

Financial Results for FY2018

SOHGO SECURITY SERVICES CO., LTD
Securities Code: 2331 (1st Section of TSE)

May 8, 2018



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| Section 1 | Financial Results for FY2018 |
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1 Revenue growth for eight consecutive years/ Increase in profit for six consecutive years concerning net income

- Achieved record high, both in sales and income

2 Steady growth in our mainstay, security services business

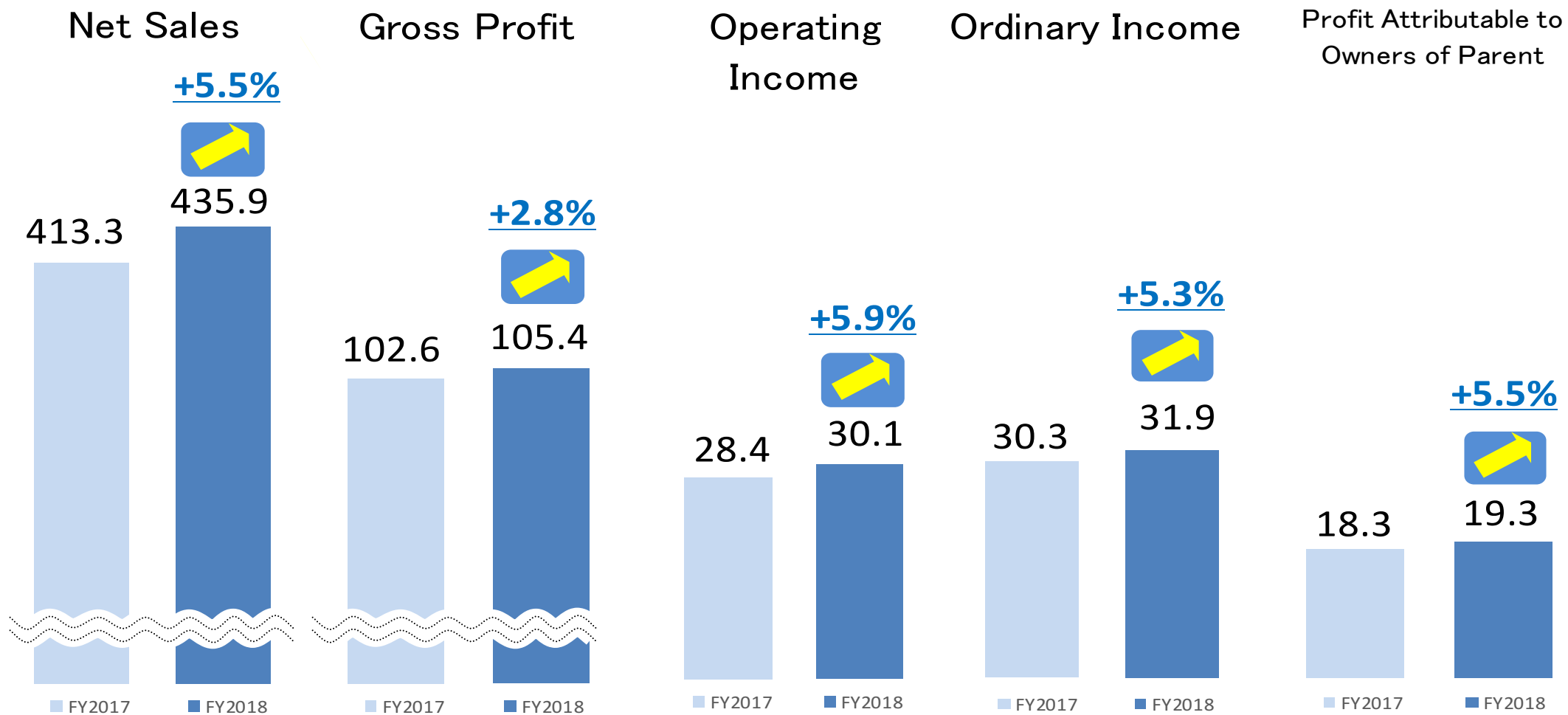
- Security services business in steady growth supported by the healthy growth of contracts

3 Promotion of M&A

- Subsidiary acquisition of ALSOK-TW East Japan Co., Ltd. and ALSOK KANTO DELIVERY CO., LTD.

4 Long-term Care business turned positive throughout the financial year

- Progress of profit ratio by improvement of occupancy ratio and operational efficiency contributed



(Billions of Yen)

P/L for FY2018 (vs. Business Plan)

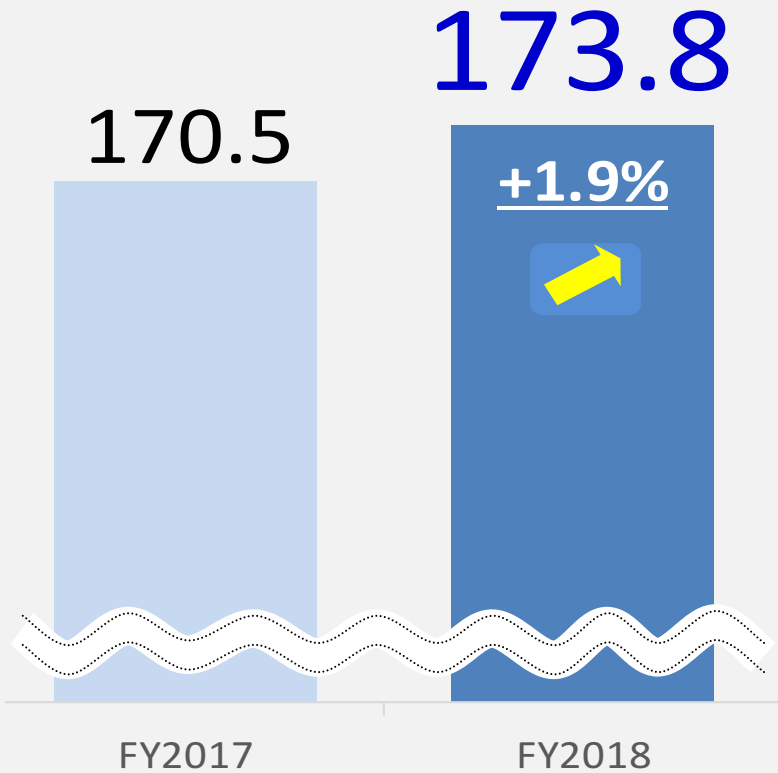
| (Billions of Yen) | FY2018 | FY2018 Business Plan | Gap | Achievement Ratio |
|--|---------------|-----------------------------|--------------|--------------------------|
| Net Sales | 435.9 | 440.0 | (4.0) | 99.1% |
| Gross Profit | 105.4 | 109.7 | (4.2) | 96.2% |
| Operating Income | 30.1 | 33.4 | (3.2) | 90.2% |
| Ordinary Income | 31.9 | 35.0 | (3.0) | 91.2% |
| Profit Attributable to Owners of Parent | 19.3 | 21.5 | (2.1) | 90.0% |

