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[Document filed]	Amended 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]	May 13, 2025
[Quarterly accounting period]	Third quarter of 58th business term (From October 1, 2022 to December 31, 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]	Ikuji Kayaki, Representative Director Group COO
[Address of head office]	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan
[Telephone number]	+81-3-3470-6811 (Main telephone number)
[Contact person]	Kazuhide Shigemi, 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]	Kazuhide Shigemi, Director and Senior Executive Officer
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1 【Reasons for filing the amended quarterly report】

In April 2025, it was found that the Company and its four consolidated subsidiaries had incorrectly recorded data on defined benefit obligations related to lump-sum retirement payment plans, resulting in an understatement of retirement benefit liability and related accounts in prior years. In response to this, the Company has corrected errors in the consolidated and non-consolidated financial statements included in the annual securities reports filed after June 24, 2020, the quarterly consolidated financial statements included in the quarterly securities reports filed after August 2, 2022, and the interim consolidated financial statements included in the semi-annual securities report filed on November 6, 2024. The factors that necessitated the correction were identified prior to the fiscal year ended March 31, 2018, and the correction amounts for the consolidated fiscal years prior to the fiscal year ended March 31, 2018 will be adjusted retroactively at the beginning of the fiscal year ended March 31, 2019.

As a result of this correction, it became necessary to correct the quarterly securities report for the 3rd quarter of 58th business term (from October 1, 2022 to December 31, 2022) filed on February 7, 2023. The Company will file an amended quarterly securities report in accordance with Article 24-4-7, Paragraph 4 of the Financial Instruments and Exchange Act of Japan.

Please note that the amended quarterly consolidated financial statements were reviewed by Grant Thornton Taiyo LLC. The quarterly review report is attached.

2 【Corrected Matter】

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3 【Corrected Portions】

Corrected portions are underlined. Due to the large number of the portions, only the corrected items are shown above.

Part 1. Company Information

I. Overview of Company

1. Selected financial data

Fiscal year		57th business term Nine months ended December 31, 2021	58th business term Nine months ended December 31, 2022	57th business term
Accounting period		From April 1, 2021 to December 31, 2021	From April 1, 2022 to December 31, 2022	From April 1, 2021 to March 31, 2022
Net sales	(Millions of yen)	363,783	357,817	489,092
Ordinary income	(Millions of yen)	<u>35,377</u>	<u>25,769</u>	<u>43,744</u>
Profit attributable to owners of parent	(Millions of yen)	<u>22,590</u>	<u>15,247</u>	<u>28,234</u>
Comprehensive income	(Millions of yen)	<u>24,009</u>	<u>17,399</u>	<u>31,479</u>
Net assets	(Millions of yen)	<u>310,601</u>	<u>325,901</u>	<u>318,071</u>
Total assets	(Millions of yen)	<u>500,853</u>	<u>533,467</u>	<u>492,452</u>
Net income per share	(Yen)	<u>223.15</u>	<u>150.62</u>	<u>278.90</u>
Diluted net income per share	(Yen)	—	—	—
Equity ratio	(%)	<u>56.6</u>	<u>55.8</u>	<u>59.0</u>
Net cash provided by (used in) operating activities	(Millions of yen)	18,326	17,574	42,736
Net cash provided by (used in) investing activities	(Millions of yen)	(8,851)	(19,948)	(14,093)
Net cash provided by (used in) financing activities	(Millions of yen)	(11,822)	(13,524)	(18,183)
Cash and cash equivalents end of the period	(Millions of yen)	50,807	48,169	63,644

Fiscal year		57th business term Three months ended December 31, 2021	58th business term Three months ended December 31, 2022
Accounting period		From October 1, 2021 to December 31, 2021	From October 1, 2022 to December 31, 2022
Net income per share	(Yen)	<u>67.73</u>	<u>57.72</u>

(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.

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, 2022.

The Group had the following realignments during the nine months ended December 31, 2022.

