

January 31, 2024

Consolidated End of 3Q Financial Results for Fiscal Year Ending March 31, 2024 Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)

SOHGO SECURITY SERVICES CO., LTD. TSE Stock Market Listed Company Name Code No.: 2331 URL https://www.alsok.co.jp/ (Name) Ikuji Kayaki Representative: (Title) Representative Director, Group COO Financial and accounting: (Title) Director and Senior Executive Officer (Name) Kazuhide Shigemi TEL +81-3-3470-6811 February 6, 2024 Quarterly report submission date Scheduled cash dividend payment start date Preparation of quarterly supplementary briefing materials on financial results: Yes Holding of quarterly results briefing: No

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

1. Consolidated Financial Results for the third quarter ended December 31, 2023

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

	Net sales		Operating inc	come	Ordinary inco	ome	Quarterly net in attributable to ov parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	378,990	5.9	26,987	9.3	29,298	10.4	18,442	16.8
December 31, 2022	357,817	(1.6)	24,688	(28.8)	26,543	(26.6)	15,783	(31.8)

Note: Comprehensive income ¥22.031 million Nine months ended December 31, 2023 23.5%

Nine months ended December 31, 2022 ¥17,843 million (27.0%)

	Quarterly net income per share	Diluted quarterly net income per share
	Yen	Yen
Nine months ended		
December 31, 2023	36.62	-
December 31, 2022	31.18	-

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 condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Nine months ended				
December 31, 2023	539,242	354,511	59.7	643.18
Fiscal year ended March 31, 2023	516,647	343,893	60.9	622.10
Reference: Equity capital Nine	e months ended Deceml	per 31, 2023 ¥321,994	million	

Reference: Equity capital

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 Fiscal year ending March 31, 2024	-	43.00 8.70	-	43.00	86.00	
Fiscal year ending March 31, 2024 (Forecast)				8.70	17.40	

Note 1. Correction of most recently published forecasted dividends: No

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 inco	me	Ordinary inco	me	Profit attributable owners of pare		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 3Q (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), "Notes on the Preparation of Consolidated Financial Results (application of specific accounting processing for creation of quarterly consolidated financial statements)", of "2. Quarterly Consolidated Financial Statements and Significant Notes", provided on page 10 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)

 Number of shares issued (including treasury stock) 	Nine months ended December 31, 2023	510,200,210 shares	Fiscal year ended March 31, 2023	510,200,210 shares
② Number of shares of treasury stock	Nine months ended December 31, 2023	9,572,190 shares	Fiscal year ended March 31, 2023	4,026,800 shares
 ③ Average number of shares throughout the fiscal year (quarterly total) 	Nine months ended December 31, 2023	503,644,895 shares	Nine months ended December 31, 2023	506,174,038 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 3 of the attachment.

\bigcirc Attachment - table of contents

1. Qualitative Information Concerning Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of the Financial Position	3
(3) Explanation of Future Forecasts such as Forecasted Consolidated Financial Results	3
2. Quarterly Consolidated Financial Statements and Significant Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income	
Consolidated Cumulative Period of 3Q	6
Quarterly Consolidated Statements of Comprehensive Income	
Consolidated Cumulative Period of 3Q	7
(3) Quarterly Consolidated Statements of Cash Flows	8
(4) Notes on the Preparation of Quarterly Consolidated Financial Results	10
(Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern)	10
(Notes on Considerable Changes to Amount of Shareholders' Equity)	10
(Application of Unique Accounting Processing for Creation of Quarterly Consolidated Financial Statement)	10
(Segment Information and Other Related Information)	11

1. Qualitative Information Concerning Quarterly Financial Results

(1) Explanation of Operating Results

The economic situation of Japan during the consolidated cumulative period of 3Q continued to experience smooth economic recovery despite stagnation in the resumption of capital investment, backed by actions for normalizing economic activities since the COVID-19 pandemic, a recovery in inbound demand and improvement in personal consumption. Moving forward, we expect to see a continued gradual recovery due in part to the effects of various policies amid expectations of an overall improvement in the income environment. On the other hand, a downturn in overseas economies including concerns for the Chinese economy, as well as diminished purchasing power resulting from rising domestic prices, pose a risk of downward pressure on the economic climate, while Middle East tensions due to the conflict between Israel and Hamas will also have an impact that demands caution.

