

**Consolidated Financial Results for the Third Quarter Ended December 31, 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>

Representative: Yukiyasu Aoyama, President and Representative Director

Financial and accounting: Koji Kishimoto, Senior Executive Officer (Phone: +81-3-3470-6811)

**1. Summary of the consolidated financial results for the third quarter ended December 31, 2020**  
**(April 1, 2020 – December 31, 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	%
Nine months ended								
December 31, 2020	342,408	1.0	25,130	(1.5)	26,243	(2.8)	15,917	(4.0)
December 31, 2019	339,040	4.4	25,517	17.1	26,999	18.2	16,572	19.7

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  
Nine months ended December 31, 2020 ¥ 19,710 million 3.2%  
Nine months ended December 31, 2019 ¥ 19,104 million 30.8%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended				
December 31, 2020		157.23		-
December 31, 2019		163.70		-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine months ended				
December 31, 2020	483,716	282,601	53.0	2,533.45
Fiscal year ended				
March 31, 2020	428,796	270,432	57.3	2,425.02

Reference: Equity capital  
Nine months ended December 31, 2020 ¥ 256,474 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	-	35.00	-		
Fiscal year ending					
March 31, 2021(Forecast)				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
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)	Nine months ended December 31, 2020	102,040,042 shares	Year ended March 31, 2020	102,040,042 shares
b Number of shares of treasury stock	Nine months ended December 31, 2020	804,996 shares	Year ended March 31, 2020	804,877 shares
c Average number of ordinary shares throughout the fiscal year	Nine months ended December 31, 2020	101,235,050 shares	Nine months ended December 31, 2019	101,235,316 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 December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	56,382	57,139
Cash for Transportation Security Services	87,503	99,759
Notes and accounts receivable-trade	56,043	49,343
Short-term investment securities	618	563
Raw materials and supplies	7,032	8,056
Costs on uncompleted construction contracts	383	827
Advances paid	6,235	7,600
Other	15,519	23,088
Allowance for doubtful accounts	(231)	(233)
Total current assets	229,486	246,146
Noncurrent assets		
Property, plant and equipment	90,439	100,782
Intangible assets		
Goodwill	19,346	30,282
Other	13,252	13,731
Total intangible assets	32,598	44,014
Investments and other assets		
Investment securities	39,855	51,675
Other	36,847	41,518
Allowance for doubtful accounts	(432)	(420)
Total investments and other assets	76,270	92,773
Total noncurrent assets	199,309	237,569
Total assets	428,796	483,716
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	25,326	18,645
Short-term loans payable	18,856	54,116
Income taxes payable	6,935	3,099
Provision	2,402	1,271
Other	44,915	50,404
Total current liabilities	98,435	127,535
Noncurrent liabilities		
Long-term loans payable	4,713	5,036
Net defined benefit liability	27,545	28,701
Provision for directors' retirement benefits	1,622	1,649
Asset retirement obligations	465	479
Other	25,581	37,710
Total noncurrent liabilities	59,928	73,578
Total liabilities	158,363	201,114

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,243	34,031
Retained earnings	203,375	212,154
Treasury stock	(1,070)	(1,071)
Total shareholders' equity	255,222	263,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,609	5,817
Revaluation reserve for land	(4,281)	(4,281)
Foreign currency translation adjustment	(167)	(240)
Remeasurements of defined benefit plans	(9,886)	(8,610)
Total accumulated other comprehensive income	(9,725)	(7,315)
Minority interests	24,935	26,127
Total net assets	270,432	282,601
Total liabilities and net assets	428,796	483,716

## Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	339,040	342,408
Cost of sales	255,093	257,157
Gross profit	83,947	85,250
Selling, general and administrative expenses	58,430	60,120
Operating income	25,517	25,130
Non-operating income		
Interest income	145	129
Dividends income	622	625
Gain on sales of investment securities	37	2
Equity in earnings of affiliate	711	764
Dividend income of insurance	292	221
Penalty income	265	611
Other	1,107	1,050
Total non-operating income	3,183	3,405
Non-operating expenses		
Interest expenses	988	1,512
Financing expenses	235	201
Loss on sales of investment securities	42	-
Loss on retirement of non-current assets	201	175
Other	233	402
Total non-operating expenses	1,701	2,292
Ordinary income	26,999	26,243
Extraordinary income		
Gain on investment securities	-	24
Gain on sales of non-current assets	-	99
Gain on step acquisitions	26	-
Compensation income	-	50
Total extraordinary income	26	174
Extraordinary loss		
Loss on valuation of investment securities	24	73
Loss on sale of investment securities	-	0
Impairment loss	139	43
Loss on sales of non-current assets	102	-
Total extraordinary losses	266	117
Income before income taxes	26,758	26,300
Income taxes	9,034	9,158
Net Income	17,724	17,142
Profit attributable to non-controlling interests	1,151	1,224
Profit attributable to owners of parent	16,572	15,917