- (1) Effective April 1, 2022, the Company merged with ALSOK Leasing Co., Ltd., a consolidated subsidiary of the Company engaging in leasing and installment sales, with the Company as the surviving company.
- (2) Following revisions of a shareholder agreement, effective May 13, 2022, Tokai Sohgo Security Services Co., Ltd., an equity-method associate mainly engaging in security services, became a consolidated subsidiary of the Company.
- (3) Effective June 22, 2022, the Company acquired all shares of ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd., engaging in long-term care services.
- (4) Effective September 21, 2022, ALSOK Eagles Co., Ltd., a wholly owned subsidiary of the Company engaging in maintenance and inspection services, became a consolidated subsidiary of the Company. ALSOK Eagles Co., Ltd. had been a non-consolidated subsidiary until then.
- (5) Effective September 21, 2022, ALSOK Business Support Co., Ltd., a wholly owned Special Subsidiary Company engaging in a business card printing service, etc., became a consolidated subsidiary of the Company. ALSOK Business Support Co., Ltd. had been a non-consolidated subsidiary until then.
- (6) Effective September 30, 2022, Tobu Co., Ltd., mainly engaging in building maintenance services, became an equity-method associate of the Company. The Company indirectly holds shares of Tobu Co., Ltd. through investments in a special purpose company established by SBI Regional Business Succession Investment No. 1 LPS, which is operated by SBI Regional Business Investment Co., Ltd..
- (7) Effective November 15, 2022, ALSOK Bangladesh Security Services Ltd., engaging in security services in Bangladesh, was established and it became a consolidated subsidiary of the Company.

II. Business Overview

1. Risk factors

During the nine months ended December 31, 2022, 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 filing of this report.

(1) Financial position and operating results

During the nine months ended December 31, 2022, a gradual recovery of the Japanese economy continued due to the effect of the government's comprehensive economic measure, despite the eighth wave of COVID-19 and rising corporate goods prices caused by increasing resource prices and the weak yen. Looking forward, a gradual recovery is expected to continue; however, attention should be paid to the prolonged situation in Ukraine, the economic downturn risks in the major Western countries and China, and sudden fluctuations in interest rates and exchange rates in the financial markets.

In the security services, as indicated in the government's 2022 strategy for creating "the most safest country, Japan", the Group is expected to provide integrated services for security, facility management and long-term care to meet the society's growing expectations on the security industry, reflecting concerns over the cyber-attacks on critical infrastructure and supply chains, the declining birthrate and the workforce with aging population, the security and safety of senior citizens, women, children and other vulnerable members of society, the prevention measures for crimes affecting the general public, the string of natural disasters and the aging infrastructure.

In this environment, the Group has continued to provide appropriate services 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 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.

Despite the above efforts, due to a modest demand recovery of the security and facility management businesses and semiconductors supply constraints, the Group could not offset the impact of a decrease in sales related to the Tokyo 2020 Olympic and Paralympic Games and an increase in system-related costs, and on the consolidated basis, the Group recorded the net sales of ¥357,817 million (1.6% decrease year on year), operating income of ¥23,915 million (29.4% decrease year on year), ordinary income of ¥25,769 million (27.2% decrease year on year), and profit attributable to owners of parent of ¥15,247 million (32.5% decrease year on year) for the nine months ended December 31, 2022. As a result of the slower sales growth for the nine months ended December 31, 2022, rising various costs due to higher commodity prices and increasing labor costs associated with the COVID-19, the Company revised down its forecasts for the consolidated financial results for the year ending March 31, 2023. The revised forecast for consolidated net sales is ¥489,000 million (0.0% decrease year on year), the operating income is ¥36,000 million (16.0% decrease year on year), the ordinary income is ¥38,000 million (15.2% decrease year on year), and the profit attributable to owners of parent is ¥24,500 million (15.4% decrease year on year). Looking forward, the government's comprehensive economic measure is expected to show some progress. Under the circumstances, the ALSOK Group will contribute to security and improvement of defense capabilities and continue to provide integrated services for security, facility management and long-term care, such as services for cyber security, services that protect the safety and security of individual customers, services to address natural disaster risks, services to meet various outsourcing needs and comprehensive management services for buildings, facilities and infrastructure, for better financial results.

The operating results for each segment are described below. During the nine months ended December 31, 2022, reportable segments and the allocation method of certain income and expenses were changed. For comparison purposes, the figures for the nine months ended December 31, 2021 have been reclassified based on the revised classification and allocation method.

