

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

(Third Quarter of 57th Business Term)

From October 1, 2021
to December 31, 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	8
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	13
For the nine months ended December 31, 2021	13
Quarterly consolidated statement of comprehensive income	14
For the nine months ended December 31, 2021	14
(3) 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]	February 8, 2022
[Quarterly accounting period]	Third quarter of 57th business term (From October 1, 2021 to December 31, 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 Nine months ended December 31, 2020	57th business term Nine months ended December 31, 2021	56th business term
Accounting period		From April 1, 2020 to December 31, 2020	From April 1, 2021 to December 31, 2021	From April 1, 2020 to March 31, 2021
Net sales	(Millions of yen)	342,408	363,783	469,920
Ordinary income	(Millions of yen)	26,243	36,166	39,212
Profit attributable to owners of parent	(Millions of yen)	15,917	23,136	25,014
Comprehensive income	(Millions of yen)	19,710	24,451	41,541
Net assets	(Millions of yen)	282,601	320,071	304,427
Total assets	(Millions of yen)	483,716	496,908	481,465
Net income per share	(Yen)	157.23	228.54	247.09
Diluted net income per share	(Yen)	—	—	—
Equity ratio	(%)	53.0	59.0	57.6
Net cash provided by (used in) operating activities	(Millions of yen)	38,392	18,326	55,522
Net cash provided by (used in) investing activities	(Millions of yen)	(32,992)	(8,851)	(38,452)
Net cash provided by (used in) financing activities	(Millions of yen)	(4,806)	(11,822)	(12,714)
Cash and cash equivalents end of the period	(Millions of yen)	49,372	50,807	53,143

Fiscal year		56th business term Three months ended December 31, 2020	57th business term Three months ended December 31, 2021
Accounting period		From October 1, 2020 to December 31, 2020	From October 1, 2021 to December 31, 2021
Net income per share	(Yen)	58.84	69.53

(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 nine months ended December 31, 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 nine months ended December 31, 2021.

The Group had the following realignment during the nine months ended December 31, 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 nine months ended December 31, 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

The fifth wave of COVID-19 waned rapidly since September, and the Japanese economy continued to pick up during the nine months ended December 31, 2021. The economic recovery was expected due to resumption of economic activities and economic measures taken by the Kishida administration. However, since January, the Omicron variant of COVID-19 has spread rapidly in Japan, and pre-emergency measures began in 35 prefectures. The Omicron variant has also continued to spread around the world. Despite a decrease in severity and mortality, there are concerns about adverse effects on the economy in the future. The depreciation of the yen, soaring raw material prices such as crude oil, and rising production costs such as wages could also have a negative impact on the Japanese economy. In addition, it is necessary to pay close attention to situations abroad such as growing concerns over inflation and rising interest rates in the United States, a slowdown of the Chinese economy, and geopolitical risks including the Ukraine and Taiwan Strait crisis.

Domestically, 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, in recent years, social needs for safety and security are growing, 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, the increasing number of crimes affecting the general public such as the arson and murder case in Osaka in December of last year, the string of natural disasters and the aging infrastructure, as well as the need for regional revitalization. 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 ¥363,783 million (6.2% increase year on year), operating income of ¥34,682 million (38.0% increase year on year), ordinary income of ¥36,166 million (37.8% increase year on year), and profit attributable to owners of parent of ¥23,136 million (45.3% increase year on year) for the nine months ended December 31, 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. The Group also provides “ALSOK Crowds Notification Service” and “ALSOK AI Camera System”.

Additionally, the Group also promotes sales of products 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, we responded to security needs of healthcare facilities for COVID-19 patients with mild symptoms as well as COVID-19 vaccination sites. Our stationed security service also includes “ALSOK Staff Cooperation System[®]”, which enhances and streamlines security services and was used in 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, 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 ¥279,979 million (7.2% increase year on year), and operating income was ¥33,196 million (26.3% increase year on year).

For the General Property Management and Fire Protection Services segment, the net sales was ¥48,023 million (2.0% increase year on year), and operating income was ¥5,907 million (23.5% increase year on year) driven by the steady sales of COVID-19 related products, such as ozone sanitizers and deodorizers and thermal cameras, and the steady orders for support for COVID-19 vaccine site operation. 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 (former ALSOK Building Services Co., Ltd. and Nippon Building Maintenance Co., Ltd.) 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 November 2021, we launched a drone aerial photography service for social infrastructure inspections, which will help to build national resilience. 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 ¥31,368 million (3.7% increase year on year), and operating income was ¥1,472 million (134.1% 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. In December 2021, “ALSOK Health Consultation Package” was launched, which is a call center service for employees, offered as a welfare program, to consult on “physical health”, “mental health” and “harassment”.

