

NOTE TO READERS: The following is an English translation of the Quarterly Securities Report originally issued in the Japanese language. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Quarterly Securities Report

(First Quarter of 57th Business Term)

From April 1, 2021
to June 30, 2021

SOHGO SECURITY SERVICES CO., LTD.

1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan

Contents

| | Page |
|---|------|
| Cover page | |
| Part 1. Company Information | 1 |
| I. Overview of Company | 1 |
| 1. Selected financial data | 1 |
| 2. Description of business | 1 |
| II. Business Overview | 2 |
| 1. Risk factors | 2 |
| 2. Management analysis of financial position, operating results and cash flows | 2 |
| 3. Material business contracts, etc. | 7 |
| III. Information on Reporting Company | 8 |
| 1. Information on shares, etc. | 8 |
| (1) Total number of shares, etc. | 8 |
| (2) Subscription rights to shares, etc. | 8 |
| (3) Exercises of moving strike convertible bonds, etc. | 8 |
| (4) Changes in number of shares issued and outstanding and capital stock, etc. | 8 |
| (5) Major shareholders | 8 |
| (6) Voting rights | 9 |
| 2. Information on directors | 9 |
| IV. Financial Condition | 10 |
| 1. Quarterly consolidated financial statements | 11 |
| (1) Quarterly consolidated balance sheet | 11 |
| (2) Quarterly consolidated statement of income and consolidated statement of comprehensive income | 13 |
| Quarterly consolidated statement of income | |
| For the three months ended June 30, 2021 | 13 |
| Quarterly consolidated statement of comprehensive income | |
| For the three months ended June 30, 2021 | 14 |
| Quarterly consolidated statement of cash flows | 15 |
| 2. Other | 22 |
| Part 2. Information on Guarantors of the Company, etc. | 22 |

[Independent auditor's quarterly review report]

[Cover page]

| | |
|------------------------------------|--|
| [Document filed] | Quarterly Securities Report |
| [Applicable law] | Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act of Japan |
| [Place of filing] | Director-General, Kanto Local Finance Bureau |
| [Filing date] | August 3, 2021 |
| [Quarterly accounting period] | First quarter of 57th business term (From April 1, 2021 to June 30, 2021) |
| [Company name] | 綜合警備保障株式会社 (<i>Sogo Keibi Hosho Kabushiki Kaisha</i>) |
| [Company name in English] | SOHGO SECURITY SERVICES CO., LTD. |
| [Name and title of representative] | Yukiyasu Aoyama, President and Representative Director |
| [Address of head office] | 1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan |
| [Telephone number] | +81-3-3470-6811 (Main telephone number) |
| [Contact person] | Koji Kishimoto, Director and Senior Executive Officer |
| [Nearest contact place] | 1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan |
| [Telephone number] | +81-3-3470-6811 (Main telephone number) |
| [Contact person] | Koji Kishimoto, Director and Senior Executive Officer |
| [Place for public inspection] | Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan) |

Part 1. Company Information

I. Overview of Company

1. Selected financial data

| Fiscal year | | 56th business term Three months ended June 30, 2020 | 57th business term Three months ended June 30, 2021 | 56th business term |
|---|-------------------|---|---|---|
| Accounting period | | From April 1, 2020 to June 30, 2020 | From April 1, 2021 to June 30, 2021 | From April 1, 2020 to March 31, 2021 |
| Net sales | (Millions of yen) | 110,188 | 117,012 | 469,920 |
| Ordinary income | (Millions of yen) | 7,664 | 10,037 | 39,212 |
| Profit attributable to owners of parent | (Millions of yen) | 4,503 | 6,098 | 25,014 |
| Comprehensive income | (Millions of yen) | 6,071 | 6,372 | 41,541 |
| Net assets | (Millions of yen) | 272,507 | 306,515 | 304,427 |
| Total assets | (Millions of yen) | 459,794 | 470,528 | 481,465 |
| Net income per share | (Yen) | 44.48 | 60.24 | 247.09 |
| Diluted net income per share | (Yen) | — | — | — |
| Equity ratio | (%) | 53.8 | 59.5 | 57.6 |
| Net cash provided by (used in) operating activities | (Millions of yen) | 11,647 | (2,126) | 55,522 |
| Net cash provided by (used in) investing activities | (Millions of yen) | (19,461) | (1,937) | (38,452) |
| Net cash provided by (used in) financing activities | (Millions of yen) | 3,937 | (2,349) | (12,714) |
| Cash and cash equivalents end of the period | (Millions of yen) | 44,899 | 46,736 | 53,143 |

Note: 1. Selected financial data is not disclosed on a non-consolidated basis as SOHGO SECURITY SERVICES CO., LTD. (the “Company”) prepares quarterly consolidated financial statements.

2. Diluted net income per share is not disclosed as there are no potentially dilutive shares.

3. The Company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the three months ended June 30, 2021. Selected financial data for the three months ended June 30, 2021 is based on the figures after applying the standard, etc.

2. Description of business

There have been no significant changes in the businesses that the Group (the Company and its subsidiaries and associates) operates during the three months ended June 30, 2021.

The Group had the following realignment during the three months ended June 30, 2021.

On April 1, 2021, a merger was concluded between ALSOK Building Services Co., Ltd. and Nippon Building Maintenance Co., Ltd., both of which are the Company’s consolidated subsidiaries engaging 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.

II. Business Overview

1. Risk factors

During the three months ended June 30, 2021, there have been no newly arising business risks, etc. or changes in the business risks, etc. disclosed in the Annual Securities Report of the previous fiscal year.

2. Management analysis of financial position, operating results and cash flows

Any forward looking information included in this report is based on the best estimates of the Company as of the date of submission of this report.

(1) Financial position and operating results

During the three months ended June 30, 2021, the Japanese economy showed a recovery in demand in the areas of manufacturing, investment and export, etc., which exceeded the pre-COVID-19 pandemic levels, although the consumer spending continued a slow recovery due to the Japan's fourth state of emergency, etc. amid the ongoing COVID-19 pandemic. Looking forward, the rapid expansion of vaccination is expected to lead the Japanese economic activities returning back to pre-pandemic normal levels, while there are concerns about the risk of spread of more infectious variants.

