

# Financial Results for FY2020

SOHGO SECURITY SERVICES CO., LTD.

Securities Code: 2331

May 12, 2020

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## 1 Revenue growth for ten consecutive years/ Increase in profit for eight consecutive years concerning net income

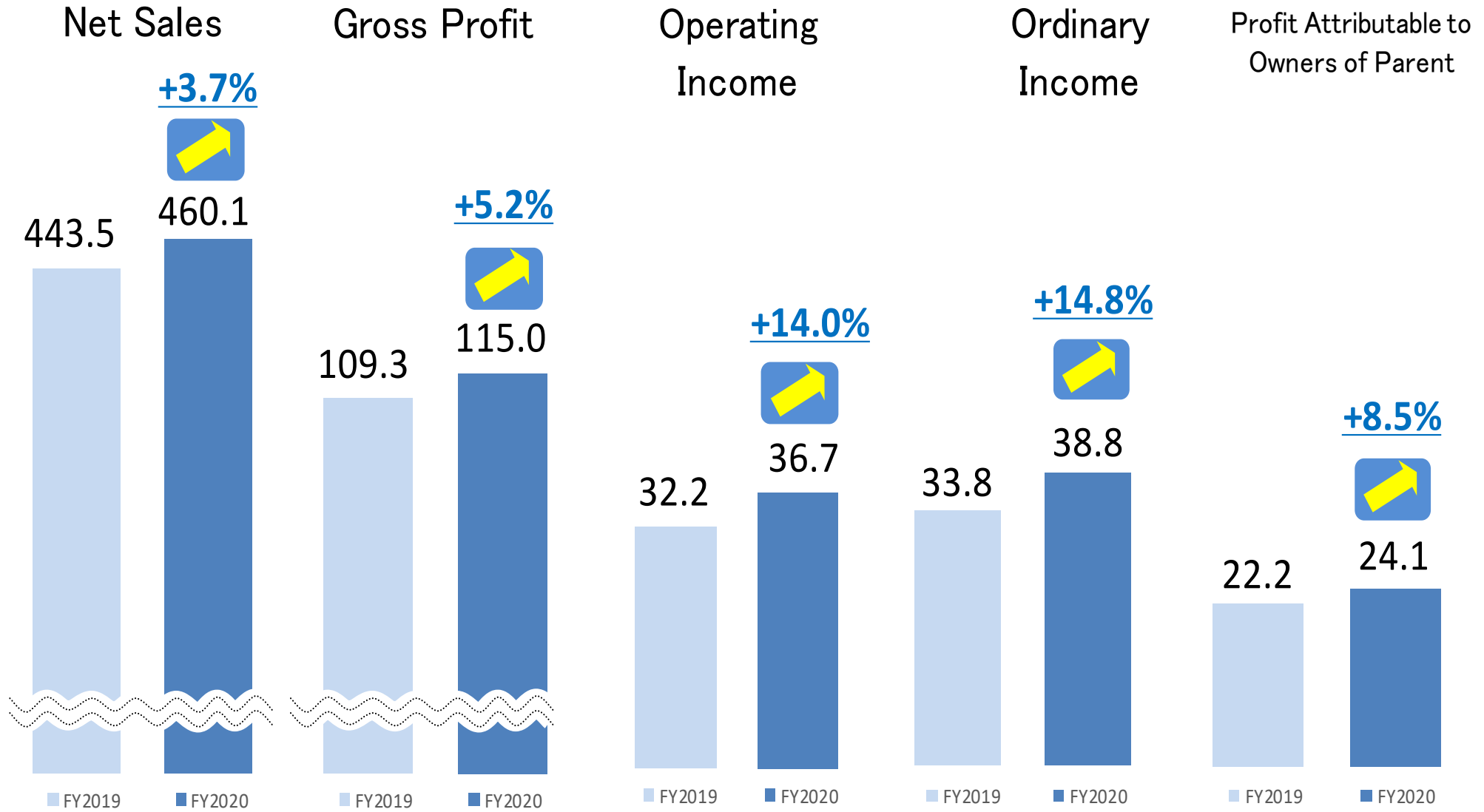
- Achieved record high, both in sales and income

## 2 Increase in profit ratio

- Operating income ratio improved 0.7 percentage point  
Ordinary income ratio improved 0.9 percentage point

## 3 Promotion of M&A

- Subsidiary acquisition of KEIHANSHIN SECURITY SERVICES
- Strategic Partnership with Mitsubishi Corporation in facility management business



(Billions of Yen)

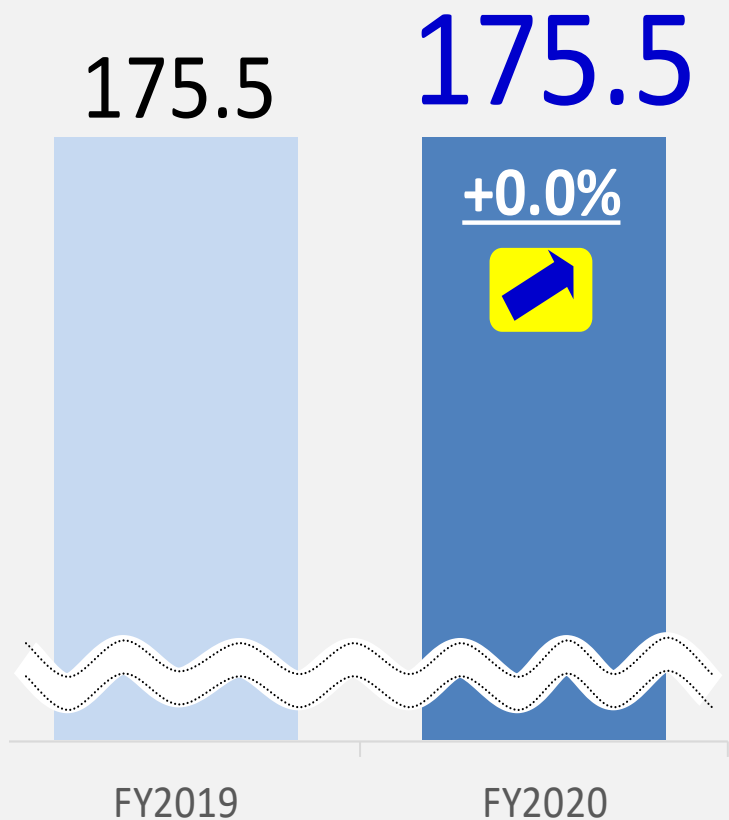
(Billions of Yen)	FY2020	FY2020 Business Plan	Gap	Achievement Ratio
Net Sales	<b>460.1</b>	<b>465.0</b>	<b>(4.8)</b>	<b>99.0%</b>
Operating Income	<b>36.7</b>	<b>34.6</b>	<b>2.1</b>	<b>106.3%</b>
Ordinary Income	<b>38.8</b>	<b>36.5</b>	<b>2.3</b>	<b>106.5%</b>
Profit Attributable to Owners of Parent	<b>24.1</b>	<b>23.0</b>	<b>1.1</b>	<b>105.1%</b>

# Net sales by Services

(Billions of Yen)	FY2019	FY2020	Y o Y	Change
Security Services	<b>349.7</b>	<b>358.1</b>	<b>8.4</b>	<b>2.4%</b>
Electronic Security Services	<b>175.5</b>	<b>175.5</b>	<b>0.0</b>	<b>0.0%</b>
Stationed Security Services	<b>111.9</b>	<b>116.9</b>	<b>5.0</b>	<b>4.5%</b>
Transportation Security Services	<b>62.2</b>	<b>65.6</b>	<b>3.3</b>	<b>5.4%</b>
General Property Management and Fire Protection Services	<b>62.9</b>	<b>69.2</b>	<b>6.3</b>	<b>10.1%</b>
Long-Term Care Services	<b>26.5</b>	<b>28.1</b>	<b>1.5</b>	<b>5.7%</b>
Other Services	<b>4.2</b>	<b>4.6</b>	<b>0.3</b>	<b>7.9%</b>
Total	<b>443.5</b>	<b>460.1</b>	<b>16.5</b>	<b>3.7%</b>

