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Quarterly Securities Report

(Second Quarter of 57th Business Term)

From July 1, 2021
to September 30, 2021

SOHGO SECURITY SERVICES CO., LTD.

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

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[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]	November 9, 2021
[Quarterly accounting period]	Second quarter of 57th business term (From July 1, 2021 to September 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.
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[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 Six months ended September 30, 2020	57th business term Six months ended September 30, 2021	56th business term
Accounting period		From April 1, 2020 to September 30, 2020	From April 1, 2021 to September 30, 2021	From April 1, 2020 to March 31, 2021
Net sales	(Millions of yen)	225,889	245,290	469,920
Ordinary income	(Millions of yen)	16,466	25,754	39,212
Profit attributable to owners of parent	(Millions of yen)	9,960	16,097	25,014
Comprehensive income	(Millions of yen)	12,497	17,166	41,541
Net assets	(Millions of yen)	278,932	317,165	304,427
Total assets	(Millions of yen)	452,364	475,107	481,465
Net income per share	(Yen)	98.39	159.01	247.09
Diluted net income per share	(Yen)	—	—	—
Equity ratio	(%)	56.0	61.1	57.6
Net cash provided by (used in) operating activities	(Millions of yen)	26,648	21,120	55,522
Net cash provided by (used in) investing activities	(Millions of yen)	(21,619)	(4,858)	(38,452)
Net cash provided by (used in) financing activities	(Millions of yen)	(4,458)	(8,945)	(12,714)
Cash and cash equivalents end of the period	(Millions of yen)	49,349	60,456	53,143

Fiscal year		56th business term Three months ended September 30, 2020	57th business term Three months ended September 30, 2021
Accounting period		From July 1, 2020 to September 30, 2020	From July 1, 2021 to September 30, 2021
Net income per share	(Yen)	53.91	98.77

(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 first quarter of the fiscal year ending March 31, 2022. Selected financial data for the three and six months ended September 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 six months ended September 30, 2021.

The Group had the following realignment during the six months ended September 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 mainly 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 six months ended September 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

Amid the fifth wave of COVID-19 followed by the declaration of a state of emergency, consumer spending declined only slightly, and the Japanese economy continued to pick up during the six months ended September 30, 2021. The fifth wave has rapidly waned since September, which led the government to lift the state of emergency at the end of the month. Buoyed by significant progress in Japan's vaccination rollout, acceleration of economic recovery from the pandemic is expected. On the other hand, concerns remain about the next wave of COVID-19, how the pandemic progresses overseas, and the impact of the rising resource costs on the economy.

The Tokyo 2020 Olympic and Paralympic Games took place from July to September in Japan after a one-year postponement. Although consumer-related businesses are still affected by the COVID-19 pandemic, there is a growing customer need for safety and security, including infection prevention measures, especially in the manufacturing industry which sees a faster recovery. Also, as restrictions are lifted and businesses resume normal hours of operation, we see a sign of recovery in the demand for safety and security in the consumer-related businesses. Additionally, in recent years, reflecting the low birth rate, the aging population and the decrease in working-age population, the concerns over the security and safety of senior citizens, women, children and other vulnerable members of society as well as the string of natural disasters and the aging infrastructure, social needs for safety and security are growing. In the face of New Normal with a shift towards "digital" and "remote" and a carbon neutral and recycling-oriented society after the pandemic, we will be exposed to diversified risks and are expected to continue 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 lifestyle support services for the senior citizens such as Long-Term Care Services), which are all indispensable for ensuring the stability of the lives of the people and the national economy. As set forth in the Medium-Term Management Plan "Grand Design 2025", the Group aims to become "a resilient 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 customers with diversified risks, we have made efforts to provide new services that combine a variety of services including security, facility management and long-term care.

As a result of the above, on the consolidated basis, the Group recorded the net sales of ¥245,290 million (8.6% increase year on year), operating income of ¥24,830 million (56.8% increase year on year), ordinary income of ¥25,754 million (56.4% increase year on year), and profit attributable to owners of parent of ¥16,097 million (61.6% increase year on year) for the six months ended September 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. Also, we launched "ALSOK Crowds Notification Service" in June 2021, which allows users to get their customers to check how crowded a place is through camera image. This will help bring in more customers while implementing infection prevention measures. In September 2021, we launched "ALSOK AI Camera System", which sends real-time alerts to PC or smartphones using AI-equipped surveillance cameras with high-precision human detection.

