

2023年3月期決算説明会資料
Financial Results

総合警備保障株式会社

SOHGO SECURITY SERVICES CO., LTD.

証券コード 2331（東京証券取引所 プライム市場）
Securities Code: 2331(TSE Prime Market)



1. Sales increased while profits decreased from the previous year, but there has been a recovery trend from the second half of the year.

- Sales have increased for 13 consecutive years.
- Revised business performance forecasts were achieved in terms of net sales, operating income, and ordinary income.

2. Increases in both sales and profit are forecast for the fiscal year ending March 31, 2024.

- Demand for security services recovered due to normalization of social activities and deterioration in perceived public safety.
- Demand for outsourcing expanded due to labor shortages.

3. ALSOK Group Initiatives

- New service offerings (1) HOME ALSOK Connect (2) ALSOK IT Rescue
- Promotion of stationed DX (value-added improvement through greater efficiency, labor savings, and sophistication)

1

Financial Results for FY2023

2

Business Plan for FY2024

3

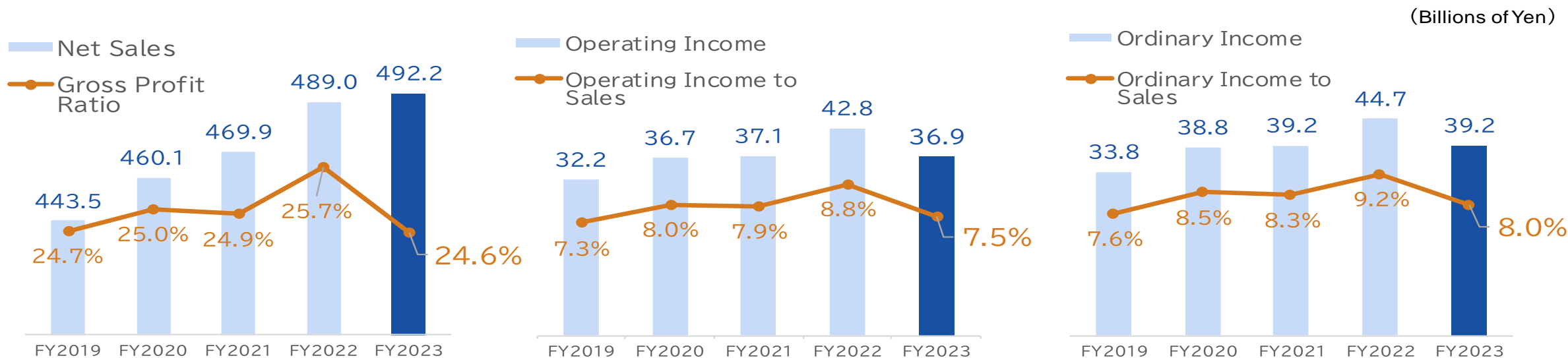
ALSOK Group Initiatives

1 Financial Results for FY2023

2 Business Plan for FY2024

3 ALSOK Group Initiatives

Net Sales and Income



YoY/Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change	(Reference)		
					FY2023 Business Plan	Gap	Achievement Ratio
Net Sales	489.0	492.2	3.1	0.6%	489.0	3.2	100.7%
Operating Income	42.8	36.9	(5.8)	(13.7%)	36.0	0.9	102.8%
Ordinary Income	44.7	39.2	(5.5)	(12.4%)	38.0	1.2	103.2%
Profit Attributable to Owners of Parent	28.9	23.9	(5.0)	(17.3%)	24.5	(0.5)	97.8%

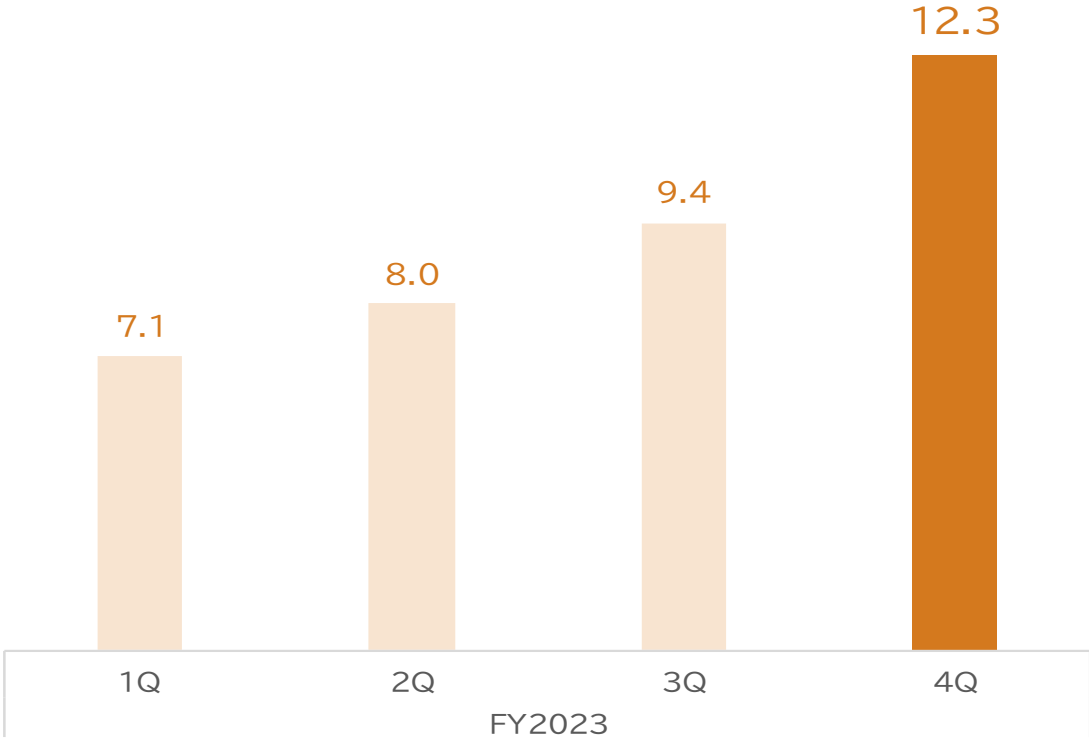
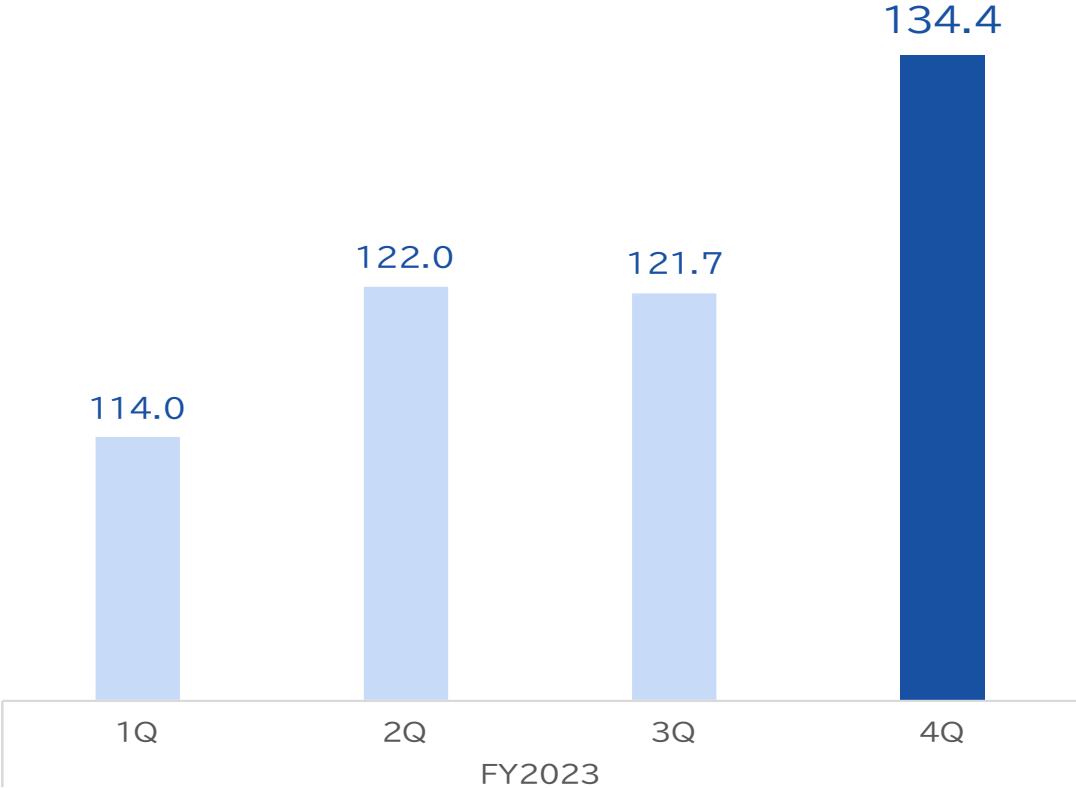
※ We revised the consolidated financial forecasts on January 31, 2023.