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 December 31, 2021 are summarized below:

Total assets as of December 31, 2021 was ¥496,908 million, an increase of ¥15,442 million from the end of the previous fiscal year. This mainly resulted from ¥9,808 million increase in cash for transportation security services and ¥5,672 million increase in other current assets including prepaid assets.

Total liabilities as of December 31, 2021 was ¥176,837 million, a decrease of ¥200 million from the end of the previous fiscal year. This resulted from ¥5,725 million decrease in notes and accounts payable - trade and ¥1,669 million decrease in long-term loans payable, which was offset by ¥7,638 million increase in other current liabilities including deposits received.

(2) Cash flows

Cash and cash equivalents (“cash”) for the nine months ended December 31, 2021 are summarized below:

(Cash flows from operating activities)

Net cash provided in operating activities was ¥18,326 million (52.3% decrease year on year) during the nine months ended December 31, 2021. This resulted from ¥37,106 million of income before income taxes and ¥12,455 million of depreciation expenses added back, which was partially offset by ¥12,453 million income tax payment, ¥12,220 million changes in assets and liabilities of Transportation Security Services, ¥3,445 million decrease in notes and accounts payable - trade, and ¥2,511 million increase in net defined benefit asset.

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 ¥8,851 million (73.2% decrease year on year) during the nine months ended December 31, 2021. This mainly resulted from ¥9,104 million used for acquisition of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥11,822 million (146.0% increase year on year) during the nine months ended December 31, 2021. The cash decreased due to ¥7,594 million used for dividends payment, ¥3,938 million used for repayment of lease obligations and ¥2,200 million used for repayment of long-term loans payable, which was partially offset by ¥2,664 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 nine months ended December 31, 2021.

(5) Production, orders and sales

(Production)

The Group is not engaged in production activities. The number of contracts in progress as of December 31, 2021 is as follows:

Segment		As of the end of three months ended December 31, 2021 (As of December 31, 2021)	Year on year change (%)
Security Services			
Electronic Security Services	(Thousands of contracts)	1,008	2.0
Stationed Security Services	(Thousands of contracts)	4	0.5
Transportation Security Services	(Thousands of contracts)	79	1.0
Total	(Thousands of contracts)	1,092	1.9
General Property Management and Fire Protection Services	(Thousands of contracts)	119	4.6
Long-Term Care Services	(Thousands of contracts)	28	1.6
Total for reportable segments	(Thousands of contracts)	1,240	2.1
Other Services	(Thousands of contracts)	34	(2.9)
Total	(Thousands of contracts)	1,274	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	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Year on year change (%)
Security Services		
Electronic Security Services (Millions of yen)	131,471	2.5
Stationed Security Services (Millions of yen)	97,589	16.7
Transportation Security Services (Millions of yen)	50,918	3.6
Total (Millions of yen)	279,979	7.2
General Property Management and Fire Protection Services (Millions of yen)	48,023	2.0
Long-Term Care Services (Millions of yen)	31,368	3.7
Total for reportable segments (Millions of yen)	359,371	6.2
Other Services (Millions of yen)	4,412	9.9
Total (Millions of yen)	363,783	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 nine months ended December 31, 2021.

(7) Research and development

Research and development cost was ¥408 million for the nine months ended December 31, 2021, which was mainly related to security business.

There have been no significant changes in the Group's research and development activities during the nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2021.

3. Material business contracts, etc.

There were no material business contracts, etc. decided or concluded during the three months ended December 31, 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 December 31, 2021 (shares)	Number of shares issued and outstanding as of February 8, 2022 (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 October 1, 2021 to December 31, 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 third quarterly accounting period.

(6) Voting rights

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

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”).

Quarterly consolidated statement of cash flows is also prepared in accordance with Article 5-2, Paragraph 3 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 third quarter of the fiscal year ending March 31, 2022 (from October 1, 2021 to December 31, 2021) and the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	60,833	58,011
Cash for Transportation Security Services	* 82,819	* 92,628
Notes and accounts receivable - trade	54,283	—
Notes and accounts receivable - trade, and contract assets	—	55,613
Securities	598	575
Raw materials and supplies	7,551	8,167
Costs on uncompleted construction contracts	348	642
Advances paid	5,670	8,581
Other	15,691	21,364
Allowance for doubtful accounts	(180)	(207)
Total current assets	227,617	245,376
Noncurrent assets		
Property, plant and equipment	103,383	100,891
Intangible assets		
Goodwill	29,678	27,687
Other	13,569	13,659
Total intangible assets	43,247	41,346
Investments and other assets		
Investment securities	55,639	54,916
Other	52,025	54,878
Allowance for doubtful accounts	(447)	(502)
Total investments and other assets	107,217	109,293
Total noncurrent assets	253,847	251,531
Total assets	481,465	496,908
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,084	18,359
Short-term loans payable	23,880	26,748
Income taxes payable	6,585	5,674
Provisions	2,516	1,138
Other	46,726	54,364
Total current liabilities	103,793	106,285
Noncurrent liabilities		
Long-term loans payable	4,528	2,858
Retirement benefit liability	26,974	27,304
Provisions	1,730	1,564
Asset retirement obligations	480	486
Other	39,529	38,336
Total noncurrent liabilities	73,243	70,551
Total liabilities	177,037	176,837

