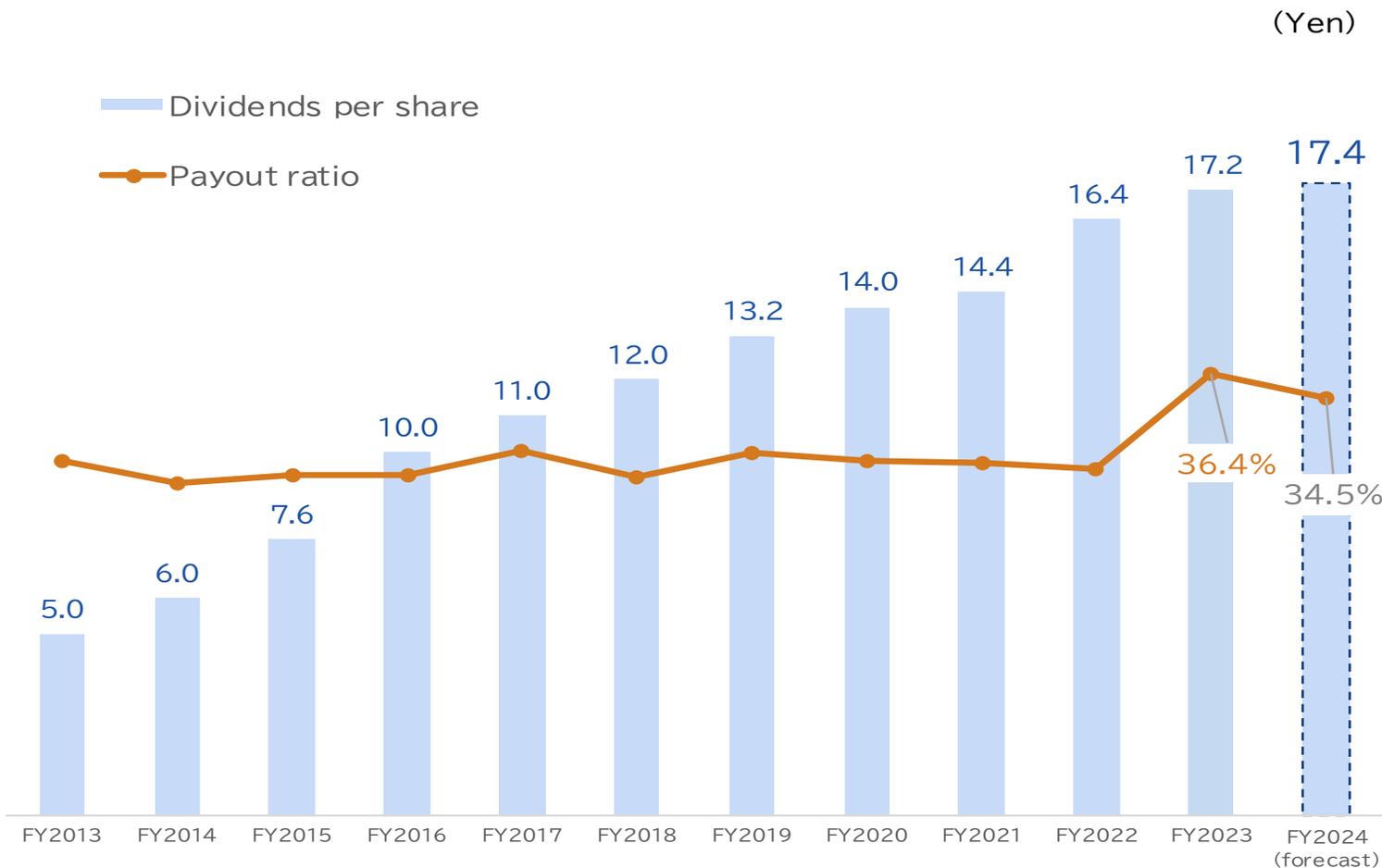
Priority Measures

Business Plan for FY2024

(Billions of Yen)



Dividends per share



FY2024(Forecast)

17.4yen

Interim: 8.7Yen(+0.1Yen)
 Year-End: 8.7Yen(+0.1Yen)

※The amount is subject to change depending on performance fluctuation.