## Sales

(Billions of Yen)

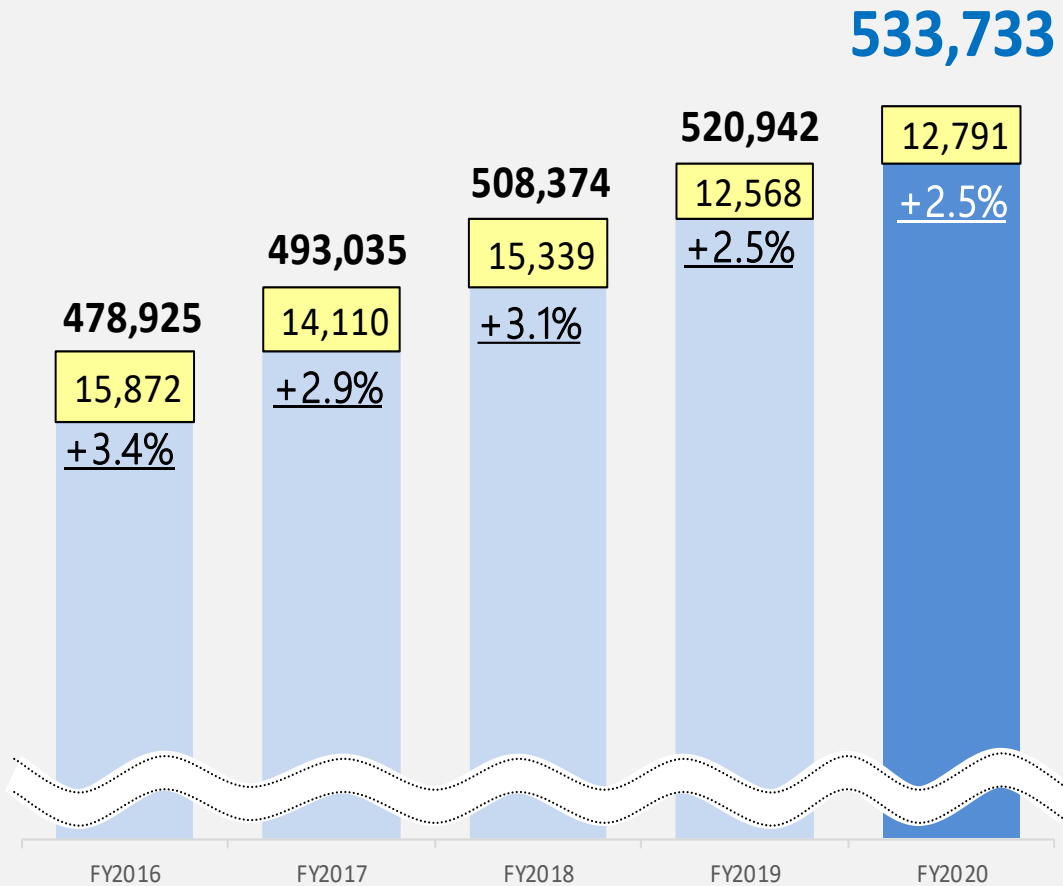


Contract Sales	140.4 billion yen	Y o Y ratio	2.0%
Construction Sales	5.0 billion yen	Y o Y ratio	1.8%
Equipment Sales	30.0 billion yen	Y o Y ratio	(8.6%)

Up 0.0% YoY



Increase in Contracts of Electronic Security Services

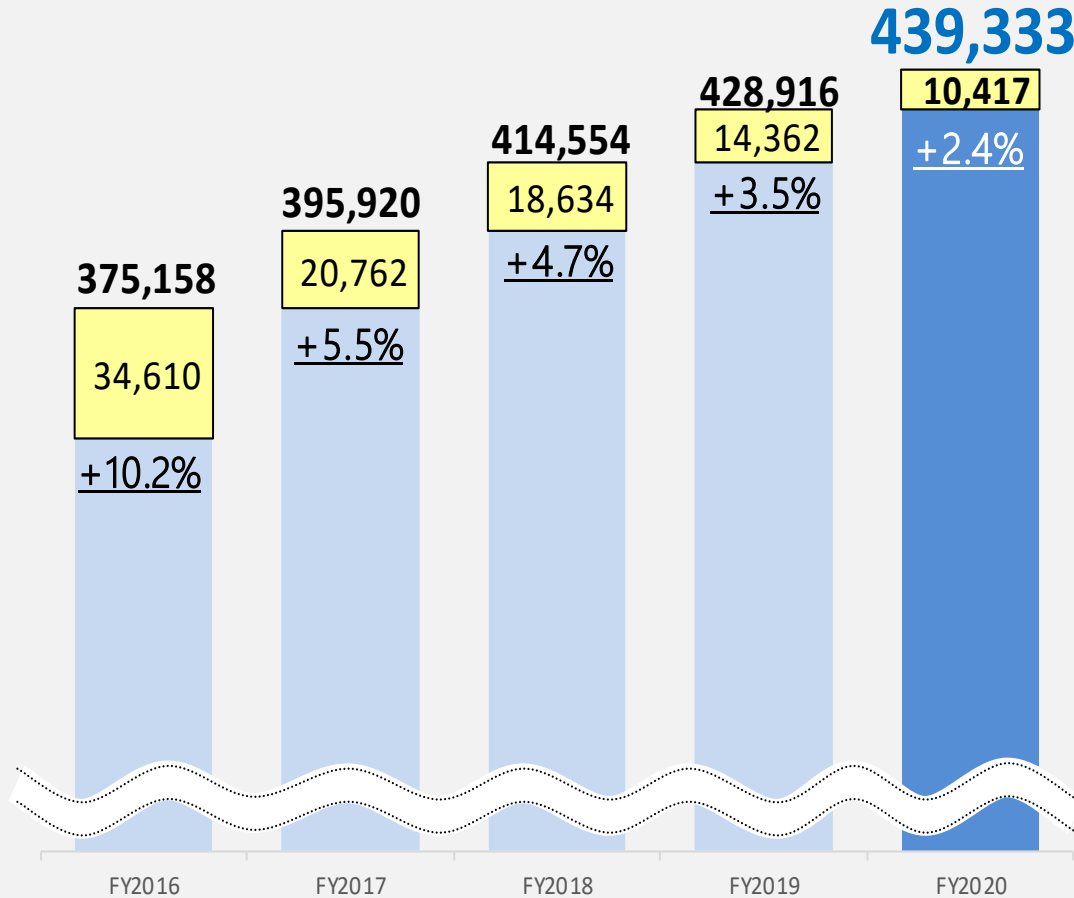


Total number of contracts **533,733**

- ALSOK-ST (Standard)
- ALSOK-GV (G-five)
- ALSOK-G7 (G-seven)