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,026	34,129
Retained earnings	220,464	235,890
Treasury stock	(1,071)	(1,072)
Total shareholders' equity	272,094	287,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,026	6,756
Revaluation reserve for land	(3,494)	(3,378)
Foreign currency translation adjustment	(29)	85
Remeasurements of defined benefit plans, net of tax	1,915	2,053
Total accumulated other comprehensive income	5,417	5,515
Non-controlling interests	26,915	26,932
Total net assets	304,427	320,071
Total liabilities and net assets	481,465	496,908

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

Quarterly consolidated statement of income

For the nine months ended December 31, 2021

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net sales	342,408	363,783
Cost of sales	257,157	269,475
Gross profit	85,250	94,307
Selling, general and administrative expenses	* 60,120	* 59,625
Operating income	25,130	34,682
Non-operating income		
Interest income	129	138
Dividends income	625	641
Gain on sales of investment securities	2	121
Share of profit of entities accounted for using equity method	764	959
Dividend income of insurance	221	240
Penalty income	611	612
Other	1,050	934
Total non-operating income	3,405	3,648
Non-operating expenses		
Interest expenses	1,512	1,434
Financing expenses	201	199
Loss on sales of investment securities	—	5
Other	578	525
Total non-operating expenses	2,292	2,164
Ordinary income	26,243	36,166
Extraordinary income		
Gain on sales of investment securities	24	7
Gain on sales of noncurrent assets	99	224
Compensation income	50	1,067
Total extraordinary income	174	1,300
Extraordinary loss		
Loss on valuation of investment securities	73	64
Loss on sales of investment securities	0	0
Impairment losses	43	295
Total extraordinary loss	117	360
Income before income taxes	26,300	37,106
Income taxes	9,158	12,642
Net income	17,142	24,463
Profit attributable to non-controlling interests	1,224	1,327
Profit attributable to owners of parent	15,917	23,136

Quarterly consolidated statement of comprehensive income

For the nine months ended December 31, 2021

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net income	17,142	24,463
Other comprehensive income		
Valuation difference on available-for-sale securities	1,244	(249)
Foreign currency translation adjustment	(87)	64
Remeasurements of defined benefit plans, net of tax	1,272	119
Share of other comprehensive income (loss) of entities accounted for using equity method	139	52
Total other comprehensive income (loss)	2,568	(12)
Comprehensive income	19,710	24,451
(Contents)		
Comprehensive income attributable to owners of parent	18,328	23,118
Comprehensive income attributable to non-controlling interests	1,382	1,332

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes	26,300	37,106
Depreciation and amortization	11,872	12,455
Impairment losses	43	295
Amortization of goodwill	1,835	1,824
Increase (decrease) in allowance for doubtful accounts	(25)	81
Increase (decrease) in net defined benefit liability	706	599
Increase (decrease) in provision for bonuses	(1,199)	(1,347)
Increase (decrease) in provision for bonuses for directors (and other officers)	(41)	(33)
Interest and dividends income	(754)	(779)
Interest expenses	1,512	1,434
Share of loss (profit) of entities accounted for using equity method	(764)	(959)
Loss (gain) on sales of noncurrent assets	8	(224)
Loss on retirement of noncurrent assets	175	103
Loss (gain) on sales of investment securities	(26)	(124)
Loss (gain) on valuation of investment securities	73	64
Loss (gain) on valuation of derivatives	(11)	3
Decrease (increase) in notes and accounts receivable - trade	8,148	(1,317)
Decrease (increase) in inventories	(1,466)	(916)
Increase (decrease) in notes and accounts payable - trade	(4,953)	(3,445)
Decrease (increase) in net defined benefit asset	(810)	(2,511)
Changes in assets and liabilities of Transportation Security Services	14,372	(12,220)
Other	(3,988)	813
Subtotal	51,007	30,902
Interest and dividends income received	1,041	1,305
Interest expenses paid	(1,501)	(1,437)
Income taxes paid	(12,168)	(12,453)
Income taxes refund	13	9
Net cash provided by (used in) operating activities	38,392	18,326