Net Sales/Operating Income (according to the quarter)

(Billions of Yen)

Net Sales

Operating Income



YoY/Gap

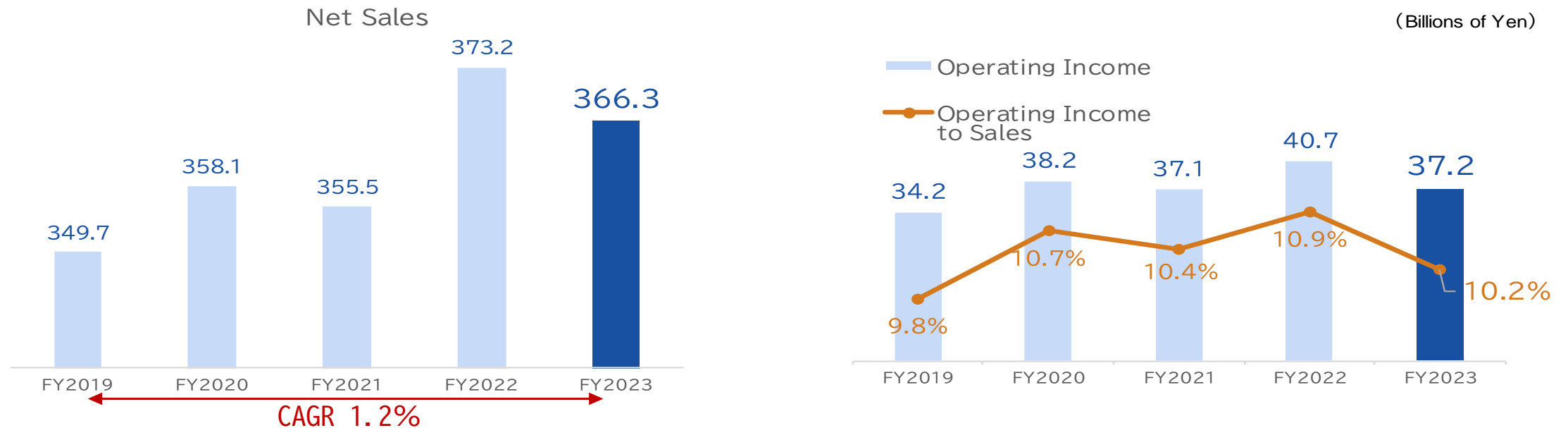
(Billions of Yen)	FY2022	FY2023	YoY	Change
Security Services	373.2	366.3	(6.8)	(1.8%)
General Property Management and Fire Protection Services	68.1	72.9	4.8	7.1%
Long-term Care Services	41.6	47.4	5.8	14.0%
Other Services	6.0	5.3	(0.6)	(10.6%)
Total	489.0	492.2	3.1	0.6%
Sales Overseas	5.0	6.3	1.2	23.9%

(Reference)

FY2023 Business Plan	Gap	Achievement Ratio
365.0	1.2	100.3%
70.7	2.2	103.2%
47.8	(0.3)	99.3%
5.3	0.0	100.7%
489.0	3.2	100.7%

※We revised the consolidated financial forecasts on January 31, 2023.

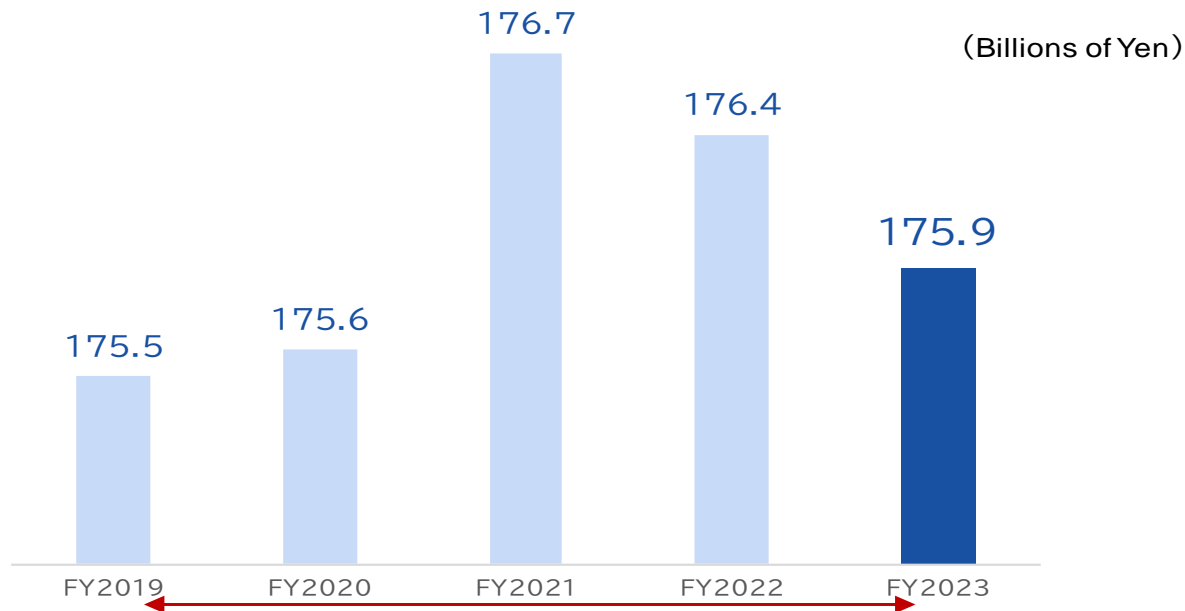
Net Sales/Operating Income



YoY/Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change	(Reference)	FY2023 Business Plan	Gap	Achievement Ratio
Net Sales	373.2	366.3	(6.8)	(1.8%)	365.0	1.2	100.3%	
Contract Sales	336.9	329.2	(7.7)	(2.3%)	330.0	(0.8)	99.8%	
Construction Sales	5.7	5.7	0.0	(0.6%)	5.6	0.0	101.6%	
Equipment Sales	30.4	31.3	0.9	3.0%	29.4	1.9	106.7%	
Operating Income	40.7	37.2	(3.4)	(8.5%)	36.3	0.9	102.7%	
Operating Income to Sales	10.9%	10.2%	—	—	9.9%	—	—	

Net Sales

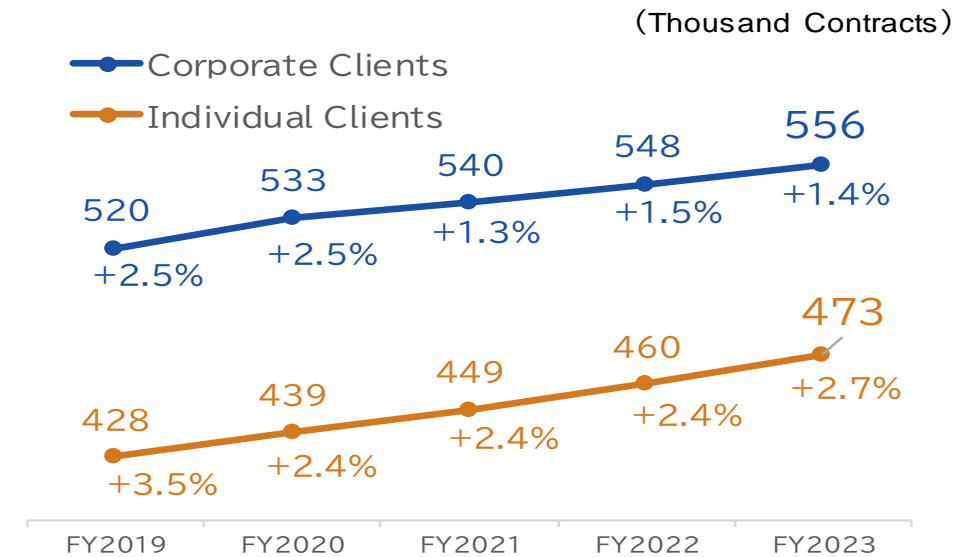


YoY/Gap

CAGR 0.2%

(Billions of Yen)	FY2022	FY2023	YoY	Change
Net Sales	176.4	175.9	(0.5)	(0.3%)
Contract Sales	141.5	139.9	(1.5)	(1.1%)
Construction Sales	5.6	5.6	0.0	(0.2%)
Equipment Sales	29.2	30.3	1.0	3.6%