With the decrease in sales related to the Tokyo 2020 Olympic and Paralympic Games, the net sales of the Security Services segment was ¥271,321 million (2.9% decrease year on year), and operating income was ¥25,411 million (21.7% decrease year on year).

The Company has provided services for corporate customers through its Electronic Security Services business and promoted sales of ALSOK-G7 (read as "ALSOK G-seven"), which contributes to customers' diversifying needs. ALSOK-G7 is equipped with live video monitoring as a standard feature, enhanced optional services such as remote monitoring using stored and live images as well as remote equipment control. Going forward, we will further expand the usage of ALSOK-G7 to meet customers' needs. 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 and HOME ALSOK MIMAMORI SUPPORT®, a service to watch over senior citizens. In June 2022, in order to meet the safety and security needs of customers and society that reflect the current security situation, we began offering HOME ALSOK Outdoor Wireless IP Camera, which allows users to check real-time video and recorded video via a smartphone app, with the option of requesting ALSOK to rush to the scene in the event of an emergency. By introducing new devices such as this IP camera, we aim to expand our customer base for further expansion of the home security business.

In the Stationed Security Services, we have provided security services at places such as vaccination centers and recovery accommodation facilities for people with light symptoms of COVID-19 infection. We are also striving for labor savings and efficiencies of stationed security services through DX. Considering the trend of reshoring, we will focus on expanding sales of large-scale security 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 June 2022, MH-A Model was launched, the updated version of Medium-Sized Cash Deposit and Dispenser Machine On-Line System with functions of withdrawal and transfer of petty cash, which had been requested by many customers. In July 2022, we launched Tax and Public Funds Collection System, which automates counter services of the local governments using our Cash Deposit and Dispenser Machine On-Line System. In addition, as a new solution to support regional financial institutions and others in improving operational efficiency and reducing costs, we have started providing centralized operations of an electronic clearinghouse for bills and checks. We will continue to be aware of various outsourcing needs and expand our service offerings. For the General Property Management and Fire Protection Services segment, with the impact of a decrease in sales related to COVID-19 measures, the net sales was ¥47,315 million (2.6% decrease year on year), and operating income was ¥4,354 million (26.4% decrease year on year). Also, we are contributing to the spread of electric vehicle charging facilities, including its sales, to strengthen our sustainability efforts.

For the Long-Term Care Services segment, the net sales was ¥35,156 million (12.1% increase year on year) due to the effect of mergers and acquisitions (M&A), etc. However, operating income was ¥565 million (61.6% decrease year on year) due to the investments in new facilities opening. In October 2022, the Company entered into a collaboration agreement with NJI Co., Ltd. and Tokyo Medical and Dental University and initiated joint research related to standardization of a total care package that includes end-of-life prediction technology and avoidance, mitigation and response to emergency events in the long-term care as well as development of related guidelines. We will continue to strengthen our management base and expand our facilities by streamlining Long-Term Care Services operations through the use of nursing care support AI robots, etc., while providing total care that no other company can match under the unified “ALSOK’s Care” Long-Term Care Services brand.

In the Other Services, the sales of ALSOK Multi-QR Payment Solution, a proprietary QR code payment service responding to a growing trend for cashless payments, have steadily increased. In December 2022, the Company launched ALSOK Safety Confirmation Service (App), which enables easy safety confirmation via push notifications in addition to existing email notifications. This is a reliable service that sends automatic notifications not only when an earthquake occurs, but also when a warning is issued such as isolated heavy rain. In addition, we continue to provide various services utilizing drones to inspect aging infrastructure such as bridges, exterior walls, and various other facilities in addition to panel inspections of vast solar facilities, to expand our businesses.

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, 2022 are summarized below:

Total assets as of December 31, 2022 was ¥533,467 million, an increase of ¥41,015 million from the end of the previous fiscal year. This resulted from ¥25,005 million increase in cash for transportation security services, ¥12,383 million increase in property, plant and equipment including buildings and structures, ¥6,501 million increase in goodwill, ¥5,326 million increase in investments and other assets including retirement benefit asset, ¥3,774 million increase in other current assets including prepaid expenses, which was partially offset by ¥16,106 million decrease in cash and deposits.