As stated in the government's 2022 strategy to "Make Japan the World's Safest Country," society's demand for security services for safety and reassurance is rising amid various developments, placing greater expectation on our Group to provide total services including security. These developments are driven by cyber-attacks on critical public infrastructure and supply chains, concerns about the safety and security of the elderly, women, children and other socially vulnerable groups, increases in violent street crimes and traffic accidents, changes in the security situation brought about by natural disasters such as the January 2024 Noto Peninsula Earthquake, and the aging of public infrastructure. 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 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, General Property Management and Fire Protection services, and life support business such as long-term 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 third quarter improved significantly compared to the previous quarter. consolidated net sales increased 5.9% year on year to ¥378,990 million, operating income increased 9.3% year on year to ¥26,987 million, ordinary income increased 10.4% year on year to ¥29,298 million, and quarterly net income attributable to owners of parent company increased 16.8% year on year to ¥18,442 million.

By business segment, the figures achieved are as follows.

Net sales in the Security Services segment increased 3.9% year on year to ¥281,875 million, while operating income increased 5.0% year on year to ¥27,421 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. There was steady growth in orders for personal services, due in part to the launch of our HOME ALSOK Connect offering. 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 for more efficient cash management operations remains as strong as ever. We aim to expand our sales of cash deposit and dispenser machine on-line system 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 2024. 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 12.4% year on year to ¥53,187 million due to steady growth in construction completions, etc., and operating income increased 11.6% year on year to ¥4,871 million. We will continue to expand Facilities Management Services based on the concept of integration of security, facilities, and construction, and to provide sales, installation, and maintenance of EV charging equipment as part of our reinforcement of sustainability initiatives.

In the nursing care service business, net sales increased 8.4% year on year to \$38,126 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 100.2% year on year to \$1,131 million. We will continue streamlining long-term care operations through the use of robots and DX to support nursing care, while striving to expand services under the unified "ALSOK's Care" Long-Term Care Services brand.

In other fields, in addition to the Website Tampering Detection and Recovery Service launched in October 2023, 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 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.

(2) Explanation of the Financial Position

With regards to the total assets as of the end of the consolidated accounting period of 3Q, there was an increase of ¥22,595 million year on year, to a total of ¥539,242 million. The main factors were increases of ¥8,374 million in cash for Transportation Security (transportation of valuables) Services, ¥6,714 million in other current assets such as prepaid expenses, ¥3,337 million in tangible fixed assets such as buildings and structures, and ¥2,494 million in cash and deposits. Total liabilities increased ¥11,977 million year on year to ¥184,730 million. This is a combined result of the following factors: short-term loans payable increased ¥17,489 million, while notes and accounts payable-trade decreased ¥6,424 million.

The status of cash flows is as follows.

(Cash flows from operating activities)

During the consolidated cumulative period of 3Q, net cash provided by operating activities amounted to \$29,548 million, 68.1% more than the same quarter of the preceding fiscal year. This is a combined result of the following factors: despite increases of \$29,871 million due to quarterly net before income taxes, and of \$13,873 million in internal reserves due to depreciation and amortization, there was a decrease of \$12,225 million due to corporate income and other related payments.

The increase (decrease) 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 (used in) investing activities)

During the consolidated cumulative period of 3Q, net cash provided by investment activities amounted to \$12,938 million, 35.1% less than the same of the preceding fiscal year. The main factors were the acquisition of \$10,224 million in tangible fixed assets and \$3,732 million in subsidiary shares.

