



Consolidated End of 2Q Financial Results for Fiscal Year Ending March 31, 2024
Prepared in Conformity with Accounting Principles Generally Accepted in Japan
(Japanese GAAP)

October 31, 2023

Listed Company Name SOHGO SECURITY SERVICES CO., LTD. TSE Stock Market
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Quarterly report submission date November 7, 2023 Scheduled cash dividend payment start date December 4, 2023
Preparation of quarterly supplementary briefing materials on financial results: Yes
Holding of quarterly results briefing: Yes (For institutional investors and analysts)

(Millions of yen, rounded down to the nearest million)

1. Consolidated financial results for the second quarter ended September 30, 2023

(1) Consolidated operating results (Total) (Percentages indicate increase or decrease from the same quarter of the preceding fiscal year)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	246,379	4.4	17,825	17.1	19,406	17.3	11,852	21.4
September 30, 2022	236,053	(3.8)	15,218	(38.7)	16,551	(35.7)	9,761	(39.4)

Note: Comprehensive income Six months ended September 30, 2023 ¥15,181 million 33.1%
Six months ended September 30, 2022 ¥11,406 million (33.6%)

	Quarterly net income per share	Diluted quarterly net income per share
	Yen	Yen
Six months ended September 30, 2023	23.46	-
September 30, 2022	19.29	-

Note: On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The “Quarter net income per share attributable to owners of parent” is calculated based on the assumption that the stock split was conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2023	516,608	349,852	62.0	639.18
Fiscal year ended March 31, 2023	516,647	343,893	60.9	622.10

Reference: Equity capital Six months ended September 30, 2023 ¥320,371 million
Fiscal year ended March 31, 2023 ¥314,892 million

Note: On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The “Net assets per share” is calculated based on the assumption that the stock split was conducted at the beginning of the preceding fiscal year.

2. Dividend

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	43.00	-	43.00	86.00
Fiscal year ending March 31, 2024	-	8.70			
Fiscal year ending March 31, 2024 (Forecast)			-	8.70	17.40

Note 1. Correction of most recently published forecasted dividends: Yes

2. On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The annual dividend per share for the fiscal year ending March 31, 2024 (forecast), without considering the stock split, will be ¥87.00.

The dividend amount noted for the fiscal year ended March 31, 2023 is the actual dividend amount prior to the stock split.

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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	512,500	4.1	38,600	4.3	41,000	4.5	25,500	6.5	50.38

Note 1. Correction of most recently published forecasted financial results: No

2. On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The amount for net income per share shown is determined after taking into account the effect of the stock split. Net income per share without accounting for this stock split would be ¥251.89 for the full year.

* Notes:

(1) Changes in consolidated subsidiaries in the consolidated cumulative period of 2Q (changes in scope of consolidation): No

Added: - Removed: -

(2) Application of specific accounting processing for creation of the quarterly consolidated financial results: Yes

Note: For details, please refer to (4), "Quarterly Notes on the Preparation of Consolidated Financial Results (application of unique accounting processing for creation of quarterly consolidated financial statements)", of "2. Quarterly Consolidated Financial Statements and Significant Notes", provided on page 11 of the attachment.

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

① Changes in accounting policy arising from revision of accounting standards: No

② Changes arising from other factors: No

③ Changes arising from accounting estimate: No

④ Restatement: No

(4) Number of shares outstanding (ordinary shares)

① Number of shares issued (including treasury stock)	Six months ended September 30, 2023	510,200,210 shares	Fiscal year ended March 31, 2023	510,200,210 shares
② Number of shares of treasury stock	Six months ended September 30, 2023	8,976,575 shares	Fiscal year ended March 31, 2023	4,026,800 shares
③ Average number of shares throughout the fiscal year (quarterly total)	Six months ended September 30, 2023	505,151,588 shares	Six months ended September 30, 2022	506,174,201 shares

Note: On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The "number of shares issued", "number of shares of treasury stock", and "average number of shares throughout the fiscal year" are calculated based on the assumption that the stock split was conducted in the Preceding Fiscal Year.

* This summary of quarterly financial results falls outside the scope of quarterly review of certified public accountants and accounting auditors.

* Explanation of Appropriate Use of Forecasts and Other Notes

(Cautionary statement regarding forward-looking statements, etc.)

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. For more information regarding the assumptions used in making these forecasts and cautionary statements regarding the use of forecasts, please refer to (3), "Explanation of Future Forecasts such as Forecasted Consolidated Financial Results", of 1. "Qualitative Information Concerning Quarterly Financial Results", provided on page 4 of the attachment.