Net sales by Services

| (Billions of Yen) | FY2017 | FY2018 | Y o Y | Change |
|--|--------------|--------------|-------------|--------------|
| Security Services | 327.1 | 344.3 | 17.1 | 5.2% |
| Electronic Security Services | 170.5 | 173.8 | 3.2 | 1.9% |
| Stationed Security Services | 100.4 | 110.2 | 9.7 | 9.7% |
| Transportation Security Services | 56.1 | 60.2 | 4.0 | 7.3% |
| General Property Management and Fire Protection Services | 57.8 | 61.9 | 4.1 | 7.2% |
| Long Term Care Services | 24.9 | 25.6 | 0.7 | 2.8% |
| Other Services | 3.4 | 4.0 | 0.6 | 18.1% |
| Total | 413.3 | 435.9 | 22.6 | 5.5% |

Sales

(Billions of Yen)



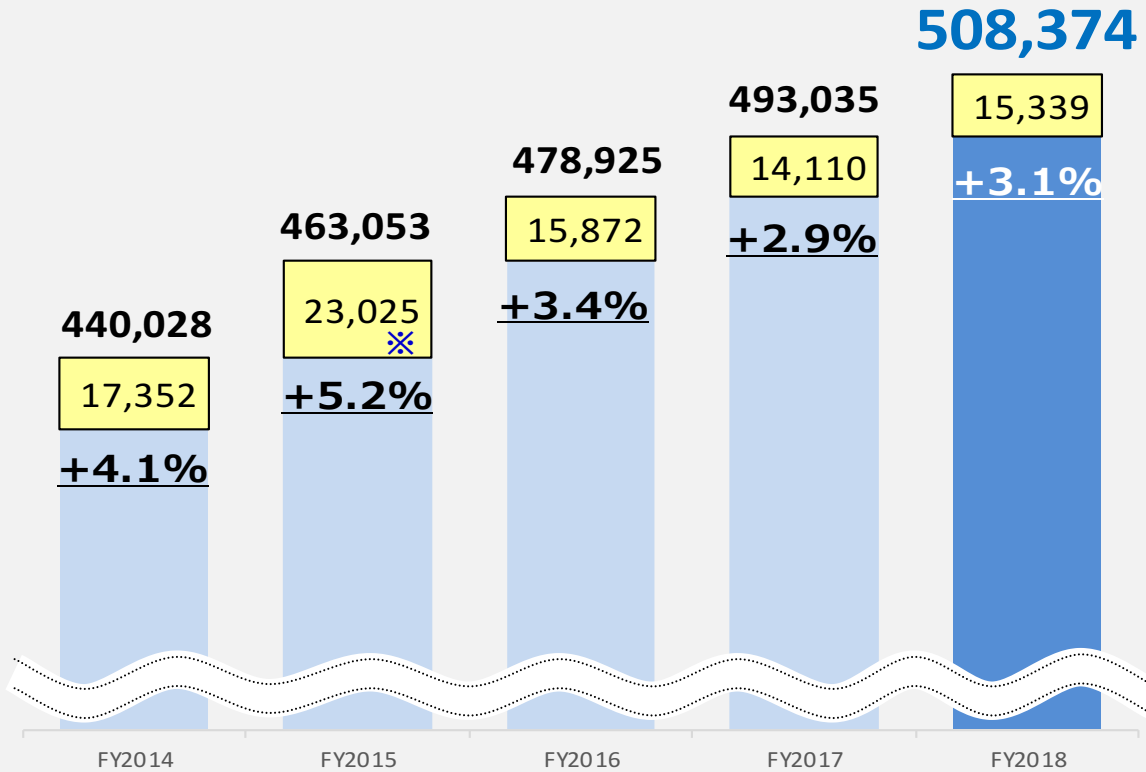
Contract Sales 135.8 billion yen Y oY Ratio +1.9%

Construction Sales 5.0 billion yen Y oY Ratio +3.5%

Equipment Sales 32.9 billion yen Y oY Ratio +1.7%

+1.9% Y o Y

Increase in Contracts of Electronic Security Services



Total number of contracts **508,374**

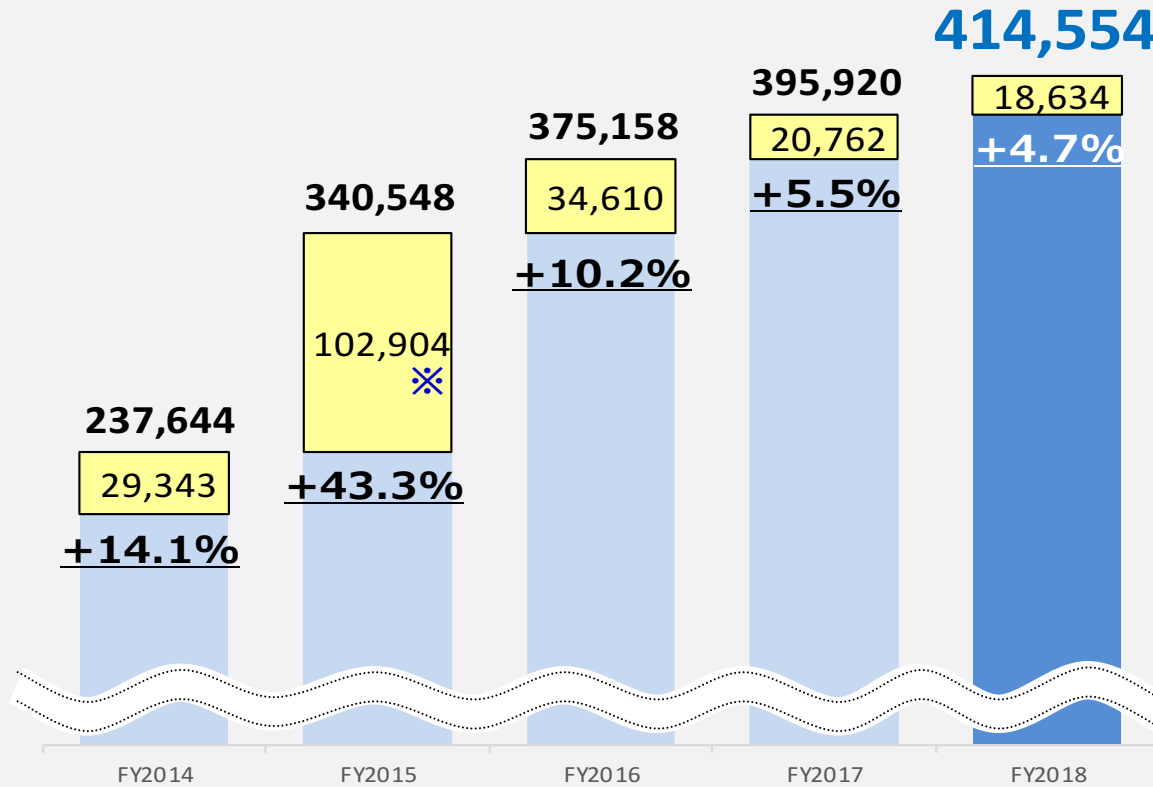
▪ ALSOK-ST

▪ ALSOK-GV

+3.1% Y o Y

* Includes 4,938 contracts of ALSOK Souei.