Up **2.5%** YoY

Increase in Contracts of Electronic Security Services



Total number of contracts **439,333**

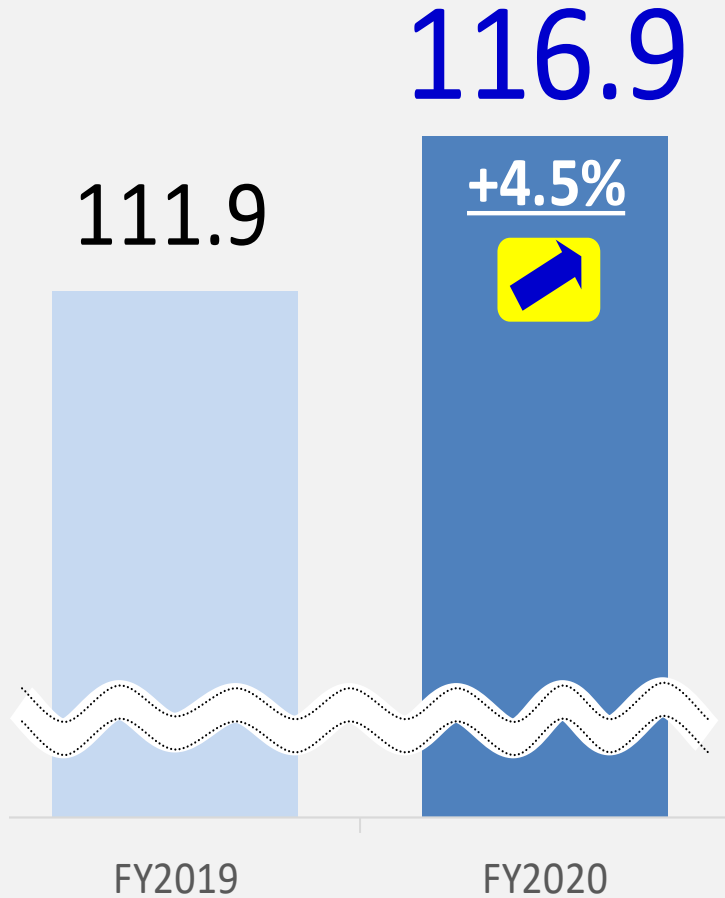
- Home Security Basic
- HOME ALSOK MIMAMORI SUPPORT

Note: Including the number of complex housing, the total number of contracts count up to approximately 1,210,000 houses.

Up **2.4%** YoY

(Billions of Yen)

## Sales



- Favorable long-term and short-term contracts
- Sales contribution of large-scale security orders such as G20 and Rugby World Cup 2019

Up 4.5% YoY

(Billions of Yen)

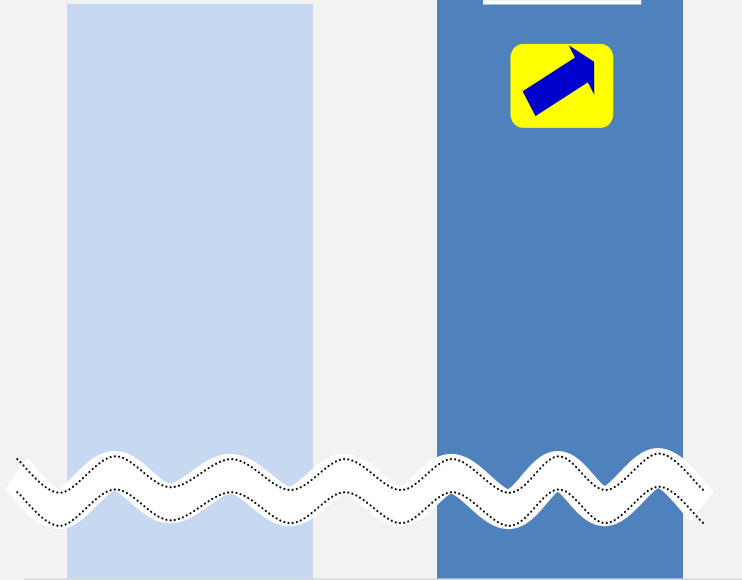
## Sales

65.6

+5.4%



62.2



FY2019

FY2020

- Total ATM Management System approx. 73,800 units

Expansion in outsource from regional financial institutions

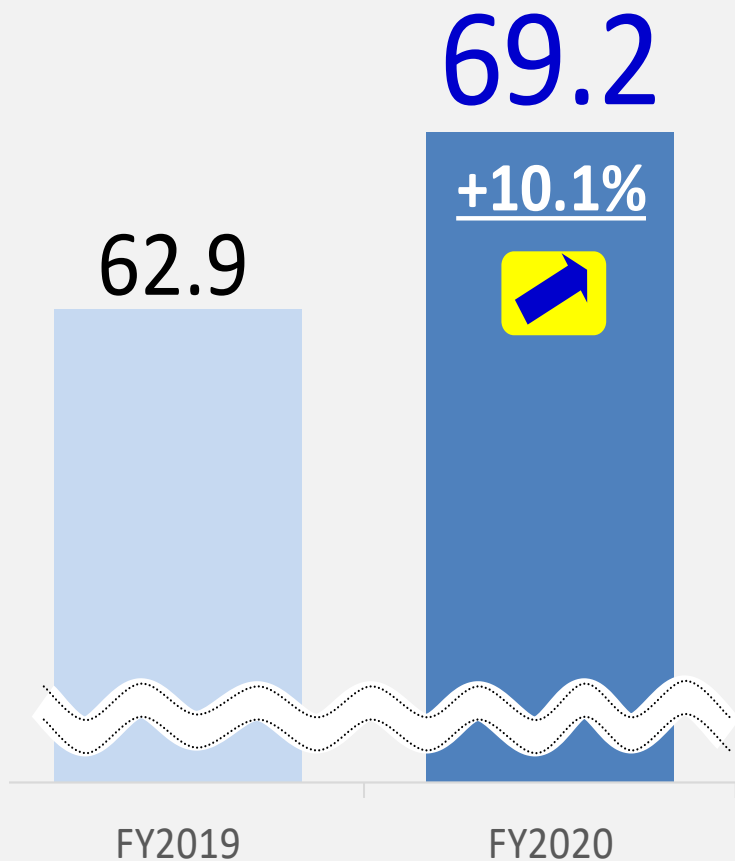
- Cash Deposit and Dispenser Machine On-line System approx. 25,200 units

Strong orders from companies in service sector

Up 5.4% YoY

(Billions of Yen)

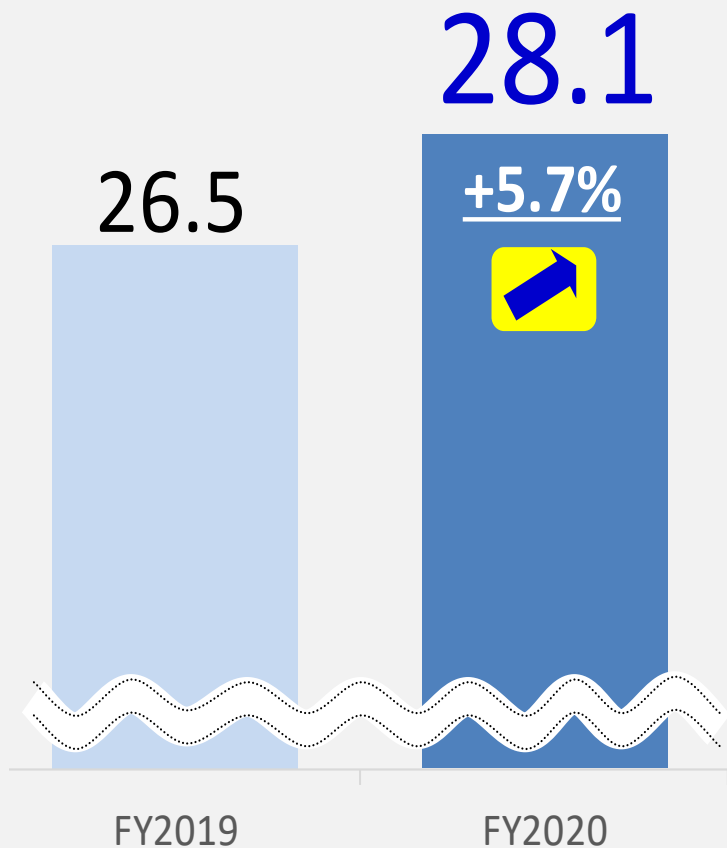
## Sales



- Increase in construction revenue of Japan Facilio
- Strong performance in contract sales and equipment sales of building management and fire protection etc.
- Total number of AED units sold : approx. 191,700