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

During the consolidated cumulative period of 3Q, net cash provided by financing activities amounted to ¥14,088 million, 4.2% more than the same of the preceding fiscal year. This is a combined result of the following factors: while an increase in short-term loans payable resulted in an increase of ¥5,411 million, there were decreases of ¥8,715 million due to payment of cash dividends, of ¥5,000 million due to purchase of treasury shares, and of ¥4,059 million due to repayment of lease obligations.

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

With regards to the forecasted consolidated financial results of the fiscal year ending March 2024, there have not been any changes from the forecasts published on October 31, 2023.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

	As of March 31, 2023	As of December 31, 2023
ssets		
Current assets		
Cash and deposits	59,239	61,73
Cash for Transportation Security Services	83,754	92,12
Notes and accounts receivable-trade and contract	65,395	61,95
assets	05,575	01,75
Short-term investment securities	661	34
Raw materials and supplies	10,290	12,72
Costs on uncompleted construction contracts	98	35
Advances paid	6,457	6,52
Other	13,218	19,93
Allowance for doubtful accounts	(83)	(99
Total current assets	239,032	255,58
Noncurrent assets		
Property, plant and equipment	116,440	119,77
Intangible assets		
Goodwill	32,753	32,19
Other	11,423	9,78
Total intangible assets	44,176	41,98
Investments and other assets		
Investment securities	57,529	59,42
Other	59,989	62,99
Allowance for doubtful accounts	(521)	(525
Total investments and other assets	116,997	121,89
Total noncurrent assets	277,615	283,65
Total assets	516,647	539,24
abilities		
Current liabilities		
Notes and accounts payable - trade	29,669	23,24
Short-term loans payable	8,741	26,23
Income taxes payable	5,295	3,15
Provision	2,302	1,10
Other	52,847	57,97
Total current liabilities	98,856	111,70
Noncurrent liabilities		
Long-term loans payable	2,083	1,82
Net defined benefit liability	27,319	28,01
Provision	2,073	2,08
Asset retirement obligations	818	82
Other	41,602	40,26
Total noncurrent liabilities	73,897	73,02
Total liabilities	172,753	184,73

		(Millions of yen)
	As of March 31, 2023	As of December 31, 2023
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	33,940	34,011
Retained earnings	256,852	266,579
Treasury stock	(1,072)	(6,074)
Total shareholders' equity	308,395	313,191
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,566	9,341
Revaluation reserve for land	(3,379)	(3,379)
Foreign currency translation adjustment	658	1,103
Remeasurements of defined benefit plans, net of tax	1,651	1,736
Total valuation and translation adjustments	6,496	8,802
Non-controlling interests	29,000	32,517
Total net assets	343,893	354,511
Total liabilities and net assets	516,647	539,242

(2) Quarterly Consolidated Statements of Income and Quarter Consolidated Statements of Comprehensive Income

(Millions of yen)

(Quarterly Consolidated Statements of Income)

(Consolidated Cumulative Period of 3Q)