The Group also offers a range of services for individual customers including "Home Security Basic", a standard solution for private homes that is easy to install. In August 2021, we renewed our app for Home Security Basic which allows subscribers to easily apply using the app for convenient services such as health consultation that is offered free of charge to the subscribers and house cleaning with special discount offers.

For the Stationed Security Services, the Tokyo 2020 Olympic and Paralympic Games took place after a one-year postponement, and the Group played a central role as a joint representative of Security Joint Venture, contributing to the successful conclusion of the Games. We leveraged our "ALSOK Staff Cooperation System[®]" to enhance and streamline our security of the Games.

For the Transportation Security Services, there is still 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, we make efforts to increase outsourcing orders from regional financial institutions, despite the impact of the consolidation of bank branches and other factors.

As a result, the net sales of the Security Services segment was ¥188,945 million (9.2% increase year on year), and operating income was ¥23,515 million (37.1% increase year on year).

For the General Property Management and Fire Protection Services segment, the net sales was ¥32,498 million (7.3% increase year on year), and operating income was ¥4,127 million (44.2% increase year on year) driven by the steady sales of COVID-19 related products, such as ozone sanitizers and deodorizers and thermal cameras, the steady orders for support for COVID-19 vaccine site operation as well as the sales related to the Tokyo 2020 Olympic and Paralympic Games. The Group will further expand its facilities management operations (facilities) 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. In addition, going forward, we will make efforts to expand our inspection business by utilizing drones.

For the Long-Term Care Services segment, the net sales was ¥20,801 million (4.2% increase year on year), and operating income was ¥1,033 million (398.5% increase year on year) due to the improvement in facilities operation rate and the increase in the number of visitors to medical massage. 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 has strived 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.

Another area to note is that our unique QR code payment service “ALSOK Multi-QR Payment Solution”, which was introduced to respond to a growing trend for cashless payments, is attracting more customers. In addition, we have received robust orders for PCR tests and have also launched “ALSOK Office Doctor Package” in September 2021, an employee health management system optimized for businesses with fewer than 50 employees that are not obligated to appoint an occupational health physician.

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.

Total assets as of September 30, 2021 was ¥475,107 million, a decrease of ¥6,357 million from the end of the previous fiscal year. This resulted from ¥10,992 million decrease in cash for transportation security services and ¥2,989 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 ¥6,449 million increase in cash and deposits.

Total liabilities as of September 30, 2021 was ¥157,942 million, a decrease of ¥19,095 million from the end of the previous fiscal year. This mainly resulted from ¥11,513 million decrease in short-term loans payable and ¥4,316 million decrease in notes and accounts payable - trade.

(2) Cash flows

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

(Cash flows from operating activities)

Net cash provided in operating activities was ¥21,120 million (20.7% decrease year on year) during the six months ended September 30, 2021. This resulted from ¥25,730 million of income before income taxes and ¥8,088 million of depreciation expenses added back, which was partially offset by ¥7,548 million income tax payment and ¥4,940 million decrease in notes and accounts payable - trade.

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 ¥4,858 million (77.5% decrease year on year) during the six months ended September 30, 2021. The cash decreased due to ¥6,241 million used for acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥8,945 million (100.6% increase year on year) during the six months ended September 30, 2021. The cash decreased due to ¥3,746 million used for dividends payment, ¥2,674 million used for repayment of lease obligations and ¥1,514 million used for repayment of long-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 six months ended September 30, 2021.

(5) Production, orders and sales

(Production)

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

Segment		As of the end of three months ended September 30, 2021 (As of September 30, 2021)	Year on year change (%)
Security Services			
Electronic Security Services	(Thousands of contracts)	1,002	2.0
Stationed Security Services	(Thousands of contracts)	4	0.5
Transportation Security Services	(Thousands of contracts)	79	1.3
Total	(Thousands of contracts)	1,086	2.0
General Property Management and Fire Protection Services	(Thousands of contracts)	117	4.7
Long-Term Care Services	(Thousands of contracts)	27	2.0
Total for reportable segments	(Thousands of contracts)	1,231	2.2
Other Services	(Thousands of contracts)	34	(0.7)
Total	(Thousands of contracts)	1,266	2.1

(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	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Year on year change (%)
Security Services		
Electronic Security Services (Millions of yen)	88,022	3.7
Stationed Security Services (Millions of yen)	67,271	21.0
Transportation Security Services (Millions of yen)	33,651	3.5
Total (Millions of yen)	188,945	9.2
General Property Management and Fire Protection Services (Millions of yen)	32,498	7.3
Long-Term Care Services (Millions of yen)	20,801	4.2
Total for reportable segments (Millions of yen)	242,245	8.5
Other Services (Millions of yen)	3,045	16.9
Total (Millions of yen)	245,290	8.6

(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 six months ended September 30, 2021.

