



Consolidated Financial Results for the First Quarter Ended June 30, 2024
Prepared in Conformity with Accounting Principles Generally Accepted in Japan
(Japanese GAAP)

August 6, 2024

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Scheduled cash dividend payment start date -
Preparation of supplementary briefing materials on financial results: Yes
Holding of results briefing: No

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(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		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	129,011	6.1	7,266	(16.5)	7,897	(14.1)	4,288	(17.5)
June 30, 2023	121,593	6.7	8,699	21.1	9,193	16.7	5,195	16.6

Note: Comprehensive income Three months ended June 30, 2024 ¥4,882 millions (35.9%)
Three months ended June 30, 2023 ¥7,611 millions 34.6%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended June 30, 2024	8.60		-	
June 30, 2023	10.26		-	

Note: On July 1, 2023, there was a stock split in which each share of common stock was split into 5 shares. The “Net income per share” 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
Three months ended June 30, 2024	562,557	376,749	61.0	695.45
Fiscal year ended March 31, 2024	567,561	386,581	62.2	704.97

Reference: Equity capital Three months ended June 30, 2024 ¥343,364 millions
Fiscal year ended March 31, 2024 ¥352,927 millions

2. Dividend

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended	Yen				
March 31, 2024	-	8.70	-	15.00	23.70
March 31, 2025	-	-	-	-	-
Fiscal year ending March 31, 2025 (Forecast)	-	12.40	-	12.40	24.80

Note: Correction of most recently published forecasted dividends: No

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(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
The second quarter (cumulative)	262,100	6.4	16,100	(9.7)	17,600	(9.3)	11,300	(4.7)	22.57
Annual	550,000	5.5	40,300	3.1	43,100	2.2	27,600	1.0	55.13

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

* Notes:

(1) Changes in scope of consolidation in the consolidated cumulative period of 1Q: 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 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: Yes

② Changes arising from other factors: No

③ Changes arising from accounting estimate: No

④ Restatement: No

Note: For details, please refer to (4), “Notes on the Preparation of Consolidated Financial Results (Changes in accounting policies)”, of “2. Quarterly Consolidated Financial Statements and Significant Notes”, provided on page 11 of the attachment.

(4) Number of shares outstanding (ordinary shares)

① Number of shares issued (including treasury stock)	Three months ended June 30, 2024	510,200,210 shares	Fiscal year ended March 31, 2024	510,200,210 shares
② Number of shares of treasury stock	Three months ended June 30, 2024	16,468,268 shares	Fiscal year ended March 31, 2024	9,572,420 shares
③ Average number of shares throughout the fiscal year (quarterly total)	Three months ended June 30, 2024	498,514,512 shares	Three months ended June 30, 2023	506,173,039 shares

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

* Review of certified public accountants and accounting auditors on the attached Quarterly Consolidated Financial Statements: No

* 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

During the consolidated cumulative period of 1Q, the Japanese economy experienced a gradual economic recovery continued against the background of a pickup in production and capital investment, as well as relatively steady public investment, while stagnation in recovery of personal consumption and export is observed. Looking ahead, a gradual recovery is expected to continue under an improving employment and income environments, including expectation for increase in real wages. On the other hand, in addition to such overseas factors as potential outcomes of the upcoming U.S. presidential election, increasing tensions in the Middle East and Ukraine, concerns over the prospects for the Chinese economy, and ongoing high interest rate level in Europe and the U.S., attention will need to be paid to increases in an acceleration in price increase in Japan due to the weak yen and such issues.

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 has increased year-on-year for the first time since 2002, and is strongly expected to increase further in the subsequent years. Furthermore, the sense of security in Japan has been worsening due to an outbreak of the theft of copper wires at solar power generation facilities and crime activities by foreigners. It may be said that the role of the Group in providing safety and security has been 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 Services, Facility Management Services etc., Long-term Care services, and Overseas Services) 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, facility management and long-term care.

As a result of these ongoing initiatives, the Group's consolidated results for the current fiscal year improved with net sales increased 6.1% year on year to 129,011 million yen. However, due to implementation of wage raise and increased bonus as well as additional costs related to the end of 3G transmission, operating income decreased 16.5% year on year to 7,266 million yen, ordinary income decreased 14.1% year on year to 7,897 million yen, and net income attributable to owners of the parent decreased 17.5% year on year to 4,288 million yen.