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1. Qualitative Information Concerning Quarter Financial Results

(1) Explanation of Operating Results

The economic situation of Japan during the consolidated cumulative period of 2Q continued to experience smooth economic recovery backed by actions for normalizing economic activities since the COVID-19 pandemic and by a recovery in inbound demand. With regards to future prospects, we expect improvements in personal consumption thanks to improvements in employment and income environments and expect smooth growth due to factors such as increased equipment investments by businesses. However, in addition to unfavorable factors such as decreases in real purchasing power due to rising prices and deceleration of the global economy, there is tension in the Middle East due to the conflict between Israel and Hamas, so there is a strong sense of uncertainty about the future.

In the field of security, as indicated in the government's "Strategy for Making Japan the World Safest Country 2022," society's expectations of the security industry are rising, not only because of the threats in cyberspace and concerns about the safety and security of the elderly, women, children, and other vulnerable groups in society, but also because of the increase in violent crimes and accidents in the streets, successive natural disasters, and aging infrastructure. Under these circumstances, our group is required to provide total services including security. In addition, the number of criminal offenses in 2022 increased year-on-year for the first time since 2002, and the increasing trend is further strengthening in the first half of 2023, as well as the attacks on the prime ministers, and robberies and thefts by so-called "illegal part-time jobs" occurred. In this situation, the perceived security in Japan is deteriorating, at the same time, the role of our group in providing safety and security is increasing.

Under these circumstances, ALSOK Group has continued to provide appropriate services as a business operator that provides services related to social safety and security (security business, total management and disaster prevention business, and life support business such as nursing care) with the aim to contribute to sustainable societies. As stated in "Grand Design 2025," our medium-term management plan, we aim to be a safety and security service provider who persistently aims to serve the society's various needs for greater safety and security. To meet the expanding safety and security needs of our customers and society amid diversifying risks, we are working to provide new services that combine a variety of service functions, including security and facility management services and personal nursing care.

As a result of the above, our group's consolidated business results for the current consolidated cumulative second quarter improved significantly compared to the previous quarter, and furthermore, they were also solid when compared to Q2 of the fiscal year ended March 2019, and Q2 of the fiscal year ended March 2020 before the COVID-19 pandemic. Consolidated net sales increased 4.4% year on year to ¥246,379 million, operating income increased 17.1% year on year to ¥17,825 million, ordinary income increased 17.3% year on year to ¥19,406 million, and quarterly net income attributable to owners of parent company increased 21.4% year on year to ¥11,852 million.

By business segment, the figures achieved are as follows.

Sales in the Security Services segment increased 2.5% year on year to ¥184,907 million, while operating income increased 12.4% year on year to 18,382 million.

We have provided services for corporate clients through our Electronic Security Services business, promoting sales of ALSOK-G7, which includes live video monitoring as a standard feature, and options such as image storage and remote equipment control, which helps meet customers' manpower-saving needs. In the future, we will further expand the utilization of ALSOK-G7 to meet the needs of our customers. As the sense of security has been deteriorating, we have introduced new home security products, and orders for these products have been growing steadily. In April 2023, the Company also launched HOME ALSOK Connect, a new home security product. These products provide our various customers with safety and security amidst a deteriorating sense of security. In addition to the conventional Online Security Service, in which ALSOK rushes to the scene of an emergency, this product offers a less expensive self-security plan with optional on-site confirmation by ALSOK at the request of the customer. Customers of self-security can upgrade to the Online Security Service at any time. We have also continued and will continue to actively promote sales of HOME ALSOK MIMAMORI SUPPORT, a monitoring service for elderly individuals.

In the areas of stationed security services, we have provided security services for various G7 minister meetings, such as the Hiroshima Summit, as well as security at airport facilities that reopened thanks to recovery of inbound demand. We have also been responding to security needs thanks to recovery at production sites in Japan and thanks to the full-scale resumption of events inside Japan following the COVID-19 pandemic. Going forward, we will tackle further manpower-saving and improvements in efficiency of stationed security through digital transformations and the like.

In the field of Transportation Security (= transportation of valuables) services, although the number of ATMs is decreasing due to the consolidation and closing of branches of financial institutions, the need to streamline cash management operations in the public and private sectors remains as strong as ever. We will continue to aim at expanding our sales of online deposit (withdrawal) machine systems and other related products. We will also promote replacement, etc. of equipment for printing new

money to be conducted around the first half of July of next year. We also offer a series of Tax Payment Receipt Systems, which automate counter services provided at satellite offices of municipal governments by utilizing our online deposit/withdrawal machine system. We will continue to gain an understanding of various outsourcing needs such as improving operational efficiency and reducing costs at regional financial institutions and expand our service offerings.