Cost of sales 269,764 287,36 Gross profit 88,053 91,62 Selling, general and administrative expenses 63,364 64,63 Operating income 24,688 26,088 Non-operating income 142 15 Interest income 142 15 Dividends income 879 73 Gain on sales of investment securities 25 2 Share of profit of entities accounted for using equity method 984 1,30 Dividend income of life insurance 275 32 Penalty income 305 35 Other 1,330 1,45 Total non-operating income 3,943 4,37 Non-operating expenses 1,344 1,35 Interest expenses 1,344 1,35 Financing expenses 191 19 Loss on sales of investment securities - - Other 553 50 Total extraordinary income 3 34 Negative goodwill - -		Nine months ended December 31, 2022	Nine months ended December 31, 2023
Gross profit 88,053 91,62 Selling, general and administrative expenses 63,364 64,68 Operating income 24,688 26,98 Non-operating income 142 15 Dividends income 879 73 Gain on sales of investment securities 25 2 Share of profit of entities accounted for using equity method 984 1,30 Dividend income of life insurance 275 32 Penalty income 305 35 Other 1,330 1,45 Total non-operating expenses 1 191 19 Loss on sales of investment securities - - - Gain on sales of investment securities 3 34 - Other 553 50 - - Other 53 50 - - Gain on sales of investment securities 3 34 - - Gain on sales of investment securities 3 34 - - Gain on sales of investment	Net sales	357,817	378,990
Selling, general and administrative expenses63,36464,63Operating income24,68826,98Non-operating income14215Dividends income87973Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841,30Dividend income of life insurance27532Penalty income30535Other1,3301,45Total non-operating expenses1,9119Interest expenses1,9119Loss on sales of investment securities33Other20,54329,29Contain on-operating expenses334Interest expenses1,9119Loss on sales of investment securities334Meaguity goodwill-46Other334Total non-operating expenses334Extraordinary income334Gain on sales of investment securities33Loss on sales of investment securities31Loss on sales of investment securities31Loss on sales of investment securities01Impairment loss05Loss on sales of investment securities336Quarterly net before income taxes26,51029,87Income taxes26,51029,87Income taxes9,51410,30Quarterly net income attributable to non-controlling interests1	Cost of sales	269,764	287,363
Operating income24.68826.988Non-operating income14215Dividends income87973Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841,30Dividend income of life insurance27532Penalty income30535Other1,3301,45Total non-operating expenses19119Interest expenses19119Loss on sales of investment securities334Other26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes26,51029,87Income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income16,99619,56<	Gross profit	88,053	91,627
Non-operating income14215Interest income87973Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841,30Dividend income of life insurance27532Penalty income30535Other1,3301,45Total non-operating expenses1,3441,35Financing expenses19119Loss on sales of investment securitiesOther26,54329,29Extraordinary income3344Negative goodwill-46Total extraordinary income334Loss on sales of investment securities334Negative goodwill-46Total extraordinary loss05Loss on sales of investment securities3511Impairment loss015Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Interest acconductive securities3624Quarterly net before income taxes26,51029,87Income taxes9,51410,3036Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Selling, general and administrative expenses	63,364	64,639
Interest income14215Dividends income87973Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841.30Dividend income of life insurance27532Penalty income30535Other1.3301.45Total non-operating expenses1.3441.35Financing expenses1.91419Loss on sales of investment securitiesOther26.54329.29Extraordinary income334Meative goodwill-46Total extraordinary income381Extraordinary income351Loss on sales of investment securities334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities351Loss on sales of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12Interest1,2121,12<	Operating income	24,688	26,987
Interest income14215Dividends income87973Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841.30Dividend income of life insurance27532Penalty income30535Other1.3301.45Total non-operating expenses1.3441.35Financing expenses1.91419Loss on sales of investment securitiesOther26.54329.29Extraordinary income334Meative goodwill-46Total extraordinary income381Extraordinary income351Loss on sales of investment securities334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities334Negative goodwill-46Total extraordinary income351Loss on sales of investment securities351Loss on sales of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12Interest1,2121,12<	Non-operating income		
Gain on sales of investment securities252Share of profit of entities accounted for using equity method9841.30Dividend income of life insurance27532Penalty income30535Other1.3301.45Total non-operating income3.9434.37Non-operating expenses1.3141.35Financing expenses1.3441.35Financing expenses1.9119Loss on sales of investment securitiesOther25,5350Total non-operating expenses2.0892.06Other26,54329,29Extraordinary income334Nogative goodwill-46Total extraordinary income381Extraordinary income351Loss on sales of investment securities334Nogative goodwill-46Total extraordinary income381Extraordinary income351Loss on sales of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes26,51029,87Income taxes26,51029,87Income taxes3624Quarterly net income att		142	156
Share of profit of entities accounted for using equity method9841.30Dividend income of life insurance27532Penalty income30535Other1.3301.45Total non-operating income3.9434.37Non-operating expenses1.3441.35Financing expenses1.3441.35Financing expenses1.9119Loss on sales of investment securitiesOther55350Total non-operating expenses2.0892.06Other26,54329,29Extraordinary income334Restarve goodwill-46Total extraordinary income381Extraordinary loss01Loss on sales of investment securities351Loss on sales of investment securities351Interest exponent loss01Extraordinary loss-15Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes26,51029,8710Quarterly net before income taxes26,51029,87Income taxes0,51410,30Quarterly net income attributable to non-controlling interests1,2121,12	Dividends income	879	739