Increase in Contracts of Electronic Security Services



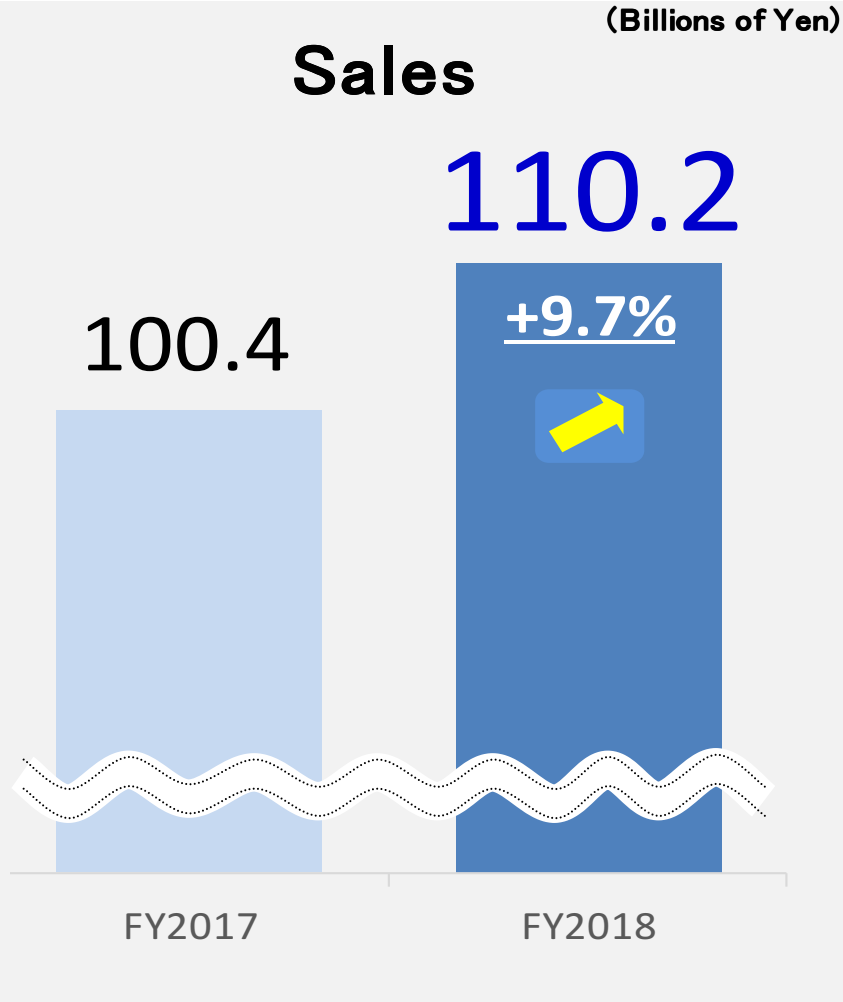
* Includes 67,734 contracts of ALSOK Care & Support.

Total number of contracts **414,554**

- Home Security Basic
- Watch over services for municipal governments

* Including the number of houses from complex housing, the total number of contracts count up to approximately 1,110,000 houses.

+4.7% Y o Y



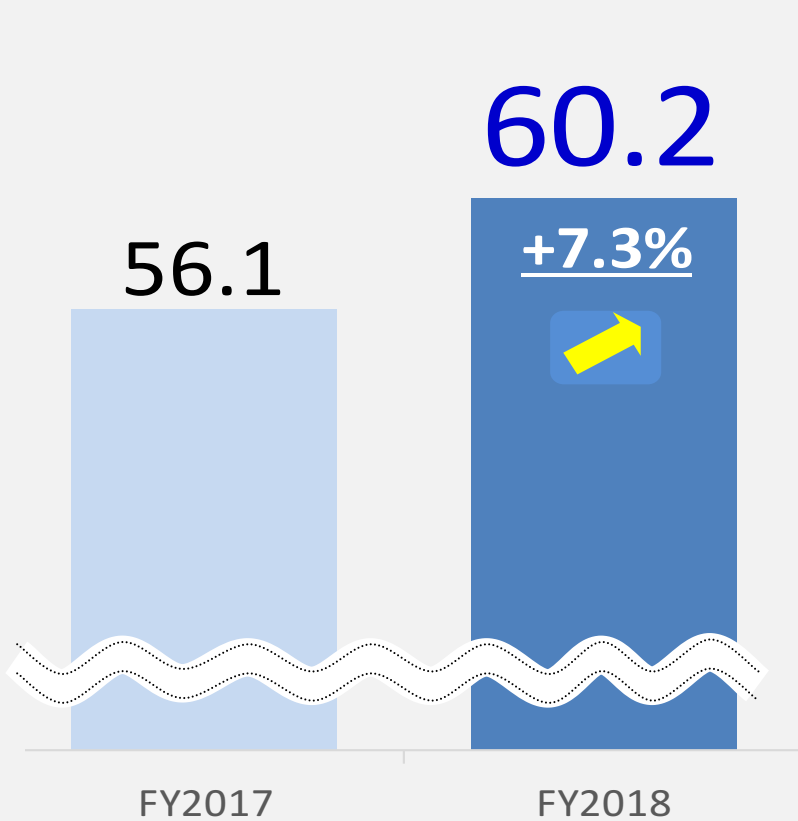
- Attributable to long-term contracts

Outsourcing of security operations of manufacturing business,
large commercial facilities, distribution warehouse etc.