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(135)	393
Payments into long-term time deposits	(2,031)	(209)
Proceeds from withdrawal of long-term time deposits	23	42
Purchase of property, plant and equipment	(8,748)	(9,104)
Proceeds from sales of property, plant and equipment	340	550
Purchase of intangible assets	(1,102)	(1,662)
Purchase of investment securities	(1,396)	(1,781)
Proceeds from sales of investment securities	372	1,387
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,689)	—
Purchase of shares of subsidiaries and associates	(9,164)	—
Decrease (increase) in short-term loans receivable	12	10
Payments of long-term loans receivable	(57)	(119)
Collection of long-term loans receivable	83	51
Proceeds from refund of leasehold and guarantee deposits	1,096	60
Other	1,403	1,528
Net cash provided by (used in) investing activities	(32,992)	(8,851)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,891	2,664
Proceeds from long-term loans payable	1,997	460
Repayment of long-term loans payable	(2,433)	(2,200)
Redemption of bonds	(9)	—
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(3,864)	(3,938)
Cash dividends paid	(7,138)	(7,594)
Cash dividends paid to non-controlling interests	(471)	(538)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(628)	(675)
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	(4,806)	(11,822)
Effect of exchange rate change on cash and cash equivalents	(11)	11
Net increase (decrease) in cash and cash equivalents	582	(2,336)
Cash and cash equivalents at beginning of period	48,790	53,143
Cash and cash equivalents at end of period	*49,372	* 50,807

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 nine months ended December 31, 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 nine months ended December 31, 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 December 31, 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 December 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 ¥14,889 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:

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Salary allowances	30,875	30,681
Provision for bonuses	192	145
Provision for bonuses for directors (and other officers)	61	63
Provision for retirement benefits for directors (and other officers)	77	129
Provision for allowance for doubtful accounts	10	44
Retirement benefit expenses	1,816	1,134

(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)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Cash and deposits accounts	57,139	58,011
Deposits with deposit term of over 3 months	(7,766)	(7,404)
Short-term investment (securities) whose redemption date is due within 3 months from the acquisition date	—	200
Other (deposit at securities company)	0	0
Cash and cash equivalents	49,372	50,807

(Matters related to total shareholders' equity)

I Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 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
Board of directors' meeting on October 30, 2020	Common stock	3,544	35.0	September 30, 2020	December 3, 2020	Retained earnings

II Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 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
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 Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 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	261,073	47,063	30,255	338,392	4,016	342,408	—	342,408
Intersegment sales and transfers	161	63	6	231	161	393	(393)	—
Total	261,235	47,126	30,262	338,624	4,177	342,801	(393)	342,408
Income by reportable segment	26,282	4,783	629	31,694	603	32,297	(7,167)	25,130

(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. ¥(7,167) 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 reportable segments.

(Significant change in the amount of goodwill)

During the nine months ended December 31, 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 Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 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	256,216	26,417	31,295	313,929	4,097	318,027	—	318,027
Construction revenue	4,207	12,640	21	16,869	1	16,871	—	16,871
Sales revenue	19,555	8,965	51	28,572	313	28,885	—	28,885
Revenue from contracts with customers	279,979	48,023	31,368	359,371	4,412	363,783	—	363,783
Sales to external customers	279,979	48,023	31,368	359,371	4,412	363,783	—	363,783
Intersegment sales and transfers	160	68	7	236	209	445	(445)	—
Total	280,140	48,091	31,375	359,607	4,621	364,229	(445)	363,783
Income by reportable segment	33,196	5,907	1,472	40,577	974	41,551	(6,869)	34,682

(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. ¥(6,869) 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 ¥295 million, of which ¥192 million was related to goodwill, ¥101 million was related to building, and ¥0 million was related to land. No impairment loss was allocated to reportable 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.

		Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net income per share		157.23 yen	228.54 yen
(Basis of calculation)			
Profit attributable to owners of parent	(Millions of yen)	15,917	23,136
Amount not attributable to ordinary shareholders	(Millions of yen)	—	—
Profit attributable to ordinary shareholders of parent	(Millions of yen)	15,917	23,136
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 is 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

February 4, 2022

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 December 31, 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 third quarter and the nine-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 December 31, 2021 and its consolidated results of its financial performances and cash flows for the nine-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 for 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]	February 8, 2022
[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 third quarter of 57th business term (From October 1, 2021 to December 31, 2021) are appropriately disclosed in accordance with the Financial Instruments and Exchange Act.

2. Special note

There is nothing special to note.