

**Consolidated Financial Results for Fiscal Year Ended March 31, 2021**  
**Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)**  
 English Translation of the Original Japanese-Language Report

SOHGO SECURITY SERVICES CO., LTD.

(Code No.:2331, TSE 1<sup>st</sup> Sec.)URL <https://www.alsok.co.jp/en/ir/>

Representative: Yukiyasu Aoyama, President and Representative Director

Financial and accounting: Koji Kishimoto, Director and Senior Executive Officer (Phone: +81-3-3470-6811)

**1. Summary of the consolidated financial results for fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)**

## (1) Consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	469,920	2.1	37,182	1.1	39,212	0.9	25,014	3.5
March 31, 2020	460,118	3.7	36,795	14.0	38,880	14.8	24,163	8.5

Note: Comprehensive income: Year ended March 31, 2021 ¥41,541 million 100.6%  
 Year ended March 31, 2020 ¥20,712 million (7.3%)

	Net income per share	Diluted net income per share	ROE (Net income to equity)	Ordinary income to total assets	Operating income to sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	247.09	-	9.6	8.6	7.9
March 31, 2020	238.69	-	10.1	9.3	8.0

Reference: Equity in earnings of affiliates: Year ended March 31, 2021 ¥1,399 million  
 Year ended March 31, 2020 ¥1,291 million

## (2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	481,465	304,427	57.6	2,741.27
March 31, 2020	428,796	270,432	57.3	2,425.02

Reference: Equity capital: Year ended March 31, 2021 ¥277,512 million  
 Year ended March 31, 2020 ¥245,497 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	55,522	(38,452)	(12,714)	53,143
March 31, 2020	33,896	(13,395)	(15,113)	48,790

## 2. Dividend

	Dividends per share					Total dividends (Annual)	Consolidated payout ratio	Consolidated dividends to net assets
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended								
March 31, 2020	-	34.50	-	35.50	70.00	7,088	29.3	3.0
March 31, 2021	-	35.00	-	37.00	72.00	7,290	29.1	2.8
Fiscal year ending								
March 31, 2022 (Forecast)	-	38.00	-	38.00	76.00		28.0	

## 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	249,000	10.2	19,100	20.6	19,800	20.2	12,500	25.5	123.48
Annual	500,500	6.5	42,100	13.2	43,500	10.9	27,500	9.9	271.65

### Notes:

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation): No

Added: -                      Removed: -

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- ① Changes arising from revision of accounting standards : No
- ② Changes arising from other factors : No
- ③ Changes arising from accounting estimate : No
- ④ Restatement : No

(3) Number of shares outstanding (Ordinary shares)

① Number of shares issued (including treasury stock)	Fiscal year ended March 31, 2021	102,040,042 shares	Fiscal year ended March 31, 2020	102,040,042 shares
② Number of shares of treasury stock	Fiscal year ended March 31, 2021	805,021 shares	Fiscal year ended March 31, 2020	804,877 shares
③ Average number of shares throughout the fiscal year	Fiscal year ended March 31, 2021	101,235,046 shares	Fiscal year ended March 31, 2020	101,235,280 shares

(Reference) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2021

Summary of the non-consolidated financial results for fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	244,367	0.5	18,707	(4.7)	29,169	1.9	23,086	5.0
March 31, 2020	243,265	3.1	19,634	20.0	28,625	17.7	21,979	13.4

Note: Percentage shown in net sales, operating income, ordinary income, and net income above represent the changes from the previous fiscal year.

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
March 31, 2021	228.00	-
March 31, 2020	217.06	-

(2) Non-consolidated financial conditions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2021	319,591	224,311	70.2	2,215.25
March 31, 2020	299,151	206,558	69.0	2,039.93

Reference: Equity capital: Year ended March 31, 2021 ¥224,311 million  
Year ended March 31, 2020 ¥206,558 million

\* This summary of financial results falls outside the scope of review of certified public accountants and accounting auditors.

\* Explanation of Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors.

Please refer to page 7 “(4) Future Outlook” under “1. Overview of Operating Results and Financial Position” for more information regarding the presumptions for forecasts and cautionary statements regarding the use of forecasts.

## Contents

1. Overview of Operating Results and Financial Position.....	2
(1) Overview of Operating Results.....	2
(2) Overview of Financial Position.....	5
(3) Overview of Cash Flows.....	6
(4) Future Outlook.....	7
2. Management Policies.....	7
(1) Basic Corporate Management Policy.....	7
(2) Stance on Target Management Indicators.....	7
(3) Medium- and Long-term Corporate Strategy.....	7
(4) Pressing Issues for the Company.....	7
(5) Other Important Items in Management of the Company.....	9
3. Basic Policy Regarding Selection of Accounting Standards.....	9
4. Consolidated Financial Statements and Significant Notes.....	10
(1) Consolidated Balance Sheets.....	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	12
Consolidated Statements of Income.....	12
Consolidated Statements of Comprehensive Income.....	13
(3) Consolidated Statements of Changes in Net Assets.....	14
(4) Consolidated Statements of Cash Flows.....	16
(5) Notes on the Preparation of the Consolidated Financial Results.....	18
Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern.....	18
Segment Information and Other Related Information.....	18
Per Share Information.....	22

## 1. Overview of Operating Results and Financial Position

### (1) Overview of Operating Results

#### A. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

During the year under review, business sentiment in Japan deteriorated substantially due to the spread of COVID-19, while the business environment continues to face substantial challenges. Regarding the future outlook, although a recovery is anticipated due to the promotion of COVID-19 vaccinations and the effects of various policies, uncertainties such as the spread of new, highly infectious viral variants and state of emergency redeclarations are expected to continue

In the security service industry, the impact of COVID-19 was seen in an increased number of terminations and fee discounts in security service contracts due to the cancellation, postponement or downsizing of events and the suspension or termination of retail business activities. At the same time, there are growing expectations for the provision of enhanced ALSOK Group services, such as those that support customer infection prevention measures, consider the security and safety of senior citizens, women, children and other vulnerable members of society, and prepare for ongoing natural disasters and aging infrastructure.

