

**Consolidated Financial Results for the Second Quarter Ended September 30, 2022**  
**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 Prime Market)

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

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**1. Summary of the consolidated financial results for the second quarter ended September 30, 2022**  
**(April 1, 2022 – September 30, 2022)**

(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	%
Six months ended								
September 30, 2022	236,053	(3.8)	15,218	(38.7)	16,551	(35.7)	9,761	(39.4)
September 30, 2021	245,290	8.6	24,830	56.8	25,754	56.4	16,097	61.6

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 Six months ended September 30, 2022 ¥ 11,406 million (33.6%)  
Six months ended September 30, 2021 ¥ 17,166 million 37.4%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended				
September 30, 2022	96.43		-	
September 30, 2021	159.01		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended				
September 30, 2022	495,764	333,702	61.8	3,024.60
Fiscal year ended				
March 31, 2022	488,278	327,509	61.5	2,964.85

Reference: Equity capital Six months ended September 30, 2022 ¥ 306,194 million  
Year ended March 31, 2022 ¥ 300,147 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, 2022	-	38.00	-	44.00	82.00
March 31, 2023	-	43.00			
Fiscal year ending					
March 31, 2023(Forecast)			-	43.00	86.00

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

### 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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	510,000	4.3	45,300	5.7	47,000	4.9	29,900	3.2	295.35

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 : Yes

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)	Six months ended September 30, 2022	102,040,042 shares	Year ended March 31, 2022	102,040,042 shares
b Number of shares of treasury stock	Six months ended September 30, 2022	805,300 shares	Year ended March 31, 2022	804,851 shares
c Average number of ordinary shares throughout the fiscal year	Six months ended September 30, 2022	101,234,840 shares	Six months ended September 30, 2021	101,234,990 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, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	71,357	57,253
Cash for Transportation Security Services	76,768	74,781
Notes and accounts receivable - trade, and contract assets	56,458	57,220
Securities	380	436
Raw materials and supplies	7,509	8,956
Costs on uncompleted construction contracts	222	597
Advances paid	6,892	6,476
Other	14,424	12,572
Allowance for doubtful accounts	(140)	(157)
Total current assets	233,872	218,139
Noncurrent assets		
Property, plant and equipment	103,376	115,010
Intangible assets		
Goodwill	27,097	34,339
Other	12,650	11,967
Total intangible assets	39,747	46,307
Investments and other assets		
Investment securities	56,148	57,056
Other	55,562	59,679
Allowance for doubtful accounts	(429)	(428)
Total investments and other assets	111,281	116,307
Total noncurrent assets	254,405	277,625
Total assets	488,278	495,764
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,098	21,234
Short-term loans payable	11,278	9,591
Income taxes payable	6,751	4,173
Provision	2,164	2,586
Other	47,091	51,427
Total current liabilities	90,384	89,014
Noncurrent liabilities		
Long-term loans payable	2,145	2,039
Retirement benefit liability	27,175	27,316
Provisions	1,597	1,590
Asset retirement obligations	486	813
Other	38,977	41,287
Total noncurrent liabilities	70,383	73,048
Total liabilities	160,768	162,062

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,129	33,940
Retained earnings	241,718	247,018
Treasury stock	(1,072)	(1,072)
Total shareholders' equity	293,450	298,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,917	7,151
Revaluation reserve for land	(3,378)	(3,380)
Foreign currency translation adjustment	321	921
Remeasurements of defined benefit plans	2,836	2,939
Total accumulated other comprehensive income	6,696	7,632
Minority interests	27,362	27,508
Total net assets	327,509	333,702
Total liabilities and net assets	488,278	495,764

## Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	245,290	236,053
Cost of sales	181,165	178,330
Gross profit	64,124	57,722
Selling, general and administrative expenses	39,293	42,504
Operating income	24,830	15,218
Non-operating income		
Interest income	92	96
Dividends income	493	719
Gain on sales of investment securities	17	25
Share of profit of entities accounted for using equity method	481	489
Dividend income of insurance	225	254
Penalty income	421	206
Other	627	876
Total non-operating income	2,358	2,669
Non-operating expenses		
Interest expenses	964	876
Financing expenses	133	128
Loss on sales of investment securities	5	-
Other	332	330
Total non-operating expenses	1,435	1,336
Ordinary income	25,754	16,551
Extraordinary income		
Gain on investment securities	7	0
Gain on sales of non-current assets	224	-
Total extraordinary income	232	0
Extraordinary loss		
Loss on sale of investment securities	62	25
Impairment losses	193	0
Loss on valuation of investment securities	0	0
Total extraordinary losses	256	25
Income before income taxes	25,730	16,525
Income taxes	8,821	6,019
Net Income	16,909	10,506
Profit attributable to non-controlling interests	811	744
Profit attributable to owners of parent	16,097	9,761

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	16,909	10,506
Other comprehensive income		
Valuation difference on available-for-sale securities	92	171
Foreign currency translation adjustment	30	221
Remeasurements of defined benefit plans	79	93
Share of other comprehensive income of associates accounted for using equity method	54	413
Total other comprehensive income	256	900
Comprehensive income	17,166	11,406
(Contents)		
Comprehensive income attributable to owners of the parent	16,313	10,698
Comprehensive income attributable to non-controlling interests	852	707

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	25,730	16,525
Depreciation and amortization	8,088	8,878
Impairment losses	193	0
Amortization of goodwill	1,224	1,349
Increase (decrease) in allowance for doubtful accounts	1	13
Increase (decrease) in net defined benefit liability	367	376
Increase (decrease) in provision for bonuses	246	320
Increase (decrease) in provision for directors' bonuses	(20)	(22)
Interest and dividends income	(586)	(816)
Interest expenses	964	876
Equity in (earnings) losses of affiliates	(481)	(489)
Loss (gain) on sales of noncurrent assets	(224)	(28)
Loss on retirement of noncurrent assets	63	84
Loss (gain) on sales of investment securities	(19)	(25)
Loss (gain) on valuation of investment securities	62	25
Loss (gain) on valuation of derivatives	7	0
Decrease (increase) in notes and accounts receivable-trade	2,984	232
Decrease (increase) in inventories	(545)	(1,772)
Increase (decrease) in notes and accounts payable-trade	(4,940)	(7,079)
Decrease (increase) in net defined benefit asset	(1,804)	(1,910)
Decrease in assets and liabilities for Transportation Security Services	(1,018)	1,293
Other	(1,766)	2,323
Subtotal	28,528	20,157
Interest and dividends income received	1,099	1,485
Interest expenses paid	(968)	(868)
Income taxes paid	(7,548)	(8,339)
Income taxes refund	9	44
Net cash provided by (used in) operating activities	21,120	12,479

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	864	921
Payments into long-term deposits	(206)	(13)
Proceeds from withdrawal of long-term deposits	26	-
Purchase of property, plant and equipment	(6,241)	(6,609)
Proceeds from sales of property, plant and equipment	548	88
Purchase of intangible assets	(191)	(1,048)
Purchase of investment securities	(1,310)	(992)
Proceeds from sales of investment securities	910	286
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(9,365)
Purchase of shares of subsidiaries and associates	-	(525)
Decrease (increase) in short-term loans receivable	16	43
Payments of long-term loans receivable	(23)	(26)
Collection of long-term loans receivable	33	187
Proceeds from refund of leasehold and guarantee deposits	10	404
Other	703	569
Net cash provided by (used in) investing activities	(4,858)	(16,080)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(573)	(1,303)
Proceeds from long-term loans payable	245	345
Repayment of long-term loans payable	(1,514)	(1,442)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,674)	(2,113)
Cash dividends paid	(3,746)	(4,455)
Cash dividends paid to minority shareholders	(537)	(652)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(144)	(408)
Net cash provided by (used in) financing activities	(8,945)	(10,032)
Effect of exchange rate change on cash and cash equivalents	(3)	77
Net increase (decrease) in cash and cash equivalents	7,312	(13,556)
Cash and cash equivalents at beginning of period	53,143	63,644
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	400
Cash and cash equivalents at end of period	60,456	50,487