Total liabilities as of December 31, 2022 was ¥207,565 million, an increase of ¥33,184 million from the end of the previous fiscal year. This resulted from ¥24,750 increase in short-term loans payable and ¥11,585 million increase in other current liabilities including contract liabilities.

(2) Cash flows

Cash and cash equivalents (“cash”) for the nine months ended December 31, 2022 are summarized below:

(Cash flows from operating activities)

Net cash provided in operating activities was ¥17,574 million (4.1% decrease year on year) during the nine months ended December 31, 2022. This resulted from ¥25,736 million of income before income taxes and ¥13,412 million of depreciation

expenses added back, which was partially offset by ¥13,461 million income tax payment, ¥3,625 million decrease in notes and accounts payable - trade, ¥2,911 million increase in inventories and ¥2,785 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 ¥19,948 million (125.4% increase year on year) during the nine months ended December 31, 2022. This mainly resulted from ¥10,102 million used for acquisition of property, plant and equipment and ¥9,365 million used for purchase of shares of subsidiaries.

(Cash flows from financing activities)

Net cash used in financing activities was ¥13,524 million (14.4% increase year on year) during the nine months ended December 31, 2022. The cash decreased due to ¥8,809 million used for dividends payment and ¥4,011 million used for repayment of lease obligations.

(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, 2022.

(5) Production, orders and sales

(Production)

The Group is not engaged in production activities. The number of contracts in progress as of December 31, 2022 is as follows:

Segment		As of the end of three months ended December 31, 2022 (As of December 31, 2022)	Year on year change (%)
Security Services			
Electronic Security Services	(Thousands of contracts)	1,026	1.8
Stationed Security Services	(Thousands of contracts)	4	5.5
Transportation Security Services	(Thousands of contracts)	80	0.9
Total	(Thousands of contracts)	1,111	1.8
General Property Management and Fire Protection Services	(Thousands of contracts)	122	2.9
Long-Term Care Services	(Thousands of contracts)	27	(5.0)
Total for reportable segments	(Thousands of contracts)	1,261	1.7
Other Services	(Thousands of contracts)	34	(1.3)
Total	(Thousands of contracts)	1,295	1.7

(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	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, 2022 (From April 1, 2022 to December 31, 2022)	Year on year change (%)
Security Services			
Electronic Security Services	(Millions of yen)	128,104	(2.2)
Stationed Security Services	(Millions of yen)	92,908	(4.8)
Transportation Security Services	(Millions of yen)	50,307	(1.2)
Total	(Millions of yen)	271,321	(2.9)
General Property Management and Fire Protection Services	(Millions of yen)	47,315	(2.6)
Long-Term Care Services	(Millions of yen)	35,156	12.1
Total for reportable segments	(Millions of yen)	353,792	(1.6)
Other Services	(Millions of yen)	4,024	(8.8)
Total	(Millions of yen)	357,817	(1.6)

(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 nine months ended December 31, 2022.

(7) Research and development

Research and development cost was ¥456 million for the nine months ended December 31, 2022, 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, 2022.

(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 stably 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 M&A transactions. 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, 2022, 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, 2022.

(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, 2022 except for Transportation Security Services. At this point, the Group does not expect any significant change in the capital needs during the fiscal year ending March 31, 2023 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, 2022, there have been no significant changes in the plan for establishment or disposal of facilities which was under planning as of March 31, 2022. 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, 2022.

3. Material business contracts, etc.

There were no material business contracts, etc. decided or concluded during the three months ended December 31, 2022.

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 as of December 31, 2022 (Shares)	Number of shares issued as of February 7, 2023 (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 Prime market	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 capital stock, etc.

Period	Changes in the total number of shares issued (Shares)	Total number of shares issued (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, 2022 to December 31, 2022	—	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, 2022, the most recent record date, as the Company is unable to confirm and disclose the information as of December 31, 2022.

i. Shares issued

As of September 30, 2022

Category	Number of shares (Shares)	Number of voting rights (Unit)	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 782,400	—	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 101,238,200	1,012,382	Same as above
Shares less than one unit	Common stock 19,442	—	Shares less than one unit (100 shares)
Total number of shares issued	102,040,042	—	—
Total number of voting rights	—	1,012,382	—

ii. Treasury stock, etc.