method9841,30Dividend income of life insurance27532Penalty income30535Other1,3301,45Total non-operating income3,9434,37Non-operating expenses1,3441,35Financing expenses19119Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary income311Loss on sales of investment securities312Loss on step acquisitions-15Total extraordinary loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes26,51029,8716,996Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Gain on sales of investment securities	25	28
Penalty income30535Other1,3301,45Total non-operating income3,9434,37Non-operating expenses1,3441,35Financing expenses191191Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income381Extraordinary income381Loss on sales of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes9,51410,30Quarterly net before income taxes9,51410,30Quarterly net income attributable to non-controlling interests1,2121,12Interests1,2121,121,12		984	1,308
Other1,3301,45Total non-operating income3,9434,37Non-operating expenses1,3441,35Interest expenses1,9119Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Meative goodwill-46Total extraordinary income381Extraordinary income351Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes9,51410,30Quarterly net income taxes9,51410,30Quarterly net income attributable to non-controlling interests1,2121,12Interests1,2121,12	Dividend income of life insurance	275	322
Total non-operating income3,9434,37Non-operating expenses1,3441,35Financing expenses19119Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income381Extraordinary income381Extraordinary income35Loss on valuation of investment securities351Loss on sales of investment securities3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Penalty income	305	357
Non-operating expensesInterest expenses1,344Interest expenses191Interest expenses191Interest expenses191Interest expenses191Interest expenses191Interest expenses191Interest expenses191Interest expenses191Interest expenses2,089Interest expenses2,089Interest expenses20,089Interest expenses20,089Interest expenses20,089Interest expenses20,089Interest expenses20,089Interest expenses20,089Interest expenses20,089Interest expenses3Interest expenses3	Other	1,330	1,457
Interest expenses1,3441,35Financing expenses19119Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income381Extraordinary income381Extraordinary income381Extraordinary income381Extraordinary loss01Loss on valuation of investment securities351Loss on sales of investment securities351Loss on sales of investment securities05Loss on step acquisitions-15Total extraordinary loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Total non-operating income	3,943	4,372
Interest expenses1,3441,35Financing expenses19119Loss on sales of investment securitiesOther55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income381Extraordinary income381Extraordinary income381Extraordinary income381Extraordinary loss01Loss on valuation of investment securities351Loss on sales of investment securities351Loss on sales of investment securities05Loss on step acquisitions-15Total extraordinary loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Non-operating expenses		
Loss on sales of investment securities-Other55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Negative goodwill-46Total extraordinary income381Extraordinary income381Extraordinary income31Loss on valuation of investment securities351Loss on valuation of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Interest expenses	1,344	1,359
Other55350Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary loss31Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Financing expenses	191	191
Total non-operating expenses2,0892,06Ordinary income26,54329,29Extraordinary income334Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary loss351Loss on valuation of investment securities351Inpairment loss01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Loss on sales of investment securities	-	3
Ordinary income26,54329,29Extraordinary income334Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary loss381Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Other	553	506
Extraordinary income334Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary loss381Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Total non-operating expenses	2,089	2,062
Gain on sales of investment securities334Negative goodwill-46Total extraordinary income381Extraordinary loss-1Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Ordinary income	26,543	29,298
Negative goodwill-46Total extraordinary income381Extraordinary loss351Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Extraordinary income		
Total extraordinary income381Extraordinary loss351Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Gain on sales of investment securities	3	346
Extraordinary loss351Loss on valuation of investment securities01Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Negative goodwill	-	466
Loss on valuation of investment securities351Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Total extraordinary income	3	813
Loss on sales of investment securities01Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Extraordinary loss		
Impairment loss05Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Loss on valuation of investment securities	35	15
Loss on step acquisitions-15Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Loss on sales of investment securities	0	11
Total extraordinary loss3624Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Impairment loss	0	55
Quarterly net before income taxes26,51029,87Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Loss on step acquisitions	-	156
Income taxes9,51410,30Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Total extraordinary loss	36	240
Quarterly net income16,99619,56Quarterly net income attributable to non-controlling interests1,2121,12	Quarterly net before income taxes	26,510	29,871
Quarterly net income attributable to non-controlling 1,212 1,12	Income taxes	9,514	10,302
interests 1,212 1,12	Quarterly net income	16,996	19,568
	Quarterly net income attributable to non-controlling interests	1,212	1,126
	Quarterly net income attributable to owners of parent	15,783	18,442