By business segment, the figures achieved are as follows. Please note that, from this consolidated accounting period of 1Q, the reportable segments are modified from traditional "Security Services," "General Property Management and Fire Protection Services," and "Long-Term Care Services" to "Security Services," "Facility Management Services etc.," "Long-Term Care Services" and "Overseas Services." As a result, YoY of each segment is calculated by applying the year on year values to the modified reportable segment classifications.

Sales in the Security Services segment increased 2.0% year on year to ¥94,107 million, while operating income decreased 15.4% year on year to ¥8,151 million.

In the Electronic Security Services, we will promote sales of ALSOK-G7 (G7) as a service for corporate customers, contributing to customer needs to reduce labor costs. It is equipped with live image confirmation as a standard feature and presents a full range of options for image storage and remote access. Its scope of application will be further expanded according to the customer needs in the future. We expanded the service areas of "ALSOK IT Rescue" and "ALSOK Facility Rescue" services to all over Japan. These services utilize ALSOK's existing infrastructure for electronic guarding. In the event of a failure with IT equipment or a building's facilities, guards will quickly head to the location to investigate causes and take emergency measures with the operational support of specialists. Also, in addition to the Website Tampering Detection and Recovery Service launched in October last year, we provide our existing inspection services for panels of solar power facilities and expand this business to include inspections and surveys of various facilities using drones.

For HOME ALSOK Services, we experienced a growth in orders due to sales increase of "HOME ALSOK Connect" launched in April last year. 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. In this May, we launched "Sumaho Gate," a controller for "HOME ALSOK Connect" equipped with a functionality to prevent the smartphone from being lost, which

empowers the users to start/stop the security activities with smooth authentication using smartphones. We are also actively promoting sales of HOME ALSOK MIMAMORI SUPPORT, a monitoring service for elderly individuals.

In the areas of Stationed Security Services, we have provided security services at airport facilities that reopened thanks to recovery of inbound demand. We have 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. For Expo 2025 Osaka, Kansai Japan related business, we won several orders, such as security at pavilions and other buildings, and the entire group will support this business engagement. In addition, we will focus further on manpower-saving and improvements in efficiency of stationed security through digital transformations and the like.

In the Transportation Security Services, while the number of ATMs is declining due to the consolidation and closing of branches of financial institutions, the demand for more efficient cash management operations is still strong and we are expanding sales of ATM general management services and cash deposit and dispenser machine on-line systems. We also offer a series of Tax Payment Receipt Systems, which automate counter services provided at satellite offices of municipal governments by utilizing our cash deposit and dispenser machine on-line systems. We will also promote replacement, etc. of equipment for new banknotes issued in this July. 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.

Sales in the Facility Management Services etc. segment increased 1.3% year on year to ¥15,361 million with a steady growth in contract proceeds, while operating income increased 6.1% year on year to ¥1,270 million. We will continue working to expand our Facility Management operations while also selling, installing, and providing maintenance for EV charging facilities as part of our work to strengthen our efforts at sustainability.

Sales in the Long-Term Care Services segment increased 3.9% year on year to ¥13,031 million, while operating income increased 15.8% year on year to ¥377 million, thanks to performance contribution from new facilities opened in the previous period. We will continue to develop and improve the efficiency of our long-term care service operations through the use of robots and DX to support nursing care and work while working to expand services under the unified “ALSOK’s Care” Long-Term Care Services brand.

Sales in the Overseas Services segment increased 302.1% year on year to ¥6,511 million, thanks to the M&A effects, while operating loss was ¥182 million (¥178 million operating loss year on year). Based on the expertise we have cultivated in Japan, we will continue to offer products and services optimized for individual countries, and we will aggressively expand our operations to support the overseas businesses of our customers.

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 1Q, there was a decrease of ¥5,003 million year on year, to a total of ¥562,557 million.

This is a result of the following factors: other current assets such as prepaid expenses increased ¥9,454 million and cash and deposits increased ¥3,129 million, while notes, accounts receivable-trade, and contract assets decreased ¥9,180 million, and cash for transportation security services decreased ¥7,999 million.

