

**Consolidated Financial Results for the Second Quarter Ended September 30, 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/index.html>

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 the second quarter ended September 30, 2021**  
**(April 1, 2021 – September 30, 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	%
Six months ended								
September 30, 2021	245,290	8.6	24,830	56.8	25,754	56.4	16,097	61.6
September 30, 2020	225,889	0.3	15,837	(2.4)	16,466	(4.6)	9,960	(5.8)

Note 1: Percentage shown in net sales, operating income, ordinary income, and profit attributable to owners of parent above represent the changes from the previous fiscal year.

Note 2: Comprehensive income Six months ended September 30, 2021 ¥ 17,166 million 37.4%  
Six months ended September 30, 2020 ¥ 12,497 million 8.0%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended				
September, 2021	159.01		-	
September, 2020	98.39		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended				
September 30, 2021	475,107	317,165	61.1	2,865.60
Fiscal year ended				
March 31, 2021	481,465	304,427	57.6	2,741.27

Reference: Equity capital Six months ended September 30, 2021 ¥ 290,099 million  
Year ended March 31, 2021 ¥ 277,512 million

**2. Dividend**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2021	-	35.00	-	37.00	72.00
March 31, 2022	-	38.00			
Fiscal year ending					
March 31, 2022(Forecast)			-	38.00	76.00

Note: Revisions to the dividend forecast in this quarter: No

### 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
Annual	500,500	6.5	42,100	13.2	43,500	10.9	27,500	9.9	271.65

Note : Revisions to the forecast of financial results in this quarter: No

### 4. Others

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

Added: - Removed: -

(2) Application of accounting which is simplified or exceptional for quarterly consolidated financial statements: Yes

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

a Changes arising from revision of accounting standards : Yes

b Changes arising from other factors : No

c Changes arising from accounting estimate : No

d Restatement : No

(4) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Six months ended September 30, 2021	102,040,042 shares	Year ended March 31, 2021	102,040,042 shares
b Number of shares of treasury stock	Six months ended September 30, 2021	805,014 shares	Year ended March 31, 2021	805,021 shares
c Average number of ordinary shares throughout the fiscal year	Six months ended September 30, 2021	101,234,990 shares	Six months ended September 30, 2020	101,235,052 shares

\* This summary of financial results is exempt from quarterly review procedures.

\* Explanation for 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.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	60,833	67,283
Cash for Transportation Security Services	82,819	71,827
Notes receivable - trade	54,283	-
Notes and accounts receivable - trade, and contract assets	-	51,294
Securities	598	691
Raw materials and supplies	7,551	8,116
Costs on uncompleted construction contracts	348	308
Advances paid	5,670	6,883
Other	15,691	15,749
Allowance for doubtful accounts	(180)	(199)
Total current assets	227,617	221,955
Noncurrent assets		
Property, plant and equipment	103,383	101,714
Intangible assets		
Goodwill	29,678	28,282
Other	13,569	14,359
Total intangible assets	43,247	42,641
Investments and other assets		
Investment securities	55,639	55,144
Other	52,025	54,083
Allowance for doubtful accounts	(447)	(430)
Total investments and other assets	107,217	108,797
Total noncurrent assets	253,847	253,152
Total assets	481,465	475,107
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,084	19,767
Short-term loans payable	23,880	12,366
Income taxes payable	6,585	7,540
Provision	2,516	2,745
Other	46,726	44,294
Total current liabilities	103,793	86,714
Noncurrent liabilities		
Long-term loans payable	4,528	3,364
Retirement benefit liability	26,974	27,155
Provisions	1,730	1,504
Asset retirement obligations	480	485
Other	39,529	38,716
Total noncurrent liabilities	73,243	71,227
Total liabilities	177,037	157,942

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,026	34,046
Retained earnings	220,464	232,699
Treasury stock	(1,071)	(1,071)
Total shareholders' equity	272,094	284,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,026	7,100
Revaluation reserve for land	(3,494)	(3,378)
Foreign currency translation adjustment	(29)	20
Remeasurements of defined benefit plans	1,915	2,007
Total accumulated other comprehensive income	5,417	5,749
Minority interests	26,915	27,066
Total net assets	304,427	317,165
Total liabilities and net assets	481,465	475,107

## Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	225,889	245,290
Cost of sales	169,826	181,165
Gross profit	56,062	64,124
Selling, general and administrative expenses	40,225	39,293
Operating income	15,837	24,830
Non-operating income		
Interest income	85	92
Dividends income	483	493
Gain on sales of investment securities	2	17
Share of profit of entities accounted for using equity method	370	481
Dividend income of insurance	205	225
Penalty income	336	421
Other	760	627
Total non-operating income	2,243	2,358
Non-operating expenses		
Interest expenses	996	964
Financing expenses	124	133
Loss on sale of investment securities	-	5
Other	493	332
Total non-operating expenses	1,614	1,435
Ordinary income	16,466	25,754
Extraordinary income		
Gain on investment securities	22	7
Gain on sales of non-current assets	99	224
Compensation income	50	-
Total extraordinary income	172	232
Extraordinary loss		
Loss on valuation of investment securities	15	62
Impairment Losses	43	193
Loss on sale of investment securities	-	0
Total extraordinary losses	59	256
Income before income taxes	16,579	25,730
Income taxes	5,839	8,821
Net Income	10,740	16,909
Profit attributable to non-controlling interests	779	811
Profit attributable to owners of parent	9,960	16,097

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	10,740	16,909
Other comprehensive income		
Valuation difference on available-for-sale securities	866	92
Foreign currency translation adjustment	(42)	30
Remeasurements of defined benefit plans	848	79
Share of other comprehensive income of associates accounted for using equity method	84	54
Total other comprehensive income	1,757	256
Comprehensive income	12,497	17,166
(Contents)		
Comprehensive income attributable to owners of the parent	11,599	16,313
Comprehensive income attributable to non-controlling interests	898	852

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	16,579	25,730
Depreciation and amortization	7,937	8,088
Impairment losses	43	193
Amortization of goodwill	1,224	1,224
Increase (decrease) in allowance for doubtful accounts	(14)	1
Increase (decrease) in net defined benefit liability	241	367
Increase (decrease) in provision for bonuses	222	246
Increase (decrease) in provision for directors' bonuses	(25)	(20)
Interest and dividends income	(568)	(586)
Interest expenses	996	964
Equity in (earnings) losses of affiliates	(370)	(481)
Loss (gain) on sales of noncurrent assets	1	(224)
Loss on retirement of noncurrent assets	146	63
Loss (gain) on sales of investment securities	(24)	(19)
Loss (gain) on valuation of investment securities	15	62
Loss (gain) on valuation of derivatives	(12)	7
Decrease (increase) in notes and accounts receivable-trade	9,630	2,984
Decrease (increase) in inventories	(1,166)	(545)
Increase (decrease) in notes and accounts payable-trade	(9,494)	(4,940)
Decrease (increase) in net defined benefit asset	(599)	(1,804)
Decrease in assets and liabilities for Transportation Security Services	11,500	(1,018)
Other	(2,050)	(1,766)
Subtotal	34,212	28,528
Interest and dividends income received	845	1,099
Interest expenses paid	(989)	(968)
Income taxes paid	(7,434)	(7,548)
Income taxes refund	13	9
Net cash provided by (used in) operating activities	26,648	21,120

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	370	864
Payments into long-term deposits	(2,027)	(206)
Proceeds from withdrawal of long-term deposits	10	26
Purchase of property, plant and equipment	(5,675)	(6,241)
Proceeds from sales of property, plant and equipment	262	548
Purchase of intangible assets	(1,074)	(191)
Purchase of investment securities	(1,959)	(1,310)
Proceeds from sales of investment securities	292	910
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(13,689)	-
Decrease (increase) in short-term loans receivable	9	16
Payments of long-term loans receivable	(28)	(23)
Collection of long-term loans receivable	46	33
Proceeds from refund of leasehold and guarantee deposits	1,096	10
Other	745	703
Net cash provided by (used in) investing activities	(21,619)	(4,858)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,061	(573)
Proceeds from long-term loans payable	1,751	245
Repayment of long-term loans payable	(1,699)	(1,514)
Redemption of bonds	(9)	-
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,718)	(2,674)
Cash dividends paid	(3,594)	(3,746)
Cash dividends paid to minority shareholders	(471)	(537)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(628)	(144)
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	(4,458)	(8,945)
Effect of exchange rate change on cash and cash equivalents	(11)	(3)
Net increase (decrease) in cash and cash equivalents	558	7,312
Cash and cash equivalents at beginning of period	48,790	53,143
Cash and cash equivalents at end of period	49,349	60,456