In this environment, the ALSOK Group has continued to provide appropriate services as an operator of service businesses related to the safety and security of society (the Security Services business, General Property Management and Fire Protection Services business, and Long-Term Care Services business), which are indispensable for ensuring the stability of the lives of the people and the national economy while taking sufficient infection prevention measures. Further, the Group has aimed to become an “integrated safety and security solutions provider” that supports the safety and security of customers and society, conducting demonstration experiments related to Security Services advances using local 5G and drones among other efforts to further advance and deepen the Security Services business and other related businesses to respond to increasingly sophisticated and diversifying safety and security needs of each customer and society. Additionally, ALSOK proactively provides products and services supporting COVID-19 countermeasures, including the start of PCR and other types of COVID-19 testing at Group Company MBIC Life Co., Ltd.

As a result, driven partly by contributions from M&A activities, consolidated net sales increased 2.1% year on year to ¥469,920 million, operating income increased 1.1% to ¥37,182 million, ordinary income increased 0.9% to ¥39,212 million, and profit attributable to owners of parent increased 3.5% to ¥25,014 million.

#### Sales by Business Segment

Business Segment	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Security Services						
Electronic Security Services	175,604	38.2	176,504	37.6	900	0.5
Stationed Security Services	116,953	25.4	113,168	24.1	(3,785)	(3.2)
Transportation Security Services	65,601	14.3	65,887	14.0	285	0.4
Total	358,159	77.8	355,559	75.7	(2,599)	(0.7)
General Property Management and Fire Protection Services	69,241	15.0	68,173	14.5	(1,068)	(1.5)
Long-Term Care Services	28,105	6.1	40,375	8.6	12,269	43.7
Total for reportable segments	455,506	99.0	464,108	98.8	8,601	1.9
Other Services	4,612	1.0	5,812	1.2	1,200	26.0
Total	460,118	100.0	469,920	100.0	9,802	2.1

During this fiscal year, the Company revised its method of allocating certain earnings and expenses. For purposes of year-on-year comparison, operating performance for the preceding fiscal year has been restated to match the revised allocation methods.

Within the Security Services segment, the Company has provided services for corporate clients offering solutions that meet various needs through its Electronic Security Services business, which promoted sales of the ALSOK-G7 (read as “ALSOK G-seven”) equipped with live video monitoring as a standard feature.

The Company also offers a range of services for individual customers, which include Home Security Basic, the standard solution for private homes that is easy-to install. In July 2020, the Company revamped HOME ALSOK MIMAMORI

SUPPORT<sup>®</sup>, a service to watch over senior citizens. The service has enhanced functions, such as linkage with MIMAMORI Tag, a small watching over device; watching over senior citizens to prevent them from having heat strokes; and reading aloud emergency alert emails. These features help provide disaster response in coordination with local governments and a variety of services centered on community-based integrated care.

In the Stationed Security Services business, temporary security declined after a surge in widespread demand for temporary security in the previous fiscal year and the cancellation of various types of events due to COVID-19. In terms of new services, the Company launched sales of the ALSOK Staff Cooperation System<sup>™</sup> contributing to the sophistication and efficiency of large-scale event security, including the Olympic and Paralympic Games Tokyo 2020, and the ALSOK Traffic Control System, which contributes to improved quality and reduced labor in traffic guidance operations.

In the Transportation Security Services business, despite signs of terminations and price reductions in Cash Deposit and Dispenser Machine On-Line System contracts as a result of retail store closures due to COVID-19, and even amid advances in cashless transactions, there is a deep-rooted need to rationalize cash management operations in the public and private sectors, thus the Company is striving to expand Cash Deposit and Dispenser Machine On-Line System sales. In addition, orders for outsourcing from regional financial institutions, etc. also remained strong, despite the impact of the consolidation of branches and other factors.

As a result, sales in the Security Services segment decreased 0.7% year on year to ¥355,559 million, while operating income decreased 2.8% year on year to ¥37,149 million.

In the General Property Management and Fire Protection Services segment, despite the impact of a significant decrease in sales in the construction work sector, firm orders for customer COVID-19 countermeasure-related products, such as ozone sanitizers and deodorizers and thermal cameras, caused sales to decrease 1.5% year on year, to ¥68,173 million, while operating income increased 17.2% year on year to ¥7,835 million. Moreover, in addition to the facilities management business capital and business alliance between the Company and Mitsubishi Corporation initiated on February 28, 2020, the Company will further expand its facilities management operations in Japan and overseas led by ALSOK Facilities Co., Ltd., launched on April 1, 2021, as a merger between consolidated subsidiaries based on the concept of “integrating security, equipment and construction.”

In the Long-Term Care Services segment, driven partly by contributions from M&A activities, sales increased 43.7% year on year to ¥40,375 million, while operating income skyrocketed 74.6% to ¥702 million. On October 1, 2020, the Company integrated its long-term care service businesses to establish ALSOK Care Co., Ltd. Going forward, the Company will offer total care no other companies can match under the unified brand “ALSOK Long-Term Care” in the Long-Term Care business while strengthening its management foundation. In line with the capital and business alliance between ALSOK, Mitsubishi Corporation and Nippon Care Supply Co., Ltd., pertaining to long-term care services and lifestyle support services for the elderly that commenced in December 2020, the Company will also strive to further expand services for long-term care providers and lifestyle support services for long-term care service users and the elderly. By utilizing this customer base, we will strive to expand sales of the Group's products and services.

Even amid the COVID-19 pandemic, the ALSOK Group addresses growing needs for safety and security in society by utilizing new technologies and improving productivity, while fulfilling its responsibilities as a provider of services related to the safety and security of society.