In the General Property Management and Fire Protection Services businesses, net sales increased 11.6% year on year to ¥33,744 million due to steady growth in construction completions, etc., and operating income increased 10.1% year on year to ¥2,915 million. We will continue to expand Facilities Management Services based on the concept of integration of security, facilities, and construction, as we also strengthen our sustainability initiatives, including sales, installation, and maintenance of EV charging equipment.

In the nursing care service business, net sales increased 11.1% year on year to ¥25,209 million due to the effect of M&A, etc., in addition to the opening of new nursing care facilities and the greater occupancy achieved at our existing facilities. Moreover, operating income increased 51.7% year on year to ¥692 million. We entered into collaboration agreements with NJI Co., Ltd. and Tokyo Medical and Dental University (an incorporated national university) and have been advancing joint research on the development of standardization and guidelines for a total nursing care package that includes technologies for predicting end-of-life care and avoiding, mitigating, and responding to emergency situations in nursing care. We will continue to strengthen our management base and expand our facilities by streamlining nursing care operations through the use of nursing care support robots that utilize AI and other technologies, while striving to expand services under the unified “ALSOK's Care” Long-Term Care Services brand.

In other fields, we provide our existing inspection services for panels of solar power facilities. We continue to expand this business to include inspections and surveys of various facilities using drones. We will also expand response services such as ALSOK IT Rescue. With this service, guards are on call 24 hours a day, 365 years to determine the cause and provide emergency response in the event of faults in IT equipment, such as computers.

The Group will continue to aptly meet the expanding safety and security needs of society by continuing to utilize new technologies and improve productivity, while fulfilling our responsibilities as a provider of services related to the safety and security of society.

* Note that, effective from the consolidated accounting period of 1Q, the Company has changed its reportable segments and the method of allocation of certain revenues and expenses. For the purpose of comparison with the consolidated accounting period of the Preceding Fiscal Year, the results of the Preceding Fiscal Year have been restated in accordance with the new classification and allocation method.

(2) Explanation of the Financial Position

With regards to the total assets as of the end of the consolidated accounting period of 2Q, there was a decrease of ¥38 million year on year, to a total of ¥516,608 million. This is a result of the following factors: cash and deposits increased ¥13,647 million, investment securities increased ¥2,795 million, and raw materials and supplies increased ¥1,588 million, while cash for Transportation Security (transportation of valuables) Services decreased ¥14,214 million and notes receivable, accounts receivable, and contract assets decreased ¥5,043 million.

Total liabilities decreased ¥5,997 million year on year to ¥166,756 million. This is a result of the following factors: “Other” current liabilities such as accrued consumption taxes increased ¥3,608 million while notes and accounts payable - trade decreased ¥7,979 million.

The status of cash flows is as follows.

(Cash flows from operating activities)

During the consolidated cumulative period of 2Q, net cash provided by operating activities amounted to ¥34,757 million, 178.5% more than the same quarter of the preceding fiscal year. This is a combined result of the following factors: an increase of ¥19,382 million due to quarterly net before income taxes, an increase of ¥11,612 million due to assets and liabilities for Transportation Security Services, an increase of ¥9,073 million in internal reserves due to depreciation and amortization, and an increase of ¥8,339 million due to decrease in notes and accounts receivable, as well as a decrease of ¥8,249 million due to the decrease in notes and accounts payable and a decrease of ¥7,001 million due to corporate income and other related payments. The increase in assets and liabilities for Transportation Security Services reflects changes in the amounts of funds procured for Transportation Security Services, which are part of “the cash and short-term loans payable for Transportation Security Services”.

(Net cash provided by (and used in) investing activities)

During the consolidated cumulative period of 2Q, net cash provided by investment activities amounted to ¥7,358 million, 54.2% less than the same of the preceding fiscal year. This is a result of a decrease of ¥6,247 due to the acquisition of properties, plants and equipment, and a decrease of ¥1,249 million due to the acquisition of subsidiary shares in conjunction with a change of scope of consolidation.