(Quarterly Consolidated Statements of Comprehensive Income)

(Consolidated Cumulative Period of 3Q)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Quarterly net income	16,996	19,568
Other comprehensive income		
Valuation difference on available-for-sale securities	307	1,728
Foreign currency translation adjustment	174	162
Remeasurements of defined benefit plans, net of tax	140	81
Share of other comprehensive income (loss) of associates accounted for using equity method	225	490
Total other comprehensive income (loss)	847	2,462
Quarterly comprehensive income	17,843	22,031
(Contents)		
Quarterly comprehensive income attributable to owners of the parent	16,677	20,747
Quarterly comprehensive income attributable to non- controlling interests	1,165	1,283

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Quarterly net before income taxes	26,510	29,871
Depreciation and amortization	13,412	13,873
Impairment loss	0	55
Amortization of goodwill	2,099	2,331
Negative goodwill	-	(466)
Net loss (gain) on step acquisitions	-	156
Increase (decrease) in allowance for doubtful accounts	121	6
Increase (decrease) in net defined benefit liability	762	457
Increase (decrease) in provision for bonuses	(1,152)	(1,311)
Increase (decrease) in provision for directors' bonuses	(35)	(25)
Interest and dividends income	(1,021)	(896)
Interest expenses	1,344	1,359
Share of loss (profit) of entities accounted for using equity method	(984)	(1,308)
Loss (gain) on sales of noncurrent assets	(42)	(2)
Loss on retirement of non-current assets	188	192
Loss (gain) on sales of investment securities	(28)	(359)
Loss (gain) on valuation of investment securities	35	15
Loss (gain) on valuation of derivatives	(18)	(150)
Decrease (increase) in notes and accounts receivable -trade	(159)	7,385
Decrease (increase) in inventories	(2,911)	(2,553)
Increase (decrease) in notes and accounts payable - trade	(3,625)	(6,094)
Decrease (increase) in net defined benefit asset	(2,785)	(2,441)
Decrease (increase) in assets and liabilities for Transportation Security Services	(1,666)	2,583
Other	573	(1,442)
Subtotal	30,616	41,235
Interest and dividends income received	1,704	1,740
Interest expenses paid	(1,329)	(1,358)
Income taxes paid	(13,461)	(1,338) (12,225)
Income taxes paid	(13,401)	(12,225)
Cash flows from operating activities	17,574	29,548