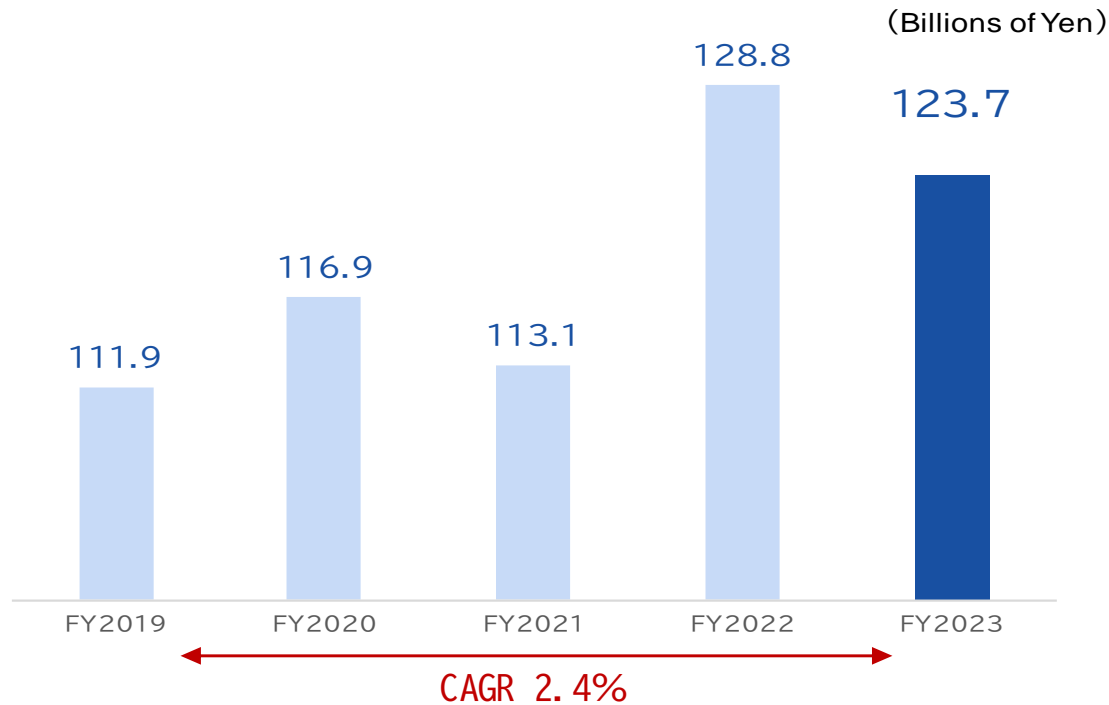
Increase in The Number of Contracts of Electronic Security Services



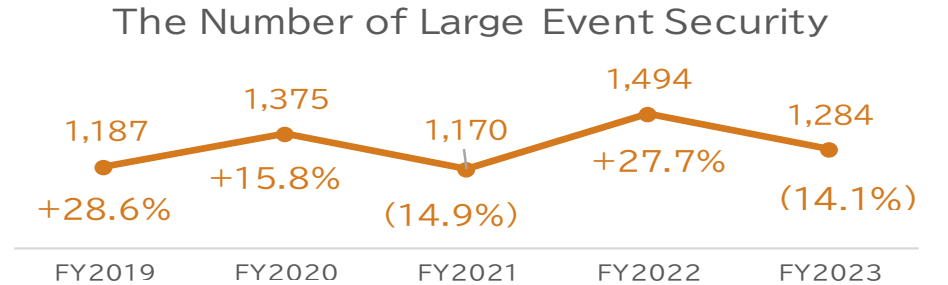
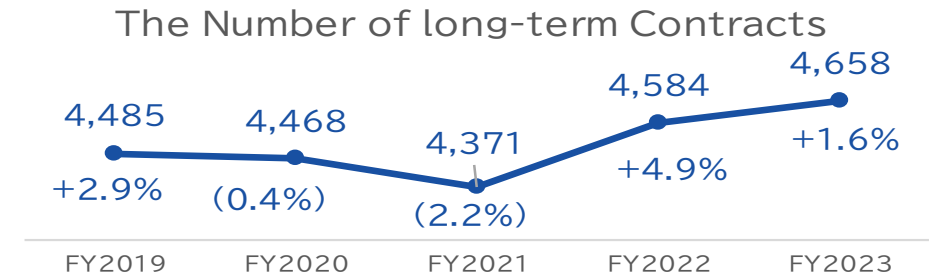
(Reference)

FY2023 Business Plan	Gap	Achievement Ratio
173.9	1.9	101.1%
139.9	0.0	100.0%
5.5	0.0	101.2%
28.3	1.9	106.8%

Net Sales



Trends in The Number of Long-term Contracts/Large Event Security



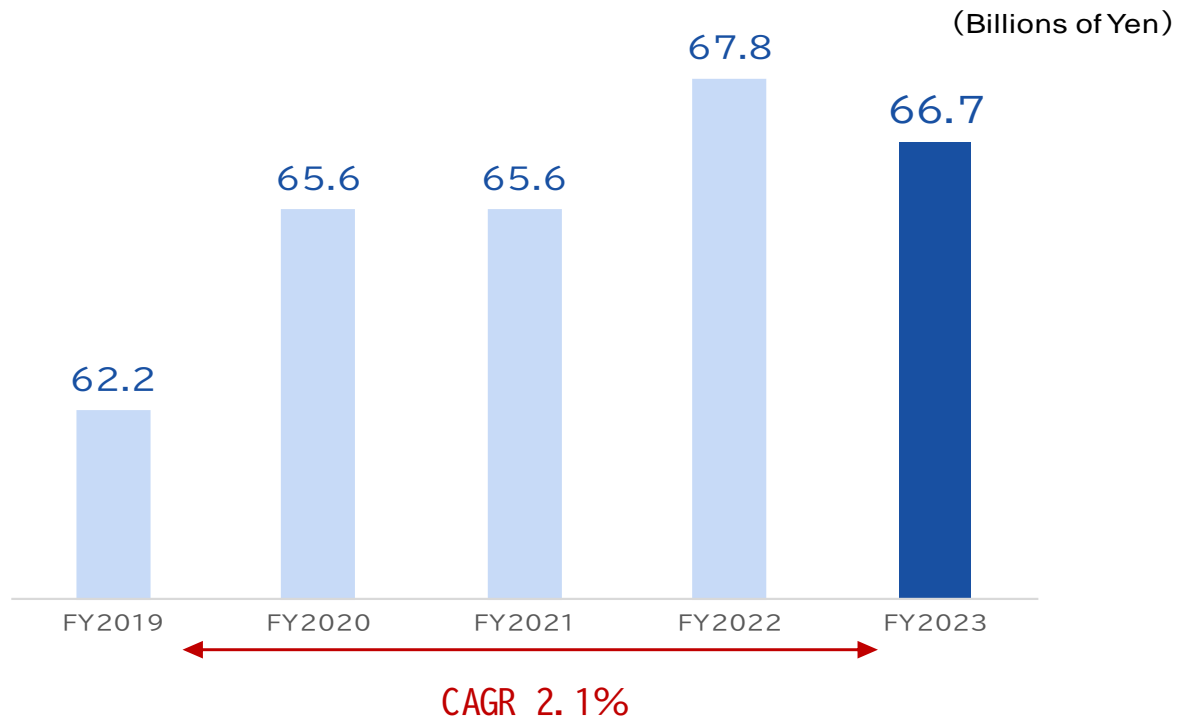
YoY/Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change
Net Sales	128.8	123.7	(5.1)	(4.0%)

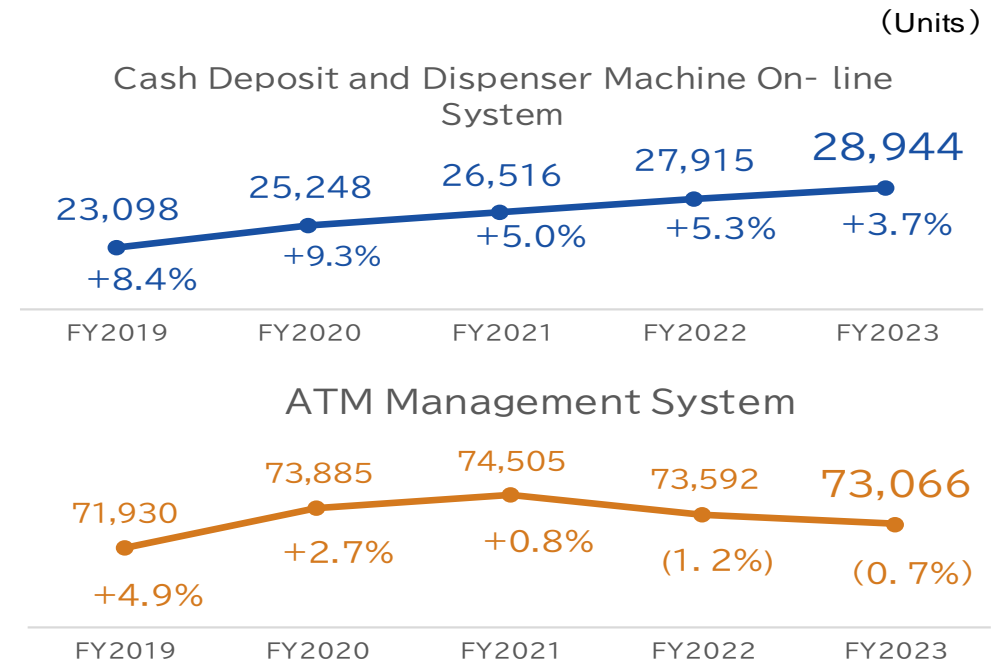
(Reference)