(Net cash provided by (and used in) financing activities)

During the consolidated cumulative period of 2Q, net cash provided by financing activities amounted to ¥12,962 million, 29.2% more than the same of the preceding fiscal year. This is a combined result of the following factors: a decrease of ¥4,470 million due to purchase of treasury shares, a decrease of ¥4,354 million due to cash dividends paid, and a decrease of ¥2,786 million due to repayment of lease obligations.

(3) Explanation of Future Forecasts such as Forecasted Consolidated Financial Results

The forecasts for the fiscal year ending March 2024, published July 28, 2023, have been revised. For the details, please refer to the “Notice Regarding Revision of Dividends from Surplus (Increase in Interim Dividends) and Forecasted Year-end Dividends” published today (October 31, 2023).

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Financial Statements and Significant Notes

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	59,239	72,886
Cash for Transportation Security Services	83,754	69,540
Notes and accounts receivable-trade and contract assets	65,395	60,351
Short-term investment securities	661	340
Raw materials and supplies	10,290	11,879
Costs on uncompleted construction contracts	98	139
Advances paid	6,457	6,298
Other	13,218	14,808
Allowance for doubtful accounts	(83)	(89)
Total current assets	239,032	236,154
Noncurrent assets		
Property, plant and equipment	116,440	116,460
Intangible assets		
Goodwill	32,753	32,339
Other	11,423	10,305
Total intangible assets	44,176	42,644
Investments and other assets		
Investment securities	57,529	60,325
Other	59,989	61,579
Allowance for doubtful accounts	(521)	(554)
Total investments and other assets	116,997	121,349
Total noncurrent assets	277,615	280,454
Total assets	516,647	516,608
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,669	21,689
Short-term loans payable	8,741	8,332
Income taxes payable	5,295	4,814
Provision	2,302	2,622
Other	52,847	56,456
Total current liabilities	98,856	93,915
Noncurrent liabilities		
Long-term loans payable	2,083	1,849
Net defined benefit liability	27,319	27,181
Provision	2,073	2,014
Asset retirement obligations	818	823
Other	41,602	40,973
Total noncurrent liabilities	73,897	72,841
Total liabilities	172,753	166,756

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	33,940	34,011
Retained earnings	256,852	264,351
Treasury stock	(1,072)	(5,544)
Total shareholders' equity	308,395	311,493
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,566	9,202
Revaluation reserve for land	(3,379)	(3,379)
Foreign currency translation adjustment	658	1,152
Remeasurements of defined benefit plans, net of tax	1,651	1,902
Total valuation and translation adjustments	6,496	8,877
Non-controlling interests	29,000	29,480
Total net assets	343,893	349,852
Total liabilities and net assets	516,647	516,608

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Consolidated Cumulative Period of 2Q)

(Millions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Net sales	236,053	246,379
Cost of sales	178,330	185,909
Gross profit	57,722	60,469
Selling, general and administrative expenses	42,504	42,644
Operating income	15,218	17,825
Non-operating income		
Interest income	96	97
Dividends income	719	562
Gain on sales of investment securities	25	28
Share of profit of entities accounted for using equity method	489	729
Dividend income of life insurance	254	300
Penalty income	206	244
Other	876	974
Total non-operating income	2,669	2,936
Non-operating expenses		
Interest expenses	876	890
Financing expenses	128	127
Other	330	337
Total non-operating expenses	1,336	1,355
Ordinary income	16,551	19,406
Extraordinary income		
Gain on sales of investment securities	0	58
Total extraordinary income	0	58
Extraordinary loss		
Loss on valuation of investment securities	25	15
Impairment loss	0	55
Loss on sales of investment securities	0	11
Total extraordinary loss	25	82
Quarterly net income before income taxes	16,525	19,382
Income taxes	6,019	6,801
Quarterly net income	10,506	12,581
Quarterly net income attributable to non-controlling interests	744	729
Quarterly net income attributable to owners of parent	9,761	11,852

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated Cumulative Period of 2Q)

(Millions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Quarterly net income	10,506	12,581
Other comprehensive income		
Valuation difference on available-for-sale securities	171	1,657
Foreign currency translation adjustment	221	135
Remeasurements of defined benefit plans, net of tax	93	249
Share of other comprehensive income (loss) of associates accounted for using equity method	413	556
Total other comprehensive income (loss)	900	2,599
Quarterly comprehensive income	11,406	15,181
(Contents)		
Comprehensive income attributable to owners of the parent	10,698	14,233
Comprehensive income attributable to non-controlling interests	707	947