## B. Comparative Analysis of the Consolidated Statements of Income

The following table is a year-on-year comparison of the ALSOK Group's Consolidated Statements of Income.

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Net sales	460,118	100.0	469,920	100.0	9,802	2.1
Cost of sales	345,097	75.0	352,811	75.1	7,714	2.2
Gross profit	115,020	25.0	117,108	24.9	2,088	1.8
Selling, general and administrative expenses	78,224	17.0	79,926	17.0	1,701	2.2
Operating income	36,795	8.0	37,182	7.9	386	1.1
Non-operating income	4,342	0.9	5,184	1.1	841	19.4
Non-operating expenses	2,257	0.5	3,154	0.7	896	39.7
Ordinary income	38,880	8.5	39,212	8.3	331	0.9
Extraordinary income	27	0.0	178	0.0	151	553.1
Extraordinary loss	547	0.1	529	0.1	(18)	(3.4)
Income taxes	12,644	2.7	12,006	2.6	(637)	(5.0)
Profit attributable to non-controlling interests	1,551	0.3	1,841	0.4	289	18.6
Profit attributable to owners of parent	24,163	5.3	25,014	5.3	850	3.5

In the year under review, net sales increased ¥9,802 million, or 2.1%, year on year, to ¥469,920 million.

Cost of sales was ¥352,811 million, primarily due to a ¥4,269 million rise in labor costs in line with improved compensation for employees; and a ¥5,478 million increase in rent and other expenses.

Selling, general and administrative expenses were ¥79,926 million, mainly due to increases of ¥1,292 million in salaries and allowances, ¥673 million in amortization of goodwill and ¥313 million in retirement benefit expenses.

Ordinary income increased ¥331 million or 0.9% year on year to ¥39,212 million, in line with an increase in operating income.

Extraordinary income increased due to ¥99 million in gains on sales of noncurrent assets and a ¥50 million increase in compensation income.

Extraordinary losses declined despite increased loss on retirement of noncurrent assets of ¥79 million and impairment loss of ¥75 million, due to decreases in loss on valuation of investment securities of ¥102 million and loss on sales of noncurrent assets of ¥94 million.

In line with the growth in operating income, profit attributable to owners of parent increased ¥850 million, or 3.5 %, to ¥25,014 million.

Comprehensive income increased ¥20,829 million or 100.6% year on year to ¥41,541 million. This was due to a ¥14,821 million increase in remeasurements of defined benefit plans, net of tax and a ¥4,264 million increase in valuation difference of available-for-sale securities, reflecting robust financial market conditions, and a ¥1,139 million increase in net income.

## (2) Overview of Financial Position

The following table shows a year-on-year comparison of the ALSOK Group's Consolidated Balance Sheets.

		As of March 31, 2020		As of March 31, 2021		YoY	
		Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Assets	Current assets	229,486	53.5	227,617	47.3	(1,869)	(0.8)
	Noncurrent assets	199,309	46.5	253,847	52.7	54,538	27.4
	Total assets	428,796	100.0	481,465	100.0	52,669	12.3
Liabilities	Current liabilities	98,435	23.0	103,793	21.6	5,357	5.4
	Noncurrent liabilities	59,928	14.0	73,243	15.2	13,315	22.2
	Total liabilities	158,363	36.9	177,037	36.8	18,673	11.8
Total net assets		270,432	63.1	304,427	63.2	33,995	12.6

Total assets at the end of the year under review increased ¥52,669 million, or 12.3%, from the previous fiscal year-end, to ¥481,465 million. Total current assets decreased ¥1,869 million, or 0.8%, to ¥227,617 million, while noncurrent assets rose by ¥54,538 million, or 27.4%, to ¥253,847 million.

Current assets declined due to an increase in cash and deposits of ¥4,451 million and decreases in cash for Transportation Security Services of ¥4,684 million, and notes and accounts receivable – trade of ¥1,759 million.

Noncurrent assets increased mainly due to growth in retirement benefit assets in response to a rise in the value of assets under management of ¥17,562 million, increases in investment securities through M&A of ¥15,783 million, lease assets, net of ¥11,858 million, and goodwill of ¥10,331 million.

Total liabilities at the end of the fiscal year under review increased ¥18,673 million or 11.8% year on year to ¥177,037 million. Within total liabilities, current liabilities increased ¥5,357 million or 5.4% year on year to ¥103,793 million, while noncurrent liabilities increased ¥13,315 million or 22.2% year on year to ¥73,243 million.

Current liabilities increased, mainly as a result of a ¥4,606 million rise in short-term loans payable.

Noncurrent liabilities increased, mainly because lease obligations grew by ¥13,430 million in line with increased lease assets, net, as stated above.

Total net assets on March 31, 2021 were up ¥33,995 million or 12.6% from the end of the previous fiscal year to ¥304,427 million.



### (3) Overview of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	YoY (%)
Net cash provided by (used in) operating activities	33,896	55,522	63.8
Net cash provided by (used in) investing activities	(13,395)	(38,452)	187.1
Net cash provided by (used in) financing activities	(15,113)	(12,714)	(15.9)
Effect of exchange rate change on cash and cash equivalents	(33)	(2)	(92.9)
Net increase (decrease) in cash and cash equivalents	5,354	4,353	(18.7)
Cash and cash equivalents at beginning of period	43,435	48,790	12.3
Cash and cash equivalents at end of period	48,790	53,143	8.9

Cash and cash equivalents at end of period were ¥53,143 million, up 8.9% year on year.