FY2023 Business Plan	Gap	Achievement Ratio
124.0	(0.3)	99.7%

Net Sales



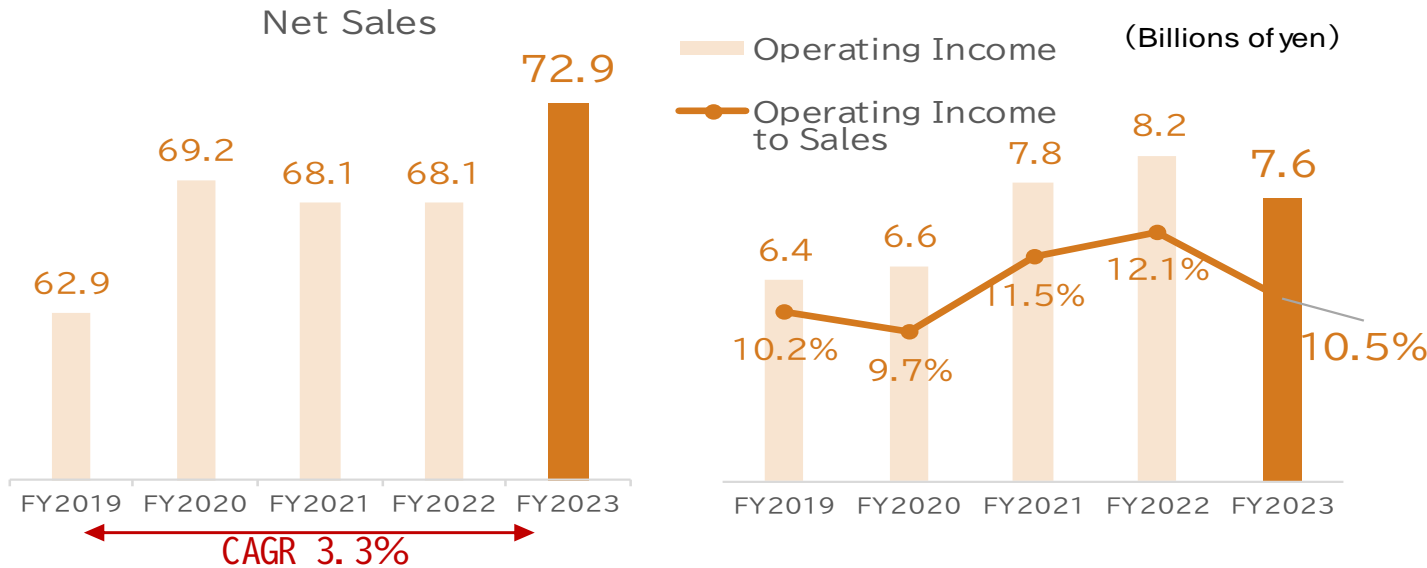
Trends in The Number of Cash Deposit and Dispenser Machine On-line System/ATM Management System



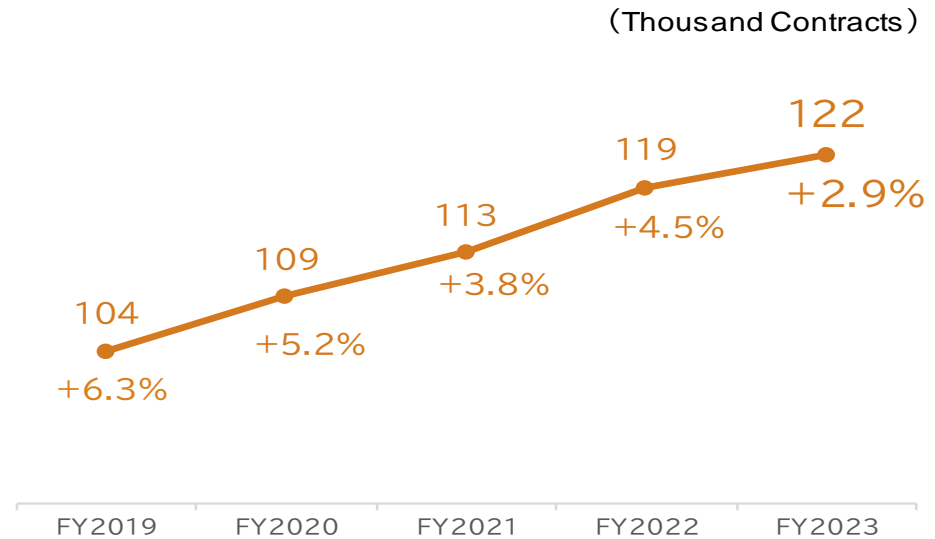
YoY·Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change	(Reference)	FY2023 Business Plan	Gap	Achievement Ratio
Net Sales	67.8	66.7	(1.1)	(1.7%)		67.0	(0.3)	99.4%

Net Sales/Operating Income



Increase in The Number of Long-term Contracts



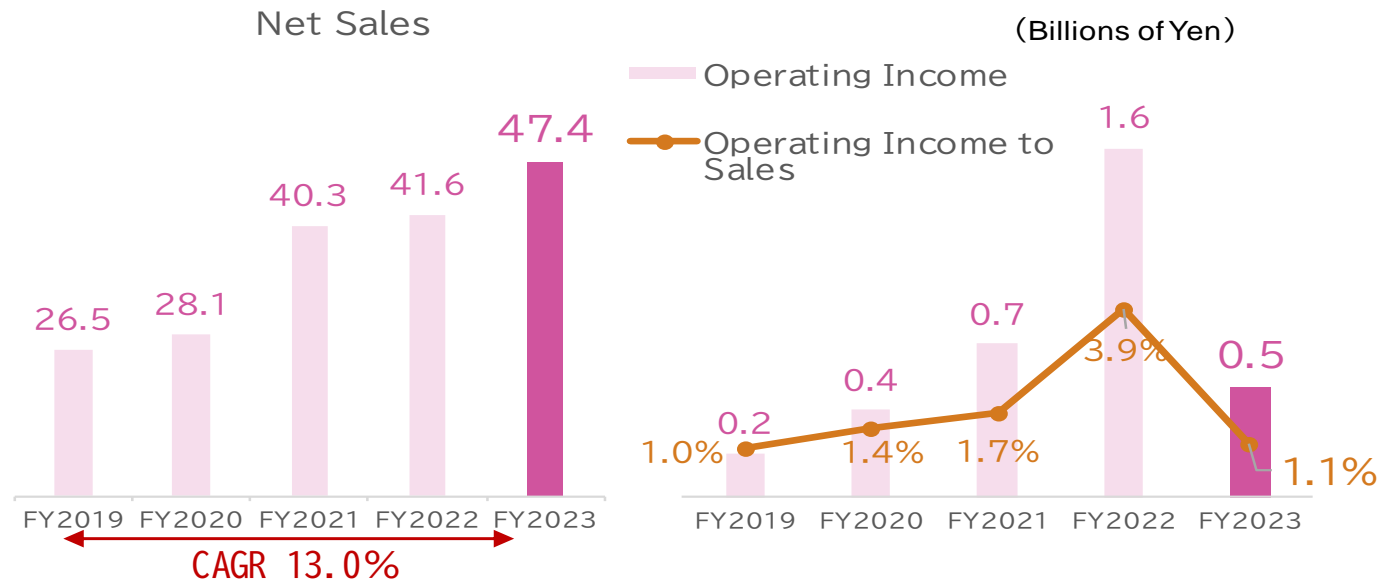
YoY/Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change
Net Sales	68.1	72.9	4.8	7.1%
Contract Sales	35.7	34.5	(1.2)	(3.5%)
Construction Sales	19.4	24.6	5.2	26.9%
Equipment Sales	13.0	13.8	0.8	6.3%
Operating Income	8.2	7.6	(0.5)	(7.2%)
Operating Income to Sales	12.1%	10.5%	-	-