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Cash flows from operating activities		
Quarterly net before income taxes	16,525	19,382
Depreciation and amortization	8,878	9,073
Impairment loss	0	55
Amortization of goodwill	1,349	1,517
Increase (decrease) in allowance for doubtful accounts	13	34
Increase (decrease) in net defined benefit liability	376	28
Increase (decrease) in provision for bonuses	320	334
Increase (decrease) in provision for directors' bonuses	(22)	(21)
Interest and dividends income	(816)	(659)
Interest expenses	876	890
Share of loss (profit) of entities accounted for using equity method	(489)	(729)
Loss (gain) on sales of noncurrent assets	(28)	(0)
Loss on retirement of non-current assets	84	117
Loss (gain) on sales of investment securities	(25)	(76)
Loss (gain) on valuation of investment securities	25	15
Loss (gain) on valuation of derivatives	0	(107)
Decrease (increase) in notes and accounts receivable -trade	232	8,339
Decrease (increase) in inventories	(1,772)	(1,529)
Increase (decrease) in notes and accounts payable - trade	(7,079)	(8,249)
Decrease (increase) in net defined benefit asset	(1,910)	(1,682)
Decrease (increase) in assets and liabilities for Transportation Security Services	1,293	11,612
Other	2,323	2,766
Subtotal	20,157	41,112
Interest and dividends income received	1,485	1,385
Interest expenses paid	(868)	(894)
Income taxes paid	(8,339)	(7,001)
Income taxes refund	44	156
Cash flows from operating activities	12,479	34,757

(Millions of yen)

	Six Months Ended September 30, 2022	Six Months Ended September 30, 2023
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	921	1,012
Payments into long-term time deposits	(13)	(10)
Proceeds from withdrawal of long-term time deposits	-	21
Purchase of property, plant and equipment	(6,609)	(6,247)
Proceeds from sales of property, plant and equipment	88	0
Purchase of intangible assets	(1,048)	(665)
Purchase of investment securities	(992)	(444)
Proceeds from sales of investment securities	286	632
Payments for acquisition of businesses	-	(60)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,365)	(1,249)
Purchase of shares of subsidiaries and associates	(525)	-
Decrease (increase) in short-term loans receivable	43	(1)
Payments of long-term loans receivable	(26)	(26)
Collection of long-term loans receivable	187	34
Proceeds from refund of leasehold and guarantee deposits	404	30
Other	569	(384)
Net cash provided by (used in) investing activities	(16,080)	(7,358)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,303)	789
Proceeds from long-term loans payable	345	120
Repayment of long-term loans payable	(1,442)	(487)
Purchase of treasury stock	(0)	(4,470)
Repayments of lease obligations	(2,113)	(2,786)
Cash dividends paid	(4,455)	(4,354)
Cash dividends paid to attributable to non-controlling interests	(652)	(1,772)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(408)	-
Net cash provided by (used in) financing activities	(10,032)	(12,962)
Effect of exchange rate change on cash and cash equivalents	77	19
Net increase (decrease) in cash and cash equivalents	(13,556)	14,455
Cash and cash equivalents at beginning of period	63,644	51,571
Increase in cash and cash equivalents from new consolidation	400	-
Cash and cash equivalents at end of quarter	50,487	66,027

(4) Quarterly Notes on the Preparation of Quarterly Consolidated Financial Results

(Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern)

Not applicable

(Notes on Considerable Changes to Amount of Shareholders' Equity)

The Company, per a resolution at the Board of Directors meeting held on July 28, 2023, had acquired 4,947,500 shares of treasury stock (amount: ¥4,470 million) up to September 30. As a result, the number of shares of treasury stock and the amount as of the end of the consolidated accounting period of this quarter are 8,976,575 shares and ¥5,544 million, which includes shares acquired through requested purchases of fractional share units and changes in the number of share equivalent to equity of subsidiaries.

(Application of Specific Accounting Processing for Creation of Quarterly Consolidated Financial Statement)

With regards to tax expenditures, a reasonable estimate was made of the effective tax rate following application of tax effect accounting on the income before taxes of the year under review, which includes the consolidated accounting period of 2Q, to make a calculation by multiplying the income before taxes by the estimated effective tax rate.

Note that deferred tax expenses are included in the income taxes.