Up 10.1% YoY

## Sales (Billions of Yen)

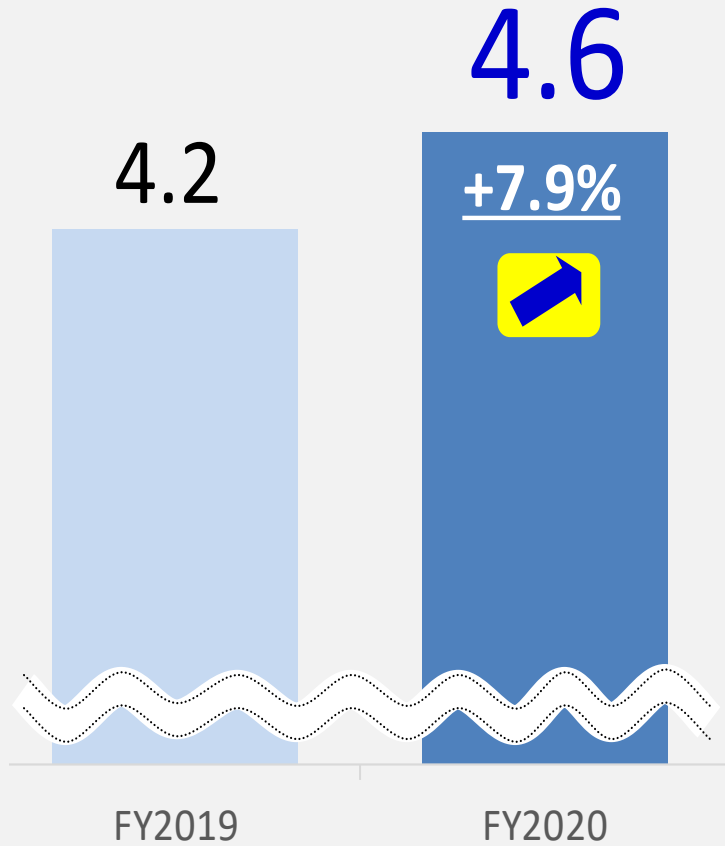


- Increase in occupancy ratio and residents of care facilities
  - Occupancy ratio : Up 1.3pt Y oY
  - Residents of care facilities : Up 141 people Y o Y
- Effect by M&A

Up 5.7% YoY

## Sales

(Billions of Yen)

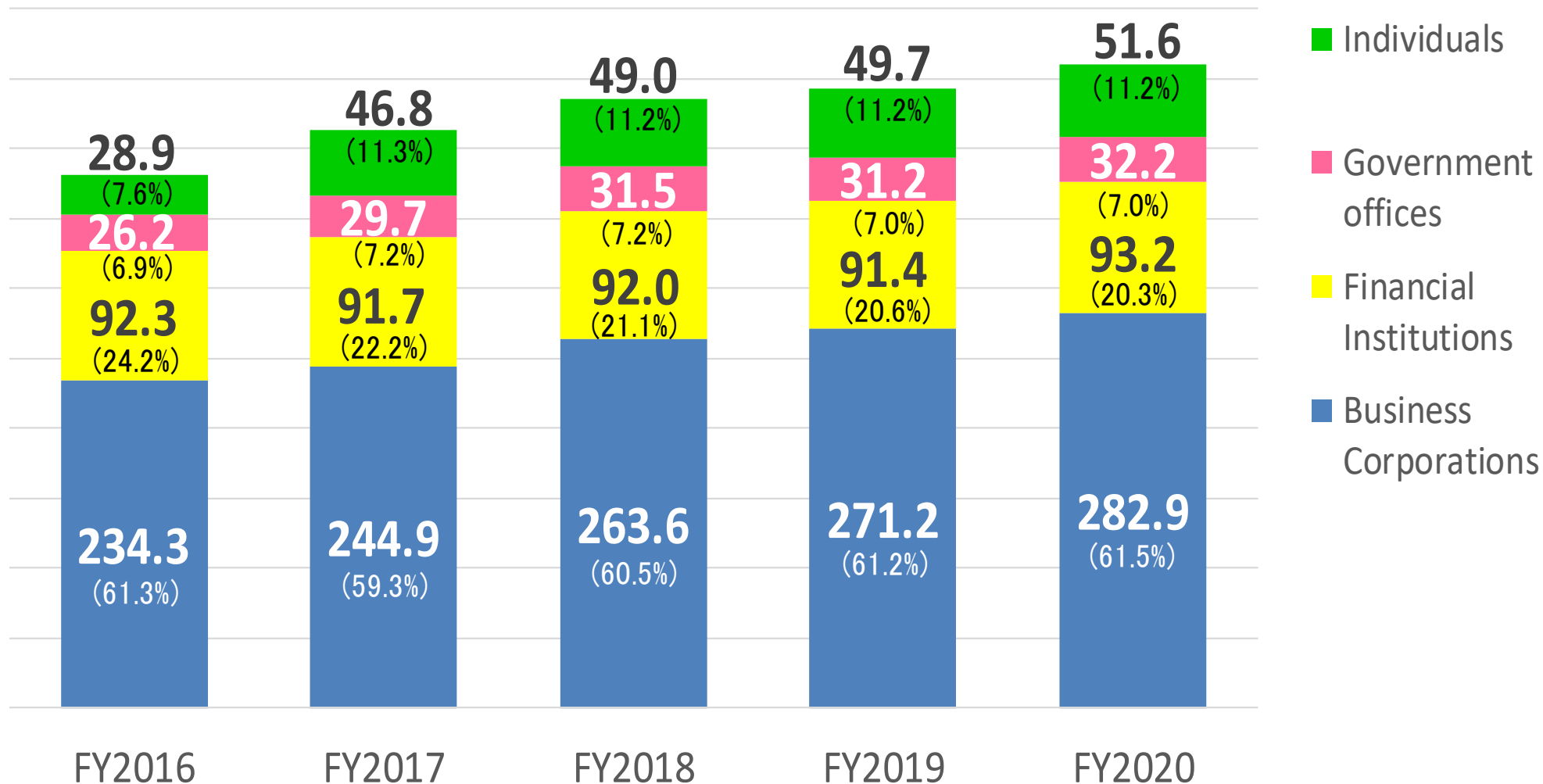


- Information Security
- Safety Confirmation System
- MAMOLOOK, MIMAMORI Tag etc.

Up 7.9% YoY

( ) Sales Composition

(Billions of Yen)