(7) Research and development

Research and development cost was ¥260 million for the six months ended September 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 six months ended September 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 six months ended September 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 six months ended September 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 six months ended September 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 six months ended September 30, 2021.

3. Material business contracts, etc.

There were no material business contracts, etc. decided or concluded during the three months ended September 30, 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 September 30, 2021 (shares)	Number of shares issued and outstanding as of November 9, 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 July 1, 2021 to September 30, 2021	—	102,040,042	—	18,675	—	29,320

(5) Major shareholders

As of September 30, 2021

Name	Address	Number of shares held (Thousands of shares)	Ownership percentage to the total number of shares issued and outstanding (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account) (Note)	2-11-3 Hamamatsucho, Minato-ku, Tokyo, Japan	10,378	10.24
SOHGO CORPORATION	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	7,388	7.29
Saitama Kiki Co., Ltd.	7-1-3 Shimoochiai, Chuo-ku, Saitama, Japan	5,283	5.21
Custody Bank of Japan, Ltd. (Trust account) (Note)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	5,001	4.93
Kamakura Corporation	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	4,150	4.09
SOHGO SECURITY SERVICES CO., LTD. Employee Stockholding Association	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan	3,582	3.53
Custody Bank of Japan, Ltd. as Trustee for Mizuho Bank Retirement Benefit Trust Account Re-entrusted by Mizuho Trust and Banking Co., Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	2,961	2.92
Kizuna Corporation	130-16 Yamabukicho, Shinjuku-ku, Tokyo, Japan	2,950	2.91
Atsushi Murai	Suginami-ku, Tokyo, Japan	2,885	2.84
SMBC Trust Bank Ltd. (as trustee for Sumitomo Mitsui Banking Corporation Retirement Benefits Trust Account)	7-12-4 Minamisuna, Koto-ku, Tokyo, Japan	2,735	2.70
Total	—	47,317	46.66

(Note) Of the number of shares held above, the number of shares related to the trust business is as follows:

The Master Trust Bank of Japan, Ltd. (Trust account) 4,957 thousand shares

Custody Bank of Japan, Ltd. (Trust account) 1,936 thousand shares

(6) Voting rights

i. Shares issued

As of September 30, 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 782,200	—	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 101,238,900	1,012,389	Same as above
Shares less than one unit	Common stock 18,942	—	Shares less than one unit (100 shares)
Total number of shares issued	102,040,042	—	—
Total number of voting rights	—	1,012,389	—

ii. Treasury stock, etc.

As of September 30, 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	782,200	—	782,200	0.76
Total	—	782,200	—	782,200	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”).

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 second quarter of the fiscal year ending March 31, 2022 (from July 1, 2021 to September 30, 2021) and the six months ended September 30, 2021 (from April 1, 2021 to September 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	60,833	67,283
Cash for Transportation Security Services	* 82,819	* 71,827
Notes and accounts 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
Liabilities		
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
Provisions	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

(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, net of tax	1,915	2,007
Total accumulated other comprehensive income	5,417	5,749
Non-controlling interests	26,915	27,066
Total net assets	304,427	317,165
Total liabilities and net assets	481,465	475,107

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

Quarterly consolidated statement of income

For the six months ended September 30, 2021

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to 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 sales 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 sales of investment securities	22	7
Gain on sales of noncurrent 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 sales of investment securities	—	0
Total extraordinary loss	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

Quarterly consolidated statement of comprehensive income

For the six months ended September 30, 2021

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to 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, net of tax	848	79
Share of other comprehensive income (loss) of entities accounted for using equity method	84	54
Total other comprehensive income (loss)	1,757	256
Comprehensive income	12,497	17,166
(Contents)		
Comprehensive income attributable to owners of parent	11,599	16,313
Comprehensive income attributable to non-controlling interests	898	852

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to 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 bonuses for directors (and other officers)	(25)	(20)
Interest and dividends income	(568)	(586)
Interest expenses	996	964
Share of loss (profit) of entities accounted for using equity method	(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)
Changes in assets and liabilities of 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

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	370	864
Payments into long-term time deposits	(2,027)	(206)
Proceeds from withdrawal of long-term time 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 shares of 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 non-controlling interests	(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

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 first quarter of the fiscal year ending March 31, 2022. 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 first quarter of the fiscal year ending March 31, 2022 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 first quarter of the fiscal year ending March 31, 2022.