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	17,724	17,142
Other comprehensive income		
Valuation difference on available-for-sale securities	606	1,244
Foreign currency translation adjustment	(44)	(87)
Remeasurements of defined benefit plans	818	1,272
Share of other comprehensive income of associates accounted for using equity method	0	139
Total other comprehensive income	1,380	2,568
Comprehensive income	19,104	19,710
(Contents)		
Comprehensive income attributable to owners of the parent	17,947	18,328
Comprehensive income attributable to non-controlling interests	1,157	1,382

## Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net cash provided by (used in) operating activities		
Income before income taxes	26,758	26,300
Depreciation and amortization	11,135	11,872
Impairment loss	139	43
Amortization of goodwill	1,331	1,835
Increase (decrease) in allowance for doubtful accounts	(6)	(25)
Increase (decrease) in net defined benefit liability	586	706
Increase (decrease) in provision for bonuses	(973)	(1,199)
Increase (decrease) in provision for directors' bonuses	(36)	(41)
Interest and dividends income	(768)	(754)
Interest expenses	988	1,512
Equity in (earnings) losses of affiliates	(711)	(764)
Loss (gain) on sales of noncurrent assets	107	8
Loss on retirement of noncurrent assets	201	175
Loss (gain) on sales of investment securities	5	(26)
Loss (gain) on valuation of investment securities	24	73
Loss (gain) on valuation of derivatives	35	(11)
Decrease (increase) in notes and accounts receivable-trade	4,336	8,148
Decrease (increase) in inventories	(1,834)	(1,466)
Increase (decrease) in notes and accounts payable-trade	(1,861)	(4,953)
Decrease (increase) in net defined benefit asset	(1,318)	(810)
Decrease in assets and liabilities for Transportation Security Services	(3,222)	14,372
Other	(2,046)	(3,988)
Subtotal	32,870	51,007
Interest and dividends income received	1,046	1,041
Interest expenses paid	(997)	(1,501)
Income taxes paid	(10,124)	(12,168)
Income taxes refund	66	13
Net cash provided by (used in) operating activities	22,861	38,392

## Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	631	(135)
Payments into long-term deposits	-	(2,031)
Proceeds from withdrawal of long-term deposits	-	23
Purchase of property, plant and equipment	(8,923)	(8,748)
Proceeds from sales of property, plant and equipment	208	340
Purchase of intangible assets	(4,239)	(1,102)
Purchase of investment securities	(570)	(1,396)
Proceeds from sales of investment securities	568	372
Payments for acquisition of businesses	(28)	-
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	-
Purchase of shares of subsidiaries and associates	-	(9,164)
Decrease (increase) in short-term loans receivable	(13)	12
Payments of long-term loans receivable	(93)	(57)
Collection of long-term loans receivable	53	83
Proceeds from refund of leasehold and guarantee deposits	-	1,096
Other	699	1,403
Net cash provided by (used in) investing activities	(11,495)	(32,992)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,571	6,891
Proceeds from long-term loans payable	460	1,997
Repayment of long-term loans payable	(2,248)	(2,433)
Redemption of bonds	(7)	(9)
Purchase of treasury stock	(1)	(0)
Repayments of lease obligations	(2,918)	(3,864)
Cash dividends paid	(7,036)	(7,138)
Cash dividends paid to minority shareholders	(423)	(471)
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	(9,604)	(4,806)
Effect of exchange rate change on cash and cash equivalents	(19)	(11)
Net increase (decrease) in cash and cash equivalents	1,741	582
Cash and cash equivalents at beginning of period	43,435	48,790
Cash and cash equivalents at end of period	45,177	49,372