As of September 30, 2022

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 (%)
SOHGO SECURITY SERVICES CO., LTD.	1-6-6 Motoakasaka, Minato-ku, Tokyo, Japan	782,400	—	782,400	0.76
Total	—	782,400	—	782,400	0.76

2. Information on directors

The Group had the following change in directors subsequent to the filing of the Annual Securities Report of the previous fiscal year through December 31, 2022.

(1) Resignation of director

Title	Name	Resignation date
Director and Senior Executive Officer	Koji Kishimoto	October 4, 2022 (Voluntary resignation)

(2) Number of directors by gender and ratio of female directors (after the above change)

13 males and 2 females (13.3% of directors is female)

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, 2023 (from October 1, 2022 to December 31, 2022) and the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022) were reviewed by Grant Thornton Taiyo LLC.

In addition, ALSOK CO., LTD. (the “Company”) filed an amended quarterly securities report in accordance with Article 24-4-7, Paragraph 4 of the Financial Instruments and Exchange Act of Japan. The amended quarterly consolidated financial statements were reviewed by Grant Thornton Taiyo LLC.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	71,357	55,251
Cash for Transportation Security Services	* 76,768	* 101,773
Notes and accounts receivable - trade, and contract assets	56,458	57,606
Securities	380	450
Raw materials and supplies	7,509	9,713
Costs on uncompleted construction contracts	222	979
Advances paid	6,892	6,570
Other	14,424	18,199
Allowance for doubtful accounts	(140)	(242)
Total current assets	233,872	250,303
Noncurrent assets		
Property, plant and equipment	103,376	115,760
Intangible assets		
Goodwill	27,097	33,598
Other	12,650	11,771
Total intangible assets	39,747	45,369
Investments and other assets		
Investment securities	56,148	57,422
Other	59,736	65,063
Allowance for doubtful accounts	(429)	(450)
Total investments and other assets	115,455	122,034
Total noncurrent assets	258,579	283,164
Total assets	492,452	533,467
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,098	22,128
Short-term loans payable	* 11,278	* 36,029
Income taxes payable	6,751	1,662
Provisions	2,164	1,103
Other	47,091	58,677
Total current liabilities	90,384	119,601
Noncurrent liabilities		
Long-term loans payable	2,145	2,251
Retirement benefit liability	40,788	41,835
Provisions	1,597	1,631
Asset retirement obligations	486	815
Other	38,977	41,429
Total noncurrent liabilities	83,996	87,964
Total liabilities	174,380	207,565

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,129	33,940
Retained earnings	<u>232,317</u>	<u>238,749</u>
Treasury stock	(1,072)	(1,072)
Total shareholders' equity	<u>284,049</u>	<u>290,292</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,917	7,317
Revaluation reserve for land	(3,378)	(3,380)
Foreign currency translation adjustment	321	662
Remeasurements of defined benefit plans, net of tax	<u>2,798</u>	<u>3,045</u>
Total accumulated other comprehensive income	<u>6,659</u>	<u>7,644</u>
Non-controlling interests	27,362	27,965
Total net assets	<u>318,071</u>	<u>325,901</u>
Total liabilities and net assets	<u>492,452</u>	<u>533,467</u>

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

Quarterly consolidated statement of income

For the nine months ended December 31, 2022

(Millions of yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net sales	363,783	357,817
Cost of sales	<u>269,931</u>	<u>270,211</u>
Gross profit	<u>93,852</u>	<u>87,606</u>
Selling, general and administrative expenses	* <u>59,959</u>	* <u>63,690</u>
Operating income	<u>33,893</u>	<u>23,915</u>
Non-operating income		
Interest income	138	142
Dividends income	641	879
Gain on sales of investment securities	121	25
Share of profit of entities accounted for using equity method	959	984
Dividend income of insurance	240	275
Penalty income	612	305
Other	934	1,330
Total non-operating income	3,648	3,943
Non-operating expenses		
Interest expenses	1,434	1,344
Financing expenses	199	191
Loss on sales of investment securities	5	—
Other	525	553
Total non-operating expenses	2,164	2,089
Ordinary income	<u>35,377</u>	<u>25,769</u>
Extraordinary income		
Gain on sales of investment securities	7	3
Gain on sales of noncurrent assets	224	—
Compensation income	1,067	—
Total extraordinary income	1,300	3
Extraordinary loss		
Loss on valuation of investment securities	64	35
Loss on sales of investment securities	0	0
Impairment losses	295	0
Total extraordinary loss	360	36
Income before income taxes	<u>36,317</u>	<u>25,736</u>
Income taxes	<u>12,399</u>	<u>9,276</u>
Net income	<u>23,917</u>	<u>16,460</u>
Profit attributable to non-controlling interests	1,327	1,212
Profit attributable to owners of parent	<u>22,590</u>	<u>15,247</u>