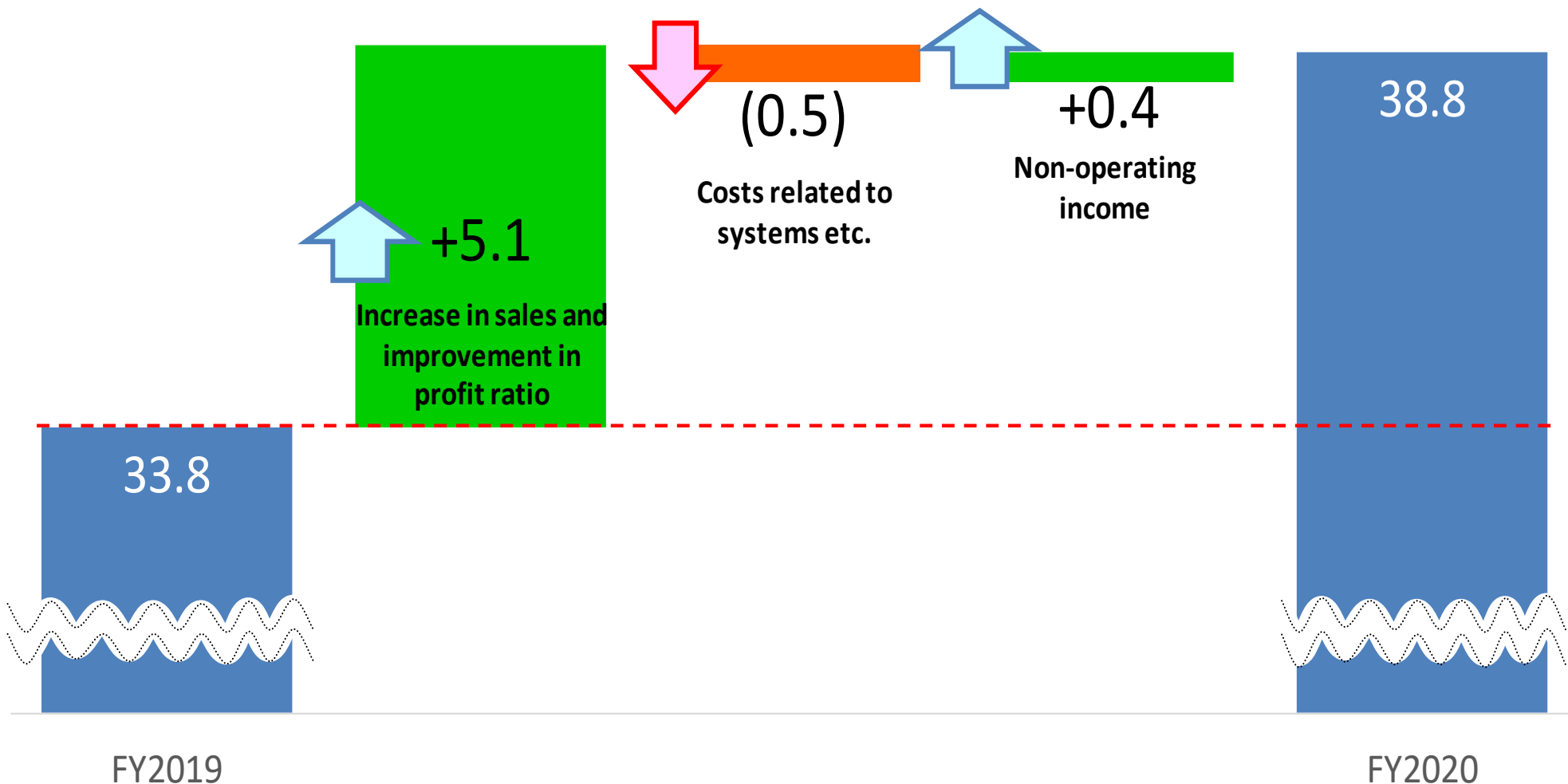




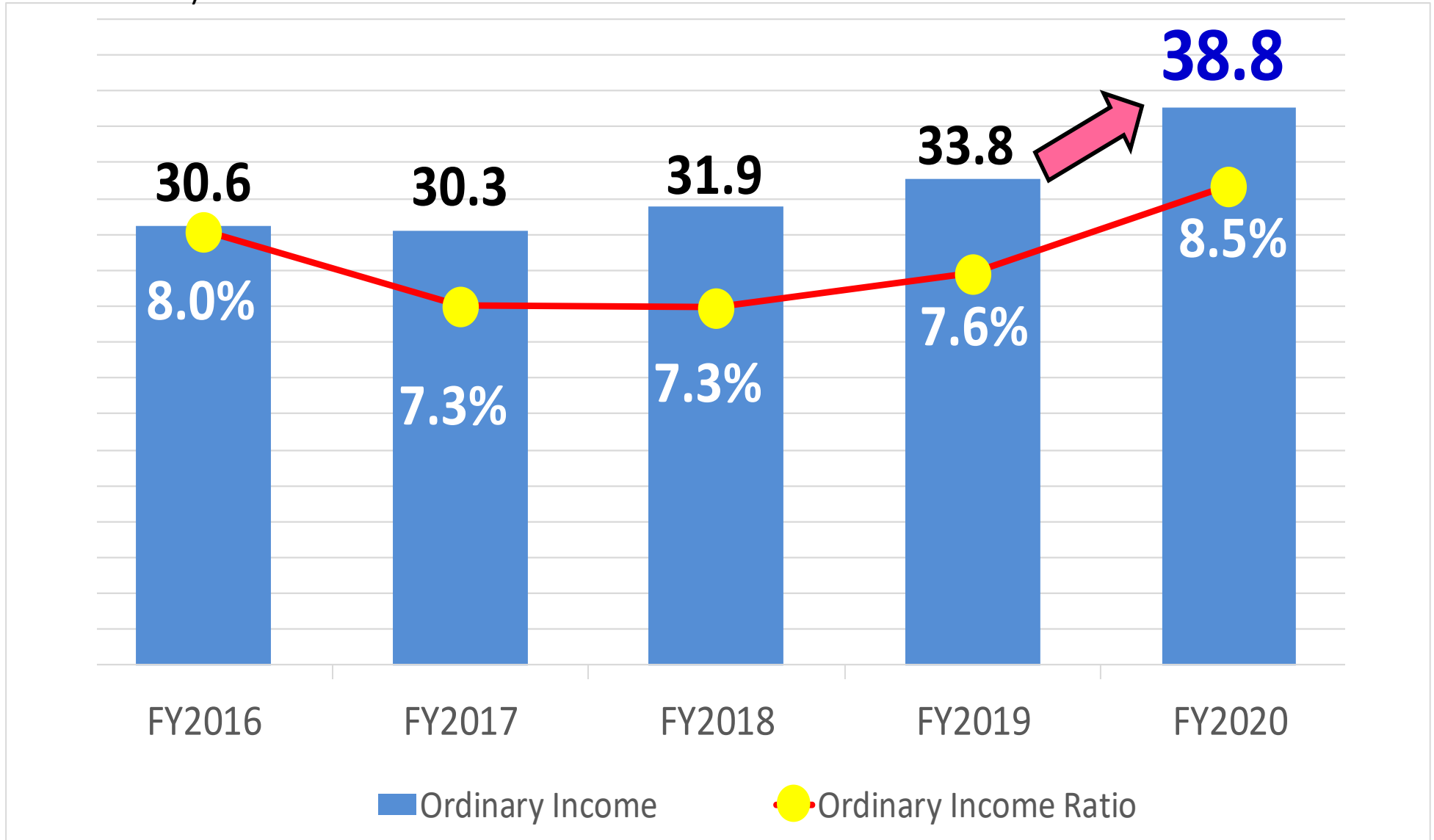
# Analysis of the Profit and Loss

(Billions of Yen)	FY2019	FY2020	Y o Y	Change
Net Sales	443.5	460.1	16.5	3.7%
Cost of Sales	334.1	345.0	10.9	3.3%
Labor cost	163.9	166.6	2.6	1.6%
Expense	45.2	49.9	4.6	10.4%
Depreciation	13.1	12.8	(0.3)	(2.6%)
Others	53.5	55.3	1.8	3.4%
Cost of product sold & installation	58.3	60.3	2.0	3.5%
SG & A	77.0	78.2	1.1	1.5%
Advertising expenses	2.5	2.7	0.2	8.1%
Personnel cost	49.6	49.4	(0.1)	(0.4%)
Depreciation	1.9	2.1	0.1	8.7%
Others	22.8	23.8	0.9	4.3%
Operating Income	32.2	36.7	4.5	14.0%

(Billions of Yen)



(Billions of Yen)



# Consolidated Balance Sheet

(Billions of Yen)