+9.7% Y o Y

(Billions of Yen)

Sales



- | | | |
|-----------------------------|---|------------------|
| Total ATM Management System | [Administrative units] approx.68,500 | [Change] 8.0% |
|-----------------------------|---|------------------|

Expansion in outsource from megabanks

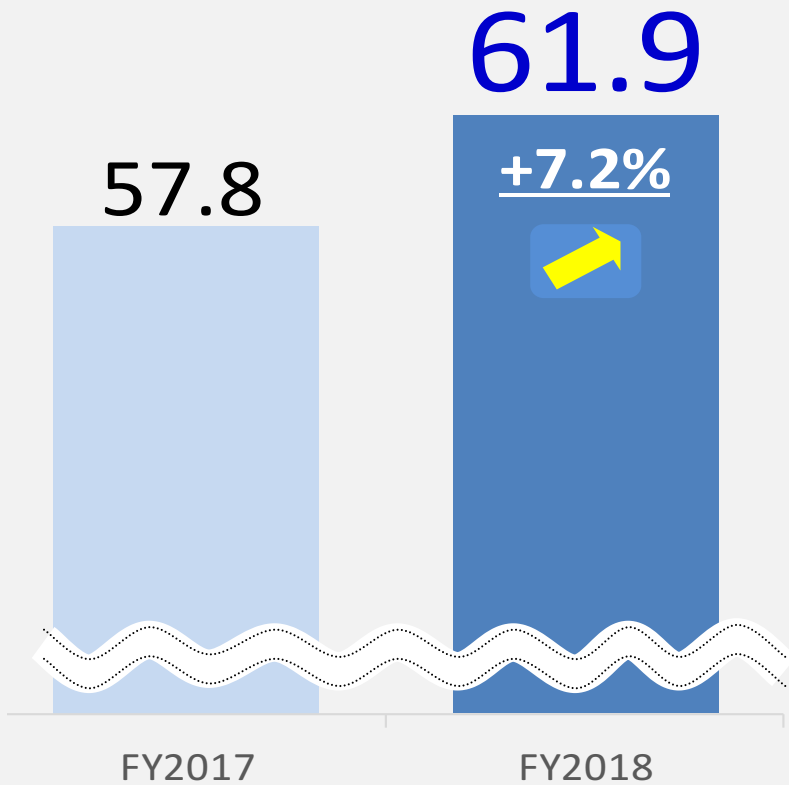
- | | | |
|---|---|-------------------|
| Cash Deposit and Dispenser Machine On-line System | [Administrative units] approx.21,500 | [Change] 11.1% |
|---|---|-------------------|

Expansion in sales as for the progress of work style reform

+7.3% Y o Y

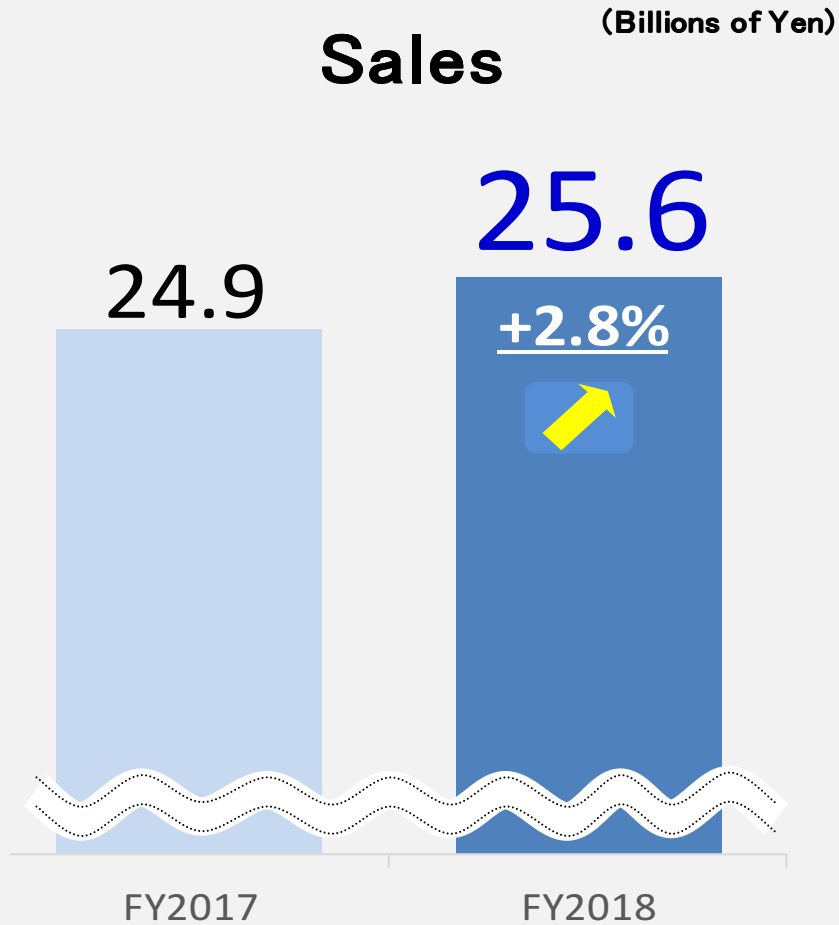
(Billions of Yen)

Sales



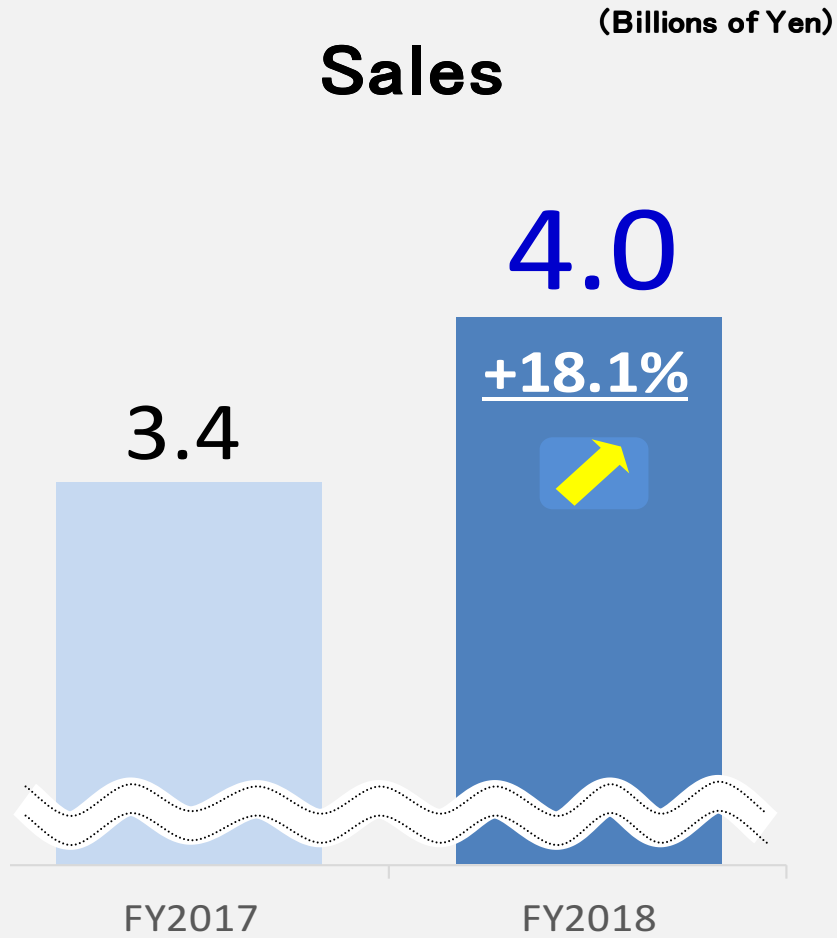
- Strong performance in contract sales of building management and fire protection
- Construction sector shifted to healthy performance in second half of the fiscal year
- Total number of AED units sold : approx. 153,000