Total liabilities increased ¥4,828 million year on year to ¥185,808 million. This is a result of the following factors: “Other” current liabilities such as deposits received increased ¥8,822 million and short-term loans payable increased ¥7,073 million, while notes and accounts payable decreased ¥7,075 million and income taxes payable decreased ¥2,730 million.

The status of cash flows is as follows.

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

During the consolidated cumulative period of 1Q, net cash provided by operating activities amounted to ¥16,412 million, 10.3% less than the same quarter of the preceding fiscal year. This is a combined result of the following factors: an increase of ¥9,317 million due to decrease in notes and accounts receivable, an increase of ¥8,289 million due to decrease (increase) in assets and liabilities for Transportation Security Services, an increase of ¥7,687 million due to the quarterly income before income taxes, and an increase of ¥4,895 million due to decrease in internal reserves due to depreciation and amortization, as well as a decrease of ¥7,074 million due to the decrease in notes and accounts payable and a decrease of ¥5,181 million due to corporate income and other related payments.

The decrease(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 (used in) investing activities)

During the consolidated cumulative period of 1Q, net cash provided by investment activities amounted to ¥4,217 million, 129.2% more than the same of the preceding fiscal year. This is a result of the decrease of ¥3,558 million due to acquisition of properties, plants and equipment.

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

During the consolidated cumulative period of 1Q, net cash provided by financing activities amounted to ¥9,208 million, 132.4% 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 ¥7,076 million, there were decreases of ¥7,511 million due to payment of cash dividends, of ¥6,482 million due to purchase of treasury stocks, and of ¥1,480 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 2025, there have not been any changes from the forecasts published on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	76,999	80,128
Cash for Transportation Security Services	74,200	66,200
Notes and accounts receivable-trade and contract assets	69,054	59,874
Short-term investment securities	30	151
Raw materials and supplies	12,451	12,932
Costs on uncompleted construction contracts	70	111
Advances paid	5,500	5,125
Other	13,879	23,334
Allowance for doubtful accounts	(125)	(117)
Total current assets	252,061	247,740
Noncurrent assets		
Property, plant and equipment	120,353	120,316
Intangible assets		
Goodwill	31,442	30,703
Other	9,236	8,850
Total intangible assets	40,678	39,553
Investments and other assets		
Investment securities	63,102	62,928
Net defined benefit asset	59,874	60,317
Other	32,003	32,201
Allowance for doubtful accounts	(512)	(499)
Total investments and other assets	154,467	154,947
Total noncurrent assets	315,500	314,816
Total assets	567,561	562,557
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,512	21,436
Short-term loans payable	7,734	14,807
Income taxes payable	5,917	3,187
Provision	2,432	1,301
Other	55,892	64,715
Total current liabilities	100,489	105,448
Noncurrent liabilities		
Long-term loans payable	1,658	1,599
Net defined benefit liability	26,866	27,094
Provision	2,175	2,166
Asset retirement obligations	827	830
Other	48,962	48,669
Total noncurrent liabilities	80,490	80,359
Total liabilities	180,980	185,808

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	34,011	34,013
Retained earnings	275,464	272,240
Treasury stock	(6,074)	(12,556)
Total shareholders' equity	322,076	312,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,115	11,281
Revaluation reserve for land	(3,379)	(3,379)
Foreign currency translation adjustment	1,067	1,460
Remeasurements of defined benefit plans, net of tax	22,047	21,628
Total accumulated other comprehensive income	30,850	30,991
Non-controlling interests	33,654	33,384
Total net assets	386,581	376,749
Total liabilities and net assets	567,561	562,557

(2) Quarterly Consolidated Statements of Income and Quarter Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Consolidated Cumulative Period of 1Q)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	121,593	129,011
Cost of sales	91,348	99,424
Gross profit	30,244	29,586
Selling, general and administrative expenses	21,544	22,320
Operating income	8,699	7,266
Non-operating income		
Interest income	48	54
Dividends income	204	233
Share of profit of entities accounted for using equity method	178	147
Gain on sales of investment securities	27	9
Dividend income of life insurance	7	301
Penalty income	151	137
Other	518	395
Total non-operating income	1,136	1,280
Non-operating expenses		
Interest expenses	443	447
Financing expenses	64	72
Other	134	129
Total non-operating expenses	642	649
Ordinary income	9,193	7,897
Extraordinary income		
Gain on sales of investment securities	56	104
Total extraordinary income	56	104
Extraordinary loss		
Loss on sales of investment securities	11	300
Loss on valuation of investment securities	15	14
Impairment loss	55	-
Total extraordinary loss	82	314
Quarterly net before income taxes	9,167	7,687
Income taxes	3,556	3,037
Quarterly net income	5,610	4,649
Quarterly net income attributable to non-controlling interests	415	361
Quarterly net income attributable to owners of parent	5,195	4,288