In the security services industry, although the impact of COVID-19 has resulted in the cancellation and downsizing of various events and the suspension or termination of retail business activities, causing an increased number of termination/cancellation and fee reductions for security service contracts, there is a growing need for safety and security, including infection prevention measures, especially in the manufacturing industry which sees a faster recovery. In addition, the security services will be provided at the Tokyo 2020 Olympic and Paralympic Games. Also, reflecting concerns over the security and safety of senior citizens, women, children and other vulnerable members of society, the string of natural disasters and the aging infrastructure, the Group is continued to be expected to provide integrated services for security, facility management and long-term care.

In this environment, the Group has continued to provide appropriate services while taking sufficient infection prevention measures as an operator of service businesses related to the safety and security of society (the Security Services, General Property Management and Fire Protection Services, and Long-Term Care Services), which are all indispensable for ensuring the stability of the lives of the people and the national economy. Further, as set forth in the Medium-Term Management Plan "Grand Design 2025", the Group has aimed to become a tenacious "integrated safety and security solutions provider" that supports the safety and security of customers and society. In order to respond to increasing safety and security needs of each customer in the society with diversifying risks, we have made efforts to further advance and deepen the security service and other related businesses, which includes demonstration experiments for more advanced security services using local 5G and drones. Additionally, ALSOK proactively provides products and services supporting COVID-19 countermeasures, including PCR and other types of COVID-19 testing services provided by MBIC Life Co., Ltd., the Group Company.

As a result of the above, on the consolidated basis, the Group recorded the net sales of ¥117,012 million (6.2% increase year on year), operating income of ¥9,759 million (32.3% increase year on year), ordinary income of ¥10,037 million (31.0% increase year on year), and profit attributable to owners of parent of ¥6,098 million (35.4% increase year on year) for the three months ended June 30, 2021.

The operating results for each segment are described below:

For the Electronic Security Services within the Security Services segment, the Group has provided services to corporate clients offering solutions that meet various needs, which promoted sales of the ALSOK-G7 (read as "ALSOK G-seven") equipped with live video monitoring as a standard feature. In response to growing demand from retail stores and facility users for avoiding crowds under the current COVID-19 situation, we launched "ALSOK Crowds Notification Service" in June 2021. This service allows the users to show how crowded the places are through their websites or other digital signage using camera image.

The Group also offers a range of services for individual customers, which includes "Home Security Basic", the standard solution for private homes that is easy-to install, and other. In July 2020, the Group revamped "HOME ALSOK MIMAMORI SUPPORT[®]", 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".

For the Stationed Security Services, while the cancellation and downsizing of various events continued due to the impact of COVID-19, we responded to security needs for the Tokyo 2020 related events including the torch relay, in addition to the continued security needs for medical care and accommodation facilities for COVID-19 patients with mild symptoms, etc. Also, we have provided new services including "ALSOK Staff Cooperation System[®]", which contributes to the enhancement and efficiency improvement of security of large-scale events and to the Tokyo 2020 Olympic and Paralympic Games, and "ALSOK

Traffic Control System”, which contributes to the improvement of quality and labor saving in traffic control services.

For the Transportation Security Services, despite the termination/cancellation and fee reductions for 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 streamline cash management operations in the public and private sectors, and therefore, the Group is striving to expand Cash Deposit and Dispenser Machine On-Line System sales. In addition, outsourcing orders from regional financial institutions also remained strong, despite the impact of the consolidation of branches and other factors.

As a result, the net sales of the Security Services segment was ¥89,817 million (5.2% increase year on year), and operating income was ¥9,537 million (11.5% increase year on year).

For the General Property Management and Fire Protection Services segment, the net sales was ¥15,384 million (12.2% increase year on year), and operating income was ¥1,742 million (55.1% increase year on year) driven by the recovery of sales in the construction sector, the steady orders from customers for COVID-19 related products, such as ozone sanitizers and deodorizers, thermal cameras and PCR tests, as well as the sales related to the Tokyo 2020 Olympic and Paralympic Games. The Group will further expand its facilities management operations in Japan and overseas under the concept of “integration of security service and facility management”, which will be led by ALSOK Facilities Co., Ltd., established on April 1, 2021 as a merger between the consolidated subsidiaries as well as the capital and business alliance related to facilities management business between the Company and Mitsubishi Corporation entered into on February 28, 2020.

For the Long-Term Care Services segment, the net sales was ¥10,316 million (5.1% increase year on year), and operating income was ¥497 million (¥21 million for the three months ended June 30, 2020) due to the improvement in facilities operation rate and the resumption of medical massage visits which had been stagnant due to COVID-19. On October 1, 2020, the Company integrated its long-term care service businesses to establish ALSOK Care Co., Ltd. Going forward, the Group will offer total care that no other companies can match under the unified brand “ALSOK Long-Term Care” while strengthening its management foundation and expanding facilities. 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 senior citizens that was entered into in December 2020, the Group will also strive to further expand services for long-term care providers and lifestyle support services for long-term care service users and the senior citizens. 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 Group responds to growing needs for safety and security in society by utilizing new technologies and improving productivity, while fulfilling its responsibilities as a provider of services for the safety and security of society.

Financial positions as of June 30, 2021 are summarized below:

Total assets as of June 30, 2021 was ¥470,528 million, a decrease of ¥10,936 million from the end of the previous fiscal year.

This resulted from ¥7,920 million decrease in cash and deposits, ¥5,546 million decrease in cash for transportation security services and ¥5,075 million decrease in notes and accounts receivable - trade, and contract assets (compared with notes and accounts receivable - trade as of March 31, 2021), which was partially offset by ¥8,723 million increase in other current assets including prepaid expenses.