+7.2% Y o Y



- Increase in occupancy ratio and residents of care facilities
- By operational efficiency, profit ratio improved and turned positive throughout the financial year

+2.8% Y o Y

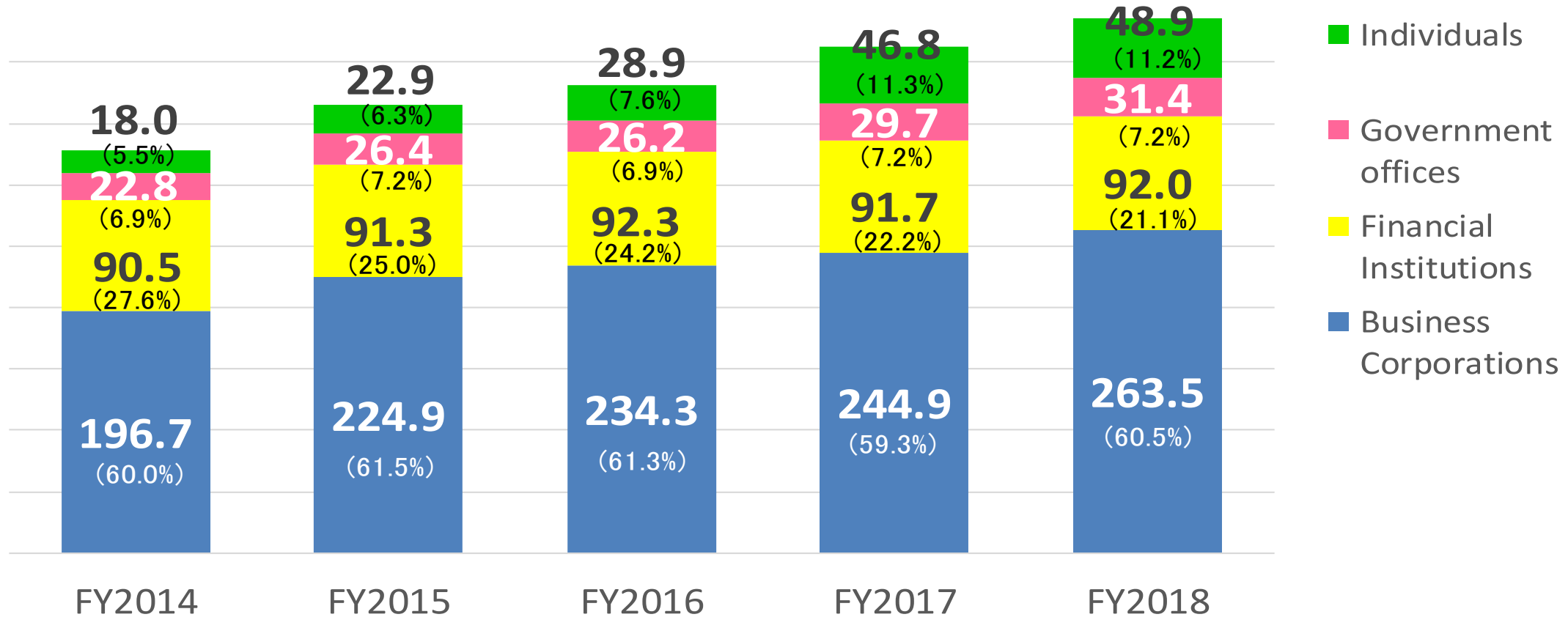


- Information Security
- Safety Confirmation System

+18.1% Y o Y

() Sales Composition

(Billions of Yen)