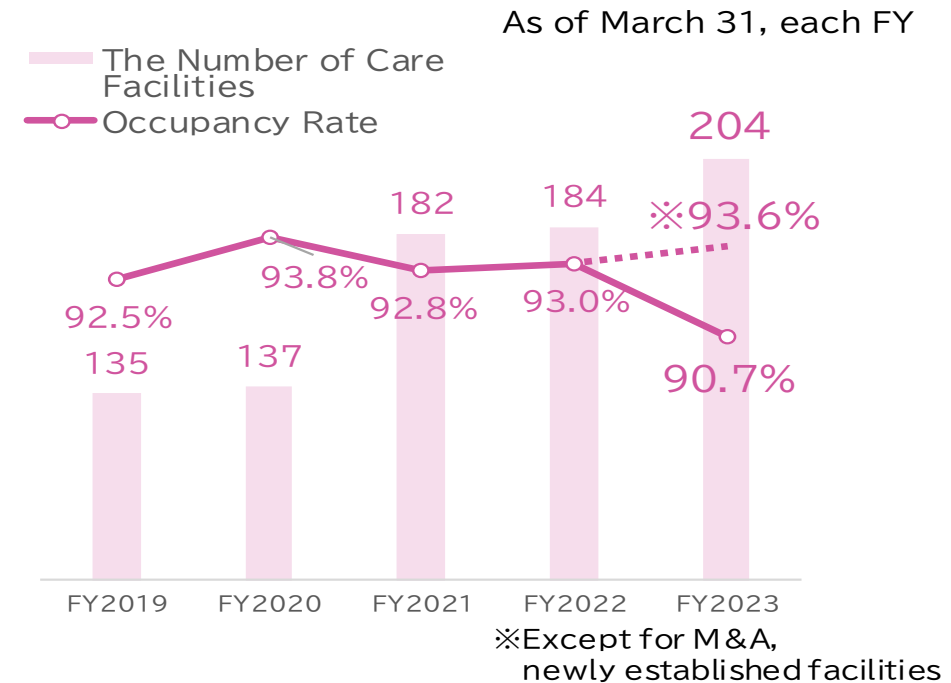
(Reference)

FY2023 Business Plan	Gap	Achievement Ratio
70.7	2.2	103.2%
34.3	0.1	100.3%
23.7	0.9	103.8%
12.5	1.2	109.7%
7.5	0.1	102.1%
10.6%	-	-

Net Sales/Operating Income



Trends in The Number of Care Facilities/ Occupancy Rate of Care Facilities



YoY/Gap

(Billions of Yen)	FY2022	FY2023	YoY	Change
Net Sales	41.6	47.4	5.8	14.0%
Operating Income	1.6	0.5	(1.0)	(67.4%)
Operating Income to Sales	3.9%	1.1%	—	—

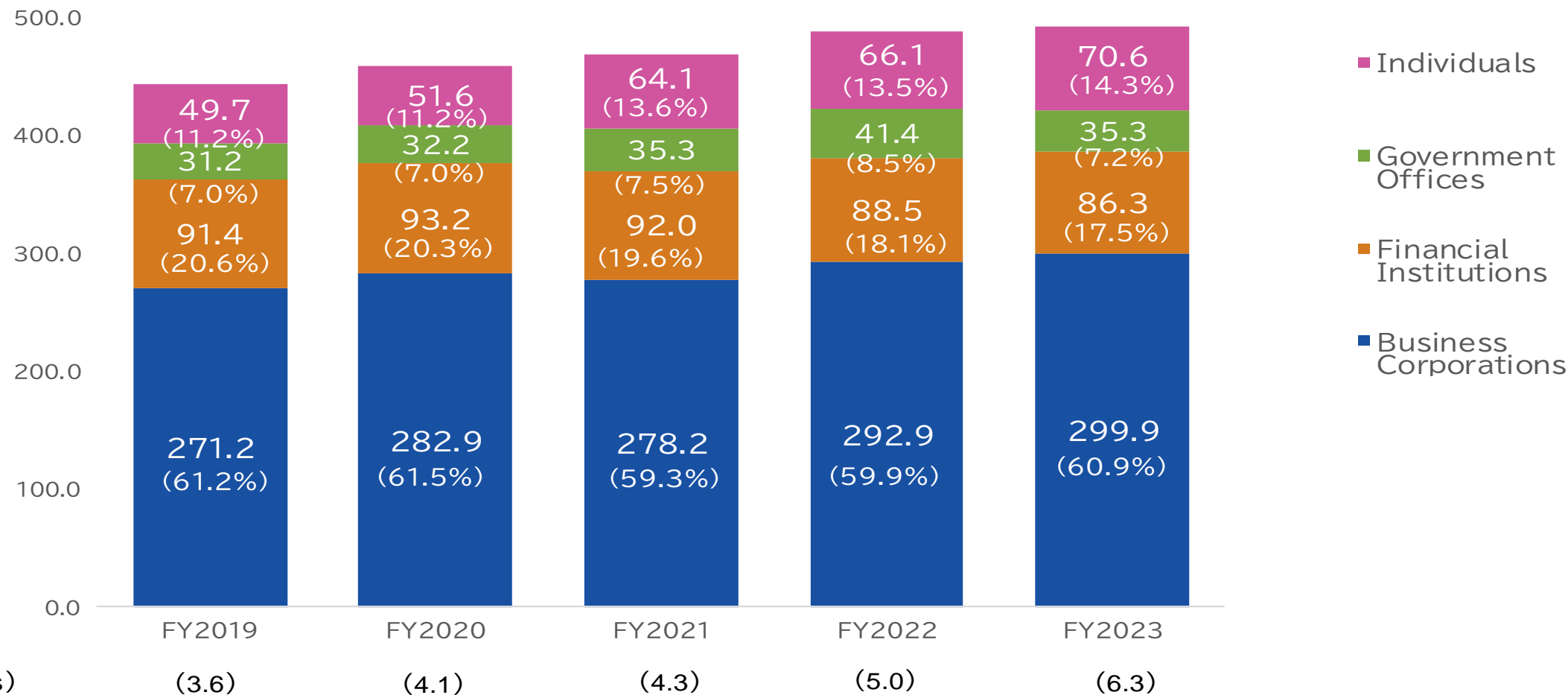
(Reference)

FY2023 Business Plan	Gap	Achievement Ratio
47.8	(0.3)	99.3%
0.7	(0.2)	68.6%
1.6%	—	—

Sales by client type/Sales Composition

(Sales Composition)

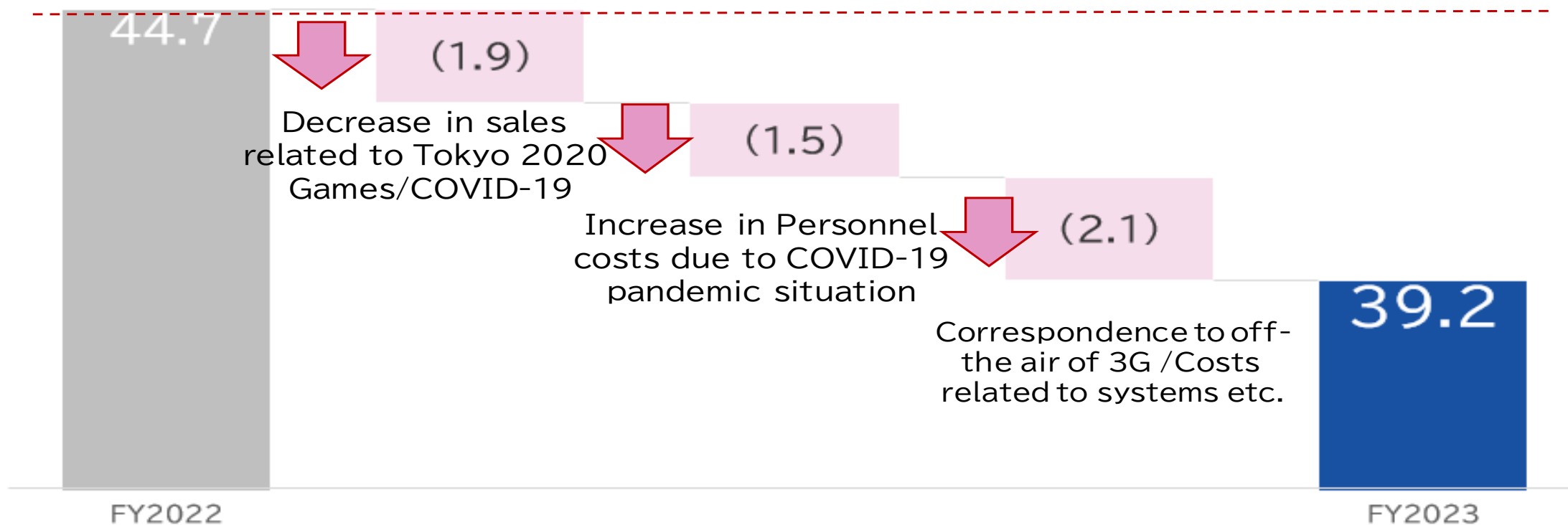
(Billions of Yen)



Results

(Billions of Yen)	FY2022	FY2023	YoY	Change
Net Sales	489.0	492.2	3.1	0.6%
Cost of Sales	363.5	370.9	7.4	2.1%
Labor Cost	172.0	171.0	(1.0)	(0.6%)
Expense	60.3	60.5	0.1	0.3%
Depreciation	13.7	14.2	0.4	3.1%
Others	62.1	62.4	0.2	0.3%
Cost of Product Sold&Installation	55.1	62.8	7.6	14.0%
SG&A	82.7	84.2	1.5	1.8%
Advertising Expenses	2.8	2.0	(0.8)	(29.1%)
Personnel Cost	50.3	50.5	0.1	0.3%
Depreciation	3.0	3.6	0.6	20.7%
Others	26.3	27.9	1.5	5.9%
Operating Income	42.8	36.9	(5.8)	(13.7%)