Total liabilities as of June 30, 2021 was ¥164,013 million, a decrease of ¥13,024 million from the end of the previous fiscal year. This resulted from ¥7,002 million decrease in short-term loans payable, ¥5,006 million decrease in notes and accounts payable - trade and ¥4,603 million decrease in income taxes payable, which was partially offset by ¥5,639 million increase in other current liabilities including deposits received.

(2) Cash flows

Cash and cash equivalents (“cash”) for the three months ended June 30, 2021 are summarized below:

(Cash flows from operating activities)

Net cash used in operating activities was ¥2,126 million during the three months ended June 30, 2021 (¥11,647 million provided for the three months ended June 30, 2020). The cash decreased due to ¥6,018 million changes in assets and liabilities of Transportation Security Services and ¥5,398 million income tax payment, which was partially offset by ¥10,042 million of income before income taxes.

The changes in assets and liabilities of Transportation Security Services include changes in cash raised for Transportation Security Services within cash and short-term loans payable for Transportation Security Services.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,937 million (90.0% decrease year on year) during the three months ended June

30, 2021. The cash decreased due to ¥3,863 million used for acquisition of property, plant and equipment, which was partially offset by ¥1,508 million decrease in time deposits.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,349 million during the three months ended June 30, 2021 (¥3,937 million provided for the three months ended June 30, 2020). The cash decreased due to ¥3,746 million used for dividends payment, ¥1,321 million used for repayment of lease obligations and ¥758 million used for repayment of long-term loans payable, which was partially offset by ¥3,876 million net increase in short-term loans payable.

(3) Accounting estimates and assumptions used for those estimates

There have been no significant changes in the accounting estimates and assumptions used for those estimates described in “Management analysis of financial position, operating results and cash flows” of the Annual Securities Report for the previous fiscal year.

(4) Business policies and strategies

There have been no significant changes in the business policies and strategies of the Group during the three months ended June 30, 2021.

(5) Production, orders and sales

(Production)

The Group is not engaged in production activities. The number of contracts in progress as of June 30, 2021 is as follows:

| Segment | | As of the end of three months ended June 30, 2021 (As of June 30, 2021) | Year on year change (%) |
|--|-----------------------|---|-------------------------|
| Security Services | | | |
| Electronic Security Services | (Number of contracts) | 997,274 | 2.0 |
| Stationed Security Services | (Number of contracts) | 4,397 | (1.4) |
| Transportation Security Services | (Number of contracts) | 79,284 | 1.3 |
| Total | (Number of contracts) | 1,080,955 | 1.9 |
| General Property Management and Fire Protection Services | (Number of contracts) | 115,824 | 3.5 |
| Long-Term Care Services | (Number of contracts) | 27,692 | 4.0 |
| Total for reportable segments | (Number of contracts) | 1,224,471 | 2.1 |
| Other Services | (Number of contracts) | 33,610 | 0.2 |
| Total | (Number of contracts) | 1,258,081 | 2.0 |

Note: The number of contracts above represents the total number of long-term contracts with the customers (contracts to provide services on an ongoing basis for a certain period of time), not the total number of parties to the contract the Group provides services to. Major services provided by each segment are as follows:

| | |
|--|--|
| Electronic Security Services | ALSOK Guard System for corporate customers, home securities for individual customers, etc. |
| Stationed Security Services | Stationed security services to assign security guards to facilities of the customers |
| Transportation Security Services | Cash transportation services including transportation of securities, and Cash Deposit and Dispenser Machine On-Line System |
| General Property Management and Fire Protection Services | Facility management, cleaning services, call center services, maintenance, management and operation of various facilities, inspection of fire equipment and AED rental, etc. |
| Long-Term Care Services | Home-visit nursing care, day care services, fee-based long-term care facilities, group homes, etc. |
| Other Services | “MAMOLOOK” a mobile watching over service, ALSOK PC Management Service, Website Tampering Detection Service, cashless payment service including QR Code payment |

(Sales)

The sales results for each segment are described below:

| Segment | | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) | Year on year change (%) |
|--|-------------------|---|-------------------------|
| Security Services | | | |
| Electronic Security Services | (Millions of yen) | 43,561 | 4.7 |
| Stationed Security Services | (Millions of yen) | 29,641 | 6.6 |
| Transportation Security Services | (Millions of yen) | 16,613 | 3.9 |
| Total | (Millions of yen) | 89,817 | 5.2 |
| General Property Management and Fire Protection Services | (Millions of yen) | 15,384 | 12.2 |
| Long-Term Care Services | (Millions of yen) | 10,316 | 5.1 |
| Total for reportable segments | (Millions of yen) | 115,517 | 6.0 |
| Other Services | (Millions of yen) | 1,494 | 20.4 |
| Total | (Millions of yen) | 117,012 | 6.2 |

Note: No single customer accounted for more than 10% of total net sales.

(6) Priority business and financial challenges

There have been no significant changes in the Group's priority business and financial challenges during the three months ended June 30, 2021.

(7) Research and development

Research and development cost was ¥130 million for the three months ended June 30, 2021, which was mainly related to security business.

There have been no significant changes in the Group's research and development activities during the three months ended June 30, 2021.

(8) Analysis of capital resources and liquidity

The Group's primary source of funds is the monthly fees received from customers, mainly in the security business, which is stable and predictable revenue. As the Group's expenditure plan is based on this stable source of funds, the Group believes there is little concern that it will face a shortage of funds in the predictable future. The Group also believes that it can obtain external financing at a relatively low cost due to this stable source of funds, the recent trend of the equity ratio and the good relationships with its key financial institutions.

The Group's primary capital needs and methods of financing are as follows:

(Working capital needs)

The working capital needs of the Group are mainly comprised of cost of sales, such as labor costs and outsourcing costs, selling, general and administrative expenses, such as personnel expenses, and cash required for deposit of sales proceeds into the customers' bank accounts through Cash Deposit and Dispenser Machine On-Line System in the Transportation Security Services.

While the cost of sales and selling, general and administrative expenses are generally paid out of its own funds as the payment occurs regularly throughout the year, the Group also uses short-term loans from financial institutions as necessary to meet the capital needs.