(Segment Information and Other Related Information)

Segment Information

I Consolidated Cumulative Period of 2Q of Preceding Fiscal Year (From April 1, 2022 to September 30, 2022)

1. Information on Sales and Income (Loss) and Other Items by Reportable Segment, with Disaggregated Income Information

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Elimination and corporate (Note 2)	Amount on Consolidated Statements of Income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long- term Care Services	Total				
Net sales								
Contract proceeds	164,238	16,439	22,653	203,331	2,419	205,750	-	205,750
Construction proceeds	2,791	8,477	10	11,279	2	11,282	-	11,282
Proceeds from sales	13,445	5,331	35	18,813	207	19,021	-	19,021
Revenue generated from contracts with customers	180,475	30,248	22,699	233,424	2,629	236,053	-	236,053
Outside sales	180,475	30,248	22,699	233,424	2,629	236,053	-	236,053
Intersegment sales	32	34	4	71	140	212	(212)	-
Total	180,508	30,282	22,704	233,495	2,769	236,265	(212)	236,053
Income by reportable segment	16,358	2,648	456	19,463	481	19,945	(4,726)	15,218

Note 1. The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, as well as PCR testing and food inspection services.

2. The ¥4,726 million deduction to income by reportable segment under eliminations and corporate represents Company-wide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

3. Income by reportable segment has been adjusted for the operating income figure on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Loss and Goodwill in Noncurrent Assets by Reportable Segment

(Significant Impairment Losses Pertaining to Noncurrent Assets)

There were no impairment losses attributed to reportable segments. The Company generated an impairment loss of ¥0 million not attributed to reportable segments, consisting mainly of ¥0 million on land.

(Significant Changes in Goodwill Amount)

In the consolidated cumulative period of 2Q, ALSOK Joy Life Co., Ltd. and ALSOK Life Support Co., Ltd. became consolidated subsidiaries, which caused a significant change in the goodwill amount. The resulting increase in goodwill amount is ¥8,556 million. This gain in goodwill is not allocated to specific reportable segments.

(Significant Negative Goodwill)

Not applicable

II Consolidated Cumulative Period of 2Q (From April 1, 2023 to September 30, 2023)

1. Information on Sales and Income (Loss) and Other Items by Reportable Segment, with Disaggregated Income Information

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Elimination and corporate (Note 2)	Amount on Consolidated Statements of Income (Note 3)
	Security Services	General Property Management and Fire Protection Services	Long-term Care Services	Total				
Net sales								
Contract proceeds	165,561	17,181	25,156	207,898	2,308	210,206	-	210,206
Construction proceeds	3,183	10,336	12	13,532	1	13,533	-	13,533
Proceeds from sales	16,162	6,227	40	22,430	207	22,638	-	22,638
Revenue generated from contracts with customers	184,907	33,744	25,209	243,862	2,516	246,379	-	246,379
Outside sales	184,907	33,744	25,209	243,862	2,516	246,379	-	246,379
Intersegment sales	40	125	7	172	48	220	(220)	-
Total	184,947	33,869	25,216	244,034	2,565	246,599	(220)	246,379
Income by reportable segment	18,382	2,915	692	21,990	460	22,451	(4,626)	17,825

Note 1. The Other Services category incorporates operations not included in reportable segments. This segment includes operations such as information security services, as well as PCR testing and food inspection services.

2. The ¥4,626 million deduction to income by reportable segment under eliminations and corporate represents Company-wide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

3. Income by reportable segment has been adjusted for the operating income figure on the Quarterly Consolidated Statements of Income.

2. Change, etc. to reportable segments

In the consolidated accounting period of 1Q, the Group reviewed its management system with the aim of more accurately grasping the actual operating results of each segment, and changed the method of allocating revenues and expenses to the security business and the General Property Management and Fire Protection Services businesses. Moreover, figures for the consolidated cumulative period of 2Q of the preceding fiscal year have been restated to reflect the earnings and expense allocation methods in the consolidated cumulative period of 2Q.

3. Information on Impairment Loss and Goodwill in Noncurrent Assets by Reportable Segment

(Significant Impairment Losses Pertaining to Noncurrent Assets)

There were no impairment losses attributed to reportable segments. The Company generated an impairment loss of ¥55 million not attributed to reportable segments, consisting mainly of ¥31 million on land and ¥23 million on buildings.

(Significant Changes in Goodwill Amount)

In the consolidated accounting period of 2Q, PT.Shield-On Service Tbk and their seven subsidiaries became consolidated subsidiaries, which caused a significant change in the goodwill amount. The resulting increase in goodwill amount is ¥1,027 million. Moreover, because distribution of the acquisition costs has not been completed, the amount of generated goodwill is a provisional calculation. This gain in goodwill is not allocated to specific reportable segments.

(Significant Negative Goodwill)

Not applicable