	FY2020	FY2019	Y o Y		FY2020	FY2019	Y o Y
<b><u>Current assets</u></b>	<b>229.4</b>	<b>208.0</b>	<b>21.4</b>	<b><u>Current liabilities</u></b>	<b>98.4</b>	<b>92.5</b>	<b>5.9</b>
Cash and deposits	56.3	53.8	2.5	Notes and accounts payable	25.3	22.9	2.3
Cash for Transportation Security	87.5	72.5	14.9	Short-term loans payable	16.3	12.3	4.0
Services and advances paid				Accounts payable	20.7	24.7	(3.9)
Notes and accounts receivable	56.0	54.9	1.1	Other	36.0	32.4	3.5
Other	29.5	26.6	2.8				
				<b><u>Noncurrent liabilities</u></b>	<b>59.9</b>	<b>60.5</b>	<b>(0.5)</b>
<b><u>Noncurrent assets</u></b>	<b>199.3</b>	<b>202.0</b>	<b>(2.7)</b>	Long-term loans payable	4.7	6.2	(1.5)
Property, plant and equipment	90.4	89.4	0.9	Lease obligations	22.8	21.2	1.6
Intangible assets	32.5	33.0	(0.4)	Retirement benefit liability	27.5	27.6	(0.0)
Investments and other assets	76.2	79.5	(3.2)	Other	4.7	5.3	(0.5)
				<b>Total liabilities</b>	<b>158.3</b>	<b>153.0</b>	<b>5.3</b>
				Shareholders' equity	255.2	238.0	17.1
				Total valuation and translation adjustments	(9.7)	(5.0)	(4.7)
				Non-controlling interests	24.9	24.0	0.9
				<b>Total net assets</b>	<b>270.4</b>	<b>257.0</b>	<b>13.3</b>
<b>Total assets</b>	<b>428.7</b>	<b>410.1</b>	<b>18.6</b>	<b>Total liabilities and net assets</b>	<b>428.7</b>	<b>410.1</b>	<b>18.6</b>

# Consolidated Cash Flows

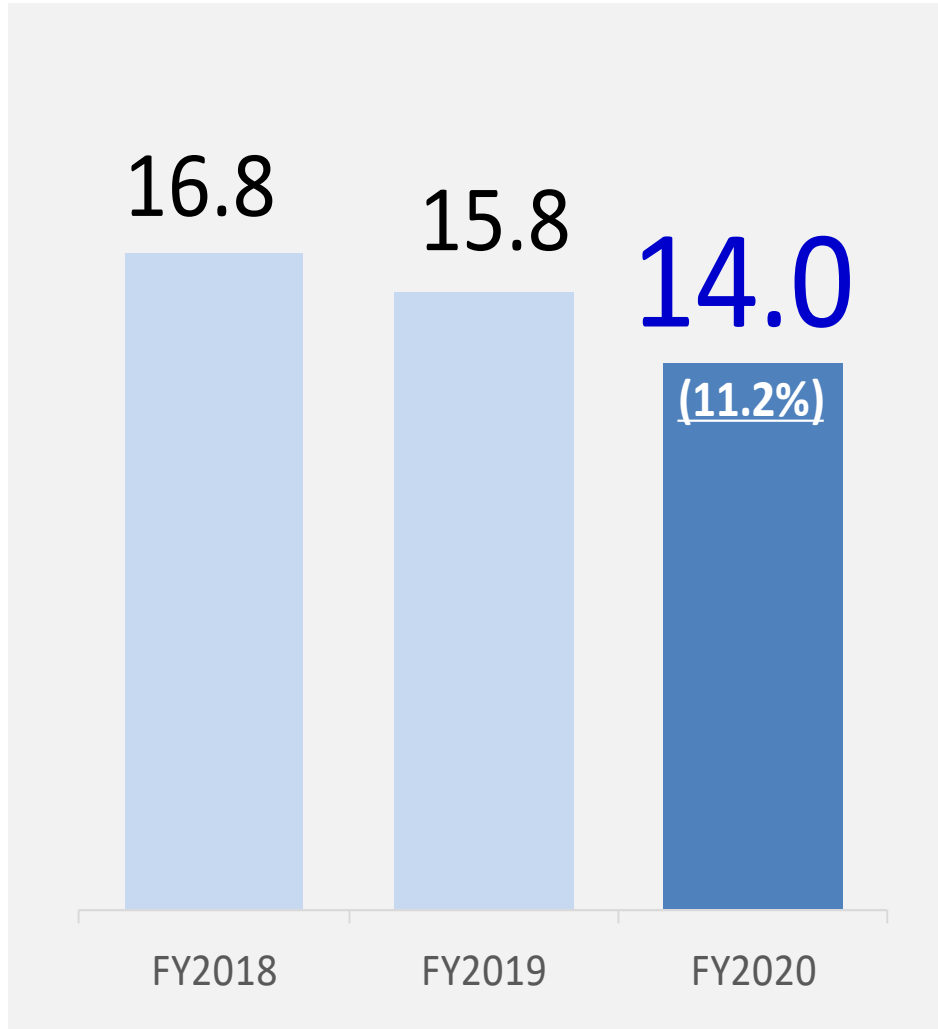
(Billions of Yen)

	FY2019	FY2020	Y o Y
Net cash provided by (used in) operating activities	28.7	33.8	5.1
Net cash provided by (used in) investing activities	(14.9)	(13.3)	1.5
Net cash provided by (used in) financing activities	(10.9)	(15.1)	(4.1)
Cash and cash equivalents at end of period	43.4	48.7	5.3

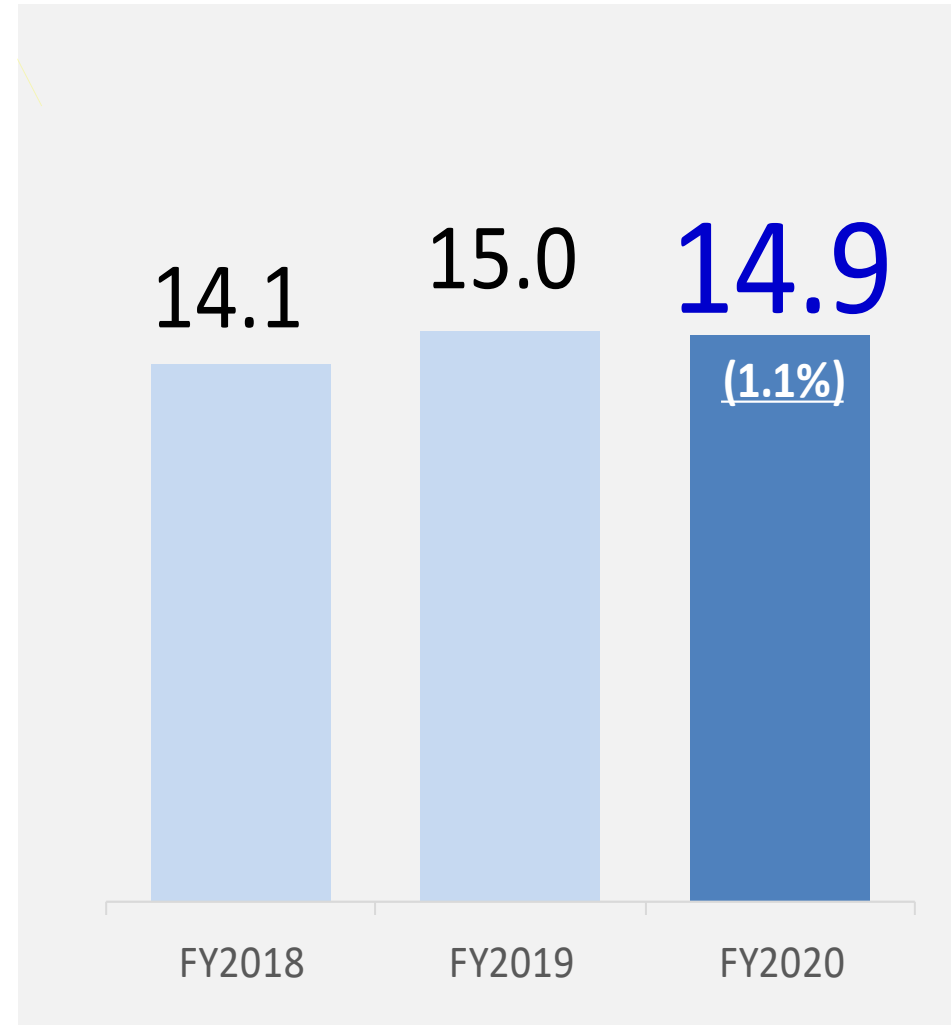
## Major items of FY2020

● Net cash provided by (used in) operating activities	Income before income tax	38.3
	Depreciation	14.9
	Income taxes paid	(9.9)
	Increase/decrease in assets/liabilities for Transportation Security Services	(9.7)
● Net cash provided by (used in) investing activities	Purchase of property, plant and equipment	(11.0)
	Purchase of intangible assets	(5.5)
● Net cash provided by (used in) financing activities	Dividends paid	(7.0)
	Repayments of lease obligations	(4.1)