Quarterly consolidated statement of comprehensive income

For the nine months ended December 31, 2022

(Millions of yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net income	<u>23,917</u>	<u>16,460</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	(249)	307
Foreign currency translation adjustment	64	174
Remeasurements of defined benefit plans, net of tax	<u>223</u>	<u>232</u>
Share of other comprehensive income (loss) of entities accounted for using equity method	52	225
Total other comprehensive income (loss)	<u>91</u>	<u>939</u>
Comprehensive income	<u>24,009</u>	<u>17,399</u>
(Contents)		
Comprehensive income attributable to owners of parent	<u>22,676</u>	<u>16,234</u>
Comprehensive income attributable to non-controlling interests	1,332	1,165

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	36,317	25,736
Depreciation and amortization	12,455	13,412
Impairment losses	295	0
Amortization of goodwill	1,824	2,099
Increase (decrease) in allowance for doubtful accounts	81	121
Increase (decrease) in net defined benefit liability	1,239	1,404
Increase (decrease) in provision for bonuses	(1,347)	(1,152)
Increase (decrease) in provision for bonuses for directors (and other officers)	(33)	(35)
Interest and dividends income	(779)	(1,021)
Interest expenses	1,434	1,344
Share of loss (profit) of entities accounted for using equity method	(959)	(984)
Loss (gain) on sales of noncurrent assets	(224)	(42)
Loss on retirement of noncurrent assets	103	188
Loss (gain) on sales of investment securities	(124)	(28)
Loss (gain) on valuation of investment securities	64	35
Loss (gain) on valuation of derivatives	3	(18)
Decrease (increase) in notes and accounts receivable - trade	(1,317)	(159)
Decrease (increase) in inventories	(916)	(2,911)
Increase (decrease) in notes and accounts payable - trade	(3,445)	(3,625)
Decrease (increase) in net defined benefit asset	(2,511)	(2,785)
Changes in assets and liabilities of Transportation Security Services	(12,220)	(1,666)
Other	962	706
Subtotal	30,902	30,616
Interest and dividends income received	1,305	1,704
Interest expenses paid	(1,437)	(1,329)
Income taxes paid	(12,453)	(13,461)
Income taxes refund	9	44
Net cash provided by (used in) operating activities	18,326	17,574

(Millions of yen)

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	393	599
Payments into long-term time deposits	(209)	(24)
Proceeds from withdrawal of long-term time deposits	42	—
Purchase of property, plant and equipment	(9,104)	(10,102)
Proceeds from sales of property, plant and equipment	550	118
Purchase of intangible assets	(1,662)	(1,367)
Purchase of investment securities	(1,781)	(1,107)
Proceeds from sales of investment securities	1,387	402
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(9,365)
Purchase of shares of subsidiaries and associates	—	(525)
Decrease (increase) in short-term loans receivable	10	42
Payments of long-term loans receivable	(119)	(39)
Collection of long-term loans receivable	51	203
Proceeds from refund of leasehold and guarantee deposits	60	420
Other	1,528	794
Net cash provided by (used in) investing activities	(8,851)	(19,948)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,664	1,657
Proceeds from long-term loans payable	460	835
Repayment of long-term loans payable	(2,200)	(2,133)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(3,938)	(4,011)
Cash dividends paid	(7,594)	(8,809)
Cash dividends paid to non-controlling interests	(538)	(654)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(675)	(408)
Net cash provided by (used in) financing activities	(11,822)	(13,524)
Effect of exchange rate change on cash and cash equivalents	11	24
Net increase (decrease) in cash and cash equivalents	(2,336)	(15,874)
Cash and cash equivalents at beginning of period	53,143	63,644
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	400
Cash and cash equivalents at end of period	* 50,807	* 48,169