The Group uses both its own funds and short-term loans from financial institutions for deposit of sales proceeds into the customers' bank accounts through Cash Deposit and Dispenser Machine On-Line System. Such short-term loans are available through overdrafts and can be executed immediately based on the cash needs. The amount of sales proceeds that the Group deposits into customers' bank accounts on a certain day represents the amount of sales proceeds deposited into the Cash Deposit and Dispenser Machine by customers on the previous day, which fluctuates significantly depending on the

customers' behaviors. The amount of deposits increases especially on Monday or any business day after national holidays because such amount includes the amount deposited by customers into the Machine during the weekends and holidays, resulting in increasing use of short-term loans from financial institutions.

(Investment capital needs)

The investment capital needs of the Group are mainly comprised of mergers and acquisitions (M&A). This is generally paid out of its own funds, and the Group also uses short-term and long-term loans from financial institutions as necessary to meet the needs.

In addition, the recurring acquisition of security alarm equipment related to the electronic security is also included in capital investment. The Group considers the acquisition of security alarm equipment is similar in nature to the acquisition of inventories as a component of working capital since the amount per acquisition is small and it occurs as orders are received. As the acquisition of alarm equipment occurs regularly throughout the year, it is generally paid out of its own funds, which is similar to the working capital needs.

During the three months ended June 30, 2021, there have been no significant changes in the Group's capital investment plan, including capital expenditures which were planned at the end of the previous consolidated fiscal year as of March 31, 2021.

(Management's view on future outlook of capital needs and methods of financing)

The Group has mostly used its own funds to meet the capital needs during the three months ended June 30, 2021 except for Transportation Security Services. Although there is uncertainty surrounding the impact of COVID-19 pandemic, at this point, the Group does not expect any significant change in the capital needs during the fiscal year ending March 31, 2022 and believes that its capital needs will be satisfied by its own funds.

(9) Facilities

(Plan for establishment or disposal of facilities)

During the three months ended June 30, 2021, there have been no significant changes in the plan for establishment or disposal of facilities which was under planning as of March 31, 2021. In addition, there were no newly established plans for installation, expansion, renovation, disposal or sale of significant facilities during the three months ended June 30, 2021.

3. Material business contracts, etc.

Material business contracts, etc. decided or concluded during the three months ended June 30, 2021 are as follows:

At the board of directors meeting held in June 2021, the Company resolved to execute an absorption-type merger of ALSOK LEASING Co., Ltd., a wholly owned subsidiary of the Company effective April 1, 2022. The merger agreement was concluded effective June 8, 2021.

III. Information on Reporting Company

1. Information on shares, etc.

(1) Total number of shares, etc.

i. Total number of shares

| Class | Total number of issuable shares (shares) |
|--------------|--|
| Common stock | 300,000,000 |
| Total | 300,000,000 |

ii. Shares issued

| Class | Number of shares issued and outstanding as of June 30, 2021 (shares) | Number of shares issued and outstanding as of August 3, 2021 (filing date) (shares) | Name of stock exchange on which the Company is listed or name of Authorized Financial Instruments Firms Association where the Company is registered | Description |
|--------------|--|---|---|--|
| Common stock | 102,040,042 | 102,040,042 | Tokyo Stock Exchange (The First Section) | Standard share of the Company with no restrictions on the content of rights. Number of shares per one unit of share is 100 shares. |
| Total | 102,040,042 | 102,040,042 | — | — |

(2) Subscription rights to shares, etc.

i. Details of stock option plans

Nothing to report.

ii. Other subscription rights to shares, etc.

Nothing to report.

(3) Exercises of moving strike convertible bonds, etc.

Nothing to report.

(4) Changes in number of shares issued and outstanding and capital stock, etc.

| Period | Changes in the total number of shares issued and outstanding (shares) | Total number of shares issued and outstanding (shares) | Changes in capital stock (Millions of yen) | Amount of capital stock (Millions of yen) | Changes in capital surplus (Millions of yen) | Amount of capital surplus (Millions of yen) |
|-------------------------------------|---|--|--|---|--|---|
| From April 1, 2021 to June 30, 2021 | — | 102,040,042 | — | 18,675 | — | 29,320 |

(5) Major shareholders

The major shareholders are not disclosed as the current quarterly accounting period is the first quarterly accounting period.

(6) Voting rights

The information on voting rights described below is based on the shareholders register as of March 31, 2021, the most recent record date, as the Company is unable to confirm and disclose the information as of June 30, 2021.

i. Shares issued

As of March 31, 2021

| Category | Number of shares (shares) | Number of voting rights (units) | Description |
|---|---------------------------|---------------------------------|--|
| Shares without voting rights | — | — | — |
| Shares with restricted voting rights (treasury stock, etc.) | — | — | — |
| Shares with restricted voting rights (others) | — | — | — |
| Shares with full voting rights (treasury stock, etc.) | Common stock 782,100 | — | Standard share of the Company with no restrictions on the content of rights. Number of shares per one unit of share is 100 shares. |
| Shares with full voting rights (others) | Common stock 101,238,500 | 1,012,385 | Same as above |
| Shares less than one unit | Common stock 19,442 | — | Shares less than one unit (100 shares) |
| Total number of shares issued | 102,040,042 | — | — |
| Total number of voting rights | — | 1,012,385 | — |

ii. Treasury stock, etc.

As of March 31, 2021

| Name of shareholders | Address of shareholders | Number of shares held under own name (shares) | Number of shares held under the name of others (shares) | Total number of shares held (shares) | Ownership percentage to the total number of shares issued and outstanding (%) |
|-----------------------------------|---|---|---|--------------------------------------|---|
| SOHGO SECURITY SERVICES CO., LTD. | 1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan | 782,100 | — | 782,100 | 0.76 |
| Total | — | 782,100 | — | 782,100 | 0.76 |

2. Information on directors

Nothing to report.

IV. Financial Condition

1. Preparation method of quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007, “Ordinance on Quarterly Financial Statements”).