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, 2021 has been included in “Notes and accounts receivable - trade, and contract assets” since the first quarter of the fiscal year ending March 31, 2022. 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 the six months ended September 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 first quarter of the fiscal year ending March 31, 2022. 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 six months ended September 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 September 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 September 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:

	(Millions of yen)	
	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Salary allowances	20,183	19,703
Provision for bonuses	460	427
Provision for bonuses for directors (and other officers)	77	77
Provision for retirement benefits for directors (and other officers)	51	69
Provision for allowance for doubtful accounts	12	40
Retirement benefit expenses	1,214	754

(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)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Cash and deposits accounts	56,307	67,283
Deposits with deposit term of over 3 months	(7,268)	(6,927)
Short-term investment (securities) whose redemption date is due within 3 months from the acquisition date	310	100
Other (deposit at securities company)	0	0
Cash and cash equivalents	49,349	60,456

(Matters related to total shareholders' equity)

I Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

1. 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

2. Dividends that have record date during the six months ended September 30, 2020 and effective date of which is after the six months ended September 30, 2020.

(Resolution)	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors' meeting on October 30, 2020	Common stock	3,544	35.0	September 30, 2020	December 3, 2020	Retained earnings

II Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

1. 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

2. Dividends that have record date during the six months ended September 30, 2021 and effective date of which is after the six months ended September 30, 2021.

(Resolution)	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of directors' meeting on October 29, 2021	Common stock	3,847	38.0	September 30, 2021	December 3, 2021	Retained earnings

(Segment information etc.)

Segment information

I Six months ended September 30, 2020 (From April 1, 2020 to September 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	173,035	30,280	19,967	223,284	2,605	225,889	—	225,889
Intersegment sales and transfers	107	30	5	143	110	253	(253)	—
Total	173,143	30,310	19,973	223,427	2,715	226,143	(253)	225,889
Income by reportable segment	17,153	2,862	207	20,222	424	20,646	(4,809)	15,837

(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. ¥(4,809) 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)

The impairment loss was ¥43 million, which was solely related to land. No impairment loss was allocated to reporting segments.

(Significant change in the amount of goodwill)

During the six months ended September 30, 2021, there was a significant change in the amount of goodwill as Life Holdings Co., Ltd., a holding company of Life Co., Ltd. and MBIC Life Co., Ltd., became the Company’s consolidated subsidiary. Increase in the goodwill due to this event is ¥12,770 million.

(Significant gain on negative goodwill)

Nothing to report.

II Six months ended September 30, 2021 (From April 1, 2021 to September 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	173,279	17,890	20,750	211,919	2,813	214,733	—	214,733
Construction revenue	2,927	8,823	14	11,766	0	11,767	—	11,767
Sales revenue	12,738	5,784	36	18,559	230	18,790	—	18,790
Revenue from contracts with customers	188,945	32,498	20,801	242,245	3,045	245,290	—	245,290
Sales to external customers	188,945	32,498	20,801	242,245	3,045	245,290	—	245,290
Intersegment sales and transfers	109	25	4	140	146	287	(287)	—
Total	189,055	32,524	20,805	242,385	3,192	245,577	(287)	245,290
Income by reportable segment	23,515	4,127	1,033	28,676	727	29,404	(4,573)	24,830

(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 PCR test and food inspection services.

2. ¥(4,573) 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)

The impairment loss was ¥193 million, of which ¥192 million was related to goodwill and ¥0 million was related to land. No impairment loss was allocated to reporting segments.

(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.

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net income per share	98.39 yen	159.01 yen
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	9,960	16,097
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to ordinary shareholders of parent (Millions of yen)	9,960	16,097
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

At the board of directors' meeting held on October 29, 2021, the following resolutions on interim dividends were made for the current period.

- (i) Total amount of interim dividends ¥3,847 million
- (ii) Dividend per share ¥38
- (iii) Effective date for payment request and commencement date of payment December 3, 2021

(Note) Payment will be made to the shareholders recorded in the shareholder register as of September 30, 2021.

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

Nothing to report.

INDEPENDENT AUDITOR'S
QUARTERLY REVIEW REPORT

November 5, 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 September 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 second quarter and the six-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 September 30, 2021 and its consolidated results of its financial performances and cash flows for the six-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]	November 9, 2021
[Company name]	綜合警備保障株式会社 (<i>Sogo Keibi Hoshō 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 second quarter of 57th business term (From July 1, 2021 to September 30, 2021) are appropriately disclosed in accordance with the Financial Instruments and Exchange Act.

2. Special note

There is nothing special to note.