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated Cumulative Period of 1Q)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Quarterly net income	5,610	4,649
Other comprehensive income		
Valuation difference on available-for-sale securities	1,399	225
Foreign currency translation adjustment	82	199
Remeasurements of defined benefit plans, net of tax	124	(453)
Share of other comprehensive income (loss) of associates accounted for using equity method	393	261
Total other comprehensive income (loss)	2,000	232
Quarterly comprehensive income	7,611	4,882
(Contents)		
Quarterly comprehensive income attributable to owners of the parent	7,065	4,428
Quarterly comprehensive income attributable to non- controlling interests	545	453

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Quarterly net before income taxes	9,167	7,687
Depreciation and amortization	4,492	4,895
Impairment loss	55	-
Amortization of goodwill	779	789
Increase (decrease) in allowance for doubtful accounts	20	(20)
Increase (decrease) in net defined benefit liability	303	293
Increase (decrease) in provision for bonuses	(988)	(1,052)
Increase (decrease) in provision for directors' bonuses	(59)	(78)
Interest and dividends income	(252)	(288)
Interest expenses	443	447
Share of loss (profit) of entities accounted for using equity method	(178)	(147)
Loss (gain) on sales of noncurrent assets	(0)	(8)
Loss on retirement of non-current assets	54	54
Loss (gain) on sales of investment securities	(71)	186
Loss (gain) on valuation of investment securities	15	14
Loss (gain) on valuation of derivatives	(86)	-
Decrease (increase) in notes and accounts receivable -trade	8,037	9,317
Decrease (increase) in inventories	(828)	(517)
Increase (decrease) in notes and accounts payable - trade	(9,187)	(7,074)
Decrease (increase) in net defined benefit asset	(729)	(1,186)
Decrease (increase) in assets and liabilities for Transportation Security Services	10,723	8,289
Other	549	(345)
Subtotal	22,258	21,254
Interest and dividends income received	837	789
Interest expenses paid	(452)	(449)
Income taxes paid	(4,357)	(5,181)
Cash flows from operating activities	18,287	16,412
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	839	(59)
Payments into long-term time deposits	(5)	(37)
Proceeds from withdrawal of long-term time deposits	10	-
Purchase of property, plant and equipment	(2,651)	(3,558)
Proceeds from sales of property, plant and equipment	0	31
Purchase of intangible assets	(377)	(343)
Purchase of investment securities	(121)	(272)
Proceeds from sales of investment securities	506	234
Decrease (increase) in short-term loans receivable	(0)	1
Payments of long-term loans receivable	(8)	(12)
Collection of long-term loans receivable	17	18
Proceeds from refund of leasehold and guarantee deposits	29	62
Other	(79)	(281)
Net cash provided by (used in) investing activities	(1,839)	(4,217)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,678	7,076
Proceeds from long-term loans payable	120	160
Repayment of long-term loans payable	(272)	(249)
Purchase of treasury stock	(0)	(6,482)
Repayments of lease obligations	(1,363)	(1,480)
Cash dividends paid	(4,354)	(7,511)
Cash dividends paid to attributable to non-controlling interests	(1,771)	(689)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(31)
Net cash provided by (used in) financing activities	(3,962)	(9,208)
Effect of exchange rate change on cash and cash equivalents	61	80
Net increase (decrease) in cash and cash equivalents	12,546	3,066
Cash and cash equivalents at beginning of period	51,571	69,162
Cash and cash equivalents at end of quarter	64,117	72,229

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

(Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes” and other standards)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022. Hereinafter, “Revised Implementation Guidance 2022”) and other standards have been applied since the beginning of the consolidated accounting period of Q1.

For revisions related to calculation classification of income taxes (taxes for other comprehensive income), items are treated according to the transitional treatment stipulated in the proviso of Paragraph 20-3 in Revised Accounting Standards 2022 and the transitional treatment stipulated in the proviso of Paragraph 65-2 (2) in “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022. Hereinafter, “Revised Implementation Guidance 2022.”) There is no effect due to this on the quarterly consolidated financial statements.