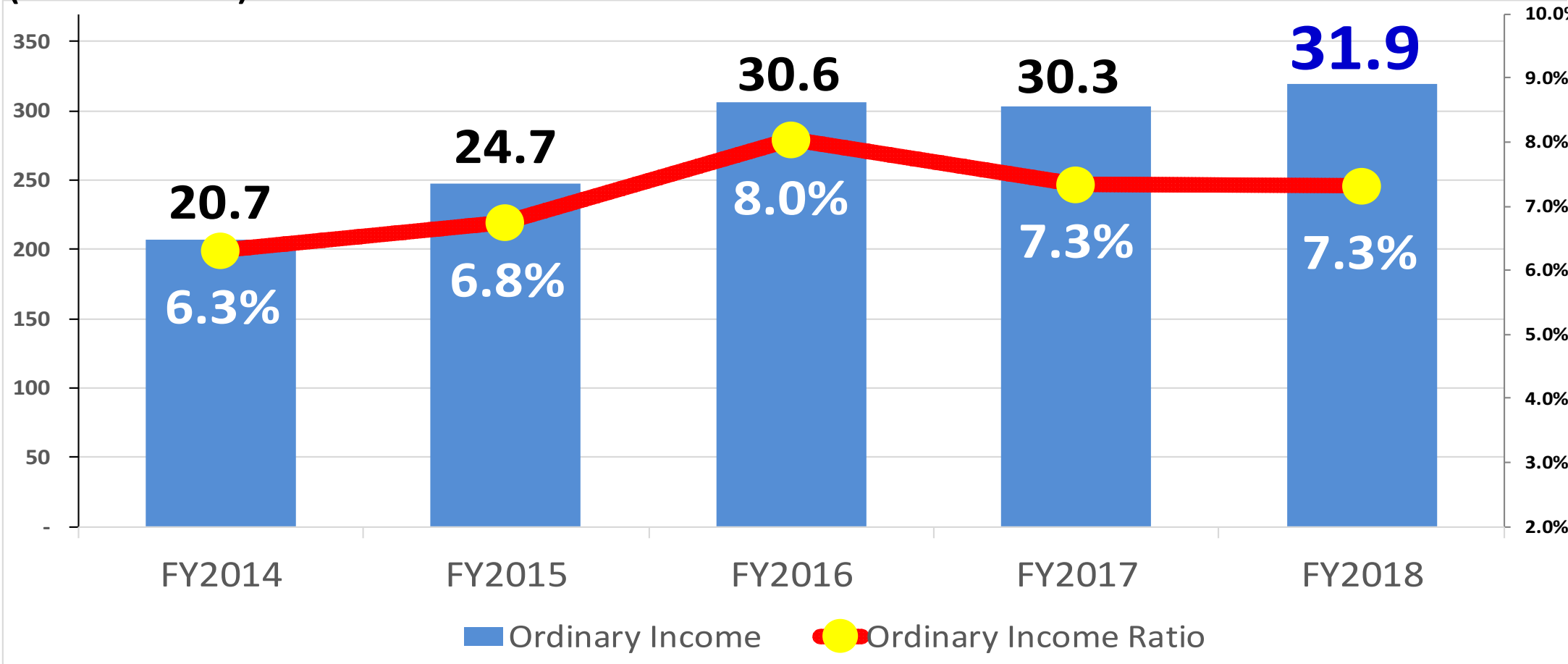


Analysis of the Profit and Loss

| (Billions of Yen) | FY2017 | FY2018 | Y o Y | Change |
|-------------------------------------|--------|--------|-------|--------|
| Net Sales | 413.3 | 435.9 | 22.6 | 5.5% |
| Cost of Sales | 310.7 | 330.4 | 19.7 | 6.4% |
| Labor Cost | 153.9 | 163.7 | 9.8 | 6.4% |
| Expense | 40.0 | 42.9 | 2.8 | 7.1% |
| Depreciation | 11.8 | 12.2 | 0.4 | 3.5% |
| Others | 49.9 | 52.8 | 2.8 | 5.8% |
| Cost of product sold & installation | 54.9 | 58.7 | 3.7 | 6.8% |
| SG&A | 74.2 | 75.3 | 1.1 | 1.6% |
| Advertising expenses | 2.6 | 2.5 | (0.1) | (4.9%) |
| Personnel cost | 49.4 | 49.6 | 0.2 | 0.5% |
| Depreciation | 1.9 | 1.8 | (0.0) | (3.0%) |
| Others | 20.1 | 21.2 | 1.1 | 5.5% |
| Operating Income | 28.4 | 30.1 | 1.6 | 5.9% |

Trends in the Ordinary Income

(Billions of Yen)



Consolidated Balance Sheet

(Billions of Yen)

| | FY2018 | FY2017 | Y o Y | | FY2018 | FY2017 | Y o Y |
|--|--------------|--------------|--------------|---|--------------|--------------|--------------|
| Current assets | 196.8 | 199.6 | (2.7) | Current Liabilities | 92.4 | 98.1 | (5.6) |
| Cash and deposits | 47.5 | 55.5 | (8.0) | Notes and accounts payable | 23.4 | 21.4 | 1.9 |
| Cash for Transportation Security | 68.7 | 66.7 | 1.9 | Short-term Loans payable | 14.4 | 27.4 | (13.0) |
| Services and advances paid | | | | Other | 54.6 | 49.2 | 5.3 |
| Notes and accounts receivable | 52.2 | 50.1 | 2.1 | | | | |
| Lease receivable and investment assets | 4.5 | 4.3 | 0.1 | Noncurrent Liabilities | 63.2 | 65.5 | (2.2) |
| Raw materials and supplies | 5.7 | 5.3 | 0.3 | Long-term loans payable | 8.4 | 11.1 | (2.6) |
| Costs on uncompleted construction | 0.4 | 0.4 | 0 | Lease obligations | 21.9 | 19.4 | 2.5 |
| Advances paid | 6.5 | 6.3 | 0.1 | Net defined benefit liability | 27.3 | 29.5 | (2.2) |
| Deferred tax assets | 2.3 | 2.1 | 0.1 | Other | 5.4 | 5.3 | 0 |
| Allowance for doubtful accounts | (0.2) | (0.1) | (0.0) | | | | |
| Other | 8.9 | 8.6 | 0.2 | Total liabilities | 155.7 | 163.6 | (7.8) |
| Noncurrent assets | 200.3 | 186.2 | 14 | Shareholders' equity | 223.0 | 205.7 | 17.2 |
| Property, plant and equipment | 91.2 | 86.9 | 4.2 | Total valuation and | (4.7) | (9.1) | 4.3 |
| Intangible assets | 30.3 | 25.0 | 5.3 | translation adjustments | | | |
| Investments and other assets | 78.7 | 74.2 | 4.4 | Non-controlling interests | 23.1 | 25.6 | (2.4) |
| | | | | Total net assets | 241.3 | 222.2 | 19.1 |
| Total assets | 397.1 | 385.8 | 11.2 | Total liabilities and net assets | 397.1 | 385.8 | 11.2 |

Consolidated Cash Flows

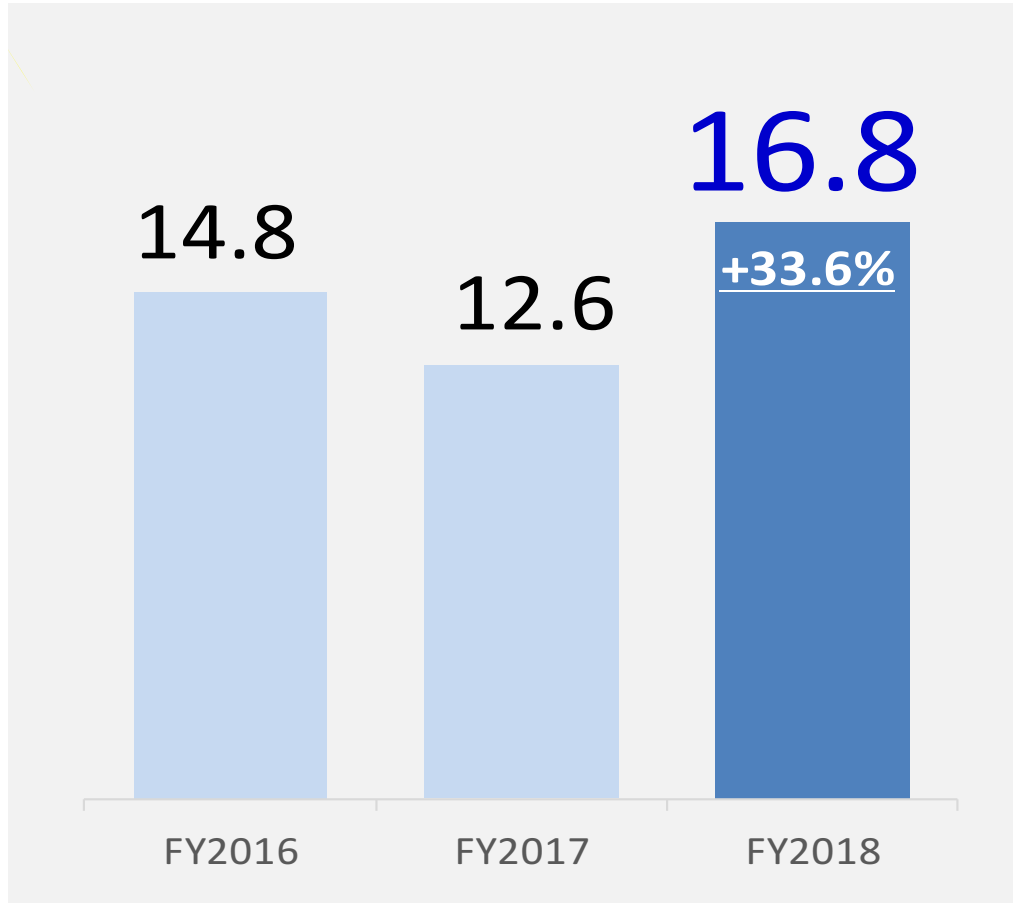
(Billions of Yen)