Notes

(Changes in scope of consolidation or scope of application of equity method)

The changes in scope of consolidation or scope of application of equity method for the nine months ended December 31, 2022 are summarized as follows:

- I. The Company acquired all shares of ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd. These companies have been included in the scope of consolidation.
- II. Following revisions of a shareholder agreement, Tokai Sohgo Security Services Co., Ltd., an equity-method associate, became a consolidated subsidiary of the Company.
- III. The Company merged with ALSOK Leasing Co., Ltd., with the Company as the surviving company.
- IV. The Company acquired shares of Tobu Co., Ltd. (three companies with the same name, headquartered in Sendai, Fukushima and Tokyo) through investments in a special purpose company established by SBI Regional Business Succession Investment No. 1 LPS, which is operated by SBI Regional Business Investment Co., Ltd., and these companies are included in scope of application of equity method.
- V. The Company established ALSOK Bangladesh Security Services Ltd. as a consolidated subsidiary of the Company.

(Change in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, "Implementation Guidance on Fair Value Measurement Accounting Standard") from the beginning of the first quarter of the fiscal year ending March 31, 2023. The Group decided to apply new accounting policies based on the Implementation Guidance on Fair Value Measurement Accounting Standard prospectively in accordance with the transitional treatment provided in paragraph 27-2 of Implementation Guidance on Fair Value Measurement Accounting Standard. The impact on the consolidated financial statements for the three months ended December 31, 2022 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, 2022 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)

(Correction of errors)

In April 2025, it was found that the Company and its four consolidated subsidiaries had incorrectly recorded data on defined benefit obligations related to lump-sum retirement payment plans, resulting in an understatement of retirement benefit liability and related accounts in prior years. In response to this, the Company has corrected errors in the consolidated and non-consolidated financial statements included in the annual securities reports filed after June 24, 2020, the quarterly consolidated financial statements included in the quarterly securities reports filed after August 2, 2022, and the interim consolidated financial statements included in the semi-annual securities report filed on November 6, 2024. As a result, gross profit, operating income, ordinary income, and profit attributable to owners of parent for the third quarter ended December 31, 2021 decreased by ¥455 million, ¥788 million, ¥788 million, and ¥546 million, respectively. In addition, gross profit, operating income, ordinary income, and profit attributable to owners of parent for the third quarter ended December 31, 2022 decreased by ¥446 million, ¥773 million, ¥773 million, and ¥535 million, respectively.

(Matters related to quarterly consolidated balance sheet)

* Cash for Transportation Security Services

As of March 31, 2022

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

In addition, the short-term loans payable balance includes ¥3,700 million of funds borrowed for the services.

As of December 31, 2022

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

In addition, the short-term loans payable balance includes ¥26,537 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)	
	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Salary allowances	30,681	31,172
Provision for bonuses	145	168
Provision for bonuses for directors (and other officers)	63	63
Provision for retirement benefits for directors (and other officers)	129	119
Provision for allowance for doubtful accounts	44	135
Retirement benefit expenses	<u>1,464</u>	<u>1,388</u>

(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, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Cash and deposits accounts	58,011	55,251
Deposits with deposit term of over 3 months	(7,404)	(7,181)
Short-term investment (securities) whose redemption date is due within 3 months from the acquisition date	200	100
Other (deposit at securities company)	0	0
Cash and cash equivalents	50,807	48,169

(Matters related to total shareholders' equity)

I 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

II Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

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, 2022	Common stock	4,455	44.0	March 31, 2022	June 27, 2022	Retained earnings
Board of directors' meeting on October 28, 2022	Common stock	4,354	43.0	September 30, 2022	December 5, 2022	Retained earnings

(Segment information etc.)