Quarterly consolidated statement of cash flows is also prepared in accordance with Article 5-2, Paragraph 2 of the Ordinance on Quarterly Financial Statements.

2. Audit attestation

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the quarterly consolidated financial statements for the first quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021) and the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021) were reviewed by Grant Thornton Taiyo LLC.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of March 31, 2021 | As of June 30, 2021 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 60,833 | 52,913 |
| Cash for Transportation Security Services | * 82,819 | * 77,273 |
| Notes and accounts receivable - trade | 54,283 | — |
| Notes and accounts receivable - trade, and contract assets | — | 49,208 |
| Securities | 598 | 491 |
| Raw materials and supplies | 7,551 | 7,257 |
| Costs on uncompleted construction contracts | 348 | 315 |
| Advances paid | 5,670 | 6,349 |
| Other | 15,691 | 24,415 |
| Allowance for doubtful accounts | (180) | (194) |
| Total current assets | 227,617 | 218,029 |
| Noncurrent assets | | |
| Property, plant and equipment | 103,383 | 102,699 |
| Intangible assets | | |
| Goodwill | 29,678 | 29,092 |
| Other | 13,569 | 13,347 |
| Total intangible assets | 43,247 | 42,440 |
| Investments and other assets | | |
| Investment securities | 55,639 | 54,491 |
| Other | 52,025 | 53,299 |
| Allowance for doubtful accounts | (447) | (432) |
| Total investments and other assets | 107,217 | 107,358 |
| Total noncurrent assets | 253,847 | 252,498 |
| Total assets | 481,465 | 470,528 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 24,084 | 19,078 |
| Short-term loans payable | * 23,880 | * 16,877 |
| Income taxes payable | 6,585 | 1,982 |
| Provisions | 2,516 | 1,255 |
| Other | 46,726 | 52,365 |
| Total current liabilities | 103,793 | 91,560 |
| Noncurrent liabilities | | |
| Long-term loans payable | 4,528 | 3,959 |
| Retirement benefit liability | 26,974 | 27,301 |
| Provisions | 1,730 | 1,477 |
| Asset retirement obligations | 480 | 485 |
| Other | 39,529 | 39,228 |
| Total noncurrent liabilities | 73,243 | 72,452 |
| Total liabilities | 177,037 | 164,013 |

(Millions of yen)

| | As of March 31, 2021 | As of June 30, 2021 |
|---|----------------------|---------------------|
| Net Assets | | |
| Shareholders' equity | | |
| Capital stock | 18,675 | 18,675 |
| Capital surplus | 34,026 | 34,026 |
| Retained earnings | 220,464 | 222,809 |
| Treasury stock | (1,071) | (1,071) |
| Total shareholders' equity | 272,094 | 274,439 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,026 | 6,793 |
| Revaluation reserve for land | (3,494) | (3,488) |
| Foreign currency translation adjustment | (29) | 45 |
| Remeasurements of defined benefit plans, net of tax | 1,915 | 1,960 |
| Total accumulated other comprehensive income | 5,417 | 5,311 |
| Non-controlling interests | 26,915 | 26,765 |
| Total net assets | 304,427 | 306,515 |
| Total liabilities and net assets | 481,465 | 470,528 |

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

For the three months ended June 30, 2021

(Millions of yen)

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|---|---|---|
| Net sales | 110,188 | 117,012 |
| Cost of sales | 82,531 | 87,383 |
| Gross profit | 27,656 | 29,629 |
| Selling, general and administrative expenses | * 20,278 | * 19,869 |
| Operating income | 7,378 | 9,759 |
| Non-operating income | | |
| Interest income | 42 | 45 |
| Dividends income | 193 | 184 |
| Share of profit of entities accounted for using equity method | 58 | 101 |
| Gain on sales of investment securities | 1 | 0 |
| Dividend income of insurance | 202 | 218 |
| Penalty income | 247 | 113 |
| Other | 358 | 263 |
| Total non-operating income | 1,105 | 927 |
| Non-operating expenses | | |
| Interest expenses | 489 | 490 |
| Financing expenses | 59 | 67 |
| Other | 270 | 91 |
| Total non-operating expenses | 819 | 649 |
| Ordinary income | 7,664 | 10,037 |
| Extraordinary income | | |
| Gain on sales of investment securities | — | 7 |
| Gain on sales of noncurrent assets | — | 65 |
| Total extraordinary income | — | 72 |
| Extraordinary loss | | |
| Loss on sales of investment securities | — | 0 |
| Loss on valuation of investment securities | 16 | 67 |
| Total extraordinary loss | 16 | 68 |
| Income before income taxes | 7,648 | 10,042 |
| Income taxes | 2,775 | 3,572 |
| Net income | 4,872 | 6,469 |
| Profit attributable to non-controlling interests | 368 | 371 |
| Profit attributable to owners of parent | 4,503 | 6,098 |

Quarterly consolidated statement of comprehensive income
For the three months ended June 30, 2021

(Millions of yen)

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|---|---|---|
| Net income | 4,872 | 6,469 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 828 | (195) |
| Foreign currency translation adjustment | (101) | 45 |
| Remeasurements of defined benefit plans, net of tax | 424 | 39 |
| Share of other comprehensive income (loss) of entities accounted for using equity method | 48 | 12 |
| Total other comprehensive income (loss) | 1,199 | (97) |
| Comprehensive income | 6,071 | 6,372 |
| (Contents) | | |
| Comprehensive income attributable to owners of parent | 5,649 | 5,984 |
| Comprehensive income attributable to non-controlling interests | 422 | 387 |