#### a. Cash flows from operating activities

During the year under review, net cash provided by operating activities amounted to ¥55,522 million, 63.8% more than in the preceding fiscal year. Principal sources of cash were ¥38,862 million in income before income taxes (up 1.3%), internal reserve of cash held by ¥15,828 million in depreciation and amortization (up 6.2%) and an ¥8,894 million increase in assets and liabilities for Transportation Security Services (compared to a ¥9,721 million decrease in the previous fiscal year). Major uses of cash included ¥12,337 million in income taxes paid (up 23.5%).

Decrease (increase) in assets and liabilities for Transportation Security Services includes the increases and decreases in cash for Transportation Security Services and funds procured for Transportation Security Services that are included in short-term loans payable.

#### b. Cash flows from investing activities

Net cash used in investing activities during the year under review totaled ¥38,452 million, down 187.1% from the previous fiscal year. Major uses of cash were ¥13,689 million for the purchase of shares of subsidiaries resulting in change in scope of consolidation (no corresponding activity in the previous fiscal year), ¥11,937 million for the purchase of property, plant and equipment (up 8.2%) and ¥9,164 million for the purchase of shares of subsidiaries and associates (compared to ¥221 million in the previous fiscal year).

#### c. Cash flows from financing activities

Net cash used in financing activities was ¥12,714 million (down 15.9%). Major uses of cash were ¥7,138 in cash dividends paid (up 1.4%), ¥5,248 million in repayments of lease obligations (up 25.4%).

#### d. Trends in Cash Flow Indicators for the ALSOK Group

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio	56.8%	57.3%	57.6%
Equity ratio on a market value basis	119.0%	124.2%	110.0%
Interest-bearing liabilities to cash flow ratio	74.9%	69.6%	51.2%
Interest coverage ratio	18.1 times	26.2 times	27.3 times

Equity ratio is shareholders' equity divided by total assets.

Equity ratio on a market value basis is market capitalization divided by total assets.

Interest-bearing liabilities to cash flow ratio is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expense.

Note 1: All indicators are calculated based on the consolidated financial statements.

Note 2: Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the fiscal year (excluding treasury stock).

Note 3: Cash flow is net cash provided by (used in) operating activities.

Note 4: Interest-bearing liabilities are all liabilities on which interest is paid on the Consolidated Balance Sheets.

#### **(4) Future Outlook**

In the fiscal year ending March 31, 2022, although a recovery is anticipated due to the promotion of COVID-19 vaccinations and the effects of various policies, uncertainties such as the spread of new, highly infectious viral variants and state of emergency redeclarations are expected to continue. In the security services industry, although the Olympic and Paralympic Games Tokyo 2020 are scheduled to be held, the impact of COVID-19 is projected to be seen in an increased number of terminations/cancellation and fee discounts security service contracts due to the cancellation, postponement or downsizing of events and the suspension or termination of retail business activities. At the same time, there are growing expectations for the provision of enhanced ALSOK Group services, such as those that support customer infection prevention measures, consider the security and safety of senior citizens, women, children and other vulnerable members of society, and prepare for ongoing natural disasters and aging infrastructure.

In this environment, the ALSOK Group will continue to provide appropriate services as an operator of service businesses related to the safety and security of society (the Security Services business, General Property Management and Fire Protection Services business, and Long-Term Care Services and Lifestyle Support Services for the Elderly business), which are indispensable for ensuring the stability of the lives of the people and the national economy, while taking the sufficient infection prevention measures.

Furthermore, to correspond to expanding safe and secure needs in the society with risks diversifying, the ALSOK Group aims to become a resilient integrated safety and security solutions provider by promoting the innovation of security business model. To achieve this, we will enhance response capacity for diverse safe and secure needs of society, promote digitization and utilization of data, structure environment where employees play an active role, and strengthen the efforts of sustainability.

Consequently, the ALSOK Group forecasts net sales of ¥500,500 million for the fiscal year ending March 31, 2022, up 6.5% year on year. We expect operating income to grow 13.2%, to ¥42,100 million, ordinary income to rise 10.9%, to ¥43,500 million, and profit attributable to owners of parent to expand 9.9%, to ¥27,500 million.

## **2. Management Policies**

### **(1) Basic Corporate Management Policy**

Our management philosophy is “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.” Based on this management philosophy, we have established a management policy that encourages us to act in accordance with a fundamental spirit driving us to ensure that ALSOK is a principled company and stating that our top priority is to provide services and products of the first rank. This policy calls on us to make ALSOK a company that offers employees fulfillment in their work while growing earnings, providing services and products in an ever-expanding range of new fields based around our core security services business, and developing services and products that contribute to the advancement of society.

### **(2) Stance on Target Management Indicators**

The ALSOK Group believes that expanding its security services and other operations as well as improving the rationality and efficiency of all of its business activities are essential tasks for increasing profitability. Accordingly, it is focusing on the ordinary income ratio as an important management indicator. We will also emphasize the ratio of net income to equity, otherwise known as return on equity (ROE), as an indicator of how optimally shareholders' equity is being utilized. Accordingly, we have set the medium-term target of achieving ROE of more than 10%.

### **(3) Medium- and Long-term Corporate Strategy**

To correspond to expanding safe and secure needs in the society with risks diversifying, the ALSOK Group aims to become a resilient integrated safety and security solutions provider by promoting the innovation of security business model. To achieve this, we will enhance response capacity for diverse safe and secure needs of society, promote digitization and utilization of data, structure environment where employees play an active role, and strengthen the efforts of sustainability.

### **(4) Business Environment and Pressing Issues for the Company**

The ALSOK Group is one of Japan's leading security services conglomerates. Recognizing the responsibility this represents, we are actively working to help protect the safety and security of society while practicing stringent compliance and acting as a principled company to improve corporate value. Additionally, in a society where risks are diversifying, as a provider of an

important form of social infrastructure related to safety and security, ALSOK will promote the transformation of its security service business model by strengthening integration in existing business areas and expanding new business areas to accurately respond to the growing safety and security needs of customers and society.