■ Capital expenditures (Billions of Yen)



■ Depreciation (Billions of Yen)

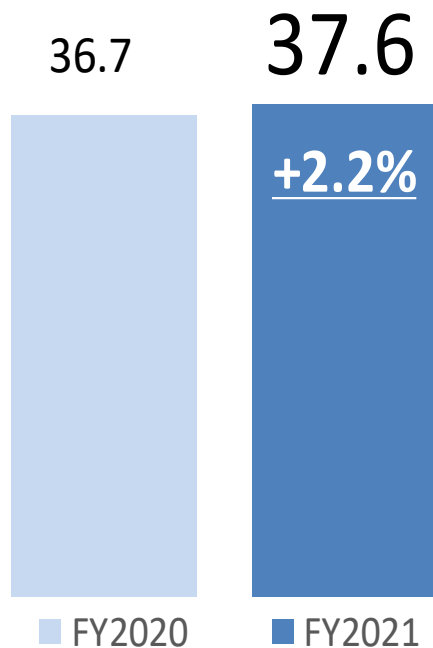


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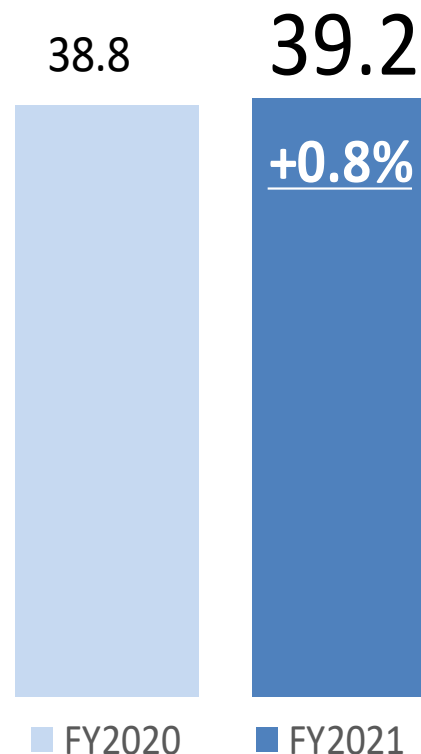
## Net Sales



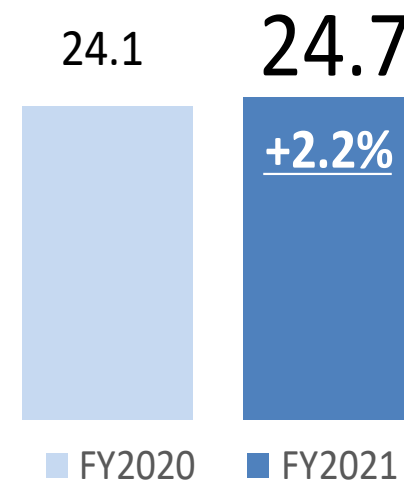
## Operating Profit



## Ordinary Profit



## Profit Attributable to Owners of Parent

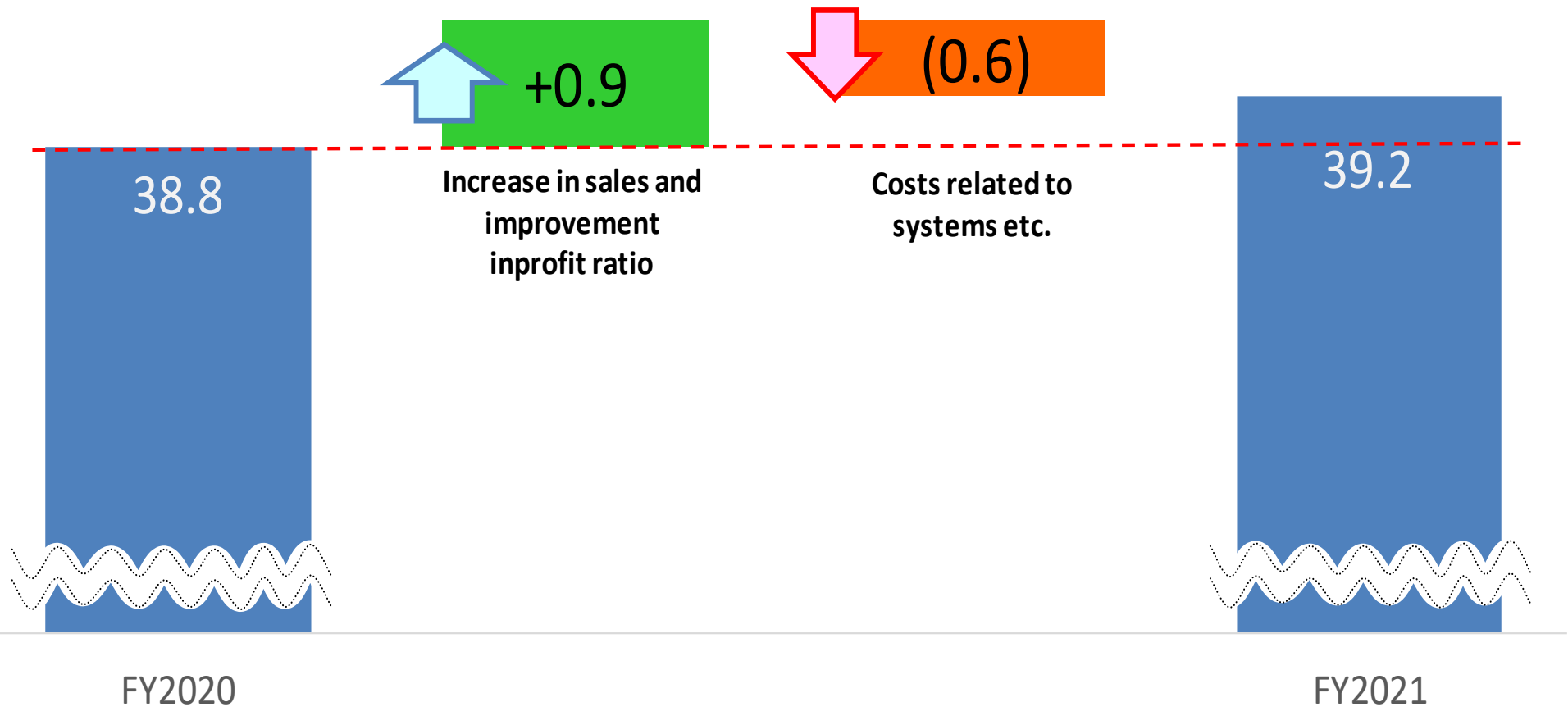


Note: Decrease in sales with little more than 6 billion yen is anticipated due to the spread of Covid-19

(Bilions of Yen)



(Billions of Yen)



