

**Consolidated Financial Results for the First Quarter Ended June 30, 2020**  
**Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)**  
English Translation of the Original Japanese-Language Report

**SOHGO SECURITY SERVICES CO., LTD.**

(Code No.2331, TSE 1<sup>st</sup> Sec.)

URL <https://www.alsok.co.jp/en/ir/index.html>

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**1. Summary of the consolidated financial results for the first quarter ended June 30, 2020**  
**(April 1, 2020 – June 30, 2020)**

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2020	110,188	0.7	7,378	2.7	7,664	(0.7)	4,503	(1.0)
June 30, 2019	109,423	4.7	7,181	21.0	7,717	26.9	4,547	31.3

Note 1: Percentage shown in net sales, operating income, ordinary income, and profit attributable to owners of parent above represent the changes from the previous fiscal year.

Note 2: Comprehensive income Three months ended June 30, 2020 ¥ 6,071 million 31.9%  
Three months ended June 30, 2019 ¥ 4,604 million 17.1%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended				
June 30, 2020	44.48		-	
June 30, 2019	44.92		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three months ended				
June 30, 2020	459,794	272,507	53.8	2,443.21
Fiscal year ended				
March 31, 2020	428,796	270,432	57.3	2,425.02

Reference: Equity capital Three months ended June 30, 2020 ¥ 247,339 million  
Year ended March 31, 2020 ¥ 245,497 million

**2. Dividend**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2020	-	34.50	-	35.50	70.00
March 31, 2021	-				
Fiscal year ending					
March 31, 2021(Forecast)		35.00	-	35.00	70.00

Note : Revisions to the dividend forecast in this quarter: No

### 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	232,000	3.0	15,800	(2.6)	16,600	(3.8)	9,900	(6.4)	97.9
Annual	485,000	5.4	37,600	2.2	39,200	0.8	24,700	2.2	243.99

Note : Revisions to the forecast of financial results in this quarter: No

### 4. Others

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : No

Added: - Removed: -

(2) Application of accounting which is simplified or exceptional for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

a Changes arising from revision of accounting standards : No

b Changes arising from other factors : No

c Changes arising from accounting estimate : No

d Restatement : No

(4) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Three months ended June 30, 2020	102,040,042 shares	Year ended March 31, 2020	102,040,042 shares
b Number of shares of treasury stock	Three months ended June 30, 2020	804,878 shares	Year ended March 31, 2020	804,877 shares
c Average number of ordinary shares throughout the fiscal year	Three months ended June 30, 2020	101,235,176 shares	Three months ended June 30, 2019	101,235,424 shares

\* This summary of financial results is exempt from quarterly review procedures.

\* Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	56,382	52,165
Cash for Transportation Security Services	87,503	91,533
Notes and accounts receivable-trade	56,043	46,239
Short-term investment securities	618	719
Raw materials and supplies	7,032	7,560
Costs on uncompleted construction contracts	383	570
Advances paid	6,235	6,193
Other	15,519	23,651
Allowance for doubtful accounts	(231)	(246)
Total current assets	229,486	228,388
Noncurrent assets		
Property, plant and equipment	90,439	104,390
Intangible assets		
Goodwill	19,346	32,403
Other	13,252	12,987
Total intangible assets	32,598	45,390
Investments and other assets		
Investment securities	39,855	42,182
Other	36,847	39,850
Allowance for doubtful accounts	(432)	(408)
Total investments and other assets	76,270	81,625
Total noncurrent assets	199,309	231,406
Total assets	428,796	459,794
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	25,326	18,055
Short-term loans payable	18,856	38,940
Income taxes payable	6,935	1,702
Provision	2,402	1,655
Other	44,915	49,944
Total current liabilities	98,435	110,297
Noncurrent liabilities		
Long-term loans payable	4,713	6,266
Net defined benefit liability	27,545	28,071
Provision for directors' retirement benefits	1,622	1,598
Asset retirement obligations	465	478
Other	25,581	40,573
Total noncurrent liabilities	59,928	76,989
Total liabilities	158,363	187,286

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,243	34,031
Retained earnings	203,375	204,283
Treasury stock	(1,070)	(1,071)
Total shareholders' equity	255,222	255,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,609	5,423
Revaluation reserve for land	(4,281)	(4,281)
Foreign currency translation adjustment	(167)	(255)
Remeasurements of defined benefit plans	(9,886)	(9,465)
Total accumulated other comprehensive income	(9,725)	(8,579)
Minority interests	24,935	25,168
Total net assets	270,432	272,507
Total liabilities and net assets	428,796	459,794

## Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	109,423	110,188
Cost of sales	82,852	82,531
Gross profit	26,571	27,656
Selling, general and administrative expenses	19,389	20,278
Operating income	7,181	7,378
Non-operating income		
Interest income	45	42
Dividends income	197	193
Equity in earnings of affiliate	57	58
Gain on sales of investment securities	3	1
Dividend income of insurance	268	202
Penalty income	94	247
Other	455	358
Total non-operating income	1,122	1,105
Non-operating expenses		
Interest expenses	357	489
Financing expenses	77	59
Loss on sales of investment securities	5	-
Other	146	270
Total non-operating expenses	586	819
Ordinary income	7,717	7,664
Extraordinary income		
Gain on step acquisitions	26	-
Total extraordinary income	26	-
Extraordinary loss		
Loss on valuation of investment securities	29	16
Loss on sales of non-current assets	102	-
Total extraordinary losses	132	16
Income before income taxes	7,611	7,648
Income taxes	2,669	2,775
Net Income	4,942	4,872
Profit attributable to non-controlling interests	394	368
Profit attributable to owners of parent	4,547	4,503

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	4,942	4,872
Other comprehensive income		
Valuation difference on available-for-sale securities	(569)	828
Foreign currency translation adjustment	12	(101)
Remeasurements of defined benefit plans	272	424
Share of other comprehensive income of associates accounted for using equity method	(53)	48
Total other comprehensive income	(337)	1,199
Comprehensive income	4,604	6,071
(Contents)		
Comprehensive income attributable to owners of the parent	4,240	5,649
Comprehensive income attributable to non-controlling interests	364	422

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net cash provided by (used in) operating activities		
Income before income taxes	7,611	7,648
Depreciation and amortization	3,722	3,943
Amortization of goodwill	443	625
Increase (decrease) in allowance for doubtful accounts	(14)	(24)
Increase (decrease) in net defined benefit liability	336	362
Increase (decrease) in provision for bonuses	(603)	(789)
Increase (decrease) in provision for directors' bonuses	(61)	(62)
Interest and dividends income	(242)	(236)
Interest expenses	357	489
Equity in (earnings) losses of affiliates	(57)	(58)
Loss (gain) on sales of noncurrent assets	104	1
Loss on retirement of noncurrent assets	76	116
Loss (gain) on sales of investment securities	2	(1)
Loss (gain) on valuation of investment securities	29	16
Loss (gain) on valuation of derivatives	37	(2)
Decrease (increase) in notes and accounts receivable-trade	6,523	11,242
Decrease (increase) in inventories	(479)	(711)
Increase (decrease) in notes and accounts payable-trade	(3,491)	(8,709)
Decrease (increase) in net defined benefit asset	(388)	(214)
Decrease in assets and liabilities for Transportation Security Services	(3,698)	7,192
Other	(2,453)	(3,349)
Subtotal	7,754	17,478
Interest and dividends income received	437	440
Interest expenses paid	(359)	(494)
Income taxes paid	(4,549)	(5,777)
Income taxes refund	45	0
Net cash provided by (used in) operating activities	3,328	11,647

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	797	67
Payments into long-term deposits	-	2,013
Proceeds from withdrawal of long-term deposits	-	(14)
Purchase of property, plant and equipment	(3,008)	(3,844)
Proceeds from sales of property, plant and equipment	195	3
Purchase of intangible assets	(3,386)	(287)
Purchase of investment securities	(180)	(1,509)
Proceeds from sales of investment securities	123	84
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(13,689)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	210	-
Decrease (increase) in short-term loans receivable	(2)	16
Payments of long-term loans receivable	(11)	(18)
Collection of long-term loans receivable	19	28
Proceeds from refund of leasehold and guarantee deposits	-	961
Other	535	(3,272)
Net cash provided by (used in) investing activities	(4,708)	(19,461)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	5,210	8,203
Proceeds from long-term loans payable	145	1,748
Repayment of long-term loans payable	(769)	(850)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(1,205)	(1,319)
Cash dividends paid	(3,544)	(3,594)
Cash dividends paid to minority shareholders	(424)	(470)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(628)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	850
Net cash provided by (used in) financing activities	(588)	3,937
Effect of exchange rate change on cash and cash equivalents	2	(14)
Net increase (decrease) in cash and cash equivalents	(1,965)	(3,891)
Cash and cash equivalents at beginning of period	43,435	48,790
Cash and cash equivalents at end of period	41,470	44,899