#### **A. Implementing Measures against the Novel Coronavirus**

The ALSOK Group is taking appropriate measures to prevent the spread of infection and maintain business continuity based on the national government's basic policy and action plans and municipal guidelines for businesses on preventing the spread of COVID-19. The Group also makes every effort to appropriately address emerging needs for safety and security of customers and society.

#### **B. Responding to the Diverse Safety and Security Needs of Customers and Society**

In the midst of the re-emergence of the novel coronavirus, risks surrounding society are increasingly diversified, on the back of an increase in common crimes targeting senior citizens, women, children, and other vulnerable members of society; ongoing natural disasters; and aging of infrastructure. We are aware that it is highly important to respond to safety- and security-related needs of society appropriately and with the highest possible quality.

The ALSOK Group will respond to these risks by continuing to expand and improve services that protect the safety and security of individual customers; services such as BCP solutions that provide response to natural disaster risks; assistance with various outsourcing needs related to work-style reforms; comprehensive management services for buildings, facilities and infrastructure; new solutions that combine the enhancement of internal and external infrastructure cultivated in the security service and facilities management industries with various service functions; and improved response capabilities through external alliances.

For large-scale events and facilities, we are developing services that will enable us to provide swifter, wider ranging, and more competent security at optimal costs with an eye to the upcoming Olympic and Paralympic Games Tokyo 2020 to be held in July. Specifically, we offer leading-edge security that can respond to incidents or signs of incidents by utilizing the security services expertise we have developed to date, together with state-of-the-art ICT, and ensure smooth collaboration by equipping security personnel with IoT devices.

#### **C. Expanding Business Scope**

The ALSOK Group looks to address the various safety and security needs of individual users while providing multifaceted support for corporate clients' business activities. To this end, the Group has continued to actively develop new businesses and services that have the potential for synergies with its security services operations, such as its long-term care and property management businesses. Efforts to expand the Company's business scope from this perspective will be accelerated going forward.

#### **D. Operational Reforms through Digitization and Data Utilization**

Amid massive changes in the business environment surrounding the ALSOK Group, including advances in digital technologies, the Company is focusing efforts on improving service quality through enhanced communications with customers and data utilization and increasing productivity as well as creating added value by rationalizing and saving labor in front- and back-office operations.

#### **E. Creating Environments in Which Employees Can Play Active Roles**

The ALSOK Group will further promote workstyle reforms throughout the Group while employing the diverse array of human resources who drive the Security Services; General Property Management and Fire Protection Services; and Long-Term Care Services and Lifestyle Support Services for the Elderly businesses and improving engagement by facilitating a wide range of workstyles to them and developing systems and environments enabling individual employees to develop their skills and maximize their capabilities.

#### **F. Initiatives to Strengthen Sustainability**

The ALSOK Group will strive to achieve sustainable growth and the medium- to long-term enhancement of corporate value by strengthening corporate governance. Further, the Company will contribute to attaining the SDGs through its CSR activities. At the same time, in recognition of global climate problems as issues affecting all humanity, ALSOK is promoting environmentally friendly activities with the aim of contributing to the realization of a sustainable society.

### **G. Developing Overseas Operations**

The ALSOK Group is responding to mounting needs for safety and security overseas, as well. Based on the expertise we have cultivated in Japan, we will offer products and services optimized for individual countries as we proactively expand our operations to support the overseas businesses of our customers.

### **(5) Other Important Items in Management of the Company**

- A.** On April 1, 2020, consolidated subsidiaries Sohgo Kanzai Co., Ltd., and Health Support Co., Ltd., which operate mainly in the General Property Management and Fire Protection Services business, entered into a merger.
- B.** On April 30, 2020, the Company acquired all shares of Life Holdings Co., Ltd., a holding company of Life Co., Ltd. which operates long-term care business and MBIC Life Co., Ltd. which operates food inspection services. The food inspection services are included under “Other Services” in Segment Information.
- C.** On June 18, 2020, the trade name of consolidated subsidiary Wisnet Co., Ltd., was changed to ALSOK Care Co., Ltd.
- D.** Consolidated subsidiaries HCM Corporation, engaged in the long-term care business, the long-term care division of ALSOK Care & Support Co., Ltd., and Antei Care Co., Ltd., were integrated into ALSOK Care Co., Ltd., on October 1, 2020. ALSOK Care & Support Co., Ltd., will continue to be a company specializing in the emergency reporting systems and healthcare support businesses.
- E.** As of December 15, 2020, commencement of a capital and business alliance agreement with the Mitsubishi Corporation pertaining to elderly long-term care and lifestyle support services, the Company acquired 4,965,000 shares (32.1% of voting rights) in Mitsubishi subsidiary Nippon Care Supply Co., Ltd., which became an ALSOK equity-method affiliate.
- F.** On April 1, 2021, a merger was concluded between ALSOK consolidated subsidiaries ALSOK Building Services Co., Ltd., and Nippon Building Maintenance Co., Ltd., both of which are engaged in the General Property Management and Fire Protection Services business. Upon conclusion of the merger, the trade name of the surviving company, Nippon Building Maintenance Co., Ltd., was changed to ALSOK Facilities Co., Ltd.

### **3. Basic Policy Regarding Selection of Accounting Standards**

For the foreseeable future, the Company intends to prepare its consolidated financial statements in accordance with accounting principles that are generally accepted in Japan (Japanese GAAP) out of consideration for the ability to make comparisons with performance from different fiscal years and of different companies.

The Company is examining the possibility of adopting International Financial Reporting Standards (IFRS) in the future, and it is currently in the process of developing internal manuals and guidance and determining the potential timing for adoption.