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 7,648 | 10,042 |
| Depreciation and amortization | 3,943 | 3,964 |
| Amortization of goodwill | 625 | 611 |
| Increase (decrease) in allowance for doubtful accounts | (24) | (1) |
| Increase (decrease) in net defined benefit liability | 362 | 231 |
| Increase (decrease) in provision for bonuses | (789) | (1,206) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (62) | (56) |
| Interest and dividends income | (236) | (230) |
| Interest expenses | 489 | 490 |
| Share of loss (profit) of entities accounted for using equity method | (58) | (101) |
| Loss (gain) on sales of noncurrent assets | 1 | (65) |
| Loss on retirement of noncurrent assets | 116 | 33 |
| Loss (gain) on sales of investment securities | (1) | (7) |
| Loss (gain) on valuation of investment securities | 16 | 67 |
| Loss (gain) on valuation of derivatives | (2) | 0 |
| Decrease (increase) in notes and accounts receivable - trade | 11,242 | 5,085 |
| Decrease (increase) in inventories | (711) | 305 |
| Increase (decrease) in notes and accounts payable - trade | (8,709) | (3,394) |
| Decrease (increase) in net defined benefit asset | (214) | (663) |
| Changes in assets and liabilities of Transportation Security Services | 7,192 | (6,018) |
| Other | (3,349) | (5,952) |
| Subtotal | 17,478 | 3,132 |
| Interest and dividends income received | 440 | 638 |
| Interest expenses paid | (494) | (503) |
| Income taxes paid | (5,777) | (5,398) |
| Income taxes refund | 0 | 3 |
| Net cash provided by (used in) operating activities | 11,647 | (2,126) |
| Net cash provided by (used in) investing activities | | |
| Decrease (increase) in time deposits | 67 | 1,508 |
| Payments into long-term time deposits | (2,013) | (209) |
| Proceeds from withdrawal of long-term time deposits | 14 | 27 |
| Purchase of property, plant and equipment | (3,136) | (3,863) |
| Proceeds from sales of property, plant and equipment | 3 | 238 |
| Purchase of intangible assets | (996) | (42) |
| Purchase of investment securities | (1,509) | (514) |
| Proceeds from sales of investment securities | 84 | 513 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (13,689) | — |
| Decrease (increase) in short-term loans receivable | 16 | 19 |
| Payments of long-term loans receivable | (18) | (40) |
| Collection of long-term loans receivable | 28 | 47 |
| Proceeds from refund of leasehold and guarantee deposits | 961 | 3 |
| Other | 725 | 375 |
| Net cash provided by (used in) investing activities | (19,461) | (1,937) |

(Millions of yen)

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|---|---|---|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 8,203 | 3,876 |
| Proceeds from long-term loans payable | 1,748 | 145 |
| Repayment of long-term loans payable | (850) | (758) |
| Purchase of treasury stock | (0) | (0) |
| Repayments of lease obligations | (1,319) | (1,321) |
| Cash dividends paid | (3,594) | (3,746) |
| Cash dividends paid to non-controlling interests | (470) | (543) |
| 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 | 3,937 | (2,349) |
| Effect of exchange rate change on cash and cash equivalents | (14) | 5 |
| Net increase (decrease) in cash and cash equivalents | (3,891) | (6,407) |
| Cash and cash equivalents at beginning of period | 48,790 | 53,143 |
| Cash and cash equivalents at end of period | * 44,899 | * 46,736 |

Notes

(Change in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, “Revenue Recognition Accounting Standard”), etc. from the beginning of the three months ended June 30, 2021. The Group recognizes revenue when control of the promised goods or services is transferred to the customer in an amount that the Group expects to receive in exchange for those goods or services.

Based on the above, revenue generated from the Group is recognized as follows:

i. Contract revenue

Contract revenue earned as a result of providing services is recognized over time as performance obligations in the contract with the customers are satisfied.

ii. Construction revenue

Construction revenue earned as a result of installations of security alarm equipment leased or rented to the customer as well as repair/renewal constructions and piping or electrical constructions of various building equipment is recognized over time as performance obligations in the contract with the customers are satisfied. However, revenue is recognized at a point in time at completion of construction for contracts that have very short construction period, which mainly include installations of security alarm equipment. Revenue from contracts with short construction period accounts for most of the construction revenue.

iii. Sales revenue

Sales revenue earned as a result of product sales (including installations of products sold) is recognized at a point in time on delivery to the customer.

In applying Revenue Recognition Accounting Standard etc., the Company calculated the cumulative effect of retrospective application of the new standard to the periods prior to the beginning of the three months ended June 30, 2021 in accordance with the transitional treatment provided in the proviso to paragraph 84 of the Revenue Recognition Accounting Standard. However, as the amount of cumulative effect was immaterial, the Company applied the new standard without making any adjustment to retained earnings at the beginning of the three months ended June 30, 2021.

Due to the application of the Revenue Recognition Accounting Standard etc., “Notes and accounts receivable - trade” presented under “Current assets” in the consolidated balance sheet as of March 31, 2020 is now included in “Notes and accounts receivable - trade, and contract assets” as of June 30, 2021. In accordance with the transitional treatment provided in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the prior year amounts are not reclassified. Additionally, in accordance with the transitional treatment provided in paragraphs 28-15 of “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on disaggregation of revenue from contracts with customers for three months ended June 30, 2020 is not disclosed.

(Application of Accounting Standard for Fair Value Measurement)

The Group applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, “Fair Value Measurement Accounting Standard”) etc. from the beginning of the three months ended June 30, 2021. The Group decided to apply new accounting policies based on the Fair Value Measurement Accounting Standard etc. prospectively in accordance with the transitional treatment provided in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The impact on the consolidated financial statements for the three months ended June 30, 2021 is immaterial.

(Specific accounting treatment applied in preparing quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expense is calculated by reasonably estimating the effective tax rate after applying tax effect accounting for income before income taxes for the consolidated fiscal year including the three months ended June 30, 2021 and then by multiplying the income before income taxes for the quarter by such estimated effective tax rate.

Income taxes - deferred is included in income taxes.

(Additional information)

(Impact of COVID-19 on accounting estimates)

In applying impairment accounting for noncurrent assets and determining recoverability of deferred tax assets, the Company uses a business plan that reflects reasonable estimates based on the assumptions available as of March 31, 2021. The Company expects that uncertain situation surrounding COVID-19 will continue for the time being, as seen in the ongoing state of emergency due to the spread of highly infectious COVID-19 variants. Therefore, the Company incorporates the magnitude of COVID-19 impact on the prior year's consolidated operating results into the business plan. If there is a significant variance between the business plan and actual results arising from future development of COVID-19, the Company's judgement over accounting estimates in the consolidated financial statements may be affected in the future.