	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021 (Forecast)</b>
<b>Dividends per share (Yen)</b>	<b>60</b> (30.0)Interim (30.0)Year-end	<b>66</b> (31.0)Interim (35.0)Year-end	<b>70</b> (34.5)Interim (35.5)Year-end	<b>70</b> (35.0)Interim (35.0)Year-end
<b>Payout ratio</b>	<b>31.3%</b>	<b>30.0%</b>	<b>29.3%</b>	<b>28.7%</b>

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

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## ☆ Priority measures of ALSOK Group

- ① Measures to prevent the spread of Covid-19 (Coronavirus)
- ② Advancement of long-term care business
- ③ Expansion of facility management business
- ④ New products and services
- ⑤ TOKYO 2020 Olympic and Paralympic Games

## ☆ Measures to prevent the spread of Covid-19

## Initiatives

### ■ Measures to prevent the spread of Covid-19

- Establishment of disaster countermeasures headquarter
- Wearing face mask, washing hands and gargle, and taking temperature by thermography
- Expansion to work from home and promoting staggered working hours
- Movement restriction from one's work place
- Admission restriction and thorough cleaning in facilities related to long-term care (Sterilization in facilities utilizing indoor spray [Hypochlorus acid water])
- Proposal of anti-virus products

etc.

## ☆ Advancement of long-term care business

### Expansion of long-term care business by M&A

#### Life Holdings

##### ■ Life Co., Ltd.

Mainly operates private residential homes in Tokyo, Kanagawa, Saitama, and Chiba prefecture

##### ■ MBIC Life Co., Ltd.

Operates various inspections such as food inspection and intestinal bacteria inspection based on Food Sanitation Act, to provide safety for the society

### Enhancement of long-term care business by reorganization of corporate group

Wisnet Co., Ltd.

HCM Corporation

ALSOK Care & Support Co., Ltd

ANTEI CARE Ltd.

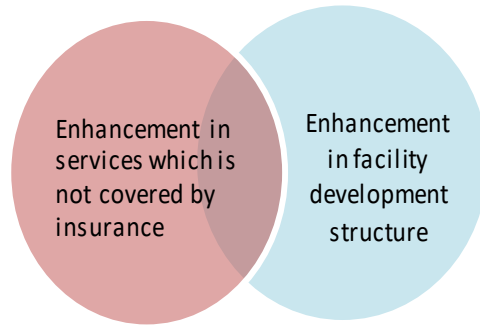
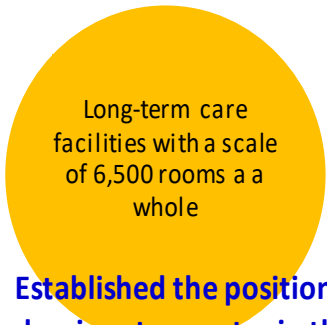
<Integration>

Integrated Company

(October 1, 2020)



< Quantitative expansion >      < Qualitive expansion >



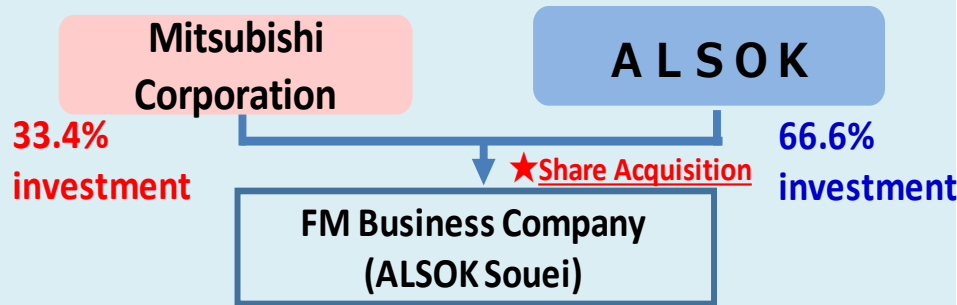
Established the position as dominant operator in the capital area

☆ Expansion of facility Management business

## Strategic partnership with Mitsubishi Corporation

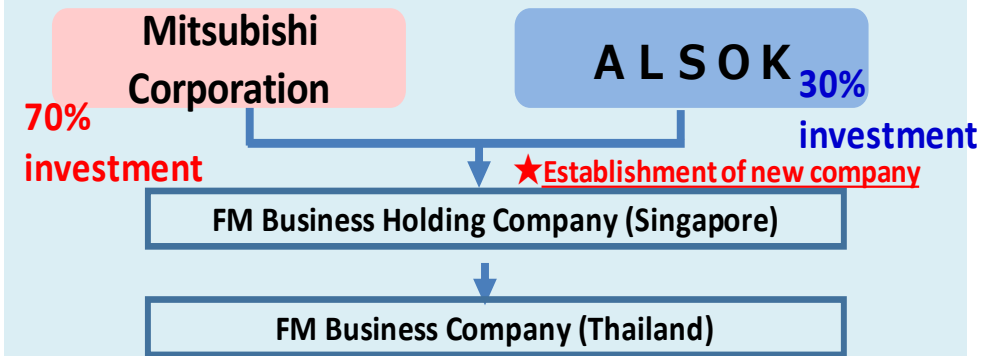
Expansion of facility management (hereafter "FM") business scale both in domestic and international markets

### <Domestic Business>



Expansion of domestic FM business scale

### <Overseas Business>



Entering Southeast Asian markets starting with Thailand market

Coprehensively develop services providing safety both domestically and internationally, by combining Mitsubishi Corporation's collective capabilities and global network with ALSOK's advanced FM technologies and security expertise

☆ New products and services (i)

## ALSOK-G7

- In addition to incursion, fire, and emergency report, ascertainment is possible by live images
- An abundance of optional services is added to provide the most suitable plan to accommodate each customer needs

【 Service started on February 28, 2020 】

### Various services

Notification to set security incase of forgetting



Activate and deactivate security remotely



Notification of the activation and deactivation of security



Confirmation of the record and mode of security



### New Services

New

#### Ascertainment by live images

Regardless of day and night, by the image sensor with sophisticated microhone, the image of the stores can be viewed via customer's smartphones and computers.



Other optional services to be added

Image storage using the cloud, image check of the entering and leaving, equipment control etc.



☆ **New products and services (ii)**

## Mobile Security Terminal MAMOLOOK

In addition to the dispatch to the scene in case of emergency and GPS location information, fulfilling telephone function is enhanced

**【 Launched updated version on April 27, 2020 】**

### Various services

■ Dispatch Service

ALSOK staff can be dispatched to the scene upon request

■ Location Information Service

Providing location information utilizing GPS

■ Situation Confirmation Service

Notification goes to ALSOK when pulling the strap of the terminal which safety confirmation is made at the same time with the report to emergency contacts



### New feature of MAMOLOOK

■ Fulfilling telephone function

It can be used as a mobile phone and is possible to call and receive calls from the numbers registered beforehand

Enhanced the function as the use for daily means of communication



☆ New products and services (iii)

## HOME ALSOK MIMAMORI SUPPORT

Countermeasures against disasters cooperating with local municipalities and various services setting "community-based care" as the key point

【 New model to be released on July 2020 】

### Various services

Emergency report

Emergency information

Watch over information

Life rhythm

Fire alarm

Gas alarm

Health consultation



### New services



Evacuation assistance in the event of disaster

Early warning email recieved from municipalities is read aloud to customers



Other services  
Promptly grasp people wandering alone, measures for heatstroke etc.

**☆ Tokyo 2020 Olympic and Paralympic Games****Initiative toward Tokyo 2020 Olympic and Paralympic Games**

(Olympic scheduled to be held on July 23, 2021 and Paralympic scheduled to be held on August 24, 2021 )

Mobilize ALSOK Group's collective strengths and contribute to safe operation and success of the Games

■ ALSOK as the leading company

Security industry will work together to correspond to the event

# 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.**