| | FY2017 | FY2018 | Y o Y |
|---|--------|--------|--------|
| Net cash provided by (used in) operating activities | 54.5 | 25.4 | (29.0) |
| Net cash provided by (used in) investing activities | (22.0) | (19.1) | 2.9 |
| Net cash provided by (used in) financing activities | (20.5) | (13.4) | 7.1 |
| Cash and cash equivalents at end of period | 47.5 | 40.4 | (7.0) |

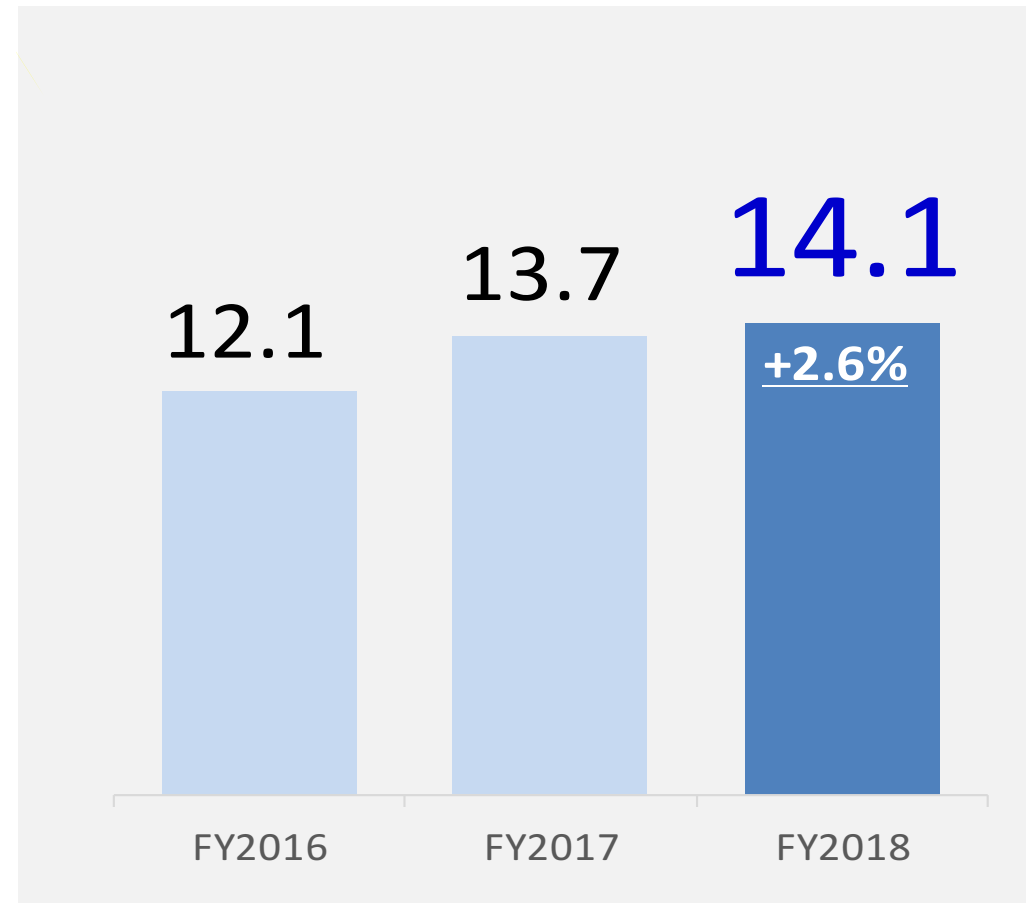
Major items of FY2018

| | | |
|---|--|--------|
| ● Net cash provided by (used in) operating activities | Income before income tax | 31.8 |
| | Depreciation and amortization | 14.1 |
| | Share of loss of entities accounted for using equity method | 5.0 |
| | Increase (decrease) in notes and accounts payable | (13.6) |
| | Assets/Liabilities for Transportation Security Services | (11.5) |
| ● Net cash provided by (used in) investing activities | Purchase of property, plant and equipment | (11.7) |
| | Purchase of shares of subsidiaries resulting in change in scope of consolidation | (5.9) |
| ● Net cash provided by (used in) financing activities | Repayments of long-term loans payable | (3.4) |
| | Repayments of lease obligations | (4.4) |
| | Cash dividends paid | (5.7) |