(Matters related to quarterly consolidated balance sheet)

* Cash for Transportation Security Services

As of March 31, 2021

This represents cash for transportation security services, and its use for other purposes is restricted.

In addition, the short-term loans payable balance includes ¥14,613 million of funds borrowed for the services.

As of June 30, 2021

This represents cash for transportation security services, and its use for other purposes is restricted.

In addition, the short-term loans payable balance includes ¥3,780 million of funds borrowed for the services.

(Matters related to quarterly consolidated statement of income)

* The major items of selling, general and administrative expenses and its amounts are as follows:

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|--|--|--|
| Salary allowances | 10,180 | 10,266 |
| Provision for bonuses | 204 | 159 |
| Provision for bonuses for directors (and other officers) | 38 | 37 |
| Provision for retirement benefits for directors (and other officers) | 26 | 38 |
| Provision for allowance for doubtful accounts | (5) | 26 |
| Retirement benefit expenses | 611 | 380 |

(Matters related to quarterly consolidated statement of cash flows)

* The relationship between the cash and cash equivalents at end of period and the amount presented on the quarterly consolidated balance sheet is as follows:

| | (Millions of yen) | |
|---|---|---|
| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
| Cash and deposits accounts | 52,165 | 52,913 |
| Deposits with deposit term of over 3 months | (7,567) | (6,276) |
| Short-term investment (securities) whose redemption date is due within 3 months from the acquisition date | 300 | 100 |
| Other (deposit at securities company) | 0 | 0 |
| Cash and cash equivalents | 44,899 | 46,736 |

(Matters related to total shareholders' equity)

I Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

Cash dividends paid

| (Resolution) | Type of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date | Source of dividends |
|---|----------------|-----------------------------------|---------------------------|----------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders on June 24, 2020 | Common stock | 3,594 | 35.5 | March 31, 2020 | June 25, 2020 | Retained earnings |

II Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

Cash dividends paid

| (Resolution) | Type of shares | Total dividends (Millions of yen) | Dividends per share (Yen) | Record date | Effective date | Source of dividends |
|---|----------------|-----------------------------------|---------------------------|----------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders on June 24, 2021 | Common stock | 3,746 | 37.0 | March 31, 2021 | June 25, 2021 | Retained earnings |

(Segment information etc.)

Segment information

I Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

1. Information on the amount of net sales and income (loss) by reportable segment

(Millions of yen)

| | Reportable segment | | | | Other Services (Note 1) | Total | Adjustment (Note 2) | Amount recorded in the consolidated statement of income (Note 3) |
|----------------------------------|--------------------|--|-------------------------|---------|-------------------------|---------|---------------------|--|
| | Security Services | General Property Management and Fire Protection Services | Long-Term Care Services | Total | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 85,414 | 13,715 | 9,817 | 108,947 | 1,241 | 110,188 | — | 110,188 |
| Intersegment sales and transfers | 48 | 13 | 1 | 62 | 49 | 112 | (112) | — |
| Total | 85,462 | 13,728 | 9,819 | 109,010 | 1,290 | 110,301 | (112) | 110,188 |
| Income by reportable segment | 8,554 | 1,123 | 21 | 9,699 | 203 | 9,902 | (2,524) | 7,378 |

Note: 1. “Other services” category includes business segments not included in other reportable segments. This category comprises businesses such as “MMK” a multifunctional ATM, “ALSOK safety confirmation service”, “MAMOLOOK”, a mobile watching over service, the security solution services, the information security services and the food inspection services.

2. ¥2,524 million adjustment to income by reportable segment represents common expenses that cannot be allocated to any specific reportable segment. These expenses are primarily general and administrative expenses not associated with specific reportable segment.

3. Income by reportable segment is adjusted for the operating income per the consolidated statement of income.

2. Information on impairment losses or goodwill, etc. of noncurrent assets by reportable segment

(Significant impairment loss of noncurrent assets)

Nothing to report.

(Significant change in the amount of goodwill)

During the three months ended June 30, 2021, the amount of goodwill has changed significantly as Life Holdings Co., Ltd., a holding company of Life Co., Ltd. and MBIC Life Co., Ltd., became the Company’s consolidated subsidiary. The increase in goodwill due to this event is ¥12,770 million. The goodwill is not allocated to any reporting segment.

(Significant gain on negative goodwill)

Nothing to report.

II Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

1. Information on the amount of net sales and income (loss) and disaggregation of revenue by reportable segment

(Millions of yen)

| | Reportable segment | | | | Other Services (Note 1) | Total | Adjustment (Note 2) | Amount recorded in the consolidated statement of income (Note 3) |
|---------------------------------------|--------------------|--|-------------------------|---------|-------------------------|---------|---------------------|--|
| | Security Services | General Property Management and Fire Protection Services | Long-Term Care Services | Total | | | | |
| Net sales | | | | | | | | |
| Contract revenue | 81,771 | 8,460 | 10,289 | 100,521 | 1,389 | 101,910 | — | 101,910 |
| Construction revenue | 1,411 | 4,323 | 8 | 5,743 | 0 | 5,743 | — | 5,743 |
| Sales revenue | 6,634 | 2,599 | 18 | 9,253 | 105 | 9,358 | — | 9,358 |
| Revenue from contracts with customers | 89,817 | 15,384 | 10,316 | 115,517 | 1,494 | 117,012 | — | 117,012 |
| Sales to external customers | 89,817 | 15,384 | 10,316 | 115,517 | 1,494 | 117,012 | — | 117,012 |
| Intersegment sales and transfers | 53 | 13 | 1 | 67 | 74 | 142 | (142) | — |
| Total | 89,870 | 15,397 | 10,317 | 115,585 | 1,569 | 117,155 | (142) | 117,012 |
| Income by reportable segment | 9,537 | 1,742 | 497 | 11,777 | 347 | 12,124 | (2,365) | 9,759 |

Note: 1. “Other services” category includes business segments not included in other reportable segments. This category comprises businesses such as “MMK” a multifunctional ATM, “ALSOK safety confirmation service”, “MAMOLOOK”, a mobile watching over service, the security solution services, the information security services and the food inspection services.