#### 4. Consolidated Financial Statements and Significant Notes

##### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	56,382	60,833
Cash for Transportation Security Services	87,503	82,819
Notes and accounts receivable - trade	56,043	54,283
Lease receivables and investment assets	5,102	5,311
Short-term investment securities	618	598
Raw materials and supplies	7,032	7,551
Costs on uncompleted construction contracts	383	348
Advances paid	6,235	5,670
Other	10,416	10,380
Allowance for doubtful accounts	(231)	(180)
Total current assets	229,486	227,617
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	49,098	50,190
Accumulated depreciation	(26,469)	(27,398)
Buildings and structures, net	22,628	22,792
Machinery, equipment and vehicles	141,396	144,246
Accumulated depreciation	(121,892)	(125,114)
Machinery, equipment and vehicles, net	19,503	19,132
Land	22,197	21,728
Lease assets	35,238	52,682
Accumulated depreciation	(15,709)	(21,295)
Lease assets, net	19,529	31,387
Construction in progress	1,099	2,782
Other	19,329	20,324
Accumulated depreciation	(13,848)	(14,765)
Other, net	5,481	5,559
Total property, plant and equipment	90,439	103,383
Intangible assets		
Software	4,494	4,469
Goodwill	19,346	29,678
Other	8,757	9,099
Total intangible assets	32,598	43,247
Investments and other assets		
Investment securities	39,855	55,639
Long-term loans receivable	366	327
Leasehold and guarantee deposits	8,300	8,254
Insurance funds	1,625	1,549
Net defined benefit asset	2,375	19,938
Deferred tax assets	13,320	8,449
Other	10,858	13,506
Allowance for doubtful accounts	(432)	(447)
Total investments and other assets	76,270	107,217
Total noncurrent assets	199,309	253,847
<b>Total assets</b>	<b>428,796</b>	<b>481,465</b>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	25,326	24,084
Short-term loans payable	16,343	20,950
Current portion of long-term loans payable	2,513	2,929
Current portion of bonds	9	-
Accounts payable - other	20,760	20,393
Lease obligations	4,802	5,260
Income taxes payable	6,935	6,585
Accrued consumption taxes	5,924	6,137
Provision for bonuses	2,299	2,419
Provision for directors' bonuses	102	96
Other	13,418	14,935
Total current liabilities	98,435	103,793
Noncurrent liabilities		
Long-term loans payable	4,713	4,528
Lease obligations	22,883	36,313
Deferred tax liabilities	222	748
Deferred tax liabilities for land revaluation	74	128
Net defined benefit liability	27,545	26,974
Provision for directors' retirement benefits	1,622	1,673
Asset retirement obligations	465	480
Provision for loss on litigation	-	57
Other	2,401	2,339
Total noncurrent liabilities	59,928	73,243
Total liabilities	158,363	177,037
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,243	34,026
Retained earnings	203,375	220,464
Treasury stock	(1,070)	(1,071)
Total shareholders' equity	255,222	272,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,609	7,026
Revaluation reserve for land	(4,281)	(3,494)
Foreign currency translation adjustment	(167)	(29)
Remeasurements of defined benefit plans	(9,886)	1,915
Total valuation and translation adjustments	(9,725)	5,417
Non-controlling interests	24,935	26,915
Total net assets	270,432	304,427
<b>Total liabilities and net assets</b>	<b>428,796</b>	<b>481,465</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	460,118	469,920
Cost of sales	345,097	352,811
Gross profit	115,020	117,108
Selling, general and administrative expenses	78,224	79,926
Operating income	36,795	37,182
Non-operating income		
Interest income	192	171
Dividends income	645	702
Gain on sales of investment securities	37	15
Rent income	306	352
Gain from insurance claim	134	44
Share of profit of entities accounted for using equity method	1,291	1,399
Dividend income of life insurance	295	289
Penalty income	361	734
Other	1,076	1,472
Total non-operating income	4,342	5,184
Non-operating expenses		
Interest expenses	1,291	2,036
Loss on sales of investment securities	55	-
Loss on sales of non-current assets	7	8
Loss on retirement of noncurrent assets	268	237
Financing expenses	309	272
Other	324	599
Total non-operating expenses	2,257	3,154
Ordinary income	38,880	39,212
Extraordinary income		
Gain on sales of investment securities	-	24
Gain on sales of noncurrent assets	-	99
Gain on step acquisitions	26	-
Gain on liquidation of subsidiaries	1	4
Compensation income	-	50
Total extraordinary income	27	178
Extraordinary loss		
Loss on valuation of investment securities	142	39
Loss on sales of investment securities	-	0
Loss on valuation of shares of subsidiaries	33	-
Impairment loss	269	344
Loss on sales of non-current assets	102	8
Loss on retirement of non-current assets	-	79
Provision for loss on litigation	-	57
Total extraordinary loss	547	529
Income before income taxes	38,360	38,862
Income taxes-current	12,557	12,848
Income taxes-deferred	87	(842)
Total income taxes	12,644	12,006
Net income	25,715	26,855
Profit attributable to non-controlling interests	1,551	1,841
Profit attributable to owners of parent	24,163	25,014

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income	25,715	26,855
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,783)	2,480
Foreign currency translation adjustment	(45)	(41)
Remeasurements of defined benefit plans, net of tax	(2,995)	11,825
Share of other comprehensive income (loss) of associates accounted for using equity method	(177)	421
Total other comprehensive income (loss)	(5,003)	14,686
Comprehensive income	20,712	41,541
(Contents)		
Comprehensive income attributable to owners of the parent	19,454	39,371
Comprehensive income attributable to non-controlling interests	1,258	2,170



### (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	34,243	186,248	(1,069)	238,097
Changes of items during the period					
Dividends from surplus			(7,037)		(7,037)
Profit attributable to owners of parent			24,163		24,163
Change in ownership interest of parent due to transactions with non-controlling interests					-
Purchase of treasury stock				(1)	(1)
Reversal of revaluation reserve for land					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	17,126	(1)	17,124
Balance at the end of current period	18,675	34,243	203,375	(1,070)	255,222