For revisions related to review of treatment of the consolidated financial statements to hold over the loss (gain) on sales of subsidiary shares between consolidated companies from a taxation point of view, Revised Implementation Guidance 2022 has been applied since the beginning of the consolidated accounting period of 1Q. These changes in accounting policies will be retroactively applied, and are applied to the quarterly consolidated financial statements and consolidated financial statements in the quarters in the previous year and previous consolidated fiscal year. There is no effect due to this on the quarterly consolidated financial statements or consolidated financial statement in the previous consolidated fiscal year.

(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 May 14, 2024, had acquired 6,895,900 shares of treasury stock (amount: ¥6,482 million) up to June 30. As a result, the number and amount of treasury stock at the end of consolidated cumulative period of 1Q (from April 1, 2024 to June 30, 2024) were 16,468,268 shares and ¥12,556 million, including the portion acquired through requests for purchase of odd-lot shares and changes in the number of shares corresponding to the Company's ownership in affiliates.

(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 1Q, 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 1Q of Preceding Fiscal Year (From April 1, 2023 to June 30, 2023)

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

(Millions of yen)

	Reportable segments					Elimination and corporate (Note 1)	Amount on Consolidated Statements of Income (Note 2)
	Security Services	Facility Management Services etc.	Long-term Care Services	Overseas Services	Total		
Net sales							
Contract proceeds	83,047	8,627	12,511	1,473	105,659	-	105,659
Construction proceeds	1,537	4,045	6	6	5,595	-	5,595
Proceeds from sales	7,689	2,488	20	139	10,337	-	10,337
Revenue generated from contracts with customers	92,273	15,161	12,538	1,619	121,593	-	121,593
Outside sales	92,273	15,161	12,538	1,619	121,593	-	121,593
Intersegment sales	10	64	2	-	77	(77)	-
Total	92,283	15,226	12,540	1,619	121,670	(77)	121,593
Income or loss by reportable segment	9,639	1,197	326	(178)	10,984	(2,284)	8,699
Depreciation and amortization	3,583	329	561	12	4,487	5	4,492
Amortization of goodwill	254	5	510	8	779	-	779

Note 1. The ¥2,284 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.

2. 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 ¥23 million on buildings.

(Significant Changes in Goodwill Amount)

Not applicable

(Significant Negative Goodwill)

Not applicable

II Consolidated Cumulative Period of 1Q (From April 1, 2024 to June 30, 2024)

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

(Millions of yen)

	Reportable segments					Elimination and corporate (Note 1)	Amount on Consolidated Statements of Income (Note 2)
	Security Services	Facility Management Services etc.	Long-term Care Services	Overseas Services	Total		
Net sales							
Contract proceeds	84,100	8,908	12,998	6,296	112,303	-	112,303
Construction proceeds	1,913	3,835	8	8	5,765	-	5,765
Proceeds from sales	8,093	2,617	25	206	10,942	-	10,942
Revenue generated from contracts with customers	94,107	15,361	13,031	6,511	129,011	-	129,011
Outside sales	94,107	15,361	13,031	6,511	129,011	-	129,011
Intersegment sales	26	80	1	-	108	(108)	-
Total	94,133	15,441	13,033	6,511	129,120	(108)	129,011
Income or loss by reportable segment	8,151	1,270	377	(182)	9,617	(2,350)	7,266
Depreciation and amortization	3,927	357	559	45	4,890	5	4,895
Amortization of goodwill	172	27	510	78	789	-	789

Note 1. The ¥2,350 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.

2. 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

Please note that, from this consolidated accounting period of 1Q, we have reviewed our management system and the reportable segments are modified from traditional “Security Services,” “General Property Management and Fire Protection Services,” and “Long-Term Care Services” to “Security Services,” “Facility Management Services etc.,” “Long-Term Care Services” and “Overseas Services.”

Moreover, figures for the consolidated cumulative period of 1Q of preceding fiscal year have been restated to reflect the changes in reportable segments.

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

(Significant Impairment Losses Pertaining to Noncurrent Assets)

Not applicable

(Significant Changes in Goodwill Amount)

Not applicable

(Significant Negative Goodwill)

Not applicable