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	
Net cash provided by (used in) investing activities			
Decrease (increase) in time deposits	599	1,144	
Payments into long-term time deposits	(24)	(10)	
Proceeds from withdrawal of long-term time deposits	-	21	
Purchase of property, plant and equipment	(10,102)	(10,224)	
Proceeds from sales of property, plant and equipment	118	85	
Purchase of intangible assets	(1,367)	(678)	
Purchase of investment securities	(1,107)	(457)	
Proceeds from sales of investment securities	402	1,150	
Payments for acquisition of businesses	-	(70)	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,365)	(3,732)	
Purchase of shares of subsidiaries and associates	(525)	-	
Decrease (increase) in short-term loans receivable	42	(2)	
Payments of long-term loans receivable	(39)	(43)	
Collection of long-term loans receivable	203	53	
Proceeds from refund of leasehold and guarantee	120	20	
deposits	420	30	
Other	794	(204)	
Net cash provided by (used in) investing activities	(19,948)	(12,938)	
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	1,657	5,411	
Proceeds from long-term loans payable	835	310	
Repayment of long-term loans payable	(2,133)	(699)	
Purchase of treasury stock	(0)	(5,000)	
Repayments of lease obligations	(4,011)	(4,059)	
Cash dividends paid	(8,809)	(8,715)	
Cash dividends paid to attributable to non-controlling interests	(654)	(1,772)	
Proceeds from payments from noncontrolling interests	-	438	
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	(13,524)	(14,088)	
Effect of exchange rate change on cash and cash equivalents	24	(30)	
Net increase (decrease) in cash and cash equivalents	(15,874)	2,491	
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	48,169	54,063	
	40,109	54,005	

(4) 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 5,543,600 shares of treasury stock (amount: ¥4,999 million) up to October 6. 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 9,572,190 shares and ¥6,074 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 3Q, 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 3Q of Preceding Fiscal Year (From April 1, 2022 to December 31, 2022)

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

(Millions of you)

							(N	fillions of yen)
	Reportable segments						Elimination	Amount on Consolidated
	Security Services	General Property Management and Fire Protection Services	Long-term Care Services	Total	Other (Note 1)	Total	and corporate (Note 2)	Statements of Income (Note 3)
Net sales								
Contract proceeds	247,046	25,265	35,078	307,390	3,663	311,054	-	311,054
Construction proceeds	4,094	13,733	16	17,844	2	17,847	-	17,847
Proceeds from sales	20,180	8,316	60	28,557	358	28,916	-	28,916
Revenue generated from contracts with customers	271,321	47,315	35,156	353,792	4,024	357,817	-	357,817
Outside sales	271,321	47,315	35,156	353,792	4,024	357,817	-	357,817
Intersegment sales	60	50	7	117	204	322	(322)	-
Total	271,381	47,365	35,163	353,910	4,229	358,139	(322)	357,817
Income by reportable segment	26,122	4,365	565	31,054	724	31,778	(7,090)	24,688

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.

 The ¥7,090 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 3Q, 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 3Q of Current Fiscal Year (From April 1, 2023 to December 31, 2023)

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

							(withous of year)
	Reportable segments						Elimination	Amount on Consolidated
	Security Services	General Property Management and Fire Protection Services	Long-term Care Services	Total	Other (Note 1)	Total	and corporate (Note 2)	Statements of Income (Note 3)
Net sales								
Contract proceeds	251,672	26,917	38,041	316,631	5,512	322,143	-	322,143
Construction proceeds	5,142	16,485	16	21,645	3	21,648	-	21,648
Proceeds from sales	25,059	9,784	67	34,912	286	35,198	-	35,198
Revenue generated from contracts with customers	281,875	53,187	38,126	373,188	5,802	378,990	-	378,990
Outside sales	281,875	53,187	38,126	373,188	5,802	378,990	-	378,990
Intersegment sales	58	206	9	274	80	355	(355)	-
Total	281,934	53,394	38,135	373,463	5,882	379,346	(355)	378,990
Income by reportable segment	27,421	4,871	1,131	33,424	621	34,046	(7,058)	26,987

(Millions of yen)

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 ¥7,058 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 ¥55 million not attributed to reportable segments, consisting mainly of ¥31 million on land and ¥24 million on buildings. (Significant Changes in Goodwill Amount)

In the consolidated accounting period of 3Q, 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 \$1,604 million. This gain in goodwill is not allocated to specific reportable segments.

(Significant Negative Goodwill)

In the consolidated accounting period of 3Q, a gain on negative goodwill of ¥466 million was recorded due to the inclusion in the scope of consolidation of Hokuriku Sohgo Security Services Co., Ltd. This gain in negative goodwill is not allocated to specific reportable segments.