2. ¥2,365 million adjustment to income by reportable segment represents common expenses that cannot be allocated to any specific reportable segment. These expenses are primarily general and administrative expenses not associated with specific reportable segment.

3. Income by reportable segment is adjusted for the operating income per the consolidated statement of income.

2. Information on impairment losses or goodwill, etc. of noncurrent assets by reportable segment

(Significant impairment loss of noncurrent assets)

Nothing to report.

(Significant change in the amount of goodwill)

Nothing to report.

(Significant gain on negative goodwill)

Nothing to report.

(Matters related to revenue recognition)

Information on disaggregation of revenue from contract with customers is as described in “Notes (Segment information etc.)”.

(Per share information)

The following is the amount and basis of calculating net income per share.

| | Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020) | Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021) |
|--|---|---|
| Net income per share | 44.48 yen | 60.24 yen |
| (Basis of calculation) | | |
| Profit attributable to owners of parent (Millions of yen) | 4,503 | 6,098 |
| Amount not attributable to ordinary shareholders (Millions of yen) | — | — |
| Profit attributable to ordinary shareholders of parent (Millions of yen) | 4,503 | 6,098 |
| Average number of common stocks during the period (Thousands of shares) | 101,235 | 101,234 |

(Note) Diluted net income per share is not disclosed as there are no potentially dilutive shares.

2. Other

Nothing to report.

Part 2. Information on Guarantors of the Company, etc.

Nothing to report.

INDEPENDENT AUDITOR'S
QUARTERLY REVIEW REPORT

July 30, 2021

To the Board of Directors of

SOHGO SECURITY SERVICES CO., LTD.

Grant Thornton Taiyo LLC

Tokyo Office

| | | |
|------------------|---|-----------------------------|
| Tatsuya Arai | Designated Limited Liability Partner Engagement Partner | Certified Public Accountant |
| Takeshi Iwasaki | Designated Limited Liability Partner Engagement Partner | Certified Public Accountant |
| Takayuki Uenishi | Designated Limited Liability Partner Engagement Partner | Certified Public Accountant |

Auditor's Conclusion

We have reviewed, pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, the accompanying quarterly consolidated financial statements of SOHGO SECURITY SERVICES CO., LTD. and its consolidated subsidiaries (the "Group") in "Financial Condition", which comprise the quarterly consolidated balance sheet as of June 30, 2021, and the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income and the quarterly consolidated statement of cash flows for the three-month period then ended, and the related notes.

Based on our quarterly review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and its consolidated results of its financial performances and cash flows for the three-month period then ended in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our review in accordance with the quarterly review standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Quarterly Review of the Quarterly Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained the evidence to provide a basis of our conclusion.

Responsibilities of Management, Audit and Supervisory Board Members, and Audit and Supervisory Board for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan. This responsibility includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing matters related to going concern as applicable in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan.

The Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing performance of duties of directors in the design, implementation, and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibilities are to issue an auditor's quarterly review report that includes our conclusion based on our quarterly review from an independent point of view.

In accordance with the quarterly review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the quarterly review. We also:

- Perform quarterly review procedures consists of making inquiries to primarily of management and persons responsible for financial and accounting matters, applying analytical procedures, and other quarterly review procedures. A quarterly review is substantially less in scope than an annual audit of financial statements conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not presented fairly in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan if we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's quarterly review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to express a qualified or adverse conclusion on the quarterly consolidated financial statements. Our conclusions are based on the evidence obtained up to the date of our auditor's quarterly review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the quarterly consolidated financial statements, including the disclosures, and whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements do not represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan.
- Obtain sufficient and appropriate evidence regarding the financial information of the Group to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the quarterly consolidated financial statements. We remain solely responsible for our review conclusion.

We communicate with the Audit and Supervisory Board Members and Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the quarterly review and significant review findings.

We also provide the Audit and Supervisory Board Members and Audit and Supervisory Board with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accounting Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes:

1. The above is a digitization of the text contained in the original copy of the Quarterly Review Report of Independent Auditors, which is in the custody of the Company (the submitter of this Quarterly Securities Report).
2. The XBRL data is not in the scope of the quarterly review.
3. The English version of the consolidated financial statements consists of an English translation of the reviewed Japanese consolidated financial statements. The actual text of the English translation of the consolidated financial statements was not covered by our review. Consequently, for the auditor's report of the English consolidated financial statements, the Japanese original is the official text, and the English version is a translation of that text.

[Cover page]

| | |
|---|--|
| [Document filed] | Confirmation |
| [Applicable law] | Article 24-4-8, paragraph 1 of the Financial Instruments and Exchange Act of Japan |
| [Place of filing] | Director-General, Kanto Local Finance Bureau |
| [Filing date] | August 3, 2021 |
| [Company name] | 総合警備保障株式会社 (<i>Sogo Keibi Hosho Kabushiki Kaisha</i>) |
| [Company name in English] | SOHGO SECURITY SERVICES CO., LTD. |
| [Name and title of representative] | Yukiyasu Aoyama, President and Representative Director |
| [Name and title of Chief Financial Officer] | Koji Kishimoto, Director and Senior Executive Officer |
| [Address of head office] | 1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan |
| [Place for public inspection] | Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan) |

1. Matters related to the appropriateness of the contents of the Quarterly Securities Report

Yukiyasu Aoyama, President and Representative Director and Koji Kishimoto, Director and Senior Executive Officer confirmed that the contents in the Quarterly Securities Report for the first quarter of 57th business term (From April 1, 2021 to June 30, 2021) are appropriately disclosed in accordance with the Financial Instruments and Exchange Act.

2. Special note

There is nothing special to note.