(Billions of Yen)



Consolidated Balance Sheet

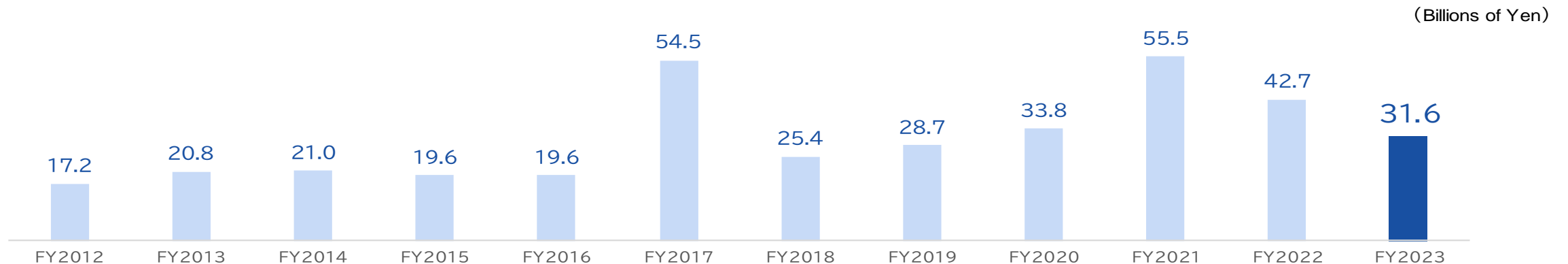
17

(Billions of Yen)	FY2022	FY2023	YoY	(Billions of Yen)	FY2022	FY2023	YoY
<u>Current assets</u>	233.8	239.0	5.1	<u>Current liabilities</u>	90.3	98.8	8.4
Cash and deposits	71.3	59.2	(12.1)	Notes and accounts payable	23.0	29.6	6.5
Cash for Transportation Security Services and paid	76.7	83.7	6.9	Short-term loans payable	8.4	7.8	(0.6)
Notes and accounts receivable-trade, and contract assets	56.4	65.3	8.9	Accounts payable	22.4	21.1	(1.3)
Other	29.2	30.6	1.3	Other	36.3	40.2	3.8
<u>Noncurrent assets</u>	254.4	277.6	23.2	<u>Noncurrent liabilities</u>	70.3	73.8	3.5
Property, plant, and equipment	103.3	116.4	13.0	Long-term loans payable	2.1	2.0	(0.0)
Intangible assets	39.7	44.1	4.4	Lease obligations	35.5	37.8	2.3
Investments and other assets	111.2	116.9	5.7	Retirement benefit liability	27.1	27.3	0.1
				Other	5.5	6.6	1.1
				Total liabilities	160.7	172.7	11.9
				Shareholder's equity	293.4	308.3	14.9
				Total valuation and adjustments	6.6	6.4	(0.1)
				Non-controlling interests	27.3	29.0	1.6
				Total net assets	327.5	343.8	16.3
Total assets	488.2	516.6	28.3	Total liabilities and net assets	488.2	516.6	28.3

Results

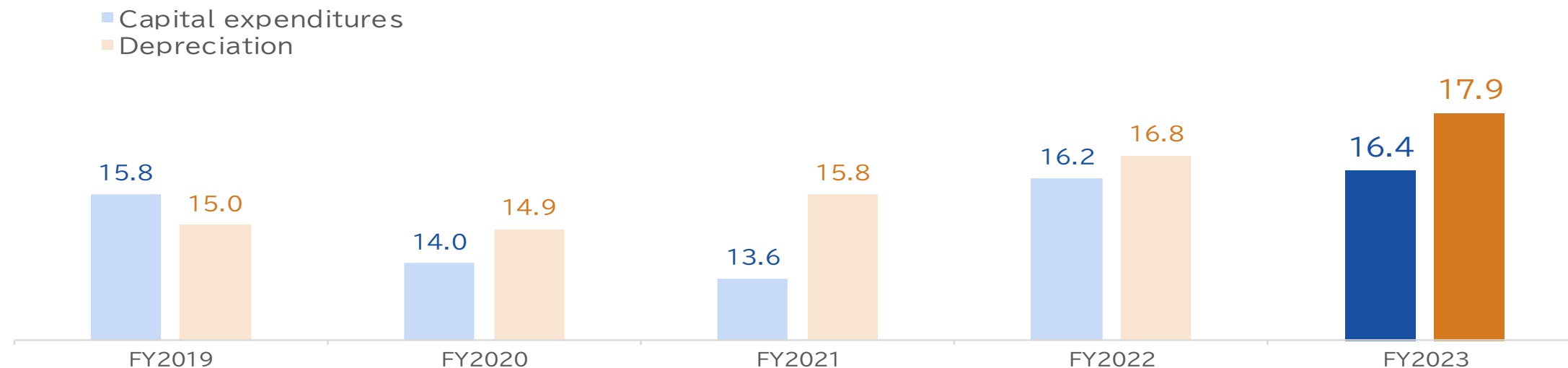
Billions of Yen	FY2022	FY2023	YoY	Change
Net cash provided by (used in) operating activities	42.7	31.6	(11.0)	(25.9%)
Net cash provided by (used in) investing activities	(14.0)	(24.8)	(10.7)	76.1%
Net cash provided by (used in) financing activities	(18.1)	(19.3)	(1.1)	6.6%
Cash and cash equivalents at end of period	63.6	51.5	(12.0)	(19.0%)
Free cash flow	28.6	6.8	(21.7)	(76.0%)

Trends in Net Cash Provided by Operating Activities



Trends in Capital Expenditures·Depreciation

(Billions of Yen)



YoY·Gap

Billions of Yen	FY2022	FY2023	YoY	Change
Capital Expenditures	16.2	16.4	0.2	1.0%
Depreciation	16.8	17.9	1.0	6.3%

(Reference)