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance at the beginning of current period	6,315	(4,281)	(72)	(6,978)	(5,015)	24,016	257,098
Changes of items during the period							
Dividends from surplus							(7,037)
Profit attributable to owners of parent							24,163
Change in ownership interest of parent due to transactions with non-controlling interests							-
Purchase of treasury stock							(1)
Reversal of revaluation reserve for land							-
Net changes of items other than shareholders' equity	(1,705)	-	(95)	(2,908)	(4,709)	919	(3,790)
Total changes of items during the period	(1,705)	-	(95)	(2,908)	(4,709)	919	13,334
Balance at the end of current period	4,609	(4,281)	(167)	(9,886)	(9,725)	24,935	270,432

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	34,243	203,375	(1,070)	255,222
Changes of items during the period					
Dividends from surplus			(7,138)		(7,138)
Profit attributable to owners of parent			25,014		25,014
Change in ownership interest of parent due to transactions with non-controlling interests		(216)			(216)
Purchase of treasury stock				(0)	(0)
Reversal of revaluation reserve for land			(786)		(786)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(216)	17,089	(0)	16,872
Balance at the end of current period	18,675	34,026	220,464	(1,071)	272,094

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance at the beginning of current period	4,609	(4,281)	(167)	(9,886)	(9,725)	24,935	270,432
Changes of items during the period							
Dividends from surplus							(7,138)
Profit attributable to owners of parent							25,014
Change in ownership interest of parent due to transactions with non-controlling interests							(216)
Purchase of treasury stock							(0)
Reversal of revaluation reserve for land							(786)
Net changes of items other than shareholders' equity	2,416	786	137	11,802	15,143	1,980	17,123
Total changes of items during the period	2,416	786	137	11,802	15,143	1,980	33,995
Balance at the end of current period	7,026	(3,494)	(29)	1,915	5,417	26,915	304,427

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	38,360	38,862
Depreciation and amortization	14,905	15,828
Impairment loss	269	344
Amortization of goodwill	1,778	2,452
Increase (decrease) in allowance for doubtful accounts	(25)	(51)
Increase (decrease) in net defined benefit liability	(8)	106
Increase (decrease) in provision for bonuses	152	8
Increase (decrease) in provision for directors' bonuses	0	(5)
Interest and dividends income	(838)	(874)
Interest expenses	1,291	2,036
Share of loss (profit) of entities accounted for using equity method	(1,291)	(1,399)
Loss (gain) on sales of noncurrent assets	105	(85)
Loss on retirement of noncurrent assets	268	316
Loss (gain) on sales of investment securities	17	(39)
Loss (gain) on valuation of investment securities	175	39
Loss (gain) on valuation of derivatives	(41)	(7)
Decrease (increase) in notes and accounts receivable - trade	(1,100)	3,222
Decrease (increase) in inventories	(1,548)	(480)
Increase (decrease) in notes and accounts payable - trade	671	(1,483)
Decrease (increase) in net defined benefit asset	(1,711)	(1,021)
Decrease (increase) in assets and liabilities for Transportation Security Services	(9,721)	8,894
Other	2,286	2,054
Subtotal	43,994	68,716
Interest and dividends income received	1,128	1,160
Interest expenses paid	(1,305)	(2,030)
Income taxes paid	(9,987)	(12,337)
Income taxes refund	66	13
Net cash provided by (used in) operating activities	33,896	55,522

(Millions of yen)

Fiscal year ended March 31, 2020 Fiscal year ended March 31, 2021

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Net cash provided by (used in) investing activities</b>		
Decrease (increase) in time deposits	2,732	(131)
Payments into long-term time deposits	-	(2,017)
Proceeds from withdrawal of long-term time deposits	-	20
Purchase of property, plant and equipment	(11,031)	(11,937)
Proceeds from sales of property, plant and equipment	219	358
Purchase of intangible assets	(5,595)	(1,502)
Purchase of investment securities	(1,194)	(2,785)
Proceeds from sales of investment securities	849	585
Payments for acquisition of businesses	(38)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(13,689)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	210	-
Purchase of shares of subsidiaries and associates	(221)	(9,164)
Decrease (increase) in short-term loans receivable	(12)	15
Payments of long-term loans receivable	(107)	(101)
Collection of long-term loans receivable	66	125
Proceeds from refund of leasehold and guarantee deposits	-	1,096
Other	727	673
Net cash provided by (used in) investing activities	(13,395)	(38,452)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,476)	948
Proceeds from long-term loans payable	1,020	2,247
Repayment of long-term loans payable	(2,996)	(3,264)
Redemption of bonds	(14)	(9)
Purchase of treasury stock	(1)	(0)
Repayments of lease obligations	(4,184)	(5,248)
Cash dividends paid	(7,037)	(7,138)
Cash dividends paid to attributable to non-controlling interests	(423)	(471)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(628)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	850
Net cash provided by (used in) financing activities	(15,113)	(12,714)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(33)	(2)
<b>Net increase (decrease) in cash and cash equivalents</b>	5,354	4,353
<b>Cash and cash equivalents at beginning of period</b>	43,435	48,790
<b>Cash and cash equivalents at end of period</b>	48,790	53,143

## **(5) Notes on the Preparation of the Consolidated Financial Results**

### **Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern**

Not applicable

### **Segment Information and Other Related Information**

#### 1. Segment Information

##### (1) Outline of Reportable Segments

###### A. Method for deciding reportable segments

The reportable segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc., to evaluate regularly in determining how to allocate resources and assess their business performance.

The Group has three reportable segments. The Security Services segment conducts electronic security services, stationed security services, and transportation security services. The General Property Management and Fire Protection Services segment conducts activities including plumbing installation, electrical installation, and other facility installation; facility operation and management services; environmental hygiene management; cleaning services; fire extinguishing equipment inspection and installation; and sales of various disaster prevention equipment. The Long-Term Care Services segment provides in-home care support services, visitation-based care services, and day care services and also operates care facilities.