●Acquisition of treasury stock

We conducted Acquisition of treasury stock from August to October 2023. We will continue to make comprehensive judgments according to the business environment.

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About DX initiatives

-Digitization and utilization of data-

- Selected as provider of technical proof of concepts in the Digital Agency's "Research Studies (Technical Proof of Concepts for Revising Analog Regulations) in Preparation of Technology Roadmap" (October 2023)



- Selected as implementation organization of the Ministry of Economy, Trade, and Industry's "FY 2024 Basic Construction Provider for Research and Development, etc. of Innovative Robots" (October 2023)



REBORG-Z

Response to insufficient personnel in the security industry

Through promotion of initiatives for utilizing mobilization capability of the company group and for achieving labor savings, respond to insufficient personnel in the security industry and contribute to the operation, etc. of safe and secure events.

Point

mobilization capability of the company group

Provide security in response to recovery of inbound demand

Increase in the number of foreign tourists to Japan
→ Start new and additional services at Haneda Airport, Narita Airport, and Naha Airport

Implement airport safety and security services at 16 (out of Japan's 97) airports



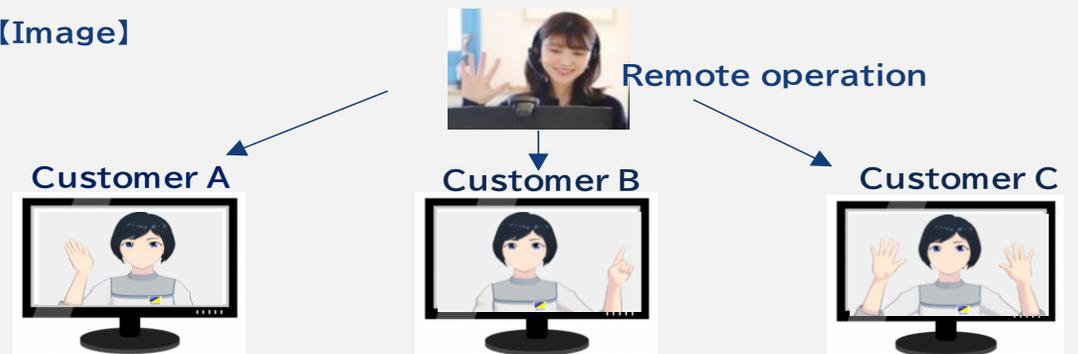
Point

Labor savings/Work style reform

Personnel savings of reception duties by utilizing the latest equipment

Start initiatives for using avatars to perform reception duties and the like at the entrances to facilities
→ Make it possible for a single person to perform reception and guidance tasks at multiple locations

【Image】



Initiatives for realizing decarbonized society

Provide customers with various solutions through services that utilize various energy-saving and energy creation products.

Topics

Total support for solar power generation facilities

- Provide added-value with “24-hours-a-day, 365-days-a-year responsiveness” -

·One-stop management from sales to construction and inspection of solar panels

·Through utilization of electronic security, we will be able to provide crime prevention as well as response to equipment anomalies

【Image】

Solar Power Generation Facilities



Sale・Construction・Inspection

Alarm transmission
→

ALSOK Guard Center



↓
Dispatch instruction

←
Rushing to the scene



~Acquired shares in August 2023~

■ PT. Shield-On Service Tbk(SOS)

- Listed company on Indonesia Stock Exchange
- Provide temporary staffing, security, cleaning, and parking area management services

(Reference)Financial Results of SOS

(billion yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY 2022	14.2	0.3	0.3	0.2

(Percentage of voting rights in company: 51.2%)