FY2023 Business Plan	YoY	Achievement Ratio
20.4	(3.9)	80.6%
18.8	(0.8)	95.3%

1

Financial Results for FY2023

2

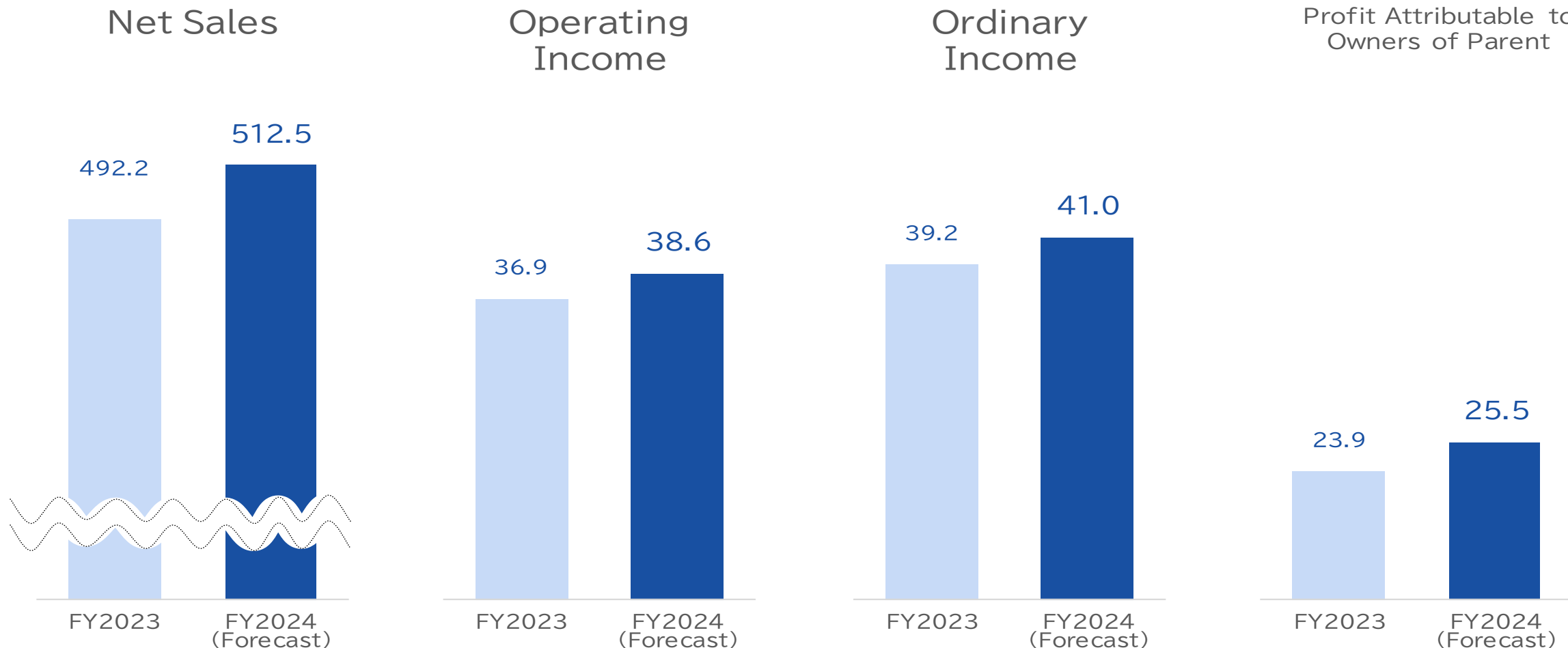
Business Plan for FY2024

3

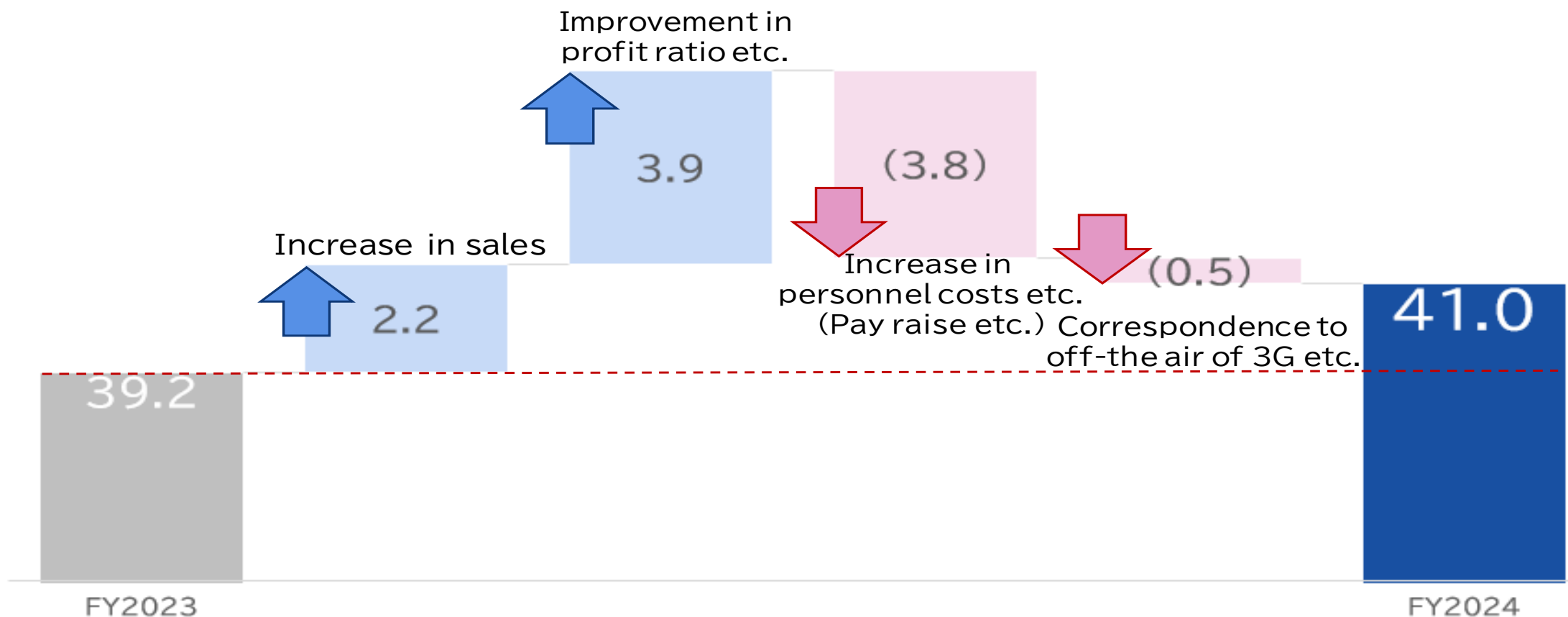
ALSOK Group Initiatives

Business Forecast for FY2024

(Billions of Yen)

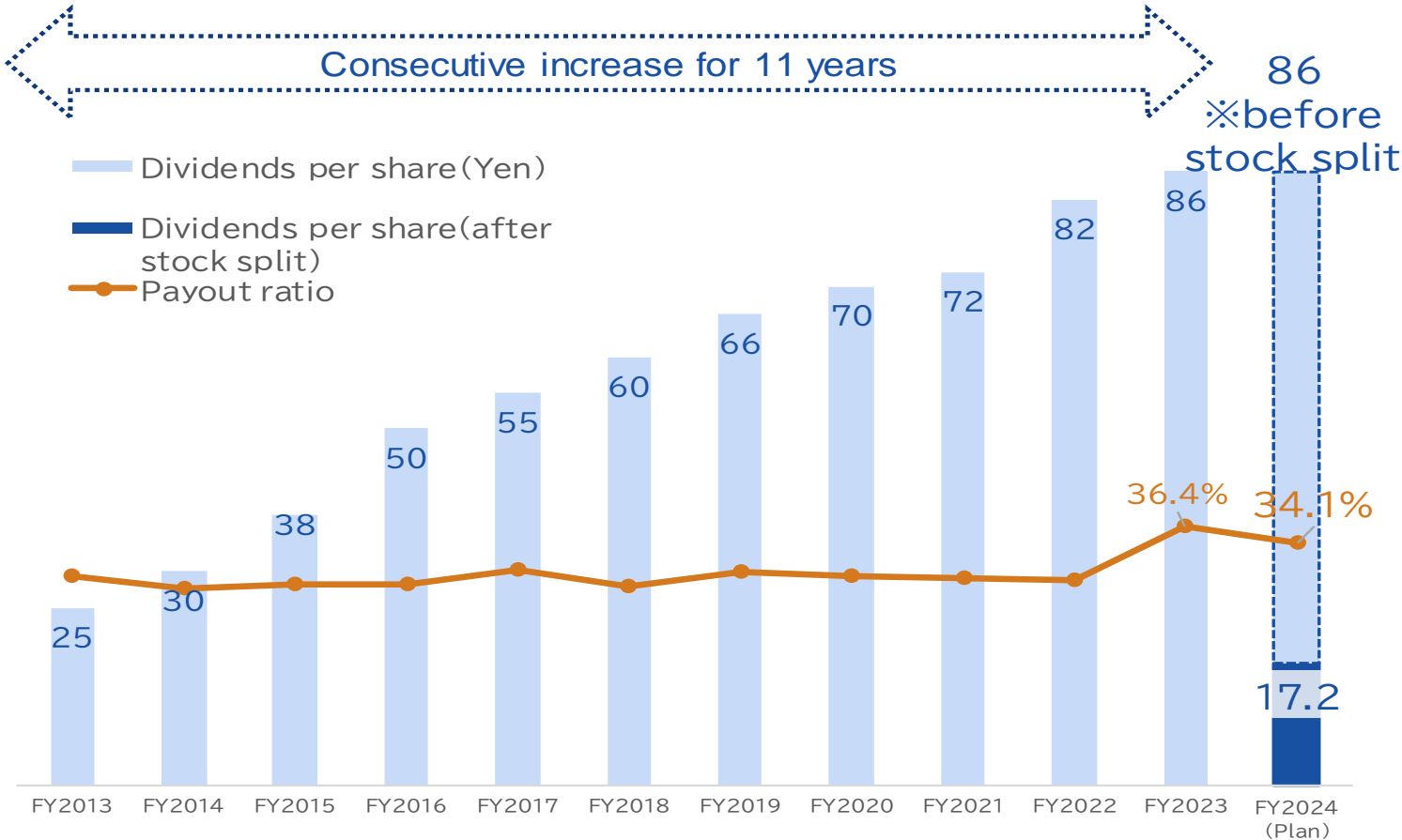


(Billions of Yen)



Dividends per share(Yen)

(Yen)



FY2024(Forecast)

17.2yen
(8.6Yen)Interim
(8.6Yen)Year-end

※Today, we announced a five-for-one stock split.