The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, food inspection services, and PCR testing services.

###### B. Change to reportable segments

During the fiscal year under review, the ALSOK Group revised its management structure in order to facilitate more accurate comprehension of actual operating results in each segment. Accordingly, the Company has modified its method of allocating earnings and expenses to the Security Services business, the General Property Management and Fire Protection Services business, and Other Services.

Figures for the fiscal year ended March 31, 2020, have been restated to reflect the changes in reportable segments, as well as earnings and expense allocation methods in the fiscal year ended March 31, 2021.

##### (2) Method of Calculating Sales and Income (Loss) and Other Items by Reportable Segments

The accounting methods used for reportable segments are the same as those used to prepare the consolidated financial statements.

Income by reportable segment is calculated based on operating income.

Intersegment sales are calculated based on market prices.

## (3) Information on Sales and Income (Loss) and Other Items by Reportable Segments

## A. For the year ended March 31, 2020

	Reportable segments				Other Services (Note 1)	Total	Elimination and corporate (Note 2)	Consolidation (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long-Term Care Services	Total				
Net sales								
Outside sales	358,159	69,241	28,105	455,506	4,612	460,118	-	460,118
Intersegment sales	190	46	9	246	188	434	(434)	-
Total	358,349	69,287	28,115	455,752	4,800	460,553	(434)	460,118
Income by reportable segment	38,234	6,686	402	45,322	1,016	46,338	(9,543)	36,795
Depreciation	12,544	1,083	909	14,538	342	14,880	25	14,905
Amortization of goodwill	883	27	867	1,778	0	1,778	-	1,778

Note 1: The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services.

Note 2: The ¥9,543 million deduction to income by reportable segment under eliminations and corporate represents Companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

## B. For the year ended March 31, 2021

(Millions of yen)

	Reportable segments				Other Services (Note 1)	Total	Elimination and corporate (Note 2)	Consolidation (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long-Term Care Services	Total				
Net sales								
Outside sales	355,559	68,173	40,375	464,108	5,812	469,920	-	469,920
Intersegment sales	228	117	8	353	227	581	(581)	-
Total	355,788	68,289	40,383	464,461	6,040	470,502	(581)	469,920
Income by reportable segment	37,149	7,835	702	45,687	981	46,669	(9,486)	37,182
Depreciation	12,562	1,166	1,683	15,412	388	15,800	27	15,828
Amortization of goodwill	887	24	1,462	2,375	77	2,452	-	2,452

Note 1: The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, food inspection services, and PCR testing services.

Note 2: The ¥9,486 million deduction to income by reportable segment under eliminations and corporate represents Companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

## 2. Relative Information

### (1) For the Fiscal Year Ended March 31, 2020

#### A. Product and services information

Product and services information is omitted as it is the same as segment information.

#### B. Regional information

##### a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

##### b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

#### C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

### (2) For the Fiscal Year Ended March 31, 2021

#### A. Product and services information

Product and services information is omitted as it is the same as segment information.

#### B. Regional information

##### a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

##### b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

#### C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

### 3. Information on Impairment Loss in Noncurrent Assets by Reportable Segment

#### (1) For the Fiscal Year Ended March 31, 2020

There were no impairment losses attributed to reportable segments. The Company generated an impairment loss of ¥269 million not attributed to reportable segments. Of this amount, ¥234 million was on the value of land, ¥16 million was on the value of buildings and structures, ¥11 million was on the value of lease assets, ¥3 million was on the value of software, ¥1 million was on the value of other property, plant and equipment, including tools, furniture and fixtures, and ¥1 million was on the value of other investment and other assets, including long-term prepaid expenses.

#### (2) For the Fiscal Year Ended March 31, 2021

There were no impairment losses attributed to reportable segments. The Company generated an impairment loss of ¥344 million not attributed to reportable segments. Of this amount, ¥281 million was on the value of land, ¥51 million was on the value of other property, plant and equipment, including tools, furniture and fixtures, ¥5 million was on the value of buildings and structures, ¥3 million was on the value of software, ¥1 million was on the value of other intangible assets, including leasehold interests in land, and ¥1 million was on the value of other investment and other assets, including long-term prepaid expenses.

### 4. Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

#### (1) For the Fiscal Year Ended March 31, 2020

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2020, the balance of unamortized goodwill was ¥19,346 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

#### (2) For the Fiscal Year Ended March 31, 2021

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2021, the balance of unamortized goodwill was ¥29,678 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

### 5. Information on Negative Goodwill by Reportable Segment

#### (1) For the Fiscal Year Ended March 31, 2020

Not applicable

#### (2) For the Fiscal Year Ended March 31, 2021

Not applicable



**Per Share Information**

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share (Yen)	2,425.02	2,741.27
Net income per share (Yen)	238.69	247.09

Note 1: Fully diluted net income per share is not shown because no applicable shares existed.

Note 2: The following is the basis for calculating net income per share (basic and diluted).

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income per share		
Profit attributable to owners of parent (Millions of yen)	24,163	25,014
Amount not belonging to ordinary shareholders (Millions of yen)	-	-
Net income attributable to common stock owners of the parent (Millions of yen)	24,163	25,014
Weighted-average numbers of ordinary shares (Thousands of shares)	101,235	101,235

Note 3: The basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Total net assets (Millions of yen)	270,432	304,427
Amount deducted from total net assets (Millions of yen)	24,935	26,915
(Non-controlling interests) (Millions of yen)	(24,935)	(26,915)
Net assets at end of year relating to common stock (Millions of yen)	245,497	277,512
Amount of common stock at end of year used for calculating net assets per share (Thousands of shares)	101,235	101,235