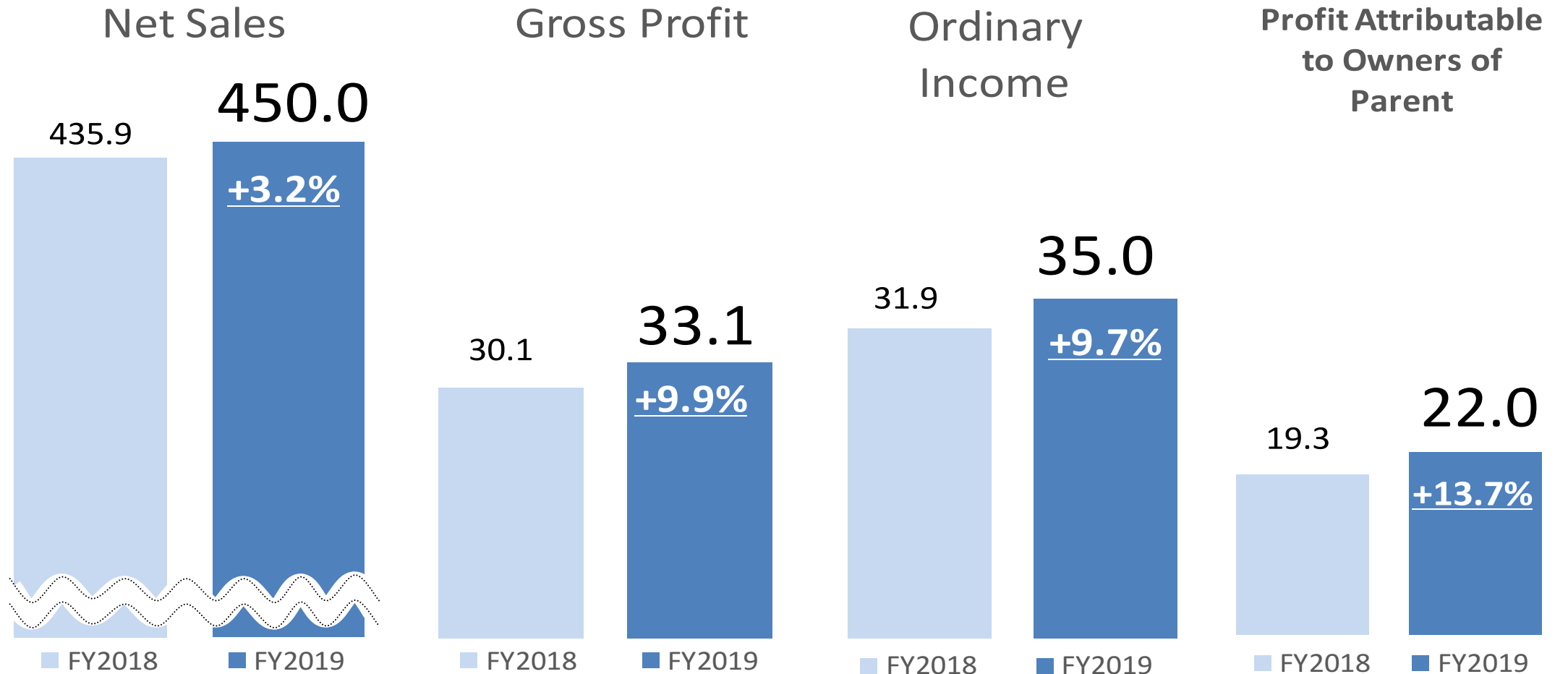
■ Capital Expenditures (Billions of Yen)



■ Depreciation (Billions of Yen)



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(Billions of Yen)

| | FY2016 | FY2017 | FY2018 | FY2019 (Forecast) |
|--|--|--|--|--|
| Dividends per share (Yen) | 50 (20.0)Interim (30.0)Year-end | 55 (27.5)Interim (27.5)Year-end | 60 (30.0)Interim (30.0)Year-end | 62 (31.0)Interim (31.0)Year-end |
| Payout ratio | 28.1% | 30.2% | 31.3% | 28.5% |

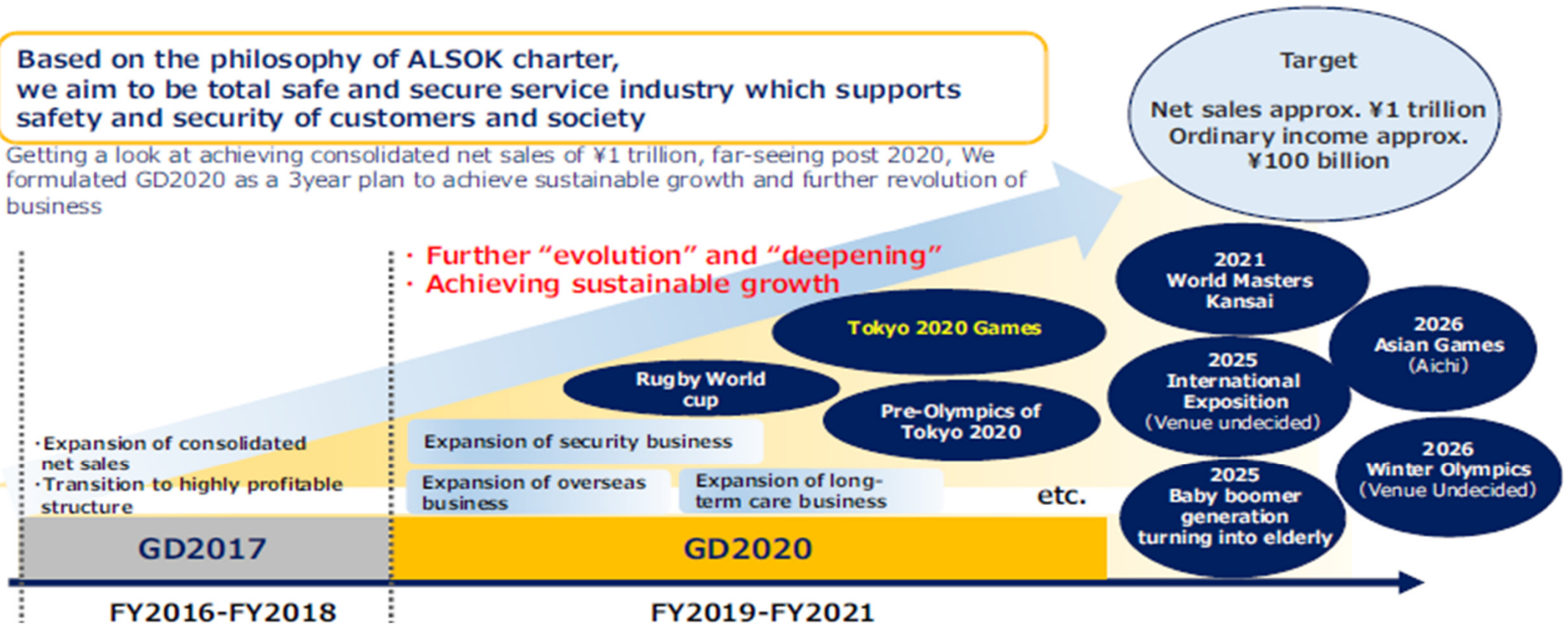
* () represent dividends per share for interim and year-end

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GD2020 Medium-term Management Plan

Based on the philosophy of ALSOK charter, we aim to be total safe and secure service industry which supports safety and security of customers and society

Getting a look at achieving consolidated net sales of ¥1 trillion, far-seeing post 2020, We formulated GD2020 as a 3 year plan to achieve sustainable growth and further revolution of business



Approach towards Tokyo Olympic and Paralympic Games



Tokyo 2020 Official Partner (Security Services & Planning)

Tokyo 2020 Olympic and Paralympic Games
Safe and Secure Administration

ALSOK=Official Partner

Establishment of Joint Venture April 3, 2018

2 Official Partners (Co-leaders)

+

12 Security Companies

Disclaimer

Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.

Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.