Segment information

I 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	254,049	26,831	31,295	312,176	4,097	316,274	—	316,274
Construction revenue	4,207	12,640	21	16,869	1	16,871	—	16,871
Sales revenue	21,180	9,093	51	30,325	313	30,638	—	30,638
Revenue from contracts with customers	279,437	48,565	31,368	359,371	4,412	363,783	—	363,783
Sales to external customers	279,437	48,565	31,368	359,371	4,412	363,783	—	363,783
Intersegment sales and transfers	160	68	7	236	209	445	(445)	—
Total	279,598	48,633	31,375	359,607	4,621	364,229	(445)	363,783
Income by reportable segment	<u>32,454</u>	<u>5,917</u>	1,472	<u>39,844</u>	<u>968</u>	<u>40,812</u>	<u>(6,919)</u>	<u>33,893</u>

(Note) 1. “Other Services” category includes business segments not included in other reportable segments, including information security, PCR test and food inspection services.

2. ¥(6,919) 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)

No impairment loss was allocated to any of the reportable segments. Impairment losses not allocated to reportable segments were ¥295 million, which comprised ¥192 million for goodwill, ¥101 million for buildings and ¥0 million for land.

(Significant change in the amount of goodwill)

Nothing to report.

(Significant gain on negative goodwill)

Nothing to report.

II Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

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	247,046	25,265	35,078	307,390	3,663	311,054	—	311,054
Construction revenue	4,094	13,733	16	17,844	2	17,847	—	17,847
Sales revenue	20,180	8,316	60	28,557	358	28,916	—	28,916
Revenue from contracts with customers	271,321	47,315	35,156	353,792	4,024	357,817	—	357,817
Sales to external customers	271,321	47,315	35,156	353,792	4,024	357,817	—	357,817
Intersegment sales and transfers	60	50	7	117	204	322	(322)	—
Total	271,381	47,365	35,163	353,910	4,229	358,139	(322)	357,817
Income by reportable segment	<u>25,411</u>	<u>4,354</u>	565	<u>30,332</u>	<u>718</u>	<u>31,050</u>	<u>(7,135)</u>	<u>23,915</u>

(Note) 1. “Other Services” category includes business segments not included in other reportable segments, including information security, PCR test and food inspection services.

2. ¥(7,135) 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. Changes in reportable segment

During the three months ended December 31, 2022, the Group reviewed its management structure in order to better understand the actual operating results of each segment, and changed the allocation method of income and expenses related to the Security Services and the General Property Management and Fire Protection Services.

Segment information for the nine months ended December 31, 2021 has been reclassified for disclosure purposes based on the revised reportable segments and allocation method of income and expenses applied to the three months ended December 31, 2022.

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

(Significant impairment loss of noncurrent assets)

No impairment loss was allocated to any of the reportable segments. Impairment losses not allocated to reportable segments were ¥0 million, which comprised ¥0 million for land.

(Significant change in the amount of goodwill)

During the nine months ended December 31, 2022, there was a significant change in the amount of goodwill as ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd. became the Company’s consolidated subsidiary. Increase in the goodwill due to this event is ¥8,556 million. The goodwill is not allocated to any reportable segments.

(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, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net income per share	<u>223.15 yen</u>	<u>150.62 yen</u>
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	<u>22,590</u>	<u>15,247</u>
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to ordinary shareholders of parent (Millions of yen)	<u>22,590</u>	<u>15,247</u>
Average number of common stocks during the period (Thousands of shares)	101,234	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 28, 2022, the following resolutions on interim dividends were made for the current period.

(i) Total amount of interim dividends ¥4,354 million

(ii) Dividend per share ¥43

(iii) Effective date for payment request and commencement date of payment December 5, 2022

(Note) Payment were made to the shareholders recorded in the shareholder register as of September 30, 2022.

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

Nothing to report.

INDEPENDENT AUDITOR'S
QUARTERLY REVIEW REPORT

May 13, 2025

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
Kazuhiko Doi	Designated Limited Liability Partner Engagement Partner	Certified Public Accountant
Keisuke Uehara	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, 2022, and the amended 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, 2022 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 of our conclusion.

Emphasis of Matter

As stated in Additional information, the Company amended the quarterly consolidated financial statements.

This matter does not affect the conclusions of our firm.

Please note that our firm filed a quarterly review report on the quarterly consolidated financial statements on February 2, 2023, however, in connection with the correction, we are filing this quarterly review report on the amended quarterly consolidated financial statements.

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.