1

Financial Results for FY2023

2

Business Plan for FY2024

3

ALSOK Group Initiatives

HOME ALSOK Connect

: Available from April 2023

【3 Points】

① Two security plans to suit each life stage

Self-security plan with transfer to online security plan available

② Smartphone app makes security easy

- Security operations and security history can be checked from your smartphone or smartwatch.
- Linking with Connect Eye (security camera) lets you check images

③ Simple, compact design

- Compact and aesthetically pleasing equipment design eliminates the need for wall construction

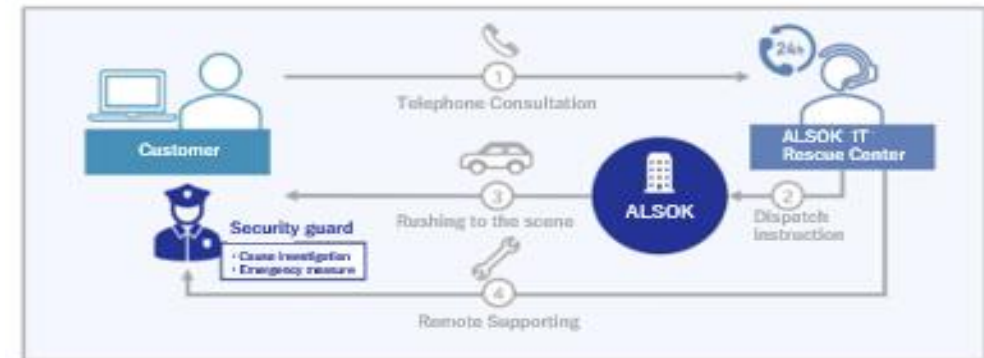


ALSOK IT rescue

: Available from March 2023

In the event of an IT equipment-related failure, guards are on call 24 hours a day, 365 days a year to quickly determine the cause and provide emergency response.

【Service Concept】



Target Area/Customers:

Clients (corporate) in the 23 wards of Tokyo

(Note: Phased expansion of service area and clients is planned.)

DX in Stationed Security

From "Demonstrated Security" to "Visible Security"

Stationed DX was first implemented at a contractor that requires a high level of security.

【Points】

① Providing added value such as increased efficiency, labor savings, etc.

- Providing high-quality services through mechanization and DX utilization

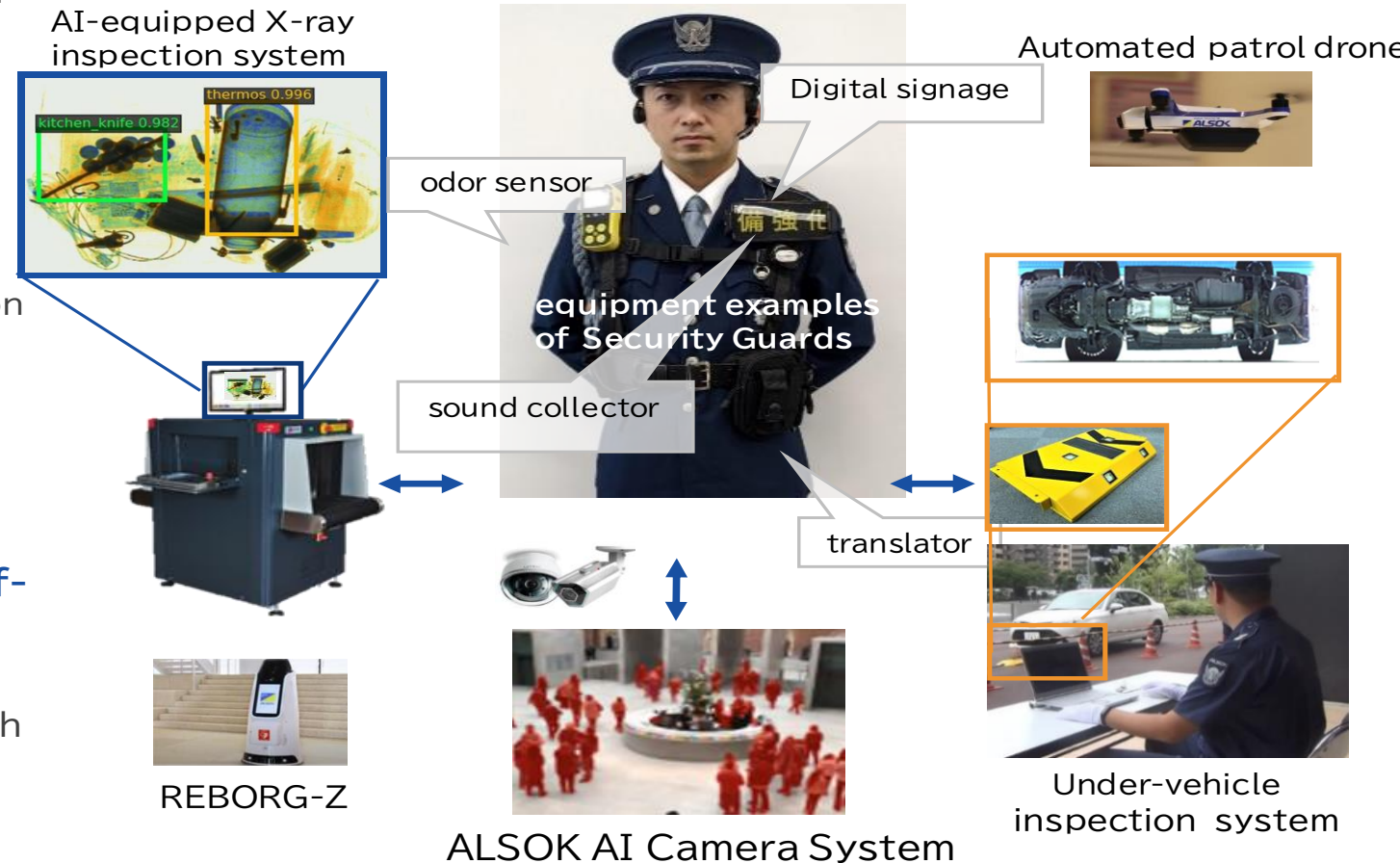
- Providing added value to stationed security by reviewing post assignments, improving efficiency, reducing manpower, etc.

② More sophisticated security using state-of-the-art devices

Further advancement of security by, for example, providing digital device-equipped security staff with follow-up using remotely controlled devices

Concept of DX implementation with stationed security

(collaboration between state-of-the-art equipment and security guards)



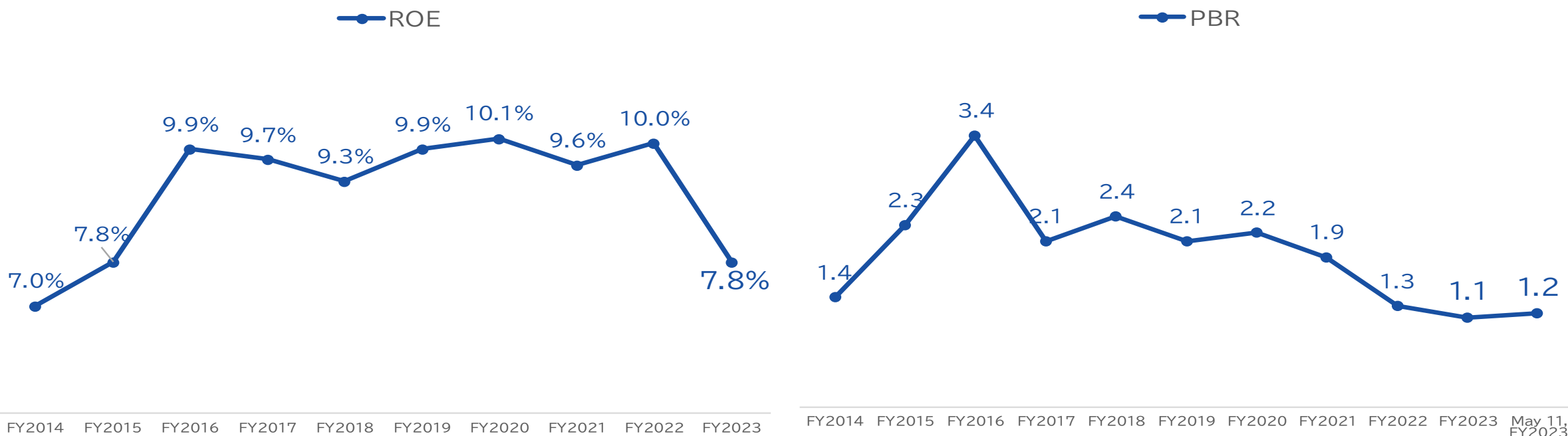
■ Medium-Term Management Plan (GD2025)

Policy	Initiatives
①Enhancement of response capacity for deverse safety and security needs of society	<ul style="list-style-type: none"> •HOME ALSOK Connect(Available from April 2023) •ALSOK IT rescue (Available from march 2023)
②Digitization and utilization of data	<ul style="list-style-type: none"> •DX in Stationed Security
③Establishing a work environment where employees play an active role	<ul style="list-style-type: none"> •Pay raise(10 consecutive years) •Strengthen group cooperation in hiring activities (UIJ turn applicants)
④Strengthen the efforts of sustainability	<ul style="list-style-type: none"> E:TCFD information disclosure(October 2022) S:Signatory to the UN Global Compact(April 2023) G:Establishment of Nomination and Remuneration Comitee(February 2023)

Regarding the TSE request

In our Medium-Term Management Plan, we set an ROE target of 10% or more. We will promote various initiatives to achieve sustainable growth and enhance our corporate value over the medium to long term.

(Reference) Trends in ROE·PBR



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.

In accordance with accounting standards, only prior-year results have been reclassified for past business segment results.