(Reference)Developing Overseas Operations

- Developing operations primarily in security services from 2007
- Established local subsidiaries in seven countries
- Expanded business areas to include facility management services. (Thailand, India)

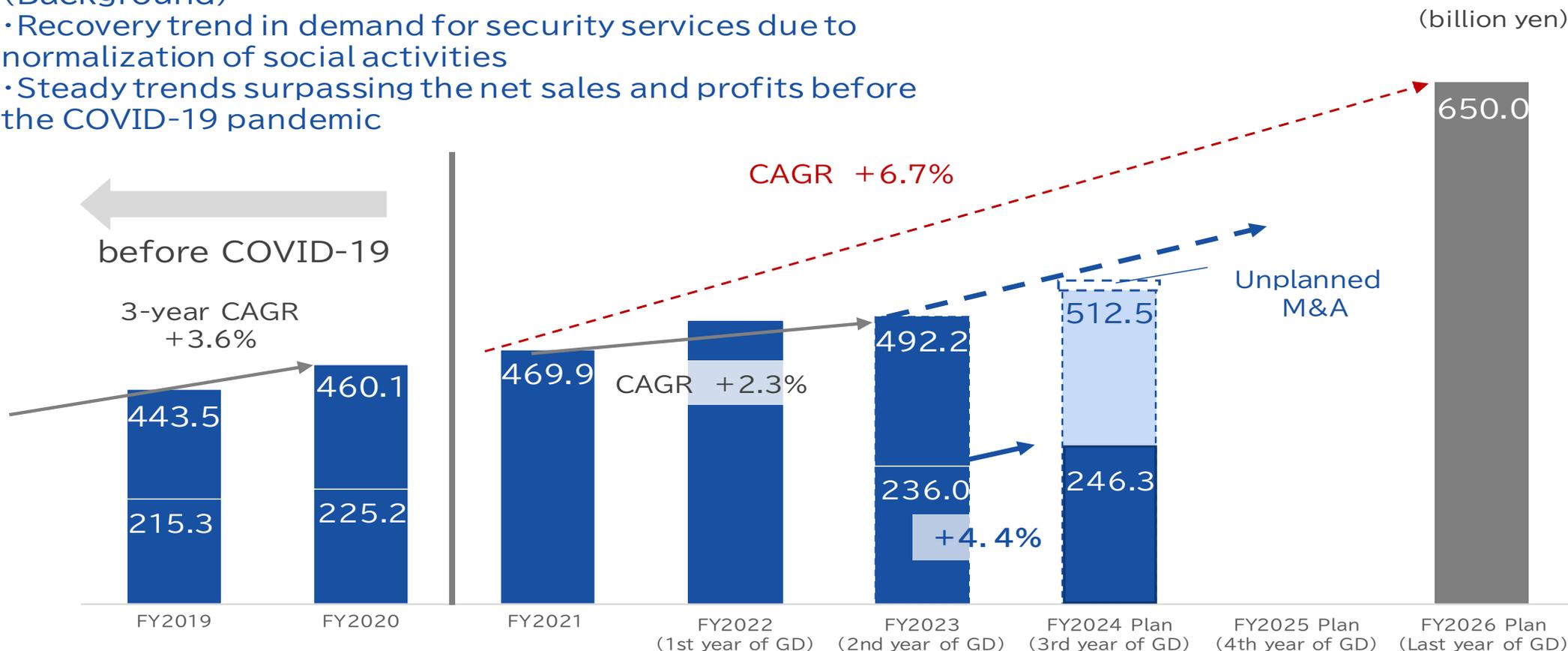


Medium-Term Management Plan (GD2025)

Advance initiatives towards achieving financial goals of GD2025

(Background)

- Recovery trend in demand for security services due to normalization of social activities
- Steady trends surpassing the net sales and profits before the COVID-19 pandemic



※The above graph shows trends in net sales

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.