

June 20, 2025

To whom it may concern

(This is an English translation of the Japanese original)

Corporate Name: SOHGO SECURITY SERVICES CO., LTD.

Representative: Ikuji Kayaki, Representative Director, Group COO

(Securities Code:2331, TSE Prime Market)

Contact: Mototsugu Koga, General Manager of IR Office

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### **Notice of Material Deficiencies in Financial Reporting**

SOHGO SECURITY SERVICES CO., LTD. (hereinafter referred to as the “Company”) has filed an Internal Control Report to the Kanto Local Finance Bureau today pursuant to Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan. The Company has noted that there are material deficiencies that must be disclosed and that its internal control over financial reporting was not effective, as follows.

#### **1 Details of significant deficiencies to be disclosed**

As stated in the Notice of Filing Amended Annual Securities Reports and Amended Consolidated Financial Results for Past Fiscal Years dated May 13, 2025, the Company has discovered errors in the accounting treatment of past retirement benefits and has amended its financial results for past fiscal years and submit amended reports today the correction report of Annual Securities Report for the fiscal year ended March 31, 2020 through March 31, 2024, Quarterly Securities Report for Q1 of the fiscal year ended March 31, 2023 through Q3 of the fiscal year ended March 31, 2024, and Semi-Annual Securities Report for the fiscal year ended March 31, 2025.

The above errors were due to the incorrect data entry of the projected benefit obligations for the lump-sum retirement benefit plans of the Company and four consolidated subsidiaries among the retirement benefit plans in the Group, even though the amounts were properly estimated. The Company believes that this was caused by a deficiency in the internal control over the financial closing and reporting process related to retirement benefit accounting and has determined that this constitutes material deficiencies that must be disclosed. Since the Company became aware of the errors in April 2025, the Company plans to disclose the material deficiencies as uncorrected in Annual Securities Report and Internal Control Report for the fiscal year ended March 31, 2025, which are filed today.

## 2 Reasons for failure to correct by the end of the consolidated fiscal year

The reason why the material deficiencies to be disclosed were not corrected by the end of the consolidated fiscal year in which the corrections were made and the fiscal year ending March 31, 2025, is that these facts were discovered in April 2025.

## 3 Policy for correction of material deficiencies requiring disclosure

The Company has recognized the importance of the internal control over financial reporting and intends to ensure the reliability of financial reporting by strengthening internal control over the financial closing and reporting process through further strengthening the expertise of the Financial & Accounting Department and re-establishing a system for checking recorded amounts related to significant accounts.

## 4 Impact on consolidated and non-consolidated financial statements

All the necessary adjustments resulting from the material deficiencies to be disclosed are reflected to the consolidated and non-consolidated financial statements for the consolidated fiscal years subject to the corrections, as well as to the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2025.

## 5 Opinion in the Independent Auditor's Report of the Consolidated and non-consolidated financial statements

The Independent Auditor's Report for the consolidated and non-consolidated financial statements for the fiscal year ended March 31, 2025, is an unqualified opinion.